

О. Мних, В. Польовська*, В. Холявка*

Національний університет "Львівська політехніка"

*Львівський державний університет фізичної культури

МІЖНАРОДНА І НАЦІОНАЛЬНА ПРАКТИКА ІМПЛЕМЕНТАЦІЇ ДЕРЖАВНОЇ ПОЛІТИКИ РЕСТРУКТУРИЗАЦІЇ ЗАЛІЗНИЧНОЇ ГАЛУЗІ З МЕТОЮ ПІДВИЩЕННЯ ЇЇ КОНКУРЕНТНИХ ПОЗИЦІЙ

© Мних О. Б., Польовська В. Т., Холявка В. З., 2016

Проведено узагальнення закордонної та вітчизняної практики державної політики реструктуризації у сфері залізничного транспорту і визначено її ключові положення. Ідентифіковані джерела походження проблеми погіршення ринкових позицій галузі залізничного транспорту. Визначено актуальні задачі ПАТ "Укрзалізниця" на сучасному етапі його реформування для зміцнення його ринкових позицій. Досліджено потенційні можливості та особливості взаємодії державних та приватних підприємств під час ремонту й модернізації рухомого складу.

Ключові слова: залізнична галузь, конкуренція, державна промислова політика, реструктуризація, реформа, приватизація, ринкові позиції, модернізація.

О. Mnykh, V. Polovska*, V. Kholiyavka*

National University "Lviv Polytechnic"

*Lviv State University of Physical Culture

FOREIGN AND NATIONAL IMPLEMENTATION PRACTICE OF THE STATE POLICY OF RAILWAY INDUSTRY RESTRUCTURING FOR STRENGTHENING ITS COMPETITIVE POSITION

© Mnykh O., Polovska V., Kholiyavka V., 2016

The generalization of the foreign and national practice of the state policy of the railway industry restructuring with identification of its key provisions was performed. The originating sources of the railway industry market position degradation issue were identified. The topical tasks of Ukrzaliznytsia PJSC on the today's stage of its reforming for strengthening of its market position were defined. The potential opportunities and peculiarities of the public and private companies' interaction in the rolling stock repairs and modernization process were explored.

Key words: railway industry, competition, state industrial policy, restructuring, reforming, privatization, market position, modernization.

Statement of the problem. The reformations of the transport industry in the 21st century reflect quality changes of the world economy globalization processes, increase of the passenger and cargo transportations intensity, availability of wide choice of alternative services on the market that are provided to the consumers through use of the railway trucks, motor vehicles or aircrafts.

The competition for the market channels and resources, implementation of the cost-efficient development strategies in the conditions of the financial and social crisis deepening promote the search for optimal managerial solutions both on the nationwide level, and on the level of separate companies for improvement of their market position. In this context, the railway transport still stays in demand due to its

important function – satisfaction of the needs of the physical and the legal entities in the conditions of industrial and consumer markets integration of Ukraine into the European space after the country's entry to the free trade zone with the EU countries on January 1, 2016.

The overdue reformations of the real economy sector, including high-technology industries, like railway industry, transport machine engineering, could not but lead to decrease of its competitive position. The innovational potential of our state is not used to the full scale for solution of systematic problems of social and organizational and technological character, as, in the rating of the Global Innovation Index-2015, calculated by the World Intellectual Property Organization, Cornell University and Insead Business School for the World, our country occupies the 64th place among 141 countries of the world, though such indicators as people's capital and research took the highest – 11th – position there [1]. This means that Ukraine belongs to the countries with the high human potential, has sufficient resource potential for development of its own transport machine engineering (the Top-10 of the first semester of 2015 showed the highest share of the Ukrainian metal export companies [2]), though the indefinite long-term perspective of the state industrial policy and the social and economic system development vectors made it impossible to rationally combine all the available production factors and factor benefits (human potential, resource potential) in the integral model of economy restructuring based on innovation of the railway transport as well.

Analysis of recent research and publications. As the world practice shows [3], the state industrial policy of the late previous century was aimed at, first of all, assurance of the resource inflow to the separate sectors with the “market failures” (the so-called “sectorial” state industrial policy). However, in the conditions of the inflation processes development, emergence of new market game rules and redistribution of the market power, change of the objects and the subjects, related to implementation of the state industrial policy, realized in the certain institutional environment, there later appeared new centers of market – industrial and/or consumer – “failures”, depending on the gap between the demand and the supply, excessive capacities in manufacturing, unsold output stock or deficiency of the resources of critical importance for the industry or goods for population. Such a sectorial approach to the market “failures” liquidation made it impossible to weaken the negative effect of the crisis phenomena in other, related spheres of economy and assure the expected investments efficiency only by the structural reformations that actually stipulated the need for quality enrichment of the state industrial policy that started being interpreted as the “industrial policy”. The key provisions of such a policy are the following:

- the industry's recovery from the structural crisis is possible by overcoming inconsistency between the new technical and economical industrial development paradigm and the society's institutional structure;
- the processes of the finished industry structural transformation should be considered only in the context of the technological, industrial and institutional transformations unity that refer to the highest stages of the industry structure cyclic development.

As it is fairly noted by V. P. Vyshnevskiy, there still exist significant discrepancies in interpretation of the industrial policy object. Thus, in Ukraine the industrial policy object is naturally the industry representing the country's industrial complex. However, the English-speaking economists view the issue of industrial policy object measuring and use this term in the significantly broader sense: they do not limit the term *industry* to the industrial sector, but expand it to other types of economic activity (agriculture, service sector) [4, p. 7].

The competition on the national and interstate levels and activation of innovations in the railway sphere blur the organizational and legal, as well as sectorial, borders of material and immaterial goods production, and the service sector of the companies of this industry occupies the increased share in the post-industrial and developing countries GDP formation what is an important result of the knowledge economy dematerialization when the new globalization and integration imperatives of the market structures economic development in the competitive environment are formed [5,6]. And this is what determined the necessity of enrichment of the state policy of the Ukrainian industry restructuring, change of the business management paradigm in the railway industry that encompasses both passenger and cargo transportations and occupies the more and more of the social and economic space through increase of the provided services range in the entrepreneurial activity.

Goals of the article. Solution of complex tasks in the state policy of the railway industry restructuring for strengthening its competitive position is related to identification of the originating sources of problems with consistently weak competitive position of the railway industry, dynamic assessment of this sector values with the mathematic modeling methods what actually defines the major objective of this academic work.

The main material of research. The railway transport as a complex industrial and economic, as well as logistic and marketing industry structure is potentially the motive force of the technical re-equipment, modernization of virtually all sectors of economy, acting as suppliers, customers and/or consumers of services – cargo and passenger transportations, as well as wide range of services of medical, insurance, legal, cultural character.

Accumulation of external threats from Russia (annexation of Crimea, military actions in Donbas) led to reduction of passenger transportations by 70% [7-9], as well as internal threats (first and foremost, the systematic corruption that pervade the business and public sector relations, as well as inefficient management of, particularly, monopolistic structures) have considerably worsened the initial transport industry economic activity conditions and improvement of its activity on the industrial and consumer markets.

The unsatisfactory results of the national railway sector are confirmed by the statistic data: net loss of the railway industry of Ukraine for nine months of 2015 made it 1.03 billion UAH and increased if compared to the same period of previous year almost three times, in spite of the net profit increase in the same period by 10.266 billion UAH [9]). Depreciation of the fixed assets of Ukrzaliznytsia PJSC at the beginning of 2016 at the level of 68 % and innovational passivity of the transport services market leaders, transportation volumes, not controlled by the state, particularly cargo ones – all these negative factors in totality and interaction ruin the foundation of the country's economic safety, pose new challenges to the researchers and practical users. These challenges refer to privatization processes, organizational, technological and functional changes and technologies of their stage-by-stage implementation both in the sphere of the specialized services provision, and commercial entrepreneurship, the conditions for which are formed in a certain institutional environment and depend on interaction of the state regulation levers and the market mechanism.

The world has accumulated a certain experience of development of quality new state industrial policy, the components of which were the active railway industry reformation processes, namely:

- unfolding of competence on the regional (local) markets but when performing large-scale orders for cargo and passenger transportations there are virtually no competitors to the big railway companies (German experience);
- assurance of control over cargo and post transportations on the part of foreign companies (experience of Great Britain, though such a practice did not bring the expected results);
- active participation of the state capital in the market development through subsidy of unprofitable economic subjects on separate railway tracks that enhances dependence of the railways future not as much on the economic efficiency, but on the state subsidies (Polish experience – Polish State Railways JSC (Pol. PKP SA) – public railway company, established on January 1, 2001 after commercialization of the “Polish State Railways” public company;
- creation of competitive conditions for the railway industry companies only for certain types of the industry's activity and unbalanced distribution of the fundamental fixed expenses in this sphere for maintenance of infrastructure for other structures (Czech experience);
- domination of the state companies with the privileged right for the movement schedule and geography forming on the railway transportation market (Swedish experience);
- monopolization of the market power on the railway transportations market by the public companies and formation of barriers for access of other market structures to it that contradicts to the EU Directive 91/440 and the policy of the European Commission regarding the railways modernization – French experience).

Since 2012 in the EU countries the processes of the railways privatization in execution of the “fourth directive” on the unified European railways space formation that is about full division of functions of managing infrastructure and operator business with subsequent privatization of railway networks; this is virtually the end of existence of the natural monopoly in the railway transport sphere [10].

Reformation of the European railway transport that took place within three stages (the so-called “railway packages”) started yet in 2001 when in the EU member countries the division between the “wheel and steel” – operator activity and infrastructure management – started. The major objective of such reforming in the EU is creating conditions for competition in the cargo transportations sector with further liberalization in 2010 of the European passenger connection sphere. However, the ambitious plans regarding formation of the unified internal railway transportations market in the EU were not fulfilled yet and this market segment undergoes pressure from the increasing demand for the replacement products – motor and airline transport services.

Study of the experience of the European railways reforming, performed subject to the Program of the EU Single Internal Market Formation and corresponding to the EU Directive 91/440, shows that deregulation of the European transport markets relates, first of all, to the international transportations, as well as division of functions regarding railway infrastructure maintenance and exploitation operations arrangement between the subjects. Besides, in the railway transport’s execution of the socially important functions it is necessary to provide for support of the interested parties (the so-called stakeholders), including the state.

Subject to: the State Target Program of Railway Transport Reforming in 2010–2019, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1390 of December 16, 2009; Agreement of Association between Ukraine, on the one party, and the European Union and other interstate institutions, in Ukraine the strategic plan of the railway transport development for the period till 2020 was developed and approved by the Order of the Ministry of Infrastructure of Ukraine No.547 of December 21, 2015.

The annual pace of the general use railway tracks electrification in Ukraine per 2000–2015 made it maximum 72 km what is confirmed by the constructed (based on the statistic data [11]) linear model of the trend:

$$Y = 9062,1 + 71,689 t,$$

($R^2 = 0,8908$ – determination coefficient).

The planned in 2014 technical and technological innovations for the amount of 16 billion UAH were connected to electrification of 1467 km of exploitation route (there are less than 50% electrified for the present day). Without attraction of the private capital to the railway transport sphere it is impossible to ensure high level of its industrialization. That is why Ukraine chose the way of the railway transport restructuring Poland have come through [12]. This is proved by the chosen reforming strategy with appointment of the Polish manager V. Balchun, having restructured the Cargo Polish State Railways and was the head of the Supervisory Board of LOT Polish Airlines, for the position of director of Ukrainian Railways PJSC.

Since December 1, 2015, when Ukrzaliznytsia Public Joint-Stock Company (the state owns 100 % of shares) was established, the active search of various market agents on the stock market was launched in order to solve the issue of the resource supply of development of both the passenger and cargo transportations, expand the sphere of entrepreneurial activity for strengthening of market position. In the conditions of deficiency of its own circulation costs in the first semester of 2016, the company emitted bond certificates with 18–23,5 % rate of return. The loss in 2013–2016 of the important share of the export potential, reduction of real volume of the provided cargo transportations services, decrease of the population’s effective demand – all these factors complicated the conditions of Ukrzaliznytsia recovery from the unprofitability zone. In the inflation conditions, in the first two quarters of 2016 other operation expenses increased from 3,455 billion UAH to 3.844 billion UAH that is 24,84 % from the total operation expenses.

The unstable financial condition due to loss of financial autonomy significantly restricts alternative variants for further development of Ukrzaliznytsia PJSC. Thus, financial expenses for redemption of “expensive” credits for the 2nd quarter 2016 reached 2090.556 billion UAH. To compare: long-term credit in the international currency that was obtained by Ukrzaliznytsia for 2004–2022, at interest of only 1 % per annum, and in 2015 the value of the credit currency resource fluctuated from 9,875 to 12 % per annum.

Dependence on foreign currency (supply of equipment, constituents, material resources) confronts the top management with the necessity of solving the issue of import substitution and, namely, by the export potential development and strengthening of competitive position on the foreign markets by

application on new international mains. Transition to the European quality standards should thread the entire system of production, marketing and logistics. Even increasing tariffs for cargo and passenger transportations in 2015–2016 [13] and obtaining of the “unique” licenses by all the regional departments of Ukrzaliznytsia (but for Donetsk, Dnipropetrovsk, Kharkiv and Kherson regions) for alcoholic drinks retailing did not manage to compensate for the unsatisfactory activity results (uncovered loss in the second quarter of 2016 made it 18.789 billion UAH).

Ukraine significantly weakened its competitive position on the transit transportations market and that is why in the management system of Ukrzaliznytsia it is necessary to increase the practical value of marketing communications for promotion of products and research of the potential foreign markets capacity.

In the multifunctional structure of Ukrzaliznytsia PJSC (scope of its activity, according to its charter, encompasses yet 109! different types of works and services), the competences of management should be viewed as a strategic intellectual resource, capable of not only realizing benefits of the integrated corporate management of the processes that encompass both specialized and business activity of Ukrzaliznytsia PJSC, but also of developing strategy of social values creation while balancing “price” and “quality” on all stages of the added value formation. This will mean implementation of the new management paradigm, based on the social values, dominating of the value of cooperated, partner relations with different contractors, priority of long-term development objectives on the contrary to the short-term objectives of obtaining maximum profit from the monopoly position on the market [14].

Accumulation of important debt obligations by such a powerful structure as Ukrzaliznytsia is a bright example of inefficient strategy of the natural state monopoly development and state management, lack of agreement between business interests and objectives, state and society development. In this context, it is important to identify the originating sources of the problem – the reasons for sustainably weak market position of Ukrzaliznytsia, define controlled and uncontrolled factors for flexibility increase of the currently implemented reformatations in the railway industry (fig. 1).

Elimination of reasons for weak market position of the railway industry of Ukraine should be viewed on the political and legal, organizational and managerial, financial and economical, marketing, logistical and safety levels which requires conduction of special scientific and applied researches. Among the topical tasks of Ukrzaliznytsia PJSC top management for increase of its competitiveness, we should single out the following:

- study on new financial as well as innovational and investment opportunities of the joint-stock company regarding attraction of external funding sources for renovation of the freight wagons, locomotives and main tracks [14];
- arrangement of the efficient cooperation with strategic investors through use of innovational instruments of marketing and logistics while business plan forming and opening of the new international connections;
- liquidation of the corrupt schemes due to study of the foreign experience, namely, of Poland, organization of the transparent electronic tenders and competitive selection of the winners among the physical and legal entities for the state orders fulfillment;
- substitution of import by the national products for stimulation of development of the related scientifically spacious industries, in particular, railway machine engineering, by certification of the wagon-building products;
- implementation of the unconventional and renewable energy sources (for instance, in 2015 they planned to install 27 solar collectors on Lviv Railways for provision of the railway employees with the warm water, as well as natural gas, carbon and electric energy saving, and save, owing to this, almost 900 thousand UAH) [15];
- generation of scientifically spacious working places in the sphere of business activity and motivation of intellectual activity towards the European integration [16, 17];
- adequate risks mutualizing between the companies and organizations, initiating innovations on various stages of the railway industry reforming;

- system diagnosing of the competent position of railway transport, branches and leading companies;
- organization of business partnership with the related industries – in the sphere of science and education, construction, machine engineering, IT technologies, food technologies, pharmaceuticals etc.;
- enrichment of the managers knowledge of perspective interactions of different capital forms– financial, organizational, human, institutional, marketing, logistic etc. – for economic potential development and international image strengthening;
- control over financial flows according to the economic activity types and decrease of the wide range of financial and economic values deviations of its separate departments (branches);
- combination of the financial and non-financial indicators in the management of the transport industry’s and individual companies’ restructuring processes based on the study of the related industries experience [18].

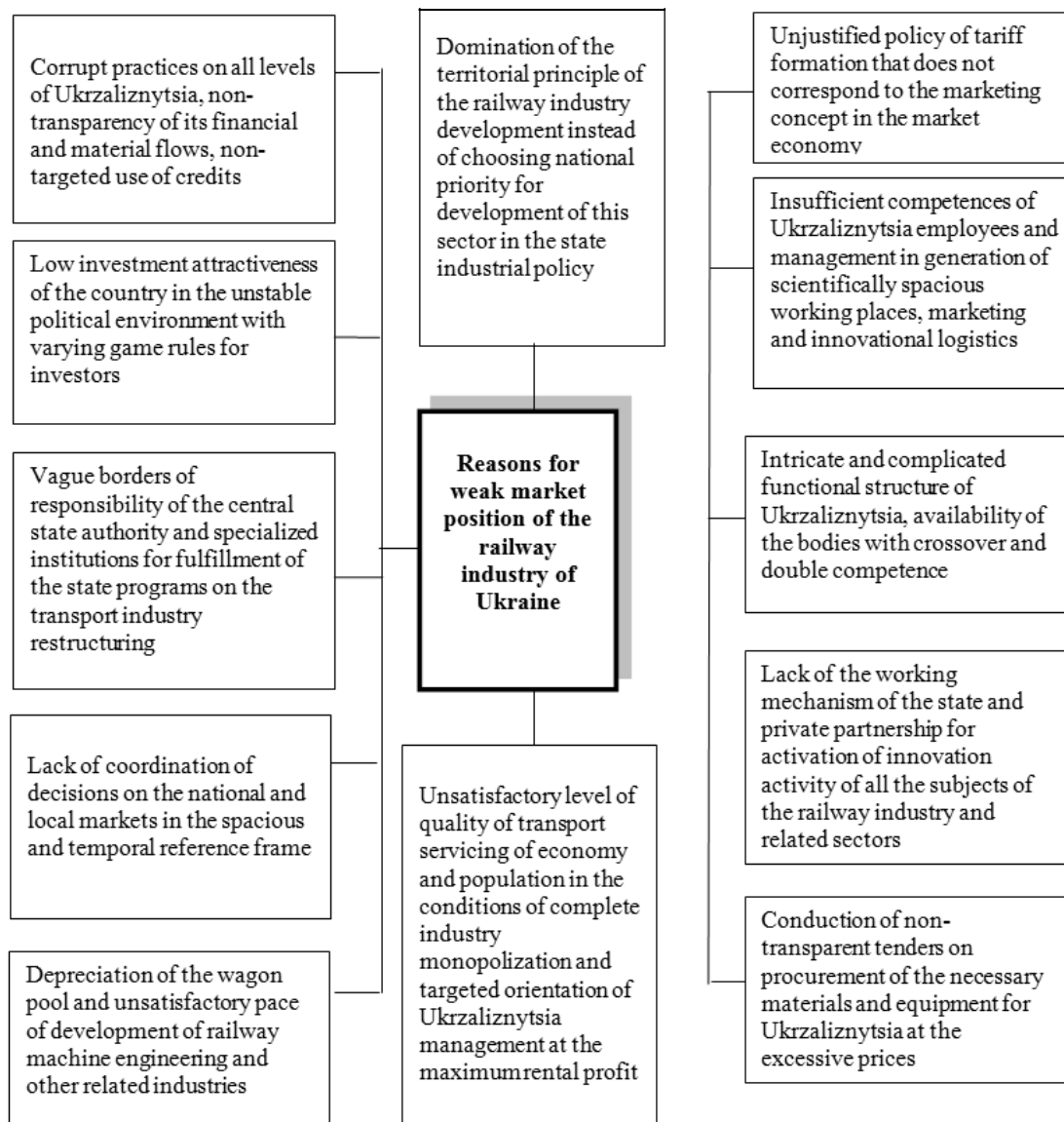


Fig. 1. Reasons for weak market position of the railway industry of Ukraine

Without solving the complex of problems on assurance of the timely and quality renovation of the railway rolling stock for decrease of the operation expenses, improvement of ecological and ergonomically qualities, it is impossible to strengthen the export potential of this industry and create conditions for strengthening of its market position (fig. 2).

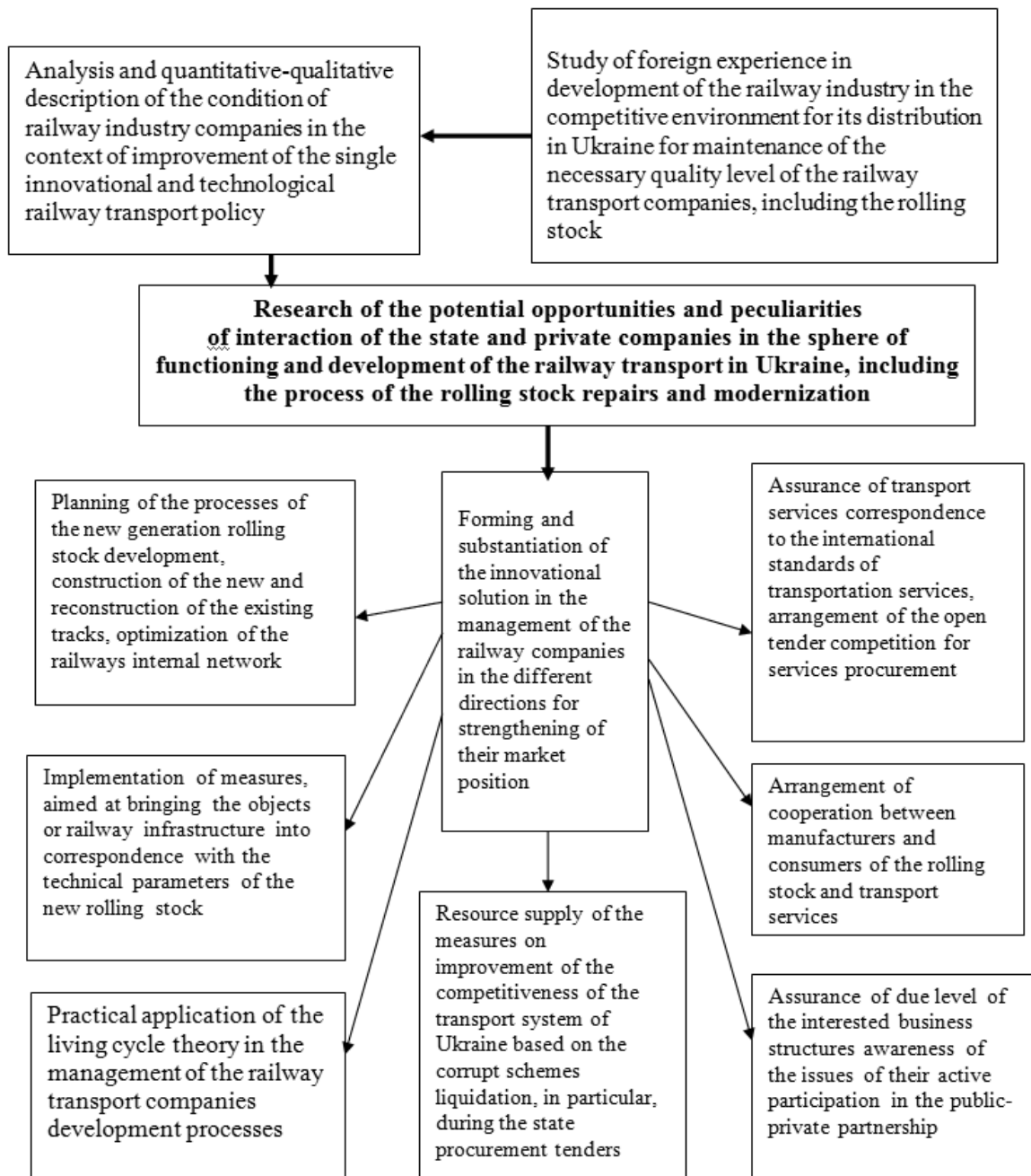


Fig. 2. Research of the potential opportunities and peculiarities of interaction of the state and private companies in the sphere of functioning and development of the railway transport in Ukraine

Conclusions and recommendations for further research. The quality of management and efficiency of the railway industry restructuring policy, capable of bringing the scientific and technological potential of all economic sectors development to the new level will determine the success of the currently performed structural and functional state reformations on various economy management levels, as well as efficiency of the state industrial policy. Taking into account the fact that Ukraine has significantly weakened its competitive position on the market of transit transportations, in the management system of Ukrzaliznytsia it is necessary to emphasize the practical value of marketing communications for promotion of products and research of the potential foreign markets capacity. The organizational and managerial, as well as technological changes due to post-privatization redistribution of functions between the production departments and companies in the railway industry may be efficiently realized with the corresponding

financial, informational, organizational, marketing and logistic supply, theoretical and applied aspects of which serve the important directions of further economic research.

1. Україна у світових рейтингах. [Електронний ресурс]. – Режим доступу: <http://www.visnuk.com.ua/ua/pubs/id/9160>
2. Рейтинг Forbes: ТОП-10 українських експортерів/ Електронний ресурс [http://forbes.net.ua/ua/business/1410419-rejting-forbes-top-10-ukrayinskih-eksporteriv].
3. New Industry, New Jobs. April. 2009. [Электронный текст]. – Режим доступу: <http://www.berr.gov.uk/files/file51023.pdf> – 35 р.
4. Вишневецький В. П. Промислова політика: теоретичний аспект / В. П. Вишневецький // Економіка України. – 2012. – № 2. – С. 4–15.
5. Дикань В. Л. Перспективи розвитку економіки України в умовах формування міжнародних транспортних коридорів в системі мирової глобалізації економіки. [Електронний ресурс]. – Режим доступу: file:///C:/Users/Rostislav/Downloads/Vetr_2013_42_4.pdf
6. Міценко С. П. Реструктуризація промислових підприємств залізничного транспорту з метою підвищення їх конкурентоспроможності / С. П. Міценко // Вісник економіки транспорту і промисловості. – 2008. – № 21. – С. 106–109.
7. Пасажирські перевезення між Україною та Росією скоротилися на 70 %. [Електронний ресурс]. – Режим доступу: http://ipress.ua/news/paszahyrski_perevezennya_mizh_ukrainoyu_ta_rosiyeu_skorotylysyu_na_70_69350.html
8. Шаха Д. Сектор машинобудування в Україні: стратегічні альтернативи і короткострокові заходи з огляду на припинення торгівлі з Росією/ Девід Шаха, Рікардо Джуччі, Дмитро Науменко, Артур Ковальчук. [Електронний ресурс]. – Режим доступу: http://www.ier.com.ua/files/publications/Policy_papers/German_advisory_group/PP_02_2014_ukr_f.pdf
9. Залізнична галузь України отримала збиток на 1,03 млрд гривень за 9 місяців. – [Електронний ресурс]. – Режим доступу: <https://www.rbc.ua/ukr/news/zheleznodorozhnaaya-otrasl-ukrainy-poluchila-1449239849.html>
10. Конец монополий: зачем Европа форсирует приватизацию железных дорог. [Електронний ресурс]. – Режим доступу: <http://cfts.org.ua/articles/48136>
11. Статистична інформація. [Електронний ресурс]. – Режим доступу: https://ukrstat.org/uk/operativ/operativ2005/tz/tz_rik/tz_u/ts_u.htm
12. Регулярна інформація. [Електронний ресурс]. – Режим доступу: <http://smida.gov.ua/db/emitent/report/kv/xml/77055/show>
13. Залізничні вантажоперевезення подорожчали на 15 %. [Електронний ресурс]. – Режим доступу: <http://economics.unian.ua/transport/1335591-v-ukrajini-zaliznichni-vantajoperevezennya-podorozhchali-na-15.html>
14. "Укрзалізниця" продовжує впроваджувати інновації в господарствах електрифікації. [Електронний ресурс]. – Режим доступу: <http://economics.unian.ua/transport/890535-ukrzaliznitsya-prodovjuje-vprovadjivati-innovatsiji-v-gospodarstvah-elektrifikatsiji.html>
15. Укрзалізниця почне використовувати енергію сонця. [Електронний ресурс]. – Режим доступу: <http://ukurier.gov.ua/uk/news/ukrzaliznitsya-pochne-vikoristovuvati-energiyu-sonc/>
16. Позднякова Л. О. Реформування залізничного транспорту як фактор стабілізації національної економіки України / Л. О. Позднякова, О. Л. Сліпченко, В. В. Котик. [Електронний ресурс]. – Режим доступу: http://www.nbuv.gov.ua/old_jrn/Chem_Biol/Vsna/ekon/2012_8/04.pdf
17. Мних О. Б. Розвиток транспортної політики в Україні згідно з вимогами ЄС на прикладі вантажних перевезень залізничного і автомобільного транспорту / Мних О. Б., Гречин Б. Д. // Вісник «Логістика», 2012. – № 749. – С. 429–433.
18. Mnykh O. Necessity of restructuring ukrainian airlines business and improving their value management in conditions of european integration and increased competition.