

WAYS TO INCREASE COMPETITIVENESS OF PRODUCTS OF LIGHT INDUSTRY ENTERPRISES UNDER CONDITIONS OF MODERNIZATION OF ECONOMY

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***ABSTRACT--** Research paper portrays premise of the analysis of the nourishment business market and light industry showcase over the span of modernization the progressions that happen in their structure, rivalry and serious condition are distinguished and advocated. The analysis of the components, permitting territorial makers to make upper hand on the business sectors of the modernized ventures is satisfied. The chance of some better utilization of assets, especially work and immaterial resources associated with human capital and made by imaginative work, improving aptitudes, growing ability is demonstrated.*

***Key words--**ability, competitiveness, economic, exchange relations, functionality, modernization, resources.*

I. INTRODUCTION

The development of product markets for light industry enterprises is a key tool for modernizing the economy. In the modernization of the region's specialization economy, an important role is played by the resources and abilities of firms that make serious and long-term changes to the conditions of competition in light industrial markets.

As a result of economic modernization, a number of new market segments will appear. For example, the introduction of the addition of vitamins and minerals to the flour mill will make it possible to bring the market for fortified products to 1 million tons. A new market segment will be created by processing production waste[1;4:]. New lines created for processing with a total capacity of several hundred tons of products contribute to the creation of related production and the extension of the value chain.

II. METHOD OF RESEARCH

In bakery production, the volume of dietary and fortified products with micro nutrients will reach several hundred thousand tons. It will also mean the emergence of a new segment. Actively happening segmentation of the dairy market. It deepens by expanding the range of products. Modernization in the sugar industry will affect most of the 79 factories with outdated equipment and will allow the commissioning of 6 new plants. This will

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make it possible to additionally produce almost 1.5 million tons, narrowing the gap between production and consumption. The oil and fat industry is expected to modernize: 24 oil plants and the construction of 3 new large plants with a capacity of 1.5 million tons per year, soybean oil up to 370 thousand tons per year, the production of oilcake, meal in these enterprises will reach 5.1 million tons.

Significant opportunities are also created by the implementation of the Strategy for the Development of Light Industry until 2020. Modernization may allow domestic producers to occupy important segments of the industry's market 2 billion 2000 billion rubles. and increase your share of revenue in it from the current 20% to 50% 2 [3;8;10].

In addition to household demand in light industry, there is an increase in demand for manufactured goods. There are many market segments, the modernization of which is expected, and this creates an extensive space for the activation of the production activities of the industry in the region. These are technical textiles, work clothes, shoes and other products. There are other segments of the industry market that can become attractive to domestic manufacturers. The market for children's clothing, toys, bedding and other goods that are simple to manufacture and do not require large expenditures for modernization, therefore, favorable for development by regional manufacturers, is poorly developed.

Based on these diverse opportunities, it is important to identify what can allow regional producers to occupy segments of these markets and achieve a competitive advantage. It is necessary to pay attention to basic resources, labor, land, capital. However, they should not be limited to, but rather, highlighting less obvious factors from the field of processes and actions, intangible assets, staff skills, organizational training, competencies, to determine how they can increase the functional capabilities of firms in a particular industry that is modernizing. To achieve this goal, it is first necessary to study the changes that occur in industry markets and in their competitive environment.

We drew attention to the use of the regional-territorial factor. The choice of regions for activities helps to achieve a competitive advantage[1;2]. The rationality of the principle lies in the fact that, based on the needs of resources needed at each link in the creation of value, the territory for this stage of production is selected. In the course of the territorial distribution of the company's activities, it is revealed where it is profitable to develop and design the product, where to sew clothes, assemble shoes, manufacture fabric, and individual parts of the product. Thanks to the use of the territorial factor, the attitude to demand rises to a higher level. The demand factor, which, as a rule, was taken as something given, is already considered in many market segments as decisive for the strategy of firms. In many segments, the cost of delivering a product to those regions where profitable sales markets are quite high. Point investments can be made to create the desired production units in these regions. Experience shows that it is possible to cooperate with local firms in production, marketing and distribution. You can use the brands of well-known companies and profitably apply the method of combining the strength of the brand and technologies of a penetrating company with the production capacities of local companies, their marketing and distribution capabilities, and connections in the region. There is an opportunity to carry out direct investment in the region, import into the region, which allows you to get a large share of the created value and to take advantage of the abundance and cheapness in the region of certain production factors.

Overcoming the technical and technological backwardness of industries, replacing obsolete machinery and equipment of many enterprises is usually accompanied by the development of the ability to develop skills for their

development and the ability to coordinate these skills with technological innovations. This special resource often allows you to create unique value for the consumer, which ensures the achievement of a competitive advantage in the market segment, economy and its consolidation.

Changing conditions of competition in light industry economy markets in particular, modernization gives powerful effects that affect the market structure, the competitive environment of the economy, the internal environment of firms, market segmentation[6;7;8]. There are changes in the group of existing competitors. Large enterprises appear, strengthening their positions, and the concentration of light industry in the economy is growing. Market structure may approach oligopoly. There are changes in relations with potential competitors. Strong new competitors are emerging in the regions. Subsequently, the modernization process provides favorable opportunities for regional enterprises. The market space of competition is expanding. In the light industry, attractive segments appear in the textile industry (geotextiles, products for sports, tourism), medicine, construction industry, the manufacture of clothing, footwear, equipment for the army and other law enforcement agencies. Numerous groups of substitute products appear. Significantly reduced the time of appearance of the substitute product on the market and the range of these products is expanding. In light industry, where a competitive advantage is created by product differentiation, manufacturers strive to define new vectors for changing consumer tastes, their expectations and satisfy new needs. Competition in the field of substitute goods is intensifying, and a number of promising market segments are being formed. Relations with suppliers are becoming more complicated: manufacturers of machinery and equipment, their components, suppliers of raw materials, semi-finished products, fuel, energy, water, utilities and infrastructure. In these conditions, it is important to establish reliable and mutually beneficial relations with them. This makes a significant contribution to increasing the competitiveness of firms, to improving their position in the industry market.

Modernization also increases the competitiveness of domestic industries in relation to foreign manufacturers. In a number of productions, one new modern machine tool replaces 5-7 old ones with productivity. Such an increase in labor productivity sharply increases the possibilities of pricing policies of domestic producers. At importers, they usually decrease in such a situation, since imports are served by intermediaries. They assign a large share of the cost. In order to conduct successful price competition, with such a reduction in the cost of domestic production, they face a drop in profitability. The elimination of intermediaries from the industry market leads to the strengthening of the position of domestic producers in the industry market and its individual segments. These changes taken together mean that modernization can provide a synergistic effect when the additional income received exceeds the simple sum of labor productivity growth and the value that is reclaimed from intermediaries. Import substitution itself is the most important result of the created competitive advantage over foreign competitors. This is the most important of all that modernization gives.

Use of resource advantages in new conditions. Competitiveness, in fact, is a factor in the short term, because it can come to naught under the influence of the external environment. Creating a competitive advantage is a long-term factor. Modernization creates favorable conditions for its achievement. It is important to find out how this is achieved. There are well-known ways to achieve it, but there are less common ones.

The basic conditions of competitive advantage, which provide the benefits of exchange, costs of production factors: labor, capital, land, natural resources. Labor in the domestic light industry is relatively cheap. It is cheaper

than in the countries of Southeast Asia, although it is much more expensive than in India, China, and a number of other countries.

However, the use of resource advantages cannot be denied. In the labor market, modernization should improve the situation. The current trend of a reduction in employment in the industry and a decrease in the share of wages in costs, when the number of workers in textile and clothing industries is only 180 thousand people, and wages occupy only 20% of the cost of production, must be overcome. Since economic modernization will cover most enterprises in the industry, the level of remuneration at enterprises will increase. The share of wages in the cost structure will also increase. The decrease in the number of people employed in the industry in such cases is replaced by an active overflow of labor into the industry due to increased productivity and due to the entry of new firms into the market. At the same time, modern equipment and technologies will require highly qualified specialists and will force enterprises to put staff training on a serious basis. This will make it possible to benefit from the effect of experience, and in relation to personnel, it will be necessary to reorient from low-skilled workers to highly qualified specialists of a new generation[4;5;6].

The special functions that are inherent in these conditions to intangible resources associated with human capital make us take a new approach to the problem of training, competencies, and experience. The most important indicator is the experience curve. When the downward experience curve shows a steady reduction in unit costs, this is the natural state of the post-modernization firm. It indicates that, in essence, a long-term competitive advantage has been achieved. However, it is achieved only with continuous creative work on the development of resources and the improvement of abilities. The postmodernization company pays close attention to creating a favorable distribution of value and profit regime for it. For this, a good choice when entering the industry market and reliable protection of intangible capital are especially important.

The achievement of a long-term competitive advantage is facilitated by an increase in the internal functional potential of firms in a number of industries[2;9;10]. As a result of modernization, the company is increasing its tangible and intangible resources, hones the organizational skills that translate these resources into goods. It expands the key competencies, skills and best practices that give the created competitive advantage a long-term character.

If the functions of the physical factors of production, which are updated in the process of modernization, are visible, they directly affect labor productivity, then intangible assets are not directly consumed. The brand of the company, its reputation among consumers, patents, copyright indirectly increase the market value of its products. Modernization creates the most favorable conditions for their growth. The key benefits of modernization are core competencies. They expand and hone thanks to creativity, high level of training of the labor collective and enable the company to operate with high efficiency in the new conditions of production, sale and exchange. The increase in the functional strength of the company through the development of resources is one of the most important results of modernization, since it enables it to achieve a sustainable competitive advantage in the industry. This is precisely what regional manufacturers of industries in which modernization is being sought to achieve. The systemic impact of these achievements of modernization of the most important sectors makes it possible to increase the competitiveness of the entire economy of the region and the stability of its development in an open economy.

III. CONCLUSION

Thus, as a result of modernization, a situation arises when there is a real opportunity to create a competitive advantage of local producers in a number of industries in the region due to increased labor productivity, timely use of structural changes in the market and the characteristics of the competitive environment, the development of new market segments, and the use of regional conditions for reproduction and market functioning. Along with this, as a result of modernization, unique conditions are created for the intensification of the use of labor resources with the intensification of the staff's creative activity, the comprehensive deep realization of the potential of human capital and intangible assets.

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