

The Problems and Challenges of Modern Publishing and Printing Industry of Ukraine

Mykola Korinko

Professor of the National Academy of Statistics, Accounting and Auditing, Department of Audit and Entrepreneurship
email: nickolai.korinko@gmail.com

Gnat Zhelikhovskiy

PhD student at the National Technical University of Ukraine "Igor Sikorsky Kyiv Polytechnic Institute", Department of Management in Publishing and Printing Industry
email: ignatyi@ukr.net

Abstract. In this article the author examines the main problems of the prospects of development and some questions of operation of publishing and printing industry within the frameworks of global digitalization and growth of digital publications. The author pays special attention to the priority of the objects of activity of the publishing and printing complex of Ukraine. The purpose of this work is to determine the possible ways of development of the publishing and printing industry of Ukraine on the basis of state regulation of their activities. The results of this work may be used by public institutions in predicting the effective development of the economy and national legislation to support publishing and printing industry.

Keywords: publishing, innovations, improvement, state regulation, publishing and printing industry.

Introduction

Publishing and printing complex is one of high-tech industries in a modern industry of Ukraine. The strategic importance of the complex for the economy of developed countries consist primarily in the fact that in its sphere contains qualified labor potential of a humanitarian and scientific-technical profile and publishing products, as intelligent product, is one of the key elements that make up the cultural, educational, scientific and information potential of the country.

The publishing and printing complex is connected with all branches of economy as it performs various administrative, communication and information functions. For example, tourism - a sector of the economy, which is information associated with publishing and printing complex, such as the tourism industry always needs high-quality production of advertising materials, information booklets and magazines, presentations, historical materials, etc.

Received: 01/12/2019. **Accepted:** 01/03/2020

Copyright © 2020 Mykola Korinko, Gnat Zhelikhovskiy. Published by Vilnius University Press. This is an Open Access article distributed under the terms of the [Creative Commons Attribution Licence](https://creativecommons.org/licenses/by/4.0/), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Tourist industry is a priority target for publishing and printing complex, because the rapid growth of tourist offer of the country, is a constant need to manufacture attractive information materials that have led to an increase in tourist demand in.

In modern circumstances of innovations development of national economy is determined by a factor of information ensure of the society, that is related to publishing and printing complex.

Modern publishing and printing industry is a complex socio-economic system that is constantly changing under the influence of aggregate demand for products, rapid digitization and development of innovative processes, etc.

The effectiveness of its operation depends on the smooth work of constituents, in particular publishing houses and publishing organizations, printing companies, bookselling and logistical support services, as well as the improvement of directions of development that meet modern requirements and take into account the specifics of the industry.

Among the methods of governing any industry, the main place is occupied by economic laws, which are based on a set of interests, the action of economic laws. Economic methods ensure the material interest of the industry, its structural units and each employee in the results of work, efficiency of use of resources. In practice, they are realized with the help of levers such as price, profit, credit, taxes, competition, material incentives and more. Together, conditions must be created to guarantee the effective operation of each enterprise, employee and industry as a whole (Shvaika, 2008).

In modern economic conditions, the nature and content of management principles and functions have changed, due to the peculiarities and dynamism of the market environment.

Over the last decade, the “digital revolution” has taken place and continues in the world, which is characterized by an increase in the number of digital editions in various formats. Amazon launched this revolution in 2007 with the launch of its Kindle e-book. Every year, the progress and dynamics of digital development is increasing. This, on the one hand, contributes to accelerating the technological progress of mankind, but on the other hand, can negatively affect the development and existence of printing and printing companies.

So the question is, can digital format damage the publishing and printing industry and adversely affect the functioning and existence of enterprises in this industry?

Publishing and printing industry as a sector of economy

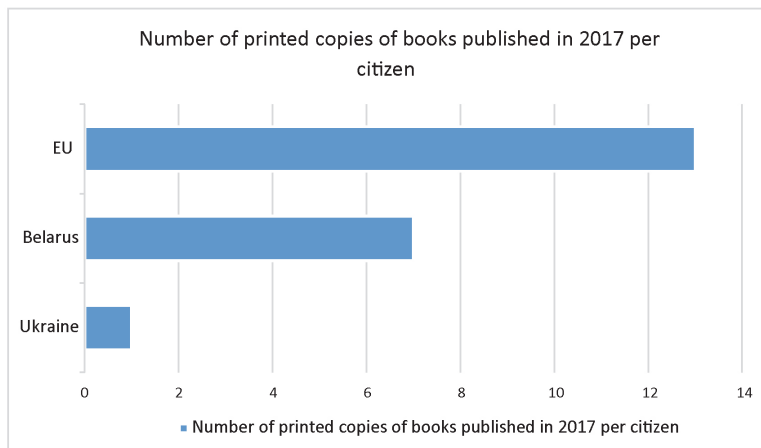
The printing industry is one of the key figures in the publishing and printing industry, which has a prominent place in the overall economy of Ukraine. The rapid development of this industry begins in 2009. During this period, there was a constant increase in the level of competition in the market for commercial printing products, such as promotional booklets or packaging or stationery.

As the analysis of the publishing and printing market shows, small enterprises are in the best position. These organizations are profitable at the expense of their mobility, small amount of equipment and small staff. Publishing of newspapers and magazines decreases annually. Large enterprises survive on the production of packaging, advertising, letterhe-

ad and other commercial products, not on printing books and magazines (Kachmarchik, Galushchak).

The technological development of printing companies has changed significantly in recent years. The speed of printing has increased, the time of readjustment and the transition from circulation to circulation has decreased, the printing process, electronic control of the quality of final products, which minimizes the use of manpower, are automated as much as possible. It should be noted that the volume of orders of the printing industry is reduced by 5- 10% annually (www.ukrainereferat.org/uaref-3927-1.html).

The development of the publishing and printing complex of Ukraine is characterized by the ratio of the number of issued copies of products per citizen of the country, and is determined by the demand of the population and the supply of the printing and printing complex. For example, in Ukraine, in 2017, all enterprises of the publishing and printing complex of the country issued 40 million copies of printed matter, which is less than 1 copy for every citizen of the country. In Belarus - 7 copies per citizen, in Europe this figure is the highest and is 12-14 copies.



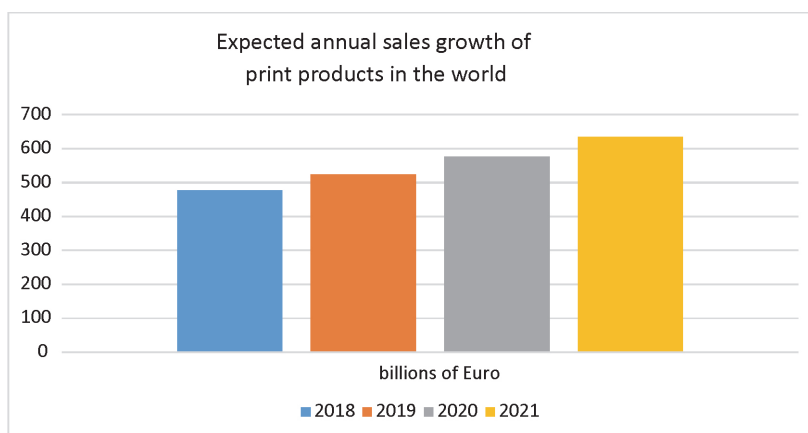
Source: created by the authors.

For professional economic activity, the issue of quality management of goods and services is of paramount importance, namely: methodological bases of quality management; systematic approach to quality management of goods and services; quality system certification procedure, etc. This is due to the existence of uniform international requirements for the most important areas of production. Ukraine's rapprochement with the European Union requires manufacturers to comply with the safety and quality requirements of the European market. Modern quality management is based on the fact that quality management activities cannot be effective after the products have been manufactured and should be carried out in the process of their production. This determines the importance of quality assurance on processes that precede the production process.

In the analysis of factors influencing the quality of products of particular importance is the study of international experience in improving the quality of printing companies. In countries such as the United States, the United Kingdom, France, Germany, Italy, and Japan, external factors have a significant impact on product quality management, as this is a state-level issue.

The main differences in the activities of printing companies in different countries of the world are due to the influence of factors of micro and macro environments, first of all - the level of development of the market of printing products.

The volume of printed products in the world in 2018 was estimated at 477 billion euros. According to analysts' forecasts, in the coming and next years, the pace and growth will amount to 2.2% per year, and by 2021 it will exceed EUR 600 billion. Developed countries account for about 88% of print production in the world. The share of developing countries is 11%, and of the lagging countries - about 1% (Goncharuk, Babenko, 2018; Prib, 2014).



Source: created by the authors.

In the structure of printing services, digital small printers specializing in the production of small print runs and printing of variable data will get faster development. Demand for packaging products is increasing. Thus, the growth rate of the volume of printing packages in the world for the period 2010-2017 was 0.6%, packaging - 2.5%, commercial printing products - 0.8% (Prib, 2014).

The most powerful is the US printing base. The US printing industry has 30,000 print jobs with one million employees, with a total turnover of \$ 1 66.6 billion. USA. Germany is the leader among European countries - about 10,000 printing companies with a workforce of 158,000 people who carry out work worth more than 20 billion euros. The German printing industry in structure consists mainly of small, small and medium-sized printers. Poland ranks second among European countries in terms of performance indicators for the printing industry. The number of printing companies in it even exceeds that in Germany, but in all other respects the printing industry of Poland is far behind the German one.

The number of printing companies in Ukraine is not decreasing, on average by 10% annually. According to official statistics, in 2017, the share of printing companies became only 4.77% of the total number of manufacturing enterprises. At the same time, their number has decreased by 268 units or by 15% over the last seven years. The decrease in sales volumes occurred at the highest rates in periodicals (Kachmarchik A.A., Galushchak, 2016; Prib, 2014). The volume of sales in the domestic polygon of the official industry in terms of value has increased 1.8 times in the last seven years, but this increase is mainly due to higher prices for products. With the exception of advertising, the number of printed products has been steadily declining over the years studied. The number of printing companies has also been reduced by 15% since 2010 (Prib, 2014).

In the current conditions of rapid development of scientific and technological progress and information technologies, domestic printing companies need to increase the competitiveness of the industry and the efficiency of its operation.

The current state of functioning of the publishing and printing industry of Ukraine

Today's market requires the release of targeted products and high quality execution of various printing services and works, updating of products on demand and at the initiative of consumers. The market increases requirements for enterprises in timely provision of payments to suppliers of raw materials, materials, technical resources, energy resources, payment of wages to their employees, making timely budgetary payments. This is possible only under the condition of break-even activity and properly established financial work in the conditions of the enterprise.

Most publishing and printing companies today are characterized by a decline in business activity and overall economic efficiency, a deterioration of their financial status, and a decline in business activity, which in general leads to negative consequences. Problem solving requires appropriate changes in the theory and practice of entrepreneurship, a deep professional evaluation and a thorough analysis of the economic situation, dramatic changes in the relationship between business entities with the state. In addition, it requires a reorientation of goals and objectives of future activities, finding ways of development and ensure I break-even operation.

Publishing is largely dependent on market conditions, is difficult to predict and volatile. The peculiarity of the material and technical base of the publishing and printing complex is that it is focused on the specialized nature of publishing products and its parameters - book, fine arts, newspaper production, multi- and small-print, multi- and little paint, etc. Therefore, changes in the publishing industry may not always be able to quickly realize the technical capabilities of printing companies.

The processes of economic downturn complicate the current problems of the publishing and printing industry.

The decline that the industry is experiencing today is explained not only by economic problems, but also by many factors related to the neglect of the specifics of this important

sphere by the authorities, which, in turn, influence its overall state and formulation of its development strategy.

With participatory production entrepreneurship in the field of printing services, aggregated with publishing business in one publishing and printing industry, develops according to generally defined principles and functions, according to different organizations and legal forms and types, actively using elements of an innovative model of functioning. A special feature of official business publishing is the high degree of social responsibility, which is conditioned by the nature of the purpose of production, which should cause the state's attention, especially book publishing and press (Guzela, 2014).

The practice of economic activity shows both positive and negative mutual influence on the behavior and functioning of each business structure and public administration bodies on the processes of developing an industry development strategy.

Lack of real state support in the printing and publishing business in Ukraine causes instability of the sectorial economic entities, which affects their activity, provoking deterioration of performance indicators, the decline of most municipal and state-owned enterprises, which in turn does not provide opportunities for development.

It is important for expanding the possibilities of development of the publishing and printing complex to introduce amendments to the Law of Ukraine "On State Support for Book Publishing in Ukraine" of 28.01.2016 regarding the creation of the Ukrainian Book Institute, which is a state institution and whose purpose is:

- book publishing support;
- reading promotion;
- popularization of Ukrainian literature in the world;
- stimulating translation activities (Bulletin of the Verkhovna Rada of Ukraine, 2016).

It should be noted that in Ukraine the production of printing and processing equipment and machines and the majority of printing consumables is insufficient at the appropriate level. As a result, the development of printing continues to be dependent on imports. In the structure of publishing costs for the production of publishing products, a significant share belongs to the expenditures for the purchase of consumables; among them, the lion's share of the cost is paper costs, which are growing every year and are among the highest in Europe, which greatly increases the cost of production. And this requires real support and regulation by the state to solve existing problems and implement a system of measures to ensure stable functioning and further development.

In addition, an important factor in the relationship between publishing houses and printing companies is the price factor that complicates their relationship. In recent years, the level of quality of printing performance of printed products has significantly increased, the designs of publications have varied, which has led to an increase in prices for printing works and services, which quite often does not suit publishers. This situation leads to a compromise in the relationship.

An important aspect is the pricing for the products of the industry. Pricing and pricing is a complex and multifactorial process that requires specific approaches in each case.

The greatest effect of the enterprise is achieved when high value is provided by low costs and affordable for the consumer and the enterprise price (Guzela, 2014).

In order to establish a qualitative pricing mechanism and ensure effective results, it is necessary to form an appropriate pricing system in an enterprise environment, which is a complex of necessary methods, strategies, tactics, principles, goals and tasks that in interaction provide a reasonable establishment of the optimal price level taking into account the influence of the factors of the operating environment.

Setting and setting the final price must meet two important criteria:

- first, the price established in the market must cover all costs, generate profit and ensure the effective functioning and development of the entity;
- secondly, the price must satisfy the consumer, more precisely his solvency, in addition his tastes, quality characteristics of products.

Effective activity of all subjects of the publishing and printing industry is impossible without strategic orientation of development and formation of modern management mechanisms. It is important to take into account the peculiarities of transformation processes and reforms in the domestic economy, as well as foreign experience and the effect of improving the quality of products.

The quality of products achieved by enterprises from different countries of the world has reached almost the same level in recent years. This is due to the active exchange of best practices in product quality improvement, the integration of all approaches and methods that humanity has created in the evolutionary path of the development of high quality theory and practice. An important role in this exchange is played by international organizations and their awards (Gutkevich, 2015).

The effect of improving the quality of production is expressed in various forms - direct saving of materials and energy, obtaining more products per unit of labor costs, reducing costs and increasing profits, accelerating the turnover of working capital, economic and social development of enterprises.

Modern challenges and problems for the publishing and printing industry of Ukraine

The development of the printing and publishing industry in Ukraine is related to a number of problems, such as lack of state funding, lack of investment, high taxes, low level of profitability of production, growth of digital editions, unregulated legislative base, low solvency of the population and legal entities (Characteristics of the printing industry of Ukraine).

One of the main reasons for the economic downturn in the publishing and printing industry of the country is that in Ukraine there are no “comfortable” economic conditions for pricing books, for distributing books to the wider population (Shvaika, 2013). This is a significant tax burden of the enterprises sector. Thus, for example publishing company signing an agreement for the supply of a new web offset machines worth 989 000 euros and the amount of value added tax with import duty will be over 200 000 euros - not all companies are able to cope with this tax burden.

To solve this problem, it is necessary to weaken the force of the tax burden on the publishing house, as well as to provide a zero VAT rate on publishing and printing services

(products) and services related to the distribution of printing products. This method was implemented in Belarus, Latvia, Lithuania, USA and Estonia.

You should also pay attention to cybersecurity and compliance with copyright, because in Ukraine is still at the state level is not forbidden to download free books, music and movies. In Germany, for example, high fines are also imposed at the state level for copyright infringement.

So the logical question is: if the books are to be distributed free of charge and uncontrolled, why work for the author, translator and the business as a whole?

At the state level, it is necessary to create a culture of purchasing electronic publications, counteract e-piracy and uncontrolled access to electronic publications, protect the intellectual property of authors, and amend the legislation for infringement of copyright and related rights.

Conclusions

The publishing and printing industry of Ukraine, which influences the development of the national space as a unique source of knowledge, needs a well-considered state policy based on the use of effective instruments and levers of regulation, creating favorable conditions for improving its effectiveness. State-level strategic, long-term and alternative development programs are required, depending on the goals and mission of the entities.

The publishing and printing industry is not a priority object of public financing, its development is mainly carried out at the expense of its own and borrowed funds, so it is necessary to introduce a system of attracting investments, on the basis of creating favorable conditions for potential investors.

In order to solve the pressing problems of the industry, it is necessary to determine the main directions of development of the publishing and printing industry of the country, which will help to improve the quality of its products and services.

The development of the publishing and printing industry in the country requires the consolidation at the legislative level of programs to combat digital piracy and copyright protection. Developing programs for attracting investments and creating favorable conditions for investment in the printing and printing industry are also needed.

Literature

CHARACTERISTICS OF THE PRINTING INDUSTRY OF UKRAINE // [Electronic resource]. - Access mode <http://www.ukrainereferat.org/uaref-3927-1.html>

FORMATION OF THE STRATEGY OF DEVELOPMENT OF ENTERPRISES OF THE PUBLISHING AND PRINTING INDUSTRY / K.A. Prib // *intelligence XXI*. - 2014. - No 6. - p. 30-38. [Electronic resource]. - Access mode: http://nbuv.gov.ua/UJRN/int_XXI_2014_6_6.

GONCHARUK, O. V., BABENKO, A. A. (2018). State and prospects of development of the enterprises of the printing industry in Ukraine and in the world // [Electronic resource]. - Access mode: molodyvcheny.in.ua/files/journal/2018/1/201.pdf

GUTKEVICH, S. O. (2015). The modern paradigm of quality / monograph / S.O. Gutkevich, L.A. Punchak, O.M. Yazvinskaya - K .: NTUU “KPI”, 132 p.

GUZELA, O. I. (2014). Industrial entrepreneurship: a textbook / O.I. Guzela, I.P. Bossak. - Lviv: UAD, 398 p.

GUZELA, O. I. (2014). Internal economic mechanism of the enterprise: concept, prerequisites, forms: manual. / OI Puzzles. - Lviv: UA, 126 p.

KACHMARCHIK, A. A., GALUSHCHAK , O. A. (2016). Status and tendencies of development of the printing market of Ukraine // [Electronic resource]. - Access mode: elartu.tntu.edu.ua/bitstream/123456789/15546/2/Conf_2016_Cachmarchuk_A- State_and_tendecies_of_Ukraine_58.pdf

KLEPIKOVA, A. A. (2018). Modeling Corporate Governance in the Company / Bulletin of socio-economic research: Coll. of sciences. laundry; in a row. M.I. Zverekov (Editor-in-Chief) and others. (ISSN 2313-4569). - Odessa: Odessa National Economic University. - No. 22 (66). Pp. 244-255.

LAW OF UKRAINE “ON AMENDMENTS TO SOME LAWS OF UKRAINE ON IMPROVEMENT OF THE PUBLIC ADMINISTRATION SYSTEM IN THE BOOK PUBLISHING SPHERE” // Bulletin of the Verkhovna Rada of Ukraine. - 2016. - No10. - Art. 102.

SHVAIKA, L. A. (2008). Economics of publishing and printing industry: a textbook / L.A. Shvaika, A.M. The barbell. - Lviv: UA, 480 p.

SHVAIKA, L. A. (2013). Economics of Printing and Publishing / LA Shvaika, AM Stangret. - Lviv: Ukr. Acad. Printing.