

UDK 339.9:656.71(045)

*K. V. Sydorenko, PhD in Economics,  
Associate Professor of the Department of  
International Economic Relations and Business,  
National Aviation University, Kyiv*

*ORCID <https://orcid.org/0000-0003-3231-2247>  
[kateryna.sydorenko@npp.nau.edu.ua](mailto:kateryna.sydorenko@npp.nau.edu.ua)*

*O. V. Sheremet, Senior Lecturer of the Department of  
International Economic Relations and Business,  
National Aviation University, Kyiv*

*ORCID <https://orcid.org/0000-0001-8431-4186>  
[olha.sheremet@npp.nau.edu.ua](mailto:olha.sheremet@npp.nau.edu.ua)*

## **AIRPORT SERVICES INTERNATIONAL COMPETITIVENESS MANAGEMENT**

In the context of globalization of the world economy, international air transportation is an important part of the integration process of countries into the modern system of international economic relations and accession to the international market of transport services. The world aviation complex and aviation infrastructure of countries is of exceptional importance for solving socio-economic problems, improving the living standards of the population and belongs to significant areas of the economy. The process of improving air transport provides an opportunity to improve relationships with other countries, increase potential markets for goods and services, directly involve aviation companies in foreign projects and, as a result, be competitive in the field of air transportation.

Both domestic and foreign scientists deal with the problems of studying the processes of competitiveness management. The theoretical and applied issues of solving multifaceted problems of competitive relations and competition are devoted to the work of such founders of economics and modern economists as Antonjuk L. L., Bazyljuk Ja. B., Budkin V., Chuzhykov V. I., Cyghankova T. M., Dzhusov O., Duchynsjka N. I., Ghejecj V., Hay C., Howard J. Shatz, Krugman P., Linsi L., Luk'janenko D. Gh., Melnyk T. M., Porter M. E., Poruchnyk A. M., Rumyantsev A. P., Steblianko I., Stukalo N. V., Zhalilo Ja. A. and others. The scientific works of such scientists as Addie J., Andronov O. M., Aref'jeva O. V., O'Connell J., Ghryghorak M. Uj., Graham A., Itani N., Keast R., Kulyk V. A., Lozhachevsjka O. M., Macário R., Mason K., Peneda M., Savchenko L. V., Sidenko S. V., Sokolova O., Wiedemann M. are devoted to the research of the issues of increasing the efficiency of the activity of air enterprises and management of their competitiveness in the world market of air transportation. At the same time, despite the existence of deep and thorough scientific developments of domestic and foreign scientists of different years, the competitiveness increasing of international airport services under the influence of crises and structural changes in the world economy is not sufficiently developed and needs to be improved.

The aim of the study is to develop and substantiate mechanisms and tools to increase the competitive position of airport services in the global air transportation market based on an in-depth analysis of the specifics of international airports in global competition and identify modern requirements of airport services consumers.

The epidemiological situation in the world, associated with the outbreak of acute respiratory disease COVID-19, and restrictions imposed by states to combat its spread, have directly affected the aviation industry around the world and Ukraine, in particular, where in 2020 there is a significant reduction in production aviation enterprises.

The complication of the epidemic situation in the world and in Ukraine, associated with the spread of COVID-19, led to a decline in demand for air transportation, as a result of which airlines were forced to reduce the frequency or cancel the vast majority of flights. In addition, due to the restrictive measures taken by Governments to combat COVID-19, both international and domestic passenger services have been temporarily suspended, leading to a reduction in airline passenger traffic (Figure 1).

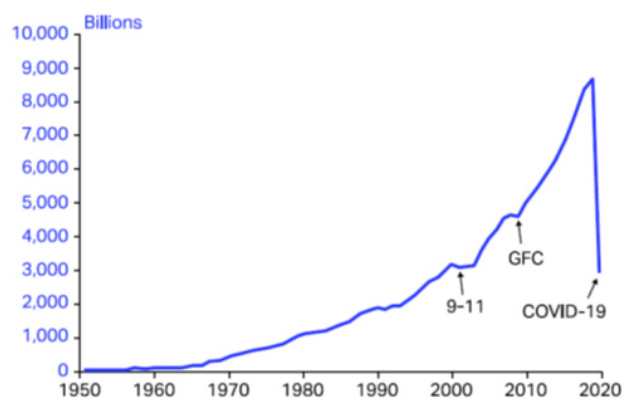


Figure 1. Worldwide revenue passenger kilometres (RPKs) flown annually<sup>7</sup>

The international competitiveness of the airport service affects both the political and macroeconomic situation in the country, the international government, the investment state, the environmental situation, the development of international tourism, the level of income, etc.

Regarding the peculiarities of the aviation services market of Ukraine, it is necessary to single out the factors that have the greatest impact on the activities of domestic airports:

- political risks;
- instability of the legal framework;
- possible changes in taxation and credit and financial policy of the state;
- increase in costs and terms of capital investments;
- deterioration of the general economic situation in Ukraine;
- problems with raising funds for expansion.

Political and macroeconomic risks to airports:

- economic and political situation in the world and individual regions;
- supply and demand in the world and individual regions, expectations of demand;
- adopted regulations and actions of Ukrainian and foreign states to regulate the market;
- tax burden on the financial result;

<sup>7</sup> IATA. Annual review 2020. Available at: <https://www.iata.org/en/publications/annual-review/>.

- inflationary processes in the economy of Ukraine;
  - problems with raising funds for expansion;
  - the activity of airports is regulated by labor and social legislation.
- Changes in this legislation, primarily in terms of tax and insurance payments, may affect the company's financial results;
- tax burden and changes in tax legislation – the requirements of the tax authorities make it difficult to raise funds to expand the airport;
  - the risk of changes in legislation that may affect the terms of redemption of bonds;
  - rising inflation or declining consumer confidence in the future;
  - force majeure.

It should be noted that there is no risk assessment and management system at Ukrainian airports.

In addition, the volume of passenger traffic is also affected by the transport infrastructure around the airport, namely: the presence or absence of regular rail connections with the city it serves. Only a few regional airports in Central and Eastern Europe have such connections. It is worth noting that the presence of the electric train at the airport Lublin – Swidnik is one of the factors that has a positive effect on the growth of passenger traffic. Recently, the city authorities synchronized the schedule of suburban trains with the schedule of departures and arrivals at the airport.

According to the experience of Central and Eastern Europe, those regional airports that serve a city with a population of at least 200 thousand inhabitants (excluding the agglomeration) and have stable tourist flows have a great chance of success<sup>2</sup>.

The potential for competitiveness of the airport, as well as any other enterprise in the service sector, is determined by the corporate strength of the manufacturer of these values. In the conditions of dynamic development of world aviation the question of strategy of development of infrastructure of the leading international airports which aims to solve a problem of full, timely, uninterrupted and qualitative satisfaction of fast growing demand of consumers of services with the minimum expenses becomes extremely actual. However, the airport infrastructure is quite wasteful and requires constant investment in the renovation of infrastructure and technological systems. Airport infrastructure is a set of objects, which by their functional purpose are divided into objects that directly serve the technological process of air transportation (the scope of aviation activities), and objects that create additional services<sup>3</sup>. Improving the competitiveness of the airport in the global economic environment involves timely modernization and harmonious development of its facilities in accordance with the requirements of the airport services market based on rational resource provision and effective management of the property complex at all stages of operation and development<sup>4</sup>.

---

<sup>2</sup> Кудрицька Ж. В., Апарова О. В., Жебка В. В. Економічна ефективність сталого розвитку підприємств авіаційної галузі / Ж. В. Кудрицька, О. В. Апарова, В. В. Жебка // Монографія. К. : Логос, 2012. 464 с.

<sup>3</sup> Ложачевська О. М., Сидоренко К. В. Формування конкурентоспроможності виробничої інфраструктури міжнародних аеропортів: Монографія. К. : ФОП Маслаков, 2019. 250 с.

<sup>4</sup> Lozhachevska O., Sidenko S., Sydorenko K. Global laws of the development of the global aviation market / O. Lozhachevska, S. Sidenko, K. Sydorenko // The Journal of International Economic Policy. 2018. №2 (29). С. 55–74. <https://doi.org/10.33111/iep.2018.29.03>.

Airports must have the infrastructure to operate efficiently in accordance with safety and security requirements, to ensure the efficient operation of aircraft, to minimize inconvenience to passengers and to provide fast and reliable baggage systems<sup>5</sup>. As air traffic grows, airports must ensure that each system is flexible enough to meet future needs.

One of the determining factors in the international competitiveness of airport services is the provision of aviation security. Today, there are standards for some elements of the global aviation security system<sup>6</sup>. Increasing capacity and technological gaps in some countries threaten to preserve international recognition and the integrity of the global network<sup>7</sup>. Human factors have the greatest impact on security performance when it comes to cyber and insider threats.

Almost 60 % of passengers in Europe pass through only 25 airports. The international competitiveness of airport services directly depends on the activities of airlines with which airports interact. Today, airlines are in survival mode. They should be able to operate flights in parts, connecting city after city, where the requirements and restrictions of the government are removed. This is in everyone's interest – tickets are only sold by airlines, so it is very important for them to get all the support they need to do so in a flexible environment that allows them to be flexible, reactive and ultimately return as many passengers as possible.

An airline operating from an airport overloaded with slots cannot plan its schedule if it is unsure, months in advance, which slots it is allowed to use<sup>8</sup>. Slots guarantee a reliable schedule and ultimately the ability to arrive at your final destination in the fastest and most convenient time. It is the airport slots that determine a successful airline.

94 % of airport pairs pass through indirect connections – in other words, hub airports. Slots-coordinated airports are crucial for communication and, of course, gain additional competitive advantages. Unfortunately, due to the pandemic and coronavirus infection, the airline is currently unable to operate 80 % of the slots, there is no demand to meet the schedules invested over decades and built on precise access times at the busiest airports in the world. Airports, airlines and slot coordinators are working to find the right balance of flexibility.

Airlines, airport operators, independent slot coordinators and relevant government agencies should make every reasonable effort to identify airport capacity constraints and potential congestion problems long before these problems do arise. Coordinated efforts can then be made to avoid such problems for the benefit of all stakeholders, and this will require constant

---

<sup>5</sup> Кривов'язюк І. В., Кулик Ю. М. Забезпечення інноваційної активності авіаційних підприємств у контексті логістичної діяльності / І. В. Кривов'язюк, Ю. М. Кулик // Проблеми системного підходу в економіці. 2017. Вип. 6 (62). С. 7–14.

<sup>6</sup> Lytvynenko S., Panasiuk I. Trends and prospects of development of the global and national air transport markets / S. Lytvynenko, I. Panasiuk // Intellectualization of logistics and Supply Chain Management. 2020. №1. DOI: <https://doi.org/10.46783/smart-scm/2020-1-9>.

<sup>7</sup> Skrypnyk N., Sydorenko K. The main components of the formation of a modern innovation base of competitiveness in the context of globalization transformations / N. Skrypnyk, K. Sydorenko // Бізнес-Інформ. 2019. №4. С. 115–123. <https://doi.org/10.32983/2222-4459-2019-4-115-123>.

<sup>8</sup> Кулаєв Ю. Ф. Економіка цивільної авіації / Ю. Ф. Кулаєв // Монографія. К.: Фенікс, 2011. 680 с.

and open contacts and cooperation between all stakeholders. Power should be related to the estimated service performance during peak hours, not to annual performance. Co-location of airlines / alliances / partnerships support the efficient operation of airlines and ensure the best use of airport infrastructure.

Strengthening the economic regulation of airport services, which creates strong incentives for airports to increase costs and reduce airport charges, can bring significant benefits to consumers and affect competitiveness. For example, the share of fully private airports in Europe increased from 9 % to 16 % between 2010 and 2017, while the share of mixed ownership models increased from 13 % to 25 % over the same period<sup>9</sup>. In cases where public airports can be seen as benign monopolies, which often pursue economic and social goals to support their local region, private airports aim to return investors<sup>10</sup>. The expansion of private ownership in the airport sector is not combined with proper regulatory oversight, which encourages airports to increase costs and ensure that airports respond to consumer needs.

The competitiveness of airport services is affected by a factor such as the level of airport charges. Lower tariffs, all other things being equal, stimulate additional demand, maintaining additional links and promoting economic activity, productivity and competitiveness<sup>11</sup>. Increasing demand for air transportation in turn gives a significant boost to the economy. Reducing airport charges is boosting business development by reducing fares and increasing competitiveness, stimulating additional tourism and, finally, encouraging the further development of the European aviation sector.

Thus, the modern concept of managing the international competitiveness of airport services should be based on ensuring the conditions for successful operation in a competitive environment and creating competitive advantages over other airports inside and outside the country in any economic, political, social and other changes in its external environment.

Recommendations for the use of results: research materials can be used to write and update strategic plans for the development of the aviation industry of Ukraine for short and long term.

#### **List of used sources and literature:**

1. IATA. Annual review 2020. Available at: <https://www.iata.org/en/publications/annual-review/>.

2. Кудрицька Ж. В., Апарова О. В., Жебка В. В. Економічна ефективність сталого розвитку підприємств авіаційної галузі / Ж. В. Кудрицька, О. В. Апарова, В. В. Жебка // Монографія. К. : Логос, 2012. 464 с.

3. Ложачевська О. М., Сидоренко К. В. Формування конкурентоспроможності виробничої інфраструктури міжнародних аеропортів: Монографія. К. : ФОП Маслаков, 2019. 250 с.

---

<sup>9</sup> ICAO. Annual Reports of the Council. Available at: <https://www.icao.int/annual-report>.

<sup>10</sup> Акімова Т. А. / Аналіз зарубіжного досвіду інвестування в розвиток аеропортів / Т. А. Акімова. [Електронний ресурс]. Режим доступу: [http://esteticamente.ru/ejournals/PSPE/2011\\_2/Akimova\\_21.htm](http://esteticamente.ru/ejournals/PSPE/2011_2/Akimova_21.htm).

<sup>11</sup> Павелко В. Ю. Управління витратами аеропорту на засадах логістичного підходу / В. Ю. Павелко // Проблеми системного підходу в економіці. 2017. Вип. 6 (62). С. 14–19.

4. Lozhachevska O., Sidenko S., Sydorenko K. Global laws of the development of the global aviation market / O. Lozhachevska, S. Sidenko, K. Sydorenko // The Journal of International Economic Policy. 2018. №2 (29). С. 55–74. <https://doi.org/10.33111/iep.2018.29.03>.
5. Кривов'язюк І. В., Кулик Ю. М. Забезпечення інноваційної активності авіаційних підприємств у контексті логістичної діяльності / І. В. Кривов'язюк, Ю. М. Кулик // Проблеми системного підходу в економіці. 2017. Вип. 6 (62). С. 7–14.
6. Lytvynenko S., Panasiuk I. Trends and prospects of development of the global and national air transport markets / S. Lytvynenko, I. Panasiuk // Intellectualization of logistics and Supply Chain Management. 2020. №1. DOI: <https://doi.org/10.46783/smart-scm/2020-1-9>.
7. Skrypnyk N., Sydorenko K. The main components of the formation of a modern innovation base of competitiveness in the context of globalization transformations / N. Skrypnyk, K. Sydorenko // Бізнес-Інформ. 2019. №4. С. 115–123. <https://doi.org/10.32983/2222-4459-2019-4-115-123>.
8. Кулаєв Ю. Ф. Економіка цивільної авіації / Ю. Ф. Кулаєв // Монографія. К. : Фенікс, 2011. 680 с.
9. ICAO. Annual Reports of the Council. Available at: <https://www.icao.int/annual-report>.
10. Акімова Т. А. / Аналіз зарубіжного досвіду інвестування в розвиток аеропортів / Т. А. Акімова. [Електронний ресурс]. Режим доступу: [http://esteticamente.ru/ejournals/PSPE/2011\\_2/Akimova\\_211.htm](http://esteticamente.ru/ejournals/PSPE/2011_2/Akimova_211.htm).
11. Павелко В. Ю. Управління витратами аеропорту на засадах логістичного підходу / В. Ю. Павелко // Проблеми системного підходу в економіці. 2017. Вип. 6 (62). С. 14–19.