

CHALLENGES AND PROSPECTS OF ENSURING INNOVATIVE DEVELOPMENT OF LIGHT INDUSTRY ENTERPRISES

Denysenko M., Doctor of Economics, professor,
Korchynskiy A., Master's Degree
Kyiv National University of Technologies and Design

To ensure the sustainable trend of economic growth of the state and implementation of effective financial and economic activity of industrial enterprises there is a need to consider the set of issues of determining efficiency of innovative activity of light industry enterprises by types of economic activities. In this case it is considered appropriate to reflect the fact that innovative development of the light industry is strategically important in the context of ensuring its competitiveness and economic development of the state (light industrial products are used in food and chemical industry; medicine; the military-industrial, mining-metallurgical and machine-building complexes; construction; fishing; electric power industry and ect.)

Taking into consideration the specific features of functioning light industry enterprises by types of economic activities, including leather industry, there are major aspects that contribute to increasing threats to the efficient functioning of industrial enterprises of this sector of the economy.

The result is a buildup of negative trends in the sector important from the point of view of ensuring economic growth on an innovative basis. Such trends include:

1. The imbalance of development of the industrial complex of Ukraine. Due to the fact that a significant period of time the light industry remained unnoticed by the state, and the mining-metallurgical complex, the chemical industry and partially the machine-building complex were high-priority with regard to the increase of the state support, according to the State Statistics Service of Ukraine for 2010-2015 there was a reduction in indices of industrial products by types of activities.

Despite the reduction of indices of industrial products by types of activities in 2010-2015, during 2010-2014 an increase of sales was observed. So, in 2014 compared to 2010 the volume of sales increased by 37.0 %, in particular, of products of the processing industry – by 28.5 %, of the textile manufacture, the manufacture of apparel, leather, products from leather and other materials – by 37.9 %.

These changes were largely achieved through the growth of product prices caused, in turn, by significant inflation, which would not be a positive trend in the development of light industry, in particular tanning.

2. The deterioration of competitiveness of Ukrainian products of light industry including leather production. According to the State Statistics Service of Ukraine (the predominance of imports over exports for all years except 2015 was observed. However in 2015 as compared to 2013, the volume of import decreased by 37.9 %, export – by 24.8 %. In particular, among each commodity group the decrease in imports in the group "XII. Shoes, hats, umbrellas" is dominated and reached 49,3 % in 2015 as compared to 2010; relative to export its volume declined mostly in the

group "VIII. Raw hides, thoroughly cleansed leather" (this product group in 2010 was known as "VIII. Leather and fur raw materials and products from them"). The situation might be considered positive in the light industry by commodity groups regarding the reduction of import volumes, but in contrast to growing negative trends in this sector of economy there is a decrease in capacity of the industrial enterprises to the development of light industry and leather industry inclusively, based on innovative principles.

3. A low level of innovation activity of domestic light industry enterprises. According to the State Statistics Service of Ukraine for 2010-2014, a decrease in industry of the total number of industrial enterprises by 5.6 % in 2014 as compared to 2010 generally and in processing industry in particular (-6.9 % respectively) is observed.

It should be considered a positive that over the period 2010-2014 the number of industrial enterprises with innovation activity across industry as a whole (10.0 % in 2014 vs 2010) increased, among them, those that spent funds for the purchase of machinery, equipment and software (the growth amounted to 18.2 %), education and training of staff (43.7 per cent respectively).

As well during 2010-2014, there was a reduction in the volume of sales of innovative products: in the whole industry of Ukraine (-23,8 %), in particular, of products which were new to the market (-35,7 %) and products new to the enterprise (-18,1 %); in the whole processing industry (-23,6 %), and also products new to the market (-35,0 %) and products new to the enterprise (-18,2 %).

Increasing the volume of sales of innovative products of light industry in 2010-2014 by 1.2 times, in particular of products that were new for the market by 6.1 times and products that were new for the company by 1,1 times is considered to be positive.

But despite the difficult overall economic situation in the country and light industry, especially, such positive results are not a consequence of the implementation of the balanced policy of the state to embody the strategy of development of light industry including leather production, based on innovative principles.

In general, this situation in the light industry that exists at this point in time, limits the possibility of raising the level of competitiveness of the industrial enterprises of this sector of the economy both in the domestic and international markets and has a negative impact on the economic development of the state.

As a result, the above-noted requires the development of a package of measures to improve the innovative development of enterprises of light industry (including tannery), to which belong, in particular those that provide for the implementation of the modernization of light industry enterprises; innovation of various types to reduce material, energy and resource intensity of production; the implementation of complex automation and mechanization of production processes.