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IMPACT OF COMMUNICATIVE COMPETENCE ON TRANSFORMATION OF BUSINESS ENTITIES' POTENTIAL

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In modern conditions of client-oriented nature of the industrial enterprises realization of the objectives of all stakeholders is becoming increasingly important, which is achieved by strengthening the relationships between all participants of entrepreneurial activity, ie the role of communication processes in the management of enterprises is significantly growing. The effectiveness of communication and information processes, communication climate result in a strong impact on both establishing of a long-term partnership between economic players in the market, increasing competitiveness and efficiency of economic entities in general. Consequently, the well-timed analysis of communication processes makes it

possible to reveal informal relationships between management and their direct reports; to assess the degree of the each unit autonomy; to determine the efficiency of communication between elements of the management structure; to establish the effectiveness of communication and information processes within the enterprise, etc, in order to build a long-term partnership with customers, and therefore increase the efficiency of business activities.

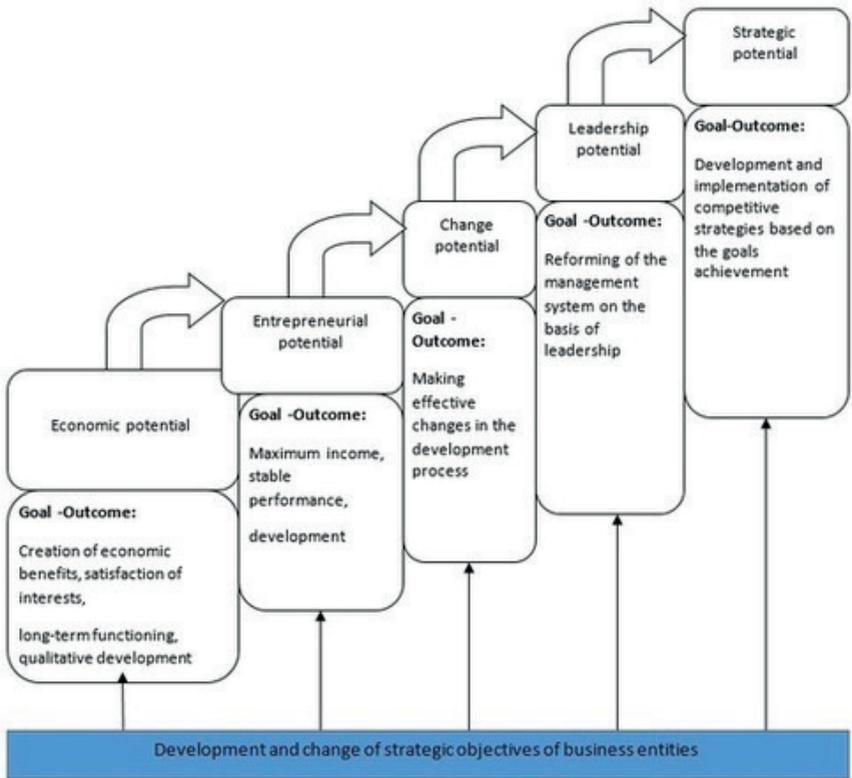


Fig.1 Evolution of the enterprise potential

We believe that the implementation of an appropriate for Ukraine model of formation, increase and rational use of strategic capacity which takes into account national peculiarities, available resources and reserves and corresponds to the national economic interests and the state's role in the global labor allocation will favor the overall recovery and regeneration of the national economy acquiring new quality characteristics of system stability. To solve the issues of competitive advantages support it is necessary to accomplish a number of specific functions.

Potential as an economic category today has no unambiguous interpretation.

In economic science the following multifunctional definitions of business entities potentials are used: production, economic, strategic, competitive, leadership, etc. The considered list and ranking of concepts is not accidental and characterizes the dynamics of the concept of «potential», the which generalization, in our opinion, results in the term of «strategic potential» (Fig. 1).

Upon the comprehensive analysis of the original approaches to understanding the concept of «strategic capacity» as a system formation [4-5] the authors offered the more complex definition of the concept. Thus, the strategic potential of a socioeconomic system is understood as the aggregate of the resource, technological, organizational, economic, social and communication capabilities, as well as the reserves that are linked due to intensification of strategic management technologies and used to harmonize and achieve certain goals in order to ensure economic security. Unlike the single-line, concise and unambiguous structuring of economic or productive capacity, the proposed approaches lean on the theoretical basis for systematic and comprehensive, resource-functional and object-oriented approaches combining economic, political, technological, resource, and communication potentials without which the analysis of the prospects of any object of research would not be possible.

Obviously, the interpretation of the structure of the competitive potential depends on the scientific research and the above example of the integration of potential components underscores the interdependence and synergistic effect of structural elements of the potential.

Accordingly, the structure of the potential should have the same characteristics as steadfastness, competitiveness, flexibility, stability, balance, etc. The elements of a business entity potential structure under the influence of external and internal factors are presented in the tabl.1.

It should be mentioned here that the factors of the enterprise functional potential include the components of production, financial, marketing, personnel, innovation, management, energy and environmental potentials (Table 1).

Factors for the enterprise potential development consist mainly incorporate the elements of management, innovation, financial potential, level of the resources utilization within the production potential, leadership and communication potentials.

Multiline and multi-level approach to understanding the strategic capacity provides a much more complex set of potentials and potentially factor characteristics. The dynamic emergence of new forms of socioeconomic relations in various regional economies, both at national and intersectoral level forces to abandon purely technocratic vision of economic processes. The modern world has entered the era of globalization, which, in its broad sense, is the process of making one world [6]. One of the most visible manifestations of the global communications system is the unified assessment of market economy benefits, in other words, achievement of a «global identity of views» [7], which results in the elimination of geographic, political and economic barriers.

Table 1.

Features of a business unity's potential structuring under the influence of external and internal factors

Potential	External factors				Internal factors		
	Macroeconomic				Enterprise		
		Regional				Devision	
			Sectoral				Working place (employee)
				Market			
Marketing potential	<ul style="list-style-type: none"> - the level of competition in the commodity market - correlation between demand and supply in the market - level of market infrastructure and intermediary network; - the size of the market - stock of competitors - the attractiveness of a particular enterprise - state regulation 				<ul style="list-style-type: none"> - level of for new products marketing - marketing measures to maintain a positive image of the product and the enterprise - level of perception of marketing philosophy of business - level of implementation of marketing competitive strategies 		
Production potential	<ul style="list-style-type: none"> - duration of the economic cycle - the attractiveness of the industry - the state of the life cycle in the industry and the degree of its state of affairs - availability of resource supply, availability of different groups of suppliers - dynamics of technological processes in the industry 				<ul style="list-style-type: none"> - compliance with production norms and standards - level of organization of production units - capacity of the enterprise - duration of technological processes - efficiency of the use of factors of production - an efficient system of working capital valuation 		
Innovation potential	<ul style="list-style-type: none"> - the level of scientific and technical potential - dynamics of R&D in the sector 				<ul style="list-style-type: none"> - modern technics and technologies - scientific and technical personnel - the level of R&D implementation 		
Financial potential	<ul style="list-style-type: none"> - availability of investment programs, permanent investors and creditors - favorable investment climate - availability of financial and industrial groups - inflation rate - state of the budget - changes in legislation 				<ul style="list-style-type: none"> - owned capital - the ability to raise capital - profitability of capital use - an effective financial management system - a potential investment reputation 		
Managerial potential	<ul style="list-style-type: none"> - availability and development of information dissemination channels - availability of information and analytical materials - ability to use the potential consumers of information 				<ul style="list-style-type: none"> - the organizational structure - management methods - organizational and technical conditions - availability of information databases and their level of support - quality of strategic decisions 		

Personnel potential	<ul style="list-style-type: none"> - state social policy - the number and structure of the population - the standard of living and education of the population - moral and psychological aspects 	<ul style="list-style-type: none"> - complex personnel policy - education and qualifications of employees - motivation of the personnel - corporate culture - management ethics
Energy potential	<ul style="list-style-type: none"> - availability of energy in the country and region - energy prices - the level of energy saving technologies use in the country, region, industry 	<ul style="list-style-type: none"> - availability of energy for the enterprise - level of energy saving technologies use at the enterprise
Ecological potential	<ul style="list-style-type: none"> - the ecological status of the territory, the region - natural factors, minerals 	<ul style="list-style-type: none"> - working conditions
Communicative potential	<ul style="list-style-type: none"> - system of social relations, causal relationships, sociocultural and ethnopyschological contexts of communication 	<ul style="list-style-type: none"> - Potential communicative abilities, communicative forces of a manager that can be involved and used in management; - psychological properties and capabilities of the personality of the manager, acquired in managerial communication and interaction with other people; - communicative possibilities of professional development, self-development of the personality of the manager; - development of communicative qualities and abilities of the manager, increased requirements for the use of internal communicative reserves, transferring them from the potential to the actual.
Leadership potential	<ul style="list-style-type: none"> - leadership potential of society - national traditions - educational level - the level of professional requirements - internationalization of outcomes 	<ul style="list-style-type: none"> - professional competence - autonomy - the result orientation - will - responsibility

Therefore, nowadays leadership and communicative potential deserves special attention as one of the most significant elements in the structure of potentials that ensure the effectiveness of management processes. The problem of awareness and formation of leadership potential in society is very relevant. But it should be pointed out that the leader's potential as an essence is in constant development. To date, investigating the leadership potential of managers, most scholars define it as a socio-psychological profile of the individual, which simultaneously reflects both situationally conditioned, and cross-situational ability of the individual to successful leadership. [5]. But the results of the youth survey show that leadership

understanding is quite subjective. [4] According to U-reporters, the youth leader is, first and foremost, the one who is able to lead, to set the course of action and development (19%). Of course, such a narrow understanding of leadership will not enable the formation of an effective leadership potential of both society and the subject of economic activity. 70% of U-reporters (73% male respondents vs 69% of female respondents respectively) believe they have a leadership potential. The older U-reporters are the bigger the share of the leadership potential is: 67% among the 14-17-year-olds, 70% among 18-19-year-olds, and 73-74% among those over the age of 20. On top of that the majority of the respondents are aware of the need to learn leadership. 72% of U-reporters would like to take additional training on leadership. 76% of responders who positively evaluate their leadership potential are willing to study leadership as well as 53% among those who believe that they lack leadership capacity and 69% among those who have not been able to assess their own leadership abilities. At the same time, the share of those who want to develop leadership qualities is slightly higher among women - 76% (among men - 68%); among the 14-17-year-olds and 20-24-year-olds - 75%; among representatives of other age groups groups - 70-71%), among the residents of the South of Ukraine - 78%, compared to the responses of U-reporters of other regions 71-74 %) [4].

The study of the peculiarities of the formation of leadership potential proves that communicative potential plays an important role. It is the communicative potential that ensures the implementation of professional competence in leadership capacity.

The research of a society development features in correlation with foreign languages training shows that one of the factors for the economy communication potential creation is mastering the language of international communication (lingua franca). A lingua franca in terms of the social economies internationalization

The European Commission «Effects on the European Economy of Shortages of Foreign Language Skills in Enterprise (ELAN) was established in December 2006, by the Directorate General for Education and Culture of the European Commission with the support of the Chartered Institute of Logistics and transport - CILT), the UK National Centre for Languages in collaboration with the Inter Act international and an international team of researchers [8]. In particular, the Commission was to collect and analyze information on the practical use of foreign languages in SMEs and their impact on the business process. For this purpose, about 2,000 medium-sized exporters from 29 European countries (EU, EEA countries - candidates for EU membership) we investigated. The results of the study are as follows:

- Quarter of export companies in Turkey and 25% of SMEs in Romania took heavy losses because of the problems with foreign language communication;
- Scandinavian Companies (Finland, Iceland, Sweden, Denmark) announced potential losses. In addition, several countries declared either direct or potential loss of 11% of contracts: Spain, Norway, Czech Republic, France and the Netherlands;
- 11% of medium-sized enterprises suffered from the loss of contracts that amounts to € 8,100,015 - € 13,500,004. Potential losses amount to 16,400,026 € -

25,300,010 €. [8]

There are also data on the number of companies that faced with the language barrier, which resulted in loss of business: 19% of companies in Spain; 13% - in France; 10% - in Germany; 21% - in England and Wales; 8% - in Portugal. On the average, the loss of business for three years amounted to 325,000 €. In general the European economy annually loses up to 100 billion € resulted from the problems with foreign language communication in the medium business sector [8].

Evidently the losses are huge. So the importance of linguistic factor in the modern globalized economy is quite obvious even without the analysis of other data submitted by the Commission.

It should also be noted that European companies amended the situation. According to the above stated study results, more than 48% of companies declared readiness for personnel foreign language training. However most of medium-sized and large companies prefer to attract employees who are initially proficient in foreign languages avoiding direct investment in personnel training.

Analysis of the UN and the World Bank's data also shows the interdependence between the economic development of a country and the level of lingua franca proficiency of its population. In particular, companies in the USA and the UK consider both the level of education and English proficiency of local population as the second of the most important factors for the business outsourcing.

Developing countries, including BRICS countries recognize that the most reliable guarantor to expand their service export-oriented economy is to train a large number of graduates able to communicate in English as the lingua franca. Many of these countries are trying to reorient their economy, which plays the role of the production base and a source of raw materials, to outsourcing for the companies from developed countries. The interdependence between services trade and English proficiency motivates these countries. [8]

For example, according to the Government of Brazil, 55% of the population belong to the middle class. In 2005 this figure was only 34%. The growth of the middle class in Brazil led to an increase in investments in private English lessons. According to the report of the World Economic Forum on Global Competitiveness Brazil was deservedly named as the leader among the countries on business internationalization. Since 2007 the flow of direct foreign investment from the country has exceeded the incoming flow by 10 mln. USD. However, the labor market needs more qualified English-speaking specialists to fill international vacancies. Thereupon, the government initiated the launch of the program «English without Borders», which gave the access for 5 million students to online English courses and stipulated allocation of funds to cover 500 thousand TOEFL exams. Brazil strengthens ties in education with the USA. Each year 1,080 teachers are sent to the US to carry on their education. [10]

The population of all export-oriented countries speaks English. The communicative competence in English promotes innovation, facilitates

communication with suppliers and customers, simplifies recruitment - all this creates a favorable environment for the export activity, which is the fact in evidence according to the EF Education First survey. The company developed and has been publishing the English Proficiency Index (EF EPI) (2011-2013-2015). The index is designed to determine the level of English proficiency by adult population of various countries. More than 5 million people worldwide have been tested for the English language competence.

Analysis of the survey results revealed the presence of probable interdependence between EPI and index of GDP per capita. The Table. 2 displays countries with different EPI grouped by the same level of English proficiency - from A1 to C1 CEF.

In the Fig. 2 these countries are presented in the form of spheres. The size of a sphere reflects the absolute value of GDP per capita. As shown in the Fig. 1, the countries with more developed economies have the highest EPI. For example, the countries with English proficiency level B2-C1 CEF demonstrate the highest EPI and their average GDP per capita is more than US \$50 000. The population of developing countries with the GDP per capita of US \$ 20,000 performance EPI of 50-55 and are evaluated at the level A2 - B1 CEF. It should be noted that these countries have a high potential for the economic growth because their absolute GDP is much higher than the figure in developed countries with a high EPI. Based on the above interdependence, we can assume that an increase in the EPI in these countries may result in the growth of their GDP per capita, and therefore the index serve as a factor of economic growth of these countries.

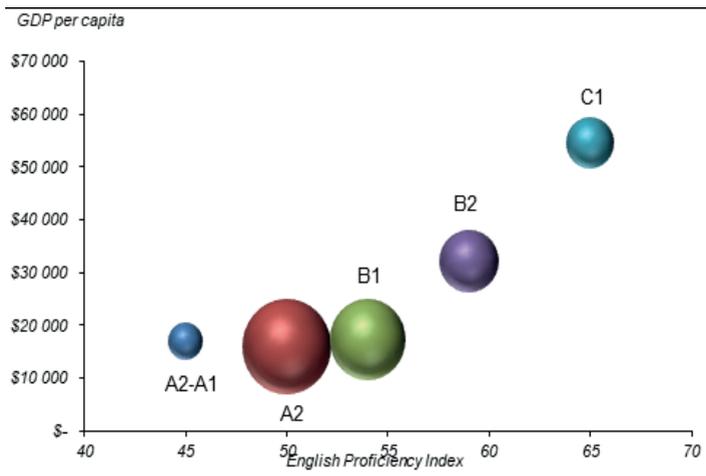


Fig.2 Correlation of English proficiency level with GDP per capita

Table 2

**English Proficiency Index in the countries of the world in correlation with
GDP per capita**

EPL	Country	EPI	GDP per capita \$	EPL	Country	EPI	GDP per capita \$	
A1	Algeria	43.16	5,629.96	B1	Argentina	54.43	11,675.23	
	Venezuela	46.44	12,157.48		Vietnam	52.27	1,867.66	
	Guatemala	45.72	3,477.38		Hong Kong	53.54	38,035.94	
	Ecuador	46.90	5,956.74		India	54.38	1,547.75	
	Jordan	46.44	4,630.11		Indonesia	53.44	3,475.26	
	Iraq	38.16	6,690.38		Spain	53.51	28,861.10	
	Kazakhstan	43.47	13,649.23		South Korea	53.46	26,479.83	
	Colombia	47.07	7,805.32		Slovenia	54.58	17,683.77	
	Kuwait	46.97	56,917.49		Ukraine	53.09	4,023.66	
	Libya	44.65	13,540.04		Czech Republic	54.40	18,880.50	
	Morocco	47.71	3,145.76		Japan	53.21	38,459.85	
	Panama	43.61	10,535.72		B1 Average	53.66	17,362.78	
	Salvador	45.29	3,826.08		B2	Belgium	58.74	45,750.97
	Thailand	44.44	5,778.36			Italy	57.66	15,101.94
Chile	48.20	15,724.50	Malaysia	58.99		10,513.64		
A1 Average	45.02	16,980.48	Germany	58.47		44,347.01		
A2	Brazil	50.07	11,188.90	Poland		62.25	13,542.02	
	Egypt	48.89	3,103.69	Portugal		57.52	20,551.22	
	Iran	49.30	3,924.65	Singapore		58.92	54,647.75	
	Italy	50.97	33,963.05	Slovenia		60.19	22,604.01	
	China	50.77	6,799.08	Hungary		60.41	13,083.62	
	Costa Rica	50.23	10,283.05	Switzerland		57.59	80,468.50	
	Mexico	49.91	10,306.97	B2 Average	59.07	32,061.07		
	United Arab Emirates	50.37	43,354.99	C1	Austria	62.66	49,000.43	
	Peru	49.96	6,664.88		Denmark	65.15	58,870.03	
	Russia	51.08	14,673.09		Estonia	65.55	19,014.50	
Taiwan	50.95	21,063.56	Netherlands		66.19	47,821.32		
Turkey	49.52	10,942.64	Norway		66.60	101,661.04		
Uruguay	51.49	16,351.54	Finland		62.63	47,330.26		
France	50.53	43,986.94	Sweden		68.69	58,290.91		
Sri Lanka	51.47	3,156.90	C1 Average		65.35	54,569.78		
A2 Average	50.37	15,984.26	Average	52.66	23,700.36			

It should be also mentioned that the World Bank and International Finance Corporation worked out the Ease of Doing Business Index, which divides countries relative to the degree of favorability of the state policies on doing business. It was proved that the communicative competence in English is an essential condition to create a favorable environment for a business operation. In addition, it was stated that the government and non-government organizations are aware on the link between the level of English proficiency and a strong economy.

Spain, which has been experiencing an economic crisis since 2008, is a vivid example of a country that considers the importance of English proficiency. Many unemployed are attending the English courses to improve their chances for employment. Because of the huge demand and reduction of the domestic budget prices for English courses in 2015 grew by 20% compared to the past years. As part of the European ERASMUS+ program about 40 thousand students went to study abroad in 2012 – 2015. In comparison with 2007 this figure went up by 58%, which is more than in any other country [10].

In much the same way is the situation at the micro level where the English language becomes the main criterion that defines the opportunity for employment. In particular, a study conducted by the analytical department of the Economist showed that 70% of the employers are convinced that in order to implement corporate plans at least 50% of the company employees should master the English language skills.

As far as Ukraine is concerned, the analysis of database of vacancies at the International recruiting portal hh.ua (January - July 2016.) demonstrates the drastic demand on the potential incumbents with the English language communicative competence: in Marketing – 23%, top management - 20%, accounting, finance, audit - 32%, the banking sector - 39%, media, publishing - 20%. Studies show that English proficiency is considered a significant advantage in the eyes of employers and therefore the difference in salaries can vary within 100% depending on the level of English proficiency [11]

Conclusions. The essence of the above stated gives grounds to attribute the level of foreign language proficiency of personnel to a key factor of communication potential of socioeconomic systems. A lingua franca in terms of the internationalization of the economy, which is typical for globalization, integrating in the material production, turns into the potential that gives effect to the strategic capacity and accordingly to the development of the national economy.

Thus, the lingua franca becomes not only a part of multiple personal identity in the era of globalization in the information society, and an integral part of foreign language education, but also the industrial and strategic capacity of business structures.

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