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SPACE ANALYSIS: PROSPECTS OF ITS USE AT SMALL AND MEDIUM-SIZED ENTERPRISES OF UKRAINE

Introduction. Businesses of all types operate in their own way. Therefore, they develop and implement their unique strategies. In order to succeed and operate efficiently, enterprises need to develop a long-term development strategy to respond quickly to political and economic changes and attract investments.

Nowadays, modern small and medium-sized businesses in Ukraine are facing numerous challenges. This situation is caused not only by economic and political instability in the country, but by the underdeveloped system of strategic analysis in enterprises. Most experts abroad use the SPASE Analysis method to develop a strategy and comprehensive assessment of the external and internal environment of small and medium-sized enterprises.

Review of recent publications. The Strategic Position and Action Evaluation Matrix or SPACE Analysis matrix is a super technique for evaluating the sense in a particular strategic plan. It was developed by such strategy academics as Alan J. Rowe, Richard O. Mason, Karl E. Dickel, Richard B. Mann, Robert J. Mockler [1]. The Strategic Position and ACTION Evaluation (SPACE) analysis framework is a very useful but not well-known tool to develop and review a company's strategy.

The objective of the paper is to determine the prospects of using SPASE Analysis to develop strategic plans, increase competitiveness and improve the functioning of small and medium-sized enterprises in Ukraine.

Results of the research. SPACE Analysis is an analytical technique used in strategic management and planning. SPACE is an acronym of Strategic Position and ACTION Evaluation. The analysis allows to create an idea of the appropriate business strategy for the enterprise. The SPACE matrix can be used as a basis for other analyses, e.g., SWOT analysis, industry analysis, or assessing strategic alternatives [2]. The analysis describes the external and internal environment using different criteria (table 1).

Table 1

Criteria for SPACE Analysis
Source: created by the author based on [2]

Environmental Stability (ES)	incompasses stages of the industry market life cycle, the degree of innovation of the industry market, marketing and advertising opportunities of the industry, the impact of seasonal fluctuations, profitability, the degree of foreign capital.
Industry Attractiveness (IA)	includes growth and profit potential; financial stability; technological know-how; resource utilization; capital intensity; ease of entering a market and productivity or capacity utilization.
Competitive advantage (CA)	is influenced by the following factors: market capacity, market share and its dynamics, product range, the ability to actively influence the level of cost prices, customer relations, and profitability of sales.
Financial strength (FS)	includes production costs, stability of profits, return on investment, liquidity, debt structure, ability to increase the level of capitalization and raising funds.

The SPACE analysis concerns the key decisions made by the CEO and senior management of an organization. The evaluation consists of the following steps:

1. The manager assigns appropriate values of between 0 and 6 (for CA and ES it is 0-6) to each individual factor.
2. The averages for each group of factors are then plotted on the SPACE chart.
3. By connecting the average values plotted, a four-sided polygon displaying the weight and direction of the particular assessment is constructed. The strategic position can also be determined by adding the two scores on the axes opposite each other to obtain a directional vector that points to a specific location in the chart.

In the quadrant, where the largest part of the surface of the resulting quadrilateral is, there is a suitable alternative of the business behavior [3]. The position of the vector determines the type of the recommended strategy: conservative, aggressive, defensive, competitive (fig. 1).

The conservative strategy is located between the company's financial strength and the competitive advantage. This is usually a stable organization, with low growth. All actions should be aimed at reducing costs while improving product quality or reducing output and entering more promising markets [3].

The aggressive strategy is between financial strengths and industry attractiveness. It is usually a sustainable, competitive organization; the main actions must be taken to expand production and sales, win price wars, develop new market sectors and promote its own brand. The defensive strategy of the SPACE Analysis is located between environmental stability and competitive advantage. The following actions would be potential options for a company in this position: to reduce costs to

realize a stronger competitive position, to reduce investments and manufacture at low cost, to focus on core business and sell off ancillary activities.

The competitive strategy of the SPACE Analysis is located between industry attractiveness and environmental stability. These are competitive but unsustainable companies. The main actions aim at finding financial resources and developing sales networks [3].

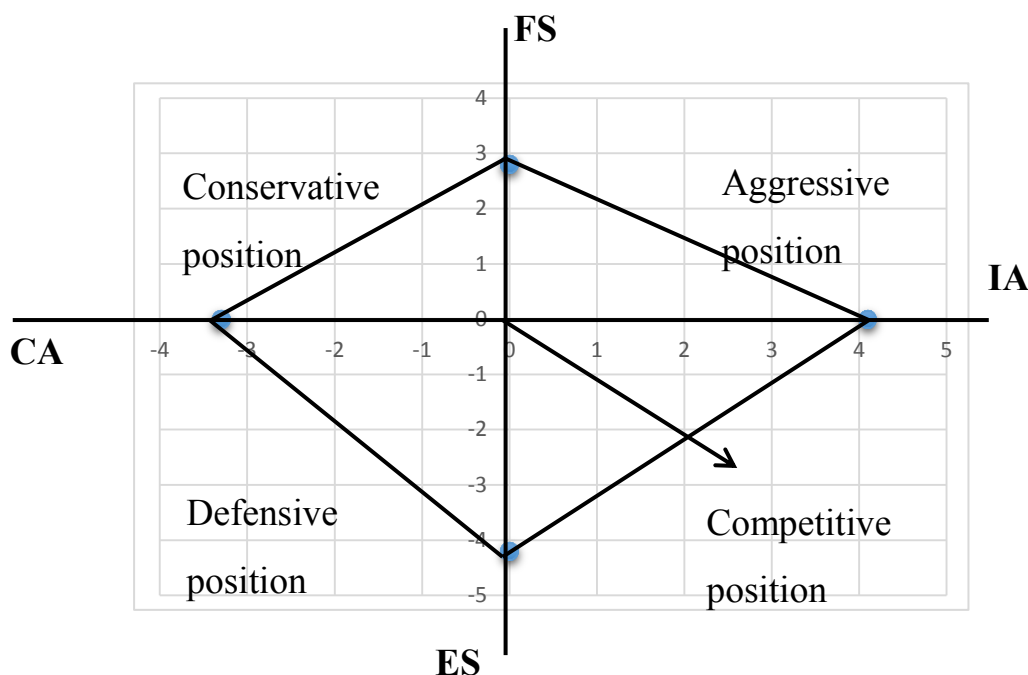


Fig.1 Example of SPACE Analysis.
Source: created by the author based on [3]

Based on the results of the SPACE Analysis, each company can choose the necessary development strategy and determine the list of measures to be taken. This type of analysis would be very useful for domestic enterprises, to better position themselves in the market and to be more resistant to external and internal factors influencing the enterprise [4].

Most Ukrainian entrepreneurs enter overseas markets at the risk of their own business, so strategic analysis is the tool that could raise Ukrainian small business to a new level. The only problem hindering the introduction of SPACE Analysis, is that it cannot be done without highly qualified external and internal experts. The services of external consultants are quite expensive, which slows down this type of strategic planning in the Ukrainian business environment and given the current unstable economic and political situation in our country, small and medium-sized enterprises cannot afford them.

Conclusion. In Ukraine, most small and medium-sized businesses often neglect strategic planning, which exposes their companies to great risks. SPACE Analysis provides a comprehensive approach that provides managers at all levels of the organization with an additional way of considering the many different factors relevant to proposing a particular strategy. Apart from providing managers with

another aid in rational decision-making, the major advantage of the SPACE method is that by forcing managers to carefully assess each factor in the four dimensions, they can more effectively examine alternatives and achieve consensus. It also helps them to recognize the significance of each factor needed to outstrip competitors in the industry.

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THE ESSENCE OF THE LOW TOUCH ECONOMY AS AN UNSTABLE ECONOMIC ENVIRONMENT

Introduction. Crisis events and processes caused by the COVID-2019 pandemic are one of the most important problems for today's economy. The paper analyzes the current economic situation in a pandemic and describes the necessity to introduce a new phenomenon and concept: a "low touch economy".

Review of recent publications. Active review of these problems occurs both in the media and in the scientific works of foreign and domestic scientists, such as A. Gurria, K. Lagarde, R. Hutt, I. Petrashko, A. Pustova, V. Medechuk, A. Amelin, A. Blinov, V. Katsenelson, J. Lavrik, D. Monin and others.