

## THEORETICAL BASES OF MANAGEMENT OF ENTERPRISES OF LVIV REGION OF UKRAINE IN CRISIS CONDITIONS



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**Abstract.** The article presents the results of the analysis of the features of management of enterprises of the Lviv region of Ukraine in crisis conditions. The trends of unsatisfactory business climate, narrowing of internal sources for investments and opportunities of attraction of international financial resources are characterized. The SWOT analysis of the level of investment attractiveness of the Lviv region has been carried out, goals have been formed, which can be implemented as a result of the economic and investment development of the region. Characterized by competitive advantages and the basis for raising the level of investment attractiveness of enterprises. The variants of development of the Lviv region are offered on the basis of improvement of investment attractiveness.

**Keywords:** *crisis management, investments, enterprise development, economic and investment development, Lviv region.*

### Introduction

The potential of entrepreneurship can not be fully realized in Ukraine due to the unsatisfactory business climate. An unfavorable business climate is a major constraint on investment. In addition, the crisis significantly narrowed domestic sources of investment, and international financial resources became practically inaccessible. Many international investors are forced to take more cautious attitude to the country's risks. In particular, the low investment image of Ukraine will make the country less attractive to international capital in the post-crisis period.

The uneasy conditions in which today's Lviv commodity producers work are causing the necessity of additional efforts by local authorities to preserve and develop entrepreneurship in the production sector.

The research of the management of enterprises in crisis conditions was researched by L. Zhilinska, A. Zagorodnyy, G. Voznyu, Yu. Zaichenko, K. Ivanchuk, O. Ignatov, T. Starodubtseva, M. Tarasenko, G. Kindstracka and others. At the same time, further research is required on the ways of developing bases of management of enterprises of Lviv region of Ukraine in crisis conditions.

The *purpose of the article* is the substantiation of theoretical bases of management of enterprises of Lviv region of Ukraine in crisis conditions.

### Research results

The strengths and weaknesses of the socio-economic environment in the region that have an impact on investment attractiveness have been determined on the basis of the SWOT analysis (Table 1).

Based on the SWOT analysis of the level of investment attractiveness of the Lviv region, it is possible to formulate goals that can be implemented as a result of the economic and investment development of the region:

- raising the living standard of the population;
- improvement of the ecological situation;
- successful functioning of all types of business structures in the territory;
- formation of the center of tourism, leisure and sanatorium resort treatment as a city of Lviv and throughout the region;

- Transformation of the regional center into the center of trade between the east and the west;
- expanding the export of local enterprises.

It should be noted that an important tool for improving the level of investment attractiveness of enterprises in the Lviv region is the formation and implementation of strategic planning processes, which allows for a clear formulation of measures, specific programs that will ensure the economic development of the region.

Table 1

SWOT analysis of investment attractiveness of Lviv region \*

Positive sides	Negative sides
<ol style="list-style-type: none"> <li>1. Favorable geographical environment, which provides attraction of investment funds from abroad.</li> <li>2. Presence of inexhaustible natural resources</li> <li>3. Support of regional authorities in attracting investments</li> <li>4. High scientific potential (large number of educational institutions and scientific institutions).</li> <li>5. Presence of old and construction of new international transport highways.</li> <li>6. The regional center is a historical and architectural complex.</li> <li>7. Highly qualified workforce (location in the region of a large number of enterprises precision engineering and instrumentation).</li> <li>8. Development of traditional folk crafts.</li> <li>9. High entrepreneurial activity of the population.</li> <li>10. The presence of domestic energy resources (oil, gas, coal, Dobrotvir GRES)</li> </ol>	<ol style="list-style-type: none"> <li>1. Insufficiently developed transport infrastructure</li> <li>2. High tax pressure on entrepreneurs</li> <li>3. Insecurity of entrepreneurs in the stability of business conditions.</li> <li>4. Availability of outdated technologies from entrepreneurs.</li> <li>5. High unemployment.</li> <li>6. Conquest of local markets with a high number of imported goods.</li> <li>7. The imperfect system of management of economic processes.</li> </ol>
Opportunity	Threats
<ol style="list-style-type: none"> <li>1. Flexibility in solving financial and property resources.</li> <li>2. Simplification of customs procedures when crossing the border.</li> <li>3. Use of achievements of scientific and technological progress (in technical, economic, organizational, informational spheres).</li> <li>4. Extension of the construction of motorways.</li> <li>5. Improvement of the economic processes management system at the regional level in the course of administrative reform.</li> <li>6. Changing the relationship to the existence of business structures and the real promotion of their development.</li> <li>7. Development of export of local enterprises (sewing, leather, fur, etc.)</li> </ol>	<ol style="list-style-type: none"> <li>1. Instability of incomes of enterprises and persons employed there.</li> <li>2. Low purchasing power of the population</li> <li>3. Reducing tourist flows</li> <li>4. The departure of a large part of the scientific staff abroad.</li> <li>5. Increasing competition from other regions in attracting investment.</li> <li>6. Negative trends in the demographic situation.</li> </ol>

\* Investigated by the author

Most of the actions and measures of strategic development are formulated so that they can be measured quantitatively, which provides the ability to control the implementation of the planned. The formation of the strategic plan is carried out in such a way that it provides the possibility of flexible approaches and prompt response in case of

rejection of the results obtained from the planned interim controls. The availability of a strategic plan is an important prerequisite for attracting foreign investors to the region.

In this way, estimating the level of investment attractiveness of the enterprises of the Lviv region by factors of different influence can be more realistic approach to the problem

of strategic planning and avoid a rather frequent mistake - the desire to plan to do more than possible, based on real circumstances, resources and opportunities.

In general, strategic planning can be considered as an extraordinary means of mobilizing local resources and opportunities to improve the level of investment attractiveness of Lviv Oblast enterprises.

The basis of the economic forecast for the Lviv region is the calculation of experts, as well as the work of the World Economic Forum on the scenarios of Ukraine's development [1], which are applied for long-term forecasting of the Lviv region. However, the dramatic changes in the socio-economic development of Ukraine in 2014 and the transformation of foreign markets required a significant correction of these results. In particular, the loss of a significant part of the sales markets was taken into account, which was reflected more in certain sectors of the industry.

The SWOT matrix allows us to identify the interconnections between "internal" (strengths and weaknesses) and "external" (opportunities and threats) factors that are of strategic importance for the Lviv region. It is these interrelations that allow us to formulate comparative strengths and identify the perspective directions that are the basis for a strategic choice - formulation of strategic and operational goals of the region's development in the long run [2].

Thus, the Lviv region has great opportunities for improving investment attractiveness. However, the result of their practical improvement will be seen in the future.

The biggest problems that led to the deterioration of investment attractiveness are the decrease in sales volumes compared to the crisis period; reduced the level of profitability, deteriorated the economic and political situation in the country. Improved investment attractiveness is ensured by favorable economic and geographical location, the availability of sports infrastructure objects, and a developed transport and logistics system. It is advisable to pay attention to the rather low score of the score such as the level of diversification of the region's economy [3].

In the modern conditions, the competitive advantages of the Lviv region are considered to be the highest potential of recreational resources in Ukraine, in particular, resorts,

rural green tourism; developed level of international scientific cooperation; high level of public awareness; a considerable amount of historical and cultural monuments; developed sector of diversified service sector; active use of applied research and innovative technologies in various sectors of the economy; the lower average in Ukraine the degree of anthropogenic pressure on the environment.

Competitive advantages based on forecast estimates and on the forecast of the ratio of income to the risks of the enterprise are the basis for raising the level of investment attractiveness of the enterprise. This is due to the fact that they really help to weaken or eliminate existing problems in its financial activities. In addition, it will ensure long-term economic growth and development of the enterprise, the main positive factor of which is the stimulation to increase its volumes of production and sales [4].

As a result of the conducted research, we offer several variants of development of the Lviv region on the basis of improvement of investment attractiveness [5].

Inertial scenario of the region is based on complex assumptions and balance of internal and external factors impact on the region as a socio-economic system of the planned time sequence of states of the system varies by inertia. In practice, such a scenario is called business as usual ("things are going as usual"). Under these conditions we obtain the following results:

- legal framework of the state regulating its economic base, that is, legislation on public finance, taxation, economic and industrial policy, etc., remain unchanged or change slowly, "overtaking" social needs;
- The Constitution, which defines the territorial-administrative structure of the country and the system of managing regional development, which remain unchanged, remains the basis of the legal regulation;
- the level of resource provision in the Lviv region remains at the same level. At the same time, the level of subsidization of the budget will grow at a rather slow pace;
- the level of trust in state institutions of entrepreneurs and citizens remains unaltered;
- a sufficiently high level will remain in the state structural bodies of all levels;

- the level of attraction of investment resources to the Lviv region remains at the same level;
- the economic activity of small and medium-sized enterprises will continue to dominate in trade and services;

The optimistic scenario of Lviv Oblast development based on the use of innovation and investment resources is characterized by the following variants of the region's development:

- expansion of the number of new customs transits will take place;
- the volume (quantitative and economic) of cross-border commodity exchange is growing;
- cooperation between enterprises, citizens and representatives of local authorities is getting better;
- the level of capital investments in the real sector of the economy increases;
- the possibility of technological modernization of industrial enterprises will increase;
- increase the investment attractiveness of the region and, accordingly, interest from international investors;
- there is a gradual exit of the economy from the "shadow", in particular in small and medium business;
- the reorientation of the participants of the border shuttle trade to workplaces in

technologically modernized and new industries begins;

- material and financial provision of the basic ATOs - communities and their opportunities in local economic development is growing;
- wages will increase.

The innovation and investment scenario of Lviv Oblast development is most promising and is related to the comprehensive modernization, structural transformation of all major sectors of the economy - agriculture, transport, communications, etc., and their integration with the innovation and research and educational complex of the region [6].

The formation of the Lviv region as a significant highly industrialized region of interregional significance, specializing in medium and high-tech industries, for the period up to 2025, implies an increase in industrial output of at least 3 - 3.5 times. The introduction of high-tech technologies in all industries will contribute not only to reducing the energy and material resources of production, but also to increase labor productivity in industry. At the same time, the number of employees in the industry will increase significantly. Considerable improvement will be observed in the ecological situation in the region. The nature of the territorial proportions and the location of major industrial centers in the future will not undergo significant changes [7].

## Conclusions

On the basis of the analysis of the level of investment attractiveness of the Lviv region, it is possible to formulate goals that can be achieved as a result of active and collaborative work of entrepreneurs, authorities and society: increasing the living standard of the population and the ecological situation in the region; successful functioning of all types of business structures on the territory; formation of the regional center as a city with a developed network of educational and scientific institutions; the regional center's expansion into the center of trade between east and west; expansion of the activity of small enterprises of the hotel-tourist sphere.

*A promising direction for further research* is the search for new approaches for the development of anticrisis systems of enterprises management.

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