

Chubar M.M.

Post-graduate

Khmelnytskyi national university

## PODOLSK ECONOMIC REGION LIGHT INDUSTRY ENTERPRISES` EXPORT POTENTIAL IN THE WTO CONDITIONS: ANALYSIS OF STATE AND ASSORTMENT OF WAYS OF INCREASE

Light industry of Ukraine is in crisis. Most of enterprises in the sector use survival strategies to avoid bankruptcy. Only a few companies, such as «Volodarka» possess enough funds to support a sustainable development.

Enterprises of sector exhibit extremely high dependence on tolling raw materials to perform business activity, but tolling export schemes greatly limit the possibilities of independent marketing strategies implementation on the given enterprises.

In the article six outerwear-producing companies of Podolsk economic region were under research: «Volodarka», «Lileya» «Alisa» (Vinnitska oblast, Ukraine), «Galiya» (Ternopil`ska oblast, Ukraine), «Goryn'», «Khmelnytsklegprom» (Khmelnytska oblast, Ukraine). The evaluation results confirm the difficult economic situation of the enterprises under the conditions of WTO.

The specific problems are as following: lack of funds, low labor productivity, working capital issues, wages and social insurance underpayments, absence of staff additional training and implementation of innovations into the company`s activity. Enterprises commonly use borrowed capital and not always able to repay its own debt at a specified time. Also they are highly dependent on tolling raw materials.

The likely solution of these problems is price competition strategy, which can be performed by means of production costs reduction added to the maintaining of the high level of merchandise quality. Such quality-harmless costs reduction can

be achieved by outsourcing the production of the part of export and domestic market merchandise to the companies with access to low-cost labor force. In author's opinion such companies can be found among industrial enterprises and workshops of State Penitentiary Service of Ukraine (SPSU).

In the WTO conditions when direct subsidies from the government to specific enterprises are prohibited, SPSU companies have to maintain business activity on the self-sufficiency basis, that is the more contracts the better.

If enterprise has to choose between labor force leasing (including transportation of the staff to the client enterprise) and production outsourcing (penitentiary company staff stay where they are), the benefits of not having security issues at client enterprise are crystal clear. But in that case the issues of creation of highly-mobile quality control department arise.

The requirements for reliable penitentiary company partner are as following: company is a part of minimum security level penitentiary, is located relatively close to a client to reduce transportation cost, is able to employ the amount of people sufficient for fast and reliable contract enforcement, contains mainly or only first-time inmates, possesses a full set of equipment that is required for outerwear production, is able to provide security measures for client's mobile quality control procedures anytime they are needed, possesses means and establishments for inmates' staff professional education and training, is specialized for textile merchandise production, has the experience of producing the type of producing merchandise the client needs.

There are many penitentiaries that are suitable for the current needs of textile industry enterprises of Podolsk economic region. Among them there are as following: Izyaslav penitentiary #31 (Khmelnyska oblast), Berezhanska penitentiary (Ternopil'ska oblast) etc.

The cooperation with penitentiary enterprises will help outerwear producers to keep production costs low and profit margin high. Therefore, additional raised funds can be re-invested in export potential development.

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