

## **CHAPTER 6**

### **COMPETITIVENESS OF THE BUILDING INDUSTRY POTENTIAL AS THE COMPONENT OF THE NATIONAL ECONOMY'S COMPETITIVENESS**

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#### **INTRODUCTION**

Today the actual task for the national economy is increasing its competitiveness that is provided by the competitiveness of the potential of different industries, including the construction one. The construction industry is particularly interesting because it is one of the most important branches of the national economy. The competitiveness of the Ukrainian economy as a whole depends on the level of development of the construction industry, its competitiveness. Today different scientists study the categories of potential, competitiveness, and competitiveness of potential. The essence of potential is discussed in the works of many scientists, N. Poberezhna, I. Lukinov, A. Onishchenko, B. Paskhaver, E. Figurnov, V. Gusakov, A. Anchishkin, L. Kostyrko, L. Abalkin, K. Vobliy, A. Voronov, O. Fedonin, I. Repin, O. Oleksik, I. Olenko, I. Dolzhanska, T. Zagorna, S. Radko, I. Ansoff, O. Getman, V. Shapoval, G. Gerasimchuk, R. Marushkov, L. Sosnenko, V. Kovalev, O. Volkov, M. Ivanov, Yu. Odegov, K. Andreev, B. Mochalova, L. Revutsky, E. Lapina, B. Bachevsky, I. Zablotskaya, O. Reshetnyak, and others are among them. A lot of researches work under the definition of the category “competitiveness”: V. Khomyakov, T. Vyatkina and P. Vyatkin, M. Gelvanovsky, V. Zhukovsky, I. Trochimov, B. Gunsy, N. Pedchenko, K. Kuznetsova, R. Fatkhuddinov. Competitiveness of the potential was studied in works by N. Krasnokutskaya, A. Voronkova, A. Kvasko. Therefore, it is important to analyse the approaches that study these economical categories.

#### **6.1. An overview of theoretical and methodological approaches to the definition of the essence of potential and components of industry potential**

Studying the essence of any concept, it is necessary to pay proper attention to its etymology. Concerning the term “potential”, most

scientists agree that it is derived either from the Latin word “potensia”, which means “power”, “opportunity”, “voltage”, or from the French word “potential”, which is translated as “capable”. Thus, the term “potential” means the presence of somebody or something hidden opportunities that still are not detected or the ability to act in certain spheres<sup>1</sup>.

In the Great Interpretative Dictionary, potential is defined as “means, stocks, sources that are available and can be mobilized, put into operation, used to achieve a certain goal, implementation of a plan, solution of any what tasks; the possibility of an individual, society, state in a certain area”<sup>2</sup>. An interpretive dictionary of the Ukrainian language understands this term as “hidden opportunities, forces for any activity that may turn out to be under certain conditions”<sup>3</sup>.

Such a broad interpretation of the essence of the potential makes it possible to apply it in various fields of science and human activity, depending on which the means, stocks and sources, hidden opportunities and forces are in mind<sup>4</sup>. From this point of view, in the modern scientific literature, the notion of “potential” has found wide application. Yes, today there is practically no object for which no definition of potential would be used. It used both in the natural sciences and the humanities, and in the economy<sup>5</sup>.

As it is noted, in the works of scientists, economics borrowed the term “potential” from physics where it means the amount of energy that has accumulated the system and which it is able to implement in the work<sup>6</sup>.

For the first time, this term in economic science was used at the beginning of the last century; however, it is widely used among economists only in the 80s and 90s. It was this period that was distinguished by the elevated attention of scholars to various aspects of this concept<sup>7</sup>. Research on the opinions of scientists about the essence of

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<sup>1</sup> Толковый словарь. URL: <http://www.rulib.info/default.htm>.

<sup>2</sup> Большой энциклопедический словарь / за ред. А. М. Прохорова. Москва : Большая Российская Энциклопедия; Санкт-Петербург : Норинт, 2004. С. 92.

<sup>3</sup> Великий тлумачний словник сучасної української мови / За ред. В. Т. Бусел. Київ, Ірпінь : ВТФ Перун, 2005. С. 286.

<sup>4</sup> Економічний словник / За ред. П. І. Баргія, С. І. Дорогунцова. Київ : Головна редакція УРЕ, 1973. С. 152.

<sup>5</sup> Степанов А. Я. Категория «потенциал» в экономике. URL: <http://www.marketing.spb.ru/read/article/a66.htm>

<sup>6</sup> Игнатенко Н. Г. Природно-ресурсный потенциал территории: Географический анализ и синтез. 1986. С. 125–140.

<sup>7</sup> Гуляк Р. Е. Розробка методологічних принципів економічної діагностики та їх застосування при створенні механізму діагностики розвитку ресурсної компоненти економічного потенціалу міста. *Економіка та держава*. 2011. № 6. С. 84–88.

the concept of “potential” presented in modern economic literature makes it possible to highlight the main five approaches to its interpretation.

The first and most widespread approach to the interpretation of the “potential” concept is a resource approach, according to which potential represents a set of available resources, which has a certain socio-economic system. Representatives of this approach are I. Lukinov, A. Onishchenko, B. Paskhaver, E. Figurnov, V. Gusakov, A. Anchishkin, L. Kostyrko, L. Abalkin, D. Chernikov, S. Belov, V. Avdeenko, V. Kotlov, V. Arkhipov, V. Weiz, D. Shevchenko, V. Arkhangelsky, V. Khomyakov, I. Bakum, I. Repin, S. Shumskaya, V. Nemchinov, I. Gunina, N. Krasnokutska, Yu. Sazonov, N. Zavienne, B. Rayzberg, L. Lozovsky, E. Starodubtseva, O. Goryacha.

I. Lukinov, giving a definition of the potential, emphasizes the fact that it is characterized by the quantity and quality of resources that one or another economic system possesses. A. Onishchenko and B. Paskhaver adhere to the same idea about the essence of the potential<sup>8</sup>. A representative of the first approach E. Figurnov treats the potential as a characteristic of production resources, quantitative and qualitative parameters that determine the maximum possibilities of society for the production of material goods at each given moment. Similar definitions are given by L. Abalkin and V. Gusakov<sup>9</sup>.

By definition of A. Anchishkin, potential can be considered a set of resources, which in the process of production take the form of factors of production. L. Kostyrko interprets the potential as an organic combination of technical, organizational, managerial, and productive factors of production<sup>10</sup>.

D. Chernikov and S. Belov define potential as a set of resources without considering their real interconnections, which are formed in the process of production<sup>11</sup>. Instead, V. Avdeenko and V. Kotlov interpret the potential as a complex system of production resources, which are interconnected and interdependent.

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<sup>8</sup> Чаленко А. О. неопределенности понятия «потенциал» в экономических исследованиях. Луганск. *Проблемы экономической теории*. 2011. С. 39–40.

<sup>9</sup> Абалкин Л. И. Новый тип экономического мышления. Москва : Экономика, 1987. 192 с.

<sup>10</sup> Цимбал О. І. Сутність та підходи щодо оцінювання трудових ресурсного потенціалу промисловості в контексті регіону. *Держава та регіони. Серія: Економіка та підприємництво*. 2010. № 5. С. 78–84.

<sup>11</sup> Черников Д. А. Эффективность использования производственного потенциала и конечные народнохозяйственные результаты. *Экономические науки*. 1981. № 10. С. 88–96.

As a generalized description of the system of resources, which includes production funds, personnel, resources management, and production organization, as well as scientific and technical information, V. Arkhipov determines the potential. It is similar to the definition of the potential made by V. Veits and O. Goryachaya.

A little wider is the definition proposed by D. Shevchenko, according to which the potential characterizes the totality of production resources combined in the production process and those with certain potential opportunities in the field of the production of material goods and services. Close is the definition of the potential provided by V. Arkhangelsk, V. Khomyakov, and I. Bakum.

B. Rayzberg, L. Lozovsky, E. Starodubtseva note that the potential – is the existing and prospective production opportunities, the presence of factors of production, the provision of its determinants of resources.

The most widespread definition of potential within the framework of the first approach is given by I. Repin. In her opinion, the potential is a set of resources (labour, material, technical, financial, innovative, etc.), skills and capabilities of managers, specialists and other categories of personnel in the production of goods, the provision of services (works), obtaining the maximum income (profit) and ensuring the sustainable operation and development of the enterprise<sup>12</sup>.

S. Shumskaya defined the potential as a set of accumulated resources and their used and unused potential opportunities in the production of material goods and services in order to fully meet the needs of society. V. Nemchinov determines the potential as the resource potential of the national economy for economic growth<sup>13</sup>.

The first approach may include the interpretation of the potential proposed by N. Krasnokutskaya, I. Gunina, Y. Sazonov, N. Zavienne, E. Gorbunov, and A. Sheremet.

The advantage of the resource approach to the interpretation of the essence of “potential” is that it takes into account its resource component as the basis for the formation of the potential. At the same time, the resource approach neither considers other components of the potential nor specifies the results that can be obtained in the long term.

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<sup>12</sup> Краснокутська П. Е. Дефініція поняття «потенціал підприємства» в контексті розвитку мікроекономічної теорії. *Вісник КНТЕУ*. 2008. № 5. С. 54–64.

<sup>13</sup> Березюк Ю. Б. До питання аналізу сутності економічної категорії потенціалу. *Економіка АПК*. 2011. № 1. С. 73–77.

The second approach to the interpretation of the essence of the “potential” concept can be conventionally called functional. In this approach, potential represents the ability to perform certain functions (to carry out production activities, to make material goods, to satisfy social needs). Representatives of this approach are K. Vobly, A. Voronov, O. Fedonin, I. Repin, O. Oleksik, I. Olenko, I. Dolzhanska, T. Zagorna, S. Radko, I. Ansoff, O. Getman, V. Shapoval, G. Gerasimchuk.

K. Voblij determines potential as a potential country’s ability to produce material goods to meet the needs of the population. According to A. Voronkova, the potential is a set of cost and natural-material characteristics of the production base, which is expressed in the potential opportunities to produce products of a certain composition, technical level, and quality in the required volume<sup>14</sup>.

O. Fedonin, I. Repin, and O. Oleksyuk interpret the potential as an integral reflection (assessment) of the current and future possibilities of the economic system to transform the input resources through its inherent entrepreneurial abilities for economic benefits, thus maximizing the satisfaction of corporate and social interests.

I. Otenko characterizes the potential not only as a dialectical unity of possibilities but also as processes of their realization. According to this author, the potential reflects the ability of the enterprise workers to learn and create opportunities by integrating into space and time processes of transformation of all kinds of resources for the production of material goods and services<sup>15</sup>.

I. Dolzhanska and T. Zagorna argue that potential represents a real or probable ability to carry out purposeful work. According to S. Radko, the potential is a reflection of the collective capacity of the labour collective to perform the tasks set before it. I. Ansoff defines the potential as the ability of a complex of resources of the economy to fulfil the tasks set before him<sup>16</sup>.

O. Hetman and V. Shapoval define the production potential as possibilities of an enterprise to produce products of a certain range, nomenclature, and quality in the right quantity of consumers. G. Gerasimchuk defines the potential as the maximum possibilities of

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<sup>14</sup> Березюк Ю. Б. До питання аналізу сутності економічної категорії потенціалу. *Економіка АПК*. 2011. № 1. С. 73–77.

<sup>15</sup> Краснокутська П. Е. Дефініція поняття «потенціал підприємства» в контексті розвитку мікроекономічної теорії. *Вісник КНТЕУ*. 2008. № 5. С. 54–64.

<sup>16</sup> Цимбал О. І. Сутність та підходи щодо оцінювання трудових ресурсів потенціалу промисловості в контексті регіону. *Держава та регіони. Серія: Економіка та підприємництво*. 2010. № 5. С. 78–84.

the object of functioning, taking into account the factors of influence through the rational use of all kinds of resources to achieve the potential goals<sup>17</sup>.

The advantage of the second approach is that it considers the capabilities of the economic system, which gives it the ability to perform a specific, specified function. At the same time, within the framework of this approach, the resource component of the potential is ignored.

According to the third approach, which can be called target, the potential is characterized by the ability to achieve the goals. Representatives of this approach are R. Marushkov, L. Sosnenko, V. Kovalev, A. Volkov, M. Ivanov, Yu. Odegov, K. Andreev.

R. Marushkov defines the potential as the ability of the enterprise to ensure its long-term functioning and achievement of strategic goals based on the use of the system of available resources. A similar definition is given in the works of L. Sosnenko.

V. Kovalev and O. Volkov characterize the potential as the ability of an enterprise to achieve its goals, using existing material, labour, and financial resources. M. Ivanov, Yu. Odegov, and K. Andreev determine potential as a system of material and labour factors that ensure the achievement of the goal of production.

The advantage of the third approach is the target orientation of the potential. However, this approach often does not specify the resources and capabilities that are necessary to achieve the goals and possible outcomes.

The fourth approach involves consideration of potential in terms of potential in certain conditions for obtaining a result in the future. Representatives of this approach can be considered Boris Mochalov, L. Revutsky, E. Lapin, B. Bachevsky, I. Zablotsky, O. Reshetnyak.

Thus, B. Mochalov argues that the potential of the country, industry, enterprise is characterized by the volume of production of material goods and services that can be achieved in the long term, with optimal use of available resources<sup>18</sup>.

L. Revutsky, studying the nominal production potential, interprets it as the volume of work in the reduced unit of measurement of labour costs (norm-hours), which can be done for a certain period (for example,

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<sup>17</sup> Березюк Ю. Б. До питання аналізу сутності економічної категорії потенціалу. *Економіка АПК*. 2011. № 1. С. 73–77.

<sup>18</sup> Березюк Ю. Б. До питання аналізу сутності економічної категорії потенціалу. *Економіка АПК*. 2011. № 1. С. 73–77.

a year) by the main production workers based on existing production assets at two-three-variable mode of operation and optimal organization of labour and production<sup>19</sup>.

E. Lapin argues that the economic potential of the enterprise reflects the real, actual capacity to create the maximum volume of material goods, considering specific resource constraints, the balance of labour and material resources.

B. Bachevsky, I. Zablotsky, O. Reshetnyak define the potential as its property to provide the positive (or negative) result expected by the subject of evaluation in the existing system of external restrictions, considering the ability of the carrier to develop<sup>20</sup>.

The advantage of the fourth approach is that it outlines the results that can be obtained in the long run. However, attention is not paid to its components.

According to the fifth approach, the potential is determined by a set of relations between economic entities regarding the creation of material goods and services. Representatives of this approach are L. Samokin, who treats the potential as industrial relations that arise between individual workers, labour collectives, as well as the managerial apparatus for the full utilization of their abilities for the creation of material goods and services. M. Chumachenko defines potential as relations arising in the enterprise on achieving the maximum possible financial result<sup>21</sup>.

Advantage of the fifth approach is in the relationship in the formation and use of potential. The disadvantage is the non-consideration of potential components as in the previous one.

If we understand the potential as the set of components, from the point of our research, it is interesting to determine the potential by industry characteristic. According to this feature, traditionally distinguish industrial, transport and communication, scientific, construction, agricultural, service sector potential, etc.

According to the elemental composition, the potential of the main production assets (means) is distinguished, the potential of working

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<sup>19</sup> Матковський Р. Б. Виробничий потенціал. Київ : Видавничий центр «Академія», 2001. Т.1. С. 196.

<sup>20</sup> Краснокутська П. Е. Дефініція поняття «потенціал підприємства» в контексті розвитку мікроекономічної теорії. *Вісник КНТЕУ*. 2008. № 5. С. 54–64.

<sup>21</sup> Бикова В. Г. Фінансово-економічний потенціал підприємств загальнодержавного значення – оцінка та управління. *Фінанси України*. 2005. № 6. С. 56–61.

capital (funds), land potential, information potential, technological potential, personnel (labour) potential, etc.

The potential classification can be supplemented by the following features: the type of interaction with the external environment (conditionally isolated and dependent potential), the variation of the properties when the conditions change (divergent, having invariant properties under different conditions, latent, with hidden properties, unchanged potential); by volume of functions performed (narrow-profile and multi-purpose potential); by the source of formation (renewed and attracted potential); by the way of combination (aggregate, consolidated, and network potential); by type of business processes (main, auxiliary, providing and supporting potential)<sup>22</sup>. Also, there are features concerning the creation of additional value or profit, which allocates a permanent part of the resource potential that does not change its value and does not create additional value, and the variable part of the resource potential, to which the author relates labour, intellectual, and entrepreneurial potential. Depending on the natural environment and the will of the person, it is possible to identify the objective components of the potential, that is, natural and climatic conditions, demographic situation, existing fixed assets and working capital and other resources and subjective components – mainly organizational, which contribute to improving the efficiency of management and depend from managerial decisions. By types of efficiency, economic and social potential are distinguished. The economic potential provides high output figures at the lowest cost. As for social potential, it ensures that the results of economic activity meet the needs of people. According to the type of economic relations allocated organizational and economic, socio-economic and technical and economic potential. Organizational and economic potential is formed under the influence of organizational measures, socio-economic – determined by property relations, and techno-economic – depends on the level of technology development<sup>23</sup>.

The list of types of potential for economic and functional purposes is divided into productive; stock; non-productive; organizational and managerial; labour (human); personnel; qualifying (educational); creative; financial; investment; tax; resource scientific and technical

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<sup>22</sup> Березюк Ю. Б. До питання аналізу сутності економічної категорії потенціалу. *Економіка АПК*. 2011. № 1. С. 73–77.

<sup>23</sup> Краснокутська П. Е. Дефініція поняття «потенціал підприємства» в контексті розвитку мікроекономічної теорії. *Вісник КНТЕУ*. 2008. № 5. С. 54–64.



(scientific); technological, technical; intellectual (industrial and intellectual property); innovative; informative; export; natural resource; ecological; assimilation potential<sup>24</sup>.

Potentials of any level do not function separately, isolated from each other. In addition, there is the interaction of potentials of different levels, which leads to increasing the potential of the system, which is at a higher level.

Even though the potential is determined by the resources, which are available to this subject and the possibilities that can be used to achieve a certain goal, this category is much wider than the categories of “resources”, “opportunities”, “power”.

Considering that the potential of the industry is the aggregated potential of the enterprises that are part of it, it is possible to present it as a general structural model of the potential of enterprises.

At the same time, the main characteristics of the potential of the industry as a system are the close interrelations of its individual components, the change of which affects the functioning of others and the complexity.

Industry potential determines the ability of the industry to self-development on a more qualitative basis, depending on the stage of its lifecycle and the quality of influence on it of the prevailing or unformed technological structure of the macroeconomic system. The components of the potential are represented by the following elements, in particular:

- a natural potential characterized by the natural resources that are available or can be mobilized, in combination with the natural conditions that affect the functioning of the industry;

- the scientific and technical potential of the industry, characterized by the ability to produce innovative resources for implementation at enterprises of the industry;

- industry resource potential as an ability to ensure the requirements for the development of enterprises and the industry as a whole with the help of such key components as aggregate; available raw materials and materials (working capital); information resources, free financial resources accumulated by the industry; human resources;

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<sup>24</sup> Березюк Ю. Б. До питання аналізу сутності економічної категорії потенціалу. *Економіка АПК*. 2011. № 1. С. 41–70.

- infrastructure potential of the industry, including industrial, innovative, and social infrastructure;
- intellectual potential as the achieved ability of the human resources of the industry to carry out various activities, initiate, implement innovations, carry out the innovation process;
- consumer potential of the industry as an opportunity to preserve and increase the market segment serviced by the industry.

The potential of the industry can only be realized in specific conditions, and therefore, there is no sense in considering it outside of these conditions. Indeed, the complex of these conditions depends on the characteristics of its volumes, location, the efficiency of use and especially competitiveness.

We offer to classify the industry's potential by the following components:

- natural resource potential;
- investment potential;
- scientific and technical potential;
- infrastructure potential;
- intellectual potential.

The mentioned above classification allows determining indicators that meet the criteria for assessing the competitiveness of the construction industry potential for each component of the potential of the construction industry.

## **6.2. Definition of the essential characteristics of the concept “competitiveness and competitiveness of the industry potential”**

Exploring the problem of the competitiveness of the potential of industries, it is worth to note that there is no general definition of it. To begin with, it's worth determining the essence of the notion of competitiveness in its overall form.

V. Khomyakov, T. Vyatkina, and P. Vyatkin give a definition of the concept “competitiveness”, presented in the works of scientists<sup>25</sup>:

- competitiveness as owning of the properties that create advantages for the subject of the economic competition was considered by M. Helvanovsky, V. Zhukovsky, I. Trokhimov;

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<sup>25</sup> Хомяков В. І. Формування конкурентоспроможності підприємницького потенціалу підприємств (теоретичні аспекти). *Прометей: зб. наук праць з економіки*. Донецьк : ДЕГІ. 2006. № 1. С. 163–166.

– competitiveness, characterised by economic, social, and political factors, the stable position of the country or commodity producer in the domestic and foreign markets is determined in the work of B. Gunskey;

– competitiveness as a comparison of competitive positions of business entities in one market is covered in the works of N. Pedchenko<sup>26</sup>.

K. Kuznetsova determines competitiveness by focusing on the availability of certain advantages (resources) and the ability and ability to use them correctly in a rivalry with other “players” to achieve their goals.

Accepting all the above definitions, we would like to note that the most suitable, in our opinion, definition of competitiveness is proposed by R. Fatkhutdinov, in which competitiveness is the property of an object that characterizes the degree of real or potential satisfaction of specific needs in comparison with similar objects, presented in this market<sup>27</sup>.

Most scientists agree that competitiveness is a relative concept, which reflects the difference in the development of this research subject from other actors acting as its competitors. It is an important generalized indicator of the assessment of financial, industrial and economic, organizational activities of the economic entity, which reflects the development of the subject of competition<sup>28</sup>.

Talking about the competitiveness of potential, among the researchers involved in its research, there is no consensus on the definition of this concept’s essence. It should be noted that in the scientific literature, the notion of competitiveness has different interpretations, interpreted differently depending on which economic object it is used. Such an object is a national economy, industry, region, enterprise, product or service.

Thus, N. Krasnokutskaya, considered competitiveness of the potential at the microeconomic level and defined it as a complex comparative characteristic of the potential, which reflects the level of advantage of the aggregate of indicators of the quality of resource usage and the organization of interrelations between them, which determine the

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<sup>26</sup> Педченко Н. С. Деякі аспекти конкуренції і конкурентоспроможності в ринковій економіці. *Регіональні перспективи*. 2000. №4(11). С. 48.

<sup>27</sup> Фатхутдинов Р. А. Конкурентоспособность: экономика, стратегия, управление. *Серия «Высшее образование»*. Москва : ИНФРА-М. 2000. 312 с.

<sup>28</sup> Реутов В. Е., Вельгош Н. Э. Управление конкурентоспособностью : монография. Симферополь : Таврия. 2005. 200 с.

effectiveness of the potential in a particular market at a certain time in relation to aggregate of indicators of analogue enterprises<sup>29</sup>.

The definition of the competitive potential of the company is given in the works of A. Voronkova, which interprets this concept as a set of production-financial, intellectual and labour opportunities of the enterprise, provides it with stable competitive positions in the market<sup>30</sup>.

A. Kvasko notes that the competitiveness of the enterprise's potential provides a comparative characteristic and reflects the level of the advantage of a set of indicators based on the results of the analysis of relevant marketing research. If we transform this definition, we can formulate a general idea of the essence of the competitiveness of the potential of particular research. Competitiveness of the potential of an object is its generalized comparative characteristic, which reflects the level of the advantage of a set of indicators reflecting the market situation<sup>31</sup>.

At the same time, at the level of the economic entity (enterprise) and at other levels (industry, region, national economy), the characteristics and criteria of the competitiveness of the potential vary somewhat. This can be explained primarily by the different nature of these objects.

Turning to the "competitiveness of the industry potential" concept, it should be noted that it involves the existence of the rational industry structure of a group of highly competitive leading enterprises, which are guides for other enterprises in the industry, established research and development, production and technology base, flexible industry infrastructure and exhaust system industrial, scientific, technical, logistical, and commercial cooperation within the industry, as well as with other branches of the country and beyond.

Thus, we are able to say that the competitiveness of potential of the industry as a complex socio-economic system lies in the complex ability to use highly productive resources within this system, determined by the properties of its elements and the nature of their interconnections, which provides it with higher investment attractiveness than other branches of the national economy.

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<sup>29</sup> Краснокутська Н. С. Потенціал підприємства: формування та оцінка : навч. посіб. Київ : Центр навчальної літератури, 2005. 352 с.

<sup>30</sup> Воронкова А. Діагностика стану підприємства: теорія і практика : монографія. Харків : ВД «ІНЖЕК». 2006. 448 с.

<sup>31</sup> Піддубна Л.І. Конкурентоспроможність економічних систем: теорія, механізм регулювання та управління : монографія. Харків : ВД «ІНЖЕК». 2007. 368 с.

That is, the competitiveness of the potential of enterprises is only one of the conditions of the competitiveness of the industry's potential, which, in its turn, is the key to the competitiveness of a higher-level potential. Consequently, it can be argued that the presence of highly competitive industries is necessary to ensure the competitiveness of the potential at the macro level, at the same time, is not an exclusive condition for it.

Proceeding from the above, we can propose the following definition of the competitiveness of the national economy potential – a general comparative characteristic of the industry, which reflects the level of the benefits of a set of indicators for assessing the state of its resources and capabilities relative to similar indicators of other industries in a specific segment of the market over a period of time.

Such a definition is fair because competitiveness must be viewed not as a bipolar concept of “competitive – uncompetitive” but rather as having a certain degree of competitiveness, which in the simplest gradation can be defined as “low, medium, high”. If necessary, it is possible to further differentiate it. In this regard, not the victory in the competitive struggle but the ability to achieve the goals set. In addition, a non-competitive industry is not able to compete: physically, enterprise-makers in it may be present in the market but cannot achieve the desired result.

However, from a strategic point of view, an industry that owns a product that provides an apparent inviolability of its position should conduct continuous monitoring in the event of the appearance of competitors in order to be able to take preventive measures.

It is advisable to use the term “competition” rather than “struggle” because, firstly, the struggle between competitors is not always an irreconcilable antagonistic nature: in recent times, not only the world but also national practice, competing market actors agree on an agreed price policy, on the distribution of market segments, etc.; and secondly, the term “competition” involves exclusively affiliate, equal relationships: the methods of competition are not always conscientious, the creation of a negative image for competitors, etc.

At the same time, the competitiveness of the industry's potential is relative: the degree of implementation of competitive advantages is possible at different levels in different markets, it is able to change over time<sup>32</sup>.

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<sup>32</sup> Большой экономический словарь / под ред. А. Н. Азриляна. Москва : 5-е изд., доп. и перераб. 2002. 1280 с.

The statement of V. Khomyakov, T. Vyatkina, and P. Vyatkin that the elements of the competitiveness of a company's potential should be in line with the concept of its development, supplement and improve it, in our opinion, can be equally applied to the competitiveness of the industry's potential<sup>33</sup>.

This is logical because all components of the competitive potential of the enterprise are interconnected, and their combination characterizes the state and capabilities of the industry to create, strengthen, and develop their own competitive advantages. Consequently, the weakness of one of the elements is a source of risks and requires additional costs to match growth opportunities.

Competitiveness of the industry's potential is formed under the influence of many factors, which can be defined as the property of the economic environment or the particular subject of the economy, can influence the process and results of the operation of this entity in a competitive environment<sup>34</sup>.

## CONCLUSIONS

Analysing the studied materials, the works of the scientists who considered the category of "potential", we can indicate that potential is the available or hidden cumulative possibilities, resources, stocks or sources that are used or can be used to achieve a certain goal. On the one hand, the potential is the available capabilities and resources and, on the other hand, these are unused opportunities. Summarising the existing approaches to the definition of the essence of the "potential" concept we can agree that the main criterion and an integral part of the interpretation of "potential" is resources or their system; general characteristics of the potential as economic categories change over time, expand, and transform. The industry potential is an aggregated potential of enterprises that work inside of it. Consequently, the potential of the construction industry determines its ability to self-development on a more qualitative basis in specific conditions of space and time, characterized by the action of certain factors. "Competitiveness of the industry's potential" we can determine as the multidimensional complex property of using certain resources, which is defined by its components

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<sup>33</sup> Хомяков В. І. Формування конкурентоспроможності підприємницького потенціалу підприємств (теоретичні аспекти). *Прометей: зб. наук праць з економіки*. Донецьк : ДЕГІ. 2006. № 1. С. 163–166.

<sup>34</sup> Савчук С. І. Основы теории конкурентоспособности / ИПРЭЭИ НАН Украины. Мариуполь : Рената. 2007. 520 с.

and the nature of their interconnections, characterized by investment attractiveness, formed under the influence of factors. The competitiveness of the Ukrainian economy as a whole depends on the level of construction industry development, its competitiveness. That is why the maintenance of the competitiveness of potential of the Ukrainian construction industry is the priority task at the present stage of development of the national economy of the country.

### SUMMARY

The research is devoted to studying the construction industry potential and its competitiveness, which is the component of the competitiveness of the national economy. For this purpose, we analyse the theoretical approaches to the definition of the category of potential. The advantages and disadvantages of the five main approaches are studied. The essence, particularly, of the branch potential is explored. Potential is presented as a set of components, which are discussed. The article summarizes the main approaches to the definition of “competitiveness” as well as “competitiveness of potential”. The work explores the essence of industry potential competitiveness and determines the understanding of the competitiveness of construction industry potential.

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