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THEORETICAL ASPECTS OF FORMATION AND DEVELOPMENT OF ENTERPRISES PRODUCTION CAPACITY IN UKRAINE

In modern market relations the study of basic theoretical aspects of the formation and development of production potential is of great importance. The elements of production capacity in general can be considered as all the resources associated with the operation and development of the company. The effective functioning of economic entities is possible due to qualitative development of logistical, structural and functional, social and labor and other elements of the capacity, which in turn will ensure their competitiveness.

The most attention to this popular subject was paid by such foreign and native economists as S.Ishchuk, P.Fomin, M.Starovoitova, A.Oleksjuk, S.Gerasymchuk and others. Capacity is considered as potential opportunity for the company to produce material goods to meet the needs of people. Formation of the enterprise potential is a process of continuous recovery of all its components. There are the following types of production capacity formation:

- 1) simple formation of the enterprise potential occurs in constant volumes to restore consumed factors of production and to ensure the continuity of its operations;
- 2) extended formation of the enterprise potential presupposes quantitative and qualitative development of production factors and other potential components that provide higher efficiency of its operations.

Within extended formation we can distinguish three types of the enterprise capacity development:

- 1) extensive (traditional), where the increasing scale of production is achieved by attracting additional labor, natural resources and means of production and the preservation of formed technical and technological base;
- 2) intensive (innovative), when the capacity development is achieved through qualitative improvement of the factors of production: the use of advanced tools and objects of labor and energy resources, training technological management, and continuous improvement in the use of all available components of the enterprise potential;
- 3) extensive-intensive (mixed). As for the mixed type of extended capacity building, it is characterized by the balance or the dominance of one of the two factors of development. Therefore we can distinguish predominantly extensive, predominantly intensive or mixed type of the economic development.

The elements of the production potential of the enterprise can be considered as resources in some way related to the functioning of the company. The main problem in the research of the production capacity of enterprises of Ukraine is that all of its elements operate simultaneously and collectively. In other words the production potential is a complex and dynamic system.

The rapid development of production potential is caused by the influence of such factors as innovation, market conditions of production, etc. These impact factors cause certain changes in the production capacity, as well as changing of its technical and economic parameters.

Thus, the formation and development of production potential should occur in the following key areas:

- 1) selection of new methods and forms of economic activity according to the market conditions of the economy;
- 2) monitoring of the production potential in order to assess efficiency of its use and identify priority areas of its formation;
- 3) optimization of the structure of the economy through the use of existing capacity.