BUSINESS ECONOMICS

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KEY PROBLEMS OF DETERMINING AND REALIZING
THE BUSINESS ENTITIES POTENTIAL

Abstract. The article investigates the main problems of determining and realizing the business entities potential. It has been proved that the government is interested in conducting a comprehensive assessment of the business entities potential in order to identify influential economic tools to increase the efficiency of their functioning and the possibility of building a rational strategy for the development of certain sectors of the Ukrainian economy. During the analysis of key problems of the business entities functioning, it has been proved that the determination of structural components of the potential, its forecasting and evaluation cause the greatest difficulties.

Keywords: potential, business entities, system, economic development

The need to identify the most promising sectors of the economy is due to such factors as:

a) limited opportunities of financing sectoral development from budget funds;
b) the need to obtain a significant economic effect from public investment to ensure the cyclical nature of the investment and innovation process and increase the efficiency of the long term investment.

Under modern economic conditions, the urgency of problems associated with assessment of potential of economic entities at various levels of the economy is
increasing. This is due to the fact that in a broad sense, potential is a complex of capabilities of the economic system. The most important feature of potential is that these capabilities are likely to be realized in the future [2].

A large number of scientists, both foreign and domestic, were engaged in potential assessment, evaluation selection criteria and search for basic approaches. These include: V. M. Babaev, I. Sh. Dzakhmisheva, M. O. Zelenska, O. Ye. Kuzmin, V. A. Pavlova, V. A. Sidun and others. However, the analysis of research confirms the lack of a unified approach in domestic economics to the choice of criteria for assessing the potential of branches of the national economy: each researcher identifies own groups of criteria, which can sometimes complement each other, which determined the relevance of the investigation.

Thus, for economic activities which involve strategic planning of development processes, forecasting of economic indicators, etc., the measurement of potential (with regard to various options for its realization) is extremely important [1, 3, 7].

Since the concept of potential is used to denote capabilities of enterprises, economic sectors, regions or the economy as a whole, these capabilities, as a rule, are quantified (which is why potential is often associated with the most efficient use of system resources in a strategic perspective). This feature of potential leads to the grounding in the scientific literature of a significant number of options which include determining not only potential, based on a system of quantitative indicators, but also its composition and subordination of its compotents, depending on type of economic system.

Thus, on the one hand, the problems of measuring potential of business entities at different levels of the economy are very urgent, and on the other hand, scientists have not yet developed a single agreed approach to essence of potential, its composition and methods for its assessment.

The relevance of problems associated with building, assessing and increasing potential of economic systems of various levels is confirmed in the publications of domestic scientists. In this case, the type of potential is conditioned by the topic and specificity of scientific works [4].
M. K. Orlatyi and co-authors consider issues of building resource potential at the regional level, including in regional potential such components as the economic, natural and climatic, labor, socio-infrastructural and information potential of the region. It should be noted that a feature of the considered work is also taking into account the so-called «potential of the settlement network» of the region. This potential is defined by the authors as the territory of the region which is an element of the settlement network and combines the entire set of settlements: cities, towns, villages, isolated farmsteads, single-family residential dwellings (farmer ones, etc.), etc., which are under the jurisdiction of urban (settlement, village) councils. It has certain historical traditions, rituals, habits, etc. depending on the nature of employment of the population [5]. M. V. Makarenko, analyzing problems of management potential of the region, identifies such specific components as ecological potential, potential for quality of life and clustering potential. The last of them covers the kind of prospects for the creation and functioning of industrial and scientific clusters at the regional level [3].

An example of analyzing problems of building and using individual components of potential of the economy of the country as a whole can be considered the work of V. A. Fiodorova and T. V. Karpenko, dealing with human resource potential of the national economy. The author provides the definition and composition of human resource potential as well as systematizes factors affecting it. In the logical framework model, researchers separate the processes of building and using human resources [6].

Since scientists distinguish several types of potential, it is also proposed to single out problems of its building. Below we list those of them which, in our opinion, are common and characteristic of potential of any type.

1. Problems of identifying components of potential and determining its composition.

As noted earlier, researchers do not have a single point of view regarding the composition and essence of potential, which leads to contradictions (e.g., sometimes economic potential is identified with the overall potential of the
enterprise, and sometimes with its resource potential). In addition, disagreements arise as to what exactly is considered potential – the current or future capabilities of enterprises and other economic systems.


Various scientists substantiate a wide range of methods for assessing potential as a whole or its individual components (the most common is using integrated assessment of potential, which is due to the fact that any economic system is quite complex and has a wide range of different capabilities. The approach to determining essence and composition of potential largely influences choosing methods for its assessment. Thus, the choice of the method for assessing potential is conditioned not only by the selected object of assessment (potential of the enterprise, region, economic sector, etc.) but also by the views of specific researchers as to the essence of potential and the set of indicators necessary for its assessment.

3. Problems of quantitative measurement of potential.

Such problems are primarily associated with the fact that potential is a set of unrealized capabilities which can be used at any time after the moment of assessment (the capabilities used as of the moment of assessment, by definition, are the object of economic diagnostics research).

Having considered the issues of building and increasing potential at different levels of the economy, it is necessary to move on to analyzing the essence of this economic category.

In the course of analyzing the key problems affecting the functioning of business entities, it is revealed that the identification of components and the estimation of the value of potential (which is complicated by the discrepancies in this field) are the most relevant. Furthermore, potential is by definition always realized in the future, which requires the identification of expected values of economic indicators for its correct assessment.

References:


