Changing Paradigm in Economics & Management Systems

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PREFACE

Both governments and public have been facing brand new, unprecedented challenges due to the rapid development of economic, managerial and social processes, being accompanied by various changes that are occurring at a furious pace. A civilizational scam, of which we are all participants, has shown a reluctance to abandon the age-old traditions that permeate all areas of our lives. It is natural that such a state of affairs requires a revision of the existing paradigm of thinking, a paradigm of conceptual foundations, postulates and standards that will determine the directions for human development in the nearest future. In the current context, the concepts of economics and governance go far beyond the economic systems they were supposed to serve until recently.

Today, they are social categories aimed both at the financial performance of economic entities and at ensuring sustainable development, characterized by an ecological and economic balance and a harmonious combination of human life support systems and environmental measures. Bioeconomy and green economy, as well as other kinds of human life in the context of the problems of rethinking the place and role of man on our planet, occupy no less important place today, along with the trivial issues of economics, accounting, finance or marketing of enterprises and organizations. The paradigm shift in economics and management implies a transfer from the formation of the consumer society, with all areas of economic science and practice aimed at solving the problems of maximum production and sales.

Economics and management today are, first and foremost, a calculation of the present needs of the mankind, based on the resources that must be sufficiently provided for tomorrow. Such requirements make us reconsider approaches to conducting even such technical fields of economic science as accounting, analysis, control. The number of activities, including economic and managerial

ones, of an interdisciplinary nature is increasing, with combining technical and technological achievements, the latest research and development of the functional and psychological characteristics of the person, advances of scientists and practitioners in various subject areas. Drawing attention to the problems, forming a vision for their optimal solution, making the issues of economy and management inclusive – these were the tasks for this edition and, in our opinion, they have been successfully solved by its authors.

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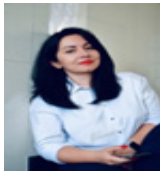	**Nadiia Proskurnina**	Associate Professor, PhD, Head of the Department, Simon Kuznets KhNUE.
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Contents

1.

Information Role of Depreciation Accounting Technique

Trachova Darya*

Introduction

The globalization of economic processes put forward new requirements for accounting. The modern economic environment requires high-speed credentials with preservation of the basic requirements: truthfulness and reliability. Access to business information is becoming a key factor in both control and economic development. This is especially evident in the case of operations with non-negotiable assets of the enterprise.

Rapid pace of technological progress is pushed up to the production capacity of enterprises with increased requirements in terms of their timely upgrade. The issue of the formation of technical equipment of the enterprise becomes a joint business of technical and

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economic services. The main task of accounting in this situation is the formation of an array of data on the status of non-current assets, the degree of their wear and useful life. In this case, it is necessary to take into account the rapid pace of increasing requirements for productive characteristics of industrial objects.

In such circumstances, accounting should fulfill not only the information function, but also the corresponding capitalization of the value of assets through the implementation of appropriate depreciation policy. Since accounting is based on a set of normative acts and procedures, it is first and foremost the state to assume a regulatory and stimulating function in the matter of the formation of depreciation policy. During the independence period, the Concept for the formation of depreciation policy of the state was approved, which was intended to restore the main function of depreciation - the accumulation of reserves for the renewal of non-current assets. However, it is not backed by changes to accounting regulations. It did not have the expected positive effect.

Without diminishing the importance of the research conducted, we note that the presence of unresolved issues, the controversy of many theoretical positions, as well as their important application implies the need for further improvement of the methodology and practices of the formation of depreciation policy

Part 1. Influence of the Account on the Process of Timely Updating of Non-current Assets

The processes of dynamic development of Ukraine require enterprises to regulate and adapt to market conditions. Currently, the various state laws and standards and operate two systems governed and analytical accounting, which are significantly different views, functions, methods of depreciation of fixed assets, their economic content.

Preparation of complete, accurate and impartial accounting information affects the financial statements and accountant requires understanding the economic content categories “fixed assets”, “wear”, “depreciation” mechanism of reproduction of fixed assets and the ability to evaluate methods are combined with the key indicators economic activity of the enterprise.

Investment and innovation development of enterprises is a prerequisite for increasing the efficiency of their work and the economic well-being of any country. This requires state support for the timely restoration of worn out and outdated fixed assets at enterprises.

The system for regulating the reproduction of fixed assets and intangible assets should be aimed at intensifying the investment and innovation activity of enterprises. The leading role in this system is played by the depreciation mechanism, which requires periodic improvement and adaptation to changing economic conditions of management (Borysenko M. A, 2004).

Amortization policy is an integral part of the investment policy, which is the state's actions in regulating the transfer of the cost of labor to the product being created and subsequently to restore. Elements amortization is depreciation policy, depreciation rates, assessment and reassessment of capital, depreciation methods, and the use of the depreciation fund.

Depreciation deduction is a monetary form of the value of consumed during the year of fixed capital. They are included in production costs. After sales revenue of equal depreciation must accumulate money in a reserve balance of enterprises, creating a sinking fund.

It shall be a fund of funds formed due to depreciation and is for full restoration (renovation) fixed capital naturally compensation form consumption of fixed capital, which is performed through replacement of worn equipment with new. Depreciation accumulated over a relatively long (depending on the group of fixed assets) time and is temporarily available, but "... never serve as a real reserve. They are in constant motion and can serve to expand an enterprise or improve machines to improve their efficiency " (Marks K. Enhel's F. 1963).

Thus, depreciation deductions can be used to purchase additional means of labor, which provides an expanded reproduction of fixed assets and on the gross domestic product basis. Under these conditions, depreciation is gradually becoming one of the main factors in ensuring sustainable long-term economic growth.

In the dynamics of gross accumulation and consumption of fixed capital and related economic processes, there is a paradox. The amount of depreciation deductions from year to year increases, but a clear decrease in the increase in the degree of wear of non-current assets.

With the data of statistical observations, an increase in the value of fixed assets by years and an increase for investment is observed. Moreover, this trend does not depend on the financial result, which is loss making on average over the country in the last three years. However, according to statistical observation, the share of unprofitable enterprises reaches about 23%, but they have a rather

high level of profitableness.

The fate of the depreciation expense increased over the years, which may be due to a general increase in the degree of depreciation or disposal of old assets and replacing them with new, higher value and therefore higher depreciation.

It is proved that the share of fully amortized fixed assets in the last two years has significantly decreased, which confirms the replacement of the exits of fixed assets to new ones. However, the sources of such replacement require further research, since in recent years there has been an increase in the average loss of enterprises in the country.

Objective integrated processes of physical and moral deprivation determine the existence of two directions in the investment process: the renewal of the existing fleet of machinery and equipment and the introduction of innovative technologies. The defining feature of an effective depreciation policy is this dynamic flow and accumulation of depreciation resource that will form the amounts that are sufficient to complete the simple reproduction of capital items and for the creation of a "core seed capital" to ensure the modernization of production. Such coordination of the structuring and detailing of cash flows should be defined as a reproductive equilibrium of fixed capital.

According to the table it can be argued that the predominance of the share of own resources of enterprises and organizations in the structure of sources of investment financing. This confirms the hypothesis that the mechanism of accumulation of funds for the renewal of assets almost completely depends on the organization of accounting and accounting policies of the enterprise.

The low indicator of the proportion of depreciation deductions confirms the need to work out the normative and organizational part of the depreciation policy in order to perform amortization deductions of its function - sources of investment financing.

The absolute amount of depreciation charges in the last three years is almost unchanged, and the amount of capital investment at its own expense increases and, accordingly, the share of depreciation deductions decreases.

The study of the dynamics of the specific gravity of depreciation across the country confirms the tendency to attract mainly own funds to finance investment activities of enterprises. This is due to the difficult availability and cost of credit resources and low awareness of the various programs of support and development of individual

sectors of the economy and the directions of production.

Thus, amortization policy of the enterprise should be part of the overall strategic management, including accounting method adopted in depreciation in coordination with the procedure of taxation that allows the planning period to ensure the balance of reproductive capital.

In accounting practice there is an operative redistribution of fixed part of own resources for the simultaneous solution of related tasks - accumulation of reinvestment funds and optimization of taxation in the long-term perspective.

In the conditions of rising cost of fixed capital and a shortage of financial resources, the need to attract own reserves remains, first of all, through the optimization of depreciation policy, for which the following priorities are defined:

a) Substantiation of the useful life of fixed assets in coordination with the actual operating conditions and the limit of moral depreciation;

b) Realization of the long-term forecast of the total size of the depreciation resource of the fixed assets involved in this period;

c) Maximum use of legitimate privileges in the form of accelerated depreciation.

However, neither methods of depreciation nor other specified criteria are able to determine the fair amount of depreciation excluding the fair value of the asset. As Lokhanova N.O. notes, the process of revaluation of property occurs very slowly and irregularly. The author believes that the main reason for this is the formal attitude to the preparation of financial statements, and, accordingly, the lack of vision of the prospects for the use of information provided. The management system receives the necessary information for various purposes from a single information base. On this basis, the determination of the real financial status of the entity and the assessment of the effectiveness of investments, and the choice of appropriate uses of property can be carried (Lokhanova N., 2016).

Some scholars see depreciation, like the big predecessors, as a source of investment in the renovation of non-current assets:

1) Removal of depreciation from the cost of production and its inclusion in the sale price

2) The refusal of the linear method of its accrual, as the only correct. According to the authors, the first approach will ensure the availability of cash for depreciation, and the second

will increase the fund renovations itself.

Thus, now depreciation is a part of the cost price. It is charged on the loan special account with the correspondence, accounts production (of depreciation, which falls on progress), finished products (produced but not sold) and implementation. This account data is displayed like both shipped (sold) and paid products. Only in the last combination is possible the receipt of funds as depreciation, but this is not obvious.

In this case, the funds received are accumulated in the current account and are used in the current turnover of the firm, so some German accountants treat them as a loan and offer interest on them.

But, the most important thing is that in a market economy, the price of sales can give a very small profit, and maybe not have it at all. Consequently, even in the case of finished products, in many cases, depreciation is even partially covered, the more important it is for cases of realization of barter values, and not for money.

Moreover, the accrued share in the value of not realized at the expense of depreciation in the unfinished production, the finished products are not realized and shipped, but not paid products can be different, and the speed of liquidity, that is, the transformation into money, they are different.

Now it is understood that the amount of accrued depreciation is always much larger than its share in the cash equivalent in the company's proceeds.

Sometimes the supporters of the Renovation Fund understand this circumstance and therefore offer to refuse to capitalize part of the depreciation (work in progress and finished products) and to write off all depreciation in the debit account "income from sales". But, firstly, this is a return in the XIX century, when the funds came exactly so, and secondly, the real money on the current account will no longer be; and third, it will reduce the financial result of the current reporting period.

With regard to the second proposal, then it must be noted that the biggest mistake of many economists is that they believe that the methods of calculating depreciation may be more or less funds at the disposal of owners of business entities. In fact, of course, the same depreciation can be considered differently, but the money will not become more or less.

In fact, if there are any money relating to depreciation in the proceeds, then this part is still really mixed with the entire money

supply that goes to the settlement account, and of course, that these amounts are disposed of by the owner as living cash at their expense he pays salaries and taxes, pays for goods, etc. That is, the real owner does not allocate renovation and does not associate it with depreciation, because he buys new equipment not at the expense of depreciation, but at the expense of either cash or a loan received.

It can be said that those who consider the depreciation part of the profit and therefore thinks that the asset opposes the money is not very wrong.

There are grounds for this, but, first, they are always less than accruals depreciation, and secondly, changing the methods of accrual depreciation, resorting to its idealization, it is impossible to increase real cash income.

Based on the goals of optimizing depreciation policy and the changes that are currently available in the state regulatory policy, the following principles of effective depreciation policy of the enterprise are defined:

- Reproductive balance;
- Continuity of the reinvestment process;
- Optimization of tax burden;
- Maximizing the net total cash flow.

The implementation of such principles can be achieved through centralized revaluation of fixed assets with the simultaneous elimination of tax revaluation of property. Providing enterprises with independence in terms of forming a depreciation policy by removing the restrictions on useful lives and methods of accrual of depreciation groups of fixed assets, changing scientific approaches to information provision of scientific- technical progress. This allowed proposing accounting mechanisms for stimulating renewal through the proper formation and use of depreciation deductions for the most important assets of an innovative nature. Adjusting the paradigm of reporting depending on the models of management of the implementation of amortization policy in order to create an effective accounting and analytical mechanism for the chosen strategy of economic, innovative and technical development the economy.

Part 2. Investigation of the Influence of the Method of Formation of a Depreciation Fund on the Indicators of the Efficiency of Enterprises

The financial result and depreciation policy are closely interrelated.

The availability of alternative depreciation methods authorized by the state gives the company the right to choose. The decisions made on available alternatives are fixed in the depreciation policy of the enterprise. However, the change in the methodological approach to accrual of depreciation in the modern economy did not lead to an increase in depreciation, as a source of enterprise investment and increased motivation for the renewal of fixed assets.

Today, the methodology for depreciation is based on the use of standards of accounting standards with adjustments to the requirements of the Tax Code of Ukraine. However, the application of different methods of forming a depreciation fund will reveal the most effective in different economic conditions components of the formation of depreciation policy.

In the context of economic reforms, issues related to changes in the accounting and analysis of economic activity, were the subject of a deep economic study. Particular attention in this aspect is attracted by the study of the state and efficiency of the use of fixed assets. This is conditioned by the fact that fixed assets are a necessary factor for any production, and the effectiveness of their use directly proportional to the results of the economic activity of enterprises and creates an opportunity to increase the volume of production without additional capital investments. In this regard, the problem of choosing the optimal method for determining depreciation charges to date is relevant.

Currently, Ukraine does not have a single approach to the formation of a depreciation policy that would stimulate the use of one of the largest investment resources, the capital of enterprises. This necessitates the creation of a system of depreciation, which, in the framework of the national regulation, would enable each enterprise to choose the most favorable regimes for the restoration of fixed assets.

Amortization deductions, representing cash, are intended to indemnify the depreciation of fixed assets necessary for the company to avoid losses and maintain profitability (Chumachenko N., 2014).

Depreciation deductions for full restoration of capital are deducted from the income derived from the sale of products created by capital funds. Moreover, in fact, depreciation deductions are included in the value of these capital products produced and represent the transfer of the cost of gradually depreciated fixed assets to the cost of production.

Thus, depreciation is a process of capital reproduction. The faster it is played, the more effective the organization's business, which confirms the importance of studying this component of finance. In addition, depreciation deductions are their own financial resources of the company, which have great advantages over profit, as they are not taxed.

Most tangible and intangible non-current assets come to the enterprise because of capital investment.

Capital investment - a set of costs for the acquisition or creation of tangible and intangible non-current assets. By economic content, they represent the main source of simple and expanded reproduction (Chumachenko N., 2014).

Capital investment is classified according to the following features: by structure (capital construction, acquisition of fixed assets, acquisition of other non-negotiable tangible assets, and formation of the main herd); purpose (capital investments, which are carried out for the production and non-productive sphere of activity); degree of readiness (finished objects, incomplete production); way of organization (economic, contract, mixed) (Sl-ozko T., 2008).

To ensure the formation of depreciation policy on the basis of accounting data, it is first necessary to analyze information on the availability of non-current assets (they are concentrated in the investigated enterprises mainly in the category of "fixed assets") and compare their accounting value with the amounts of accrued depreciation.

The main accounting and information load in the part of the formation of amortization policy of the company is based on Form 11-OZ of statistical reporting. The main disadvantage of this document is the frequency (annual) and the unavailability of its submission.

In studying this issue, a request was made to the regional statistical office and a response was received on the absence of the necessary data array to determine the general trends in the oblast. In the following subdivisions, the indicators of the State Statistics Service were used to analyze general trends, but they do not provide general data for calculating the indicators of the efficiency of using non-current assets of enterprises in Ukraine as a whole.

The economic mechanism of countries with a developed market system provides the opportunity to use a wide range of methods of depreciation of non-current assets - fixed assets and intangible property values.

Note that there are certain features in Ukraine in accounting for depreciation. In the accounting, developed quite clear criteria for

determining objects subject to depreciation. These are assets that have an expected useful life of more than one year (or an operating cycle if it is longer than one year). Such objects are subject to depreciation (Sl-ozko T., 2008).

Among objects subject to depreciation, the criterion of cost allocate fixed assets and low value non-negotiable tangible assets. The latter are amortized by simplified order.

The cost criterion for an accounting company establishes itself in the order of accounting policy. According to the Tax Code of Ukraine, fixed assets include objects worth over UAH 6000 (if the company is a VAT payer, this amount is taken into account without VAT, which is 7200 UAH with VAT). Therefore, most companies chose precisely this criterion for the delimitation of low-value non-current tangible assets and fixed assets - in order to minimize tax differences (Pushkar M. S., 2010).

An enterprise can choose a larger criterion - then everything will depend on depreciation methods of low-value non-negotiable tangible assets. If the traditional 50% / 50% or 100% transfer method is used for commissioning, then the enterprise (if it is required to adjust the financial result for tax purposes) will have a tax difference (deferred tax asset, and for the method 50% / 50 % - initially deferred tax asset, and therefore deferred tax liability).

An entity may review the methods of depreciation if a change in the expected method of obtaining economic benefits from the use of an item is detected (paragraph 28 P (C) BO 7, paragraph 31 P (C) BO 8) [9]. Depreciation on a new method begins with the month following the month of the decision to change the depreciation method, as indicated in the regulatory act.

Methods of depreciation of fixed assets in accounting are provided in paragraph 26 P (C) BO 7 - the same methods apply to depreciation of low-value non-current tangible assets (item 27 P (C) BO 8). The enterprise independently chooses the method of depreciation taking into account the expected method of obtaining economic benefits from the use of the relevant object (fixed assets or low value non-negotiable tangible assets) (Pushkar M. S., 2010).

The depreciation method is not a constant component of the accounting policy. These methods of depreciation of fixed assets can, but not necessarily. Specify it in the Accounting Policies. Depreciation methods are determined separately for each object of fixed assets when put into operation.

Typically, in practice, enterprises use a straightforward method for fixed assets and intangible assets (other methods are used extremely rarely).

For low value non-negotiable tangible assets, either the method is 50% / 50%, or the method is 100%. The latter is now more appropriate because of some inconsistencies regarding the concept of low-value non-negotiable tangible assets and fixed assets in tax legislation.

Recalculation of depreciation for previous periods does not occur, since the changes relate only to current and future periods (paragraph 38 of IAS 81) (Pushkar M. S., 2010).

The useful life of an object is determined by the enterprise independently when the object is put into operation (for low value non-current tangible assets - when accounted for on the balance sheet), in the regulatory act upon enrollment on the balance sheet. The term of use is suspended for the period of reconstruction, modernization, completion, pre-provisioning and preservation of such an asset (Chornyavs-ka T. M., 2016).

Different items of fixed assets will have different useful lives depending on the intensity. For those taxpayers who determine tax differences, in practice, the rules of the Tax Code of Ukraine influence the choice of the expected timeframe. According to pp. 138.3.3 of the Code, minimum tax rates for calculating tax depreciation are established in tax accounting (Chornyavs-ka T. M., 2016).

In the tax, accounting the enterprise uses longer terms: either according to the accounting of the enterprise, or specified by this subtend of the Tax Code of Ukraine (depending on groups). Therefore, if the term of use of fixed assets in the accounting enterprise is determined by the company shorter than that defined in the Tax Code of Ukraine, it will have a temporary tax difference (deferred tax asset). In the future, when the depreciation of an object is completed in accounting, it will continue to be depreciated in the tax accounting, reducing the tax on profit. Pn 138.3.4 of the Tax Code of Ukraine established the terms for tax depreciation for low-value non-negotiable material their assets (Pomyluyko Y. I., 2011). Enterprises that are required to adjust the financial result for the purpose of taxation of income tax are trying to establish in their accounting methods depreciation, not less than those specified in the Tax Code of Ukraine, in order not to have tax differences. Depreciation is based on the expected useful life. In practice, it is detected for a particular object either larger or smaller (in the event that the object fails before the end of the term). Only enterprises that carry out activities related

to high-risk sources, for which there are mandatory rules regarding the term of operation of certain objects - almost know exactly the real time. In calculating annual depreciation, it is necessary to pay attention, in particular, to such aspect as the future completion of the expected useful life. Reviewing the term does not entail a retrospective recalculation, that is, adjusting (rectifying) the previously charged amount of depreciation does not arise, since such a review concerns current and future periods (paragraph 38 of IAS 8).

In this case, if the expected term expired, and the object continues to be exploited, this does not justify its cancellation. If an object has a zero residual value, an entity may estimate it in accordance with the established procedure with the involvement of the appraiser or simply stop the depreciation.

To account for the depreciation charge, the synthetic accounting account 13 "Depreciation (depreciation) of non-current assets" is assigned. Depreciation is charged on the loan of this account. This account, in accordance with the Instruction No. 291, provides for the depreciation of all types of non-current assets - fixed assets (sub-131) and other non-negotiable tangible assets (including low-value non-negotiable tangible assets) (sub-account 132), and also non-current tangible assets (sub-account 133).

Accrued depreciation is included in the expense in the period of its accrual due to the debit of the correspondent account from the account of the account 13. Moreover, it can be as productive (accounts 23, 91), and non-productive (accounts 92 - 97) expenses. Depreciation of equipment used in the production process is included in direct or total production costs.

There are cases when depreciation is not included in expenses, but subject to capitalization. This is when the equipment is used in the creation of fixed assets. For example, cases when a part of the finished product is transferred to fixed assets or used for repair or construction.

As part of the production cost of such objects, there is necessarily a part of the accrued depreciation (preliminary holding on the amount of depreciation - Dt 23.91 K-t 13, then by the total production cost - Dt 26 Kt-93, the next holding - D t 15 Kt 26). The amount of depreciation, thus, will not be included in the cost of accounting. If the equipment is used only for the construction (creation) of fixed assets, then its depreciation is directly capitalized at the cost of the relevant facilities (Dt 15 Kt 13).

If the equipment is used in the production of one type of product,

then its value should be included in the cost of this particular type of product (account 23).

If the equipment is used in the production of several types of products, this is usually the total production costs (account 91).

If the amount of depreciation is not relevant (its size does not significantly affect the decision making), to simplify accounting, the enterprise can determine all depreciation of production equipment as generic production costs, with the subsequent distribution of these costs by the selected distribution bases. According to clauses 11 and 16 of P (C) BO 16, the list and composition of the articles for calculating the production cost of products (works, services), the list and composition of the variables and the fixed general production costs is established by the enterprise.

In accordance with clause 21 P (C) BO 15 "Revenue", if the asset received free of charge provides for the receipt of economic benefits over several reporting periods, the income is recognized on a systematic basis (for example, in the amount of accrued depreciation) during the reporting periods when the corresponding economic benefits (Pomyluyko Y. I., 2011).

Thus, such an asset is credited to non-current assets (usually a fixed asset, account 10) and is recognized in equity (sub-account loan 424 "Non-repayable non-current assets" in the account of synthetic accounting 42 "Additional capital"). In the future, in the process of depreciation income is recognized (Dt 424 K-t 745) in proportion to the accrued depreciation. Recognition of income continues until the full recognition of the value of each object received free of charge in income. In essence, such income recognition completely or partially offset the effect of accrued depreciation of gratis received objects on the financial result of the enterprise.

If the object of fixed assets received free of charge has a zero liquidation value, then the amount of income is equal to the accrued depreciation. If the liquidation value is not zero, then the income will include a larger amount than the amount of accrued depreciation.

Almost the same accounts transactions with objects purchased at the expense of targeted financing, including those purchased by recipients of budget funds at the expense of these funds.

According to item 18 P (C) BO 15, the targeted financing of capital investments is recognized as income during the period of useful use of investment objects (fixed assets, intangible assets, etc.) in proportion to the amount of accrued depreciation of these objects (Suk P., 2005).

Therefore, when developing funds for targeted financing, the enterprise recognizes the income of future periods (Dt 48 Kb-69). Subsequently, in the course of depreciation, it recognizes the income of the DT 69 K-t 745. The amount of the amount to be included in the income is determined in the same way as the above approach: in proportion to the accrued depreciation.

The amount of targeted financing is monitored to ensure that the revenue recognition does not exceed the amount of targeted financing of a particular object.

The enterprise, as a rule, acquires ownership rights to the property entered into the authorized capital. This is stipulated by the legislation that regulates the principles of organization of enterprises of the corresponding type (for example, Article 12 of the Law of Ukraine # 1576-XII of 09.09.91 "On Business Associations") and / or its statute. For state and communal enterprises, institutions, organizations there is the right of economic management or the right of operational management, which in the matters dealt with in this article is almost identical to the right of ownership (Articles 73, 76, 78 of the Civil Code of Ukraine) (Suk P., 2005).

If the introduction of the property into the authorized capital is provided by the constituent documents, the enterprise shall reflect the value of the acquired property at the time of its introduction as a contribution to the authorized capital.

Undertakings depreciate the corresponding objects received as a contribution to the authorized capital; on a general basis, (the amount of depreciation is included in expenses). In the event that the objects reach zero residual value or their residual value significantly decreases, this does not affect the size of the authorized capital (Tkachenko N., 2012).

The size of the authorized capital is also not affected by cases of sale, write-off, and retirement of the relevant objects. The enterprise disposes of such objects in the order determined by the legislation and the constituent documents.

Only in the case of reduction of the authorized capital due to the seizure of a specific property (if it is expressly mentioned in the decision of the competent authority - the higher-level organization, general meeting of participants, court), the enterprise will reflect the reduction of the authorized capital.

Let's pay attention to the fact that in the case when the company conducts an additional valuation of fixed assets and the amount of

depreciation increases (premature depreciation), the holding of a loan is carried out. 13, but the costs are not increased. At the same time debit accounts 10, 11, 12 and / or sub-account 425.

The sum of the depreciation premiums does not have to be reflected in the expenses (in the statement of financial results) at all. In the notes to the annual financial statements, the pre-ratings are reflected in separate graphs. Tax Code of Ukraine in Art. 138 provides for adjusting the financial result for tax purposes to the amount of depreciation: adding to the financial result of accounting depreciation and subtracting tax depreciation (Savchenko A. H., 2017).

As a rule, enterprises that have chosen a useful life at the level not less than the ones specified in this article of the Tax Code of Ukraine do not have temporary depreciation differences for objects put into operation after January 1, 2015. Continuous differences arise in relation to depreciation of non-productive assets Objects

The issue of depreciation of non-produced fixed assets applies only to enterprises that adjust the financial result for the purpose of taxation of income tax. Such enterprises will add to the financial result the amount of accrued depreciation, but in the tax accounting, non-productive assets are not depreciated, and therefore, to reduce the financial result to the amount of tax depreciation of these objects will not be necessary. Adjustment for the amount of depreciation takes place in the depreciation period. Article 138 of the Tax Code of Ukraine also provides for adjustments in the event of the disposal of fixed assets for value. This is a separate correction. Therefore, when the objects of fixed assets are disposed of, it is this, and not a new adjustment to the amount of depreciation (Savchenko A. H., 2017).

Non-adjusting companies include depreciation of non-produced fixed assets for general expenses. In the case of enterprises choosing in the accounting of shorter methods of accrual depreciation than those specified in Art. 138 of the Tax Code of Ukraine, they may well legally calculate the tax on income, taking into account included in the cost of their depreciation.

For such enterprises, the criterion for distinguishing fixed assets and low value non-negotiable tangible assets is also irrelevant. Even if the company has chosen a criterion of more than UAH 6000, it may apply depreciation methods of the relevant facilities as low-value non-negotiable tangible assets. The mechanism for reviewing the expenses and the object of taxation of income tax for such cases does not contain tax legislation.

In our country, the variability of the use of different methods of depreciation of non-current assets is limited by the applicable accounting standards. The gradual transition of Ukraine to a market economy will allow in the future to widely applying the entire arsenal of depreciation methods developed by foreign business practices and reflected in International Accounting Standards (Savchenko A. H., 2017).

From these positions, we consider it expedient, along with the methods of depreciation of non-current assets used in our country, to consider and the most common methods used in foreign business practices.

Conclusions Based on the goals of optimizing depreciation policy and the changes that are currently available in the state regulatory policy, the following principles of effective depreciation policy of the enterprise are defined:

- Reproductive balance;
- Continuity of the reinvestment process;
- Optimizing the tax burden;
- Maximizing the net total cash flow.

The implementation of such principles can be achieved through centralized revaluation of fixed assets. The simultaneous elimination of tax revaluation of property, providing enterprises with independence in terms of forming a depreciation policy by removing the restrictions on useful lives and methods of accrual of depreciation for certain groups of fixed assets, changing scientific approaches to information provision of scientific- technical progress. This allowed proposing accounting mechanisms for stimulating renewal through the proper formation and use of depreciation deductions for the most important assets of an innovative nature. Adjusting the paradigm of reporting depending on the models of management of the implementation of amortization policy in order to create an effective accounting and analytical mechanism for the chosen strategy of economic, innovative and technical development the economy. The main indicators of the effectiveness of the amortization policy of the enterprise, which take into account all the effects of macro-and micro environment, should be attributed:

- ❖ The excess in the dynamics of the annual amount of amortization deductions and the value of the introduced fixed assets over the value of decommissioned fixed assets, indicating the company's ability to finance the depreciation expense of the cost of reproduction of fixed assets;

- ❖ Provided the growth rate of labor resources is a reduction in the average age of fixed assets, the proportion of depreciation in the cost of production is increasing, but due to the growth of production increases the return on capital and the release of funds that exceed the loss of profits, caused by an increase in depreciation property.
- ❖ The size of the book value of assets and the amount of depreciation deductions at the enterprise ensure implementation of the effect of the "tax shield" of depreciation.

Recent attempts to reform the amortization system have not yielded a significant economic effect. In a deficit of sources of financing of investments, high cost of borrowed funds, bank loans, depreciation policy did not become a lever to intensify the investment activity of enterprises. Today, depreciation policy is part of accounting policy and is of a nomenclature nature. The enterprises do not develop long-term plans for the reconstruction of production facilities or the modernization of the enterprise with the harmonization of credentials and prospects for the formation of financial resources. According to statistical observations, the state is not in a position to control the real size of the depreciation fund of enterprises and the directions of its use, since the vast majority of forms of statistical observations do not allow conducting cross-checks. There are no tangible penalties for not submitting them

It is determined that replacement cost is the only important term in determining the amount of depreciation. The presented economic indicators used to reflect depreciation costs provided only that all fixed assets and equipment were depreciated evenly over their fifteen years of operation. However, this approach only compensates historic costs incurred in acquiring such assets and does not take into account the cost of such equipment that is to be purchased to replace existing fixed assets after they are written off.

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2.

Systematization of the Factors of Development of Entrepreneurial Activity

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Nataliia M. Shmatko**

Introduction

Entrepreneurship is a form of manifestation of socio-economic activity of a personality, caused by a search for ways of either a solution of pressing issues or achievement of individual values. The general entrepreneurial activity (hereinafter referred to as GEA) demonstrates a specific weight of a part of the working-age population that actively tries to start own business, including self-employment and establishing a business [9]. An empirical study of the Global Entrepreneurship Monitor (GEM) [8] showed, based on the GEA index analysis in twenty seven countries, that small entrepreneurship exerts a direct influence on the growth of GDP. David Deakins and Mark

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Freel [6] assumed, using statistical data of Great Britain for the period from 1980 until 2002, that there also could be an inverse dependence: economic growth precedes an increase of business activity in small entrepreneurship. It is explained by the fact that the volume of money in circulation grows as the economy grows. It facilitates emergence of new opportunities for entrepreneurs. The data of the VAT payment of registered small enterprises, rather than GEA, were used in the study of D. Deakins and M. Freel.

Variety of parameters of empirical data, conclusions and assumptions underlines significance of theoretical systematization of the factors of development of entrepreneurial activity.

Conceptual Schemes of Interaction of the Factors of Formation of Entrepreneurial Activity

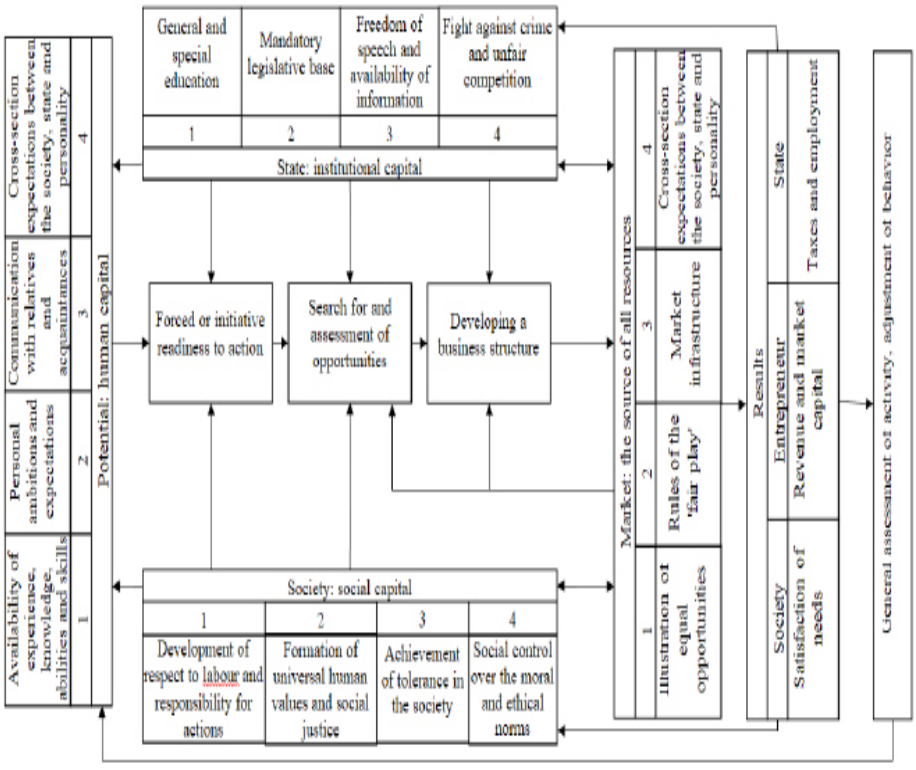
Entrepreneurial activity is a consequence of interaction and complementarity of internal and external stimuli of influencing the personality. The role of the main internal factor is the quality of the human capital, especially such its characteristics as the general level of education, aptitude for analysis, creativity, concentration on achieving a result and confidence in own powers. Naturally, the human capital doesn't spring out from nowhere but reflects specific features of family education, national traditions, the general level of education in a country, attitude of the society to labour in general, wealth and poverty, etc. (see Figure 1).

A set of personified expectations emerges in the result of a combination of various factors. First of all, these are personality expectations as a subjective assessment of the current situation, prospects of its development and probabilities of achieving a success. There is also a net of cross-section expectations of an entrepreneur with respect to the society, state and market, as well as expectations of all subjects of activity towards each other and entrepreneur, in particular. Dynamic balance of internal and external expectations allows formation of an intention to become more active in a part of the population.

Formation of expectations is, in its basis, a process of reflexive generalization of factors of the social realm. The expectations themselves are rather abstract and require formalization when being tied to a specific situation, which takes place at the stages of establishment of intentions, search for and assessment of opportunities. The programme of further beheviour starts to develop and the conceptual model of achieving a result is formed here. A cognitive process of development of a project of novelty, which

not necessarily has been or would be new for other people, for an individual personality takes place here.

The way of carrying out the activity, rather than its subject, becomes the basic issue at the stages of development of the business structure and entering the markets of suppliers and consumers. It is necessary to select such a business model, which would allow fitting into the existing structure of economic, social and information links and become such an element of the general system, which would supplement and enhance this system. Besides, a mutual adaptation of the entrepreneur and the existing economic system could be required at the initial stage. A number of consumers and suppliers should change parameters of their activity, incorporating requirements and possibilities of the new entrepreneurial structure. If the new business possesses a radical innovation potential, it may lead to the processes of diffusion, which may result in a change of the whole structure of economic and social relations. This happens at the modern stage after emergence and distribution of information and communication digital technologies.



Legend: 1 – information-explanatory function of business entities; 2 – standard-setting function of business entities; 3 – communicative function of business entities; 4 – correcting function of business entities.

Fig. 1. A generalized scheme of the conditions of interaction of business entities (developed by the authors)

Interest in entrepreneurship arises in a specific cultural environment and is motivated or restricted by social needs and also by the level of development of a social and financial infrastructure. Interaction of one and the same set of interacting factors and subjects forms, on the one hand, the supply - a number of persons who potentially want to conduct entrepreneurial activity, and, on the other hand, the demand - a number and quality of opportunities for participation in entrepreneurship (see Figure 2).

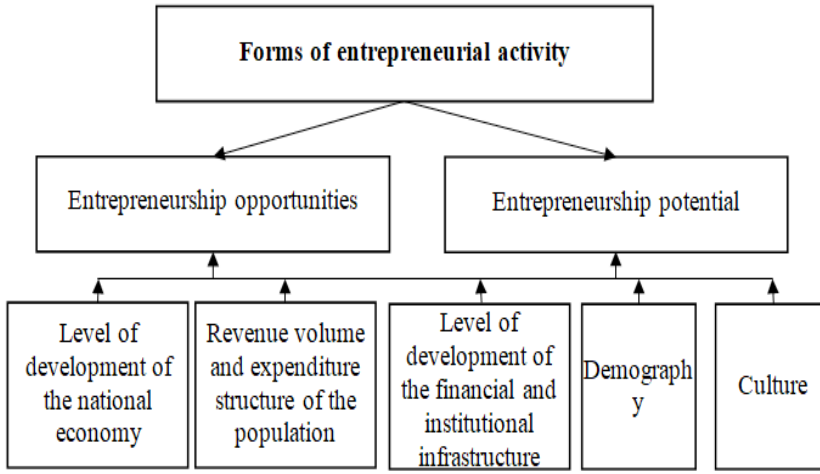


Fig. 2. A conceptual scheme of formation of the demand/supply on/for entrepreneurial activity (based on the GEM methods [15], amended and revised).

Let's consider the basic characteristics of the model elements, presented in Figure 2, in more detail.

The Level of Development of the National Economy

The topology, which is accepted in the Global Competitiveness Reports [9] is used in the GEM methodology for a quality description of the current economic state of different countries. According to it, the countries are divided into the countries with the factor-driven economies; countries with the efficiency-driven economies; and countries with the innovation-driven economies. In particular, the factor-driven economies are Vietnam, India, Nigeria, Kazakhstan, Ukraine and Republic of the Congo. Efficiency-driven economies are China, Russia and Latvia, while innovation-driven ones are

Australia, United Arab Emirates, France, Germany, Greece, Sweden, Ireland, Great Britain and the United States.

It is believed that the main thing for the factor-driven economies is creation of the basic economic conditions - institutions, infrastructure, macroeconomic stability, healthcare and primary education. The following development impulses should be given to the efficiency-driven economies: higher education and professional training, efficiency of the commodity market, efficiency of the labour market, development of the financial market, technology level and the market size. The developed economies maintain the innovation orientation due to the use of venture financing, state support programmes, education for entrepreneurs, scientific and technical developments and financial and institutional infrastructure for entrepreneurship. Such conclusions were made only on the basis of the respective GDP per capita level and they do not take into account many other factors. In particular, it is a complementarity of the processes of innovation development of small and big enterprises.

Empirical studies of D. Audretsch and R. Thurik [5] detected availability of the U-shaped dependence between GDP per capita and GEA. The U-shaped dependence has a high GEA with a relatively low GDP per capita from the side of the central point of coordinates. It has to do with such countries as Argentina, Venezuela, Chile and Uganda. First, GEA starts to reduce with the further growth of GDP per capita (France, Italy and Japan) and then starts to grow again (US, Canada and Australia). D. Audretsch and R. Thurik believe that entrepreneurial activity promotes economic growth anyway. However, in happens due to reduction of the unemployment level in the first case and due to disaggregation of big firms in the second case.

The authors of this study believe that the provided statistical data could also be explained by availability of the dynamic complementarity of big and small forms of entrepreneurship in the economic growth processes. The complementarity itself is a result of quantitative and qualitative differences between the influence of innovative and institutional factors of economic development on big and small forms of entrepreneurship [7]. Complementarity of big and small forms of entrepreneurship emerges from the correlation of advantages of big firms in the resource provision, while small enterprises - in the organizational and behavioural flexibility and speed of reacting to opportunities [15]. This correlation manifests itself, among other things, in such specific features as the height of the hierarchic structure, level of the entrepreneur's risk, degree of

specialization and unification of activity, etc.

The first person, whether it is the president of a big corporation or the owner of a small enterprise, makes important decisions in any entrepreneurial structure. However, the generalized information about innovations is submitted to the president of a corporation through a long hierarchic chain. He looks at a situation 'from above'. The entrepreneur often collects information about the customers' requirements to the products by himself and personally discusses the proposed innovations with product engineers. The entrepreneur observes a situation from inside with all its nuances. As a result, the president of a big corporation and entrepreneur solve different tasks. The president of a big corporation faces the task of selection of a strategically better variant out of a limited number of variants, submitted by someone. The entrepreneur faces the so-called open task of the problem solution, in which he needs to understand the situation first, develop variants of its solution and then to express them in clear terms and formulate. Both tasks require personal intellectual and volitional efforts for reducing the level of uncertainty of the situation. At the same time, if the entrepreneur may allow himself criteria and assessments for personal self-development, the president of a big corporation can make only pragmatic assessments. The common feature is that they both consider risks and take personal responsibility for the result.

Resource and behavioural differences between the big and small forms of entrepreneurship allow, apart from everything else, smooth filling in the full spectrum of the innovation development components, which were specified by J. Schumpeter [16]: new technologies, commodities, markets, forms and methods of organization and also the study of new raw material sources. It should also be noted that well-established industries need more resources for emergence of new technologies and commodities while new markets and forms of organization need more flexibility.

The network model of integration of small and big enterprises into the innovation process is capable of increasing their efficiency, provided that a rational compromise is found between reduction of total expenditures on development and commercialization of innovations with the increase of transaction expenditures on the network formation. The composition and volumes of both transformation and transaction expenditures for every participant of the innovation process depend on their significance in this process.

There are two basic models of innovation process - pushing

and pulling. In the first case, an innovation starts as the result of scientific and research work. Usually, this is how radical innovations emerge, which require additional applied studies for development of a prototype model and, perhaps, new production technology. This requires significant financial spending and organizational capital, which is not inherent in small forms of entrepreneurship, since they assume a rather narrow specialization.

Specialization, on the other hand, allows increasing efficiency of activity by means of focusing on its main competence and also increases transaction expenditures for the search of mutually supplementing competences of the innovation network partners. Especially, since it is more difficult for small enterprises to protect themselves from the opportunistic behaviour of partners and their use of somebody else's intellectual property. The opinion polls, carried out by the authors, testify to the fact that, when creating a network, entrepreneurs prefer a cautious approach, which is based on a gradual accumulation of positive results of joint activity. Confidence between the partners is a social capital, which reduces transaction expenditures but slows down the innovation growth.

On the other hand, specialization allows better understanding of requirements of the consumption niche. This usually launches modification and incremental innovations by means of the design modification of the prototype. The most important things here are operating efficiency and knowledge of specific marketing features for a narrow and local market niche. Namely, these are advantages of small forms of entrepreneurship.

Complementarity of big and small forms of entrepreneurship manifests itself in the search for the development trajectory. It is necessary to understand at the life cycle stages of entrepreneurship what the desired growth is and how to achieve it. The general scientific dialectic law shows that development is a transition from quantity to quality. However, the understanding of the transition from what 'quantity' and in what 'quality' is identified differently for every phenomenon, system and process. The growth of trust and mutual assistance between internal and external stakeholders of a small business (that is growth of its social capital) may well establish a new standard of the life quality for a specific business system, which would satisfy everybody (that is efficient by Pareto). Empirical studies [18] confirmed that the biggest negative effect from the small business growth, which the owners and staff wish to avoid, is contained in the loss of friendly relations between people.

Moreover, small enterprises have certain competitive advantages, in particular, the speed of decision-making, its flexibility and speed of execution. Such advantages are lost with the growth of business, while emergence of new ones is not guaranteed [4]. Consequently, development is connected here with the increase of the organizational capital and improvement of the quality of performed works. This corresponds with the network trajectories of growth: holdings, franchising and outsourcing.

The Population Income Structure

Knowledge of the population income sources and volumes, and also the structure of expenditures, allows understanding of the main cause of entrepreneurial activity: satisfy the main necessities of life or the entrepreneur has a possibility to start a business, which corresponds with his interests and values. In particular, it could be ecology, inclusive education or social adaptation of people with special needs. Moreover, a low level of the population income creates conditions for:

- The growth of a number of subjects of micro entrepreneurship and entrepreneurs who are connected with self-employment, however, in this case, some entrepreneurial activity could move into the 'shadow';
- The reduction of the number of innovation enterprises due to the fact that the sources of financing reduce both from the side of the state and big business;
- The redistribution of entrepreneurs by types of activity towards the activity with fast turnover of funds - trade, household servicing, food production, etc.

One of the modern factors of influence on entrepreneurial activity are extensive information and communication networks. One of the main conditions of conducting successful entrepreneurial activity under the modern conditions is formation and constant improvement of the extensive multilevel information and communication network. A local entrepreneurial network is created on the basis of the global Internet network, which, in its turn, is the main infrastructure element of the digital economy. It was marked in the Digital Dividends report of the World Bank [19] that Information and Communication Technologies (ICT) serve, at the current stage, as the driver of both the world economy in general and national socio-economic systems of different levels. Besides, the development process, in full correspondence with the dialectic laws, goes on through overcoming

internal contradictions, which appear in the process of using ICT. The report refers monopolization risks, growth of inequality in the labour market and growth of control on behalf of formal institutions over the society to such contradictions. Improvement of the following is contemplated as a means of overcoming these contradictions: legislative base for increasing the level of competition; system of training employees for increasing their readiness for constant technological innovations; and institutional provision of interaction of the society, state and entrepreneurial environment.

Let's start with obvious historic analogies. The industrial revolution and further scientific and technical progress didn't annul agriculture. The emerged technologies allowed a significant increase of the ratios of extensive and intensive use of natural resources in food production. Simultaneously, they required new abilities and skills from employees, reduced their number and facilitated alteration of the way of life of the society, the state of the natural human environment and, to a certain extent, reduced the quality of food. Similarly, the digital economy would annul neither agriculture nor industry. As of now, it accounts for 4-5% of the world GDP and up to 2% of working places [19]. A distinctive feature of the current stage of development of the economy is that ICT influence, first of all, social communications and the rate of distribution and exchange and only then production forces. This may partially explain the fall of the rates of growth of the labour productivity (see Figure 3) and reduction of efficiency of the markets of labour, capitals and even information services.

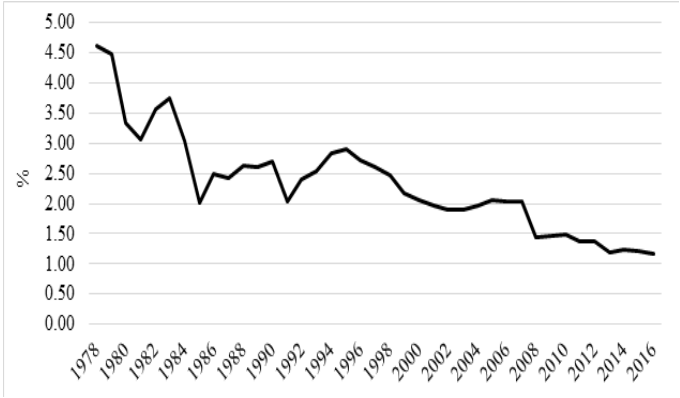


Fig. 3. Growth of specific hourly labour productivity (averaged by 87 countries) [19]

A certain locking of the digital economy on itself with a constant improvement of solely technical characteristics without assessing a socio-economic component is one of the factors of not only reduction

of the rates of growth of the general labour productivity but also a growth of inequality in the distribution of income.

Decrease of the market efficiency is explained by the fact that the digital economy creates favourable conditions for emergence of natural monopolies [17]. A communication network should have a minimum number of subscribers in order to acquire a certain value among its participants. Further, the Metcalfe's law acts

where NV – Network Value;

Q – Quantity of connected subscribers.

Expansion of the number of subscribers allows formation of market standards, which facilitate the growth of quality of servicing and reduction of the service price. At the same time, big network operators have possibilities of asymmetrically influence the market of the provided services. Moreover, many digital technology services are not properly reflected in the legislation. In particular, Google is the operator of the biggest search system. Many of its specialized services are free, but about 35% of the world income from the digital advertising falls on Google. The Uber company developed a software platform for communication of the car owners with those who need transportation services. On the one hand, Uber doesn't have a taxicab fleet and doesn't take responsibility, in general, for the quality of transportation services, however, on the other hand, the transportation prices on the Uber platform are lower than the prices of traditional taxis. Consequently, development of the legislative base for regulating activities of big network companies is a complex task in both theoretical and practical senses.

Figure 4 shows how the revenue share of ten percent of rich population in the US GDP increased with the simultaneous increase of the total number of personal computers. Availability of computers increased from 30% in 1980 to 92% in 2008 while the revenue share of 10% of households increased from 35% to 50%.

Traditionally, innovation development and growth of inequality in the labour market are connected with the Kuznets curve [13]. The Noble Prize winner S. Kuznets suggested a hypothesis that inequality in the revenue distribution, which decreases at later stages, increases at early stages of the Kondratiev-Schumpeter innovation cycle. The authors of this article connect the growth of inequality during the past decades also with the beginning of the processes of diffusion of ICT on the financial markets. Such products as software trade, cash-futures arbitrage, currency and

interest swaps, various types of options, digital currencies and others emerged and gained momentum for development due to ICT. Complex strategies of arbitrage, hedging and speculations led to the situation when the derivative financial capital is several times bigger than the real capital. The higher rate of return and capital turnover in the course of execution of financial operations became, to a certain extent, obstacles on the way of development of the tangible economy and the reason of revenue concentration. Famous scientists and leaders of some OECD (Organization for Economic Cooperation and Development) countries called for introduction of special taxes on some financial operations with derivatives during the 2008 crisis, but the matter didn't get any farther. The problem is complex and counteraction is strong.

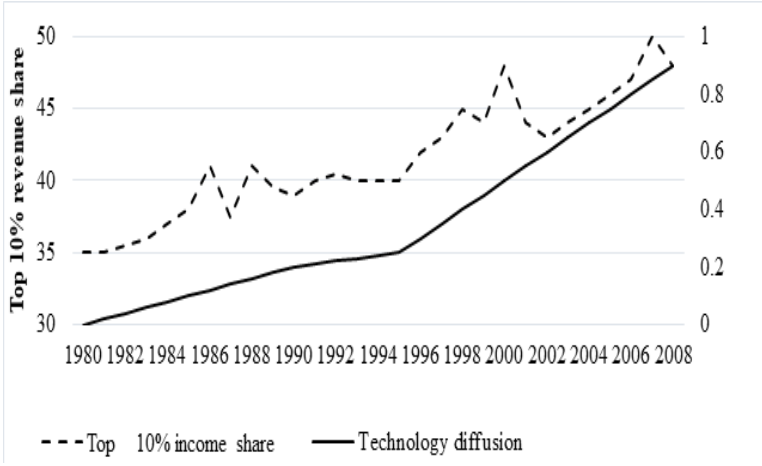


Fig. 4. Diffusion of personal computers and growth of income of top 10% of rich population in the United States for the 1980-2008 period [14]

The Level of Development of the Financial and Institutional Structure

Venture business is a specific component of the financial infrastructure of entrepreneurship. The main function of the venture business is reduction of the risk level for investors when financing entrepreneurial activity and taking a part of risks of entrepreneurial structures. The central link in this business are venture funds or their analogues.

Venture fund specialists select the most prospective entrepreneurial projects, comparing the failure risks, potential profits and payback periods. The practice shows that, usually, 3-4 projects out of 100 are selected and only 30% of them turn out to be really highly profitable. Nevertheless, the average yield of venture

funds is 2-3 times more than a standard yield size. Major investors, banks and pension funds use this opportunity. They always allocate 1% of their investment portfolios for the high risk but good prospect projects. This allows them making additional profit increasing the risk of the whole portfolio insignificantly [1].

A venture fund, which is specialized on high-risk operations, accumulates these funds plus funds of private investors and invests them on the irrevocable and interest-free basis into selected entrepreneurial projects. Thus, the venture fund becomes a co-founder of an entrepreneurial structure - a venture enterprise, and takes part in making financial, marketing and, sometimes, technological decisions. In the event of a proper project selection and good business organization, the market value of an entrepreneurial structure should grow fast and the investments would be repaid after a certain period of time through selling a share of the investment fund. If this is not the case, investments are written off as losses.

The venture business as an intermediary between investors, entrepreneurs and, at the same time, organizational component of entrepreneurial activity, took shape in 1960s-1980s and has acquired different shapes since then. In particular, business angels represent an informal venture capital of wealthy private persons, who use their free financial resources based on their personal experiences and in their own interests. Quite often, informal investors are retired top managers of big companies or entrepreneurs who sold their businesses and invest money in the spheres they know well.

Based on requirements of the fast yield growth, the venture funds more often work in high-technology areas. Entrepreneurship in the retail trade, for example, is also risky and the profit of trading structures varies significantly. Nevertheless, commercial risks are more predictable and studied by the bank analysts in more detail, unlike innovation and technology risks in new spheres.

It should be noted that the conditions of successful functioning of a venture business are: availability of a developed securities market; stable investment climate; and availability of a big number of elaborated entrepreneurial projects. Moreover, the venture capital is not acceptable if the entrepreneurial structure was intended to be a completely independent and autonomous business.

Institutional interference of the state with economic processes may increase or decrease the disbalance. Selection of adequate methods of state regulation should consider the so-called 'Haavelmo alternatives'. The alternatives are based on the correlation of the

taxation and investment multipliers. Growth of the taxation load leads to decrease of the aggregate demand due to reduction of personal consumption and private investments in the economy, which means that the taxation multiplier $К_н$ is less than one. However, if the state returns the collected taxes back to the economy in the form of investments and state order, the aggregate demand will increase with the $К_{н2}$ multiplier above one. At the same time, if the negative influence on demand $К_{н1}$ is higher than the positive one of $К_{н2}$, the taxes should be reduced and the entrepreneur should hope for the private initiative in investing. Otherwise, it is better to increase taxes and use state investments.

A number of additional factors should be taken into account when selecting Haavelmo alternatives:

1) it is necessary to take into account multipliers of other components of the aggregate demand Y_{AD} (AD - aggregate demand):

$$Y_{AD} = C + (I_p + I_g) + G + X_n, \qquad (2)$$

where C – final personal consumption;

I_p – private investments;

I_G – state investments;

G – state expenditures (state purchases, state orders, salaries of state officials, etc.);

X_n – net export.

In some countries (including South Korea and Saudi Arabia) the main growth multiplier is connected with export while in China - with state investments and in the United States - with personal consumption and private investments;

2) domination of the branches with fast turnover of funds (trading-and-intermediary and financial activity and also entertainment industry) in the country economy assumes selection of the alternative with the growth of private investments and, consequently, reduction of taxes (in particular, these are Singapore, Hong Kong and United States). The state financing dominates in the long-term investment payback. These are BRICS countries - Brazil, Russia, India, China and South Africa;

3) the higher the level of social homogeneity of the country population and the level of trust to the state, the more preferable the state expenditures are (in particular, Scandinavian

countries and Cuba).

It should also be taken into account that Haavelmo alternatives are meant for identifying operative measures in the short-term period. In order to achieve a sustainable long-term development, it is necessary to support the balance of the natural and physical capitals and their complementarity institutionally, including by means of the optimal correlation of big and small forms of entrepreneurship.

Unfortunately, the selection of alternatives is difficult for Ukraine due to a disbalance in the state budget itself. The intention to balance it based on IMF recommendations results in further reduction of the aggregate demand, at least, in the short-term period. Consequently, it's time to exit recession on accumulation of social and organizational forms of the capital.

Demographic and Cultural Backgrounds

The strongest influence on entrepreneurial activity is exerted by such demographic characteristics as gender, age, education level, place of residence and available experience of professional activity. The statistical profile of a typical entrepreneur is rather dynamic. Thus, there were more men than women among well-established entrepreneurs in Russia in 2017, however, men and women were presented equally among the beginner entrepreneurs. The share of young people from 18 to 24 has increased among beginner traders compared to the previous years. At the same time, the most representative group are entrepreneurs at the age of 35-40 years. The share of rural entrepreneurs is constantly growing, but the share of urban entrepreneurs, taken in the lump, has consistently grown during the past decade. It should also be noted that there is an insignificant, although stable, growth of entrepreneurs with higher education [10].

Starting from the 1980s, when, at first, Japan and then some other Asian countries started to take leading positions in the world economy, scientists and experts started to acknowledge that the culture and way of life play significant role in sustainable development of business entities and social entities in general.

Broadly speaking, the culture shall be understood to mean a combination of tangible and cultural values, vision of life, behavioural patterns, norms, ways and models of human activity, which reflect a certain level of historic development of society and human being, embodied in the object medium and transferred to the next generations (www.глоссарий.ru). The spiritual, tangible and

behavioural components could be underlined in the general definition.

The spiritual intangible culture is formed by values, ceremonies, rituals, symbols, customs, traditions and language. They are the results of activity of human intelligence and feelings, they exist in our consciousness and are maintained by oral and written communication and collective actions. The tangible culture consists of artefacts, that is, physically perceivable objects, created by human labour, which perform the function of regulation of joint activity, identify the attitude to life and represent a certain symbolic value for a group of people or society. This could be a book, temple, instrument of labour or some decoration of the human residence. The behavioural culture is a system of norms and samples of ethic relations between people and performance of certain obligations in the community and society. In particular, it is necessary to observe ethical rules - a combination of behavioural samples, which have to do with external manifestation of relation to people.

The organizational culture, which is, according to a slightly altered definition of G. Kleyner [12], is a system of spiritual values, visions, paradigms, symbols, samples and traditions, established in the enterprise, which are fully or partially shared by the staff and artefacts created by the enterprise, is formed at the level of the entrepreneurial structure. Alterations refer to the fact that the general values could be perceived by individual employees or groups differently. In other words, the general organizational culture has subcultures. A subculture emerges as a result of relative independence of specific features of professional activity or absence of a full-fledged communication relationship. The organizational culture assimilates the norms and values of individual employees, experience of their joint activity and participates in creation of collective artefacts and the observed samples of behavior (see Figure 5).

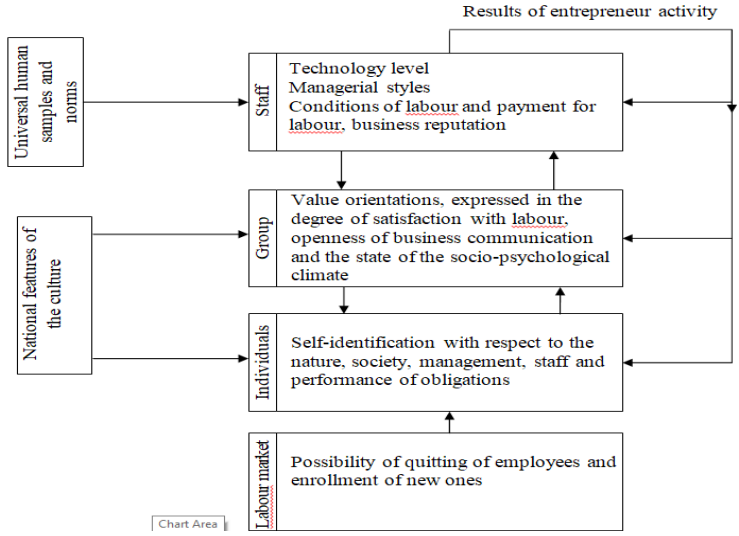


Fig. 5. Generalized mechanism of formation of the entrepreneurial culture (developed by the authors)

Mutual relations with business partners and other entities of external environment also could and should be considered as interrelations of cultures. Cultural differences influence the degree of coincidence of expectations and forecasts of partner behavior. The entrepreneur reputation depends not only on the product quality but also on availability of the feeling of social responsibility and faithful fulfillment of obligations.

National specific features have an impact on formation of the organizational culture. Punctuality of Germans, pedantry of Englishmen, aggressiveness of Americans, temper of Italians and specific politeness of Japanese are well known. Of course, here we deal with the so-called cultural stereotypes, which do not always correlate with reality. As of now, the processes of standardization of the way of life, communication methods and tangible and spiritual needs gain momentum independent of the accepted development patterns. It is explained by integration of economies of different countries, a developed network of international organizations, availability and speed of the communication systems and transportation means. Nevertheless, specific national differences still exist and would exist for a long time.

Approaches to Planning Entrepreneurial Activity

The considered conditions of emergence of entrepreneurial activity give birth to interests, expectations and priorities of the would-be entrepreneurs. They lay the potential of changing the number of people who plan and start own businesses or, vice versa, who cut down their businesses. At the same time,

these conditions influence the approaches for identification of opportunities for opening businesses and a quantity and quality of these opportunities.

The processes of opening and creation are identified as two alternative approaches to the search for business opportunities. The opening is understood as the search for existing needs and methods of their satisfaction, while the creation is understood as formation of new needs and establishment of conditions for their penetration into the market [2]. The main factors, which influence identification of business opportunities and their further realization [3]: readiness of the entrepreneur to perceive an opportunity - personal qualities, knowledge and experience; social focus and social links; ability to get, process and use relevant information; the type of the opportunity, its prospects, required resources, the risk degree and institutional restrictions. Namely, social expediency should prevail under the modern conditions when assessing the identified business opportunities [11].

The business opportunity concept has a rather complex structure. It includes a number of elements: intentions, ideas, assessment of prospects, methods of realization of the idea, assessment of availability of means of realization and a plan of achieving the results. The elements are united by two processes: target-oriented cognitive processing of information and socio-psychological motivation to activity. In such a form, business opportunities represent a conceptual model of the future entrepreneurial activity (see Figure 6).

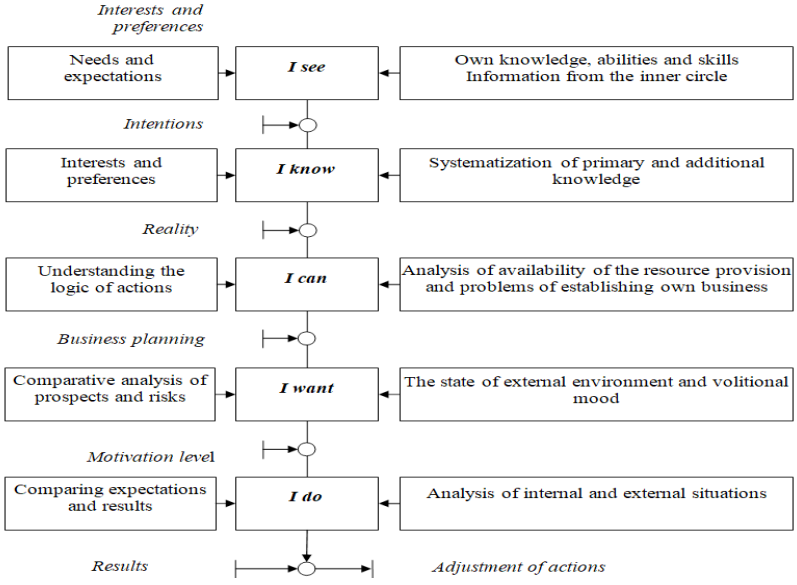


Fig. 6. Formation of the conceptual model of the future entrepreneurial activity (developed by the authors)

Based on the experience of developed countries of increasing entrepreneurial activity and transition to the innovation-oriented economy, we can specify the following regulatory actions:

- ❖ State support programmes – legislative, taxation, financial and participation in state orders;
- ❖ Target-oriented education for entrepreneurs by types and spheres of activity;
- ❖ Stimulation of scientific and technical developments, including in cooperation with the research and development institutes and universities;
- ❖ Development of the market and social infrastructure of entrepreneurship;
- ❖ Preferential financing of entrepreneurial activity;
- ❖ Protection against crime and corruption.

As a whole, the above actions would facilitate development of new businesses and affect the entrepreneurial climate, effectively influencing the economic growth and level of employment in the economy.

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3.

Implementation of SMM Tools in the Enterprise Activity

Inna Ippolitova*

With the advancement of technology and gradual strengthening of the globalization processes, the Internet role becomes central in the organization or promotion of a business. Many businesses cut over to online commerce because it has a significant number of advantages over offline sales. These include, in particular, reducing staff costs, maintaining premises, storing goods and other. However, even those companies that do not use the Internet for direct sales, today are actively using various tools of electronic marketing.

Internet marketing is the theory and methodology of organizing marketing in the hypermedia environment of the Internet [1, p. 25]. The main advantages that support business implementation or

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promotion online are the following [2, p. 5]:

1) creation and support of the company's image;
2) expansion of opportunities and services for the client;
3) possibility of round-the-clock work and support;
4) accessibility of information;
5) rapid development of e-commerce;
6) cost minimization;
7) the possibility of globalization;
8) minimum initial investment.

Thus, using the opportunities of the Internet significantly increases the effectiveness of the enterprise marketing activities. But since email marketing is an integral part of an enterprise's overall marketing strategy, its goals remain the same as in classical marketing. Analyzing the aforementioned advantages of e-marketing, it is possible to distinguish such goals [1, p. 27; 3, p. 16]:

- ❖ Study the supply and demand in the goods and services market in order to meet the customers needs in a greater amount, followed by their promotion and advertising via the Internet or other telecommunication means;
- ❖ Inform potential buyers and stimulate sales through the information network;
- ❖ Increase sales through the introduction of e-commerce online;
- ❖ Reduce business expenses;
- ❖ Create a positive contemporary image;
- ❖ Create information databases;
- ❖ Provide new services.

E-marketing has long established itself as a separate area of the enterprise activity, which includes a large number of different tools. An enterprise can use individual tools as well as combine them to create an effective system for products, goods and services promotion. The choice of Internet marketing areas depends on the specifics of the enterprise, its target audience, and characteristics of the promotion. Electronic marketing tools that are used today and have already proven their effectiveness, as well as their brief characteristics are given in table 1.

Table 1 E-Marketing Areas

№	Advertisement kinds	Characteristic
1	2	3
1	Media (display) advertising	Kind of advertising, focused on visual perception of the audience. Display advertising includes: banners; mailing; contextual advertising; public relations activities; articles [4].
2	Contextual advertising	The kind of advertising which showings depend on the interests of each individual user: requests, visited sites, topics that are given attention. That is why such advertising is called "contextual"[5].
3	Search engine marketing (SEM)	Search Engine Marketing - these are complex actions related to placing data about a product or company in search engines (Google, Bing, Ukr.net, Meta.ua, etc.) to attract target visitors [6, p. 163].
4	SEO	Search Engine Optimization is the process of working with a site, its internal factors affecting ranking in search engines (structure, content, HTML code), its external ranking factors (links to a site in order to increase the relevance of a resource to certain, known keywords, increasing the popularity of the site for search engines and, consequently, increasing positions in search results) to attract more visitors to the site [7].
5	SMM	Social Media Marketing – these are marketing communications in social networks. Promotion in social networks is an advertising and informational activity, which is aimed at dissemination of information about the advertised object in the social networks and the blogosphere by creating a community of target consumers and managing them [8, p. 8].
6	Direct marketing	This is the influence on a particular audience according to a database drawn as requested by an advertiser, or by himself or via receiving feedback from a specific consumer. The essence of the method is to personalize the advertising appeal. In direct marketing, RSS or e-mail marketing tools are often used, that is, mass mailing of advertising materials by e-mail [9, p. 357].
7	Viral marketing	The technology of presenting original information that influences consciousness is persuasive to consumers in such a way that they have a constant desire to share it with others [6, c. 169].
8	Guerrilla marketing	Low-budget promotions that allow companies to promote their products or services effectively, attract new customers and maximize profits without investing or investing very little. The development of guerrilla marketing reflects the tendency of advertisers to increasingly retreat from traditional media. Instead, they use either cheap advertisers or "workarounds". The key guerilla marketing formula: "Just in time and in the right place" reflects the need to influence those who are already "ripe" for purchase [10, c.250].
9	Internet branding	A set of marketing activities aimed at creating, promoting and developing a brand through the global network Internet to create a positive image of the enterprise and its profitable activities [11].
10	Content marketing	A combination of marketing techniques, the essence of which is the creation and dissemination of valuable content for the target audience in order to increase conversions, sales, brand awareness or solve other business problems [12].

11	RTB	Real Time Bidding – is a real-time quote. This technology is a transfer of contextual advertising mechanisms to graphic banners. The user sees only the ads that meet his interests. When showing, the auction principle of payment for advertising is applied. An auction takes place at every page load and takes a split second, allowing marketers to choose a cheap banner, minimizing advertising costs [13, p. 136].
12	Non-standard advertising vehicles	These include, in particular, promotional games and viral videos. Promo games are the integration of a brand with the game, which involves the consumer into a long-term contact with the brand, and against the background of emotions caused by the game; it contributes to the formation of a positive brand perception [14, p. 200]. Viral videos are video content with maximum involvement - discussion, commenting, copies, parodies and active reaction in the media.
13	Online Exhibitions and Online Auctions	Exhibition on the Internet - a public demonstration of achievements in the field of economics, science, technology, culture, art and other areas of public life on the Internet. Auction on the Internet is a specially organized and periodically operating online market for the sale of goods and property at a public auction to the buyer who offered the highest price [15].
14	Web conferences	An Internet service that enables a user to post messages on a specific topic for viewing and replies to other Internet users [16, c. 180]. The main types of web conferencing are podcasts, web castings, webinars, webcasts, and webinars.
15	VRM	Vendor Relationship Management (Systems for interacting with sellers) are designed to combine the needs of a buyer and offers of sellers, anonymously inform sellers of the needs of a specific buyer. At the moment, such a system is only under development and is used only by large leading enterprises [14, c. 202].
16	Mobile Advertising	A set of activities aimed at attracting customers through mobile devices. These include: all forms of advertising on a mobile screen (On-screen); Advertising in applications on the Internet; video ad mobile messages (advertising SMS- and MMS, ICB, USSD) specialized advertising in applications [17, c. 346].
17	Augmented reality	Systems in which the real world is complemented by virtual objects. Using this technology today you can try on clothes without putting them on, so you can order them in an online store or see a three-dimensional model of a car by placing an advertising booklet with his image in front of the webcam. The emergence of this technology is due to the popularity of webcams, mobile phone cameras. The ability to "add" to their lenses virtual objects that complement reality is the basis of AR technology [18].

Particular attention is paid to those promotion methods that are used for direct advertising, because they are the most common today. These include, in particular, the Pay Per Click (PPC) model, which comprises various online marketing tools. PPC is a pay-per-click advertising serving model. There can be many different types of advertising and Internet banners: search advertising, Display Network, video advertising, shopping campaigns, universal ads for mobile applications, etc.

In addition, today the most used pre-paid promotion channels

include SEO; SMM targeted advertising, content marketing, and email marketing. For the analysis and comparison of promotion methods, consider the advantages and disadvantages of each method, given in table 2.

Table 2 Comparative characteristics of paid promotion channels

№	Channels	advantages	disadvantages
1	2	3	4
1	PPC	flexibility in displaying advertising; the ability to get quick results; an opportunity for a business to "remind" itself through remarketing; clarity in budgeting; the ability to clearly target your audience.	relatively high costs; difficulty in predicting results; such a method is most often perceived by consumers as advertising, reducing trust in the company.
2	SEO	increasing traffic to the site; Ability to hold positions for some time after funding is complete; such a method is not perceived by consumers as advertising or "hard selling"?	inability to immediately evaluate the result; existence of a minimum threshold in budgeting; the need for constant and timely filling of the site; the need to constantly update the site to the requirements are changing.
3	Targeted advertising and SMM	attracting the target audience; possibility of continuous analysis of results; the possibility of using the "word of mouth" effect.	significant competition; the need for a constant interaction with the subscriber; an audience that is not always targeted; restrictions on topics that can be used.
4	Content marketing	increasing consumer loyalty; raising awareness of the company or brand; such a method is not perceived by consumers as advertising or "hard selling"; can also be used along with SEO.	the necessary to attract a highly skilled copywriter or editor; the difficulty of converting readers into customers.
5	E-mail-marketing	low costs; ability to track the effectiveness of correspondence; use of the most common communication tool on the Internet.	availability of mail filters; cancellation of mailing / subscription is possible; frequent changes by mailbox users, which may cause emails to be sent to the wrong address.

Thus, table 2 shows us that each of the promotion channels today are actively used by enterprises and has its own advantages and disadvantages. Therefore, the effectiveness of their application will depend on the characteristics of the product promoted by the specifics of the market in which the enterprise operates, geographical factors and the like. In addition, a significant influence on the choice of promotion tools is made by the company's awareness of the stage at which the potential buyer is making a purchasing decision. To analyze customer behavior at different stages, the See-Think-Do-Care model is used, which is a simplification of the sales funnel model.

Each of the stages of the model has its own characteristics, which means that it requires a clear understanding of the consumer's goal, his behavior and the scenarios by which he will make a purchase. Only on the basis of this knowledge should a strategy be built to promote the enterprise or its products through various electronic marketing channels. The analysis of a consumer behavior, as well as tools advisable to use at various stages of the considered model are given in table 3.

Table 3 See-Think-Do-Care Consumer Behavior Analysis[19]

Stage	**See**	**Think**	**Do**	**Care**
1	2	3	4	5
Consumer attitude to the product	Awareness	Interest	Need	Purchase
Target audience	The whole target audience	An audience that is thinking about buying	Active audience	regular users
the enterprise purpose	Consumers learn about the business	Consumers choose the product	Consumers buy from businesses	Consumers are returning to the business
Ways to achieve the goal	Increasing awareness (awareness, inspiration, product introduction, entertainment, brand awareness)	Increased interest (providing complete information, providing choices and demonstrating benefits, increasing audience, site visits, number of subscribers)	Increase conversion (creating conditions for purchase is unimpeded, resale)	Increased loyalty (pleasant experience, surprise, reward, post service, resale)

User behavior scenarios	Consumers look at what corresponds their interests and principles	Consumers start to think about learning more information to make a decision	Consumers begin to take some targeted action to express their desire to own the product, buy it by signing up for a free trial or consultation	Consumers become regular customers and receive care from the company in gratitude for having chosen it
Promotion tools	Media advertising, video advertising, SMM	Media advertising, SEO, content marketing, PPC	SEO, content marketing, PPC, remarketing, e-mail-marketing	SMM, e-mail-marketing, remarketing on left baskets

So, different promotion tools can be effective at different stages of the sales funnel. By skillfully combining them in their activities, the company can gain consumer confidence, incline him/her to buy and turn the customer into a regular one.

SMM (social media marketing) is marketing communication in social networks. Promotion in social networks is an advertising and information activity, which aims at disseminating information about an advertised object in social networks and the blogosphere by creating a community of target consumers and managing them [20, p. 8].

SMM promotion is capable of solving many important tasks for the enterprise. The main ones, as well as the indicators by which the performance of these tasks can be evaluated, are summarized in table 4.

Table 4 SMM Main Objectives and Performance Indicators [6]

№	SMM tasks	Performance metrics
1	2	3
1	Formation of loyal attitude to the enterprise	resale share; costs of attracting a client.
2	Increasing brand awareness	site traffic page views video views; number of downloads of the document; the number of referrals from affiliate links.

3	Sales and profit growth	online sales; offline sales.
4	Attracting new customers	the number of people who have submitted contacts; the number of people who have subscribed to the newsletter; number of calls.
5	Increase in audience activity	comments and likes; reposts.
6	increase the middle check and the sale of additional goods	number of sales; average bill.

There are several types of social media through which company promotions can occur on the Internet [21 p. 60]:

- ❖ Mass - such social networks are accessible for any user, giving the opportunity to communicate on various topics;
- ❖ Thematic - have a clear orientation of communication;
- ❖ Photo and video hosting - aimed at sharing photos and videos, as well as communicating through their comments (Instagram, YouTube).

It should also be taken into account that SMM today is something more than simply informing customers about a company's products and its advantages over its competitors. Marketing communications in social media can be clearly divided into four main areas [20, p. 9]:

1) Monitoring that is needed to get information about how a brand should build work in social a media;
2) Promotion on social networks as a way to gain loyalty to a broad audience for a brand or product;
3) Managing reputation in social networks;
4) Customer support, which helps to organize continuous consulting of clients on a convenient platform for them on social networks.

Turning to social networks should be meaningful, planned, with clearly set tasks. Only in this case the campaign will have a significant effect.

Like any way of marketing, SMM requires a clear strategy that can fulfill the following steps [22, p. 59-65]:

Define the Target Audience.

The target audience is a group of people who are most likely to be interested in and buy from the enterprise a product or service

offered.

Correct definition of the target audience is an extremely important step, because the degree of understanding of the needs and desires of potential consumers depends on the accuratness of the promotion strategy in social networks.

Consumer segmentation criteria are directly dependent on what stage of the sales funnel the potential buyers are at. If we talk about the first stage, when it is only important for the company to increase brand awareness, it uses broad segmentation criteria: demographic (gender, age, marital status), interests, hobbies, geographical factors (country, city, radius around a certain location). In the next phase, when consumers are already making decisions, such segmentation will be ineffective, since it divides all the target audience into very large groups.

At the second stage, the most effective segmentation will be by topic of the sites that users visit, and by enquiry keywords. At the third stage, when consumers already have enough information about the company and are ready to make a purchase, it is advisable to look for potential buyers among users, actively searching for similar products, and among similar audiences.

At the fourth stage, the segment will be the smallest, and the company's activity will be directed at remarketing, that is, re-engaging users who have already visited the company's website or bought its products.

Defining the key Objectives of the Campaign.

Usually, the main goals are to increase brand awareness or cover, increase traffic, increase audience engagement, lead generation, and the like.

Selection of Sites with High Concentration of Target Audience.

After clearly defining SMM goals, you need to select the necessary social networks for the promotion, taking into account their peculiarities in terms of SMM promotion.

There are several methods for selecting a social network that is more suitable for an enterprise to promote its products or services:

- ❖ Analysis of statistics of individual sites: today every social network has a built-in functionality that enables to analyze the present audience, its interests, activity, etc .;
- ❖ An analysis of the topics that are most discussed at a given site and how they are relevant to the interests of the target audience;

- ❖ Analysis of a socio-demographic portrait of the audience;
- ❖ Analysis of the special functionality that is offered for the social network.

Determination of behavioral characteristics of the audience: for this purpose it is necessary to determine which of the three main patterns of behavior (passive observers, participants of discussions and generators of content) is most characteristic of the target audience [23, p. 29].

Usually, there are all three types of users in the audience in the form of a pyramid: the largest group includes passive observers, followed by discussion participants, and the top of the pyramid is the content generators.

1. A content strategy development that should cover the following main elements, such as main topics of publications, their frequency, style, publication time and the promo posts ratio and neutral posts. At the same stage, the main tools for promoting the enterprise in social networks are determined. The main ways of promoting the enterprise on social platforms, which are often used today are presented in table 5.

Table 5 Characteristics of promotion tools in social networks

№	Tools	Characteristics
1	2	3
1	Content marketing	Development of a quality information component for the target audience - storytelling, naming, project description, useful and interesting publications, videos, images.
2	Community Management	Creation and further management of pages, groups or communities - systematic filling of relevant content, communication with clients, processing questions, working with negativity and objections, maintenance of activity, two-way communication.
3	Recommendations	Native and explicit advertising which overlaps with blog / forum topics, and creates a positive information background around the brand. Usually created by bloggers and opinion leaders.
4	Organic advertising	Publication of pre-paid advertising posts in popular communities, groups, blogger profiles that are popular with the target audience.
5	Offers	Placement of temporary offers in news feeds with different scenarios - coupons with discounts for goods, additional gifts and bonuses for subscription, joining groups, preposts.
6	Hashtags	Creating custom labels for navigating within accounts or groups - themed, branded hashtags with keywords that increase the visibility of publications, facilitate the process of finding data, increase the reach of a post, engage the maximum number of respondents.
7	Targeted advertising	Ad serving to a specific ad group based on a targeting set (socio-demographic parameters, questionnaire data, behavioral factors).

8	Viral Marketing	Distribution of information that is based on a vivid idea of what gets caught - photos, videos, audio, text materials that provoke mass recall and the rapid spread on the network.

The Metric System Definition.

There are various criteria, both general (reach, activity), and specific (traffic, sales, leads). The selection of the metric system depends on the type of social networking, the features of the enterprise, the type of products or services that are being promoted.

- ❖ Determination of necessary resources (temporary and material).
- ❖ Calendar plan development.

At this stage, it is advisable to develop a content plan. Content plan or publication plan, is a special document that outlines, in accordance with the chosen promotion strategy, how often and exactly what content should be published on popular social media on behalf of the company. As a rule, a separate content plan is drawn up for each group or company page on every social network [24].

Performance Evaluation and Campaign Correction.

Like any other marketing tool, SMM requires constant tuning and optimization. So it is necessary to analyze the results achieved at regular intervals and adjust the campaign based on it.

Like any marketing tool, SMM has its advantages and disadvantages.

The main benefits of social media marketing are cost saving and increased reach. The cost of a social media platform is usually lower than other marketing platforms such as personal sellers or resellers. In addition, social media marketing enables businesses to reach customers that may not be available due to temporary and local restrictions on existing distribution channels. Social media platforms increase accessibility and reduce costs, giving customers three benefits: unlimited information without human intervention, which is an advantage over other forms of contact, since the amount of information that can be provided is much greater than in any other form of communication; information can be provided in a form that customers can easily process and understand; in this context, the choice is large and difficult to provide in any format other than the web format.

Also, the social media marketing form can create interactive interaction by customizing information for individual customers

that meets their specific requirements.

The online environment creates not only opportunities but also complications and challenges for the social media marketing process. The transparency of the Internet makes information accessible to all audiences and increases the need for consistency in planning, development, implementation and control of Internet marketing communications. There are five major disadvantages that need to be taken into account on the social media market [25]:

Social media marketing requires significant investment over time. Social media is interactive, so it is necessary to establish personal responsibility for monitoring each network, responding to comments, generating qualified answers to questions and posting information about a product that the customer deems valuable. Therefore, simply interfering with several social media resources will not increase profits.

When using social media to promote their brands and products, the company protects its own trademarks and copyrights. Company brands and other intellectual property are often as valuable as the products or services they offer. The ability of social media to promote informal and impromptu real-time communication can help companies promote their brands and disseminate copyrighted material, but it can also facilitate the misuse of trademarks and copyright by third parties. When using social media, whether through third-party media or in-house social media platforms, company marketers must regularly monitor the use of their own trademarks and copyrights, monitor the use of trademarks and copyrights of their own business on third-party sites, including checking social media sites for names of profiles or users that are identical or substantially similar to the name or brand of your own company;

Using social media to promote a brand, product or service can also affect the issue of trust, privacy and data security. It is important for the companies to be aware of the importance of responsibility for collecting, using and maintaining personal data. Trust, especially the unique dimensions of transactional security and privacy, play a substantial role in building customer loyalty to social media marketers. Trust is a very important factor in the online buying behavior;

Social media marketing always faces user-generated content, such as comments in various forms, as well as photos, videos, podcasts, ratings, reviews, articles and blogs. Such content comes with a relatively high degree of trust. However, the involvement of

user-generated content directly generates the formation of risks of legal liability for content created by a person involved in the SMM campaign;

social media, in a sense, turns consumers into marketers and advertisers, and consumers can put a positive or negative pressure on a company, its products and services, depending on how the company is presented online. Customer reviews, images and tags that serve as a valuable source of information for customers are growing rapidly on the Internet and have a huge impact on e-commerce since the advent of Web 2.0 technologies. One aspect of social networking, which is especially detrimental to marketing campaigns, is negative responses to messages or non-constructive responses that cannot be ignored. Neutralizing harmful messages requires significant investment over time.

During the development of electronic communication, SMM tools have become actively used not only by small businesses targeting end users, but also by large companies operating in the B2B segment.

There is an opinion that SMM is not necessary in the corporate sales market, but the experience of many international companies proves the opposite. Social media marketing tools are quite applicable to the B2B segment, however, when applying them, the behavior of corporate clients should be taken into account. On the one hand, this type of a buyer is also waiting for more personalized offers. On the other hand, such buyers are usually professionals, so when choosing products, they are usually guided by logic and rational thoughts, not intuition or emotions.

In order to analyze the differences between B2B and B2C markets and build an effective marketing strategy in social media, it is advisable to compare the main features of these markets. The comparative characteristic is presented in table 6.

Table 6 Comparative characteristics of B2B and B2C markets

Characteristic	**B2C**	**B2B**
1	2	3
The market size	Wide	Narrow
Cost of products and services	low	high
Customer Relationships	Quick purchase	long-term cooperation
The complexity of creating products and services	Simple	complicated
Duration of purchase decision	Quickly	Long

The goals of building a content strategy	Brand awareness, customer engagement	Increased expertise, visibility of market leadership

Thus, SMM tools can fit perfectly into the overall marketing activities of B2B businesses, but some account management features should be taken into account.

Based on the advantages and disadvantages of social media marketing, some of the recurring mistakes of companies that do not have sufficient experience in SMM can be drawn into groups:

- ❖ Social media marketing is free. Yes, social media is much cheaper than traditional media, but it will take more time and effort. The most important thing to remember about social media marketing is that it should be used thoughtfully and consistently to offer value to your customers. Inactivity periods can easily create a negative impression on existing and potential customers;
- ❖ Effective social media must "go viral". The purpose of any marketing is to significantly change the behavior of potential and existing customers in order to achieve its goal. Social media transmitted to viruses can have a wide range, but have no effect on the target audience. The viral aspect of information is very unpredictable and cannot be planned;
- ❖ Social media will replace traditional media. Although traditional media has been declining for some time and social media has been growing, it is slow, and we should expect a balance. However, traditional media are rethinking themselves to continue to offer something unique;
- ❖ Effective social media should reach millions of people (an argument similar to "viral"). The most effective social media campaigns reach only the target audience, reach only the people they can influence, without irritating lots of other niches;
- ❖ An effective social campaign can solve most other problems of the firm, however, even an excellent social media campaign will never be able to compensate for poor customer service;
- ❖ Social media should function independently of traditional media. Although the mechanics and dynamics of social media are different from traditional media, the strategy as well as message must be consistent. The goals and efforts in both areas should complement and support each other.

Thus, for most businesses, it is advisable to use social media

marketing tools and allocate them from the overall marketing budget, keeping in mind all the major downsides. In addition, the SMM strategy needs to be carefully thought out to complement other promotion areas, creating a synergy effect for the whole business [26]. Consumers acquire a new role on social media, they become "content creators" and functional consumers. Given this reality, it will be helpful for companies to integrate social media into marketing and into their marketing strategies. Social media is a modern tool of marketers trying to take every possible step to get their message to their target markets. The social media environment has many advantages and disadvantages based on their form, and many companies are still trying to find the right way to use it. The main goals of a company or organization should be to attract customers, to protect the company's reputation, to provide customers with quality products and services and to meet customer needs.

At the same time, the development of a strategy for promotion in social networks should be based on a clear understanding of the features of electronic marketing for various business entities, in particular, enterprises in B2B and B2C segments. Typically, in these different market segments, businesses pursue different goals, and should be reflected in social media marketing planning.

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4.

Essence of Measurers of Enterprise Activities Efficiency

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****Tetiana Sigaieva**

Objectiveness of measuring the efficiency of enterprise is entirely depends on the analytical tool through which this process is carried out, most of all by measurers. Nowadays, enterprises in many countries remain in difficult economic conditions, which depend on the social-political processes that are occur in the world. So, managerial decisions should be informed and justified, based only on a reliable information base that reflects and describes the processes, characteristics of the enterprise. Therefore, there is a necessity of improvement and development of reliable measurers in the economy. Adequate assessment of the state of a management unit in the economy is possible on the basis of complete and objective information, which is obtained not with the help of separate measurements, but in the case of large flows of measurement information in multichannel measurements of a system of values; measurements that rapidly

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change during time; multiple measurements in order to improve the accuracy and reliability of measurements; measurements on the background of different noises, uncertainties. The probabilistic nature of measurement information is only fully manifested in the flow of information, especially in the intensive flow. Introduced by K. Shannon, a quantitative measure of information was needed for economical coding in order to increase the speed of transmission of the flow of statements, for the transmission of the same separate statements, it would lose practical meaning. The same is observed in measurements in engineering, and furthermore in the social sciences, when the usefulness of information accessments is fully manifested only in the analysis of mass and complex measurements, although the transition to an information description of the measurement process is clearly connected with the necessity to evaluate the amount of information in the flow element - in one act of measurement [1, c. 4].

Consequently, we need to review the information and analytical basis of measurement in economics. The carrier of information in the economy is the rate. The purpose of the rate in the economy is determinative and is explained by the essence of this concept. Rate is a separate distinct feature of an economic object expressed in numbers [2].

The rate in the economy is different from the rate in technology. There are different values in economic activity, which are measured on different scales. According to nature of features of objects in the economy, it is appropriate to distinguish the following indicators: technical, economic, statistical. In Fig. 1 the differences of these indicators are schematically depicted by the criteria of the characteristics that they express, values, method of measurement and forms of existence.

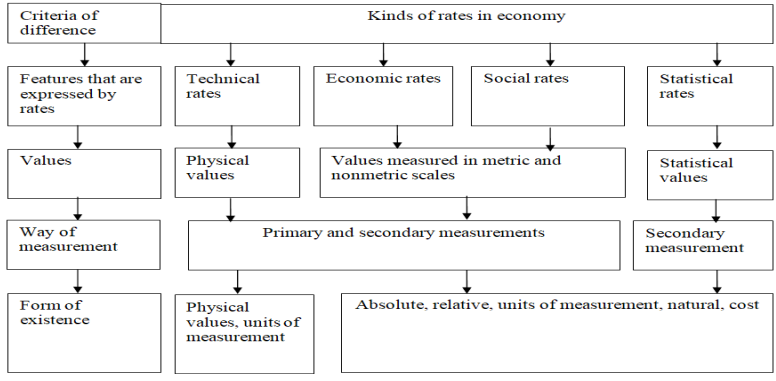

Fig.1. Kinds of rates in economy

Technical rate is considered by metrologists as a value of the

physical property of an object, without calling it a rate [3]. Sometimes, they generally indicate the technical characteristics of an object, including values of its physical characteristics. The existence of physical and non-physical features of objects in the economy led to the existence of economic or socio-economic and statistical rates. The economic rates include absolute (in natural units of measurement), relative, cost, labor indicators. Most often, absolute indicators reflect the physical properties of objects. If we transmit a physical value into cost, then we get cost rate. In society, physical value can take on its cost continuation and thus it becomes a variable cost value. Note that such a fact is absent in technology.

Physical values and their units of measurement from the qualitative side are characterized by the dimension treated as a conditional characteristic of a value that have a form of a power monomial with a coefficient equal to one. Dimension reflects the relationship of the magnitude with the values taken in this system as the primary. The dimension of the derived value is established directly from its expression through the basic quantities, and is also determined from a certain equation of a particular physical quantity.

Relative values obtained as ratios of two homogeneous values have zero dimension, that is, dimensionless. Often dimensionless units are called coefficients. In the economy there are many indicators are represented as coefficients. One more feature of relative indicators – is that most often they are resultive indicators or indicators of efficiency, that is, constructed as the ratio of the values of the results of the enterprise activities` to the amount of costs

Particular importance in the measurement of values in the economy has statistical value. The study of mass social phenomena and processes is conducted as the study of groups of objects that combine into statistical combinations. Indicators define characteristics of individual objects that can be compared in magnitude by the same characteristics. Statistical combination is made up of objects that have relative statistical values. Determination of statistical values that have mass characteristics of objects in combination, is made by a special science - statistics. Thus, statisticsal rates determine the statistical value of the features of objects of statistical combination. Measuring the values of public features of objects in the economy is a process of measuring statistical features. Exactly according to values of statistical indicators an assessment, analysis of the functioning and development of business entities in the economy is performed. This is explained by the functions having statistical indicators:

cognitive, managerial, control, stimulating. In the cognitive function stands out information function. It should be noted that the statistical rate approximate, inaccurate and subjectively reflect the public features of the objects. The subjectivity of the statistical value is conditioned by the presence, dependence on the subject, that is, the person who organizes the measurement, collection and transmission of information, notwithstanding that there is a science of statistics, which observes and controls the methods of accounting, calculation of the statistical value and its form - a statistical indicator. . Therefore, some part of statistical rates that display mass attributes on an individual object are a form of physical value that is initially measured. Statistical rates that defined by the mass characteristics of a set of objects (averages, variations, indicators of connection characteristics, rates of structure and nature of distribution, rate of speed and growth rate, variability in dynamics, statistical generalization and integral rates) are forms of secondary non-physical values measured. The latter, firstly, reflect the comparative quantitative characteristics of the objects, secondly, provide spatial determinacy of these features, thirdly, demonstrate determinacy of features in time. In this way a quantitative reflection of the social feature embodided, the value of which is estimated by the degree of its development. Types of statistical rates that are formed from the values of non-physical features of objects, that is, from values that express mass, common features of objects, combined into groups, are divided into the following: values that describe the position of values of indicators of features of objects; values to measure the relationship between elementary and complex features of an object and to evaluate differences between objects. The conditional classification of statistical rates assignment is adequate to the mathematical methods and models already developed for solving practical problems. Often, in the economic literature, there are mistakes in the interpretation of the statistical values of the features of the objects, and the reforein statistical rates. To avoid such mistakes, you need to formalize the object by features in a proper way.

The defining feature of phenomena, processes, objects in the economy is their complexity, so they should be explored from the standpoint of system analysis, identifying elementary, complex features that are hierarchically placed in the system structure of the object [3]. The clear effect of the mechanism of causation of traits and types of traits themselves necessitate a distinction between the types of interaction between traits, as shown in Fig. 2.

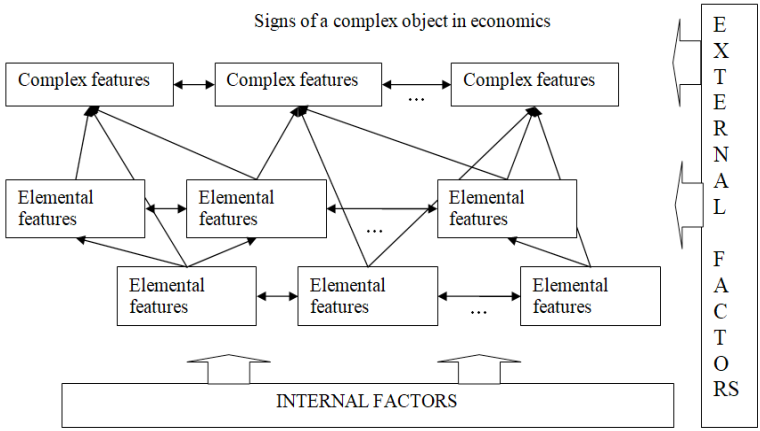

Fig. 2. The system of signs and their relations of complex object in economy

It is known that cause and effect relationships prevail in economy, that is, all features are distinguished by cause and effect, in other words, factor and resultive. When we calculate the value of a relative indicator, we often call features of values, on which calculations are conducted, as factors. We believe that such a factor should be called functional, since changing the value of such feature functionally causes a direct change in the value of the calculated indicator. Therefore, the value of functional factors is previously known when we calculate the value of the indicator of the resultive feature and research aimed at the purposeful action of changing the values of one feature to another. Undoubtedly, the study should be subjected to features that are being factors towards others. If there are several causative features, they may have a cumulative effect (multiplicative) and should also be considered as an action factor or a compatible action (perhaps even synergetic), and then they are referred to latent factor. If the interaction of complex features is evaluated, then the system of factors that usually determine the current state of functioning and development of phenomena and processes in the economy is considered. The listed (not functional) factors can be called statistical because their effect is mediocre and stochastic. Special mathematical methods of multidimensional statistical analysis have been developed to calculate the statistical rates of the relationship of elementary, complex features of an object, and more precisely the action of statistical factors

To measure the complex features of phenomena, processes it is used a system of indicators in the economy that comprehensively describe them. Scientists are often in discussions about the issue

of formation of a system of indicators that should describe the phenomenon or process that are being analyzed. We believe that the specificity of measurement objects determines the composition of the system of indicators that characterize it, but it is necessary to observe the general methodological requirements developed by qualimetry, metrology, mathematics, economy, statistics to the system of indicators: adequately, holistically, conceptually describe the object; be hierarchical, that is, it contains indicators that determine elementary characteristics, factor characteristics, complex features; be multi-dimensional and multicriteria; express metric and non-metric values; be limited by the main determinants; have information comparable in space and time. Of course, this list of requirements can be detailed separately according to the recommendations of different sciences. It is appropriate to include those rates in the system that are not functionally duplicate but quantitatively reflect the different qualities of the object.

An effective information-analytical method of management in the economy of enterprise is a Balanced Scorecard. A common disadvantage of classical economic management methods is their focus only on financial performance, which has led to a weakening of strategic management at enterprises and a vision of them as holistic systems, the development of which is ensured by various areas of enterprise activity. The existing problems of management of efficiency and its measurement are the insufficient considering of specific desires and needs of the enterprise itself, the satisfaction of which depends on the stakeholders, namely: investors, customers, intermediaries, enterprise staff, suppliers, regulatory bodies, influential groups and various partner alliances. Problems also include: inconsistency of efficiency criteria with enterprise strategies, processes and capabilities aimed at meeting the needs and desires of the parties. A disadvantage of the existing efficiency measuring system, is a random separation of some internal efficiency criteria, abstracting from the fact that it is only part of a whole, unified system. To eliminate the shortcomings of the old economic management practices, many new management methods have emerged in recent decades.

Peter Drucker also spoke about the role of new information and analytical management methods that they provide the enterprise with the information that the manager really needs [4, p. 11–31]. There are four types of analytical information: basic information, performance information, specialization information, and resource allocation information. This is the kind of information that is needed

to develop the concept of enterprise management and its effective tools. Basic information includes the values of financial indicators and cost accounting by type of activity. For objective performance information, we recommend that you use the latest benchmarking tool to compare your performance against the best in the industry. The provision of information in the field of specialization is accompanied by an evaluation of the results of innovative activity, as it specifies the relevance of the results of the enterprise to its goals, the direction of market development, market position, etc. The fourth type of information relates to the allocation of scarce resources within the enterprise, namely financial and human resources. Experts believe that the most limited and valuable type of resources in the enterprise are the people who work for it. This quality and structure of information provides a holistic vision of the company in the development of management decisions.

The fact that directors exaggerate the meaning of the profit indicator casts doubt on the key performance indicators of enterprise on which the market is oriented. Robert J. Eccles, who proves this in his work "The Manifest of the Revolution in Accessment of the Activity of Companies" , is sure about this [5, p. 32-51]. Implementation of an activity-based costing method - the ABC method - at an enterprise allows it to become an example for the rest. This method gives a possibility to identify problems at the enterprise in terms of the cost of the manufactured products; specify types of activities that, without increasing the value of products, lead to increased costs for its production; determine how much the price of a product should be lowered to increase its sales. But cost management allows not only catch up with the best companies, but also to become the leader. The introduction of the ABC method in large companies, such as Chrysler and Safety-Kleen, has contributed to significant success, making profit and using market opportunities. The direct cost accounting does not provide a breakthrough in the efficiency of thecompany, it made possible only accounting by separate processes, thereby distinguishing different types of activities. The practical recommendations for the implementation of this method at enterprises are the integration of the ABC method in the financial system of the enterprise and in its evaluation system, at the same time this method can be used for a one-time analysis of the cost of production, which gives a significant, but also a one-time effect. The disadvantage of this management method is labour-intensive collecting of the information that is necessary to create the ABC

system, since this method is much more complex and detailized than the usual cost accounting. The ABC method uses much more indicators when dividingg overhead costs between different product types, processes, distribution channels, customers and markets.

Bob Phelps, who heads the British analytical group at McKinsey and was a consultant of the CCN Decision System in financial risk issues, believes that the secret of company's success is based on an understanding of the small details achieved through the old manager method – system of measuring of enterprise efficiency [6]. The "right" measurement systems support three basic principles of management: clarity (clear definition of purpose and reward for progress), objectivity (understanding the key factors of the value creation mechanism), teamwork (concentrating the efforts of all employees in one direction). Clarity is the key factor to reduce costs and increase efficiency. Bob Phelps says that problem of implementation is that many businesses recognize the neccessity of usage measurers` system, but that does not mean that they have been able to implement a system that works effectively. Financial indicators reflect the effectiveness of decisions made in the past and do not focus on factors that ensure the effectiveness of the enterprise in the future.

It is known that a breakthrough in the development and implementation of new methods of management of enterprise was Balanced Scorecard, developed by R. Kaplan and D. Norton [7; 8]. Necessity to resolve two important issues - the problem of effective accessment of business performance and the problem of successful strategy implementation - prompted the authors to move away from traditional accessment procedures that focus only on financial results, which are lagging indicators and supplement them with outperformance indicators. Balanced scorecard provides execution of management functions such as analysis, planning, organization, regulation, incentives, training, coordination and control. The BSC can be considered as a component of the management system or as its basis.

The BSC takes into account almost all main types of activities of the enterprise in the complex of interdependent balanced indicators, which evaluate the determining factors not only of the current but also the future development of the enterprise, quantitative and qualitative aspects of its activity. The main advantage of this system of balanced indicators is the synthesis of financial and non-financial indicators, internal and external view of the enterprise, ensuring the relationship between indicators and goals and a comprehensive assessment of prospects.

The founders of the method justified the structure of a balanced scorecard, which contained components: financial,customer, internal business processes and training and development. The customer component must determine the purchase value of the manufactured product and its service for operational improvement at the enterprise, providing leadership of the goods and close communication with customers. The goals of the customer component is product development, respond quickly to changing consumer needs, and strive to become the main suppliers for their customers and to be partners for them. The internal business processes component defines key enterprise processes that need to be refined to continue functioning and creating value for both customers and the enterprise itself. The goals of internal business processes are to improve technology, production, increase productivity in designing, updating the product range. The goals of component learning and development are technology leadership, production process improvement, product orientation, and time-to-market. The financial component indicators show how effectively the enterprise is operating by implementing the chosen strategy provided by the other components. The financial component ensures the successful functioning and development of the enterprise [7-15].

Progressive modern performance measurement models include the SMART pyramid, which is a method of strategic analysis of measurements and reporting, a system of results and determinants, but it has not been properly recognized among effective management methods at domestic enterprises [6].

The concept of a balanced scorecard has been developed into a concept of method for building a prism of efficiency, which has been expanded to take into account external stakeholders, forming a high-level system of enterprise activity along with a list of general criteria.

The founders of the "prism of efficiency" method, Andy Neely, Chris Adams and Mike Kennerley, believe that the advantage of this method is its focus on critical issues of the enterprise [9].

Therefore, efficiency measurement systems are based on four procedures. The first procedure is connected with development of criteria; the second - with the preparation for implementation of the measurement system, namely the planning of the process of access to the required data, the construction of the measurement system, the development of configuration processing and distribution of data; the third procedure is connected with the work of criteria-based management to understand the processes that occur during the functioning of the enterprise; the fourth procedure is the

management of the measurement system itself, which includes checking its updating and improvement, monitoring compliance with the criteria of the organization.

In terms of strategies, the measurement system should be such that: 1) management is able to monitor whether the chosen strategies are implemented or not; 2) inform the whole enterprise about the implementation of the strategy; 3) could be used as a system to encourage and stimulate strategy implementation; 4) make conclusions as to how well the chosen strategy is implemented.

In order to make the measurement system correct, the following requirements must be observed: 1) a clear definition of a strategy based on contrasting the current results with the factors-incentives of future activity; 2) developing metrics based on data and facts; 3) conducting analysis to determine the effective factors that stimulate the enterprise; 4) understanding the impact of measurement systems on changes in behavior patterns. Experts consider that the system of measurers is effective if it is designed taking into account the peculiarities of the activity of a particular enterprise. The correct system of measuring instruments allows to understand functioning and development of the enterprise as a whole, to abstract from subjective prejudices in the development of management decision, to consolidate the interests of managers and the enterprise, combining them with the driving operating factors. Analysis of measurers system is based on the principles of variation, correlation detection, benefits and dynamics [17].

Consequently, modern economic management methods become more and more based on analytical provision, which allows them to be assigned to a new class of economic management methods: economic-analytical methods. At the same time, in the process of setting up new management methods in an enterprise in the current environment, first of all, attention should be paid to the state and level of development of the measuring instruments, performance criteria and key factors of efficiency, since management functions directly use them.

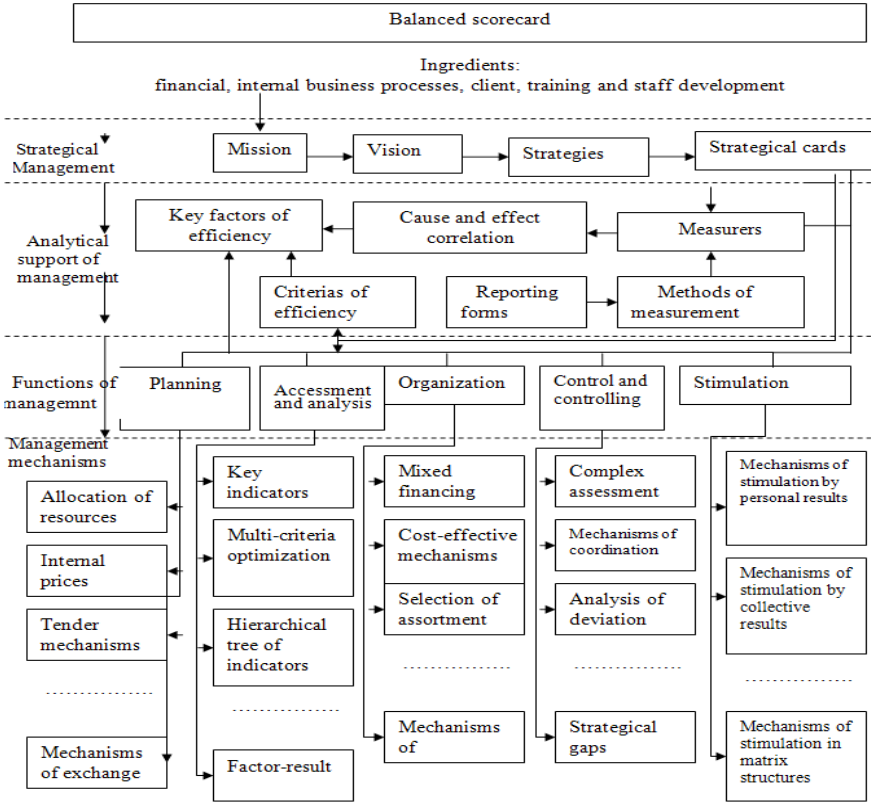

Fig. 3. Model of a balanced scorecard as part of the enterprise management system and place of measurers in it

FMCs measure the basis for an objective assessment that is consistent with the system of principles and capable of performing current functional tasks (Table 1).

Table 1. Tasks and principles of assessment the effectiveness of the enterprise on the basis of BSC

Tasks of assessment the effectiveness of the enterprise on the basis of BSC	Principles of assessment the effectiveness of the enterprise on the basis of BSC
1) to study the nature of economic laws, determine the patterns and trends of economic development on microlevels; 2) comprehensive substantiation of all processes and strategies of the enterprise; 3) control over achievement of targets of activity, efficiency of use of resources; 4) search for reserves for improving the efficiency of the enterprises` economic system; 5) improving the efficiency of current enterprise management; 6) development of the enterprise development plan; 7) comparative assessment in the dynamics and in the aggregate of enterprises; 8) identifying strategic gaps; 9) simultaneous achievement of many criterias in the activity; 10)construction of an indicative control panel based on a hierarchical system of indicators	Integration into the overall system analysis (assessment system should be targeted and organically combine the specifics of the business and the priorities of the owners); Scientific nature of the research (assessment process should focus on using modern, enough theoretically justified methods and measures); Complexity (evaluation of only one or two business processes cannot reflect the overall performance of an enterprise, that usually formed in two or three interrelated areas; in addition, the final conclusions should take into account the full range of factors affecting the research object); System approach (creating of measuring system of enterprises` activity isprofitable only if it is conducted on an ongoing basis); Objectivity (only accurate, real facts, methods and measures that minimize the subjectivity of researchers or the inaccuracy of assessments should be used to build an evaluation system); Concreteness (each stage of economic phenomena must have a specific target); Accuracy (the system should reproduce real economic processes); Timeliness (it is necessary to take into account the dynamic of economic activity and static character (latency) of assessments); Effectiveness (it`s necessary to compare the positive effects of systems` existence and current costs of maintaining it)

The analytical function of the BSC and its informative function are interrelated. The informative aspect forms the basis of analytical research and objective evaluation of the activity of the enterprise. Amount, content and timeliness of obtaining information determine the quality of the decisions taken and, ultimately, the effectiveness of the enterprise. As a management tool, assessment puts some demands to the quality of information.

In the system of measurers of efficiency of activity it is possible to take into account its multidimensionality and multicriteria. The criterion is a measure of the reliability of the assessment of an object's feature for objective reality. This definition is consistent with the understanding of the criterion in various areas of human activity. It

is another matter how this criterion will be measured and displayed in models. Thus, for the most part, the criteria for the development of economic and mathematical models are the features, both elementary and complex, which are measured by metric scales. This understanding of the criterion takes into account the dimensionality, hierarchy of features, their quality, which is reflected in the levels of values. Therein lies the peculiarity of the existence of criteria in the economy. Therefore, criterias in development of economic and mathematical models are complex and elementary features that reflect the properties, that is, the characteristics of the object, and express the quality for their evaluation. There are general and partial criterias in economic and mathematical modeling. The general criteria is usually constructed and is a function in economic and mathematical modeling, that is, it is represented as a goal function, which is investigated for the optimum to establish the quality level of a complex feature of an object. General criteria can be a vector function which concept is a generalization of the concept of a function. This understanding of the problem of multicriteria in the economy a little bit contradicts the statement that in practice multicriteria problems arise when it is possible to formulate and formalize in the form of criteria only a number of individual requirements that are put forward to an optimal solution and combine these individual criteria into one opportunities [20]. Such a statement is true in mathematical modeling of objects in engineering, in economics are different. As a rule, the economy mathematically models business entities and their complex characteristics, which are signs, so for the most part the general criterion is known, as well as the partial criteria that must be taken into account in order to achieve fullness, complexity, systematic presentation. Another matter is that there is indeed a problem of contradiction between the criteria and the establishment of a compromise between them, which is known to be achieved on the basis of the Pareto optimality principle. Establishing functionality allows you to find all alternatives, that are optimal by Pareto principles, but it does not provide a basis for choosing one of them as the optimal solution to the problem. This is true even when experts recommend weight, the alternative sought can only be considered an optimal solution when the functional is presented as a global target function, that is, as a function of the utility of partial criteria. But, as we know, in vector optimization, the ordering of partial criteria is usually not specified, only the properties are known. If enough information about the object of modeling in the economy, namely about its features, actual and regular tendencies of changes of their

values, reference levels of quality, causal relationships between the traits, dependence of the productive traits on the factor, develop economic and mathematical model should be given this information, not abstract from it. Otherwise, there is a probability of obtaining the result of solving a multicriteria optimization problem that is far from true, and most importantly, it will be found in completely ignoring the cause and effect relationships in the economy. This view in the study and problem solving of multicriteria is not contradictory to the general theory of optimization, only confirms the peculiarities of presentation of objects and their characteristics in the economy and the need to take them into account in the development of multicriteria optimization models. Thus, limits of usage of multicriteria optimization problems in economy are expanded on the basis of taking into account tcorrect content model of the object in the economy, reflecting it by relevant features, taking into account features of measuring the values of the features, quality criteria for the evaluation of elementary and complex features. This is important in the conditions of rapid development of both mathematical methods and their implementation in the software environment, in particular data mining techniques [16].

It is recommended to use conversion functions to convert indicators into measurers. Harrington function (Harrington, 1965) is a well-kown conversion function, which implies the development of a desirability scale. In the scale of desirability, it is necessary to establish a correspondence between the relations of advantages in the empirical and numerical (psychological) systems [21]. Harrington's scale of desirability sets benchmarks that divide the whole scale into intervals, namely: - very bad, - poor, - satisfactory, - good, - very good. Due to existence of scales the level of efficiency is taken into account in its measurers. It is necessary to correlate these intervals correctly with the actual intervals of changes of values of each indicator. The Harrington conversion function looks like:

$$Y_{ij} = e^{-e^{-x_{ij}}}, \qquad (1)$$

x_{ij} the calibrated value of the i-th criteria in the j-th period of time. This function is recommended by many scientists and has advantages such as continuity, monotony and smoothness, and at intervals that are close to [0; 1], its sensitivity is much lower than in the middle zone.

There are also other types of transformation function, such as the logistic function suggested by the American biologist, demographer,

and economist Raymond Pearl (Kingsland, 1982):

$$Y(t) = \frac{Y_0}{1 + ae^{-bt}}, \qquad (2)$$

where y(t) – quantity in unit of volume of population in time moment ; – initial quantity of production; a,b – constants.

There are regular tendencies of change of values of indicators which reflect normal activity of the enterprise. For example, regular changes in the values of efficiency indicators of an enterprise are increasing, that is, when you choose the conversion function, you must take into account $x_{ij} > x_{j\,min}$. If regular tendencies to change of values of the criteria are declining, such as, for example, indicator of costs on the enterprise, namely the cost of production, then it is taken into account $x_{ij} < x_{j\,max}$.

It should be said that there is a third type of economic criteria that has bilateral constraints $x_{ij} > x_{j\,min}$ $x_{ij} < x_{j\,max}$.

The paper (Ponomarenko, Malyarets, 2009), dedicated to complex assessment of the quality of objects in the economy, offers simple and flexible conversion functions [2]:

Symmetrical bilateral :

$$Y_{ij} = exp\left(-k \cdot \left(\frac{x_{ij} - a_i}{b_i - a_i}\right)^2\right); \qquad (3)$$

Symmetrical unilateral:

$$Y_{ij} = \frac{1}{1 + exp\left(-k \cdot \left(\frac{x_{ij} - c_i}{a_i - c_i}\right)\right)}. \qquad (4)$$

Where a_i – value of feature , for which the bilateral conversion function is equal to 1 (100%) and unilateral function is not less than 0.95; b_i – value of feature, for which quality is low, lower than 0,05 (5%); c_i –level, with the help of which we gain 50% of quality or 0,5. Parameter controls the shape of curve. It should be mentioned that in accordance with economist` assessments and conducted experiments of authors, the best value of this parameter is equal K=2 to nearly in all solved economic problem for both unilateral and bilateral dependencies.

On the basis of generalization of the results of model experiments on the building of conversion functions to solve real problems in the economy, the authors obtained the most common features

of conversion of features of socio-economic systems that have one defining characteristic - flexibility. For bilateral asymmetrical tendencies of development of the system the following conversion functions are suitable:

$$Y_{ij} = \begin{cases} exp\left(-3 \cdot \left(\frac{x_{ij}-a_i}{b_i-a_i}\right)^2\right) \text{ for } x_i \le a_i, b_i < a_i, \\ exp\left(-3 \cdot \left(\frac{x_{ij}-a_i}{c_i-a_i}\right)^2\right) \text{ for } x_i \ge a_i, c_i > a_i, \end{cases} \quad (5)$$

where a_i, b_i, c_i – defining points: a_i– best value of indicator x_{ij} , for which conversion function reashes the biggest value 1 (100%); b_i, c_i (b_i<c_i) , – unsatisfactory value of indicator (on opposite sides of the best one), for which conversion function reaches the value that is not bigger than 0,05 (5%).

Under condition of symmetric tendencies of the development of features, the conversion function reaches 1 (100%) when

$$a_i = \frac{b_i + c_i}{2}.$$

Form of function is becoming simplier:

$$Y_{ij} = exp\left(-3 \cdot \left(\frac{x_{ij}-a_i}{b_i-a_i}\right)^2\right) \quad (6)$$

Or (this is equivalently)

$$Y_{ij} = exp\left(-3 \cdot \left(\frac{x_{ij}-a_i}{c_i-a_i}\right)^2\right). \quad (7)$$

For unilateral types of regular changes in the values of efficiency of activities` criteria, it is recommended to use modified monotone functions of conversion of the type of logistics function:

$$y_{ij} = \frac{1}{1 + e^{-3\frac{x_{ij}-p_i}{q_i-p_i}}}, \quad (8)$$

where q_i – value of indicator x_{ij}, for which conversion function reaches value that is not smaller than 0,95 (95 %); p_i – value of

indicator, for which function reaches 0,5 (50%). It should be noted that level of integral indicator of quality depends on q_i and p_i. So, it`s necessary to assign values very thoroughly and rely on well-known patterns in the economy of enterprise.

To determine performance metrics of a large industrial enterprise, a balanced scorecard is recommended, which is structured into four components and is presented in Table. 2 [23 – 29].

Table 2. Balanced Scorecard for assessment the efficiency of activity of enterprise

Components	Partial indicators and their symbols
Financial component	ROI – return on investment (x_{11}); net income from export sales (x_{12}); accounts payable turnover(x_{13}); return on equity (x_{14}); cash ratio (x_{15}); financing coefficient (x_{16}); equity ratio (x_{17})
Component of internal business processes	Growth rate of labor productivity (x_{21}); growth rate of costs per 1 UAH of goods (x_{22}); utilization rate of average annual production capacity (x_{23}); capital productivity (x_{24}); coefficient of depreciation of current assets (x_{25}); relative weight of costs on modernization of production in general costs` structure ($x_{26}$); capital-labor ratio ($x_{27}$); share of owners` technic in assets structure (x_{28}); share of new production in total output (x_{29}); product replacement rate (x_{30})
Customers` component	ratio of production price to fixed price for current production (x_{31}); specific weight of costs on promotion of goods in structure of cost value (x_{32}); correspondence of planned resources and needs in them (x_{33}); share of costs on warranty service (x_{34}); share of production that is subject to warranty service in structure of total volume of manufactured production(x_{35}); economic effectiveness of export (x_{36}); specific weight of supplies by direct contracts among total amount of supplies (x_{37}); share of violations of supply contracts in total amount of contracts (x_{38})
Component of staff training and development	Growth rate of amount of workers (x_{41}); specific weight of workers, that upgraded their qualification in current year in their total number(x_{42}); specific weight of employees under 50 in their total number (x_{43}); specific weght of employees who perform scientific and technical work in their total number (x_{44})

On the example of net income from export sales (mln. UAH) Join-stock corporation TURBOATON, which belongs to leading turbine building eterprises in the world, specializing in the production of steam turbines for thermal power plants, nuclear power plants and thermal power plants and hydroelectric power plants, gas storage plants and steam and gas installations for thermal power plants and other energy equipment (official site Join-stock corporation TURBOATON) [22]. It is believed that the higher the value of this criteria of financial activity, the more efficient the entire activity of the enterprise is. For net export revenue, function parameters are as follows: q_2=1964,7, p_2 =1144,4. On Fig. 1 results of calibration of net income from export sales are shown. It was necessary to configure conversion functions. The procedure for configuring the conversion functions should be done individually for each indicator.

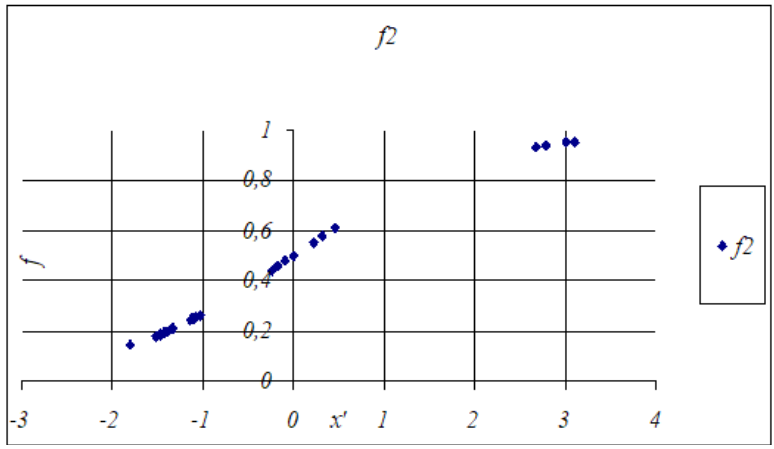

Fig. 1. Criterion calibration results

When the conversion scale is chosen and the conversion functions are calculated for the indicators, there is another problem in the calculation of the integral measurer, namely the choice of the form of function of the convolution of the converted values into one value - the integral measurer (Fig. 2). Regarding the form of the generalized function of convolution of converted values of meters in integral, there is no unanimity in the views of experts in economic and mathematical modeling.

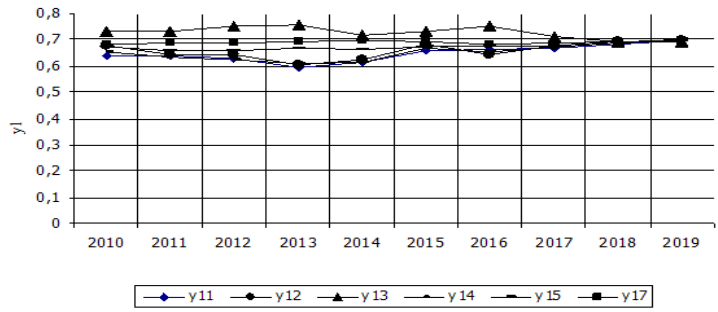

Fig. 2. Dynamics of values of financial instruments of the financial component of a balanced scorecard of Join-stock corporation TURBOATON

As a result of the practical check of these ratios, it is recommended to use average geometric mean formula (Us et al., 2018) when calculating the overall level of enterprise activity. In the process of calculating the integral measurer by average geometric mean of transformed values of measurers there is a situation of rigid consideration of zero values or values close to zero, which in product of numbers leads to zero value of the integral measurer. In this

case, it should be taken into account that generalization function is sensitive to small transformed values of the measurers.

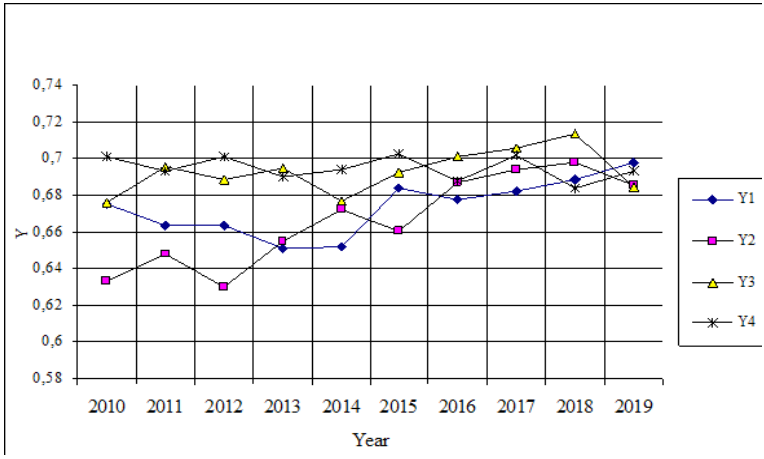

Fig. 3. Values of TURBOATON Join-Stock Corporate Components in dynamics, where Y1 is the integral component of the financial component; Y2 - client; Y3 - internal business processes; Y4 - staff training and development

The generalization function is a quantitative, unambiguous, single and universal measure of effectiveness. Its value increases when you add properties such as adequacy, efficiency and statistical sensitivity, it can be used as a partial criteria in multicriteria optimization. Fig.3, Fig.4 emphasizes dynamics of measurers of each component of BSC (y_j), that were calculated as average geometric means of measurers, that are being a coverted values of partial indicators (y_{ij}) by formula:

$$Y_j = \sqrt[n]{\prod_{i=1}^{n} y_{ij}} \ . \qquad (9)$$

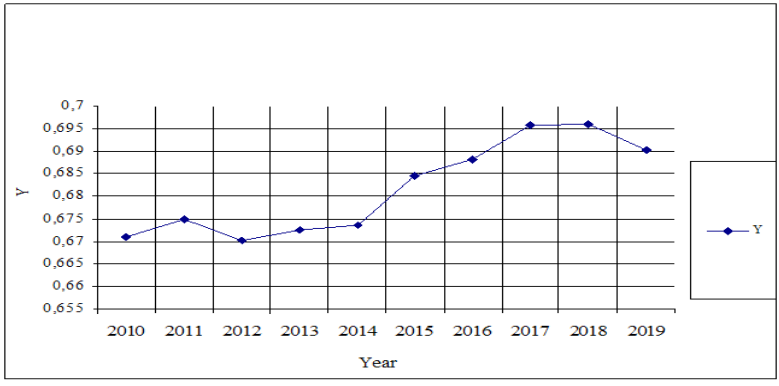

Fig. 4. The value of the measure of the effectiveness of the activity based on the AFS Join-stock corporation TURBOATON

To sum up, the effectiveness of the Join-stock Corporation TURBOATON is not significant, but increased during the observed period until 2018 but decreased in 2019. The reason for this is the decline of efficiency of internal business processes and customers` component. Even growth in the efficiency of the financial component and the training and staff training and development component does not compensate the decline in the overall level of efficiency of activity. Consequently, the enterprise should urgently develop thoughtful management measures to increase the levels of efficiency of internal business processes and the client component.

So, measurers of efficiency of enterprise` activity have advantages, as follows: 1) comparable among themselves, in contrast to the indicators measured in different units of measurement; 2) allow measurement of efficiency at different hierarchical levels; 3) allow to monitor trends of changes of various components of efficiency; 4) allow to identify the problem in low levels of efficiency; 5) allow you to determine the relationship between the cause of the problem and other components of efficiency.

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5.

System Principles of Staff Management in the Enterprise Restructuring Process

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A key aspect of the overall strategy for the development of enterprises, organizations, firms, as well as social production in general, is the implementation of an active structural policy that contributes to the strengthening of the world economy, the enhancement of the economic potential of countries. The main direction of structural transformation is the complex reformation of enterprises in the direction of technological modernization and radical changes in management systems, that is, the implementation of enterprise restructuring.

The urgency of restructuring issues is undoubtedly recent, as many businesses remain unprofitable despite the reorganization and constant change of owners. Gilson Stuart C. [1], Vance David [2], Carla

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Zilka [3], Mazur I. [4], Shershneva Z., Bagatskyj I., Getmantseva N. [5], Shopenko V. [6], Yanovsky A. [7] devoted their works to restructuring issues. But the views of the authors diverge in the very definition of "restructuring". The first approach to understanding restructuring is based on a gradual change in the whole technological and management structure; the second focuses on reforming human relationships with a primary focus on personality and organizational change by a team of like-minded individuals.

The term "restructuring" was introduced in the early 1980s and in that context meant a one-off, complex process of structural transformation which translates companies from the production type of organization into a market organization [8]. The beginning of widespread use of this term is associated with a fundamental revision of the economic role of the state in developed countries.

Today there is no single terminological basis for defining the essence of the category "restructuring". There are several points of view on the content and substance of the terminological apparatus of organizational change on which their classification is based. The term "restructuring", "reforming" and "reorganization" is defined by some researchers as close in meaning and true to reality, but the only terminological basis for identifying the essence of these categories needs to be more clearly defined.

The desire of different authors to emphasize in these terms the most significant in their view sometimes leads to different interpretations of the same definition.

Analyzing the definition of the concept of "enterprise restructuring" given by different authors, it should be noted that the complexity of this process is caused by the ambiguity of its interpretations, which is why many of them reflect only some of its parties. Some scientists [4, 5, 7, 9] serves definition of "restructuring" in the most general terms, describing it as a complex and interrelated structures change which ensure the functioning of the enterprise as a whole, the process of complex mines of methods of functioning.

Restructuring is a mechanism primarily aimed at changing the structure. Changes in the structure of the enterprise are ongoing. The volume and assortment of products, the composition of shareholders and the personnel of enterprises changes, the company receives loans from the bank and repays them. But most of these changes are of a current nature and are not fundamental. The main feature of restructuring, in contrast to current individual changes in production, capital structure, ownership or markets, is that it is not

part of the operating cycle of an enterprise.

Restructuring is beyond the scope of current activity – it is a significant change in the structure of the enterprise aimed at achieving long-term goals, preventing a crisis in its development or solving other strategic goals. It involves a multidimensional and interconnected set of measures, processes, methods, from complex diagnostics to significant changes in organizational structure, business processes and more. The need for a comprehensive nature of transformations affecting virtually all parties to the operation of the enterprise causes restructuring.

According to the Interdisciplinary Dictionary in management [10] the main types, depending on the purpose of its implementation, include: remediation, adaptation, pre-emptive restructuring. Forms, depending on the nature of the measures applied, include: restructuring of production, assets, finances, and corporate restructuring. Thus, in the previous scientific works, the personnel of the enterprise were not considered as a separate object of restructuring and no studies were conducted in this direction.

The main element of the restructuring of the enterprise management system is staff, which can be both an object and a management entity, which is the main specific feature of personnel management. Personnel management is carried out in the process of purposeful actions, thus providing the main stages and functions: defining the goals, main areas of work with the personnel; organization of work on implementation of the made decisions; control over the implementation of decisions.

Restructuring should be based on certain principles, which will avoid systemic errors in its implementation, so the first is the principle of systematization, which correlates with these following principles (table 1).

Table 1. Principles of restructuring

Principle	Essential characteristic
Systematic	Determination of the integrity of the elements and connections, comparison of properties, finding the boundaries of the internal and external environment.
Sequence	Carrying out restructuring on a certain, pre-developed technology, which requires a clear definition and procedure of restructuring procedures.
Targeted	The goal defines the development of the plan, the choice of tasks and the sequence of their solution, aimed at the expected result. The principle requires the coordination of local issues with the long-term strategy of enterprise restructuring.
Cohesion (corporate)	Integration of all business, social-psychological and organizational relations, acceptance of restructuring goals by all employees, readiness to work hard to achieve them.
Responsiveness and flexibility	The availability of tools and measures for operational change in the restructuring program in uncertain and unforeseen situations in order to adapt to changing conditions.
Conceptual	Unified system of standards, requirements, categories, terms. Agreed with all participants of the process purpose, stages, phases, functions.
Transparency	Openness and accessibility for all employees and departments of the program of measures, documents, methods, rights, responsibilities, deadlines for completing tasks.
Innovation	Constant search and initiation of perspective changes of needs, use of new methods, forms of communication, support of creative creative potential.
Effective control	Availability of feedback, correction of ineffective assets, evaluation of results of each stage, determination of further adjusted management actions, presence of clear criteria of performance evaluation and accurate reporting system.
Stability and controllability	Prevention of spontaneity, unpredictability, loss of controllability of the restructuring process, fixation of positive results while controlling the time and quality of processes.

Changes in the structure of personnel should be considered as an integral part of the restructuring process of the enterprise as a whole.

Summarizing the approaches to restructuring in terms of world and Ukrainian science and practice, the following classification of implementation of restructuring processes is proposed (fig. 1), which identifies the place of personnel restructuring as a specific socio-economic object.

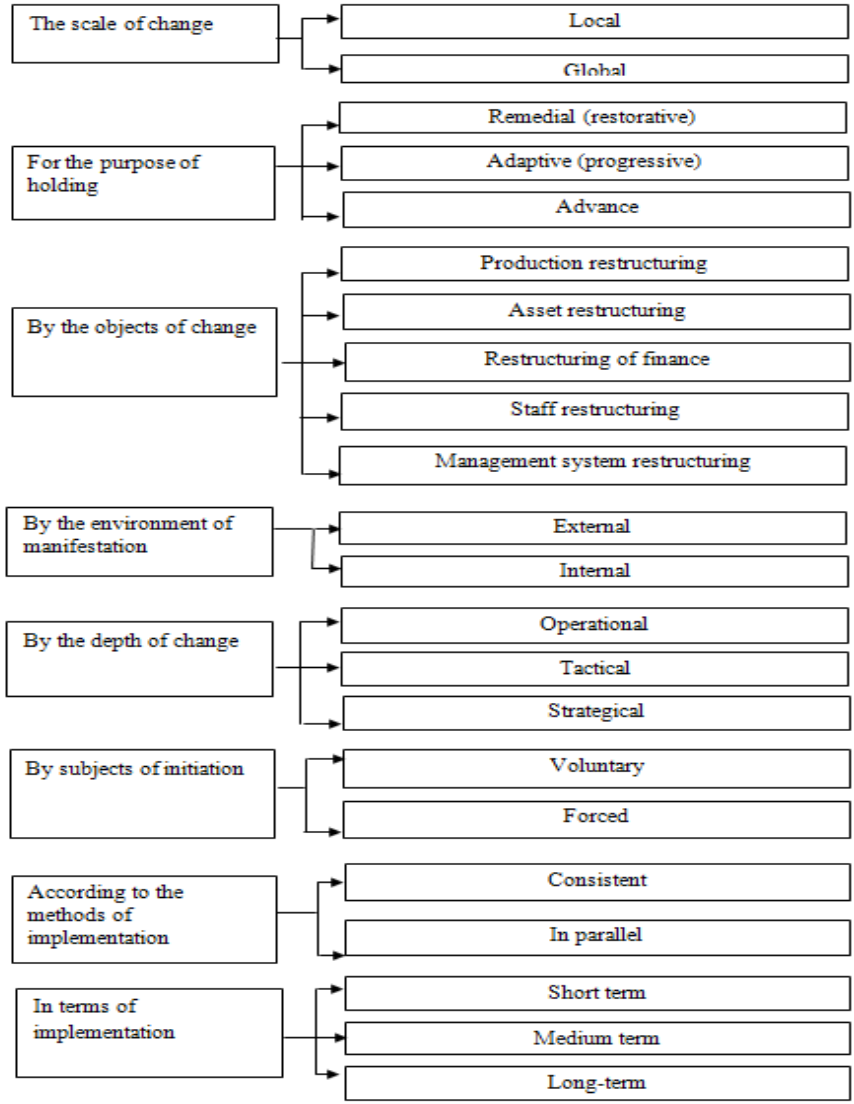

Fig. 1. Classification of types of enterprise restructuring

The main contradiction that leads to the disintegration of the traditional structure is the non-compliance of the staff with the new requirements (in terms of employment, vocational qualification structure, level and cost structure, regime and efficiency of employment), which necessitates restructuring of the personnel of the enterprise.

In modern conditions there is a need for different approaches to personnel management, the complex of which will exclude neglect of conditions, one-sided methods, neglect of interests of employees; the main problems arising in the course of economic activity of the enterprise

are considered only by the owner of the enterprise. This has led to a consideration of the problem of staff restructuring at the level of strategic personnel management. Strategic HR management is the management of the formation of an organization's competitive work potential, taking into account present and future changes in its external and internal environment, which allows the organization to survive, develop and achieve its goals in the long run [11]. Strategic HR management is a natural continuation of strategic enterprise management and aims at efficient use of employees not only at the moment, but also in the future. The personnel strategy provides the strategy of the company, and any planned changes in its activity should be timely ensured by changes in the number and structure of personnel, qualifications and skills of employees, motivation, structure and management methods.

Strategic HR management allows solving the following tasks [12]:

- ❖ Providing the organization with the necessary labor potential in accordance with its strategy;
- ❖ Formation of the internal environment of the organization in such a way that the internal organizational culture, value orientations, priorities in needs create conditions and stimulate the reproduction and realization of labor potential and strategic management itself;
- ❖ Solving problems related to functional organizational structures of management, including personnel management;
- ❖ Possibility of resolving contradictions in the issues of centralization-decentralization of personnel management.

The principles of effective management of persons in the face of change must be based on which are multilevel in nature and extend to different areas of the enterprise. Principles of building a personnel management system are rules, basic provisions and norms, which must be followed by the heads and specialists of the personnel management units in forming the personnel management system of the enterprise. The principles of building a personnel management system are the result of generalizing objectively valid economic laws. Defining and developing management principles has recently been an integral part of the research of many Ukrainian and foreign authors, such as: Raichenko A.V. [13], Lafta J. K. [14], Martinenko M. M. [15], F. Hesselbein, M. Goldsmith, R. Beckhard [16].

The principles of building a personnel management system implemented in the process of their interaction are summarized in table. 2.

Table 2. Principles of building a personnel management system in an organization

Principle	Content
Conformity of personnel management functions to production goals	Personnel management functions are formed and changed not arbitrarily, but according to the needs and goals of production.
The primacy of personnel management functions	The composition of the subsystems of the personnel management system, the organizational structure, the requirements for workers and their number depend on the content, number and complexity of the functions of personnel management.
The optimal ratio of managerial orientations	The need to advance the orientation of personnel management functions to the development of production in comparison with the functions aimed at ensuring the functioning of production.
Potential mastery of functions	Each HR manager should be able to temporarily perform the functions of a higher, lower level employee and one or two employees at his or her level.
Economy	Assumes the most efficient and economical organization of the personnel management system, reducing the share of costs of the management system in the total costs.
Progressive	Compliance of the personnel management system with advanced foreign and domestic analogues.
Perspective	The prospects for the development of the organization must be taken into account
Complexity	It is necessary to take into account all the factors that affect the management system (communications with higher authorities, contractual relations, the state of the object of management, etc.).
Efficiency	Timely decision making on analysis and improvement of personnel management system, preventing deviations.
Optimality	Proposals for the formation of the personnel management system and the choice of the most rational option for the specific production conditions.
Simplicity	The simpler the HR system, the better it works.
Science	The development of measures should be based on the achievements of science in the field of management, taking into account changes in the laws of development of social production in market conditions.
Hierarchy	Hierarchical interaction between management units (structural units or individual managers) must be ensured.
Autonomy	The personnel management system must ensure the rational autonomy of structural units or individual managers.
Stability	It is necessary to provide for special regulators that, when deviating from a given goal, organizations put a particular employee or unit in a disadvantageous position and encourage them to regulate the personnel management system .

The system of principles must be capable of dialectical development, constantly tested and proven by practice. Therefore, an important problem is the definition and classification of general and partial principles of personnel management in the context of restructuring. They are characterized by optimal rules, norms formulated by people in a specific field of application. as determined by V. I. Knorring. The principles of management are known through a complex system of subject-object relations, but they are not absolute truth, and only an instrument of influence on a managed system [17, p.67]. Restructuring principles should be the basic rules and norms that managers and professionals must follow in managing the restructuring process.

Based on the principles of personnel management, the author defines the system of general and partial principles of personnel management in terms of restructuring registers (fig. 2).

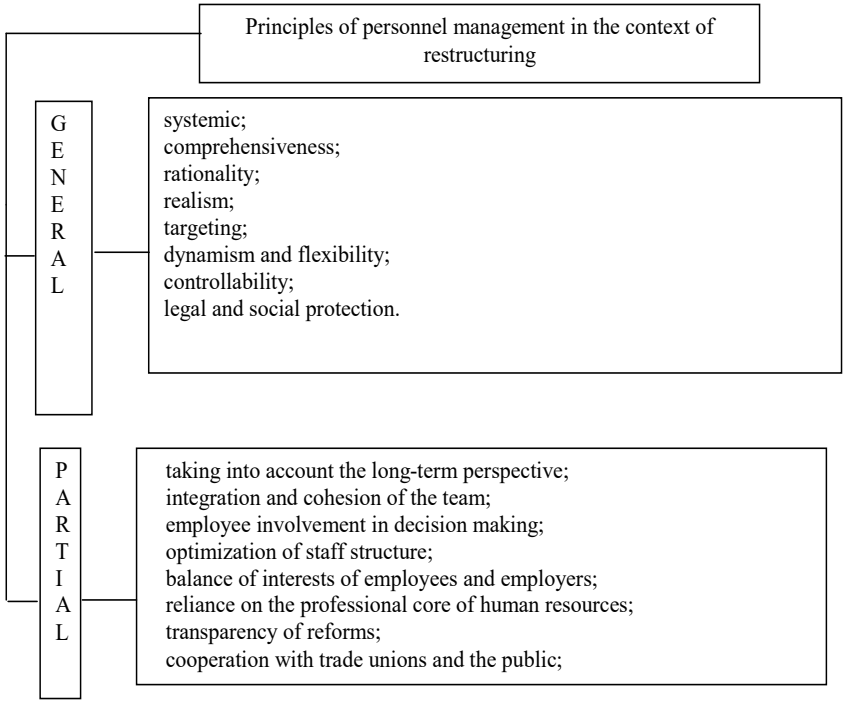

Fig. 2. Principles of personnel restructuring

The group of general principles for staff restructuring include the following principles: systematic; comprehensiveness; rationality; realism; project orientation; dynamism; centralization and decentralization; legal and social protection.

The principle of systematization. Restructuring requires that HR managers and employees view the enterprise staff as a coherent, interdependent dynamic system that embraces all categories of employees and is closely related to the external environment. The systemic nature of management implies a coordinated approach to all processes of formation and use of enterprise staff: recruitment, selection, placement, training, movement and development.

The principle of complexity. When planning personnel restructuring activities, all elements, relationships of the enterprise and personnel management system, all factors affecting industrial and social relations should be taken into account.

The principle of rationality. The choice of methods, terms, and elements to be reformed or reduced should be based on the most rational option for the specific conditions prevailing at the enterprise. Restructuring should lead to the most efficient and economical organization of the management system, to the reduction of personnel costs, to the increase of labor efficiency.

Realism. The restructuring should take place in the conditions that are objectively established at the enterprise. Therefore, the interdependence of the structural elements of the organizational structure should be taken into account when making the cuts, which should be followed by measures to stabilize the new organizational structure and psychological support for the staff. Priority should be given to reducing levels in the organizational structure rather than jobs, whereby the appropriate personnel structure enjoys team support and is consistent with the recovery plan; should not be carried away by large-scale staff reductions.

Principle of targeting. Most restructuring problems are multi-purpose and the goals of individual subsystems may not overlap. Therefore, the overall purpose for which the restructuring was initiated should be pursued.

The principle of dynamism and flexibility. Restructuring is a long-term project and should take into account the time factor in making organizational and structural changes. In this case, the frequency and causes of change are specific to each individual task, in the performance of which should be flexible and adaptable to

existing conditions.

The principle of controllability. The essence of this principle is in the separation of powers and responsibilities in making management decisions. At one pole of realization of this principle – all decisions are made by one leader, and all lower levels of management only fulfill its instructions. On the other, middle managers are responsible for specific management functions. For effective management of reforms, it is necessary to maintain the optimum level of centralization and decentralization in the structure of formal power, to provide for feedback, tools for evaluating results, to determine further corrective management actions. The loss of controllability of the restructuring process should be avoided, and the timing and results of the restructuring process should be monitored.

The principle of legal and social protection. This principle implies strict observance and enforcement of laws and legal acts based on them. It also provides knowledge to managers, entrepreneurs, employees of the human resources of the norms of administrative, civil, labor, economic, penal and other branches of law.

Let us consider the partial principles in more detail.

The principle of taking into account the long-term perspective. The implementation of this principle implies the implementation of strategic forecasting and development planning. The strategic plan should include the following questions: how many employees will be required for their qualifications; when, at what stages and under what circumstances they will be involved, what jobs will be cut, whether new jobs will be created and in what number, or if there is a need for staff reduction, retraining, retraining; what costs the anticipated personnel changes require.

The principle of integration and cohesion of the team. The implementation of this principle is possible when educating the team in the spirit of corporate, joint and several liability. It is important to maintain employees trusting relationships with managers at different levels and respect employees with respect to each other, and to ensure decent pay.

The principle of employee involvement in decision making. Employees should participate in the discussion of proposed solutions, make their recommendations and make suggestions for improving one or the other. Such participation prevents staff resistance to organizational and technological innovations, promotes not only the understanding of managers and ordinary employees, but also

improves productivity.

The principle of reliance on the professional core of human resources, which is a set of abilities of employees of the enterprise, providing it with a strategic advantage in the markets of goods, services and knowledge. The professional core provides steady growth of profit (ability to innovate, creation and support of internal and external communications, formation of attractive image of the firm, control over strategically important resources), these abilities should be a basis for development and making of strategically important decisions that ensure the development of the enterprise. and adapting it to changing environmental conditions.

The principle of balancing the interests of employees and employers. First of all, the management should have information about what their subordinates think about the business, about the content of the activity of the managerial level of managers, working conditions and remuneration, about directions and prospects of human resources development in the enterprise. Consideration of the interests of all participants in the restructuring process should be contractual in nature and adhere to the principles of social partnership.

Principles of cooperation with trade unions and non-governmental organizations. Trade unions perform the functions of protecting the economic interests of employees, and actively seek to respect their legal rights in the field of labor relations. Therefore, in the process of restructuring it is necessary to actively cooperate with trade unions and the public, to establish partnerships, to execute concluded agreements, to use their opportunities and authority when conflicts arise.

The above restructuring system allows to define both general and specific principles that take into account the internal and external environment of the enterprise in the personnel management system. A comprehensive approach to defining management principles ensures the success of the enterprise and the development of the enterprise as a holistic system in a market environment, and their application makes it possible to make management decisions, optimize the structure, improve organizational processes, predict the prospects of enterprise development in a market economy.

It should be noted that personnel management in terms of restructuring is closely related to the patterns of crisis management of enterprises and is manifested in the following [18, p. 216-217]:

- ❖ The maximum self-sufficiency of production allow to reduce losses on understaffing of personnel;
- ❖ In the absence of flexible rescheduling mechanisms, labor-intensive technologies have to be used to reduce social tensions in both enterprises and regions;
- ❖ In the context of financial instability, non-monetary forms of reimbursement of labor costs (including the use of a natural form of remuneration related to, for example, the issuance of employee-supplied food and other consumer goods) are widespread;

As a result of "leaching" of high-tech and complex products, the professional-qualification structure of the personnel is simplified during its reprofiling for use in less complex industries.

The process of restructuring in terms of personnel management should be viewed from the standpoint of a systematic approach. This approach for the study of control problems was applied in Kreisberg M. M. [19], Nazarova G. V. [20] and others. The widespread use of the system claim due to the fact that this approach, the feature of which is the study of any object as a complex integrated system allows fully at the level of the specific characteristics of the object to evaluate and analyze the situation within the system and, accordingly, the best way to organize the decision-making process. The systematic approach is used as a way of ordering these problems, through which their structuring is carried out, the goals of the solution are determined, options are selected, the relationships and dependencies of the elements of the problems are established, as well as the factors and conditions that contribute to their solution. The systematic approach to the analysis of the problem situation allows to identify the factors and causes that led to the problem as a whole and its components. This approach is especially important in the event of new problematic situations that the enterprise has not previously encountered [21]. The methodological specificity of the system approach is determined by the fact that it focuses the research on the disclosure of the integrity of the object and the mechanisms that ensure its functioning.

With the system approach HR in terms of restructuring define two aspects. First, it is a restructuring of the existing structure, that is, a way of organizing the interconnected elements into an orderly population and stable relationships and relationships between them, which ensures the functioning and development of personnel as a system. Second, it is the process of adapting the personnel of

the company to internal and external changes that establishes and regulates the interaction, coordination, division of functions between the structural units and individual employees, fixing the duties, rights and responsibilities between them. The systematic approach is based on the following principles: integrity, integrativeness, structuring, hierarchy, multiplicity, isomorphism, connection with the environment, complexity of structure, synergy.

During the restructuring her economic processes are closely related to social and to some extent depend on them. The restructuring process should take into account the social interests of employees, the positive and negative consequences of change, the main directions of social activity of employees and their social quality. The enterprise must strike a balance between economic efficiency and social stability.

From a social point of view, the influence of company management on staff is significantly complicated by the effects of adverse external and internal factors. For survival-oriented businesses, ensuring a minimum cost of production is first and foremost related to the cost-effectiveness of their operations. When economic approach dominates, social issues are sidelined. First of all, the necessary social functions of enterprises, which go beyond the immediate social needs of direct production and are related to the wide range of needs of workers and their families, are forced to be ignored.

Cost increases are becoming a major destructive factor in an enterprise's operations as it becomes increasingly difficult to translate them automatically into price. Depending on the decline in production, there is an increase in overhead costs in the cost structure, which also includes the costs of keeping unemployed staff.

In an ever-changing environment, retaining the workforce can no longer be regarded as an indispensable goal. The contradiction between the economic and social efficiency of the enterprise can be traced to the following interdependence. The downside of reducing the level of accounts receivable (when switching to prepayment) and external accounts payable is the activation of other forms of non-payment, including to employees. Since labor relations are usually difficult to directly influence, the irregularity of wages and the reduction of their wages, in turn, become tools to force the voluntary dismissal of employees.

Similar processes occur in social infrastructure. In order to ensure the survival of the enterprise, segments are loosely linked to the main production (social objects, auxiliary production). Maintaining

these types of activities within businesses leads to unnecessary costs and, in addition, complicates the process of controlling costs.

The insolvency of social issues aimed at staff reproduction complicates their management significantly. There is a violation of normal staff turnover in the enterprise (increases spontaneity in the redistribution of personnel, exacerbates the problems of staffing, etc.).

The formation of the labor market has not yet reached a level at which market mechanisms of self-regulation are fully incorporated. Labor resources have not yet become a full-fledged commodity, and wages are still determined not by the value and fluctuations in the price of labor, but by fluctuations in prices for products produced by enterprises. In other words, the guarantee of stable earnings is lost, but the price of labor is not formed. The result is a clear decrease in the level of wages and irrational differentiation of wages across different industries. Many wage incentives have been lost due to increased wage distortions, and wages themselves are no longer linked to labor outcomes. Trends that would lead to progressive shifts in work motivation, reimbursement of staff reproduction costs, and more efficient distribution and utilization are emerging too slowly.

Consideration of the provisions makes it possible to conclude that restructuring should be considered as a permanent (constantly repeated) process. It should be carried out when the enterprise is experiencing a decline in the effectiveness of its operations, or in other objective circumstances. Restructuring determines the need for the complex nature of changes that affect almost all aspects of the enterprise.

The main circumstances that necessitate restructuring can be identified:

- ❖ The enterprise is in crisis, this is the most widespread situation in a number of industries today;
- ❖ The current state of the enterprise is satisfactory, but the forecasts of its activity are unfavorable: a fall in competitiveness, deviation of the actual state from the planned; in this case, restructuring is the reaction to negative changes, until they have become irreversible;
- ❖ Prosperous and fast-growing businesses that are growing apart from their competitors based on unique competitive advantages.

The main goals of personnel management in terms of restructuring are to ensure the ability of personnel policy in the short term and to restore the competitiveness of the enterprise in the long term.

Restructuring can therefore be operational and strategic. Operational restructuring measures are aimed at improving the current state of the personnel subsystem of the enterprise. It is carried out at the expense of internal sources by reducing current staff costs.

Strategic restructuring is a process of structural change aimed at enhancing the attractiveness of an enterprise in the labor market, expanding its capacity to attract external labor. It pursues long-term goals, requires considerable costs, long implementation times. The result of strategic restructuring should be an increase in the market value of the enterprise.

According to the criterion of coverage and composition of elements distinguish complex and partial restructuring of staff. Comprehensive restructuring covers all elements of the personnel management system and is carried out in stages. In the course of such restructuring to transform individual subsystems staff used a variety of mechanisms, the most important task at the same time there is coordination between them and adjusting the overall restructuring program. On the whole, it is a long-term and cost-effective process that, if properly selected, can dramatically increase the competitiveness of an enterprise.

Partial restructuring of staff concerns one or more subsystems. Typically, conversion to individual subsystems are not connected or poorly connected with each other. As a result, the effect can be achieved, but it is local in nature, while the efficiency of the entire system increases slightly, or does not increase at all. Problems that lead to the need to restructure the staff are: lack of units, the presence of unwanted units, duplication, low speed making and implementing decisions, excessive number of employees, the low level of wages, poor staff.

The following are the satisfactory consequences of staff restructuring [22]:

- ❖ Growth of indicators of efficiency of activity of the enterprise, departments;
- ❖ Implementation of rational wage systems;
- ❖ Introduction of modern systems of personnel motivation;
- ❖ Personnel optimization;
- ❖ Employee satisfaction with the level of pay and employment stability;
- ❖ Rational reallocation of functions due to staff evaluation and

certification, elimination of duplication and unnecessary functions;

- ❖ Improvement of social and labor indicators, including reduction of staff turnover;
- ❖ Establishment of a positive organizational climate;
- ❖ The formation of rules, norms of behavior, which is the basis of a new organizational culture;

Thus, it can be argued that restructuring is not only about enhancing competitiveness and improving management, eliminating inefficient transactions and changing operational and financial policies, it is about making major transformations and radical changes in enterprise HR management strategies.

The study analyzes the approaches to the nature and main directions of enterprise restructuring in the context of transformation of social and labor relations, which led to the conclusion that it is necessary to identify a new object of restructuring – personnel. The restructuring of the personnel of domestic enterprises is conditioned by the need to overcome the crisis in the internal and external labor market, increase the attractiveness of enterprises for hired workers in various fields of production, stabilize the socio-economic status of enterprises both in times of crisis and in the context of economic development in the domestic and foreign markets.

Based on the identification of the main key features that shape this concept, using such common methods of scientific research as analysis and synthesis, the definition of restructuring as a process of optimizing the functioning of the enterprise due to the complex strategic transformation of its internal relationships, which is innovative and directed to transform the structure of the enterprise according to its mission and strategic goals in the context of changes in the environment.

Given the key role of staff in the process of enterprise restructuring, a conceptual and categorical apparatus of restructuring was developed through the definition of staff restructuring as an organizational and economic activity aimed at the formation and implementation of a mechanism for optimizing the functioning of the personnel of the enterprise according to personnel policy and internal strategic goals environment.

In the clarified issue of improving the system of principles of personnel management and enterprise restructuring, the logical conclusion was the definition of a group of principles of personnel

restructuring by two subgroups, namely general (systematic, complex, rational, realistic, programmatic, dynamic, centralized and decentralized, legal and social) and partial principles (long-term perspective, integration and cohesion of the team, employee involvement in decision-making, support the professional core, keeping the balance of interests of employees and employers, cooperation with trade unions and public organizations).

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6.

Analysis of Effectiveness of Logistic Activity In Ukraine

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Introduction

Due to the intensification of globalization processes in the world, the scale of the logistic activity of enterprises of all forms of ownership is rapidly increasing. The provision of logistics services has become particularly relevant in current conditions of the global quarantine that was launched to reduce the spread of coronavirus disease 2019 (COVID-19). Logistics has always been a sensitive indicator of economic and social development of any country. The current situation in Ukraine demonstrates the imperfection of the existing delivery system, the impossibility of timely delivery of goods to individuals and legal entities in conditions of sharply increased demand. Because of the mentioned above, the

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logistics flow management system requires restructuring in the shortest possible time in the whole, necessitates attracting additional staff for temporary work, optimizing supply lots and storage volumes in warehouses, ensuring storage and transportation conditions in accordance with the regulations in particular. In other words, adaptive management systems, focused on the constant updating of the list of forms and methods of providing logistics services, are vitally needed.

According to Satta, Parola and Lee [18] the growing interest in logistics is also connected with other factors. Firstly, production and distribution networks depend on efficient supply chains to ensure the transportation of raw materials and finished products through the EU and beyond. In this context, transport and logistics activities are obtaining strategic business functions, not only because the associated costs account for a large share of the costs of goods sold, but also because the efficiency of logistics and transportation can significantly affect the level of customer service [9]. Therefore, effective external logistics allows enterprises to strengthen their competitive advantage in the end markets.

Secondly, in Europe, where the growth of transported flows has caused congestion, pollution, noise and other environmental problems transport and logistics services using public resources can have a strong impact on environmental and territorial systems [2]. They might "contribute to other goals, such as a cleaner environment, energy security, etc." [15].

Thirdly, there is a proportional increase in flows within and outside the EU which raises many problems. One of the solutions to emerging problems is creation of intermodal transport systems [18]. Considering the fact, that Ukraine is aimed at integration with the EU, but currently is characterised by imperfection of transport infrastructure, and as a result, by insufficient logistics, the country should optimize its transport logistics systems in accordance with the EU requirements, employing existing progressive logistics solutions instead of outdated high-cost solutions.

Methodology

To evaluate the logistics transport infrastructure of Ukraine, statistics data were collected, analysed and classified, which allowed to identify the features of logistics activities and the structure of the transport complex. To process the results of the study, the method of comparing and grouping data, the method of numerical indices, tabular and graphical methods were used. The systemic and process

approaches combined with causal analysis were the methodological basis of the study. The analytical and statistical materials of The World Bank, of the Ministry of Infrastructure, of the Statistics Service, and some normative acts served as the information base for the study. The works of leading scientists in the field of theory and methodology of logistics activities made the theoretical basis for the research.

Results

The mentioned above will result in dramatic transformation of logistics businesses which will be forced to develop a strategy for further development. Currently, there are two contradictory trends which influence logistics: on the one hand, there is increasing globalization, spreading e-commerce, integrating logistic companies worldwide; on the other hand, there is quarantine isolation of each state as a result of Covid-16 pandemia, calling for more sophisticated information and communication technologies. These contradictory trends will probably lead to restructuring of existing models of international trade and, consequently, will change trade flows. Such dramatic changes will raise logistics services to a new level, allocating resources more efficiently and thus improving the quality of shipment.

Thus, it is vitally important to measure the efficiency of logistics in the country. To perform this task the assessment of the index of Logistics Efficiency (LPI), based on ranking countries according to six aspects of trading, is to be carried out. These six aspects include customs, infrastructure, international shipments, logistic competence, tracking and costing, timeliness [13]. The results of the rating are based on the summary of the results of the survey of logistics professionals in certain countries.

The components analysed in the LPI are selected on the basis of modern theoretical and empirical research, as well as generalization of practical experience of logistics professionals directly involved in international cargo transportation. Each parameter is estimated on a five-point scale.

LPI uses standard statistical methods to process data and transform them into a single metric that can be used to make cross-national comparisons. Table 1 presents the dynamics of the Logistics Efficiency Index in Ukraine during 2010–2018.

Table 1 Dynamics of Logistics Efficiency Index in Ukraine [13]

Year	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
2010	102	2.57	2.02	2.44	2.79	2.59	2.49	3.06
2012	66	2.85	2.41	2.69	2.72	2.85	3.15	3.31
2014	61	2.98	2.69	2.65	2.95	2.84	3.20	3.51
2016	80	2.74	2.30	2.49	2.59	2.55	2.96	3.51
2018	66	2.83	2.49	2.22	2.83	2.84	3.11	3.42

According to the data presented in table 1, Ukraine had the best logistics performance in 2014 and ranked the 61st in the relevant ranking, but in 2016 its position deteriorated significantly (the 80th place), and in 2018 it returned to the position of the year 2012 and occupied the 66th place [13]. The most problematic parameters are those of the customs, which is caused by the imperfection of the legislation, the opacity of certain procedures and the delay of tax reimbursement; the infrastructure characterized by insufficient level of technical and technological support, poor quality of the road surface, insufficient level of efficiency of organization of the warehouse economy; poor level of international deliveries, characterized by the complexity of border crossing procedures, estimation of customs value, payment of duties; delays in delivery due to the low speed of border crossing, poor quality supporting documents, lack of security services, problems with insurance and customs clearance of goods in full.

Germany, which ranked the first in 2010, 2014, 2016, 2018, appeared to be the leader during the indicated period of analysis, and was among the top five countries in other periods, so it is expedient to use this country's experience in determining the directions of increasing the efficiency of logistics activities.

Continuous innovation is essential for improving logistics. Świtała [19] proposed to group innovations in logistics by the criteria of service, process, marketing and organizational innovations (Table 2).

Table 2 Variables grouped according to the type of innovation [19]

Service innovations **(new services available in the offer)**	**Process innovations** **(new and implemented improvements)**
green logistics services, logistics controlling, health care logistics, co-packing services, just-in-time deliveries, in-house services, co-manufacturing services, supply chain management, financial services	GPS, T&T system, EDI technology, RFID technology, automation of internal material flow, pick by light completion systems, pick by voice completion systems, computer network, ERP, WMS, TMS, CRM software, e-orders, e-warehouse, mobile applications
Marketing innovations (application of new marketing methods	Organizational innovations (introduction of new methods in organization management)
rebranding, online marketing tools, social media marketing, mobile marketing	motivation system, ethical code, changes in the organizational structure, lean management and/ or Kaizen principles, partner of scientific research program developmental works

According to Hertz and Alfredsson, the following 4 categories of 3PL organizations are distinguished:

- ❖ Standard 3PL provider. This is the most basic form of a 3PL provider. It would perform activities such as, pick and pack, warehousing, and distribution (business) – the most basic functions of logistics. For a majority of these firms, the 3PL function is not their main activity;
- ❖ Service developer. This type of 3PL provider will offer their customers advanced value-added services such as: tracking and tracing, cross-docking, specific packaging, or providing a unique security system. A solid IT foundation and a focus on economies of scale and scope will enable this type of 3PL provider to perform these types of tasks;
- ❖ The customer adapter. This type of 3PL provider comes in at the request of the customer and essentially takes over complete control of the company's logistics activities. The 3PL provider improves the logistics dramatically, but do not develop a new service. The customer base for this type of 3PL provider is typically quite small;
- ❖ The customer developer. This is the highest level that a 3PL provider can attain with respect to its processes and activities. This occurs when a 3PL provider integrates itself with the customer and takes over the latter's entire logistics function. These providers will have few customers, but will perform extensive and detailed tasks for them [7].

It must be noted, that at present, this list of providers is significantly expanded and will continue to expand as information and communication technologies are constantly developing. According to Jaeger, P., & Lindenlaub, R. [8] cloud logistics is emerging, where logistics is seen as integrated planning, control, implementation, and monitoring of internal network-wide materials, batches, and product streams, including information flows along value chains throughout the life cycle of a product. Its main purpose is to meet customer requirements. One of the examples of the current international ISP transformation is the one proposed by Dedola Global Logistics [3], which contains the following:

1 PL – Shipper;

2 PL – Traditional Transportation Provider;

3 PL – Integrated Logistics Service Provider;

4 PL – High Level Logistics/IT Consulting;

5 PL – Consulting for the High Level Logistics/IT Consultants;

6 PL – Artificial Intelligence Driven Supply Chain Management;

7 PL – Autonomous Competitor Created to Test Alternative Supply Chain Strategies;

8 PL – Super Committee Created to Analyse Competitor's Results;

9 PL – Crowd Sourced Managed Logistics Strategy;

10 PL – Supply Chain Becomes Self Aware and Runs Itself [3].

In today's realities, the presented classification looks a bit fantastic, but it is quite a real prospect for the coming decades, driven by the development of ICTs and their level of application and pace of distribution. Therefore, these perspectives must be taken into account when developing strategic plans for logistics.

To develop effective plans for the implementation of logistic activities, it is necessary to analyse its state. Table 3 shows the results of logistic activity of domestic enterprises on the basis of the study of volumes of transported goods by different modes of transport in 2010-2018.

Table 3 Dynamics of transported cargo by modes of transport [17]

Year	Railway		Sea	River	Automobile	Air	Pipeline
	Shipments	Transportations					
2010	357969,10	432897,00	4067,80	6989,50	1168218,80	87,90	153436,60
2011	388715,60	469308,10	4145,60	5720,90	1252390,30	92,10	154971,20
2012	378102,30	457454,50	3457,50	4294,70	1259697,70	122,60	128439,80
2013	377318,30	443601,50	3428,10	2840,50	1260767,50	99,20	125941,10
2014	325171,00	386276,50	2805,30	3144,80	1131312,70	78,60	99679,50
2015	294301,20	349994,80	3291,60	3155,50	1020604,00	69,10	97231,50
2016	292104,70	343433,50	3032,50	3641,80	1085663,40	74,30	106729,20
2017	277288,90	339550,50	2253,10	3640,20	1121673,60	82,80	114810,40
2018	267639,10	322342,10	1892,00	3698,00	1205530,80	99,10	109418,20

The information presented in Table 3 and Fig. 1 indicates a decrease in the volume of transportation by rail, sea, river modes of transport, during the analysed period, and an increase in the share of transportation by road. The volume of transportation by aviation and pipeline modes of transport did not change significantly. Therefore, based on the analysis of world trends in the transport market and the current situation in Ukraine, we can conclude that the share of road transport in the future will be increasing, which is due to its more considerable flexibility compared to rail transport, higher speed compared to sea and river transport, lower cost compared to aviation transport.

At the same time, according to the Ministry of Infrastructure of Ukraine, 95% of roads are broken, 90% of roads have not been repaired in the last 30 years, mortality on the roads is the highest in Europe, the average age of locomotives is over 40 years, the level of deterioration of freight and passenger cars is over 85%; only 3-4% of Ukraine's population uses aviation; 3% of river capacity is used; the logistics cost of transporting goods is 40% higher than in EU countries; the average age of small buses (minibuses) is 8-10 years old, the average age of large buses is15-18 years old or even more.

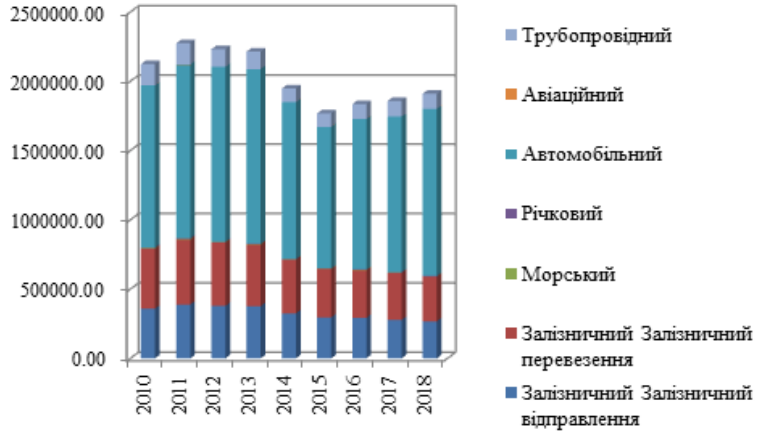

Fig. 1. The volume of goods carried by type of transport [17]

The basis for the existing cooperation between Ukraine and the EU is the following; improving the flow of passengers and goods; increasing mobility of traffic flows between Ukraine, the EU and the third countries; removal of administrative, technical, border-crossing and other obstacles; improvement of transport networks and modernization of infrastructure [1].

At the regional level, Ukraine participates in the framework of infrastructure, TEN-T and Connecting Europe transport initiatives, in the Eastern Partnership transport panel, in the Europe-Caucasus-Asia (TRACECA) transport corridor and the Baku Process, facilitating integration across the various initiatives of regional cooperation in the field of transport.

In order to improve the logistical activity of domestic enterprises and ensure the introduction of innovations in their work, it is necessary to attract investments on a continuous basis. Table 4 presents data on capital investment in transport, warehousing, postal and courier activities.

Table 4 Capital investment in transport, warehousing, postal and courier activities in 2010-2018 [17]

The object of investment	2010	2011	2012	2013	2014	2015	2016	2017	2018
Transport, warehousing, postal and courier activities	19322,4	25498,2	32413,0	18472,6	15498,2	18704,0	25107,8	37943,5	50078,3
Land and pipeline transport	6725,5	8837,8	15076,9	4535,1	3916,2	8120,1	15931,1	22245,7	31005,7
Waterway transport	152,4	130,1	98,7	116,2	204,8	302,5	233,9	253,7	198,2
Air transport	614,9	841,0	774,3	536,1	410,2	647,8	616,1	1302,5	1527,7
Warehousing and auxiliary transport activities	11705,1	15538,2	16077,6	13073,7	10837,0	9529,4	8126,3	13757,7	16962,7
Post and courier activities	124,5	151,1	385,5	211,5	130,0	104,2	200,4	383,9	384,0

Presented in Table 4 information indicates a significant increase in investments in transport, warehousing, land and pipeline transport, aviation transport. Investments in waterway transport were declining due to the decrease in both the volume of maritime, inland waterway transport, and in the number of ports.

The country's logistics system caters not only to domestic but also to foreign markets. Therefore, it is advisable to analyze the dynamics of the geographical structure of foreign trade in goods, which is presented in Fig. 2, 3.

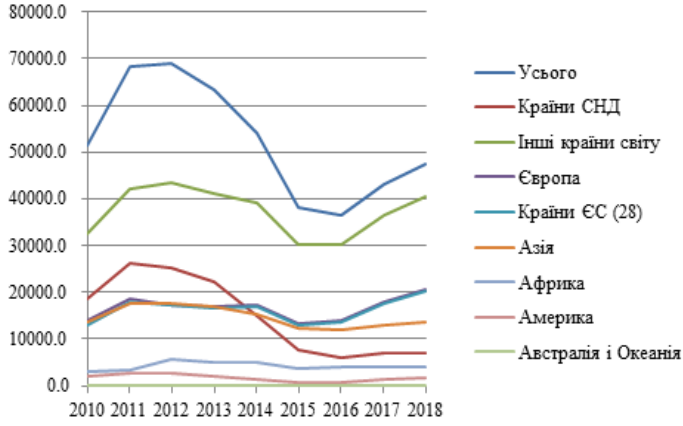

Fig. 2. Dynamics of the geographical structure of foreign trade in goods (export) [17]

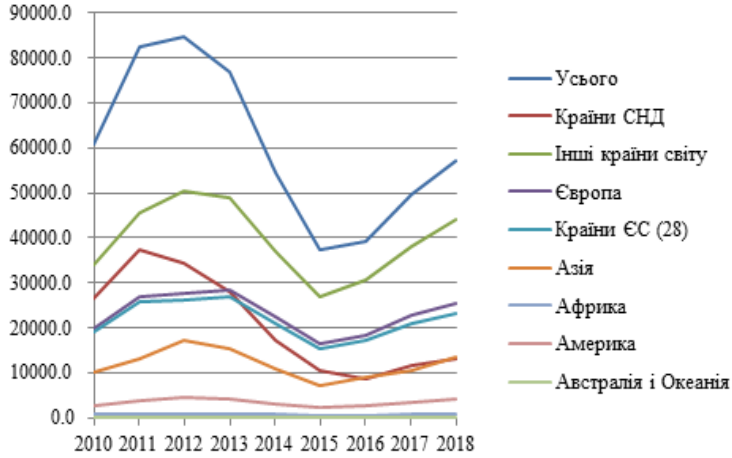

Fig. 3. Dynamics of the geographical structure of foreign trade in goods (import) [17]

Fig. 2, 3 indicates the superiority of exports over imports. From 2010 to 2013, there was an increase in export-import operations, followed by a significant decline until 2015, followed by a slow growth. On the basis of the chosen direction of the country's policy, the volumes of cooperation with the CIS countries gradually decreased in favour of the EU countries. The smallest amount of export-import activity was with such countries as America, Australia and Oceania, which is explained by a long distance.

A detailed analysis of export and import freight transport by road from Ukraine to the EU countries for the period of 2018- 2019 is presented in Tables 5, 6.

Table 5

Export cargo transportation by road from Ukraine to the EU in 2018/19, tons [4]

	2018	**2019**	**Dynamic, tons**	**Dynamic, %**
EU28	6074125	6138754	64629	1,06
Poland	1794370	1801597	7227	0,40
Germany	906998	815343	-91655	-10,11
Romania	522875	502692	-20183	-3,86
Hungary	496345	456410	-39935	-8,05
Italy	427969	399357	-28612	-6,69
Netherlands	237876	364877	127001	53,39
Czech republic	302587	286322	-16265	-5,38
Lithuania	201567	226988	25421	12,61
Slovakia	230185	208225	-21960	-9,54
Bulgaria	148309	184038	35729	24,09

Austria	157137	179104	21967	13,98
Slovenia	97554	151563	54009	55,36
Belgium	103221	110709	7488	7,25
Latvia	75275	87927	12652	16,81
France	70791	61665	-9126	-12,89
Estonia	60331	58057	-2274	-3,77
Denmark	53871	56395	2524	4,69
Greece	44120	43893	-227	-0,51
Spain	32842	35307	2465	7,51
United kingdom	32193	31533	-660	-2,05
Sweden	22898	23878	980	4,28
Finland	20496	19880	-616	-3,01
Croatia	22565	19543	-3022	-13,39
Luxembourg	10046	11208	1162	11,57
Portugal	1333	2120	787	59,04
Ireland	370	123	-247	-66,76

The analysis of data about export cargo transportation by road shows a significant increase of interaction with the Netherlands (by 53.39%), Slovenia (by 55.36%), Portugal (by 59.04%), in contrast with a significant reduction of interaction with Ireland (by 66.76%). On the whole, the road freight transportation with EU countries increased slightly, by 1.06%.

Table 6 Import cargo transportation by road from the EU to Ukraine in 2018/19, tons [4]

Country	**2018**	**2019**	**Dynamic, tons**	**Dynamic, %**
EU28	5518702	6029983	511281	9,26
Poland	2030454	2258515	228061	11,23
Germany	820946	837420	16474	2,01
Hungary	338184	343177	4993	1,48
Netherlands	275997	288969	12972	4,70
Italy	247574	284438	36864	14,89
Slovakia	222501	239518	17017	7,65
Czech republic	186752	204339	17587	9,42
Romania	173889	184605	10716	6,16
Austria	150395	171190	20795	13,83
Lithuania	128656	150279	21623	16,81
Belgium	135909	147220	11311	8,32
France	124005	141556	17551	14,15
Finland	135409	137904	2495	1,84
Bulgaria	85053	88627	3574	4,20

Greece	44265	81797	37532	84,79
Spain	65083	79097	14014	21,53
Estonia	57084	70020	12936	22,66
United kingdom	70528	69941	-587	-0,83
Latvia	55486	68507	13021	23,47
Sweden	66663	67482	819	1,23
Denmark	58716	64502	5786	9,85
Slovenia	32174	36758	4584	14,25
Luxembourg	3940	4665	725	18,40
Portugal	3468	4092	624	17,99
Croatia	4275	3976	-299	-6,99
Ireland	1294	1392	98	7,57

The analysis of import freight transport by road shows a significant intensification of trade relations with Greece (by 84.79%); Baltic countries, including Latvia (by 23.47%), Estonia (by 22.66%), Lithuania (by 16.81%); Spain (by21.53%). There was a slight decrease in imports of goods by road from United Kingdom (by as little as 0.83%), Croatia (by 6.99%). Overall, there was a significant, by 9.26% increase in imports of road haulage with the EU countries, indicating positive economic changes. In 2018, there was a tendency for exported cargoes to dominate over imported ones, but in 2019 that trend changed and further investigation on the trends of freight traffic is needed.

The top 50 types of cargoes for import and export by motor transport from the EU to Ukraine in 2019 are presented in Tables 7, 8.

Table 7 Top 50 types of cargoes for import by motor transport from EU to Ukraine in 2019, tons [4]

Product	**2019**	**Dynamics over 2018, %**
Plastics and articles thereof	523512	2,91
Paper and paperboard; articles of paper pulp, of paper or of paperboard	421555	2,70
Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	393260	25,81
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	365003	1,74
Iron and steel	244656	16,93
Fertilisers	224426	16,31
Meat and edible meat offal	223573	-7,19
Wood and articles of wood; wood charcoal	182917	3,10

Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	181802	17,30
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	179993	-0,87
Edible fruit and nuts; peel of citrus fruits or melons	178832	66,62
Miscellaneous chemical products	177639	5,63
Ceramic products	174336	2,77
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	160954	9,25
Articles of iron or steel	148873	24,04
Beverages, spirits and vinegar	143016	36,35
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	141336	1,01
Residues and waste from the food industries; prepared animal fodder	140140	14,27
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	98216	-1,43
Salt; sulphur; earths and stone; plastering materials, lime and cement	98015	-10,83
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	97697	7,48
Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	93823	-11,85
Articles of stone, plaster, cement, asbestos, mica or similar materials	79961	-5,26
Fish and crustaceans, molluscs and other aquatic invertebrates	79288	12,19
Organic chemicals	75726	8,62
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	74125	2,89
Rubber and articles thereof	70531	5,26
Preparations of cereals, flour, starch or milk; pastrycooks' products	69693	39,56
Glass and glassware	62679	49,62
Cocoa and cocoa preparations	58111	2,77
Edible vegetables and certain roots and tubers	54651	94,74
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	53706	68,30
Preparations of vegetables, fruit, nuts or other parts of plants	53610	14,66
Miscellaneous edible preparations	48179	15,69
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	45688	64,86
Aluminium and articles thereof	38772	-1,22
Albuminoidal substances; modified starches; glues; enzymes	38463	-0,55
Cereals	35464	-9,14

Miscellaneous manufactured articles	33423	-6,86
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	32694	8,77
Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	30924	18,71
Coffee, tea, maté and spices	28127	8,37
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	23784	5,51
Tobacco and manufactured tobacco substitutes	23585	20,84
Pharmaceutical products	22086	1,92
Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	21748	18,73
Products of the milling industry; malt; starches; inulin; wheat gluten	20393	20,73
Miscellaneous articles of base metal	19297	9,18
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	18177	21,72
Sugars and sugar confectionery	13333	-34,54

The information presented in Table 7 indicates that deliveries from the EU to Ukraine of edible vegetables and certain roots and tubers soared spectacularly by 94.74%, the import of animal or vegetable fats and oils and their cleavage products, prepared edible fats, animal or vegetable waxes increased immensely by 68.30%, the import of edible fruit and nuts, peel of citrus fruits or melons rose dramatically by as much as 66.62%. The import of dairy produce, birds' eggs, natural honey, edible products of animal origin increased greatly by 64.86%, and of glass and glassware by 49.62%. The growth of import of cereals preparations, flour, starch or milk, pastry cooks' products was estimated as by 39.56%. Beverages, spirits and vinegar import increased by 36.35%. Deliveries from the EU of articles other than railway or tramway rolling stock, and parts and accessories increased by 25.81%, the import of articles of iron or steel rose by 24.04%.

In contrast, supplies of sugars and sugar confectionery decreased by 34.54%, of pulp of wood or other fibrous cellulosic material, recovered (waste and scrap) paper or paperboard by 11.8 5%. The import of salt, sulfur, earths and stone, plastering materials, lime and cement dropped by 10.83%. The import of meat and edible meat offal fell by 7.19%.

Table 8 Top 50 types of cargo for export by road from Ukraine to the EU in 2019, tons [4]

PRODUCT	2019	Dynamics over 2018, %
Wood and articles of wood; wood charcoal	2721896	-7,33
Articles of iron or steel	300370	-13,04
Glass and glassware	275125	14,58
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	245038	18,76
Iron and steel	223395	-1,27
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	211505	20,66
Cereals	193674	252,38
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	134574	9,58
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	126275	16,82
Paper and paperboard; articles of paper pulp, of paper or of paperboard	103809	-2,79
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	103468	-7,03
Residues and waste from the food industries; prepared animal fodder	103295	44,69
Plastics and articles thereof	96417	16,83
Preparations of vegetables, fruit, nuts or other parts of plants	93542	9,24
Meat and edible meat offal	92474	0,32
Ceramic products	86713	-0,14
Edible fruit and nuts; peel of citrus fruits or melons	86616	-0,46
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	78155	5,44
Articles of stone, plaster, cement, asbestos, mica or similar materials	66581	13,63
Salt; sulphur; earths and stone; plastering materials, lime and cement	63854	21,73
Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	58444	27,46
Preparations of cereals, flour, starch or milk; pastrycooks' products	54676	14,61
Miscellaneous edible preparations	51110	6,99
Edible vegetables and certain roots and tubers	48336	5,70
Beverages, spirits and vinegar	44987	-6,76
Sugars and sugar confectionery	37697	-17,23
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	36303	-3,41

Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	35943	8,16
Organic chemicals	32007	-12,99
Products of the milling industry; malt; starches; inulin; wheat gluten	30253	-1,27
Miscellaneous chemical products	26052	-9,61
Vegetable plaiting materials; vegetable products not elsewhere specified or included	24294	-11,12
Cocoa and cocoa preparations	22347	19,98
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	17324	-27,14
Ores, slag and ash	16525	-0,48
Albuminoidal substances; modified starches; glues; enzymes	12118	12,26
Raw hides and skins (other than furskins) and leather	11826	-8,96
Lead and articles thereof	11282	-19,04
Miscellaneous manufactured articles	11180	2,07
Rubber and articles thereof	11055	11,36
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	10679	17,92
Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	9695	-15,33
Aluminium and articles thereof	9479	-47,69
Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	9038	16,01
Articles of apparel and clothing accessories, not knitted or crocheted	8835	-4,06
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	8559	-36,72
Man-made staple fibres	8550	51,38
Miscellaneous articles of base metal	8267	15,36
Footwear, gaiters and the like; parts of such articles	6954	-2,67
Toys, games and sports requisites; parts and accessories thereof	6009	0,92

The information in Table 8 indicates a significant increase in deliveries of cereals by incredible 252.38%, of man-made staple fibres by 51.38%, of aluminium by 47.69%. The export of residues and waste from the food industries, of prepared animal fodder rose by 44.69%. The export of soap supplies, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modeling pastes, 'dental waxes' and dental preparations with a plaster basis grew by 36.72%.

In contrast, the supply of aluminium and articles decreased by 47.69%; the export of soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, dental waxes and dental preparations with a plaster base fell by 36.72%. The export of mineral fuels, mineral oils and products of their distillation, of bituminous substances, of mineral waxes dropped as much as by 27.14%.

Discussion

It is difficult to overestimate the importance of effective functioning of logistical enterprises in the external and internal markets. Globalization and integration processes stimulate the development of logistics business. In the current circumstances, logistics is directly linked to the management of interstate supply chains, which are the basis of international trade and represent a complex sequence of coordinated actions [9]. Uneven levels of development in many countries impede the effective development of international logistics [12]. In Ukraine, as well as all over the world, the volume of logistic activity in recent months has been growing significantly. The process of successful integration into the international logistics space has taken place, that is testified by the presence of a large number of enterprises providing logistics services both within the territory of Ukraine and abroad.

Besides, the competitive advantages of Ukraine are its geographical location, and sufficient qualified personnel. The postal logistics market, which is growing at a tremendous pace, should be mentioned as well. Urgent need for transformation and high demand are the main catalysts for innovation. According to Kisil, Ukraine is reforming its IT infrastructure in terms of implementing the latest ERP and WMS systems, robotising operating processes and using Data Science; there is a shift from multi-channel to omni-channel sales technologies and restructuring of operational processes in order to increase the quality of customer service. Postal and logistics companies are proactive in the development of fulfilment destinations and sorting lines [11].

In 2018, the National Transport Strategy of Ukraine for the period until 2030 which defines the priorities of integrated transport policy formulation and effective public administration, the main directions of development of the transport industry was approved [14].

The purpose of this strategy is to form a securely functioning and efficient Ukrainian transport complex integrated into the world transport network, to meet the needs of the population in

transportation and to improve the conditions of doing business in order to ensure the competitiveness and efficiency of the national economy [14]. The implementation of this strategy will help accelerate the integration of Ukraine into the EU, facilitate the implementation of the Association Agreement According to the updated national transport strategy of Ukraine, the overall strategic goal wll be achieved by focusing on the implementation of the following principles of transport policy: sensitivity to the needs of transport users - industry and citizens; efficiency and effectiveness of freight and passenger transportation systems; increased security and reliability; sustainable development of transport; urban mobility, economic and social integration [1].

However, the existing institutional organization is negatively affected by the lack of separation of functions and appropriate governance which blocks the integrity of the transport sector, and hampers the fight against corruption. The transport sector is also marked by mismanagement. A proper implementation of the transport strategy requires a clear and effective institutional organization that reflects the principles of "good governance" which suggests separation of functions and responsibilities. The public sector lacks professional resources, strategic planning, and policy-making skills. The existing institutional organization is not encouraging private operators to do business in the transport sector.

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Conclusion

Thus, according to The World Bank, Ukraine had the best performance in logistics efficiency in 2014, ranking the 61st, and in 2016, its position deteriorated significantly (the 80th place), and in 2018 it returned to the results of 2012 [13]. The critical components include customs, infrastructure, international supplies, timeliness. The volumes of transportations by rail, sea, river and modes of

transport were gradually decreasing during 2010-2018, while the share of transport by road was increasing, though that process was complicated by the low quality of motorways, which impeded the increase in the efficiency of logistics activities. Capital investments in transport, warehousing, land and pipeline transport, aviation transport were gradually increasing, which was a positive trend for improving its performance. The decrease in investment in water transport was associated with the decrease in shipping and inland waterway transport. Foreign trade in goods was gradually stabilizing. Exports outpaced imports in 2018, which was quite positive for the economy. Due to signing of the Association Agreement by Ukraine, the volume of goods to EU Member States has been increasing, which will facilitate even more rapid integration with EU countries [1].

In order to improve the efficiency of logistics operations, it is advisable to introduce modern information and communication technologies; to raise the level of automation of all operational processes; to build transport infrastructure; to implement new logistics flow management systems; to optimize deliveries by time and cost criteria; to look for new ways of customers search and turning them into loyal clients; to use competitive advantages of geographical location, and existing IT staffing potential. Improved logistics must meet the requirements of flexibility, stability, responsiveness and security.

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7.

Methodical Approaches to Analysis of Corporate Efficiency

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The approaches to the effectiveness of joint-stock company management were systematized on the basis of targeted, systemic, internal organizational and competitive approaches. The effectiveness of enterprise management in the corporate governance system as a balance of interests of participants of corporate relations is determined and substantiated. An analysis of the application of corporate governance ratings to evaluate corporate performance has been conducted.

Performance criteria were a set of goals that ranged from 10 to 30 across different sources. The overall list of criteria was purely

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informative, since the criteria listed may not be equally important for all businesses, each setting its own strategic goals, which it evaluates to specific criterion efficiency. The most comprehensive list of criteria is summarized in tab. 1 [1; 2; 3].

Table 1 Enterprise Performance Criteria

General criteria	Organizational criteria	Market criteria
Productivity	Job satisfaction	Company growth
Profit	Motivation	Flexibility / adaptation
Production quality	Moral influence	Stability
Capital management	Control	Reaction to the market
Increase in turnover	Internal organizational development	Impact on the environment
Research and development	Personnel development management	Uncertainty reduction
Evaluation of successes and achievements	Information management	Business processes
Planning and meeting goals	Compliance with regulations and regulations	Market expansion

Many of the criteria are in general competing and contradictory, so a comprehensive assessment of effectiveness becomes impossible. The ordering of criteria based on the most frequent mention by managers of effectively operating enterprises was done by B. Senor [4, 211] (tab. 2).

Table 2 The most common performance criteria

Evaluation criterion	Number of companies (out of 17), which named the criterion	Percentage of the total
Flexibility-adaptability	10	59
Performance (issue)	6	35
Job satisfaction	5	29
Profitability	3	18
Fighting for scarce resources	3	18
Lack of organizational tension	2	12
Control of the environment	2	12
Staff development	2	12
Productivity	2	12
Save staff	2	12
Growth	2	12
Integration of individual and organizational goals	2	12
Open communication	2	12

Survival	2	12
Other criteria	1	6

However, attempts to apply a purely statistical approach without taking into account the socio-economic conditions of the external environment and the organizational characteristics of the internal environment have produced results that are situational in nature and change with each new survey. In addition, this approach does not answer the question of how to evaluate performance, how to analyze the reasons for its increase or decrease, what factors contribute to, and which impede the effective operation of the corporation.

The current level of development of the theory of efficiency demonstrates the polymorphism of its definition and application for analytical evaluations and managerial decisions, and necessitates the definition of appropriate types of efficiency, each of which has some practical value. In agreement with this view, it is considered appropriate to summarize the diverse aspects of performance appraisal that are encountered both in theory and in business practice. The general classification of types of assessments by certain features is shown in fig. 1.

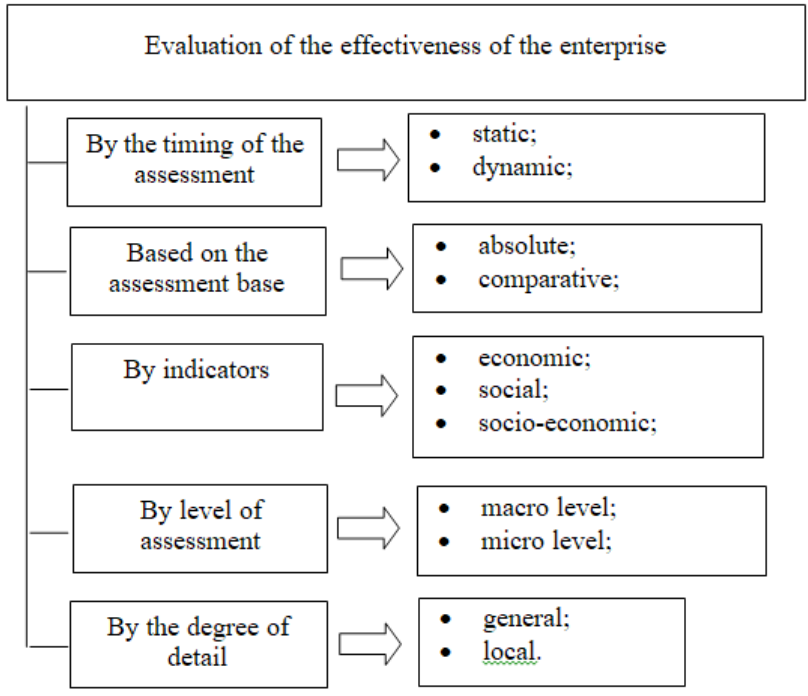

Fig. 1. General classification of types of performance appraisal enterprises

From the point of view of a systematic approach, any organization, and therefore its effectiveness, can be considered in static and dynamic aspects. Static performance criteria characterize the conditions, methods and results of maximizing the objective function, above all, profit [5]. Thus, within the classical economic model, it is assumed that any enterprise exists in order to maximize profit.

In a dynamic aspect, the organization is seen as an institute pragmatic in origin but organic in change and development. Many firms start their operations in a relatively stable environment and rely on static performance criteria. Changes in the external environment create conflicts between the set goals and the adopted market-oriented strategy. The concept of dynamic efficiency is closely linked to the life cycle of the organization. Corporations are created, developed, stabilized, aged, liquidated or reorganized. Moving from one phase to another is a continuous process that changes the goals and parameters that need to be taken into account when evaluating performance.

Another aspect to consider in approaches to determining efficiency is the choice between absolute and comparative efficiency. In the first case, the task of assessing the use of resources, the impact of organizational and economic changes, internal and external factors on the effectiveness of structures and processes is solved. In the second case, a comparison is made of different enterprises in order to determine the effectiveness of the activity of a certain enterprise in comparison with similar in the industry.

Micro-organizational performance in organizational theory is often called productivity and addresses the following assessment tasks:

- Internal rationality of the control apparatus (provision of controllers with information, cost of information processing, speed of decision making, level of control of execution, reliability of functioning);
- System potential (adaptability, flexibility, growth capacity);
- Internal economic efficiency (rate of return on capital, productivity of labor, cost of production);
- Quality of organizational behavior (level of organizational culture, absence of conflicts, degree of motivation of employees, degree of satisfaction of employees, staff turnover).

The notion of efficiency in Western literature is relevant to the process of interaction with the external environment. In organizational theory, efficiency is the degree to which an

organization achieves its strategic (external) goals. The typical tasks of such a macro-organization are: survival of the enterprise in competition; achieving long-term sustainable income; increase of growth rate of the enterprise; customer satisfaction; provision of resources; increasing the degree of control over the environment; performing social and political functions; stable financial position; increase in total sales, product quality; maintaining or increasing market share.

In the Interdisciplinary Dictionary of Management [6, 305,478], performance is defined as the desire of the organization to "do the right thing", more efficiently than following "really done actions".

Thus, if the external landmarks (goals) are set correctly, it is necessary to determine the optimal ways to achieve them. In different organizations, performance can lead, depend on, or concede to performance in the parametric evaluation of an enterprise.

In terms of coverage of the output of social production and the cost of social labor, efficiency can be considered as general and local. The first gives the ratio of the components of efficiency defined in full, in full, the second – describes the ratio of only individual elements that are included as components of the result of social production and costs of social work.

In the theory and practice of management today are discussed two concepts of performance evaluation: the first is based on financial (economic) indicators, the second – on the qualitative factors of success of the strategy and behavior of the corporation in the market, which include social, organizational and social indicators. In the first case, businesses are clearly focused on financial results. Of course, the universal indicator of processes that take place inside and outside the enterprise is profit. A. Blank reasonably attributes the profit to the criteria of efficiency of both a specific production activity and to the main internal source of formation of financial resources of the enterprise [7, 13]. But the use of this metric alone to measure cost effectiveness has some drawbacks. Among them is the ability to manipulate the amount of profit received through depreciation accounting, inventory valuation, cost accounting; focusing on temporary benefits through a long-term strategy and enhancing the enterprise's future potential; poor informative value about the corporation's prospects, not its past achievements.

The composition of financial performance indicators, both qualitative and quantitative, depends on the purpose of the study. For industrial enterprises of Ukraine it is proposed to use the

following system of grouping of indicators:

- ❖ Indicators of financial stability, which characterize the degree of dependence of the company on the creditors;
- ❖ Indicators of liquidity and solvency, which characterize the ability of an enterprise to fulfill its financial obligations to counterparties and the state;
- ❖ Profitability indicators that allow you to compare profits with invested funds;
- ❖ Business activity indicators that show a measure of efficiency of use of fixed and working capital [8; 9].

On the basis of financial corporations for the estimation of the given groups of indicators the analysis is carried out: the structure of costs for production and sale of goods of profitability; asset liquidity (short-term liquidity, long-term liquidity); asset structures; receivables; structures of financial resources; debt structures; accounts payable (current debt, long-term debt); own funds; stock returns; cash flows; market conditions.

Cost-effectiveness assessment provides a clear focus on the financial result, but may also be limited. This assessment can be supplemented in terms of the concept of qualitative assessment of the functioning of the corporate sector, which is aimed at meeting the interests of stakeholders and includes both economic and social, organizational, ethical, social indicators. The system of international corporate governance standards, which is primarily based on the principles of corporate governance of the Organization for Economic Cooperation and Development, requires corporations to comply with such criteria as: honesty, transparency, accountability, and accountability.

It is in these areas that the corporate practice of international corporate governance provides a comprehensive assessment of the organization of corporate activities. Corporate governance ratings are the basis for assessing the legal basis for regulating corporate relations, the state of the current corporate governance system both in the corporation and in each country.

On the basis of all the considered spectrum of definitions of the effectiveness of corporate governance, we will summarize from a methodological point of view the main approaches to its evaluation, among which are the target, systemic, organizational, competitive [10].

Targeted approach is one of the modern tools of comprehensive and comprehensive assessment of organizational effectiveness,

widely used in management practice. The basic idea is that the effectiveness of an organization is determined by its ability to achieve its goals. Traditionally, corporate goals include sustainability criteria, such as financial stability (solvency, liquidity and turnover), resource conservation (material, monetary, labor, information). The persistent interest of the enterprises towards the goals related to the internal organizational processes remains: development of the management system, planning of organizational changes, reforming the structure, improvement of the organizational culture.

The systems approach defines a corporate enterprise in evaluating performance as an open system. This view emphasizes the interaction between different parts of the corporation and the external environment because they jointly affect efficiency. Maximizing the criteria dictated to the enterprise by the external environment ensures its survival in a market space.

In the system aspect, there are four main categories that affect performance: 1) organizational characteristics (structure and technology); 2) environmental characteristics (economic and market conditions); 3) peculiarities of organizational behavior (level of executive discipline and organizational culture); 4) features of management style and methods of administration. These four groups of variables need to be interrelated in order to achieve the overall effectiveness of the organization.

The systematic approach to solving the problem of performance evaluation is expressed in the following:

- ❖ Considering the enterprise as an open system and sharing the characteristics of its external and internal efficiency (in terms of environment and resources);
- ❖ Performance evaluation covering all major systems components (outputs, inputs, transformations and feedback);
- ❖ The transition from single-criteria to multi-criteria effect-evaluation;
- ❖ Use of system-wide and special characteristics: indicators of achievement of results and indicators of system status, search of ways of agreement of criteria.

The systematic approach to organizational performance evaluation is more comprehensible to managers because it focuses on the means of achieving the goal rather than the evaluation of the goal itself. Managers are more likely to plan processes, rather than expecting fast and accurate results from their operations. They are

concerned with the sustainability and survival of the enterprise over the long term, rather than achieving concrete results for the given period. The greatest advantage of the system approach is when the goal is not precisely defined and can be altered in the course of more or less successful actions of managers or changes in the external environment. In other words, when "the game is more important than the result".

The intra-organizational approach defines efficiency as internal co-ordination, stability, coordination of all processes in which set-tasks will be performed in an optimal way at minimal cost. At the heart of the organizational approach is the type of enterprise, control and coordination system, the degree of centralization and regulation adopted by the organization.

In corporations of the bureaucratic type, the common criteria of organizational effectiveness, defined by J. Ober-Krye [11], are: unity of management, unity of subordination, limitation of the number of subordinates in one manager, division of labor, definition and consolidation of functions, optimizing the number of management levels, division responsibilities, powers and responsibilities, optimal balance between centralization and decentralization, quality and speed of information support, reduction of errors in management decisions, reducing the time of solving management problems, reducing costs.

Adaptive-type corporations achieve competitive advantage through the following criteria:

- ❖ Creating a strong corporate culture and a positive organizational climate;
- ❖ Adherence to group spirit, group loyalty and group work;
- ❖ Ensuring confidentiality, trust and effective communication between employees and managers;
- ❖ Making decisions based on information from sources located at any level of the organizational structure;
- ❖ Blurring of horizontal and vertical connections;
- ❖ Opportunity for business growth and development, creation of effective working groups;
- ❖ Interaction between the corporation and its parts in order to develop unified design solutions for the benefit of the organization;
- ❖ Management flexibility, quick response to internal and external changes.

An intra-organizational approach is an effective tool for ensuring and evaluating the harmonious functioning of a corporation at the level of interpersonal and intergroup relations, where the human factor is a source of competitive advantage.

The competitive approach depends on the criterion of effectiveness on whose interests that criterion meets. Not surprisingly, shareholders, suppliers, customers, managers, staff of different divisions view the corporation from different angles. It is difficult to call the "best" criterion for evaluating the effectiveness of the corporation, because there is no single agreed purpose with various economic agents whose goals are subjective.

An economic agent (participant in corporate relations) can be referred to as a group within or outside corporations, which is related to their operation and, as a rule, has part of the capital (in the form of shares, loans, salaries). According to the competitive approach, the effectiveness of the corporation can be evaluated as the degree of satisfaction of the interests of the stakeholders. However, each participant has its own performance criterion, which corresponds to its different interest in the corporation's activities. In general, the activities of a corporation can be seen as the result of a small number of economic agents directly interested in its results.

Table 4 provides a list of performance criteria from the point of view of different groups of participants in corporate relationships.

Table 4 Performance criteria for different stakeholder groups

Stakeholders	Performance criteria
1. Owners	Financial results (profit, dividends), increase in income
2. Employees	Job satisfaction, salary, social programs
3. Customers	Price, quality of goods and services, service
4. Lenders	Creditworthiness, liquidity
5. Society	Contribution to public affairs, charity
6. Suppliers	Benefits of transactions, terms of payment
7. State	Observance of the law, payment of taxes

The modern use of a competitive approach to organizational effectiveness is based on the choice of strategic partners in the external environment, which most depend on the existence of the corporation. In this approach, the focus is not on meeting the requirements of all stakeholders, but only strategic ones that can threaten the survival

of the enterprise. The effectiveness of a corporation in the context of a competitive approach is determined by the availability of sufficient capacity to meet the requirements and expectations of partners, including strategic ones.

If a targeted approach views corporations as rational and purposeful objects, then a competitive approach will orient the corporation to meet the requirements of those critical strategic partners on whom its survival depends. A corporation can have many strategic partners with different requirements and degrees of influence, each of them also having a unique set of values and goals that can hardly be reconciled. The first steps of managers using a competitive approach to organizational performance should be focused on identifying strategic partners. This list should then be streamlined and each partner assigned a weighting factor for organizational performance. The goals and expectations of the partners themselves for the organization under consideration are then defined. These goals should be defined both qualitatively and quantitatively. The effectiveness of the organization in the context of a competitive approach is determined by the availability of sufficient capacity to meet the requirements of partners, including strategic ones.

Each of the presented approaches to performance evaluation has its own advantages and disadvantages and can be useful in a certain management situation under the current conditions. Comparison of different approaches by the criterion of their application is given in tab. 5.

Table 5 Comparison of approaches to assessing organizational performance

Approach	Essence	Application
Target	Achievement of goals organization	Goals are defined, limited and measurable
System	Resource efficiency	Resource connection is established (input) and output (output)
Intra-organizational	Management structure of the organization	Weak dependence of the organization on the external environment, emphasis on internal processes
Competitive	Protection of interests stakeholders	Strong dependence on economic agents, participants in the process of functioning of the corporation

Improving the efficiency of the corporation and creating a stakeholder interest balance stimulates the well-being and development of society, creates and maintains a business

environment, maximizes profit and return on investment, ensures long-term productivity growth. Achieving corporate governance effectiveness ensures that the interests of corporations, investors, and society are aligned, limiting abuse of power, transferring assets, financial and moral risks, wasting corporate resources, which may be the result of beneficial behavior of corporate insiders to the detriment of investors and society.

Assessment of the quality of corporate governance with the use of consideration of those targeted, systemic and internal organizational approaches has its advantages, but it is complicated by the divergence of interests of different groups of participants in corporate relations. Therefore, it is considered appropriate to use a competitive approach to identify the goals of participants in corporate relationships, which is a poorly researched problem, and then to evaluate the effectiveness of achieving strategic goals by known and widely used methods in the literature.

The groups of participants in corporate relations that are most influential in the strategy and development of the corporation include business owners (shareholders) and senior executives who form the basis of government structures. Real corporate governance is carried out by the structures of property management (general meeting of shareholders and the supervisory board) and the executive body of a joint-stock company (sole or collegiate board). Assessment of corporate governance effectiveness is made precisely on the results of the activity of governmental structures, but such assessment is difficult to formally, quantitatively or logically describe. The competitive approach enables to assess at a meaningful level the effectiveness of the corporation from the point of view of stakeholder groups (participants of corporate relations) and the effectiveness of the activity of governmental structures by means of corporate governance ratings [12].

Among the participants in corporate relations, we identify groups of financial and non-financial investors. In the group of financial investors shareholders and creditors acquire the most importance in the corporate governance system both in Ukraine and abroad. Lenders are more cautious about valuing risky investment projects because they incur most of the losses if the investment is ineffective. If, on the contrary, the project is successful, the owners will enjoy high profits. The requirements for administrative control by different groups of financial investors also differ, which sometimes makes a difference in the quality of corporate governance.

Another stakeholder group may be referred to as non-financial investors, including employees investing their work; suppliers that invest material resources; a society that invests public trust by waiving tax revenue for the benefit of corporations. Their assessment will also be different, because sometimes positive processes in a company's development lead to negative consequences for people and the environment.

The control and evaluation of the corporation's activities are related to a rather complicated procedure for defining quality criteria, which is agreed by most specialists in the field of corporate governance [2; 13; 14; 15]. Classification of participants in corporate relations V. Grinova and O. Popova defines the differentiated structure of goals by financial, internal organizational and social characteristics, which proves the diversification of interests of stakeholders [3].

First of all, the criteria for successful activity are the main indicators of the financial condition of the company. For financial investors, an objective evaluation of a joint-stock company is its financial performance, which is analyzed in the annual report, including: maximizing the market value of the firm; increase in sales; profit maximization; cost minimization; ensuring profitable activities; increase of liquidity of assets; increase of own funds of joint-stock company; maximizing stock returns.

With almost different representatives of the financial investor group, different views on the effectiveness of the corporation and therefore the criteria for economic efficiency. The information that is of most interest to the various groups of participants in corporate relations, and hence their view on effectiveness, are presented in tab. 6.

Table 6 The most important information for stakeholders in Corporate governance system

Stakeholders	**Performance criteria**
Shareholders	Return on equity
Managers	Resource efficiency, profitability of the enterprise
Suppliers	Solvency and financial stability of the enterprise
Credit institutions	Timely and full repayment of the loan, liquidity and solvency of the company
Investors	Payback, long-term contracts
Public administration	Financial stability, profitability, implementation of investment projects

The achievement of the goals of the participants of corporate relations depends on their close cooperation with the governing bodies of the joint-stock company, especially concerning participation in the work of the supervisory board, whose activity should be aimed at: the survival of the corporation in the conditions of competition; the prevention of bankruptcy and large financial losses; leadership in the fight against competitors; maximizing the market value of the corporation; increase in sales; profit maximization; cost minimization; ensuring profitable activities. A look at performance criteria is determined not only by belonging to a particular stakeholder group, but also by the existing corporate governance model in the country.

According to the Anglo-American Corporate Governance Model, performance is the shareholder income, which is the goal of business activity, not a criterion for allocating resources as in the Western European model. In the Western European model, boards of directors should ensure the long-term prosperity of the company. This task requires a focus on organizing strategic control over the company's operations and putting into action measures that open the long-term perspective to its development. The role of the stock exchange in assessing the quality of corporate governance is negligible [2]. The Japanese model is focused on completely different indicators; it is a positive image of companies, stability of existence, influence on the government, social status of employees.

Non-financial investors view the stability and effectiveness of corporate governance as a factor that is no less important, and often even more important than financial performance. Shares of corporations are more valuable, in which the practice of supervisory boards and boards is based on the principles of international standards, which gives investors the opportunity to control the activities of executives and influence the most important decisions.

The composition and nature of the non-financial performance criteria is a matter that is purely subjective, depending on the purpose of the individual or entity making the assessment. The evaluation of the corporation's activities should aim at identifying the factors that contribute to the success of the company in the market, as well as the indicators that limit the chances of success.

To obtain an integrated evaluation of the performance of a corporation in terms of competitive approach, it is proposed to use the method of constructing multidimensional diagrams. However, in this case, a survey of experts representing different stakeholder groups will lead to different configurations of the multifactor profile.

The diagram (fig. 2) shows the valuation of a generalized corporation in terms of financial and non-financial investors. The intersection of the outlined planes gives many goals that will satisfy both groups of investors and determine the area of coincidence of their interests.

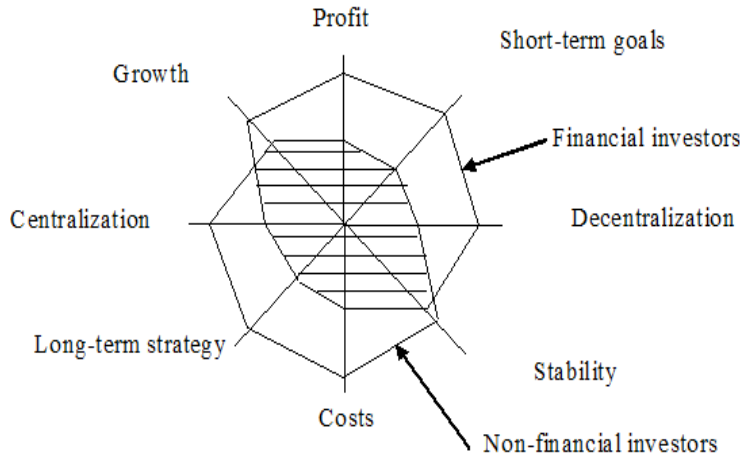

Fig. 2. Multifactor Corporate Performance Assessment Profile for Financial and Non-Financial Investors

If a corporation can identify its strategic partner (s), then the statement and achievement of the goals of the corporation must be consistent with the requirements, goals and values of that particular partner, on which the survival of the firm depends. The list of other partners should be outlined with the weighting of the impact on the corporation. The goals and expectations of the partners with the maximum coefficients in the resulting list can be represented by the intersection area in the multidimensional diagram.

A particular problem for the corporation is the selection of strategic partners in the external environment. The market environment is changing rapidly and today's strategic partner tomorrow has little impact on the corporation. Another problem is obtaining and analyzing reliable information regarding the true goals and expectations of strategic partners.

When establishing the criteria for the effectiveness of joint stock management, there is a different approach of representatives of owners in management (non-executive directors) and representatives of management (executive directors). In the Ukrainian corporate governance model, these groups are represented in the supervisory

board. The members of the supervisory board are less experienced in the affairs of the company, they are not specialists in production, marketing, management, technology, do not have a certain level of knowledge in accounting and finance. But key decisions about a firm's development strategy are endorsed by them, and at times it leads to conflicts in capital management.

To resolve conflicts and resolve conflicts, both members of the board and board members should pay particular attention to the performance criteria that may depend on the survival of the corporation. The Supervisory Board, as a shareholder representative, must closely monitor the cash flow of the company; to evaluate the work of managers and the promotion of initiatives aimed at the future development of the company [12]. Although survival issues may be a matter of major concern, the board should nevertheless direct the company's management to develop and justify a decisive shift in its operations to achieve long-term stability and development.

The proposed methodology can be used to evaluate one group of stakeholders (creditors, shareholders, suppliers, state, society, management) of different corporations [16]. According to the results of the survey, the rating of corporate governance effectiveness in companies both in Ukraine and in international business is compiled. Corporate governance ratings are the basis for assessing the legal basis for regulating corporate relations, the status of the current corporate governance system both in the corporation and in each country.

One of the first developments in the field of corporate governance evaluation was the rating of the international agency "Standard & Poor's" [17]. Standard & Poor's Corporate Governance and Rating Services offered an analysis of the interaction between a company executive, board of directors, shareholders and other stakeholders.

Corporate governance analysis should be conducted in the following areas:

1. The state of corporate governance in the internal environment of the company that is an analysis of the effectiveness of interaction between the manager, board of directors, shareholders, managers and employees of the company. The main object of study is the internal structure and methods of corporate governance in the company, the relationship with the best examples of world practice. However, outside this analysis, external stakeholders remain: the public, local government, the state, consumers and suppliers.

2. The state of corporate governance in terms of external environment-higher that is an analysis of the effectiveness of legal, regulatory and information infrastructure of a particular country. The object of study is the degree of possible influence of external factors of the macroeconomic level on the quality of corporate governance in a particular company.

The quality of corporate governance at the heart of the rating should be based on the main components that help to create a balance of interests of stakeholders, namely:

1 Ownership structure (transparency of ownership structure, concentration of ownership and ownership influence).

2. Relations with financially interested parties (regularity of holding shareholders 'meetings, possibility of taking part in them and receiving relevant information; voting procedures and regulations for holding shareholders' meetings; ownership rights – registration and transfer, equality of ownership rights).

3. Financial transparency and disclosure (accepted disclosure standards; timeliness and availability of disclosed information; auditor's independence, status).

4. Structure and methods of work of the board of directors and the head of the company (structure and composition of the supervisory board, its role and effectiveness; policy on remuneration, evaluation of the results of work and positions of directors and managers).

In addition to general ratings, it is advisable to draw sub-ratings on various aspects of corporate governance (disclosure of information; shareholder structure; board of directors and executive management bodies; basic shareholder rights; no risk; history of corporate governance).

The basic principle of corporate governance is the disclosure of information, which is a tool for measuring the transparency of a company. This group should consider issues related to the Company's compliance with the requirements of the securities market disclosure legislation and the provision of additional information on a voluntary basis in order to better inform its stakeholders. The information provided by the issuer should be sufficient for stakeholders to be able to understand the activities of the company.

In determining ratings, it is necessary to investigate issues related to the disclosure of additional information on a voluntary

basis in order to better inform stakeholders about their activities. The first is to determine whether the company provides shareholders with any additional information beyond the statutory requirements, any clarifications regarding its activities, or discloses information about the strategic areas of its activities, etc. It is assessed whether the shareholders have the opportunity to ask the company questions and receive answers.

Assessment of the capital structure allows determining the extent to which the shareholder has the ability to navigate the structure of the company's share capital, to assess the risks associated with the ability to make decisions in the interests of certain identified groups of shareholders. In order to evaluate the structure of the share capital, it is necessary to analyze the information provided by the company, determine whether the information disclosed by the issuer allows making a conclusion about the composition of the shareholders, as well as the concentration of a controlling interest in the ownership of one person or group of related parties.

In the corporate governance system, the supervisory board is given an important role as a mechanism that ensures the management of the company in the interests of shareholders. It is assumed that the board of directors is responsible for the strategy of company development, controls the activities of managers, supports the operation of the internal regulation of the company to ensure the reliability of investments of its shareholders, as well as the assets of the company. The assessment of the board of directors and management can be carried out on the basis of an analysis of the charter and internal regulations of the company governing the activities of its governing bodies. In particular, the compliance with the procedure of election and termination of powers of management bodies to the requirements of the legislation is examined.

In addition, the role of the supervisory board in managing the company should be evaluated; to consider issues related to the division of powers between the board and the executive body of the corporation; to keep track of the periodicity of meetings of the council, participation in the voting of all members of the council, issues discussed at the meetings. On the basis of the charter and other documents governing the activities of executive bodies, issues that are within their competence are analyzed.

Corporate governance should ensure the protection of shareholder rights and equal treatment of all shareholders, including small and foreign ones. In determining the ratings, it is necessary to evaluate

how the company protects the fundamental rights of shareholders as defined in the OECD Core Principles of Corporate Governance, the Principles of Corporate Governance in Ukraine, in particular voting rights (participation in general shareholders' meetings) and the right to receive dividends.

The risks of "erosion" of the shareholders' share in the authorized capital, transfer pricing, withdrawal of assets, bankruptcy, reorganization, the possibility of changing the corporate structure of the company, as well as the risks associated with participation in state-owned joint stock companies as a shareholder should be separately assessed. In order to eliminate the possibility of "erosion" of the shareholder share as a result of the issue, it should be established to which competence the issues of increase of the authorized capital are assigned, whether there is a ban on payment of the placed shares by non-monetary means, or there are other provisions that prevent the "erosion".

Corporate governance should provide investors with sound methods of registering property rights. The protection of the shareholder's property rights is ensured by the transfer of record keeping to an independent specialized registrar. As the issue activity of joint-stock companies directly affects the rights of shareholders, during the evaluation of the company it should be clarified whether there were cases of refusal in state registration of issue of shares; whether inspections were conducted on complaints of shareholder rights violations.

Many corporations create their own ratings of their corporate partners, tracking not only the financial position of enterprises, but also the state of corporate governance in them. The analysis of such information has become a necessary part of a business partnership, because in the process of ownership and management of the main criteria of the company are not so much financial indicators, as the structure of management of the company and the structure of its external environment, including the influence of the public, state and local administrations.

In Ukraine, the first step towards the creation of a corporate governance appraisal system was the adoption of "Best Practices for Corporate Governance for Joint Stock Companies of Ukraine" and "Principles of Corporate Governance of Ukraine" developed by the State Commission on Securities and Stock Market [18; 19].

Assessment of the quality and efficiency of corporate governance in Ukraine can be done by a system of comparing the practice of

a particular company with the best practice in the following areas outlined in the mentioned documents.

1. Shareholders' rights and their proper protection (free disposal of shares, profit sharing, participation in the management of the company, timely and regular receipt of information, requesting an audit, equal treatment of shareholders and protection of minority interests).
2. Disclosure of information (timely and complete disclosure by a joint stock company of regular and special information (financial status, results of operations, significant transactions, reorganization, owners and management).
3. General meeting of shareholders (shareholders' rights regarding general meeting, competence of general meeting, information materials, agenda, registration, terms and place of holding, vote count, etc.).
4. The Supervisory Board and its role (powers and exclusive competence, rights and responsibilities of the members of the board, the order of work, regulation of issues of activity in internal regulations, membership, composition, internal rules).
5. Company agreements (approval of significant general meeting agreements, interrelated agreements, interest in the agreements and acquisition by the company on its own initiative of shares from shareholders).

The analysis of corporate governance effectiveness by means of ratings helps to assess the real state of affairs in the field of corporate governance, both in companies and in countries with market and transition economies. Identifying the positives and negatives, financial and non-financial risks will allow investors to make informed investment decisions and to improve the existing corporate governance system for company executives.

An important place in corporate governance is to evaluate the effectiveness of corporate governance. The paper defines and theoretically substantiates the notion of effective management of a joint-stock company. It offers targeted, systematic, internal and competitive approaches to its analysis, which consider the corporation as a rational purposeful object, which has a certain potential to meet the requirements of strategic partners, resolve corporate conflicts and achieve a balance of interests of stakeholders in the corporate governance system.

Improving the efficiency of the corporation and creating a stakeholder interests stimulates the well-being and development of society, creates and maintains a business environment, maximizes profit and return on investment, ensures long-term productivity growth. Therefore, in a competitive approach, we propose to evaluate the performance of financial and non-financial investor groups.

The method of assessing the state of the current corporate governance system both in the corporation and in the country should be considered corporate governance ratings, for which according to the systematic approach the main components of the analysis of the activities of joint-stock companies (ownership structure, relations with stakeholders, financial transparency and disclosure, structure and management practices).

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8.

Basic Provisions of the Paradigm and Strategic Management`S Concept of the Investment Activity of the Enterprise

***Iastremska Olena**

Multifaceted investment activity of industrial enterprises from the standpoint of institutionalization at the micro level requires constant improvement and development of scientific-theoretical and methodological foundations of its management, namely deep knowledge, system-shaped representation and practical materialization, and therefore, the clarification and supplementing of the management paradigm with provisions that are adequate to modern conditions and features of functioning of enterprises in the fast-changing, non-stationary, transformational environment, which is the economy of Ukraine and practically the economy of post-Soviet countries. However, the modern management paradigm inherent in the processes of transformation of socio-economic relations in Ukraine, cannot ignore the trends of world

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development and world practice of investment management, it must integrate them into clear value benchmarks, world view position and installation according to its purpose and content, taking into account the state of both the subject and the object of investment. Considering the current trends in investment management, we should note their features that determine their necessity and content of the shift of the management paradigm, namely:

- ❖ Strengthening of the social orientation of management to the consumer, owner, staff, investor, which requires the application of the principle of person-centricity;
- ❖ The gradual waiver of the influence and acceptance of the concept of dialogue in the construction of relations between the subject and object of investment process management, external and internal environment of the enterprise, which requires the formation of trust on the basis of semantic and investment activity in the process of establishing and maintaining partnership relations;
- ❖ Increasing the level of professionalization and intellectualization of managerial work in connection with the increasing importance of information and intellectual capital as priority production resources;
- ❖ Strengthening of social importance and usefulness of managerial work, its gradual transformation into service intellectual service, consulting of collective work;
- ❖ Formation of the micro-environment in the enterprise, in which the labor resources can realize themselves as individuals, that is, forming the organizational culture of an adequate mission of the enterprise, its overall development strategy;
- ❖ Internationalization of methodological and methodical support of the management process.

Referring to modern features of investment management, as well as socio-economic relations in general, tendencies of globalization, humanization, socialization, consumerization and informatization are characteristic, which directly affect the improvement of its paradigm, the success of which is directly dependent from improvement the of capital investment processes on their basis [15].

Considering the paradigm as a product of vision and thinking, a set of ideas about the object, processes, phenomena in the control system, a set of system-forming goals, a scenario of possible events, the original conceptual scheme, a new model for solving the studying problems [11, p.49], its provisions on strategic investment management

are as follows.

1. Investing is a non-linear, dynamic process, the complexity of which increases with the scaling up of research detail and is characterized by fractality both in time and in space, which has a common definiteness and local randomness [3; 7; 26, 31]. The existence of multiple times and multiple spatial fractals ensures the stability of the investment market to internal and external changes. Investment fractals, that is, trends in changes in the volume and pace of investment in time and space are due to the action of objective random factors and the subjective behavior of investors and are most evident at the meso and macro levels with respect to real long-term investments and micro-levels for financial investments characterized by short duration and considerable diversity, so strategic investment management should take into account both the deterministic and stochastic behavior of subjects of the investment market, the uncertainty and risk of changes in both the external and internal environment of the enterprise.
2. The nature of investment activity allows to state that its results [10; 25; 28; 29; 43] are a public good due to the presence of social and environmental effects that extend to all members of the territorial community, society, publicity and inability to exclude any person (both natural and legal) from their consumption process. Therefore, in the process of strategic management of investment processes, one should strive to achieve not only commercial but also social and environmental public benefit, the value of which is reasonable to measure quantitatively in substantiating the economic efficiency of investment projects.
3. Investment activity was formed into a separate socio-economic institute, which is an element of the overall institutional matrix. This statement is based on the inherent process of capital investment of the basic institutional features: legislative norms, stable governance structure at all taxonomic levels (macro, meso and micro), mechanisms of behavioral stereotypes of actors involved in investment activities. Institutionalization of investment is manifested at all economic levels: macro-, meso- and micro-, as evidenced by the introduction and use of stable formal (legislative) and informal (organizational-cultural) norms and rules of behavior of economic agents, the creation and functioning of not only state organizational structures of investment processes

management, but also regional ones within regional bodies, at enterprises, in the market environment as a whole in the form of independent business structures that provide services to the subjects of the investment market in managing the processes of investing. Institutionalization enables the typing and formalization of approaches, techniques, procedures and rules of strategic investment management, which increase the economic efficiency of the results obtained by both individuals and society as a whole.

4. Investment activity is a condition for the successful functioning of the enterprise at all stages of its life cycle, which determines its strategic importance for the development of the latter. Complexity, multidimensionality, multiplicity of goals and their inconsistency requires adjustment of the enterprise's actions in the process of capital investments, that is prudent management of investment activity in the short and long term, taking into account the strategic orientation of the general development of the business entity, which predetermines the dual strategic tendency operative and at the same time their mutual rapprochement on the basis of increasing the variability and uncertainty of the business environment.

5. Many of the goals of strategic management have a heterogeneous, objectively subjective nature, the starting point of their formation is a system of values, the essential content of which depends on the existing circumstances of socio-economic space, the preferences of owners and managers. Moral receptivity and effectiveness are the hallmarks of the values from which strategic goals derive, so strategic goals of an enterprise cannot be reduced only to economic ones, because they are influenced by social and cultural values of society, that is, the external environment. The process of strategic management is directly influenced by the value orientations of both entities and objects (enterprises) of management. Their behavior is not free and corresponds to certain strategic stereotypes that have both rational, that is economic, and emotional (social) orientation [27, p. 265-266]. Therefore, it is advisable to consider the process of strategic investment management from the perspective of the new behavioral economy.

6. The behavior of investment entities is conditioned by rational (effective), traditional, which in investing are close to rational, and emotional (affective) actions to achieve certain goals,

which is explained by decision making by managers or owners, regardless of whether individuals or legal entities are participants of investment activity. Rationality should be understood as a clear statement of reasonable goals and a reasonable choice of the best ways to achieve them, usually on the basis of economic calculations. In the process of strategic investment management it is necessary to take into account both formal rationality (by means of formal logic) and substantive, which depends on the nature of the relationship between economic agents within the horizontal and vertical institutional arrangements [5, p. 6]. If economic goals can be attained through traditional investment practices, then social and environmental ones are driven by purposeful institutional rationality. Thus, the same type of formal rationality can be embedded in different systems of value rationality, which makes it possible to use it by the same economic mechanisms to achieve different social and cultural values and goals. Since rationality is a predominant but not exhaustive characteristic of behavior, in analyzing the needs of potential investors, it is advisable to take into account the principle of limited rationality, which characterizes the orientation and intensity of expectations of investment market entities and the limited information available to make management decisions on investments.

7. Enterprise strategies are hierarchically dependent. The strategic orientation and activity of the investment activity of the enterprise depends on its overall mission and the set of alternatives of the strategic set, which includes economic, competitive and functional ones. As a derivative of the overall economic, competitive, and as part of a functional investment strategy, the enterprise should be generated on the basis of the capabilities of the object and the investee, their reasonable aspirations and expectations, the benefits of the investment proposals. The above features are embodied in the investment attractiveness, sensitivity to the project proposals of the investment object (enterprise or its structural units), economic efficiency of the project. Their simultaneous systematic consideration will allow us to consider the process of capital investment in dynamics in accordance with the rate of change of external and internal factors of influence on it and the processes complementary to this.

8. Due to their influence on the processes of investing a complex of factors of multidirectional action, their strategic management should be based on an interdisciplinary approach, which is able to explain and take into account the possible consequences of capital investment processes not only in economic, but also in organizational, technological, social and environmental aspects from the standpoint of direct participants of the investment process and society as a whole, reflect the multifunctional relationships of the entity with the external environment. Therefore, strategic investment management should be carried out using system analysis, neo-institutional theory, a new behavioral economy (taking into account the theory of motivation), modern theories of management of socio-economic systems using economic and mathematical methods, which determines the essence of the eighth paradigm position
9. According to the socialization and humanization of economic relations, the strategic management of an entity's investment activity must strengthen its focus on the consumer, owner, staff, investor, territorial community, regional community, that`s to be open and transparent.
10. Based on the behavioral approach, the investment strategies is advisable to consider as a set of specific actions to resolve the issues of: the feasibility of investing; choice of objects, methods; justification of rates, volumes, sources of investment; selection of investment projects based on the magnitude of the expected results; informing external economic agents about the conditions of participation in the investment process, further intentions and opportunities of the enterprise.
11. Strategic management of the investment activity of the enterprise as an open system should be dynamic and effective, not only take into account information flows coming from the external environment, but also actively shape it on the basis of direct communication real and virtual interaction in order to increase the social and entrepreneurial economic efficiency of the investing process on the basis of forming and maintaining an attractive image while providing investment transparency, that`s information openness.
12. According to the social significance of the results of investing as a public and collective asset, it is advisable to carry out the process of forming and implementing strategies for entrepreneurial and investment activities of an entity on

the basis of the co-evolution principle, which involves the involvement of investment market entities, consumers of products, public administration and local self-government, changing their role status, that`s the transition from the external to the internal environment of the investment process based on the creation of positive o a stereotyped image of an enterprise or the existence of a significant likelihood of economic or social gain from participating in an investment activity.

13. The success of strategic management of the investment process should be based on information that has: a long-term character, the ability to create in the internal and external entities a stable understanding of the enterprise's achievements and capabilities, as well as satisfy their rational and emotional needs. Therefore, an enterprise must learn to manage the impressions of a heterogeneous audience about its activities and capabilities in order to build trust in a long-term, embodied in a positive reputation, and a favorable attitude in the short-term, that is, the image. As a basis for a favorable image of the company, it is advisable to choose a system of its brands. The latter should be considered as a full-fledged strategic investment resource that has the ability to generate additional financial inflows and increase (or in the case of negative impact) the value of the enterprise.
14. Investment strategies must be variant, which is caused by the uncertainty and variability of the environment, the complexity and multidimensionality of the internal environment. Variability allows taking into account the negative effects of risk factors. The main criteria of the strategies should be: consistency and concordance with the components of the overall strategic set of alternatives to the functioning of the enterprise; reach on the grounds of resources and time; organizational and structural support; organizational and cultural receptivity of the enterprise staff and the community from the standpoint of probable socio-economic achievements.
15. Openness of the enterprise as a socio-economic system, its multipurpose nature, the division of the business process into a set of stages and stages requires the establishment of diverse relationships between the central management and units that can be implemented through flexible organizational relationships based on polycentric organizational structure of

the enterprise , which combines hierarchy and heteroarchy. Hierarchy is the creation of relatively independent organizational entities, which can be strategic business centers (SCGs), which are endowed with a set of necessary powers. The dichotomy of hierarchy and hierarchy is the basis for strategic organizational transformations, that is, self-organization. Changing the functional state under the influence of factors of the external and internal environment, the enterprise must change its structure. Inequality is a prerequisite for self-organization [23, p. 13 - 16]. Qualitative changes, having an abrupt nature, are a prerequisite for the transition of an entity from one state to another, which corresponds to a new level of development of the organizational structure, that`s orderliness, which implies improvement of the management system, namely, the self-organization of the enterprise. In self-organization, the enterprise enters a new state that is more resilient to disturbances than the previous one, that is, it evolves into a more complex and life-sustaining system, so the source of organizational transformations acts as a source of self-development of economic entities. The openness of socio-economic systems causes them to be more manageable, increase the pace of development and transform the internal source of self-organization and self-development into the main [23, p. 14 - 15].

16. According to the new economic theory of alternative systems of capitalism [7], society is a triad of culture, social institutions and economy: economic systems grow out of public institutions, and the last - out of culture. However, the links between the three components are not rigidly determined; the components are relatively independent and are in a state of independent evolution. Cultural relationships should be based on rationality, self-identification (individual or collective), which is the embodiment of the horizontal order, and power, that is, the vertical order, of values and norms. The latter confirm the necessary to show signs of institutionalization of the functioning of enterprises as micro-level entities [7] on the basis of the formation of relevant circumstances and strategic alternatives to cultural relationships - a system of formal and informal rules, norms, traditions of individual and group behavior, economic relations membership in it.

The complex of proposed and substantiated provisions that

clarify the modern paradigm of strategic management of investment activity of the enterprise, allow it to be presented in dynamics from the standpoint of reconciliation of objective opportunities and subjective expectations of the parties involved in the processes of capital investment, features of internal and external environment, integration of internal and external environment, chord of the economic and social nature of investing. As an objective reality, it is expedient to consider and clarify the basic provisions of the modern paradigm of strategic management of investment processes as a basis for developing the concept of formation of strategies of investment activity of economic entities.

Conducted studies of economic science achievements on strategic management issues [30; 34; 42], investment [6; 15] and the practices of leading foreign and domestic enterprises have proven that existing approaches to the formation of investment strategies of economic entities do not meet the conditions of the modern economic space, characterized by volatility, high risk, significant influence of social factors, the leading role of information and intellectual capital basic production resources [20; 21; 22; 38]. This led to the objective need to further improve the theoretical and methodological foundations of investment management in general and to formulate strategies for its implementation in particular, which would meet the requirements of today, in accordance with the new paradigm for managing socio-economic objects in a transformational economy on the path to post-industrial development.

Some contribution to the development of methodological foundations of investment activity in accordance with the proposed theoretical provisions and the modern paradigm of strategic investment management is a substantiated and developed concept of formation of strategies for investment activity of industrial enterprises, which corresponds to the existing socio-economic conditions for the functioning of Ukrainian entities. Its main provisions are as follows.

1. Modern enterprise is a complex open socio-economic system. The basis of its operation and development are investment processes, which with different levels of activity and intensity of flow are inherent in the entity at all stages of its life cycle.

The openness of the enterprise lies in the fact that it influences the external environment as well as is under its influence. The external environment is heterogeneous and is complex, variable in position of its constituents in relation to the economic entity by a

structure characterized by the existence of both a super-environment and an equal. Such distribution is an objective necessity due to the non-stationarity and complexity of the processes inherent in the transformative and market economy of post-industrial society, when external actors influence the course of events informationally, and the objects of influence have to take such information to the or to take it into account at its discretion, depending on the importance of its influence on business activity and the status of the subject - information source. Thus, the sign of the division of the environment into two sets is the obligation to take into account the information flows directed from them to the economic entities: the obligation is inherent in the super-environment, and the indicator is equal, which is proposed and proved by the author in [35, p. 56-64]. This will allow the enterprise to dialectically take into account the impact of information sources and interact with them, since the latter have the ability to diffusely move between the two designated environments and create pulsating information centers of influence (or interaction), which allows owners, managers, investors, filtering information, to substantiate the composition of strategic and choose investment strategies in particular, focusing their strategic development efforts.

It is advisable to consider an enterprise in the process of investing in two components - social and economic. Social characterizes both internal relationships between members of the team (staff) and external - between the enterprise and real and potential investors, consumers, officials of public administration and local self-government, territorial community, the international community. Since the decision to participate in investment processes is made by specific persons, the enterprise must take into account their needs, interests, stereotypes of thinking in order to create positive harmonious relationships, forming an attractive investment image for the purpose of investing in the market and in society.

The activity of investment processes is to increase the amount of investment of investment resources; the intensity is to increase the pace of investment, both in volume and in time, in accordance with the shortening of the interval between the implementation of two subsequent investment projects of one economic entity or between acts of capital investment, regardless of their volume.

2. In the process of investing, the investment object (at the microeconomic level - the enterprise, its subdivisions, strategic economic centers), the investment project (projects) and the investor should be considered as a system “object - project -

investor" with inherent sign of synergism, arising from the existence of real resource and organizational and managerial capabilities of the first and potential advantages of the second.

The proposed provision is in line with modern theory of systems and organizations because, as its founder Bogdanov AA stated, "the organized whole turned out to be ... practically greater than the simple sum of its parts ... not because new activities were created in it, but because its existing activities connect more successfully than supports that oppose them "[1, p. 17]. The "activity" of an enterprise is its available economic resources; the focus of their use to finance strategic transformations; organizational-structural relationships, that is, organizational structure of management and organization of production processes, its preparation, labor and management; organizational-cultural relationships that are realized through the methods of management, stimulation and motivation of the staff in the implementation of investment proposals. The "activity" of an investment project lies in its potential economic efficiency, which extends to both the external environment (investors, in the case of attracting external sources of investment, society), and to the internal (personnel, owners who are investors in the case of internal, that is, self-investing enterprise). The "activity" of the investor is his needs, goals for participation in the investment process.

To conclude that an association of an enterprise, project and investor is a system can be based on the properties inherent in open systems and cause changes in their purpose, functions, or structure [39, p. 83]. The main property is integrity, which reflects such connections of objects (subsystems, components or elements), in the existence of which their totality can be distinguished as a phenomenon of a new order, capable of maintaining its qualitative certainty in these conditions [19, p. 10]. For this system, integrity is determined by the desire to achieve the overall purpose and main purpose of investing in its subsystems - to obtain the profit and (or) social effect inherent in both the enterprise and the investor, as set out in the investment project.

The integration properties of the object-project-investor system are manifested in synergistic properties due to the creation of conditions for the formation of established investor interest in obtaining the expected results from the investment activity, which consist in:

- ❖ Reduction of transaction costs for investor search, investment object, creation of investment project and its implementation;
- ❖ Reducing the duration (or not increasing) of the investment

project implementation;

- ❖ Ensuring the expected comprehensive effect of the implementation of investment proposals for both the public and the direct participants of the investment activity;
- ❖ Raising and investor activity based on satisfying their active rational and emotional needs.

3. The main components of an entity's investment strategy formation are its investment attractiveness and susceptibility to project proposals, economic efficiency of the investment project. With regard to the enterprise, investment attractiveness characterizes its available economic (resource) capabilities at the present moment, and susceptibility - potential organizational and managerial capacity in the future. The economic efficiency of an investment project identifies its present significance and potential utility for the enterprise, investor, society from the standpoint of latent and clearly expressed performance in economic, organizational, technological, social and environmental aspects. Thus, in the proposed triple, all components have complex characteristics in economic, organizational, managerial, social and environmental aspects in the short and long term.
4. Investment attractiveness is a property of an enterprise, due to its available economic resources, to attract internal and external investment funds in order to achieve the investment goals.

As investors tend to pursue their rational needs, that is, needs that have an economic focus on achieving a certain level of efficiency, for example, in earning a profit, they are interested in the ability of the company to implement project proposals with minimal investment. Therefore, an important feature of the company's attractiveness is the quantity and quality of its economic resources, which attract, attract and interest investors. Due to the fact that the enterprise is an open system, its attractiveness covers both the internal and external environment, which is divided into macro, meso- and microeconomic levels by economic levels. That is, the investor is interested not only in the enterprise as an entity with its economic resources, but also in the enterprise as a business entity in a relevant market environment with a certain capacity of market sectors, consumer preferences, relationships with partners, authorities, the aggregate spread on its activities tax benefits, that is, the impact that the enterprise exerts on the environment. In view of this statement, it is advisable to carry

out an analysis of the investment attractiveness of the enterprise in stages, revealing its clear and latent, real and potential advantages at each economic level, that is, taking into account internal and external investment attractiveness. The internal is determined by the available economic resources, and the external - by the features of the macro- and meso- economic environment in which the entity operates.

It is reasonable to evaluate the attractiveness of the investment as complex in following stages:

- ❖ Analysis of the external environment of the company as external attractiveness at the macroeconomic and mesoeconomic (sectoral and regional) levels via indicators systems that adequately characterize it in the aspects that are of major priority for deciding on participation in the investment processes;
- ❖ Analysis of the internal environment of the company, which is a microeconomic level, in order to identify the peculiarities of using its available economic resources: material, financial, labor, which allows to determine the internal investment attractiveness of the business entity.

Thus, the attractiveness of the investment (external and internal) characterizes the company in the economic aspect.

5. Susceptibility is a quality of an enterprise conditioned by the summation of its readiness and internal organizationally structural and cultural relationships of staff which ensures the implementation of proposals for investment projects.

Preparedness is a quality of an enterprise conditioned by the organization of its business processes and economic readiness for possible transformations to ensure the implementation of proposals for investment projects.

The susceptibility of the company to the proposals of the investment project is a complex concept, which is based on three main components: readiness for implementation, organizational and structural relationships between units and organizational and cultural interaction within the staff. In its turn, preparedness must be spotted in two aspects: organizational through the organization of production processes, its preparation, labor, management, and economical, which provides an analysis of the dynamics of the use of economic resources and investment orientation of the enterprise: on conducting the researches in-house or purchasing intangible assets, the implementation of which will increase its level of competitiveness, on financing advanced training and stimulation of staff, which will

provide the growth of intellectual capital.

Organizational and structural relationships between the units of the company represent:

- ❖ Features of building of the organizational structure;
- ❖ Achieved results of management based on the general management function "organization" and partial functions: production, its preparation, financing, labor resources, marketing, considering the functions of supply and distribution [29; 30].

If the company's preparedness characterizes the organization of business processes, then this component is among the results of the management process organization. That is, preparedness represents the functional dependence of the parameters of the organization, as a general function of management, at the input, while organizational and structural relationships represents it at the output.

Organizationally cultural relationships reflect the particular qualities of staff interaction, management methods, employee motivation and incentive systems, all of which are used in order to reduce the resistance to establishing the necessary strategic organizational changes in the process of implementation of investment project proposals and the overall development of the business entity.

It is reasonable to analyze the susceptibility of the company in the following stages. On the first one, it is necessary to carry out a quantitative analysis of preparedness. The second is the quantitative analysis of the organizational structure by the system of indicators, which characterizes its main features: hierarchy (complexity), manageability, centralization (decentralization), specialization (flexibility), relevance (orientation of the current organizational structure on the attendance of market relations), regulation (formalization). On the third stage, a qualitative analysis of the management results should be carried out with the help of SWOT analysis (since the results are weakly formalized from the point of preparedness). On the fourth, it is necessary to compare the results of the analysis of the second and third stages, i.e. to analyze the correspondence of the organizational structure and the results of management to determine the necessity for strategic organizational reorganization, ergo strategic organizational transformations by way of the main element of which it is appropriate to use strategic business centers (SBC). The SBC organization in the enterprise will provide

its management structure with some flexibility and its business units with some objectively conditioned autonomy in decision-making and management of their own economic resources, which will allow them to be considered as separate objects of investments, for which it will be possible to form separate investment strategies, as well as it will increase the interest of external investors and the responsibility of internal ones, which is the company itself. In the fifth stage, it is reasonable to analyze the organizationally cultural relationships via qualitative analysis in order to determine the necessity of improvement of management methods, incentive systems and staff motivation to reduce the resistance to organizational change.

Thus, susceptibility characterizes the company in organizationally managerial aspect.

6. The economic efficiency of an investment project is a complex concept which includes two components: internal entrepreneurial and external public. This interpretation of efficiency is consistent with the statement that investment results are public and collective benefit that can create additional ecological, social, technical, technological, organizational and financial effects in the «object – project - investor» system and budgetary, market, consumer and socio-ecological ones beyond it.
7. All the components on the basis of which the company's investment strategy were formed are based on the main ones, which can be quantified and make it possible to formalize the process of strategic investment alternatives forming as well as to simplify its reasonable choice. Such basic constituents for investment attractiveness are the internal, that is, the company (or its structural subdivisions, SBC etc.), the investment object at the microeconomic level, which characterizes it in the economic aspect; for susceptibility, it is the readiness of a business entity to implement proposals for an investment project that represents the object of investment on organizational and managerial terms; for economic efficiency, it is an internal entrepreneurial efficiency, which is prevailing for the investor, and in order to receive essential tax or credit benefits it has to be combined with the external public component.
8. Since investing is a risky type of business activity, it is necessary to take into account the risk of investing both from the positions of losses and increase from the one of increase of expenses for

realization of the investment project. Considering investing as a process, the risk can be divided into the starting (initial), which occurs at the pre-investment stage, the current one, which characterizes the investment stage, and the final, which is the risk of the stage of exploitation of investment projects. In the context of the formation of investment strategies, it is reasonable to consider the starting risk of the investment, agreeing with its acceptable value. Therefore, the fact of existence and the impact of risk on the investment process cannot be the reason for rejection of the project implementation, because it must be considered as a managed parameter that can be predicted, reduced or eliminated. But from an economic point of view, it is reasonable to only influence on identified (known) risk.

From the position of losses, it should be divided into internal (productional, managerial, financial, informational, material, of labor) and external (legislative, consumptive, of price, of currency, international). All these types of risks can be quantified using a system of relative indicators that characterize the expected and the probable value of the negative change in the instability of external and internal factors, and that may be combined into a traditional indicator – the variational coefficient. From the cost increase positions, risk can be calculated by use of the discount rate of investment resources.

9. It is reasonable to accompany the investment activity of an economic entity with the active positioning of the latter in the external environment in order to increase its level of investment attractiveness and reduce the exertion of investment risk by means of the formed informational interaction strategies based on a complex of tools of integrated communications.

The orientation of investment activity and the triple system both on the internal and external environment is determined by its dual internal and external character, since the company (object) due to investment attractiveness and receptivity is the project that simultaneously correlates with the internal and external environment. Therefore, it is possible to actualize the benefits of the investment system by actively positioning it in the market space. Information interaction of the system or of the enterprise directly with external economic agents will increase the level of awareness of the latter, which increases the probability of achieving the expected results of investments. For this purpose, in the process

of investing it is necessary to formulate strategies for informational interaction of the business entity with the subjects of the investment market, government and local self-government bodies, territorial community and the world community. In this case, by combining investment strategies with strategies of information interaction, the conditions of exertion of synergistic properties of the «object – project – investor» system are able to turn into realities.

The strategies of information interaction should include ones of company brands, products, investment projects that can be presented in accordance with the strategies of PR policy, advertising, individual work with potential investors and other representatives of the priority audience.

The set of investment strategies that allow the company to determine the necessity or feasibility of investing, the volume and sources of attraction of investment resources, objects, rates, methods of their investment and strategies of information interaction of the business entity with the external environment, which allow the choice of tools, methods of information interaction, variations of audience, the essence and the composition of information messages, that take into account the particularities of their presentation, compose the set of strategies for investment activity of the business entity.

The combination of information interaction strategies focused at the external environment of the company with investment strategies focused at the internal one is an objective necessity due to: limited investment resources and the need for their constant use to ensure sustainable development of the company; acquisition of signs of rapid variability and riskiness by the external environment; increasing the importance of information as a leading production resource that has a dichotomous real and virtual nature; investors' decision-making to invest in regard with meeting their, based on the information available, active needs; the need for favorable positioning of the company in the external environment in general and in the investment market in particular in order to reduce transaction costs and increase the profitability of its own investment and business activities.

11. It would be reasonable to determine that validity of the formed information interaction strategies of the company with the external environment by the level of investment-attractive image, which is based on the system of business entity's brands, products and investment projects, is ensured by its investment transparency based on informational openness.

Thus, the methodological basis for the formation of strategies for investment activity of industrial enterprises is a proposed and substantiated concept, system-constructive in nature, because its core is a united system «object - project - investor», consisting of a network of diversely interconnected items. Their interaction and mutual influence contribute to the emergence in the system of new qualities that cannot be recognized by the mere sum of their attributes. Structural elements of the concept are heterogeneous events that occur within the investment process and represent actions of economical, organizational, financial, social, environmental, informational and communicational nature, which constitute the material and non-material components. The first identify the materialization of investment and economic activity of the company, investment project and investor, the second is focused on behavioral and motivational relationships.

The stated theses of the concept of strategies formation of companies' investment activity differ significantly from the existing enrichment of the structural characteristics content, their addition, improvement of the composition of stages, extension of the subject area, which is proved in the author's monograph [12, p. 443 - 451].

As the core of the concept, the system «object - project - investor», considered in detail by the author in the monograph [12, p. 88 - 102], therefore in this study it is reasonable to present its basic conditions and operational principles.

If an entity makes internal investments, i.e. uses the method of self-investing, it will perform the functions of the investor, while its units or SBCs will serve as objects, which will not affect the inherent system of properties.

The genesis of the term «system» is considered in detail on the basis of scientific works [4, 17] and is presented in the study [25, p. 88 - 89]. It is appropriate for decision-makers to emphasize that the concept of «system» may serve as a mean of surveying and solving a problem. The modern definition of the system is given by R. A. Fatkhutdinov: «A system is a complex of interconnected components, which has a special unity with the external environment and is a subsystem of a higher order ...with the action of objective economic laws" [8, p. 63]. Thus, in the concept of «system» objective and subjective constitute dialectical unity, so the author, sharing his opinion with renowned scientists in the field of system analysis and considering the proposed system «object - project - investor», means not only its tangible or intangible components, but also the approach to the

object of study as to the system in the process of object's cognition and creation.

Proving that the embodiment of an object, project and investor is a system and, in addition, it is appropriate for investment, can be based on the definition of the essence of its basic terms and concepts in the context of a systematic approach, according to which the interpretation of the components of this proposed systems are given in the author's monograph [12, p. 88 - 91].

Considering the proposed system, it is reasonable to determine its type according to the purpose and subject of research, as well as to the classification features that are most common in the systematic approach. Taking into account the dialectics of subjective and objective, the classification and division of systems are always relative, since features and properties inherent in it as separate species practically can be found in every system. Systems and objects, reflecting in consciousness, act as abstractions that can be embodied in tangible realities and then presented as abstractions in the process of research. Herewith the system can be characterized by several features that are appropriate for the choice of methods of work within and with it. Regarding «object - project - investor» system, it has the following characteristics according to the character of:

- **The Degree of Interaction with the External Environment:** open due to its constant exchange of flows of information, finance, material and labor resources;
- **Size and Complexity:** large and complex because they have more than 300 components and elements [8, p. 68];
- **Type:** socio-economic, since it consists of complex subsystems that have socio-economic nature and the same functioning goals;
- **Goal Setting:** purposeful, because it sets goals inthe internal environment, which is a feature of open and self-organized systems;
- **The Degree of Freedom Towards the External Environment:** relatively independent, since it functions accordingly to its own goals, though fulfills the informational directives of the external super-environment;
- **Specialization Level:** specialized, because it is developed to perform a certain function, ergo to perform investment activities (but from a management standpoint, this system can be considered as complex for it implements all management functions);

- **Duration of Operation:** discrete, since it operates for a certain period of time, i.e. until the completion of the stage of operation of the investment project, and later in case of need or concurrence of interests between the object and the subject of investing, the system can continue to exist through adjusting the goals of operation, so this system has a sign of consortionality;
- **Degree of Organization:** self-organized due to the exertion of stochastic behavior signs, instability of several parameters, low predictability, the ability to resist entropic phenomena, to adapt by altering the structure and adjusting the goals, preserving the feature of integrity, the ability to choose the best specific function for special conditions;
- **The Method of Description:** stochastic, since the behavior of the system is described in terms of probability distribution (but can also be attributed to the deterministic, since certain parameters that describe the behavior of the system are functionally dependent and clearly defined);
- **The Type of Quantities used in Substances:** physical, because predominantly it has a material, hylic substance (at the same time, to certain extent the system is abstract, since it is intrinsic in logical, mathematical and other types of substances).

To make rational management decisions it is necessary to determine the attributes of the system. In order to eliminate fragmentation and avoid simplification of the methodology of system analysis, it is appropriate to consider all system attributes from the standpoint of essence and complexity, feasibility (validity), methodology of purposefulness, parameters of functioning and development [40, p. 50 - 64]. The results of their detailed consideration are presented in [12, p. 88 - 101]. The disclosed system attributes are fixed. System's research and use in the investment process will allow economic agents to make justified strategic, tactical and operational management decisions.

In the methodology of the process of strategies for investment activities formation a vast role plays its principles, which act a dually: on the one hand, they are the principles of functioning of the specified system «object - project - investor», in which an enterprise can simultaneously act both as the subject and the object; on the other hand, they are principles for implementing the concept to formulate strategies, as this system is its core.

Understanding the principles as the basic, initial position of the

theory, the main rules of activity of economic agents in the process of formation of investment strategies, their identification should be approached from generally philosophical position, which will contribute to the objective knowledge of the essence of the researched subject; system-wide position, which is capable of providing most comprehensive activity; and strategical position that characterizes both its functional and substantive orientation of the investment.

Due to the fact that generally philosophical principles by definition provide objectivity, reality, adequacy and relevance of both the «object - project - investor» system and the concept as a whole, it is appropriate to include the following principles in their composition:

- ❖ Materialism as the main instrument of cognition of phenomena;
- ❖ Reflection of objective reality through its subjective perception;
- ❖ Contradictions, according to which the development of the system or process is based on their solution;
- ❖ Determinism, which explains the objective pattern and causation of the socio-economic phenomena existence within the society, which include both economical agents and the relationships between them that arise and objectively exist in the investment process;
- ❖ Organic interaction as the main way of existence of economic agents and social holistic systems, characterized by mutual nonlinear connection of both their components and each of them with the system as a whole in the process of achieving the goals of investment activity, considering that, as C. Marx has shown in relation to the system of capitalism, economic relations imply the existence of other types of relationships and connectivity with them through complex, nonlinear dependencies. Therefore, the organic whole is always a unity that is developing in many of its constituents.

Using system-wide principles allows to appreciate the whole set of factors that influence the existence of the system and the process of investment strategies formation. Their index and essence regarding the organizational and economical mechanism of enterprise development were considered by O. M. Tridid in [41, p. 87 - 88].

Developing their substantive interpretation and transforming system-wide principles towards investment activities, «object - project - investor» systems and the proposed conceptual approach, their composition and substantive interpretation should be presented

as follows:

systematicity, which is to use system analysis as the basic theoretical basis of investment, and the need to take into account all factors of the internal and external environment that influence the process of investment activity strategies formation and particularities of the functioning of the system as open, large and complex one;

- ❖ Complexity, which represents the combination of actions between the object and the subject of the investment process, their qualities, which make one in the «object - project - investor» system. Given combination will only be effective if the goals of the subject and the object are not contradicting each other, i.e. they coincide and represent a single complex;
- ❖ Objectivity implies the grounding of investment strategies on reliable and up-to-date information, which takes into account the peculiarities of action and dynamics of change of internal and external factors of the investment environment;
- ❖ Dynamism consists in specifying and taking into account the variability of factors influencing the process of strategy formation and the investment activity as a whole and in adjusting the formed strategies in case of necessity;
- ❖ Reachability conditions the managerial decision-making on the formation of investment strategies from the point of suboptimality, which may be unachievable or achievable. Therefore, the principle of reachability has advantages over optimality, since it allows to ensure the feasibility and reality of strategies;
- ❖ Constructive effectiveness includes not only the formation of investment strategy of activity, but also the implementation of concrete actions, which leads to its realization and achievement of the final cause of investment activity of the established «object - project – investor» systems.

Enough attention to the study of strategic principles, or principles of strategic management was paid be the scientists [33; 34], however the context of the study requires clarification of their essence and list, which is due to the objective-subjective nature and features of strategic management of socio-economic objects, lying in the complexity of their structural organization, in increasing the importance of information, in ambiguity of behavior, in openness and organic interaction with the environment. Based on the research results and taking into account the peculiarities of the modern theoretical basis of investment activity strategic management, the

specified set of proposed strategic principles has been researched thoroughly and is presented in author's work [12, p.102 - 111].

The justified system of principles of «object - project – investor» systems functioning and the concepts of investment activity strategies formation is holistic, consistent, fully coherent towards the provisions of the investing's integration theory. Its use will allow to improve and further develop methodological support for strategic investing of economic entities, which adds to the proposed concept the feature of an effective tool of cognition and creates the opportunity to use it for its intended purpose, that is, to achieve the set goal, ergo to formulate investment strategies of the business enterprise.

Investment strategies and strategies of investment activities in general are important components of functional financial strategies which, specifying the chosen trajectory of movement of an entity in accordance with the main activities of the enterprise, provide them with resources and contribute to the reach of other selected strategic alternatives [16; 12; 18]. The exceptionality of financial strategies is that it is through the indicators of their implementation that they reflect the results of all activity types of an enterprise, balance the resource provision of functions, goals and their subordination to the achievement of the general goal of development together the mission of the company. An interpretation of the essence and peculiarities of the financial strategies construction by prominent scientists is considered in detail by the author in [12, p. 134-137]. Presenting a financial strategy as a result of strategic decisions regarding the possible attraction of financial resources, the choice of objects and directions of their use [27], i.e. from the point of view of the management process, it is possible to distinguish two of its components within a single financial strategy – strategy of investment and strategy of financing.

It is appropriate to descry the investment strategy as a system of long-term investment goals and actions to achieve them. Attention to the problem of research of components, types and stages of development of investment strategies was paid by well-known scientists-economists [36; 38], who understand the investment strategy as actions of determining the investment activity's long-term goals together with the most effective ways to achieve them.

The analysis of «investment strategy» definition allows to distinguish its features: long-term orientation; purposefulness, which allows the formation of a system of goals for investing entrepreneurial activity of the business entity, on the achievement of which depends its successful functioning; organic interconnection and subordination

of the overall goals and competitive development strategies; the balance of investment measures for each individual management function and the dependence on the type of investor.

The vast majority of authors consider investment strategies from a commercial standpoint [36; 9], ignoring the fact that the successful functioning and development of the enterprise is based on reconciling the interests of the subjects of its internal and external environment, which have both economic and social basis. Due to this position, as well as due to the fact that the results of investment activities are a public good and investment is a socio-economic institution, the investment strategy should take into account not only the priorities of production activity, but also the implementation of social programs. Therefore, its definition and interpretation as an independent economic category should reveal the socio-economic content and explain the role it plays in the process of strategic management in accordance with the current transformational tendencies of humanization, socialization and consumerization of economic relations. The second feature of investment strategies is that, under existing legislation, not only financial, but also other types of economic resources, such as material, labor and property rights, can be used as investment items.

According to these two theses, it is reasonable to consider the investment strategy of the company in broad and narrow terms. In a broad sense, it should enable the identification of investment objects of productive and non-productive nature, that is, social and economic, based on the use of all kinds of economic resources of the enterprise: financial, physical, intellectual-innovative and of human capital. In a narrow sense, investment strategy might be considered in view of the particular use of an entity's own, involved and borrowed financial resources in order to achieve its entrepreneurial business goals.

These requirements are most fully met by the proposed interpretation of the investment strategy as a system of actions towards the selecting of the objects of economic resources investment, their effective attraction, redistribution and use to achieve the investment goals that ensure the socio-economic development of the company and its units based on their effective functioning. The above definition of investment strategy is in accordance with the theoretical and methodological bases for its formation, because it takes into account the peculiarities of the investment object, business proposal (project), which has both economic and social direction, and the interests of the investor, which can be both internal and external.

Goal setting is an important step in the process of crafting investment strategies. Basic investment objectives involve the following: increasing the level of prosperity of enterprise owners and maximizing its market value, capital growth (or capital appreciation), improving and increasing Return on Investment (ROI), the percentage change of the financial and real investment, improvement of the reproduction and technological structure of capital investments as well as regional and sector-based investment programs. However, it is efficient to pay attention to resource planning and portfolio construction process. Hence, these ideas are shared by most economists.

We may agree with the general goal orientations. Even though the investment results are a public good, it is advisable to distinguish the main objectives of investment strategies: ensuring high-quality living conditions for the owners, enterprise personnel, and a territorial community based on the development of cost of capital in the enterprise, profitability from both business and investing activities. Its supportive derivatives are the improvement of the reproduction and technological structure of capital investments, ensuring the regional and sectoral focuses of capital investment, selected objects, its liquidity, profitability, and risk. In turn, it is efficient to structure the goals, generating the security objectives that can be considered with objects, types, rates, and volumes of investment. Such goal structuring of investment strategies by the program-target approach will allow coordinating investment strategies with the other functional as well as competitive and common aspects according to the stages of an enterprise life cycle, required levels and types of resources, methods, and types of investment.

It is noteworthy that a structured system of goals of investment strategies should be generated involving the following aspects: subordination to the strategic goals of common, competitive, and functional strategies, as well as to the main objective of investment management, focused on achievable and high results, measurability, specificity, scientific validity, mutual support, flexibility. The above recommendations can make the following questions clear: the reasons – advantages and disadvantages – of investing activities; selection and specification of correct and attractive business entities (or its subdivisions); project effectiveness evaluation; determination of term, volume, rate, type of investments and portfolios; what activities and steps can be expected from state and local government to support investment strategies? Or it may involve the other issues

concerning investment portfolio optimization, resources, and its monitoring; favorable conditions determination for attracting the necessary resources. Developing and implementing an investment strategy are the prerogatives of investment policies and programs, i.e. steps for the crafting investment strategy.

Since the process of crafting investment strategies is, at the same time, the first stage of the enterprise investing activity and consists of certain stages, it requires a more detailed study. Therefore, it will determine the sequence of the steps for the practical application by business entities.

The process of crafting investment strategies engages the following main stages: period determination of strategy realization; the research of enterprise internal and external environmental factors; strategic objectives and goals establishing; strategic alternatives analysis; selection of investment directions and types; determination of direction formation of investment resources; the formation of investment policy; development of the most appropriate organizational and economic ways of their implementation; strategy specification and performance measurement. Considering the process of developing investment strategies, it is necessary to agree with the above. But since an enterprise is one of the open system components "object – project – investor", the formation of investment strategies cannot be separated from the creation of information interaction strategies of an enterprise with the external environment in the process of investing activity. It is efficient to follow the suggested stages.

The analysis of scientists' suggestions regarding the list of main factors influencing the process of an enterprise investment strategy formation is presented by the author [12, p.141 - 143]. Therefore, it can be systematized by distributing on macro-, meso- and microeconomic according to the hierarchy of influences; by its type – legal, economic, technical and technological, social, environmental, cultural; by scope – national and international; by the regularity of influence – systematic and random; by occurrence probability – deterministic and stochastic; by sides of perception – objective and subjective; by orientation and sources of occurrence – external and internal. So, the mentioned division allows selecting the most significant and influential factors to use in the process of constructing the investment strategies classification.

According to the research results, there are the following factors that influence the investment strategy type: general strategic orientation, binary nature of the investment decision, enterprise

ownership of investment object, objective, rates, and volumes of investment, type and level of efficiency, risk level, source of investment, types of business ownership and tax and credit privileges; the level of innovation, target object, competitive and functional orientation, term, sustainable investment conditions, regional and sector-based focus, concentration level of investments in certain objects.

The suggested system of investment strategies can be divided by the principle activity that allows the owners and managers determining and estimating the expediency of investing as well as the conformity of investment strategies types to the general and competitive according to the matrix of its interconnections in the process of substantiation a set of strategies. Investment strategies, conforming that principles, are global and fulfill the main function - solving a problem of participation in investment processes; the others are local, performing the auxiliary function of additional identification of investment strategies characteristics. Hence, the global ones involve all of the strategy types according to the following features: general strategic orientation, binary management decision concerning investment, rates, and volumes of investment, enterprise ownership of investment object, objective, target object, competitive and functional orientation. Moreover, the first four are basic, whereas the other four are explicating.

According to the concept, the main components – the basis of investment strategies formation – are the investment attractiveness of an enterprise, its sensitivity analysis for investment decision, and the economic efficiency of its implementation [2]. These components are the vectors constructing a three-dimensional space – the cube of investment strategies. Determination of the investment objects coordinates is possible using a positioning method based on the chess matrix that forms its sides. As its basis, it is efficient to use the components characterizing a business entity, notably, investment attractiveness and sensitivity analysis.

The decision is meaningful, and well-grounded since the company can take an active position and perform the functions of both the object and the investor (investment stakeholder) in the system of "object – project – investor". So, these aspects are having an impact on the selection of global investment strategies.

The third vector, the top of the strategies cube, is the economic efficiency of the investment project that plays a passive role in the process of its formation. Since the investment results have both economic and social significance and can be considered from

the aspects of entrepreneurial and public activities, therefore, it is efficient to use two cube heights, each of which represents a continuum of economic efficiency, its characteristics, and is responsible for local strategies selection. The investment strategies in the form of cube demonstrating the chess matrix and continuum. Three flats, formed according to the components of investment attractiveness and object sensitivity, are necessary conditions as each of them contains global strategies following the qualitative characteristics of the economic efficiency continuum.

To create the possibility of proper positioning of the formation of investment strategies, it is recommended to distinguish their qualitative characteristics using the three zones: low, medium and high levels of access, whereas it's the quantitative value can be limited by the appropriate intervals formed by the universal scale of Harrington [24].

The coordinates of investment objects positioning by investment attractiveness, sensitivity, and cost-effectiveness of a project can be determined using the integral index, whereas its values vary from 0 to 1 according to a convolution formula, considering the weight coefficient of partial indicators.

The link between general and investment strategies can be revealed by using global strategies based on the general strategic orientation of an enterprise functioning and development and the binary nature of the decision: in the case of selecting the general strategies of unstable functioning and negative growth, global investment strategies are survival and non-investment modes/ strategies, and regressive development - survival and investing ones; stable, well-functioning – parity and investment; progressive development and positive growth - leadership and priority investment. The interdependence of investment and competitive strategies is based on global strategies according to the competitive orientation and the target-object; functional ones are based on the functional business orientation. Thus, managers and owners, selecting general, competitive, and functional strategies can refer to the global investment strategies.

The cube of investment strategies can be divided into three zones:

1)Careful investing or rejection of investment offer. It is characterized by low investment attractiveness and sensitivity of an enterprise or by the average level of one of these components. Objects that match these quadrants, according to quantitative characteristics of positioning, create

a conservative investment portfolio;

2) Investment, characterized by an average level of all components or a combination of both high and low levels. Investment objects, positioned in these quadrants, can be combined into a balanced investment portfolio;

3)Preferential investment, that corresponds with a high or average levels. It is recommended to combine objects, located in these flats, into an aggressive investment portfolio.

If the value of integrated indicators of the external and internal efficiency of a particular investment project correlates with different intervals of the continuum, it is recommended to choose the type of efficiency that is identified by the most preferred interval of the corresponding continuum as the dominant one for recognizing the basis of the cube.

The investment strategies formation approach has been substantiated and developed. So, it can be applied both to internal and external investment of business entities. Its center involves formal procedures. But, since the strategic management process is characterized by the subjective and objective nature, local strategies are based on the following features: the main objective of capital investment; the term and sustainable investment conditions; regional and sector-based focus. Therefore, all of these elements should be selected according to the following factors:

1)Subjective representations of economic agents concerning profitability, status, and ownership of objects, focus, duration, and stability of strategies implementation;

2)Objective circumstances in the internal environment of an enterprise and its divisions, as well as in the external (investment market, its characteristics of variability, predictability, attractiveness, etc.)

Therefore, the final decision regarding investment strategy formation and selection is assigned to managers and owners that can be rational or even – irrational, basing their decisions on intuition and insights. The suggested approach is an objective and reasonable tool for making subjective managerial decisions, whereas an active role is played by the subject of the strategic management process.

An important part of the issue in the process of crafting strategies is the effectiveness evaluation of implementation results. According to the overwhelming majority of scientists [2; 3; 7; 12 – 15; 26; 38], the primary parameters that determine the strategy effectiveness should be its

time orientation, achievability, consistency, the ability to create long-term and competitive advantages, reliability, and adequacy regarding to the prevailing circumstances. It can be noted that these features are more likely to meet the requirements of investment objectives than implementation strategies. Since the process of formation and implementation of investment strategies provides for the creation of an "object – project – investor" system, it is efficient to measure the organization's efficiency and effectiveness using performance indicators of an enterprise and investment projects implemented by strategies that contain all the information that may be useful and advantageous both for managers and owners of entity – both investment donors and recipients – subjects of investment.

The suggested methodology, in the field of investment strategy formation, requires further research to make methodological support scientifically substantiated and developed. Thus, the following conclusions can be drawn.

The main theoretical foundations of a new paradigm of strategic management of investment activities are: the investment market is characterized by not only fractal space but fractal time as well, besides it provides its liquidity; investment results are a public good; institutionalization of investment helps to increase the efficiency of economic resources usage and the socio-economic development of society; the objectives of strategic investment management emerge from the value orientations of economic agents whose behavior is characterized by a concept of bounded rationality. It implies the satisfaction of rational, economic (effective), and emotional (affective) needs aspects; an enterprise, in the process of investing, should position itself in a real and virtual information space based on coevolutionary principles, involving generating and evaluating strategic options; it is efficient to use a multivariate perspective in the process of investment strategy crafting because of the external and internal environment complexity factors; it is efficient to use the principles of heterarchy and polycentricity to provide organization development; understanding and developing organizational culture will reduce resistance to change from employees.

As an essential component of the integration theory of investment activity, the concept of its strategy formation has been suggested: in order to obtain a synergistic effect from investment activity, an enterprise, – i.e. an object, an investment project, and investors – should be considered as a system with inherent properties; it is efficient to formulate investment strategies of an enterprise considering the

level of investment object attractiveness, and sensitivity; in order to increase the availability of investment resources, it is recommended to position enterprise in the external environment using information interaction strategies based on attractive investment characteristics; the combination of investment and information interaction strategies of an enterprise with the external environment makes up a set of strategies for its investment activities aimed at both the external and internal environment; not only enterprises can be investment objects, but also their parts – separate divisions.

The system "object – project – investor" according to classification features has the following characteristics: it is open, large, and complex socio-economic, purposeful, organized, independent, discrete, stochastic, physical system. The duality principle is a confirmation of the subjective and objective nature of the system including the existence of a variety of research contexts. The properties of a system are divided into 4 groups: according to its essence and complexity, purposefulness, parameters of functioning, and development. According to the first group, the properties of the system are the following: integrity, additivity, hierarchy, integration, social component; according to the second group, the properties of the system are the following: (limited) equifinality, diversity, potential effectiveness; according to the third group, the properties of the system are the following: heredity, the priority of goals, multiplicativeness; the fourth group is characterized by fractality, dynamic steady state, self-organization, synergy, inertia, differentiation, changing dominance.

Many functioning principles of the system "object – project – investor" as well as suggested concept includes three groups: philosophical, providing objective knowledge; system-wide approach, reflecting the comprehensive examination of a subject study; strategic, that characterize its functional and substantive focus. The philosophical group includes the principles of materialism, conflicts, determinism, organic interaction; the group of system-wide approach involves systematicity, complexity, objectivity, dynamism, effectiveness; the group of strategic concerns adaptive efficiency, cognition, multivariance, proactivity, person-centricity, co-evolution, heterarchy, bounded rationality and diversity. Hence, the system is an integral part of the methodological support of an enterprise investment strategy formation.

An enterprise investment strategy should be considered from different aspects. From one point of view, it should provide an

opportunity to determine the investment objects of both a production and a nonproduction nature (social and economic) using all types of economic resources of an enterprise. From the other point, an investment strategy can be examined according to the peculiarities of using the company's own, attracted, and borrowed funds to achieve its business goals. The investment strategy is a system of activity/steps for the selection of investment objects of economic resources, its effective attraction, redistribution, and use to achieve specific investment goals that provide the socio-economic development of an enterprise.

There are the following classification features of investment strategies: general strategic orientation; binary nature of capital investment decision; objective, rate, and volume of investment; type, and level of efficiency; risk level; source of investment; types of business ownership and tax and credit benefits; the level of innovation; target object; competitive and functional orientation; term, sustainable investment conditions; regional and sector-based focus; concentration level of investments in certain objects.

All types of investment strategies can be divided by the principle activity that allows, the owners and managers, determining and estimating the expediency of investing. Investment strategies, conforming that principles, are global and fulfill the main function - solving a problem of participation in investment processes; the others are local, performing the auxiliary function of additional identification of investment strategies characteristics. Thus, managers and owners, selecting general, competitive, and functional strategies can refer to the global investment strategies.

The system of investment strategies can be positioned as a three-dimensional space – a cube constructed according to the following components: investment attractiveness and sensitivity of an enterprise, business, and economic efficiency of the investment project. It is efficient to set up a general positioning of strategies using formal methods of chess matrix; its selection should be based on the following factors: subjective representations of decision-makers concerning profitability, status, and ownership of objects, focus, duration, and stability of strategies implementation; objective circumstances and characteristics of the external and internal enterprise environment. Thus, the suggested approach is an objective and reasonable tool for making subjective managerial decisions.

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9.

Tourism Development In Rural Areas In Ukraine

Iastremska Olesia*

In the modern world, rural tourism has developed into a separate significant sector of the global tourism market. Taking into account the socio-economic, ecological and natural climatic character of modernity, its formation and development take place in the context of green and rural tourism as one of the crucial aspects of diversification of the agro-industrial regions of Ukraine.

In recent years, there has been a clear trend towards increased environmental measures. Europe as a whole is characterized by relatively high living standards. These factors explain the increased attention to environmental issues on the continent. Decisions on the issues of water and air purification, recycling, protection of flora and fauna, etc. are constantly discussed and adopted at the state level. This is facilitated by the high level of media attention to these

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issues. In most cases, the consideration of environmental issues is combined with tourism development issues, which helps to attract the attention of European governments to sustainable tourism development. The increased attention to these issues undoubtedly creates conditions for the emergence of new tourism products, both at the level of individual tourism related to environmental interests, on the part of environmental protection and of tourists. Thus, one of the types that has emerged based on the concept of sustainable tourism development is green and rural tourism. At the same time, modern global trends demonstrate the changes of political economy paradigm in favor of agriculture and rural development. Democratization and increased public participation in policy making in many of the world's leading countries have enhanced the capacity of the poor rural population to influence the implementation of development goals – poverty reduction, living standards in rural areas, etc [16]. That is why green and rural tourism will contribute to ecologically, socially and economically well-balanced sustainable development of rural areas. As one of the ways of diversifying the incomes of the rural population, green and rural tourism originated in Europe. At the beginning of the 18th century the first expedition guest houses appeared in the mountainous regions of France and Switzerland.

And at the end of the 20th century green rural tourism developed intensively on a global scale due to the decline of agriculture and other types of economic activity typical of a particular area. Under these circumstances, green and rural tourism are turning into a form of alternative development in order to prevent the degradation of economic systems. Organized rural vacations in Ukraine were popular with the members of youth organizations, the Ukrainian intelligentsia in the late 19th and early 20th centuries. It was then that the summer vacation in the countryside was known as "litnysko" (from Ukrainian «літо» –summer). Since the 60s of the 20th century, in the traditionally popular area for a "litnysko", vacation tourist-health complexes, such as Morshyn, Truskavets, Svaliava, began to appear. During peak seasons, there was a shortage of facilities for the official recreational zones. At the end of the 20th century, Union for the Promotion of Rural Green Tourism in Ukraine (founded in 1996, since 2003 a member of Eurogites) began the promotion of rural recreation. A significant result of its activity is the creation of the domestic brand "rural green tourism", which is well-known in the international tourism market [16].

The development of rural tourism should be considered in connection

with the agricultural production, problems of agriculture. Thus, green and rural tourism is a complex sector of the economy that should be considered as: a variety of services; domestic and international tourism sector; type of entrepreneurial activity in rural areas; the development of rural tourism also involves addressing a number of economic, environmental and social problems in the host region.

In addition, green and rural tourism, as a service sector in rural areas, significantly changes the system of economic relations not only between rural residents but also between them and tourists. Thus, green and rural tourism is a new field of activity and research that traces the interaction of directions, both of economic and non-economic nature, both at the global and national levels. Green and rural tourism is a subtype of sustainable tourism and a type of tourism that partially overlaps with ecotourism. Therefore, the definition "rural green" tourism can often be seen. Ecotourism and agrotourism are complementary and interdependent concepts in the tourism sector development in many countries. Moreover, in the contemporary international practice, a number of similar types of tourism that have a mild influence on the environment and local community, and are close in their purposes (including rural, farming, sports, culinary, adventure, extreme, etc.), are often combined in a single sector of eco-agrotourism. This is indicated by European experience: there are examples of organizations that have included this term in their name (European Center for Eco Agro Tourism - ECEAT) [3].

Rural tourism includes not only accommodation in a rural area, but can also be combined with other types of recreational activity. Green and rural tourism is between classic rural tourism and tourism in a rural area, where these types of tourism are also dependent on the principles of ecology and can include other types of tourism activities, such as: sports, agrotourism, health, beach, gastronomic, extreme, natural etc.

"Classic rural tourism" is fully integrated into rural tourism and has little contact with other types of tourism, since its organization does not require any services other than basic accommodation and catering. Rural and other types of tourism interact in different ways. Green and rural tourism, as a relatively new phenomenon that has developed rapidly abroad, and has become recognizable in Ukraine only in recent decades, has many definitions and classifications given in Table 1.

Table 1 Definitions of rural and green tourism

Rural tourism		**Green tourism (ecotourism)**	
Reference	Concept	Reference	Concept
S. Medlik [10]	Rural tourism is a recreational type of tourism, in rural areas. It implies the development of scenic routes, recreation sites, agricultural and folk museums, as well as tourist service centers with tour guides.	Report of Swedish Enterprises on the Perspectives of International Tourism Market Development [13]	Green tourism is a term that can be described as any tourism that relates to the natural environment of a particular area or introduces the practice of green environmental management.
V. Vasyliev, P. Horishevskyi Yu. Zinko [7]	Rural tourism is a vacation with any purpose, type and form of organizing a trip to the countryside with a vacation in the farmhouse, which uses the resources of subsistence farming.	S. Medlik, British Dictionary of Travel, Tourism and Hospitality [10]	Green tourism is synonymous with the concept of "ecotourism", that is, a form of travel that is environmentally friendly and incorporates the main principles of ecotourism.
V. Byrkovych [2]	Rural green tourism is a specific form of recreation on private rural farms, which uses the property and labor resources of private, subsistence or intensive farming, natural and recreational features of the area and cultural, historical and ethnographic heritage of the region.	S. Medlik, British Dictionary of Travel, Tourism and Hospitality [10]	Ecological tourism is an environmentally friendly travel form. It occurs in areas of natural value (national and landscape parks). Ecotourism aims to protect the natural and cultural environment of the regions visited by tourists.

As seen from Table 1, the concept of "green and rural tourism", indeed, remains a concept that has no universally accepted definition. According to the author, rural tourism is a much broader concept of agrotourism and farm tourism, but it includes ecological aspects of environmental protection, i.e. green tourism, which means it can be considered as rural tourism.

That is, according to the author, the priority concept is rural green tourism, taking into account the principles of this form of tourism. The above mentioned concepts are reflected in the tourist movement of Ukraine. In general, recreation in Ukrainian villages has been defined as "rural green tourism", which covers a wide

range of recreation: from in-country rural recreation (rural tourism), recreation in tourist centers and resorts located in villages or towns to recreation directly in rural estates or farms (agrotourism, farm tourism). According to the author, the ecological focus of rural tourism has defined this type of tourism as "green" tourism.

Thus, green and rural tourism is a type of activity organized in the countryside, which helps to form integrated services for accommodation, recreation, catering, sightseeing, leisure and sports activities, active tourism, organization of fishing, hunting, acquisition of knowledge and skills. Green and rural tourism is focused on the use of agricultural, natural, cultural, historical and other resources of the countryside and its specific features to create a complex tourist product.

At the global level, there is still no common unified system for the development of green and rural tourism, although there are a number of common principles and approaches for its implementation. As rural tourism is developing quite dynamically abroad and it is a significant sector of the tourism industry, it is advisable to conduct research into the development of green and rural tourism industry and infrastructure abroad in order to identify the most successful approaches to its development. There are several different concepts of green and rural tourism, with different goals and objectives. In many countries, green and rural tourism is considered as one of the leading directions of development of the national tourism industry, which is reflected in the national concepts of tourism development.

International (mainly European) practice shows that the development of green and rural tourism in the form of a small family-run hotel business is a major socio-economic program for the transfer of agricultural population from manufacturing to services. Its task is to trigger the development of agricultural regions and their populations through the organization of a new specific sector of the local economy. In addition to economic goals, such public policy pursues social and socio-cultural goals: to stop the degradation of rural areas, population outflow and the growth of negative social phenomena, to preserve and partially recreate cultural heritage, national identity.

Data from EuroGites, the European Federation of Rural Tourism, show that the average annual rate of development of the rural tourism segment over the last 10 – 15 years has been 10 – 15%, which is much higher than for European tourism in general (4 – 5%) [14].

Considering the portrait of a consumer of green and rural

tourism services in Europe, EuroGites experts note the following characteristics [14]:

1) 95% of tourists are domestic, 80% of them live within a less than three-hour drive;
2) The average stay lasts from 1, 5 days (local market), 3, 6 days (within 4 hours of transport accessibility), and about 8 days (foreign tourists);
3) The most popular accommodation is the one with minimal or no service;
4) More than 80% of visitors prefer independent living;
5) Less than 20% of visitors prefer to use the traditional "B&B-style".

In France the share of rural tourism in the tourist flow reaches 33%, in the UK about 10% of entrepreneurs doing business in the countryside are integrated in the rural tourism industry and offer related services, in Germany a little less - 4% of entrepreneurs [17], which serve up to 13% of the domestic tourism market [14]. In New Zealand, 11% of inbound tourists visit farms with foreign tourists accounting for an average of 53% of rural tourism users. It is interesting to note that if foreign tourists visiting New Zealand farms are predominantly in the 55-64 age group, domestic tourists are predominantly 25-34 years old [15].

Models of rural and green tourism development are presented in Table 2.

Table 2 Models of development of green and rural tourism

French model	1) Different forms of classic rural green tourism, variable depending on the proximity to the sea; 2) considerable attention is paid to the development of gastronomic and wine tourism; 3) forms of accommodation for tourists involve less residence on farms, tourists are housed in cottages.
German model	1) Accommodation and catering in farm buildings; 2) rural green tourism is intertwined with farm and event; 3) work on the ground is assumed.
Italian model	1) Rural green tourism combined with restoration of health, study of gastronomy and local produce, sports; 2) accommodation of tourists in apartments; 3) widespread tent camps.

Czech model	1) Focuses on productive regions and regions bordering protected areas; 2) is a budget type of holiday; 3) accommodation in farmhouses with elements of authentic rural life.
Spanish model	1) Extended vacation in the village and on the farm; 2) acquaintance with housekeeping, gastronomy, animal care.
Polish model	1) It is distinguished by a clear delineation of "tourist" farms: for some it is the main and only business, for others it is additional income; 2) accommodation facilities vary in cost and quality of services provided.
Latvian model	1) Rest with elements of traditions and customs on farms.

The success of rural tourism, which in many countries has turned from an auxiliary sub-sector of agriculture into an independent and competitive service sector, has contributed to its purposeful development in different countries of the world. Summarizing, it is possible to distinguish the following four concepts of managing tourism development in rural areas, that is, green and rural tourism in the world:

Western European, where the focus is on the environmental aspect, support for the reconstruction of accommodation facilities and tourist infrastructure;

Eastern European, where the focus is on leisure in the countryside, in which the system of state support for the development of green and rural tourism plays a major role;

Anglo-American provides low-cost accommodation in rural areas;

Asian, which emphasizes elements of national culture.

Green and rural tourism is at the junction of three areas of activity: rural development, agricultural development and tourism product diversification.

Thus, the analysis of foreign experience shows the high importance of integrating different types of tourism with rural and green tourism for the success of tourism development in rural areas.

As for the development of rural tourism, today the ecological market is positioning itself as one of the most promising economic development sectors not only at the state, but also primarily at the regional level. Its formation is the most important direction in solving problems of sustainable development of rural regions in Ukraine. According to statistics, agricultural activity alone does not immediately raise the standard of living of the rural population, so it is important to promote rural green tourism in Ukraine as a major aspect of rural economy diversification, along with the main

activities, since according to World Tourism and Excursion Council (WTTC) and the World Tourism Organization (WTO), tourism is the largest dynamic industry in the world. According to the Ministry of Economic Development and Trade of Ukraine at the end of 2018, there are 522 tour operators for inland, inbound and outbound tourism. In general, if we analyze the dynamics of tourist flows over the last decade, we obtain the following results (Table 3) [9].

According to the data in 2018, there is an increase in foreign tourists, compared with 2017, namely 35071 thousand people, and there is an increase in domestic tourist flows – 453561 thousand people. The development of domestic tourism has been influenced by the political and economic situation in the country.

In today's environment, many experts consider rural tourism, i.e. green and rural tourism, one of the most famous and popular types of recreation. Rural regions of Ukraine are large territories with high levels of agricultural development and rich tourist and recreational potential. Diversity of tourism resources, cultural heritage of Ukraine have allowed entrepreneurs to create various types of tourism products in the rural recreation segment.

Table 3 Analysis of tourist flows of Ukraine

Years	The number of citizens of Ukraine who traveled abroad - total thousand people	Number of foreign nationals who visited Ukraine - total, thousand people	Number of tourists served by tourist operators of Ukraine – total, thousand people	Of the total number of tourists:		
				foreign tourists, thousand people	tourists-citizens of Ukraine who went abroad, thousand people	domestic tourists, thousand people
2001	13422320	6430940	2013998	377871	285353	1350774
2002	14849033	9174166	2175090	416186	271281	1487623
2003	14729444	10516665	2265317	417729	302632	1544956
2004	14794932	12513883	2856983	590641	344 332	1922010
2005	15487571	15629213	1890370	436311	441798	1012261
2006	16453704	17630760	1825649	326389	566942	932318
2007	16875256	18935775	2206498	299125	868228	1039145
2008	17334653	23122157	2863820	372455	336049	2155316
2009	15498567	25449078	3041655	372752	1282023	1386880
2010	15333949	20798342	2290097	282287	913640	1094170
2011	17180034	21203327	2280757	335835	1295623	649299
2012	19773143	21415296	2199977	234271	1250068	715638
2013	21432836	23012823	3000696	270064	1956662	773970

2014	23761287	24671227	3454316	232311	2519390	702615
2015	22437671	12711507	2425089	17070	2085273	322746
2016	23141646	12428286	2019576	15159	1647390	357027
2018	24668233	13333096	2549606	35071	2060974	453561

Each country with significant tourist flows seeks to create its own model of rural green tourism at the national level. It should be emphasized that the development of rural green tourism is only possible in regions with low levels of environmental pollution. Thus, according to the results of the annual ranking of countries on the Environmental Sustainability Index published by Yale Center for Environmental Law & Policy in 2018, Ukraine ranked 44 out of 180 countries.

The Environmental Sustainability Index takes into account the success of countries in reducing the impact of environmental pollution caused by economic activity on human health and natural ecosystems. The ranking takes into account water and air quality, environmental impact on human health, greenhouse gas emissions, forest areas, etc. It should be noted that countries are ranked on the basis of criteria grouped into 9 categories, a comprehensive analysis of which can identify the strengths and weaknesses of a country in the field of environmental performance [6].

According to the indicators of the categories, Ukraine is ranked 25th in the category of "climate change and energy", 45th in the "population health", 50th in "agriculture". That is, the country's eco-efficiency makes it possible to develop "green" tourism in Ukraine. However, the level of development of rural green tourism in Ukraine is quite low, despite the enormous natural, ethnographic, historical and cultural potential. Recreational territories cover almost 17% of the country's total area. However, neither an organizational nor a separate regulatory framework nor financial and statistical reporting has been created yet, and there is no investment in this type of tourism at all.

In Ukraine, the Union for Promoting Rural Green Tourism in Ukraine (hereinafter referred to as the Union) has initiated the promotion of green and rural tourism development ideas. At its initiative, green and rural tourism centers have been established and are functioning in most regions of Ukraine. The Union, in collaboration with scientists and governmental bodies, has developed the Concept Project and started work on the Rural Tourism Development Program in Ukraine. The Union carries out ecological marking of estates in compliance with the requirements

of the ecological standard, namely the following components of green and rural tourism services: environment; estates; rooms; products; rational use of water resources; rational use of electricity and fuel; limited use of household chemicals; tourist information; recommended tourist activity; support for national traditions; transport. The provision of rural green tourism services in Ukraine based on private farms does not belong to entrepreneurial activity (Law of Ukraine "On Private Farming" (Article 1). According to the Law of Ukraine "On Tourism", if a private farm owner is required to carry out activities in the field of rural green tourism within the limits defined by the current legislation, all he needs to do is to be registered in the village, town, city council at the location of the land plot. For instance, the bill "On Rural and Rural Green Tourism" suggests establishing additional terms of classifying agrotourism activities as non-entrepreneurial, namely the presence of 10 beds in a rural estate for temporary accommodation of tourists. All the other types of tourism organization (both professional and non-professional) are regarded as entrepreneurial [16].

By various estimates, as of 2019 Ukrainian rural tourism services provide from 1500 to 2000 or more estates. Most of the farms are concentrated in Western Ukraine. Given the lack of official statistical information on the development of green and rural tourism, it is advisable to consider the resource potential of the country, including Kharkiv Oblast, to further effectively organize rural green tourism. One of the trends in green and rural tourism development is the increased demand of urban population for recreation in rural areas.

The City of Kharkiv and Kharkiv Oblast, as one of the leading oblasts in the tourism sector of Ukraine, achieved significant results in 2018, thanks to the efficient management of the tourism sector. Six Kharkiv farmsteads of rural green tourism (agro-farmsteads) won the All-Ukrainian competition "100 best farmhouses of rural green tourism". For the first time in 2017, a regional network of "Guest Houses of Kharkiv Oblast" was created in the number of 37 houses, of different categories, which were included in the "All-Ukrainian Guest House". The categorization of existing rural tourism estates located in the priority territories of Balakliia, Borova, Valky, Vovchansk, Dvorichna, Zmiiv, Izium, Nova Vodolaha, Chuhuiiv raions and the city of Dergachi, was carried out within the framework of the implementation of the project "Supporting entrepreneurship initiatives of rural residents in the field of green tourism", developed by a non-governmental organization "Institute for Social Policy of the

Region" [9]. Natural recreational resources (nature reserve, forests, green areas of cities and suburbs, water resources) are important assets for tourism activity, namely for the development of green and rural tourism in Kharkiv Oblast.

The nature reserve of Kharkiv Oblast (presented in Table 4) has valuable unique natural territorial complexes, which are the basis for the development of green and rural tourism, and are part of the national nature reserve network. The natural territories and the nature reserve sites of the region are represented by national nature parks, regional landscape parks, botanical gardens, zoological parks, national and local nature reserves, nature monuments and nature reserves of local importance. As of 01.01.2019 the natural reserve fund of the region has 242 territories and sites with a total area of 74 151.34 ha, including 13 sites of national value with an area of 23 984.6 ha, the percentage of conservation is 2.36 [5] from the total area of the region (Table 4).

Activation and spread of green and rural tourism in Kharkiv Oblast cannot be ensured without solving the key problems that hinder the development of this field at the present stage.

According to an expert survey, the main constraints of the region are: unsatisfactory state of social infrastructure development and technical communications (heat, water supply, availability of everyday objects, lack of facilities and transport networks, etc.); the low standard of living of the rural population, which diminishes the potential attractiveness for domestic and foreign tourists; imperfect current legislation in the field of standardization, certification, marking of "green" services, categorization of subjects of the tourist services market; poor quality of services; low level of information support for green and rural tourism; lack of a clear strategy for the development of green tourism at the regional and national levels. At the same time, the lack of regulation of the organizational, legal, social rules and standards of further development of green tourism should not become a hindering factor for the implementation of green industry projects, which should be implemented within the framework of regional programs and strategies of socio-economic development. The key role in the implementation of this strategic task rests with the executive authorities of oblasts and regions.

Summarizing the conducted research, it can be noted that the development of tourism in rural areas is one of the priority activities for households and population in rural areas of Kharkiv Oblast as well as other agro-industrial regions of Ukraine, whose experience

can be used in other developing countries, for example, in India.

Table 4 The nature reserve of Kharkiv Oblast

Categories	The nature reserve sites					
	National reserves		Local nature reserves		In all	
	Number, pieces	Area, thousand hectares	Number, pieces	Area, thousand hectares	Number, pieces	Area, thousand hectares
National nature parks	3	22690	-	-	3	22690
Regional landscape parks	-	-	7	20544,3	7	20544,3
Represented, In all	3	1038	166	36921,6	169	37959,6
including:						
Landscaping	-	-	13	26043,2	13	26043,2
Forest	-	-	9	3207,1	9	3207,1
Botanical gardens	1	185	51	3169,99	52	3346,19
general zoological	2	853	5	1292,4	7	2145,4
ornithological	-	-	7	787,9	7	787,9
entomological	-	-	63	594,8	63	594,8
Hydrological	-	-	17	1811,6	17	1811,6
General-geological	-	-	1	14,6	1	14,6
Nature sights, In all	-	-	44	645,9	44	645,9
including:						
Complex	-	-	2	176,3	2	176,3
Botanical	-	-	38	455,2	38	455,2
Hydrological	-	-	4	14,4	4	14,4
Conservation tracts	-	-	9	2537,2	9	2537,2
Botanical Gardens	1	41,9	1	13,25	2	55,15
Dendrological parks	1	22,8	1	51,5	2	74,3

Park monuments of landscape art	4	169,9	1	10,8	5	180,7
Zoological parks	1	22	-	-	1	22
In all	13	23984,6	229	60724,5	242	74151,3

In modern conditions, the activation of green and rural tourism makes it possible to solve the most difficult problems of the countryside: it contributes to additional employment of the population, becomes a promising source of income generation, contributes to the reduction of social tension in the society, forms the social values system, and increases the cultural and educational level of the population. The conducted analysis of the conceptual bases and practical organizational and economic approaches to the development of rural tourism shows that, unlike other types of tourism, more diverse socio-economic factors influence the formation of the industry and infrastructure of rural tourism. In general, when considering the typology of socio-economic factors of tourism development, researchers take different points of view on their structure and grouping. According to the results of the research, the most comprehensive set of factors of this kind, formed and systematized in the paper, implies the need to single out two groups of factors: tourism industry (production, engineering, infrastructure, tourism resources and tourist supply); tourism infrastructure (financial-investment, labor, regulatory, innovative, marketing). However, it is possible to consider the main, most important factors of tourism development from the standpoint of rural tourism development restraint (lack of complete legal framework, weak financial base of population, living in rural areas, difficult demographic situation in rural areas, lack of permanent systematic support of rural population on attraction to the tourism sector, lack of a developed system of informing potential consumers of tourist services in rural areas, underdeveloped advisory services of the rural population willing to run tourism business). Taking into account these negative factors, a generalized model plan of action for eliminating their destructive effects is developed and presented in Table 5.

Table 5 Typical generalized action plan for rural tourism development

Direction of solving the problem	Meaning	Objectives
1	2	3
Management of green and rural tourism and partnership with authorities.	The purpose of this direction is to consolidate the actions of rural tourism operators through creation of tourist clusters, registers of tourist services, implementation of projects on rural tourism development both at the level of raions and at the level of rural communities. In partnership with the authorities, the aim is to coordinate the actions of the authorities at all levels concerning the development of rural tourism by facilitating legislative regulation of existing problems, creating new institutions, devising rural tourism development programs at the level of oblasts, raions and village councils.	To form a Coordinating Council for the development, promotion and dissemination of green and rural tourism.
		To develop and submit for approval to the Verkhovna Rada of Ukraine (based on the Concept of Rural Tourism Development in Ukraine) a draft of Rural Tourism Development Program in the Region.
		To develop and approve a strategic period (5 years) for regional rural tourism development programs.
		To develop and approve rural green tourism development programs in the village councils of the region.
		To test selected tourism development models in rural areas in terms of cost and profit.
1	2	3
Development and implementation of quality standards for tourist services in rural areas.	The purpose of this direction is to create optimal conditions for accommodation of tourists in	To allocate investment resources in order to support the most significant and popular rural tourism sites.

	rural areas and to provide them with quality services at tourist sites, to increase the attractiveness of rural tourism through the development of quality standards, the organization of certification and categorization of rural tourism objects, the creation of catalogs of such sites.	
Development and implementation of quality standards.	The purpose of this direction is to create optimal conditions for accommodation of rural tourists and to provide them with quality services at tourist sites, to increase the attractiveness of rural tourism through the development of quality standards, the organization of certification and categorization of rural tourism objects, the creation of catalogs of such sites.	To create a register of rural tourism sites in the region for further placement on advertising and information resources.
		To develop a note aimed at clarifying the Rules for the mandatory certification of services for the temporary accommodation of tourist service consumers.
		To develop a unified system of voluntary categorization of rural tourism objects of the region.
		To constantly work on certification and categorization of rural tourism sites of the region.
		To create the first catalog of rural tourism sites of the region that have been certified and categorized.
Advanced training of farm owners in the rural tourism sector.	The main purpose of this direction is the organization of training and advanced training of people involved in the rural tourism sector through the organization of training courses, seminars, research-and-practice conferences, the preparation of educational and methodological literature.	To develop methodological recommendations on organizational and legal forms of activity in the rural tourism sector.

		To develop and approve the program of the permanent seminar “Rural tourism as a tool for rural development”.
		To prepare and publish an instructional guide on rural tourism organization for rural estate owners.
		To hold research-and-practice conferences “Experience and problems of rural tourism in the region”.
		To conduct trainings for rural estate owners and seminars for rural residents willing to engage in rural tourism.
		To conduct seminars “Rural tourism as a tool for rural development” for employees of state executive bodies and the local government.
1	2	3
Rural tourism marketing.	The purpose of this direction is to increase the competitiveness of rural tourism in the region by promoting tourist products on the market, creating a website, tourist information centers, participating in Ukrainian and international tourist exhibitions, publishing catalogs, maps and guidebooks.	To create a register of sites that provide additional services for tourists in the rural area.
		To develop an information website for rural tourism in the region.
		To develop an advertising website for rural tourism in the region.
		To develop and approve a marketing strategy for rural tourism in the region.
		To establish cluster-based rural tourism information centers in the region.
		To participate in Ukrainian and international tourist fairs.
		To prepare a calendar of the tourist season events (festivals, exhibitions, carnivals, city days, competitions, gatherings, concerts, etc.) for the current year.
		To organize and hold ethnic festivals in the rural area of the region.
		To publish catalogs, guides, maps of rural tourism in the region.

The implementation of the measures of the proposed plan will activate the development of green and rural tourism with the use of the following tools: informing the rural population in the rural tourism sector, involving the rural population in tourism activities, education of the rural population in the tourism sector.

The purpose of raising the awareness among the rural population of the region about the issues of tourism activity is to form a positive attitude to the tourism sector as a whole, including rural tourism, to understand the importance and the opportunities of rural tourism, the prospects for the development of tourism activities within a certain territory, as well as to involve the rural population in rural tourism events. Measures to spread and clarify information on rural tourism development in the tourism sector of the region will contribute to achieving this goal.

These measures should be based on the publications in various print and electronic media, on the regional radio and television, materials on the effectiveness of rural tourism development, the dynamics of the main indicators of the tourism sector development. Particular attention should also be paid to other influential channels of spreading information in the rural area. This measure will raise awareness of the rural population of the region about new developments in the tourism sector, as well as the contribution of the tourism industry to the socio-economic development of rural areas in accordance with the activation of educational measures.

The involvement of the population in tourism activities allows to form and develop the necessary human resource capacity of rural tourism, as well as partially solve problems of increasing the employment and the quality of life of rural population, the development of non-agricultural activities in rural areas. Experience has shown that effective measures are being taken in this regard to increase the activity of green and rural tourism enterprises, improve the image of tourism professions, and promote employment in green and rural tourism sector in the region.

The purpose of involving the rural population of the region in tourism activities is to form and develop the necessary human resource capacity of rural tourism, as well as to solve problems of increasing the employment and the quality of life of the rural population, the development of non-agricultural activities in rural areas. Measures related to increasing the activity of rural tourism enterprises, improving the image of the tourist region, and promoting employment in rural tourism will contribute to achieving this goal.

Thus, based on the analysis and generalization of legal acts and literary sources, we can draw the following basic conclusions. Features of rural and green tourism in the aspect of sustainable development are revealed, models of development of rural green tourism abroad are defined. Based on the results of the analysis of conceptual approaches to the definition of rural and green tourism and its features, it is proved that rural tourism should be considered in the context of ecological tourism, that is, rural green tourism is used as a generalized concept that combines different types of organized and amateur tourism realized in the countryside.

According to the analysis of foreign experience with the practice and methodology of the development of green and rural tourism, working with the population is the most important aspect of the green and rural tourism development. Farm owners must be convinced of the prospects for development of tourist activity in the countryside, their ability to create and manage an attractive tourist product, to access the necessary technologies. In this regard, the paper offers a generalized plan for activating the development of green and rural tourism, aimed at creating an effective system for involving the rural population in tourism.

The main tasks of raising awareness of the rural population about tourism activities are the formation of a positive attitude to the tourism sector as a whole, including rural tourism, understanding of the importance and the opportunities of rural tourism, the prospects for the development of tourism activities within a certain territory, as well as involvement in green and rural tourism events. Achieving this goal will help to improve the socio-economic processes of tourism development in both rural areas of Ukraine and countries that have chosen the path of market socio-economic development.

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10.

Features of Employees Training in the Conditions of Development of Digital Economy

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Today, almost all business activity takes place not only in the physical space, but also in digital networks. At this stage of economic development, there are almost no industries that would not be represented in the Internet. Most payments are e-forms, and marketing activity also goes to the Internet and social networks. Training and promotion of the personnel of the enterprises were not left on the sidelines. An additional massive impetus for such processes was the global pandemic of the coronavirus, which stipulated the urgent need to find additional ways of working, communication and training of employees. This determines the relevance of the research topic.

Although the ways of teaching employees are transformed, traditional types of training remain relevant.

In order to better understand the nature of staff training, it is

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worth considering the different approaches to defining this concept that exist in the literature. At the same time in the field of research should be included not only the definitions that exist in management, but also some understanding of the concept of "teaching" in the science of pedagogy, which will allow to understand its essence more broadly. For a clearer listing of the definition, a table 1 was compiled.

Approaches to defining the concept of "employees learning" in scientific literature.

Table 1 Approaches to defining the concept of "employees learning"

Author	Key word	Definition of employees learning
Bazarov T.Yu., Eremin B.L.	system	A system of training (training and retraining) of personnel conducted on the basis of an enterprise (or corporate training centers) with the involvement of own or external teachers, and is based on solving problems specific to a particular organization [1, 413].
Spivak VA	activity	An activity that aims to improve the quality of the workforce to meet the requirements of the workplace, to ensure the development of workers and to use their potential more effectively, to broaden their horizons and increase job satisfaction, to ensure career advancement, to engage factors of interest in work, to meet the needs of the enterprise. in personnel due to the internal labor market [2, 217].
Pankov V.	development	The development of professional knowledge, skills and skills of employees, taking into account the goals of the respective units, which in turn are determined by the strategy of the company [3, 8].
Kibanov A.Ya.	process	A purposefully organized, systematic and systematic process of mastering the knowledge, skills, skills and methods of communication under the guidance of experienced teachers, supervisors, specialists, supervisors [4, 13].
Savchenko VA	Measure	One of the most important measures of an active employment policy, which contributes to the achievement of stable economic growth, actively influences the prevention of mass unemployment among employed workers, ensures the preservation and development of the labor potential of society [5, 123].

The concept of «employees learning» is considered by the most authors as purposefully organized, systematically carried out, cyclical, cumulative, managed process.

It should be understood that in order for training and advanced training at the enterprise to be truly effective, they must be as if they were «embedded» in the environment of the organization. In this case, the educational processes that take place at the enterprise should be clearly planned and managed. The process of managing learning and advanced training can be summarized in Figure 1.

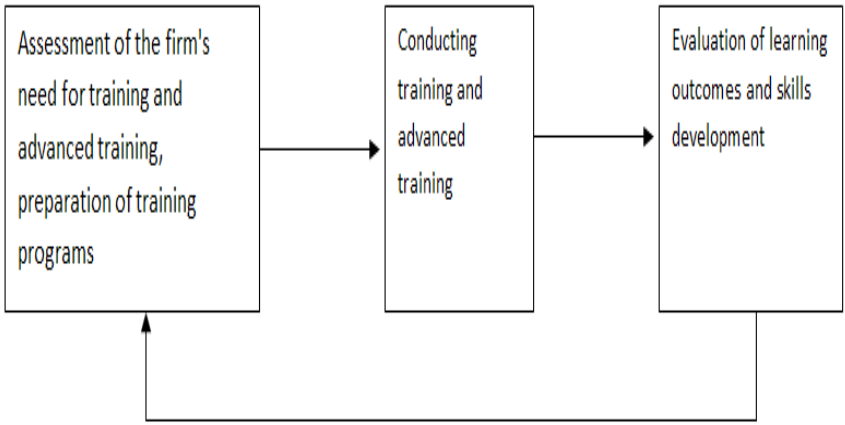

Fig. 1. The process of training and advanced training of employees in the organization [6, 282]

Therefore, guided by this scheme, in this work in the future, the learning and training process will be considered as a sequence of such actions: assessment of training needs, implementation and evaluation of learning outcomes. Consideration should be given to the cyclical nature of this process: once the results of the training have been evaluated, the need for training should be re-evaluated in order to ensure continuous improvement of personnel.

According to the authors' opinion, it is advisable to use the theory of restraints proposed by E. Goldratt [7] when managing training and professional development of personnel. It is a holistic system of technologies that by its nature reproduces a well-known weaker-link model, according to which the main efforts to strengthen should focus on the weakest links, because it will make the whole chain more reliable [8, 192 - 194].

The technology is based on five consecutive steps that help focus the effort on those elements "strengthening" of which will quickly transform the entire system.

- Step 1. Find the limitations of the system. Determine which element of the system contains a weak link. In the context of training and advanced training, these are employees who are not qualified to perform their professional duties effectively (for example, new employees are required to undergo initial training), or who wish to learn additional skills (advanced training will be effective for this group however, when there are resource limitations, this group should only be approached when

all staff in need of initial training have been trained).

- ❖ Step 2. Reduce the impact of system limitation. In other words, to answer the question: "How can I get the maximum benefit from a limiting element at no significant additional cost and thereby reduce the negative impact of a limitation on the operation of the whole system?" At this stage, the types, forms and methods of training that will be used are determined, and training programs are drawn up if necessary.
- ❖ Step 3. Focus all efforts on the system limitations. When a limitation is found (step 1) and a decision is made on what to do with it (step 2), the entire system must be configured so that the limiting element be able to operate with maximum efficiency. It may be necessary to slow down some parts of the system and speed up the others. Then the results of these actions should be analyzed: to find out whether this limitation still delays the whole system? If not, then it is liquidated and you can proceed to step 5. If so, then the limitation still exists, then go on to step.
- ❖ Step 4. Remove limitations. If steps 2 and 3 are not enough to remove the limitation, more radical action is needed. Some time, effort, money, and other resources may be required at this stage. So it is important to be sure that you cannot get rid of the limitation in the first three steps. Removing the limitation implies that any measures are taken to eliminate it. As a result, the limiting element will necessarily be removed. That is, if training programs fail to produce results and staff members identified as "weak links" remain so, extreme measures, including layoffs, are applied in the fourth stage.
- ❖ Step 5. Go back to the first step, remembering the inertia of thinking. If in stages 3 or 4, the limitation is removed, we must return to step 1 and start the cycle again. The task at this stage is to identify the next element that is holding back the work of the system.

The most common is the classification of types of training, proposed by A. Kibanov, according to which it can be divided into vocational training, professional improvement and professional retraining. That is, the author uses the degree of basic training of the worker and the desired result of training as the classification criterion. In recent times, it is relevant to use training as a means of gaining certain competences, which can also be attributed to this classification criterion. Therefore, the classification of types of training, depending on the degree of basic training of the worker and

the desired result of training is as follows:

1. **Professional Training -** acquisition of knowledge, skills, skills and training in ways of communication aimed at fulfilling certain production tasks. The preparation is considered to be completed if the qualification for the specific activity is obtained (students are trained).

   1.1. Vocational initial training is the development of knowledge, skills, and methods of communication as a foundation for further vocational training (eg, bachelor training).

   1.2. Professional specialized training - intended for obtaining specific professional qualifications. Deepening of knowledge and abilities in order to master a certain profession (for example, specialist, master).

2. **Professional Development (Advanced Training) -** the expansion of knowledge, skills, and communication methods in order to bring them into line with modern requirements of production, as well as to stimulate professional growth (employees engaged in production are trained with practical experience).

   2.1.Improvement of professional knowledge and abilities - bringing knowledge and abilities in accordance with the requirements of time, their updating and deepening. Specialists are trained (horizontal mobility).

   2.2. Professional improvement for career advancement is the preparation for higher quality tasks. Managers are trained (vertical mobility).

3. **Professional Retraining (Retraining) -** acquiring knowledge, skills, and mastering methods of training (behavior) for the development of a new profession and qualitatively other professional activity (trained employees in the production or unemployed, with practical experience) [9, 413].

4. Competence development is the development of a complex of individual qualities that lead to success. It is important not to confuse competence with competencies that is, with the professional skills of the worker, as competencies are competence plus personal qualities of the person [10].

Obviously, the choice of one or another type of training from the above mentioned will depend on what is currently the need for training (ie who from the workers should learn and why), as well as what goals the enterprise sets.

Another classification, depending on the learning objectives, is offered by T. Bazarov:

1. "Preserving learning" is the transfer of knowledge, the acquisition of fixed views, methods and rules in order to effectively work in known and repetitive situations, to develop students' abilities to solve those problems that are relevant.
2. "Innovative" training - the formation of a certain arsenal of skills, as well as the development of employee potential [1, 274].

" Preserving learning " is especially effective for transferring new knowledge instead of outdated and eliminating gaps in employees' knowledge and skills. "Innovative" training is perspective-oriented, preparing the organization for work in new conditions. "Innovative" training usually deals with problems that can become so unique that it will not be possible to learn by trial and error, problems whose solutions are not yet known and the very formulation of which can cause controversy and doubt. This approach fits well with the concept of lifelong learning that is relevant and progressive today.

On the criterion of duration, it is customary to distinguish two types of training: short-term and long-term. However, according to the authors' opinion, this approach does not correspond to modern views on learning, namely the concept of lifelong learning. Therefore, it is worth adding a third type of this criterion - lifelong learning.

Lifelong training can be provided in the form of a certain synthesis of the first two types - short-term training aimed at transferring to the workers some knowledge, skills and needs required by current working circumstances, as well as long-term training over a rather long period of time. It is oriented at achievement of strategic goals of the enterprise in the sphere of personnel. Able-to-learn employees will easily and quickly acquire the necessary new knowledge and skills when the need arises.

Another criterion for the classification of types of learning is its direction. In this section, the following types are distinguished:

1. Specialized training programs (sales, negotiation, creativity training) - usually used when there is a need to create or further develop certain skills or competencies.
2. Team building programs - usually implemented in the form of training for a specific group of employees, if it is planned that in the future they will work together and have to work together to achieve a certain overall goal.
3. Development of interpersonal and intercompany communication,

the formation of conflict resolution skills - is relevant in cases where, the specifics of work tasks, the success of the team depends on the effectiveness of interaction between employees, the absence or timely resolution of conflicts.

4. Management training - required when an employee who previously had no experience of managing subordinates, due to working circumstances, should take up the position of a manager. This is usually the case for professionals who, as a result of career advancement, are given the opportunity to be the head of the structural unit in which they work.
5. Preparation for organizational innovation - the introduction of innovation should be preceded by the preparation of the team for them, namely information and training. Employees who have full information about the planned innovation, understand its relevance and need, and have acquired certain knowledge, skills and skills to work effectively in the future, will not resist the innovation, but will contribute to its implementation [1, 277].

"General Electric" offers courses for managers for all six levels of management, which vary depending on their field of training:

1.Professional training (teaching engineering, production, marketing, finance, labor relations);
2. General training (work planning, problem solving, decision making, interviewing);
3. Managerial training, which is directly related to the specifics of the manager's workplace [2, 181].

Such distribution of types of training for managers is justified, because these courses cover all categories of knowledge that an effective manager must possess: understand the basics of enterprise production technology, its features and priority ways of promotion, know the basics of enterprise finance, labor law, have planning skills, managerial decision-making technology, as well as having special psychological and behavioral training to perform management functions.

Having considered the types of training, it is necessary to discover in what forms it can be implemented. Form of learning is a special design of the learning process, the nature of which is determined by the content of the learning process, methods, means, types of activities of students [11]. Individual and group learning depend on how many students study at the same time.

The individual form of training organization involves interaction between the trainee (mentor, coach, etc.) and one trainee. Positive

features of the individual form of training consist in the possibility of adaptation of the training program to the level of knowledge of the trainee, his individual qualities, abilities, tempo of mastering the material. The process of knowledge assimilation is easily managed. As for the negative traits, the individual training is characterized by the increased complexity of the work of the teaching staff, as well as the absence of such a social background on which the student could compare his successes and failures, the absence of conditions for collective work.

Group training involves the acquisition of knowledge not by one student, but by a team that requires the development of certain skills. In this case, it is possible to reach a large number of employees at the same time. In addition, employees should compare their achievements and mistakes, which create an atmosphere of healthy competition in the training group. This form of training gives the opportunity to create a clear structure of the educational process, to make it organized and orderly.

However, group training has its negative features, namely: small possibilities for taking into account in the educational process the individual qualities of each employee; very little opportunity to manage the learning process for each individual worker; orientation on the "average student", manifested in the same for all purposes, content, methods and means of learning [12, 113].

In today's environment, most businesses are well aware of the importance and need for staff training. The dynamic process of social development in all countries is closely linked to the rapid change in the quantitative parameters of national education systems (in particular, the massive expansion of compulsory secondary and higher education), the emergence of new conceptual approaches to the organization, content and teaching methods, its increased technical equipment. One of the global trends has been the gradual maturation of the concept of continuing education and the attempt to put this idea into practice.

With its appearance and development, this concept is due to first and foremost, for international cooperation within UNESCO, through which researchers from different countries have been able to exchange ideas and national experiences.

One of the main goals of continuing education is to expand and diversify educational services that complement basic school education or higher education. As you know, all the knowledge that a person acquires during his or her studies in general, special or

higher education institutions, is not always sufficient in the process of further work. And this is understandable, because a person is rarely able to predict with certainty exactly where (ie in what industry, in which enterprise, in which structural unit and in what position) he will work in the future.

Moreover, even having occupied a certain workplace and having acquired the necessary knowledge for this, the worker cannot have full confidence that after some time he will not need to change his place of work, or even his direction. That is why the concept of lifelong learning is relevant, because one has to learn, learn new skills, to develop in a professional and personal sense throughout life.

One of the directions was the creation of unconventional educational institutions: "Universities without walls", "schools of flexible learning", etc. The most famous example is the experience of functioning of the Open University in the UK, organized in such a way that training there is equivalent to university education and is conducted by methods, oriented at a specific contingent, they are trained on-the-job (on the basis of distance learning) [13].

In recent times, it has become increasingly popular among powerful and modern businesses to create their own corporate university, in which employees acquire both basic professional knowledge and undergo advanced training, development of knowledge, skills and abilities. Corporate University is a very good idea for an enterprise that is committed to the continuous development of its staff and is able to allocate funds for such a project.

Another tendency characteristic of modern development-oriented enterprises is the creation not only of a "real" corporate university, but also of its "virtual" counterpart - the e-learning system (the so-called "e-learning" system). This is especially true for businesses with offices in many cities or even countries. In this case, the establishment of branches of a corporate university in each district of the company's presence is economically unsubstantiated. Therefore, the most rational exit is the recruitment of students from the number of existing or potential employees for distance learning. The lecture material is provided electronically by posting it on a dedicated internet site, closed to third parties, or by e-mail. Upon familiarization with this material, trainees are invited to complete some of the test assignments that are provided in the form of tests (in real-time) or in the form of questions that are completed and transmitted through the online resource provided to the teacher for verification within the prescribed timeframe.

Today, there are platforms for online learning. The main ones are listed below.

Table 2 Comparative analysis of platforms for online learning

The name of the platform / software product	Terms of use	What is the principle of working with listeners, rating, how feedback is organized	What types of training can be implemented (lectures, presentations, tests, assignments, cases, etc.)
Academy of Mine	The client is offered a typical proprietary website with built-in components (customizable), a platform for course creation and management, integrated e-commerce features with credit card payment or PayPal	Within the platform, feedback is possible through forums, video conferences, interactive whiteboards, screen sharing	Lectures (using video conferencing, interactive whiteboards, chat and screen sharing), paid / free partition courses, time-limited tests, in-game classes
iSpring Learn	The client receives a corporate portal, deployed in the cloud or on their own server, with automatic course assignments, organizing webinars using the Zoom service, a catalog of ready-made courses (created by iSpring methodologists and designers), a long-form material editor, customizable training programs, grouping of users, downloading training materials, generating reports on materials, users and assignments, calendar of events, user portals, the ability to integrate with others themes (thanks to open API); SCORM 1.2 and SCORM 2004 formats of all versions are supported	Using the Q&A feature in the portal, the user can ask questions on the course or on any specific course material. Students can write messages to the account owner, administrators, and administrators of organizations. Ordinary users respond to messages but cannot initiate a dialogue on their own. But if an expert is appointed for this or that material, students can send their expert questions	Trainings (training activities conducted offline) - lectures and workshops prepared by the organizer and held at a specific time in a specific place; webinars; Courses in the structure “Course> Section> Study Material”

LearnDash	LearnDash is a plugin for WordPress, an open source system for managing website content. First of all, packages differ in the number of licenses to install the plugin on individual sites. Together with the Plus and Pro packages, the ProPanel add-on package is included to summarize reporting, manage tasks, send messages at a specific rate, and display activity at real-time rates.	Closed and open forums for specific courses can be organized for students.	Video tutorials, presentations, multi-level courses (for example, in the structure "Course> Lesson> Topic"), tests with questions of different types (including: one answer, several answers, search for matching, filling in the blanks)
LearnWorlds	The user receives an online platform with the ability to create their own site from ready-made blocks, with marketing functions, selling courses, setting up discussion between students, analyzing various learning and sales indicators	Almost every element of training can be organized in real time in a chat format	Video tutorials with interactive recordings, presentations, tests, exams to control students 'knowledge (questions can have several right answers or have the "right / wrong" format), surveys (similar to exams) to self-control students' knowledge (with the possibility of immediate feedback), assignments (open-ended questions that the instructor evaluates independently)
Ruzuku	The user receives an online platform with a course designer, student addition and removal features, the ability to integrate services to accept payment	Webinars, teleconferences with slides, group chat and automatic recording (webinar or teleconference recording is available for download); forums for students	Webinars, teleconferences, lectures, video lessons, presentations

However, the current pace of progress, technology development and approaches to business processes require the transition from the e-learning system to the "we-learning" proposed by D. Berzin. It is called "social learning", "non-formal learning", and "collaborative learning".

We-learning implies that any organization has the accumulated knowledge and experience to be shared. This concept recognizes the fact that the personnel training department may have no more than 5-10% of the knowledge required and used in the company [14]. This raises the problem of obtaining new knowledge from alternative sources.

Such sources are offered by the concept of we-learning, namely: organization of knowledge and experience of experts from all over the world in a single base, having access to which, the employee has the opportunity to increase his level faster, which will help him to develop even more effective means and programs of work by which he, in turn, will also share with colleagues. A comparison of traditional learning, e-learning and we-learning is given in Table 3.

Table 3 Comparison of traditional learning with e-learning and we-learning

The comparison criterion	Traditional learning	E-learning	We-learning
The main source of information	teacher, mentor, trainer or coach who interacts directly with the student	a teacher or consultant who communicates with a student through the Internet	publicly available Internet resources, knowledge bases formed by thousands of experts from around the world
Purpose of use	providing employees with initial knowledge, advanced training or retraining	providing employees with additional professional knowledge and everyday useful information	continuous improvement and deepening of staff knowledge
Means of communication between the student and the teacher	personal communication, lectures	email, video tools, training forums	Internet resources
The need for business trips for training	in some cases necessary	not necessary	not necessary
Place of training	on or off the premises (in training centers)	on computer, mobile phone, or any other mobile device	on computer, mobile phone, or any other mobile device

An important factor contributing to the introduction of changes in the existing system of education is the availability of an appropriate culture. In order to engage employees in we-learning, support, culture, and motivation must be provided. It is necessary to gradually introduce a culture of shared knowledge, to encourage experts to share their best practices, to use promotional activities and career models that assume that they will contribute to the organization's

collective knowledge bank.

A significant impediment to the implementation of we-learning is the desire of many organizations to preserve the acquired knowledge and development within the enterprise. To overcome such obstacles, it is necessary to organize this system so that its use is mutually beneficial for all users.

Thus, all modern approaches to staff training have one common idea, which is the need for continuous training, continuous improvement and upgrading of employees, as well as the exchange of existing experience to accelerate the training process and implement new developments. There is a blurring of the edges between different stages, types, forms and methods of the educational process.

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11.

PPP and the Balassa-Samuelson Effect: The Role of Labour Productivity

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The Balassa-Samuelson effect is one of the major mechanisms to explain deviations from purchasing power parity (PPP). The starting point of Balassa (1964) and Samuelson (1964) [1, 18] was the observation that gains in labor productivity are stronger in the manufacturing sector than in the service sector. At the same time, manufacturing goods tend to be traded goods and services tend not to be traded internationally. Also, in the mid-1960s strong productivity gains were predominantly observed in industrialized country but not so much in developing countries. Balassa (1964) and Samuelson (1964) [1, 18] worked out the implications of these observations for the real exchange rate between industrialized and developing countries.

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The experience of Eastern Europe shows that productivity growth in open access is relatively closed sector. The most important papers are those of Egert (2004, 2005) [9, 10], Candelon and Kool (2006) [2], Oomes (2005) [17], Mihaljek and Klau (2003) [15]. Egert (2004, 2005) [9,10] showed that Central and Eastern European countries experienced rapid productivity growth, in particular, in their industrial sectors, followed by an observable increase in the relative price of non-tradable goods and as a result of real exchange rate appreciation. This is due to the increased efficiency of the open sector of the economy. In addition, prices for manufactured goods in the closed sector are rising compared to prices in the open sector. This leads to an increase in the consumer price index and subsequent exchange rates. This mechanism is called the Balassa-Samuelson effect. Quantitative estimates of this effect vary.

Hulten C. R., Dean E. R., Harper J. S. (2001) [12] show that growth in labor productivity and currency at 3.5% per year is estimated as growth, and De Broeck and Torsten Slok (2001) [6], Corricelli and Jazbec (2001) [5], Egert (2002, 2003) [7, 8] estimate the contribution of this effect to an average of 1.5% per year.

Increasing productivity is not easy and does not happen overnight. Besides, the determinants of productivity are not well known. In a recent survey, Syverson (2010) summarizes a wealth of literature and classifies its determinants into two groups: (i) factors that operate primarily within firms and under the control of the management; and (ii) factors external to the firm. The latter operate indirectly through the environment by affecting producers' willingness and ability to harness factors that affect firms [20].

Syverson admits that it is not clear which one of the determinants is more important quantitatively and further research is needed. In discussions, often the policy recommendation to increase productivity is to reform, especially the labor market [20].

As a consequence of rapid productivity gains and the presence of the Balassa-Samuelson effect, a conflict can appear between objectives related to the exchange rate and inflation level.

Mihaljek and Klau (2003) [15] debate over the choice of tradable and non-tradable sector and distinguish between the external and internal version of the Balassa-Samulson effect. While the internal version, also known as the Baumol-Bowen effect, measures the impact on the consumer price index of faster productivity growth rates in the domestic tradable versus non-tradable sector, the external version explains the extent to which the observed price differential between

countries can be explained by the relative productivity differential.

The links between increase in total factor productivity in traded goods is associated with a real appreciation, and an increase in total factor productivity in non-traded goods correlates with a real depreciation and appear only when units labor cost differentials across countries. Keeping constant productivity and high unit labor costs leads to real exchange rate appreciation. One interpretation for this phenomenon is that there are separate institutional forces driving factor prices, independent of factor productivities.

Lee, Jaewoo and Man-Keung Tang (2003) [16], confirm the positive association between relative price and relative productivity, within countries, using both labor productivity and total factor productivity (TFP). Both measures of productivity have been used in the literature. Earlier papers relied on labor productivity, but more recent papers relied on TFP except for the paper by Canzoneri and others (1999) [3], which used labor productivity as a more comprehensive measure of productivity. The distinction between the two measures of productivity has not received much attention. But, according to their results, even for labor productivity that affects the real exchange rate in a direction consistent with the Balassa-Samuelson effect, the effect works more through tradable-based real exchange rates than through the inter-country differential in relative prices between tradable and non-tradable.

Thus, in order to reveal the link between sectoral productivity and real exchange rates as implied by the Balassa-Samuelson model, one must control for a measure of the labor wedge. The movement in the terms of trade provides the link between raising labor productivity and the real exchange rate.

The labor wedge can be defined as the measured difference between the marginal product of hours in production and the marginal rate of substitution between leisure and consumption of households. The literature points to multiple possible sources of movements in the labor wedge - search costs of job finding, taxes on income, monopoly power in wage setting, sticky nominal wages, and other factors. Given the equivalence of labor supply and labor wedge, its known that the labor wedge can be measured indirectly from movements in relative unit labor costs once we have measures of sectoral productivity [4, 18].

Hall (1997) [11] characterizes the labor wedge as equivalent to a preference shock, while Chari et al. (2002) [4] present a range of interpretations. Varadarajan V. Chari, Patrick J. Kehoe, Ellen R.

McGrattan (2007) [22] divide the wedge into a price markup and a wage markup, and show that the latter markup accounts for most of the variation in the labor wedge. Karabarbounis (2014) [14] shows that the labor wedge is positively correlated with output and accounts for a large part of output movements for most OECD countries. He again finds that the wage markup accounts for most of the wedge and also shows that the labor wedge can be explained through a model of home production in an international business cycle framework.

The Balassa-Samuelson effect can be derived within the following simple framework. Firstly, assume for simplicity that there are two countries, the domestic industrialized country and the foreign developing country, and that there are two sectors in each country, the manufacturing sector that produces a traded good (denoted by the subscript T and the service sector that produces a non-traded good (denoted by the subscript N) such as haircuts. Also for simplicity, assume further that labour is the only variable factor of production. In a neoclassical world of perfect competition labour is paid its marginal revenue product which is the product of the product price and the marginal product of labour. Therefore, for the sectors T and N one obtains:

(1a) and (1b)

for the home (industrialized) country and

(2a) and (2b)

for the foreign (developing) country. Note that asterisks (*) denote variables of the foreign country. Also note that all variables are rescaled so that their values in the initial (first) period are equal to 1 and all variables are in logs. Therefore, all variables do not only represent (logs of) levels in the current (second) period but also relative changes from the initial period.

The second important set of assumptions is that labour flows freely between the two sectors of a country but that there is not international mobility of labour. It follows that nominal wages are equal in both sectors of each country:

(3a) and (3b) .

The central assumption is that there is large positive labour-productivity shock in the manufacturing sector of the industrialized country but no (or a much smaller) such shock in the service sector of this country and no shocks (or shocks of equal size) in the developing country, i.e.

(4a) and (4b) .

It follows from the above equations that

(5a) and (5b) ,

i.e. services will become more expensive relative to manufactured products in the industrialized country but not in the developing country. In both countries, the price index (and , resp.) is a weighted average of prices in the two sector. It follows that

(6a) and (6b) .

One further simplifying assumption is that the law of price holds for traded goods, i.e.

where is the log of the real exchange rate on the basis of traded-goods prices and is the log of the nominal exchange rate in direct quote from the perspective of the domestic (industrialized) country (units of domestic currency per one unit of foreign currency). An increase in is a nominal depreciation of the domestic currency. It follows from (6a), (6b) and (7) that

Where is the log of the real exchange rate on the basis of country-wide price levels. Equation (8) is the central result of the Balassa-Samuelson model: If a country experiences a positive productivity shock in its traded-goods sector then its currency will show a real appreciation.

This model has been used since the 1990s to explain exchange-rate movements of East-European transition countries. With relatively large positive productivity shocks in those countries (compared to the USA, say) one would expect that the currencies of those transition countries would appreciate (in real terms) against the euro or the US dollar. In fact, there is strong empirical evidence that this actually happened, especially in the period up to the International Financial Crisis of 2020/01 [13].

The aims of this paper to examine empirical evidence of the Balassa-Samuelson effect for 12 transition countries in Easter Europe. The reference country is the US. In the 1960s, when Balassa (1964) [1] and Samuelson (1964) [18] developed their model, the US witnessed large positive labour productivity shocks in the manufacturing sector and, therefore, experienced a real appreciation of its currency vis-à-vis the currencies of developing countries. However, in the 1990s, the East European transition countries saw large positive labour-productivity shocks in their traded-goods sector and, in the Balassa-Samuelson model the US resumed the place of the (foreign) country with relatively small gains in labour productivity. Therefore, one would expect that the currencies of the transition countries would appreciate in real terms against the US dollar.

In this section we will explore whether this was indeed the case and whether the assumptions underlying the Balassa-Samuelson model actually held for the transition countries in our sample period from 2000 to 2014. Data source is the World Input–Output Database (WIOD), see the description in Timmer et al. (2015) [21]. The current version of the WIOD is based on detailed data for 54 sectors in 43 countries. The advantages of the WIOD are that data are standardized internationally and that data quality in general is high. The flip side is that, because of the large efforts implied in compiling input-output table, there are quite substantial lags in the publication of the data. In this paper we will not take full advantage of the great sectorial detail and will aggregate the data into the three sectors of agriculture, manufacturing and service and concentrate on the last two sectors.

The pivotal assumption of the Balassa-Samuelson model is that there is a large positive labour-productivity shock in the traded goods sector of the domestic country (US in the 1960s, transition countries in the 1990s), see equation (4a). Table 1 analyses whether these shocks can be confirmed for the transition countries in the sample period. Columns 2 and 3 report the levels of value added per head in 2014 expressed in US dollars for comparison. It is quite surprising that in most countries value added per head is at similar level in the manufacturing and in the services sector. Bulgaria reports the lowest levels in both sectors but for all transition countries the gap to the US levels is still very substantial.

Table 1 Level and Change of Real Value Added per Head

	Level [2014]		**Change [2000-2014]**		
Country	Manufacturing	Services	Manufacturing	Services	Difference
Bulgaria	13.0	16.6	84.5	31.0	53.5
Croatia	29.3	33.7	30.1	14.0	16.1
Czech Republic	37.3	36.4	65.1	18.2	46.9
Estonia	34.6	38.7	81.4	38.2	43.2
Hungary	34.1	26.7	50.2	10.4	39.8
Latvia	28.4	32.8	45.4	43.0	2.4
Lithuania	42.1	33.9	98.9	49.0	49.9
Poland	30.6	34.9	90.8	21.8	69.0
Romania	25.0	27.2	20.5	68.9	-48.4
Russia	40.1	22.3	70.8	51.2	19.6
Slovakia	40.1	40.5	117.0	21.9	95.1
Slovenia	52.6	47.9	64.4	13.0	51.4
USA	191.6	104.0	71.7	14.7	57.0

In terms of changes over time, the central Balassa-Samuelson assumption of strong labour-productivity shocks in the manufacturing sector is strongly confirmed. Also the service sector saw gains in labour productivity in the sample period but, with the exception of Romania, these gains were much smaller than in the corresponding manufacturing sector. Over the 15-year sample period from 2000 to 2014, the cumulative difference in labour-productivity growth (95.1 percent) was especially strong in the Slovakia because of a spectacular increase of labour productivity in the manufacturing industry (117 per cent) and a very moderate increase in the service sector (21.9 per cent). Contrary to the Balassa-Samuelson model, for many countries the difference to the reference country (USA) is not very strong, neither in terms of cumulative growth rates nor in terms of growth-rate differences (last column).

A further central assumption of the Balassa-Samuelson model is that perfect mobility in the labour markets of a country leads to an equalization of nominal wages across sectors (see equations (3a) and (3b)). Given that labour is not a homogeneous factor of production and that there are various labour-market imperfections, it is not very likely that this assumption holds strictly in reality. It is, therefore, very surprising that, indeed, in 2014 nominal wages were exactly the same in manufacturing and services in the Czech Republic, see Table 2. In all other transition countries, with the exception of Slovakia, nominal wages were higher in services than in manufacturing. But in most countries, including Slovakia, the two wage levels were remarkably similar. It is worth noting that in the US wages were quite substantially higher in manufacturing than in services because the US service sector is relatively large and offers many low-wage jobs. Nominal wages are measured as compensation of employees in current US dollars divided by total hours worked,

Table 2 Level and Change of Nominal Wages

	Level [2014]		**Change [2000-2014]**		
Country	Manufacturing	Services	Manufacturing	Services	Difference
Bulgaria	4.35	5.99	97.8	120.6	-22.8
Croatia	9.37	11.33	74.1	41.7	32.4
Czech Republic	11.13	11.13	64.5	61.9	2.6
Estonia	11.23	12.20	127.2	117.6	9.6
Hungary	8.71	8.77	99.1	84.6	14.5
Latvia	7.46	8.99	106.7	126.9	-20.2

Lithuania	8.74	9.38	93.7	99.7	-6.0
Poland	7.01	8.66	52.6	66.6	-14.0
Romania	4.70	6.21	189.2	188.4	0.8
Russia	7.87	8.21	228.4	244.7	-16.3
Slovakia	12.16	12.03	84.2	77.5	6.7
Slovenia	20.06	20.17	79.4	58.0	21.4
USA	40.82	34.82	40.4	40.9	-0.5

Columns 4 to 6 in Table 2 show the increase in sectoral wages from 2000 to 2014 and their difference. Nominal wages increased very strongly in Romania and Russia but this is mainly due to very strong inflation in these countries (see below). In several countries (Czech Republic, Estonia, Lithuania, Romania and Slovakia) the wage increases were of similar magnitude in both sectors. But there is not a uniform pattern in the development of the sectoral wage gap; in some cases, such as Bulgaria, it widened and in others, such as Croatia, it was reduced. Overall, the assumption of uniform wages levels across sectors does not seem too far off reality.

The implication of uniform wages levels but larger productivity gains in manufacturing than in services is that the relative price of services will increase, see the inequalities (5a) and (6a). This is also known as the Baumol-Bowen effect. Table 3 confirms this effect for the transitions countries and the US over the sample period from 2000 to 2014, the only exception being Russia where inflation in the manufacturing sector was slightly higher than in services. Russia was also the country that experienced the highest inflation with an average annual rate of 3.5 per cent. For some countries, most notably Croatia, Latvia and the US, the inflation differential between the two sectors is surprisingly small and only in single digit figures over the 15-year period. Overall, there is very strong confirmation of the Baumol-Bowen effect, especially in Poland Lithuania and Slovakia.

Table 3 Sectoral Inflation, 2000-2014

Country	Manufacturing	Services	Difference
Bulgaria	33.1	60.1	-27.0
Croatia	36.5	39.9	-3.4
Czech Republic	8.2	26.7	-18.5
Estonia	39.1	57.9	-18.8
Hungary	24.2	55.0	-30.8
Latvia	75.6	80.1	-4.5
Lithuania	8.1	46.8	-38.7

Poland	-8.4	39.7	-48.1
Romania	135.3	156.8	-21.5
Russia	168.9	168.1	0.8
Slovakia	12.5	50.9	-38.4
Slovenia	25.0	47.0	-22.0
USA	26.0	30.7	-4.7

As mentioned above, a simplifying assumption is that arbitrage will insure that the law of one price holds for traded goods in general. However, there are various factors that drive a wedge between international prices of traded goods, such as heterogeneity of goods, transportation and information costs, tariffs and taxes. It is, therefore, not likely that this assumption will hold strictly in reality. We can test whether there are significant deviations from PPP based on manufacturing goods by estimating a panel data model with fixed effects:

where { are the regression coefficients, is the time index and is the error term. PPP implies that

Recall that the asterisk (*) indicates US variables. We estimate (9) for first differences in logs to avoid issues of non-stationarity. Equation (9) reduces to (7) in expected values if the three coefficient restrictions of (10a) and (10b) hold. Table 5 reports the results for the manufacturing (i.e. traded goods) sector, service (non-traded goods) sector and the whole economy. In all three regressions, the coefficients and have the expected signs but are relative far off their coefficient restrictions. Asterisks in Table 5 indicate significance levels for tests of the null hypotheses that the coefficients are zero, as routinely reported by statistical software. However, here we are interested in testing the restrictions of (10a) and (10b). Therefore, we report 95% confidence in brackets below the point estimates. For manufacturing, two of the three confidence intervals include the values of the coefficient restrictions (for and . This is quite strong confirmation of equation (7). However, somewhat surprisingly, the joint coefficient restrictions are rejected by an F-test at a very high significance level. On the other hand, for services there is no empirical support for the coefficient restrictions; the confidence intervals include none of the theoretical values. For the economy as a whole there is very little empirical evidence for the relative PPP; all three confidence intervals include the value of zero.

Table 5 Estimates of Relative-PPP Regressions and Test of Restrictions

Variant	Constant	Domestic Inflation	US Inflation	F-Test
All sectors	0.0883	0.0433	-5.3317*	10.62
	[-0.301; 0.2066]	[-0.5004; 0.5870]	[-11.165; 0.5017]	0.0014
Manufacturing	-0.0102	0.2632**	-0.8731***	26.56
	[-0.0235; 0.0032]	[0.0499; 0.4766]	[-1.1138; -0.6324]	6.68e-14
Services	0.0882***	0.3034*	-5.5155***	59.55
	[0.0598; 0.1165]	[-0.0115; 0.6184]	[-6.8102; -4.2208]	1.30e-24

Finally, we examine whether there is confirmation of the central Balassa-Samuelson prediction that countries with strong productivity growth in the traded-goods sector will experience a real appreciation of their currency. Table 6 strongly confirms this prediction. The currencies of all transition countries appreciated in real terms vis-à-vis the US dollar. This real appreciation was especially strong for the two countries with the highest inflation rates (Romania and Russia) both most currencies of transition countries experienced a real appreciation of more than 50 per cent over this 15-year period. Using equation (8) the real appreciation can be decomposed into nominal appreciation, domestic inflation and US inflation (28.4 per cent over the sample period). Table 6 implies that for those 12 countries, real appreciation was predominantly driven by domestic inflation.

Table 6 Real Appreciation in Eastern European Countries Against USD, 2000-2014

Country	Real Appreciation	Nominal Appreciation	Domestic Inflation
Bulgaria (lev)	68.7	36.4	60.7
Croatia (kuna)	47.6	36.4	39.5
Czech Republic (koruna)	58.6	61.8	25.1
Estonia (kroon/euro)	75.8	36.2	67.9
Hungary (forint)	53.7	19.1	63.0
Latvia (lats/euro)	57.6	13.5	72.4
Lithuania (litas)	56.4	43.2	41.6
Poland (zloty)	38.5	32.1	34.8
Romania (leu)	86.5	-44.5	159.3
Russia (ruble)	115.4	-29.1	172.9
Slovakia (koruna/euro)	73.5	70.4	31.4
Slovenia (tolar/euro)	35.0	20.6	42.8

The results have confirmed that there is very strong empirical

support for the assumptions and the predictions of the Balassa-Samuelson model for 12 East European transition countries over the period from 2000 to 2014. Using consistent and standardized sectoral data from the WIOD, there is strong evidence that labour productivity gains are stronger in manufacturing than in services, that wage levels and wage dynamics are relatively uniform across sectors and that sectoral inflation is higher in services than in manufacturing. The implication that the currencies of the transition countries appreciated against the dollar in real terms is strongly and almost uniformly confirmed. In other words, the Balassa-Samuelson effect is alive and well in Eastern Europe.

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Index

L

M

N

O

P

R

S

T

U

W

{ The End }