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НАУКОВИЙ ВІСНИК МУКАЧІВСЬКОГО ДЕРЖАВНОГО УНІВЕРСИТЕТУ

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CONTENTS

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On Institutional Support of Social Innovations in the Conditions of Sustainable Development

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Abstract. The relevance of the study is conditioned by the need to improve the main forms of social security and social guarantees at the national level, in accordance with the current legislative and regulatory support, state target programmes, and existing infrastructure. The purpose of the study is to define modern areas of institutional support for social innovations for the balanced development of socio-economic systems. General scientific theoretical methods, in particular analysis, synthesis, and generalisation, were chosen as the leading research methods. It is determined that the basic foundations of state support are the provision of the institutional development of innovative infrastructure and interaction of civil society with state and regional authorities and local self-government. It is established that a necessary prerequisite for the promotion of social development and the introduction of social innovations is institutional support at the national level, which will coordinate the implementation of social initiatives that can later be produced as social innovations. Therefore, the imperatives of the development of the social component are defined as social innovations that are characterised by non-standard, but effective solutions to social problems, the priority of which is the social (qualitative), rather than the economic (financial) effect. The diversity of areas of social activity of the Ministry of Social Policy and heterogeneity of ways of its interaction with civil society are revealed. It was found out that programme-targeted conceptual fields, activities, and programmes to promote the development of social innovations at the national, regional, and local levels are currently absent, but the main interest in a wide range of manifestations of social innovations and the possibility of attracting funds to finance them belong to the initiatives of non-governmental organisations and social entrepreneurship. Accordingly, it is confirmed that the main institutional structure that can support the processes of generating, producing, and distributing social innovations is the Ministry of Social Policy of Ukraine, respectively, at the regional level, such structures can be local state administrations. The practical significance of the study is conditioned by the establishment of a theoretical basis for the chosen goal for further implementation in practice

Keywords: innovation activity, innovations, institutional economy, balanced development, innovative infrastructure, socio-economic system

The Problem Statement

Society's awareness of natural constraints determines the investigation of the innovation vector of the concept of balanced and "efficient" economic development with mandatory consideration of environmental and social consequences. In the process of high-quality socio-economic and environmental development, the institutional foundations of the innovative component of the social orientation in the form of social innovations in regional ecosystems are gaining newfound relevance.

The processes of generating, producing, and spreading social innovations require appropriate favourable legal grounds that directly or indirectly regulate the institutional basis for the development of social innovations.

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Analysis of Recent Studies and Publications

The increased attention of the scientific community to the topic of social innovations is confirmed by research on the content-generating essence of social innovations, the search for opportunities for their applied dissemination and implementation in public life. At the same time, there is an increase in the number of research papers devoted to the development of the social component of the concept of sustainable (balanced) development, social innovation, the social orientation of innovation activities, and social innovations in the scientific space. In particular it is worth paying attention to the following researchers: O.V. Bilskaya [1], M.M. Bil [2], L. Boiko-Boichuk [3], O.A. Grishnova [4], T.A. Zaiats [5], O.Ye. Kuchko [6], N.Ye. Letunovska [7], I.A. Meizhys [8], O.O. Nabatova [9], Z.V. Smutchak, O.Yu. Sytnyk, O.M. Ostapenko [10], I.V. Theron [11], L.I. Fedulova [12], O.A. Kharun [13], W. Phillips, E. Alexander, H. Lee [14], A. Lashitev, L. Bals, R. Tulder [15], A. Unceta, J. Castro-Spila, J. Garcia Fronti [16] et al. However, the study of the institutional foundations for the development of social innovations at the micro, meso, and macro levels requires a more thorough investigation.

Setting the Objectives

The purpose of the study is to define modern areas of institutional support for social innovations for the balanced development of socio-economic systems.

Results and Discussion

The conceptual foundations of state support for the processes of generating, producing and spreading social innovations in Ukraine are institutional support for the development of innovation infrastructure and interaction of civil society with state and regional authorities and local self-government. State policy in the context of sustainable (balanced) development provides for the balance of innovative development of all its components (economic, environmental, and social). The priority areas for implementing innovative development of the social component are the introduction of social initiatives, which are characterised by specific forms of manifestations of institutional support for social innovations.

At the national level, the regulation of social policy in Ukraine is coordinated by the Ministry of Social Policy of Ukraine. One of the areas of its activity (Fig. 1) is deinstitutionalisation. The study suggests that social innovations should include the reform of deinstitutionalisation initiated by the Government of Ukraine in 2017, in accordance with the national strategy for reforming the system of institutional care and upbringing of children for 2017-2026, which was approved by order of the Cabinet of Ministers of Ukraine No. 526r of August 9, 2017 [17]. The process of deinstitutionalisation involves planning for reorganisation with the reduction and/or closure of residential institutions, the creation of various other child care services that are regulated by law and results-based standards. The social effect of this reform will be achieved by the active development and availability of services at the level of the territorial community for children and families with children, which will contribute to the gradual elimination of residential institutions and the conversion of institutions into centres for providing specialised services, educational institutions and others that will contribute to meeting the needs of community residents. The reform is designed for 10 years and provides that during this time the number of children in boarding schools will decrease by 90%, and each community will have affordable and high-quality services to support families with children in accordance with their individual needs [18].

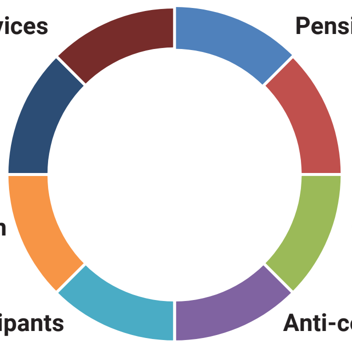

Figure 1. Main activities of the Ministry of Social Policy of Ukraine

It is worth noting the cooperation of the Ministry of Social Policy of Ukraine and higher educational institutions in conducting courses on the Ukraine-Norway project (area for war veterans and ATO participants). The project is implemented based on the agreement UKR-14/0033, concluded between the University of Nurland (Norway) and the International Charitable Foundation “International Fund for Social Adaptation” (Ukraine) [19]. The main goal of the project is professional retraining of the target group (military personnel, ATO participants) for civilian specialities that are in demand in the labour market of Ukraine, which, for its part, contributes to legal and social adaptation to living conditions in civil society [20]. Another programme that promotes the adaptation of military personnel is the annual national programme Ukraine-NATO within the framework of cooperation between Ukraine and the North Atlantic Treaty Organization, in compliance with decisions taken during the meeting of the North Atlantic Council of NATO with Ukraine and Georgia [21].

As part of the expansion of social initiatives of the Ministry of Social Policy of Ukraine, the Cabinet of Ministers of Ukraine adopted a resolution of 03.03.2020, which approves the procedure for using funds provided in the state budget for the implementation of the pilot project "Development of Social Services" [22]. The project consolidates important initiatives to implement the Law of Ukraine "On Social Services" and reform the system of institutional care and upbringing of children [23]. The prospect of the idea is to promote the deinstitutionalisation of persons with disabilities.

According to the plan, the state will support the development of the following social services [24]:

- day care for children with disabilities and persons with disabilities;
- support during inclusive training;
- social support during employment and at the workplace;
- temporary rest for parents or persons replacing them, caring for children with disabilities;
- supported accommodation.

In addition, the Ministry of Social Policy of Ukraine initiated a public discussion of the "Framework requirements for preventive environmental and social measures" which were updated in 2020 and used for the implementation of the environmental assessment of the project "Modernisation of the system of social support of the population of Ukraine" and it is proposed to scale the computer programme "Social community" within the framework of the pilot project "Social community", which was certified in 2019 [25; 26].

Of particular note is the variability of the areas of social activity of the Ministry of Social Policy and the heterogeneity of methods of its interaction with civil society. However, there are still no programme and target concepts, strategies, and defined measures to promote the introduction of social innovations at the national, regional and local levels. In Ukraine, non-state structures and social entrepreneurship are mainly responsible for the manifestation of social innovations and raising funds to finance them.

Among the most significant global trends in the development of social innovation is the socialisation of the process of institutionalisation of social innovation by President Barack Obama. In 2009, the president created the White House Office of *Social Innovation and Civic Participation* (SICP)) [27]. One of the leading social innovation programmes formed by the White House administration was the creation of the *Social Innovation Fund*. Nowadays, the fund is managed by the federal government, which is one of the main institutional structures in the United States of (CNCS)) and conducts its activities in the field of service, development of volunteerism, and is also a grant giver. The agency's activities are aimed at helping American citizens improve their lives through structures such as: *Ameri Corps, Senior Corps, the Volunteer Generation Fund*, etc. These structures meet the needs of the public related to education, health care, energy saving, economic development, military servants, natural disaster service [28].

One of the government's programmes was the creation of the Social Innovation Fund (SIF), which allocates investments in innovative solutions that offset the impact of inefficient programmes [29]. In addition, despite the developed system of social security, insurance, and compliance with social norms and guarantees in the United States, the Office of Social Innovation created by the administration of President Barack Obama became the first institutional structure of this level, which directed its activities in solving public problems with new, non-standard ways of social interaction at the state level. Having demonstrated a new way of relations between the state structure and civil society, institutional structures of civic participation have spread.

It is worth noting the institutional support of social innovation by leading educational institutions through the implementation of social innovation research curricula, in particular, the University of Cambridge operates the Cambridge Centre for Social Innovation: the Cambridge Business School of Judges, which offers a two-year Master's programme in social innovation [30], Goldsmiths University provides an opportunity to study at the Master's programme in social entrepreneurship [31], at the University of London there is an opportunity to enter the Master's programme in social innovation and social entrepreneurship [32]. Many of Oxford's research projects are related to supporting social entrepreneurship, which in one way or another relate to solving social or environmental problems [33], Harvard offers a student scholarship programme *New World Social Innovation*, for the implementation of measures to solve social problems through social innovations [34].

The European Commission is preparing a multi-year financial framework for 2021-2027. The *European Social Fund Plus (ESF+)* published a proposal of the regulation [35], which is the EU's main financial instrument for improving employee mobility, employment opportunities, strengthening social cohesion, improving social justice, and increasing competitiveness in Europe for the period 2021-2027. ESF+ aims to merge the existing *European Social Fund (ESF)*, *Youth Employment Initiative (YEI)*, and *Fund for European Aid to the Most Deprived (FEAD)), Employment and Social Innovation Programme (EaSI)*, and *EU Health Programme*. The new programme of the European Social Fund focuses its investments in three main areas: education, employment, and social inclusion.

Conclusions

Thus, in the course of the study, it was confirmed that for Ukraine, the objective necessity of today is to comply with a certain vector of state-building in accordance with the concept of sustainable (balanced) development. It is determined that social innovations are key imperatives in the process of formation of the social component, which is determined by the effective non-standard solution of social problems with a focus on the qualitative effect. It was found out that the implementation of social initiatives is regulated by the Ministry of Social Policy of Ukraine at the national level and local state administrations at the regional level. It is revealed that the main spectrum of activity of regional social structures is the socio-economic development of the respective territories, the development of science, education, culture, health, physical education and sports, family, women, youth and minors, ensuring social protection, employment, labour and wages. It was proved that regional social programmes are formed based on the priorities of each individual region in accordance with the national strategy for sustainable development. Despite these facts, it was found out that currently there are no clearly formed models of regional development of social innovations in Ukraine, which gives grounds for further research.

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Про інституціональне забезпечення соціальних інновацій в умовах сталого розвитку

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Анотація. Актуальність статті визначається потребою в удосконаленні основних форм соціального забезпечення та соціальних гарантій загальнодержавного рівня відповідно до чинного законодавчого та нормативно-правового забезпечення, державних цільових програм і наявної інфраструктури. Метою статті є репрезентація сучасних напрямів інституціонального забезпечення соціальних інновацій для збалансованого розвитку соціально-економічних систем. Провідними методами дослідження обрано загальнонаукові теоретичні методи, зокрема аналіз, синтез і узагальнення. Визначено, що базовими основами державної підтримки є забезпечення інституціонального розвитку інноваційної інфраструктури та взаємодія громадянського суспільства з органами державної і регіональної влади та місцевого самоврядування. Встановлено, що необхідною передумовою активізації суспільного розвитку та впровадження соціальних інновацій є інституційна підтримка на загальнодержавному рівні, котра координуватиме реалізацію соціальних ініціатив, які в подальшому можуть продукуватися як соціальні інновації. Відтак імперативами розвитку соціальної складової визначено соціальні інновації, котрі характеризуються нестандартним, однак ефективним вирішенням соціальних проблем, пріоритетністю яких є соціальний (якісний), а не економічний (фінансовий) ефект. Виявлено різноплановість напрямів соціальної діяльності Міністерства соціальної політики та різнорідність способів його взаємодії із громадянським суспільством. З’ясовано, що програмно-цільові концептуальні напрями, заходи та програми зі сприяння розвитку соціальних інновацій на загальнодержавному, регіональному та місцевому рівнях на сьогодні відсутні, проте основне зацікавлення у широкому спектрі виявів соціальних інновацій та можливості залучення коштів для їхнього фінансування належать до ініціатив недержавних організацій та соціального підприємництва. Відповідно підтверджено, що основною інституційною структурою, яка може забезпечувати підтримку процесів генерування, продукування та поширення соціальних інновацій є Міністерство соціальної політики України, відповідно на регіональному рівні такими структурами можуть виступати місцеві державні адміністрації. Практична цінність наукової роботи полягає у формуванні теоретичного підґрунтя з обраної мети для подальшого втілення на практиці

Ключові слова: інноваційна діяльність, інновації, інституціональна економіка, збалансований розвиток, інноваційна інфраструктура, соціально-економічна система

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Evolution of Welfare Theories in the Postulates of Economic Schools and Concepts

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Abstract. The relevance of the study lies in the fact that welfare is a fundamental concept that was formed in the origins of economic schools and theories. The purpose of the study is to examine the evolution of welfare theories of economic schools and concepts. The study used the method of logical analysis, critical analysis to examine scientific literature, theoretical aspects of the subject. It is established that the theory of welfare was marked by polarised trends in the prevalence of the market or state; the theory of welfare is based on the imperatives of economic growth (location theories, neoclassical theories, theories of cumulative growth, institutional theories, and new theories of regional development); search for indicators of human development that go "beyond GDP". It is discovered that the rethinking of approaches to local and regional development at the present stage is associated with the actualisation of endogenous development and the place-based theory. The study also identified that along with the theories of welfare based on the economic concept, international studies spread theories that determine the social status of people from the standpoint of their high standard of living and human development. The conducted research on the evolution of welfare theories indicates the need to develop and implement a national policy that activates local development and provides high-quality public services. The study was determined by many parameters: starting from the type of social structure, the existing socio-economic situation in the country, ending with the development of institutions and the features of the development and use of financial resources

Keywords: welfare, state, market, territorial community, economic growth, local economic development, human development, quality of life, subjective welfare

The Problem statement

The economic doctrine that the country adheres to defines the fundamental principles of transformation in the short term and affects the opportunities for long-term development. Undoubtedly, world and national scientific achievements have created a powerful scientific and methodological basis for research that puts forward hypotheses about parameterisation, design, and financial support for the welfare of individuals, communities, and society [1].

Welfare is a fundamental concept that was developed in the origins of economic schools and theories, since any changes, even those aimed at eliminating crisis phenomena or, in a broad sense, the long-term prosperity of countries are associated with the desire to improve the lives of the residents. Therefore, there is little doubt that in the most general sense, any transformation should be considered in an indissoluble connection with the understanding of welfare by individual scientific schools, and a deep understanding of the ideas and concepts underlying them. In this regard, it is important to emphasise the main theories and methods that researchers have used in their efforts to consider welfare.

Analysis of Recent Research and Publications

The outlined problems require turning to interdisciplinary research, primarily by outstanding researchers who laid the foundations for the modern understanding of welfare theories: A. Smith [1], J. Keynes [2], J. Bentham [3], K. Menger, E. Böhm-Bawerk, F. Wieser [4], D. Robertson [5], A. Pigou [6], K. Arrow [7], L. Erhard [8], M. Friedman [9], J. Rawls [10], J. Coleman [11] et al. Studies devoted to the quality of life of the population, human development and

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welfare of many researchers, including: V. Lagutin [12], O. Komiakov [13], S. Drazhnytsia [14].The researchers who were engaged in the study of economic aspects of welfare: O. Melnichenko [15], I. Lavrenkova [16], O. Glushchenko et al [17].

Purpose of the study

The purpose of the study is to examine the evolution of welfare theories in the postulates of economic schools and concepts.

Research Results

Over the past century, most prominent researchers have associated the definition of a good society with the search for the economic power of countries as an integral component of the country's wealth. The change in key positions was based on reaching consensus in the relationship between the main institutions of the market and the state, the individual as a producer and consumer of public goods, capitalisation of resources and capacity-building, which were considered key values in achieving considerable economic results. In this regard, A. Kolot notes "...economic theory has studied and in fact continues to study the functioning of economic systems mainly in the context of the interaction of two key institutions – the market and the state" [18].

In the context of substantiating the neoclassical paradigm of development, V. Lagutin rethinks this position, points to the triad of interests and notes that "if neoliberal methodology considers direct direct connections in the triangle "man-market-state", neoconservatism understands these connections through the prism of individual social groups" [12]. Although the researcher draws attention to the primitive forms of organisation of social groups (family/household), this position is the basis for considering a community-centred approach that allows identifying it as a certain social group (community), and an institution the role of which was clearly outlined at the end of the last century.

Consequently, the methodological foundations of the study of the relationship "state-market-community" in the context of ensuring welfare acquire a new meaning. It is important to reach consensus among key institutions. From this standpoint, R. Rajan notes: "a society suffers when one of its pillars is weakened or excessively strengthened in relation to others. Markets are too weak – society becomes unproductive. Community weakens – society moves towards clan capitalism. The state is too weak – fear and apathy dominate the society. Conversely, if there is too much market – society becomes unfair. Too much community – society loses its dynamism. Too much state – society becomes authoritarian. Balance is what is critically important" [19]. In the sense of this definition, it should be stated that over the past century, economic theories and schools were developed under the influence of the dominance of either the market or the state.

Historically, in the pre-capitalist period, welfare was identified with a group of ethical theories of consequentialism, the ideological and value foundations of which consisted in obtaining good results, among which it is worth highlighting eudaemonism and hedonism. The highest form of social existence and good society was seen in happiness. More recent ideas are reflected in utilitarianism and rational egoism.

In the context of the emergence of capitalism, mercantilists made a certain attempt to understand economic relations. Their attempt to show the complex system of the economy through the prism of monetary relations and the absolutisation of trade was outlined in the understanding of welfare through the accumulation of money.

The beginning of the development of classical political economy and economic science is directly related to the teaching of A. Smith and his fundamental study "An Inquiry into the Nature and Causes of the Wealth of Nations" (in an alternative translation "The Welfare of Nations") [1]. The outstanding economist and his followers are certain that the welfare of a nation depends on the welfare of each member of society, embodied in labour and capital.

It is important that in defending the idea of a free market "laissez-faire" A. Smith did not reject the importance and role of the state in ensuring some state functions, such as national defence. Political economy in his understanding is a set of scientific knowledge that a statesman or legislator needs: "firstly, to provide the people with a generous income and means of subsistence, or rather to provide them with the opportunity to acquire them, and secondly, to provide the state or society with an income sufficient for public needs" [1].

His position on the role of taxes is important, as he advocated a real estate tax, but was critical of the progressive personal income tax, considering it a form of "robbery".

A. Smith formulated the concept of economic man as the basis of society, arguing that "the personal interest of each person forces them to look for profitable and avoid unprofitable occupation" [1]. The main provisions of the teaching of A. Smith regarding research on welfare issues:

1) welfare is a fundamental concept of the classical school of economics and a generalising category at the level of the country in general (the welfare of nations is studied), through the prism of maximising the welfare of all members of society, clearly defining the "top-down" principle and understanding of the welfare (wealth) of the nation;

2) the individual welfare of each person, pursuing individual interests (own benefits), is determined by the ability to effectively use their own capital and labour.

In developing the foundation for future research, classical political economy and its representatives laid the foundations for methodological understanding and development of many economic theories.

An obvious alternative to the classical understanding of economic processes was proposed by J. Keynes in his fundamental study "The General Theory of Employment, Interest and Money", in which the author defends the "welfare state" position by ensuring employment and reducing inequality in society, stimulating the demand of the population.

In support of this, he notes that the most considerable shortcomings of the economic society in which we live are its inability to provide full employment, and its arbitrary and unfair distribution of wealth and income [2]. This well-known position is reflected in the functioning of the economic model, which was characterised by the dominance of the state and the need for state regulation of many socio-economic processes.

The utilitarian theory of J. Bentham (from Latin utilitas – benefit) is based on the philosophy of morality and ethics, which identifies welfare with the happiness of people. Important in scientific terms is his definition of the "utility principle". On its basis, the researcher sees the position of the individual who should strive for happiness, in this context he writes: "Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do as well as to determine what we shall do", and the role of the state is to ensure "the greatest happiness of the greatest number of people" [3].

Hedonistic views on welfare research prevailed among representatives of marginalist analysis. Representatives of the Austrian school of marginalism K. Menger, F. Wieser, E. Böhm-Bawerk [4], D. Robertson [5], A. Pigou [6] rethought the postulates of classical political economy in terms of determining approaches to the marginal utility of goods and services. Using the methods of economic analysis, marginalists comprehensively studied the limits, the main ideological postulates that influenced the interpretation of welfare:

1) in early marginalist studies, welfare is determined by measuring people's marginal utility and optimal resource allocation;

2) in subsequent studies, ideas prevailed that successfully combined the best practices of classical political economy and early marginalism and formed a new school of neoclassical economics.

A detailed welfare study was conducted by A. Pigou in his work "The Economics of Welfare" [6], substantiating the need to increase economic welfare (the national dividend), and focusing on the need for mutual coordination of interests of individuals, enterprises, and society. Indicating the need for effective distribution in the context of substantiating economic welfare, he distinguished the welfare of individuals, social groups, and society in general.

K. Arrow's book "Social Choice and Individual Values" [7] and the researcher's theorem on the impossibility of "collective choice" ("Arrow's Paradox") caused a considerable resonance in the middle of the 20th century. Denying the function of public welfare as an aggregation of the welfare of individual members of society in the absence of transitivity, he argued that the choice of alternatives should be guided by its qualitative measurement.

An important methodological basis for studying welfare processes is the transformation of the processes of capitalism, which has been outlined in a neoliberal area. The German school of neoliberalism (ordoliberalism) and its representative L. Erhard, in his fundamental study "Welfare for Everybody", attaches great importance to the desire to achieve an increase in overall welfare. The only way to achieve this purpose is to consistently restore an economy based on free competition. Such economic policy also leads to the further expansion of conventional human civil liberties [8]. Laying the foundations of a socially-oriented market economy, the researcher sought to combine the social and market foundations of the functioning of state processes. The main postulates of his theory are to find a compromise between liberalism and socialism. An important aspect of L. Erhard's theory is the identification of two types of the welfare state: conservative-corporate (based on the German model) and social-democratic (based on the Scandinavian countries). The result of his theory was the introduction of social insurance in Germany.

Researcher M. Friedman, being one of the founders of the liberal movement, in his study "Capitalism and Freedom" defended the ideas of reducing the role of the state, including by "denationalising" the welfare state, while widely promoting the freedom of the individual and the family. The fundamental principles of his teaching are the identification of two types of values: the values of relations between people (as the right of an individual to choose freedom) and the values to use this freedom (as individual responsibility) [9]. Thus, the researcher indicates the importance of relationships that are built on value principles.

In his study, R. Rajan, referring to the study of M. Friedman, claims that he was an opponent of the social security system, and cites a quote from the work: "In the past, children helped their parents, motivated by love and a sense of duty. Now they support someone's parents out of coercion and fear. In the past, money transfers served to strengthen family ties, but now they destroy them" [19]. Thus, the researcher develops the need to balance the role of key institutions: the state and the market, arguing the need to consider the "third pillar" – communities.

Notably, the emergence of the idea of communitarianism arose as a reaction to the liberal field of economic science, in particular, the "Theory of Justice" by J. Rawls. Based primarily on the teachings of Aristotle and Hegel, critics disputed the assumptions of J. Rawls that the main task of the government is to provide freedoms and economic resources with which people should lead a freely chosen life [10]. Although the idea of communitarianism has been transformed in the modern sense, the emergence of the community as a necessary institution in the functioning of countries is evidence of the democratisation of society.

Examining the liberal worldview, P. Scroder notes that delegating political decisions to the local community will promote self-organisation, counteract the concentration of economic and political power, and cites Friedrich von Hayek as proof: "The general feeling of the inhumanity of society mainly results from the fact that political centralisation has almost completely deprived of the ability to influence the environment in which one is rather than the depersonalised character of the economic process, in which modern man is often forced to work to achieve purposes of which one knows nothing" [20]. Thus, researchers defend the need for self-determination and the self-organisation of people by involving them in making important local decisions.

Methodological individualism of J. Coleman [11] and his "Rational Choice Theory" are well suited for describing a community, since it is considered in the context of three types of ties:

1) macro-micro communication, where the social phenomenon correlates with the individual level;

2) micro-micro communication, where a "stimulus" generates a "response";

3) feedback from the micro level to the macro level, where individual actions are aggregated [21].

The paradigm of economic growth prevailed over the past century, at this time research is intensifying in this area, and the emphasis is shifting from the national to the regional level. It is worth highlighting the main theories aimed at increasing economic growth:

1) location theories (geographical determinism, standard theory, central place theory, spatial organisation of the economy, industrial areas, sales market theory, concept of the production cycle);

2) neoclassical theories (theory of economic progress, marginal productivity theory, theory of production functions, theory of technological changes, pricing theory, equilibrium theory, optimum model, cycle theory, neoclassical model, oligopoly theory);

3) theories of cumulative growth (cumulative causation theory, growth pole theory, volcano model, core-periphery model, agglomerations theory, peripheral territory development theory, innovation diffusion model, game theory);

4) institutional theories (theory of socio-psychological institutionalism, inactive (permissive) class, theory of socio-legal institutionalism, theory of conjunctural concept, non-institutional theories, new institutional economic theory, theory of industrial society, theory of transaction costs, theory of technocratic determinism);

5) new theories of regional development (new economic geography, new regionalism, innovative theory of economic development, theory of economic stabilisation, theories of endogenous growth, concept of national and regional innovation systems, theory of market potential, theory of sustainable development) [22].

Notably, in modern conditions, the rethinking of approaches to regional development occurs through the actualisation of the approach based on the theory of endogenous potential and place-based theory. The arguments in favour of this are the uniqueness of each territorial community and the ability to use untapped potential. This requires a set of measures in terms of state regulation of local development aimed at intensifying economic growth; development of strategies based on local opportunities and innovative ideas; application of differentiated principles to the local economic development of the territorial community.

Notably, despite considerable economic progress in the second half of the 20th century, since the end of the last century, there has been a change from focusing on purely economic approaches to an integrated combination of qualitative parameters of human development and estimation of the standard of living. According to O. Glushchenko, "the search for meters of human development that go "beyond GDP" is currently transformed from an alternative stream of scientific thought to an established scientific field" [17], and A. Sen and Mahbub ul Haq were at its origins.

Since the 1990s, there has been considerable interest in social indicators, outlining various doctrinal forms: social progress, human development, quality of life, and welfare in a new sense. The theoretical foundations of the study of the welfare of an individual, territorial community, and the country in general are a prospect for further research.

Conclusions

Having considered the evolution of views on the essence and content of welfare theories, the first period of development of economic welfare theories was marked by polarised trends in the prevalence of the market or state, public welfare was considered by theoretical economists in the macroeconomic aspect and estimated from the position of the entire set of individuals in general. Later, the analysis gradually moved towards microeconomics, and social and environmental parameters were added to the economic content of public welfare.

In general, the key understanding of welfare is outlined in such theories:

1) theories of public welfare (the predominance of the institution of the state or market);

2) theories aimed at intensifying economic growth (location theories, neoclassical theories, cumulative growth theories, institutional theories) with updating the approach based on the theory of endogenous potential and place-based theory;

3) theories that determine the social status of people from the perspective of their high standard of living, human development, subjective welfare, etc.

Thus, the development of welfare is quite broad and covers a range of issues from overcoming inequality and poverty in society to ensuring the welfare of all its strata. However, the way the welfare system is established is determined by many parameters depending on the type of social structure, the existing socio-economic situation in the country, the development of institutions and the specific features of the generation and use of financial resources. A common expression of all these concepts is a person whose view has been transformed from a purely materialistic understanding of one's welfare to a broader sense – a person who professes values and is in collective interaction.

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Еволюція теорій добробуту у постулатах економічних шкіл та концепцій

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Анотація. Актуальність статті полягає в тому, що добробут є основоположною концепцією, яка сформувалась у витоках економічних шкіл та теорій. Метою статті є дослідження еволюції теорій добробуту у постулатах економічних шкіл та концепцій. У статті були використані метод логічного аналізу, метод критичного аналізу для опрацювання наукової літератури, теоретичних аспектів теми. Встановлено, що теорія добробуту ознаменувалася поляризованими тенденціями превалювання ринку чи держави; теорія добробуту ґрунтується на імперативах економічного зростання (теорії розміщення, неокласичні теорії, теорії кумулятивного зростання, інституційні теорії та нові теорії регіонального розвитку); пошук вимірювачів людського розвитку, що виходять «за межі ВВП» (Beyond GDP). З'ясовано, що переосмислення підходів до місцевого та регіонального розвитку на сучасному етапі пов'язано з актуалізацією теорії ендогенного розвитку та концепції місцевого економічного розвитку (place-based theory). Встановлено, що поряд з теоріями добробуту, що побудовані на економічному концепті, в міжнародних дослідженнях розповсюджені теорії, які визначають соціальне становище людей з позиції їх високого рівня життя та людського розвитку. Проведене дослідження еволюції теорій добробуту вказує на необхідність формування та реалізації державної політики в напрямі активізації місцевого розвитку та забезпечення публічних послуг високої якості. Дослідження визначалося багатьма параметрами: починаючи від типу суспільного устрою, наявної соціально-економічної ситуації в країні, закінчуючи розвитком інститутів та особливостями формування та використання фінансових ресурсів

Ключові слова: добробут, держава, ринок, територіальна громада, економічне зростання, місцевий економічний розвиток, людський розвиток, якість життя, суб'єктивний добробут

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Import Dependence of the Ukrainian Economy: Problems and Solutions

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Abstract. The relevance of the issue of import dependence of the Ukrainian economy is determined by geopolitical changes, processes of reformatting priorities and strategic areas of the global economy. The purpose of the study is to determine the level of import dependence of the Ukrainian economy by segments of consumption of processing industry products and substantiate the areas and mechanisms for implementing the national import substitution policy. To achieve this goal, methods of analysis, synthesis, and comparison were used. The paper provides a comparative assessment of the dependence of the economy of Ukraine and the EU countries on the import of industrial products in the context of 16 production facilities of the processing industry, classified by technological levels, in accordance with Eurostat standards. Based on the use of data from the "cost-output" matrix, the share of imports in the total consumption of processing industry products in Ukraine was determined, which in 2016 reached 52.4%, while in the EU member states the value of this indicator averaged 37.4%. The highest dependence of the national economy on imports of mechanical engineering and chemical industry products, i.e., key system-forming high-tech industries, is established. Based on the results of calculations and analytical assessments, a system of import substitution priorities in the domestic market of industrial goods in Ukraine is constructed and the basic areas for the development of import substitution industries are outlined. Structural and dynamic transformations in the intermediate and final consumption of industrial products (Ukrainian and imported), and gross accumulation of fixed capital in Ukraine, are determined. The proposed set of instruments of regulatory influence of the state (fiscal, organisational, and trade policy instruments) aimed at reducing the degree of import dependence of the national economy is of practical value

Keywords: total and intermediate consumption, gross fixed capital accumulation, products of the processing industry, production, import substitution

The Problem Statement

Geopolitical changes, processes of reformatting priorities and strategic areas of the global economy determine the actualisation of import dependence issues as one of the key factors influencing the socio-economic development of individual countries. The high dependence of any country on imports of goods and services leads to the openness (and therefore vulnerability) of its economy to external economic influences, in particular, such as price fluctuations on world markets, the unfair economic behaviour of exporting countries, etc. External economic pressure is increasingly becoming a tool in international competition and even leads to the deployment of price wars and armed confrontations for control of strategic resources. As world experience shows, most countries at certain stages of development adopted a policy of import substitution to protect certain sectors of their economy until they reached a sufficient level of competitiveness in the world market. Moreover, the countries that have now reached the top in the world economic ranking due to the free market and free trade policy (Great Britain, USA, Germany, Japan), in the past were the most active in using protectionist measures to support national producers.

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The need for import substitution for Ukraine is conditioned by the fact that this process is a catalyst for structural changes in the economy, a prerequisite for its innovative development, an incentive to increase business activity, and a basis for increasing the export potential of Ukrainian producers. The establishment of the basic principles of import substitution policy should be preceded by an objective analysis of the level of import dependence of the national economy and, above all, its industrial sector. Next, it is necessary to outline the areas and identify objects (product groups), import substitution of which is appropriate and economically profitable for the state and society in the long term. Equally important is the choice of import substitution policy tools and methods of its practical implementation. The priority criterion should remain the principle of efficiency and economic feasibility of import substitution, which means stimulating the production of only competitive products characterised by high quality and competitive price.

Analysis of Recent Research and Publications

A thorough study on the problems of import substitution in the Ukrainian economy was conducted at the Institute of Economics and forecasting of the National Academy of Sciences of Ukraine and by researchers at KNTEU. Thus, the scientific report [1] substantiates promising areas of import substitution in the metallurgical industry, chemical industry, and agri-food sector. The importance of imports in the operation of high-tech industries of the Ukrainian economy is described in [2]. The prospects of selective import substitution in certain types of economic activity are considered in [3]. A methodology for assessing the possibilities of import substitution in the food, textile, and chemical industries based on equations and identities of the national accounting system is proposed in [4]. The basics of forming an effective system of regulating the import of goods in Ukraine are covered in [5]. At the same time, it is advisable to pay attention to the studies by T. Vasiltsiv, R. Lupak, Yu. Osadchuk [6], H. Dong, Z. Kong [7], E. Andreeva, A. Ratner, O. Voronkova [8], A. Gnidchenko [9], S. Kotlyarova et al. [10].

Setting the Objectives

The purpose of the study is to determine the level of import dependence of the Ukrainian economy by segments of consumption of processing industry products and substantiate the areas and mechanisms for implementing national policy in the field of import substitution.

Results and Discussion

The structure of imports of goods and services in Ukraine is dominated by industrial products, the share of which during 2012-2016 decreased by 5.02 percentage points (pp), in particular, mining – by 10.01 pp (including production of crude oil and natural gas – by 8.07 pp) (Table 1). But the share of products of the processing industry in the structure of imports of goods and services in 2016, compared with the previous year, increased by 5.71 pp. For comparison, the share of industrial products in imports of goods and services to Poland in 2016 was 45.87% (which is 34.03 pp less than in Ukraine), and the highest value of this indicator among the member states of the European Union (EU) – in Hungary (55.09%).

Table 1. Share of industrial products in imports of goods and services of Ukraine, %

Indicator	2012	2013	2014	2015	2016
Industry	**84.92**	**82.80**	**82.00**	**81.46**	**79.90**
Processing industry	65.02	65.71	68.07	64.25	69.96
Mining and quarrying industry, incl.:	19.77	16.95	13.77	15.72	9.76
Production of crude oil and natural gas	…	13.76	9.71	10.76	5.69

Source: compiled by the author based on [11]

The high share of industrial products in the import of goods and services of Ukraine, compared with the EU member states, is conditioned by the structural features and level of development of the national economy. Considering the dominance of processing industry products in the structure of imports of goods and services, this study focuses on assessing the level of import dependence of the economy on this particular type of industrial product.

A general indicator of industrial products consumed and used in a country is the indicator of total consumption, which is defined as the sum of output and import volumes minus the volume of exports of these products. To determine the level of import dependence of the economy, it is proposed to use the indicator of the share of imports in total consumption (the share of imports in total consumption = import of goods and services / (output + import of goods and services – export of goods and services). The higher the value of this indicator, the higher the country's import dependence, and therefore the higher the risks to its economic security.

The Ukrainian processing industry has significant production and raw materials resources and human capital, and therefore development potential. However, the Ukrainian economy is characterised by a rather high dependence on imports of industrial goods, in particular, when compared with EU member states that are similar in key structural parameters to the industrial sector (Fig. 1).

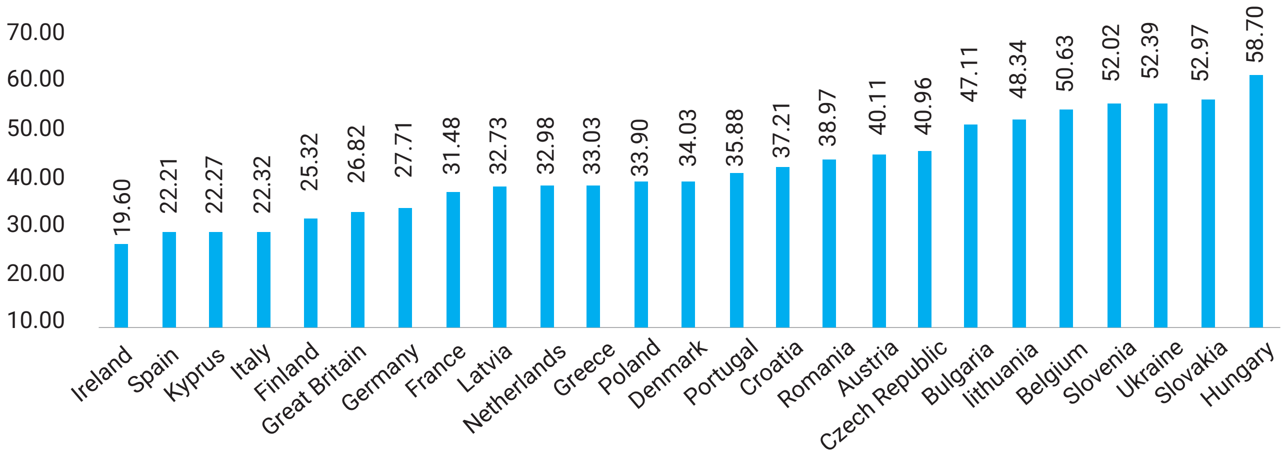

Figure 1. Share of imports in total consumption of processing industry products in Ukraine and the European Union in 2016, %

Source: compiled by the author based on [12]

In 2016, in terms of the share of imports in total consumption of processing industry products, Ukraine was ahead only of Hungary and Slovakia, losing, for example, to Poland in this indicator by 18.49 pp (52.39% against 33.90%). The Ukrainian economy, compared with the Polish one, is much more dependent on the import of industrial products of processing industries of all levels of manufacturability (Table 2).

Table 2. Share of imports in total consumption of processing products in Ukraine and Poland, %

Group	Production	Ukraine				Poland				Deviation (+/-)			
		2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
High-tech	Production of basic pharmaceutical products and pharmaceutical preparations	72.09	71.78	65.45	66.67	42.37	43.09	44.34	42.73	29.73	28.69	21.10	23.94
	Computer manufacturing, electronic and optical products	93.57	91.48	96.96	93.37	64.16	66.19	72.58	71.72	29.42	25.29	24.39	21.64
	Total	**82.41**	**80.09**	**80.04**	**79.75**	**58.48**	**60.38**	**64.60**	**63.00**	**23.93**	**19.71**	**15.45**	**16.75**
Medium-high-tech	Production of chemicals and equipment	73.62	78.43	75.73	79.53	29.64	30.37	29.32	28.89	43.98	48.06	46.41	50.64
	Production of electric equipment	71.61	66.57	72.26	73.26	50.89	52.49	53.65	55.71	20.72	14.08	18.61	17.55
	Production of machinery and equipment, not assigned to other groups	83.18	91.80	96.53	89.78	27.45	27.56	25.62	29.58	55.73	64.24	70.91	60.19
	Production of motor vehicles, trailers, and semi-trailers	91.84	83.93	89.40	91.98	69.66	67.89	69.75	70.05	22.17	16.05	19.65	21.93
	Production of other vehicles	13.92	28.17	18.11	20.66	66.31	58.90	54.66	61.13	52.38	30.73	36.55	40.47
	Total	**71.92**	**76.54**	**78.75**	**81.11**	**50.09**	**49.73**	**50.10**	**52.37**	**21.82**	**26.80**	**28.65**	**28.75**

Table 2, Continued

Group	Production	Ukraine				Poland				Deviation (+/-)			
		2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Medium-low-tech	Production of coke and coking products, oil refining products	56.98	67.43	66.41	62.69	44.58	47.71	43.97	40.14	12.40	19.71	22.44	22.55
	Production of rubber and plastic products	50.75	49.46	47.47	47.61	36.04	35.33	34.27	35.13	14.71	14.13	13.20	12.48
	Production of other non-metallic mineral equipment	25.28	2.31	23.78	23.57	15.97	16.16	17.09	18.92	9.31	10.15	6.70	4.65
	Metallurgical production	32.37	30.27	29.17	24.85	27.81	29.71	30.63	31.80	4.56	0.56	-1.46	-6.95
	Production of ready-made metal products, except for machinery and equipment	48.28	59.80	58.48	55.35	23.76	23.21	21.06	21.36	24.52	36.58	37.43	33.99
	Total	**43.47**	**49.35**	**48.18**	**43.25**	**33.63**	**33.98**	**30.80**	**29.83**	**9.84**	**15.36**	**17.38**	**13.42**
Low-tech	Production of food, beverages, and tobacco products	20.08	20.38	19.04	23.08	15.75	15.67	15.67	16.95	4.33	4.71	3.38	6.13
	Textile production, production of clothing, leather, and other materials	88.74	81.91	77.98	77.88	32.10	32.46	30.23	31.99	56.64	49.45	47.75	45.89
	Production of wood, paper; printing activities and replication	39.54	40.81	38.39	36.90	20.71	20.48	20.03	20.03	18.83	20.34	18.36	16.86
	Production of furniture; other products	32.53	30.10	38.76	38.55	21.18	23.45	21.66	21.89	11.35	6.65	17.10	16.65
	Total	**30.06**	**29.91**	**29.58**	**32.31**	**18.28**	**18.47**	**18.20**	**19.14**	**11.79**	**11.43**	**11.38**	**13.17**
Total processing industry		***48.93***	***51.02***	***51.26***	***52.39***	***33.60***	***34.17***	***33.49***	***33.90***	***15.32***	***16.85***	***17.77***	***18.49***

Source: compiled based on [11; 13]

The largest gap between countries in terms of the share of imports in total consumption is typical for products of medium-high-tech industries (28.75 pp in 2016), and the lowest-for products of low-tech (13.17 pp). In terms of production in 2016, Ukraine was most inferior to Poland in terms of dependence on imports of mechanical engineering products (by 60.19 pp), chemical (by 50.64 pp) and light (by 45.89 pp) industries. At the same time, both countries are characterised by the lowest dependence on imports of food products, but in Ukraine the share of imports in total consumption of these products in 2016 was higher by 6.13% points (against 4.33 pp in 2013). But the existing production potential of other vehicles in Ukraine determines a significantly lower (by 40.47 pp) level of import dependence for this type of product than in Poland. The situation is similar with metallurgical products. In general, there are positive trends in Ukraine towards the reduction of import dependence in the total consumption of processing industry products. Thus, in 2016, there was a decrease in the share of imports in the total consumption of products of such industries:

- high-tech – by 0.29 pp, in particular, the production of computers, electronic and optical products by 3.60 pp;
- medium-low-tech – by 4.93 pp (excluding the production of rubber and plastic products).

In addition, there was a decrease in the level of dependence on imports of machinery and equipment (by 6.75 pp), which are products of medium-high-tech industry, and products of such low-tech industry: textile production, production of clothing, leather, and other materials (by 0.10 pp); wood production, paper production; printing activities and replication (by 1.49 pp); production of furniture; other products (by 0.21 pp).

The decrease in the level of import dependence of the Ukrainian economy is conditioned by an increase in the rate of the total consumption of industrial products of Ukrainian production (Table 3). Thus, the growth rate of Ukrainian products of the processing industry in 2016 reached 28.82% against 1.20% in 2014, including high-tech industries – 42.16% against 23.25%. An increase in the growth rate of the total consumption of Ukrainian products occurred in most (10) production facilities of the processing industry. It is also positive that in key industries, the growth of total consumption of Ukrainian-made products significantly exceeded the growth of imported ones. In particular, this applies to the production of computers, electronic and optical products; the production of machinery and equipment that are not classified as other groups, and metallurgical production. However, the growth rate of the total consumption of imported products of the processing industry in Ukraine in 2016 exceeded the same indicator of Ukrainian products by 5.97 pp (against 1.17 pp in 2015). Imports of pharmaceutical products, electrical equipment, motor vehicles and mechanical engineering, and food products grew at the highest rates. At the same time, the growth rate of imports of chemical industry products, and refined products, significantly decreased.

Table 3. Dynamics of total consumption of processing industry products in Ukraine, %

Group	Production	Growth / decline rate of total consumption								
		Total			Ukrainian products			imported products		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
High-tech	Production of basic pharmaceutical products and pharmaceutical preparations	21.12	14.01	33.08	22.48	39.59	28.38	20.60	3.95	35.56
	Production of computers, electronic and optical equipment	-4.34	34.72	48.23	26.85	-52.02	224.00	-6.48	42.80	42.73
	Total	**8.89**	**22.75**	**40.10**	**23.25**	**23.04**	**42.16**	**5.83**	**22.68**	**39.58**
Medium-high-tech	Production of chemicals and chemical products	14.80	54.35	18.45	-6.14	73.64	-0.06	22.31	49.04	24.38
	Production of electric equipment	9.10	-1.82	41.27	28.49	-18.55	36.18	1.41	6.58	43.22
	Production of machinery and equipment not assigned to other groups	-11.89	26.58	83.82	-57.04	-46.40	41.08	-2.76	33.10	70.97
	Production of motor vehicles, trailers and semi trailers	-20.47	15.65	73.28	56.57	-23.68	31.06	-27.31	23.17	78.29
	Production of other vehicles	-31.61	-13.36	25.08	-42.93	-1.22	21.18	38.40	-44.31	42.72
	Total	**-5.36**	**28.67**	**44.22**	**-20.92**	**16.52**	**28.18**	**0.72**	**32.39**	**48.55**
Medium-low-tech	Production of coke and coking products, oil refining products	32.15	13.57	5.32	0.05	17.13	16.97	56.40	11.85	-0.57
	Production of rubber and plastic products	11.02	35.80	29.84	13.92	41.16	29.50	8.21	30.32	30.22
	Production of other non-metallic mineral equipment	0.16	27.49	37.93	-1.23	31.87	38.31	4.27	15.22	36.69
	Metallurgical production	2.73	4.06	51.89	5.92	5.70	61.15	-3.95	0.28	29.39
	Production of ready-made metal products, except for machinery and equipment	-0.82	34.17	29.47	-22.91	38.55	39.24	22.84	31.22	22.53
	Total	**12.17**	**18.10**	**27.21**	**0.50**	**20.83**	**39.31**	**27.33**	**15.29**	**14.20**
Low-tech	Production of food, beverages, and tobacco products	6.73	22.24	23.46	6.33	24.29	17.31	8.34	14.20	49.59
	Textile production, production of clothing, leather, and other materials	11.70	35.59	28.99	79.49	65.02	29.58	3.10	29.09	28.82
	Production of wood, paper; printing activities and replication	13.92	22.35	30.37	11.52	27.36	33.53	17.59	15.08	25.30
	Production of furniture; other equipment	-7.06	32.71	35.44	-3.70	16.27	35.91	-14.01	70.88	34.69
	Total processing industry	***6.81***	***24.38***	***26.10***	***7.04***	***24.96***	***21.21***	***6.27***	***23.02***	***37.74***

Source: compiled by the author based on [11]

In the structure of total consumption of products of the processing industry in Ukraine during the analysed period, the largest share was consistently occupied by goods of low- and medium-low-tech industries (a total of 65.63% in 2016), in particular: production of food, beverages, and tobacco products (22.36%), production of coke and coking products, oil refining products (9.21%), and metallurgical production (8.48%) (Table 4). Relatively significant in this structure are the shares of production of chemicals and chemical products (10.13%) and production of machinery and equipment (7.77%), which belong to medium-high-tech sector of industry. For its part, among these types of production, Ukrainian products dominate the consumption of goods only in the food and metallurgical industries. But imported – in the consumption of goods of high- and medium-high-tech industries: a total of 53.01% in 2016 against 48.81% in 2015.

Table 4. Structure of total consumption of processing industry products in Ukraine, %

Group	Production	Total				Ukrainian products				Imported products			
		2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
High-tech	Production of basic pharmaceutical products and pharmaceutical preparations	3.83	4.39	4.07	4.10	2.09	2.53	2.88	2.87	5.64	6.18	5.19	5.22
	Computer manufacturing, electronic and optical products	3.54	3.21	3.51	3.94	0.45	0.56	0.22	0.55	6.77	5.75	6.64	7.03
	Total	**7.36**	**7.60**	**7.58**	**8.05**	**2.54**	**3.09**	**3.10**	**3.42**	**12.40**	**11.93**	**11.83**	**12.25**
Medium-high-tech	Production of chemicals and chemical products	8.28	9.00	11.28	10.13	4.27	3.96	5.62	4.36	12.45	13.84	16.67	15.38
	Production of electric equipment	2.59	2.68	2.14	2.29	1.44	1.83	1.22	1.28	3.79	3.49	3.01	3.20
	Production of machinery and equipment, not assigned to other groups	6.49	5.42	5.57	7.77	2.14	0.91	0.40	1.67	11.04	9.76	10.50	13.31
	Production of motor vehicles, trailers and semi trailers	5.09	3.83	3.60	4.73	0.81	1.26	0.78	0.80	9.55	6.31	6.28	8.31
	Production of other vehicles	3.24	2.10	1.48	1.40	5.46	3.08	2.48	2.33	0.92	1.16	0.52	0.55
	Total	**25.69**	**23.03**	**24.07**	**26.32**	**14.12**	**11.04**	**10.49**	**10.44**	**37.76**	**34.55**	**36.98**	**40.76**
Medium-low-tech	Production of coke and coking products, oil refining products	9.98	12.50	11.53	9.21	8.41	8.31	7.95	7.22	11.63	16.52	14.94	11.02
	Production of rubber and plastic products	3.96	4.17	4.60	4.53	3.82	4.30	4.96	4.98	4.11	4.04	4.26	4.11
	Production of other non-metallic mineral equipment	4.65	4.41	4.57	4.78	6.80	6.64	7.15	7.67	2.40	2.28	2.12	2.15
	Metallurgical production	8.95	8.71	7.36	8.48	11.85	12.40	10.70	13.38	5.92	5.17	4.19	4.02
	Production of finished metal products, except for machinery and equipment	4.21	3.96	4.31	4.23	4.26	3.25	3.67	3.97	4.15	4.64	4.92	4.47
	Total	**31.76**	**33.75**	**32.37**	**31.23**	**35.15**	**34.90**	**34.42**	**37.22**	**28.22**	**32.64**	**30.42**	**25.78**
Low-tech	Production of food, beverages, and tobacco products	23.79	24.06	23.89	22.36	37.23	39.11	39.67	36.13	9.76	9.61	8.87	9.85
	Textile production, production of clothing, leather and other materials	3.12	3.30	3.64	3.56	0.69	1.22	1.64	1.65	5.66	5.30	5.53	5.29
	Production of wood, paper; printing industry and replication	4.84	5.22	5.19	5.13	5.72	6.31	6.56	6.80	3.91	4.18	3.88	3.61
	Production of furniture; other products	3.45	3.04	3.27	3.36	4.55	4.33	4.11	4.34	2.29	1.79	2.47	2.47
	Total	**35.19**	**35.62**	**35.98**	**34.40**	**48.19**	**50.97**	**51.98**	**48.91**	**21.62**	**20.88**	**20.76**	**21.22**
Total processing industry		***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***	***100.0***

Source: compiled by the author based on [11]

In the structure of total consumption of products of the processing industry in Ukraine during the analysed period, the largest share was consistently occupied by goods of low- and medium-low-tech industries (a total of 65.63% in 2016), in particular: production of food, beverages, and tobacco products (22.36%), production of coke and coking products, oil refining products (9.21%), and metallurgical production (8.48%) (Table 4). Relatively significant in this structure are the shares of production of chemicals and chemical products (10.13%) and production of machinery and equipment (7.77%), which belong to medium-high-tech sector of industry. For its part, among these types of production, Ukrainian products dominate the consumption of goods only in the food and metallurgical industries. But imported – in the consumption of goods of high- and medium-high-tech industries: a total of 53.01% in 2016 against 48.81% in 2015.

In terms of consumption segments of processing industry products in Ukraine, the highest share of imports in the gross accumulation of fixed capital is approximately 85% [14]. This level of import dependence poses a threat to the economic security of the state. This threat is reinforced by a critically high degree of physical depreciation of the fixed capital of the Ukrainian industry (≈70%), in particular, processing industry (≈80%). Hence, there is an urgent need to update and modernise the main production facilities. The implementation of these import-based processes, primarily in the public sector, requires significant investment, and therefore carries risks for the stability of the national currency and socio-economic development in general.

An alternative is to create import-substituting industries in Ukraine that will be able to produce fixed assets for the needs of the national economy. However, the organisation and further operation of such enterprises mainly involve the use of imported components. Hence, the areas of import substitution in Ukraine are obvious, which primarily concern these industries. Another argument for the need to reduce the import dependence of the Ukrainian economy on mechanical engineering, chemical and light industry products is that these industries have become priorities for the development of Poland's industry since it signed the Association Agreement and joined the European Union.

Nowadays, imported industrial products also dominate the segment of intermediate consumption – in 2016, their share was more than 52% [14]. Most of all, the Ukrainian economy depends on the materials and components of the following industries: computers, electronic and optical products (≈90%); chemicals and chemical products (>80%); mechanical engineering (>80%); coke and refined products (>60%); textile production, clothing, leather, and other materials (>60%). In fact, this means that Ukrainian enterprises and organisations not only in production, but also in other areas (financial, social) cannot operate not only without imported goods of mechanical engineering and chemical industry, but also without products of oil refining and light industry.

In 2016, the final consumption of products from 9 out of 16 processing industries in Ukraine was provided by imports by more than 70% [15]. Naturally, the highest import dependence in final consumption was characteristic of goods of high – and medium-high-tech industries (81.08% and 73.62%, respectively), and the need for consumer goods of two industries (computers and motor vehicles) belonging to these groups was provided by imports by more than 90%. In addition, import dependence on end-consumption goods and some medium- and low-tech industries (production of rubber and plastic products; textile production, production of clothing, leather, and other materials; production of furniture and other products) was critically high (>80%).

For each of the identified areas of import substitution in Ukraine, it is necessary to make detailed calculations of the capacity of target market segments (both domestic and potentially external), the amount of capital investment required to organise the corresponding production, their profitability and payback period, and the number of newly created jobs. At the initial stage, it is economically justified to increase the domestic output of a number of goods to replace simple imports or products for which there is a significant current (and very promising) demand in Ukraine due to the development of the agricultural sector, the implementation of energy saving projects, modernisation of production and social infrastructure.

No less important is the choice of mechanisms for implementing the state import substitution policy. Here it is necessary to emphasise that in the conditions of Ukraine's membership in the WTO, and the operation of the FTA with the EU and a high degree of export orientation of the national economy, the use of restrictive instruments of the protectionist policy of the state (discriminatory or prohibiting import duties, tariffs, quotas, etc.) to protect the national producer is problematic. Violation of international obligations and artificial protection will lead to long-term negative consequences for the competitiveness of Ukrainian industrial products. Therefore, import substitution should be considered not as protectionism, but as a system of tools to stimulate the development and implementation of domestic potential in the production of industrial products of all types of consumption and fixed capital to fill potential niches in the domestic and foreign markets. This, for its part, requires the development and implementation of a comprehensive import substitution strategy. The key goal of such a strategy should be to restore and reinforce intersectoral interaction between sectors of the national economy towards increasing the volume and level of manufacturability of industrial products, expanding the range and geography of medium- and high-tech exports and meeting the demand for products of intermediate and final consumption and fixed capital in the national market. In this context, it is advisable to note that among the effective tools of regulatory influence of the state on stimulating the development of import-substituting industries in Ukraine, the following can be distinguished:

- fiscal, in particular, preferential taxation of profits reinvested in the modernisation of fixed assets; investment tax credits (deferred tax payment) in the implementation of import substitution projects; temporary preferential taxation of enterprises engaged in the production of innovative import substitution products;
- trade policy instruments – expanding the use of non-tariff regulatory methods allowed by the WTO, in particular simplifying licensing, certification, technical regulations, phytosanitary standards, etc.;
- organisational – ensuring the mode of prompt solution of problems related to obtaining permits, allotment of land plots, connection to communications of newly created production facilities.

Government orders are an effective tool for import substitution policy. The use of this tool would allow purposefully developing strategically important production facilities in the segment of intermediate consumption and gross fixed capital accumulation. State incentives for import substitution can occur by: a) supporting enterprises in those sectors where they are able to compete for the market with foreign suppliers; b) encouraging external suppliers to create assembly plants in Ukraine with an appropriate localisation coefficient of internal potential. This requires state leasing and credit programmes that will apply only to goods produced (collected) in Ukraine. As a result, an effective import substitution policy would allow getting a significant multiplier effect: create new jobs in the industrial sector of the economy and additional effective demand within the country, and therefore significantly expand the national market, increase GDP and tax revenues to budgets of various levels.

Conclusions

Summing up, a generally high level of import dependence of the Ukrainian economy can be noted. However, it should be considered not only as a source of threat to the sustainable economic development of the state (especially in conditions of global instability) but also as an opportunity for more effective use and capacity-building of the domestic processing industry. It is confirmed that the products of the latter will be able to fill free niches in the national market, successfully competing with imports primarily in terms of price parameters. It is proved that reducing the level of import dependence in the segments of intermediate consumption and gross fixed capital accumulation would allow overcoming the high level (>45%) of dependence of the Ukrainian consumer market on imports of industrial goods.

It is determined that in the context of local government reform, decentralisation and expansion of financial powers of local authorities, the implementation of capital investments in promising import-substituting industries can become a powerful incentive for the socio-economic development of regions. In addition, coordination and control of such projects at the regional level is easier from an organisational standpoint than the implementation of similar projects at the state level, which adds advantages for their effective implementation and achievement of their goals. Prospects for further study in this area will be devoted to the analytical substantiation of potential areas of import substitution in Ukraine and the calculation of their economic efficiency.

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Імпортозалежність економіки України: проблеми і шляхи їхнього вирішення

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Анотація. Актуальність питання імпортозалежності економіки України зумовлюють геополітичні зміни, процеси переформатування пріоритетів і стратегічних напрямків глобальної економіки. Метою статті є визначення рівня імпортозалежності економіки України за сегментами споживання продукції переробної промисловості та обґрунтування напрямів і механізмів реалізації державної політики імпортозаміщення. Для досягнення поставленої мети були використані методи аналізу, синтезу та порівняння. У роботі проведено порівняльну оцінку залежності економіки України і країн ЄС від імпорту промислової продукції у розрізі 16-ти виробництв переробної промисловості, класифікованих за рівнями технологічності, відповідно до стандартів євростату. На основі використання даних матриці «витрати-випуск» визначено частку імпорту в загальному споживанні продукції переробної промисловості в Україні, яка у 2016 році досягла 52,4 %, тоді як у державах-членах ЄС значення цього показника в середньому становило 37,4 %. Встановлено найвищу залежність національної економіки від імпорту продукції машинобудування і хімічної промисловості, тобто ключових системоформуючих високотехнологічних виробництв. За результатами проведених розрахунків та аналітичних оцінок побудовано систему пріоритетів імпортозаміщення на внутрішньому ринку промислових товарів в Україні та окреслено базові напрямки розвитку імпортозаміщувальних виробництв. Визначено структурно-динамічні трансформації у проміжному і кінцевому споживанні промислової продукції (української та імпортної), а також валовому нагромадженні основного капіталу в Україні. Практичну цінність має запропонована множина інструментів регулятивного впливу держави (фіскальних, організаційних та інструментів торговельної політики), спрямованих на зменшення ступеня імпортозалежності національної економіки

Ключові слова: загальне і проміжне споживання, валове нагромадження основного капіталу, продукція переробної промисловості, виробництво, імпортозаміщення

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The Role of a Competitive Personality of the Manager in Management

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Abstract. The integration of the Ukrainian economy into the global space indicates the need for highly qualified managers who are able to form an effective management mechanism aimed at achieving the strategic goals of organisations. Managers in their work are guided not only by their own experience, but also must constantly produce new innovative approaches to achieve the established goals, make informed management decisions, and solve diverse production tasks. Therefore, there is a need to establish and generalise the skills of managers necessary in modern realities, which are conditioned by the rapid development of scientific and technological progress, an increase in intensive information flows, and increasing competition. The purpose of this study is to identify the competencies necessary for managers and to identify the qualities that form the competitiveness of a modern manager. The study found that the general competencies of managers cover instrumental, interpersonal, and systemic competencies; the main areas of the management process in the manager's activities are considered, including: economic, organisational, legal, socio-psychological, marketing. The paper analyses evolutionary approaches to the skills and abilities of managers in the management process. The main components of competitiveness in Ukraine, the USA, Western Europe, and Japan are identified. The analysis of the applied creative approaches in management is carried out on the example of the tourism business of the city of Lviv, which not only contributed to the growth of tourist flows, but also play a significant role in the generation of the local budget. The practical significance of the findings is conditioned by the establishment of the necessary competencies and qualities of modern managers and their application in management practice

Keywords: instrumental competencies, interpersonal competencies, system competencies, innovation managers, creativity

The Problem Statement

The world experience of management in the context of integration of the Ukrainian economy into the globalisation space suggests that the success and competitiveness of commercial structures largely depend on the competencies of managers and their ability to form an effective management mechanism aimed at achieving the strategic goals of organisations [1]. The realities of the time require managers to quickly respond to changes in the macro and microenvironment, skillfully manage human resources, and implement ideas in a new way. Companies need young, creative, resourceful, enterprising people who are able to think creatively (think outside the box; think paradoxically; think with resources; think according to time), and quickly implement new ideas in practice.

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Analysis of Recent Research and Publications

There are a significant number of papers in the field of economics, psychology, and pedagogy that consider the professional qualities of managers, their self-development and competence. In particular, the requirements for managers, their skills and abilities were studied by L.V. Balabanova, O. V. Sardak [1], N.M. Bibik [2], G. Yevtushenko, O. Shevchenko [3], M. Woodcock, D. Francis [4], J. Guilford [5], L.I. Skibitska [6], J. Woike, and S. Hafenbrädl [7], D.B. Bogoyavlenskaya, O.A. Klyueva. [8]. The competitiveness of personnel was studied by V.O. Gerasimova, V.O. Sidorenko [9], O.V. Soroka [10], G. Chaika [11]. Notably, the published studies do not pay enough attention to the qualities and competencies of a competitive manager, which is required by the modern labour market.

Setting the Objectives

The purpose of the study is to structure the competencies and investigate the qualities that determine the competitiveness of the personality of modern managers.

Results and Discussion

The rapid development of scientific and technological progress, an increase in intensive information flows and growing competition have led to the need for managers of a new format – innovative managers. Therefore, considering the specifics of managerial work, the complexity of managerial functions and tasks, modern management theorists from different countries have identified the skills and abilities required for effective management (Table 1).

Table 1. Evolutionary approaches of skills and abilities required in the management process

Skills and abilities required in the management process (according to M. Woodcock and D. Francis)	Skills and abilities required by managers in the management process (innovation managers)
Ability to manage oneself	Innovative thinking
Presence of clear personal values	Problematic vision of the world
Ability to set clear personal goals	Strategic thinking
Ability to constant personal self-development	Attractiveness
Problem-solving skills	Situational thinking
Creativity and ability to innovate	Developed psychological self-regulation
Ability to influence others	Ability to draw correct conclusions in the context of the lack of information
Knowledge of modern management approaches	Ability to delegate not only power and responsibility, but also your authority as a leader
Ability to manage	Adaptability to environmental requirements
Ability to train and develop subordinates	Ability to constant personal self development
Ability to form and develop effective working groups	Ability to train and develop subordinates

Source: developed by the authors based on [1; 4; 10]

The specifics of managerial work require both general competencies and professional ones in a certain field of activity. The general competencies of managers can be grouped as follows:

1. Instrumental competencies covering:
   - ability to consider social phenomena in development and specific operating conditions;
   - ability to work with information, including in global computer networks;
   - knowledge of ethical and legal norms;
   - ability to use regulatory documents in a particular field of activity;
   - professional knowledge of business, professional language and knowledge of foreign languages;
   - ability to manage and use information for professional activities.
2. Interpersonal competencies:
   - ability to take collective actions, to organise interaction in a team;
   - professional communication, ensuring harmonious and constructive relationships when performing professional tasks to achieve goals;
   - ability to work in a multicultural environment to ensure successful communication interaction in international business;
   - ability to criticise and self-criticise.
3. System competencies:
   - ability to work independently and autonomously;
   - ability to act from a position of social responsibility;
   - ability to take a public position and develop leadership skills;
   - ability to learn;
   - ability to adapt to new situations in professional activity;
   - ability to form new ideas (creativity).

Notably, professional competencies are acquired as a result of professional training, constant self-improvement, and work experience in a particular field. The acquired professional experience forms the basis of a competitive personality. The organisation, as an open system, requires a multi-vector approach from managers, since it covers various areas in the management process (Fig. 1).

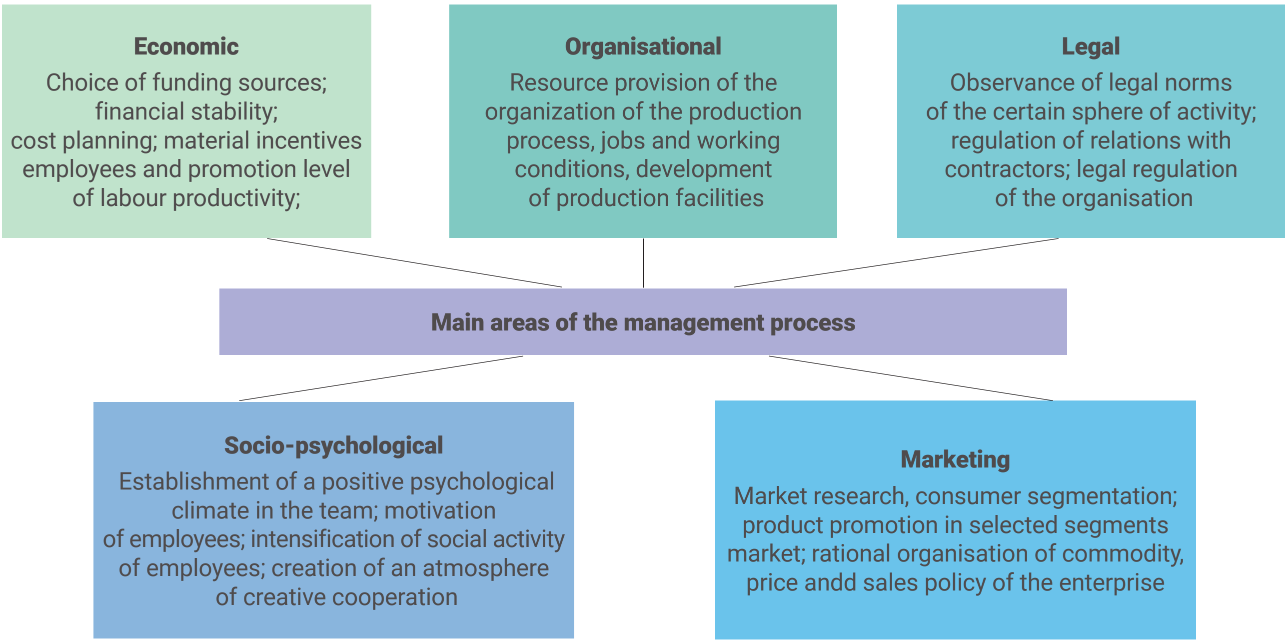

Figure 1. The main areas of the management process in the manager's activity

The ability to adapt to the requirements of the time, the ability to achieve set goals, make informed management decisions, develop intellectual capabilities, apply innovative approaches to solving problems and tasks form the competitiveness of the manager's personality. The study agrees with the statement of M.Y. Variy, that a competitive person is able to quickly and painlessly adapt to constant changes in social conditions, technological progress, and new types of activities and forms of communication, provided that a positive internal psychoenergetic potential and harmony are preserved [12].

In economically developed countries, in particular, in the United States, the competitiveness of managers necessarily covers important components:

- high living standards that are constantly being raised;
- maintaining the position of the leader [12].

In Japanese society, such managers who ensure teamwork and harmony in the team are considered competitive; in which public interests prevail over personal ones. In Western European countries, the competitiveness of managers is based on such qualities as charisma, publicity, and the ability to lead a team [1; 10].

The Ukrainian labour market determines the need for highly qualified specialists of a new formation, managers who have so-called "soft skills":

- time management;
- stress tolerance;
- ability to work in a team [13; 14].

However, when solving practical problems in their work, managers can not always find answers based only on experience. This encourages them to take a creative and intellectual approach to solving production problems. Theorist and practitioner of personality psychology Joy Guilford, along with the concept of creativity, considers the concept of creativeness. Creativeness implies the emergence of thoughts that have not yet been generated, completely new, innovative solutions that have not been implemented before. A special feature of the creative approach is not only the generation of ideas, but also their implementation to obtain a specific result [15].

From the standpoint of management, creativeness is the ability to create and find new ideas, deviating from the accepted thinking patterns, and successfully solve problems that the enterprise faces in a non-standard way.

A person's creativeness is their ability to:

- find and identify the problem;
- generate a significant number of ideas;
- produce ideas that are not similar to each other (have flexibility of thinking);
- find non-standard solutions;
- find new features and opportunities for its new use in the object [5].

The ability to go beyond the usual characterises the creative activity of managers and provides results in the form of innovations. The creativity of managers, which is associated not only with the production of new ideas, but also as a concrete result of their activities, can now be clearly traced in doing business in different countries and in different fields of activity. The tourism business in Ukraine is developing rapidly, but in the face of fierce competition in the implementation of similar services, it especially needs creative ideas and ideas. Next, the study analyses the dynamics of the tourism business on the example of the city of Lviv. Lviv is a creative city that is interesting due to its versatility, creativity, and dynamic development. During 2019, 2.5 million tourists came to Lviv (Fig. 2).

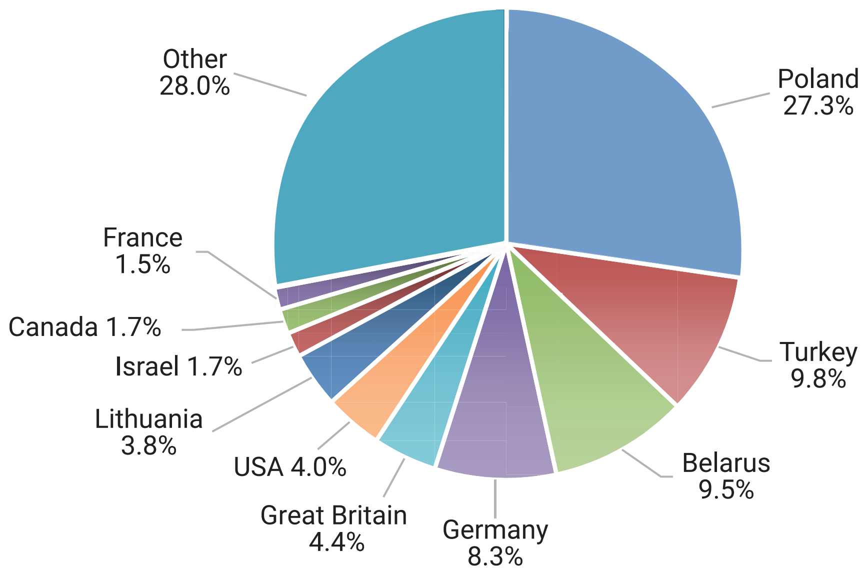

Figure 2. Structure of tourist flows to Lviv in 2019

Source: [11]

Lviv was visited from other cities of Ukraine by 35.7%, which is almost 10% less than in 2018, but the flow of tourists from Poland increased by 2% – 18.3%, from Belarus – 6.6%, from Turkey – 6.2%, from Germany – 5.4%, from the UK – 3%, from Lithuania – 2.7%, from the USA – 2.5%. 1% of tourists from Canada, Israel and Austria also visited Lviv in 2019 [11]. Creative solutions implemented in the city's tourism business not only contribute to the growth of tourist flows, but also play a significant role in the generation of the local budget. More than UAH 196 million were transferred to the city budget of Lviv in 2019 [15] (Fig. 3).

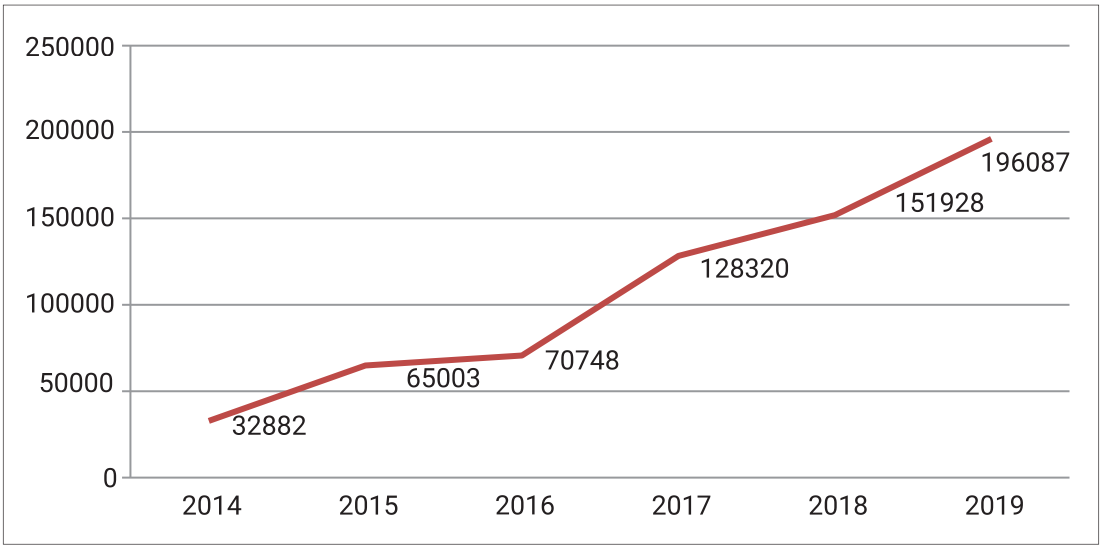

Figure 3. Revenues to the budget of Lviv from tourism in 2014-2019

Source: [11]

Fulfilment of the potential of Lviv through the development of creativity – creating new ideas and knowledge and implementing them, makes Lviv one of the leading European tourist centres. An example of creative, implemented ideas is the Lokal – chain of concept designer restaurants operating in Lviv. Bold projects of managers and their professional implementation have made the company unique and competitive in the travel services market. Similar innovative solutions are also observed in the development of the hotel industry: creative solutions cover the location of hotels, non-standard architectural construction of hotels, interior design using national motifs, etc.

Conclusions

The competitiveness of Ukrainian managers at this stage of development of economic relations covers innovative skills and abilities, general and professional competencies, time management, stress tolerance and the ability to work in a team. Modern business realities create the need for creative managers who not only produce ideas, but can also implement them in specific projects. Thus, they confirm their own creativity, the competitiveness of the individual and the competitiveness of the organisation in doing business. Based on the analysis of the dynamics of tourist flow in Lviv for 2019 and its comparison with 2018, a general increase in the number of tourists from other countries was noted, which is conditioned by the adoption of a number of creative decisions in the city's tourism business. Prospective studies in this area require clarification and broader establishment of professional competencies of managers in specific, defined areas of activity.

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Роль конкурентоспроможної особистості менеджера в управлінні

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Анотація. Інтеграція української економіки у світовий, глобалізаційний простір засвідчує потребу у висококваліфікованих управлінцях, які здатні формувати ефективний механізм управління, спрямований на досягнення стратегічних цілей організацій. Для реалізації встановлених цілей, прийняття зважених управлінських рішень і розв'язання різнопланових виробничих завдань, менеджери у своїй роботі керуються не тільки власним досвідом, а й мають постійно продукувати нові інноваційні підходи. Відтак виникає потреба у встановленні та узагальненні необхідних у сучасних реаліях вмінь управлінців, що зумовлені швидким розвитком науково-технічного прогресу, збільшенням інтенсивних інформаційних потоків та зростаючою конкуренцію. Мета цієї статті полягає у визначенні компетентностей, які необхідні менеджерам для управління, а також у виокремленні якостей, що формують конкурентоспроможність сучасного менеджера. У ході дослідження було встановлено, що загальні компетенції управлінців охоплюють інструментальні, міжособистісні та системні компетентності; розглянуто основні напрями процесу управління в діяльності менеджера, серед яких: економічні, організаційні, правові, соціально-психологічні, маркетингові. У науковій роботі проаналізовано еволюційні підходи до навичок і здібностей менеджерів у процесі управління. Встановлено основні складові конкурентоспроможності в Україні, США, країнах Західної Європи та Японії. Проведено аналіз застосованих креативних підходів в управлінні на прикладі туристичного бізнесу міста Львова, які не лише сприяли зростанню потоків туристів, але й відіграють значну роль під час формування місцевого бюджету. Практичне значення отриманих результатів полягає у формуванні необхідних компетентностей та якостей сучасних менеджерів та їх застосування у практиці управління

Ключові слова: інструментальні компетентності, міжособисті компетентності, системні компетентності, інноваційні менеджери, креативність

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Trends and Prospects for the Development of the Cereal Market in Ukraine

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Abstract. The development of agricultural products processing, in particular cereals, and improving their quality characteristics will contribute to the growth of employment in rural areas, satisfaction of internal and external demand, growth of foreign exchange earnings to the state and incomes of commodity producers. The purpose of the paper is to assess the prospects for the development of the cereal products market in Ukraine, considering trends in supply and demand. The methodological basis of the research was system and dialectical approaches and the application of synthesis and analysis methods in determining the regularities and features of the cereal products market in Ukraine. The paper analyses the dynamics and structure of cereals production, identifies the problems of increasing the supply of their main types. Factors of internal and external demand for Ukrainian cereals and future trends in the development of the cereal market are considered. As a result, it is proved that the volume of production of basic cereals directly depends on the availability of raw material supply and its quality, demand for finished products both on the internal market and from importing countries of Ukrainian products, as well as the retrospective profitability of sales of alternative crops. The expansion of sales of Ukrainian cereal products on the internal market can be achieved through the integrated use of non-tariff restrictions that do not contradict agreements within the WTO. The originality of the study consists in systematising the factors of cereal products supply and demand development and analysing their impact on market conditions. The practical significance of the study is to identify the main areas in which problems of further development of the cereal industry are generated, which creates the basis for developing measures to minimise their negative impact

Keywords: cereal products, cereal production, cereal market, processing enterprises, grain production

The Problem Statement

The cereal market, like any other market, is a sphere of interaction between supply and demand subjects. The established food traditions in Ukraine determine a considerable demand from the population for a variety of cereals produced from buckwheat, millet, rice, oats, barley, wheat, corn, peas. External demand for domestic cereal products has a large potential to increase, given the aggravation of the global food problem. Therewith, the expansion of its supply by Ukrainian producers is constrained by significant fluctuations in profitability and periodic interventions of cheap cereals at low prices from neighbouring countries in cases of overproduction.

Considering these circumstances, it is difficult for economic entities that operate the market to predict the parameters of its further development and form long-term business strategies. However, the analysis of general retrospective market trends in combination with the study of changes in consumer preferences under the influence of price and non-price factors allows forming such strategies for the short and medium term.

Analysis of Recent Research and Publications

The importance of Ukrainian cereal production for food security of the state and features of market development is analysed by O.Yu. Nishodovska [1]. O.V. Nikishina, based on the analysis of the problems of a relevant cereal products market development, outlined the priorities of its development strategy, the implementation of which involves active state intervention, which is quite controversial in the context of liberalisation and integration into the world economic space [2]. The negative impact of state intervention on pricing in the cereal crop market was determined by

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A.I. Kaminska, who suggests limiting it to the state's implementation of commodity and financial interventions, the introduction of subsidies to producers [3]. In contrast to the previous approach, O.V. Orlenko believes that it is market regulatory mechanisms combined with the activation of integration processes that can give an impetus to the effective development of such a market [4]. The main factors that form the competitive advantages of enterprises growing cereal crops are given in the paper by O.Yu. Niskhodovska and T.V. Marusei [5]. In most Ukrainian papers devoted to the consideration of these problems, trends in the cereal products market development are analysed only in terms of supply development [6].

Purpose of the Study

The purpose of the paper is to assess the prospects for the development of the cereal products market in Ukraine, considering trends in supply and demand.

Research Results

In all countries, cereals make up a large part of citizens' diet. According to the current nomenclature, 7 types of cereals are produced in Ukraine, while processing enterprises produce several types of them from one type of grain: buckwheat – unground and crushed buckwheat, barley – barley and pearl, wheat – wheat and semolina [2]. Cereals are whole or crushed grains that are completely or partially freed from the shell, aleurone layer, and germ. The range of cereal products is divided into 6 groups: whole cereals: milled rice, polished rice, millet, unground buckwheat, whole oatmeal, whole peas; ground milled cereals – barley, "Poltava" and "Artek" (made of wheat), milled corn (5 numbers in size); ground cereals: barley, oatmeal, corn divided by size into 3 numbers; flakes – a product of further processing of cereals (flaked); cereals high nutritional value – made of a mixture of 2-3 types of ground cereals with concentrators (for example, SMP – skimmed milk powder); instant cereals – processed using a special technology. All cereals produced from different crops and depending on the quality are divided into varieties: higher, first, second, etc., numbers [4].

The consumer norm in Ukraine sets the annual consumption of cereals by one able-bodied person at the level of 7.1 kg (Table 1), but in reality, this indicator varies considerably [7]. With real incomes growing, Ukrainians are reducing their consumption of cereals in favour of other substitute goods. However, now there is a tendency to increase the consumption of cereals, which is conditioned not only upon a decrease in the real incomes of considerable segments of the population but also to changes in the food preferences of Ukrainians under the influence of popularising the ideas of healthy eating.

Table 1. Annual consumption rates of cereals included in the consumer basket for 2019 per person, kg

Cereals	Consumer categories			
	Children		Adults	
	Up to 6 years old	6-18 years old	Able to work	Unable to work
Rice	1.3	1.8	2.5	2.3
Semolina	0.9	1.2	-	0.9
Millet	2.7	3.3	1	0.9
Buckwheat	2.4	3.4	2	2
Oat	0.7	0.9	1.1	1.1
Others (barley, pearl barley)	3.1	4.7	0.5	0.6

Source: [7]

During 2016-2018, the lion's share of products in the market of the agricultural sector of Ukraine was made up of own production. Due to the rather high productivity of cereal crops, similar trends were observed in the profile market. Notably, there are no accurate statistics on the production and sale of cereals in Ukraine, so there are discrepancies in different sources regarding the values of the main market indicators. The offer of products on it, according to the Pro Consulting agency (Table 2), during the study period, increased to 295 thousand tonnes, providing an increase of 2.7%. This situation has developed both due to the growth of production within the country and imports of products (by 1.1 and 9.5 times, respectively). In 2018, there was a sharp decrease in production of cereals (by 15%). On the one hand, it was conditioned upon a reduction in the volume of raw materials of the required quality to processing enterprises, which is associated with unfavourable weather and climatic conditions, and on the other – a drop in the level of demand from consumers for certain types of cereals (wheat, millet, barley, etc.) [8]. This decline was partially offset by an increase in the supply of the most popular types of products from other countries. Despite the fact that cereals belong to the export-oriented products of the Ukrainian agricultural sector, their imports have considerably higher growth rates.

Table 2. Key indicators of the cereal market in physical terms, thousand tonnes

Indicator	2016	2017	2018
Production	261.51	269.84	228.49
Export	58.28	75.43	65.60
Import	73.35	115.47	132.75
Market capacity	276.58	309.88	295.64
Growth rate, %	x	4.7	-3.54

Source: calculated based on the data [8]

The sufficiency of the raw material base for the production of various types of cereals varies significantly. A considerable amount of raw materials is available for the production of wheat, corn, and barley grains. Therewith, despite favourable natural and climatic conditions for cultivation in most regions of Ukraine, producers massively refuse to sow buckwheat, rye, oats and redistribute acreage for crops the profitability of which is consistently high. Production capacities in the country allow producing about 3.5-3.7 million tonnes of cereal products [9], but the level of their loading ranges from 35-45%. Even large processing enterprises that are co-founders of agricultural enterprises cannot fully load their production facilities. However, there is no shortage of cereal products on the market (except for certain types, for example, buckwheat in 2015), and competition among commodity producers is increasing [10]. During 2016-2018, only the production of oatmeal increased considerably in Ukraine in percentage terms (Table 3).

Table 3. Production of certain types of cereals in Ukraine in 2016-2018, thousand tonnes

Cereals	2016	2017	2018	Growth, 2018/2016, %
buckwheat	59.7	54.5	63.4	6.1
corn	48.9	52.6	50.6	3.4
millet	16.9	18.2	11.8	-30.1
oat	5.1	5.5	14.1	176.4
rice	16.3	11.4	18.7	14.7
barley	9.5	15.9	13.2	38.9

Source: [8]

Conventionally, buckwheat grains are the leaders in terms of production volume. In 2016, Ukraine became one of the three largest buckwheat producers in the world, after Russia and Kazakhstan. A small part of this cereal (about 1%) is exported, mainly organic buckwheat. The rest is consumed on the internal market, but there is not enough to meet its demand, and the deficit in recent years has been covered by imported buckwheat mainly from Russia and Kazakhstan. Therewith, the acreage under buckwheat annually decreased from 570 thousand hectares in 2000 to 100 thousand hectares in 2018 [11], which is 42.6% less than in 2017 [12].

High production volumes of corn grains are mainly conditioned upon external demand since in Ukraine they are not particularly popular among consumers. Mostly, Ukrainian producers supply these cereals to Egypt and Israel. The EU market is also promising, but nowadays, the conditions of quotas are an obstacle to a significant increase in corn grains exports. The quota for corn and corn cereal is the same and is chosen by ordinary corn literally in the first days of the new year. In general, the potential for increasing the supply of Ukrainian corn grains is high, given the presence of a considerable raw material base. The interest of foreign capital in further development of corn processing facilities is evidenced, for example, by the construction of a plant in the village of Demkivka, Trostianets district, Vinnytsia region, which was started in 2019 by Dacsa Bunge (the American company Bunge and the Spanish Dacsa group of companies). The planned investment volume is 14 million USD. The new enterprise will be engaged in processing special varieties of corn into cereals and flour. The design capacity is 300 tonnes per day and 100 thousand tonnes per year. About 80% of finished products will be sold for export [13].

A considerable increase in the supply of rice in the medium term is unlikely, given the specific features of its cultivation. Nowadays, in Ukraine, there are a small number of fields suitable for its cultivation, and their development requires considerable investment in the arrangement of irrigation systems. Currently, rice farming is carried out only in the Odesa and Kherson regions, and this covers the needs of the internal market by only a third, which causes dependence on imported rice. The main factors of internal demand for cereals are the level of income and the level of prices for products. If the purchasing power of the population decreases, consumers will switch from meat, fish, and potatoes to cereals. Analysing the dynamics of the physical volume of retail trade enterprises turnover in dynamics, mainly an increase in the volume of grain consumption in physical terms can be observed, with the exception of 2015 (Table 4).

Table 4. Sales of cereals by retail enterprises of Ukraine

Indicator	2014	2015	2016	2017	2018
Physical volume indices, in % before the previous year; in compared prices	112.5	81.1	101.4	122.9	124.6
Sales volumes, mln UAH	2461	3359	3645	4134.6	4650.3
Share of cereals sales produced on the territory of Ukraine, %	91.1	92.2	92.6	92.6	92.1

Source: compiled according to the Office for national statistics of Ukraine [14]

The growth of sales volumes in monetary terms in percentage increases significantly outstrips the indices of physical volume, which is mainly conditioned upon an increase in selling prices, that is, the inflationary component. The specific features of the Ukrainian market are also a sharp fluctuation in selling prices for cereals in response to sudden and sharp crisis phenomena in the economy. In conditions of a shortage of goods or a sharp deterioration in the financial situation of the population, the purchase of all types of cereals and groceries is activated, which allows market operators to raise prices for them, as happened in 2010 and 2014 when there was a huge demand for buckwheat grains [14].

Table 5. Dynamics of retail selling prices for individual cereals on average in Ukraine, UAH/kg

Cereals	30.12.2015	30.05.2015	30.12.2016	30.05.2017	30.12.2017	30.05.2018	30.12.2018	30.05.2019
Buckwheat	24.84	34.14	28.37	26.78	18.06	18.46	17.1	17.06
Rice	17.07	15.55	16.31	17.67	19.92	21.55	21.53	21.49
Millet	7.42	8.65	8.92	9.7	16.28	18.71	24.67	37.21

Source: compiled according to the Office for national statistics of Ukraine [14]

The share of sales of cereals produced in Ukraine remains consistently high – more than 90%. Both exports and imports of cereals are characterised by small volumes [14]. The reason is that raw materials are usually imported and exported to the country, after which they are processed into cereals by local producers. In the structure of foreign trade, there is a predominance of imports over exports, which is caused by the quality and price advantages of foreign cereals over Ukrainian ones, as well as insufficient provision for their own consumption of Ukrainian cereals.

The dynamics of grain imports to Ukraine has its own specific features. The Ukrainian manufacturer performs import deliveries seasonally – usually from January to April. In other months, the volume of cereals is most often insignificant or absent altogether. There is also a significant fluctuation in the total volume of goods. In 2018, Ukraine imported cereals with a total volume of 133.9 tonnes, which is 168% more than in 2017. The largest import of cereals in 2018 was observed in February [15].

The insignificant volumes of cereals that Ukraine supplies to the foreign market are explained by their low quality, as well as the specific features of consumption in some countries. The main external buyers of Ukrainian cereals in 2018 were: the Netherlands – 19.5%, Poland – 15.5%, Lithuania – 11.7%, and Slovenia – 11.3%. The largest companies-exporters of cereal products were: LLC "Interlink", which has 20.5% of the sales market, LLC "Skvirskyi grain processing factory" – 20.4% of the market [16].

The results of the analysis of the state of raw materials and production sectors cereal market development indicate that the production volumes of the main cereals (with the exception of rice and oatmeal) do not have a clearly directed trend, are characterised by a wave-like variation, and depend mainly on three factors: 1) the availability of raw material supply and its quality; 2) the demand for finished products both in the internal market and from the importing countries of Ukrainian products; 3) retrospective profitability of sales of alternative crops. Accordingly, the economic problems of the cereal market development are generated in the plane of these factors (Fig. 1) [17].

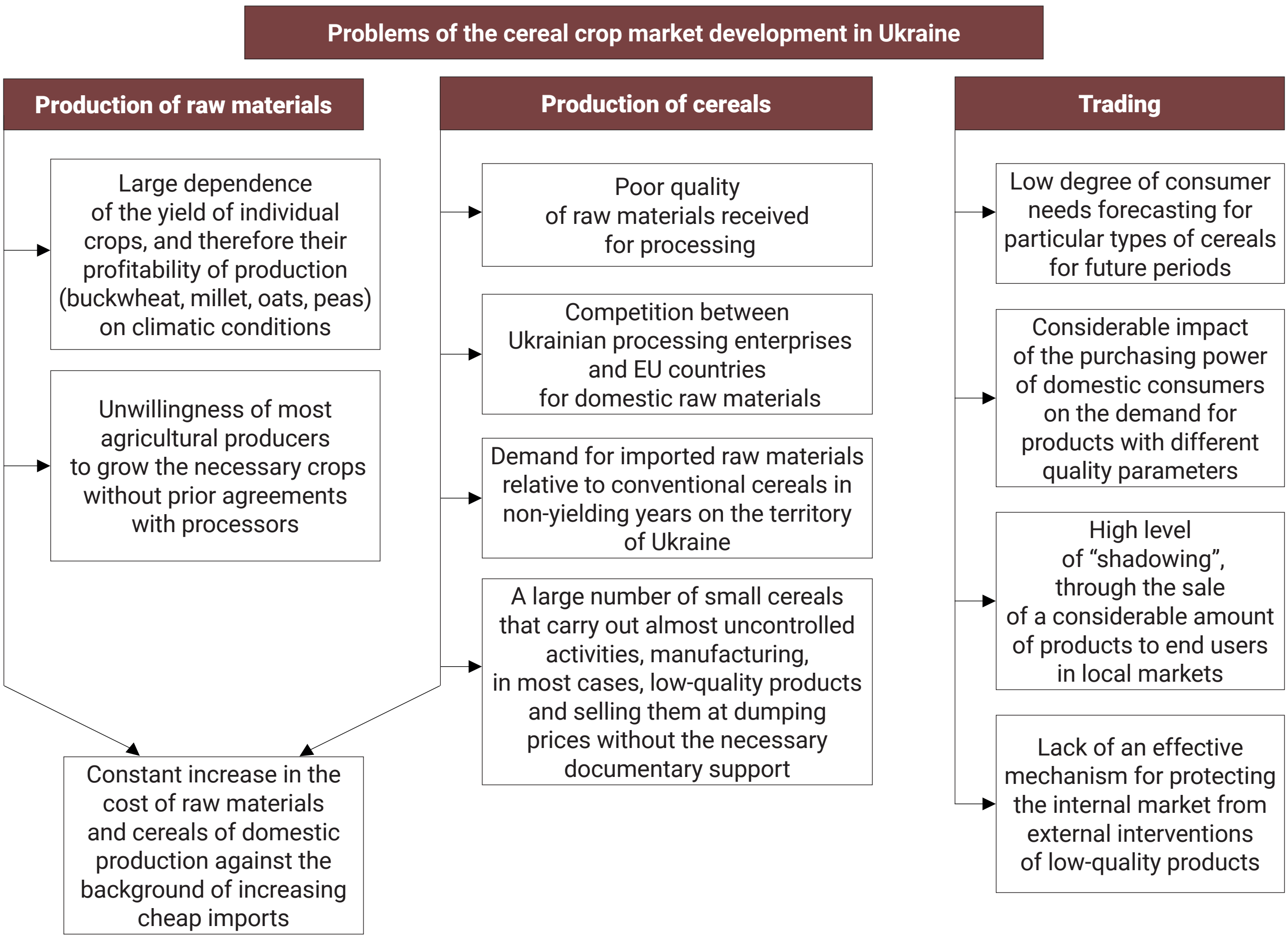

Figure 1. Problems of the cereal crop market development in Ukraine

Source: compiled according to the data [17]

Despite these problems, experts believe that the country has potential opportunities to enter the EU market of Ukrainian cereals rich in boltings and fibre, which is the basis of a healthy diet. This prospect opens the way for investment in Ukrainian processing enterprises.

Ukrainian marketing analysts have described 10 future trends in the development of the cereal market [18-22]:

1. Prospects for the market of cereals and cereal products in developed countries of the world show its growth with increasing incomes of the population.
2. The growth of the market is due to an increase in the consumption of high-quality cereals, ready-made breakfast cereals, muesli, etc. And also due to the transition to instant cereals.
3. During the crisis, there is a reduction in all segments and a slight increase in demand for low-cost cereals. As an alternative food group, there is a growing demand for flour, pasta, and potatoes.
4. For the development of the packaged cereal market, the worst thing is the instability of the manufacturer's quality.
5. To lead the market, the manufacturers need to become not processors but operators in the distribution field, earn additional value at the expense of the brand.
6. The consumption of various cereals is increasing due to the fashion for a healthy lifestyle.
7. The Ukrainian cereal market will consist almost entirely of Ukrainian-made products.
8. An important role is played by the yield of certain crops. At its low level, the price of the product increases, which leads to its replacement in the diet with another cereal crop.
9. Given the favourable situation on the commodity market, the fundamental changes in packaged cereals should not be expected. For grain producers, the main purposes will remain the purchase of raw materials and the sale of the product in retail chains. Among cereals, the main leaders on the shelves will remain Ukrainian buckwheat and imported rice.
10. In the future, the market for packaged cereals with high added value will grow, which require additional processing – these are instant cereals, packaged cereal side dishes. The high price of such products leads to partial demand for them, so a sharp jump in this segment should not be expected.

Conclusions

The conditions for the development of internal and external demand for Ukrainian cereal products are mainly favourable for increasing its production volumes. The main obstacles to the expansion of exports of Ukrainian products are the low quality of a large part of raw materials and outdated processing technologies that do not allow the production of cereals that meet European standards. However, organic cereal producers are gradually increasing sales volumes in the EU and North American markets. Expansion of sales volumes in the internal market can be achieved with a comprehensive application of non-tariff restrictions that do not contradict agreements within the WTO. This makes it necessary for further research to study the experience of developed countries in curbing low-quality imports of cereals at dumping prices.

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Тенденції та перспективи розвитку ринку круп'яних виробів в Україні

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Анотація. Розвиток переробки аграрної продукції, зокрема круп'яної, підвищення її якісних характеристик сприятимуть зростанню зайнятості в сільській місцевості, задоволенню внутрішнього і зовнішнього попиту, зростанню валютних надходжень у державу і доходів товаровиробників. Метою статті є оцінка перспектив розвитку ринку круп'яних виробів в Україні з урахуванням тенденцій змін у попиті й пропозиції. Методичною основою дослідження стали системний та діалектичний підходи та застосування методів синтезу та аналізу під час визначення закономірностей та особливостей ринку круп'яних виробів в Україні. У статті проаналізовано динаміку та структуру виробництва круп, визначено проблеми нарощування пропозиції їх основних видів. Розглянуті чинники внутрішнього і зовнішнього попиту на українські крупи та майбутні тенденції розвитку ринку круп'яної продукції. У результаті, доведено, що обсяги виробництва основних круп напряму залежать від наявності пропозиції сировини та її якості, попиту на готову продукцію як на внутрішньому ринку, так і з боку країн-імпортерів української продукції, а також ретроспективної рентабельності продажу альтернативних культур. Розширення обсягів реалізації української круп'яної продукції на внутрішньому ринку можливо досягти за комплексного використання нетарифних обмежень, що не суперечать угодам у межах СОТ. Наукова новизна дослідження полягає в систематизації чинників формування попиту і пропозиції круп'яної продукції та аналізі їх впливу на ринкову кон'юнктуру. Практичне значення дослідження полягає у визначені основних напрямів, у межах яких генеруються проблеми подальшого розвитку круп'яної галузі, що створює підґрунтя для розробки заходів для мінімізації їх негативного впливу

Ключові слова: круп'яна продукція, виробництво круп, ринок круп, переробні підприємства, зерновиробництво

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System Approach to Analysing the Essence of Migration Processes

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Abstract. The growth of professional qualification and educational level with the accumulation of work experience requires a deep understanding and research of the cause-and-effect relationships of labour migration, a deep scientific analysis of current trends, identification of advantages and potential threats to the country, and the development of a developed national labour migration policy. The purpose of the paper is a theoretical analysis of the essence of migration processes as a complex system of social order. The paper uses system and theoretical methods. It was determined that the research of labour migration processes, with a few exceptions, is at an initial stage: many methodological and organisational aspects of their regulation are not properly disclosed, they lack a deep scientific understanding of the essence of migration processes as a complex socio-economic phenomenon. The paper attempts to identify the epistemological nature and essence of the migration process as a complex system of social order. Special attention is paid to the analysis of its system-forming components, which are in causal relationships and ensure its integrity, which is important for the development of an organisational and economic mechanism for regulating labour migration processes. During the study, it was established that the migration process as a complex system includes a number of interrelated stages – migration environment, migration situation, migration behaviour, migration movement, that is, mobility and adaptation of labour migrants. The paper focuses on the analysis of the initial, basic stage of the migration process – the migration environment, which determines the migration situation, under the influence of which migration behaviour is formed, and then migration mobility and the intensity of labour movements. Such an understanding of the essence of migration processes is important for the practice of regulating migration processes and the development of an organisational and economic mechanism for regulating labour movements. The analysis of each of the selected stages allows ensuring systematic and comprehensive management of labour migration processes, to increase the effectiveness of the national migration policy

Keywords: migration process, stages of the migration process, mechanism, regulation

The Problem Statement

The independence of Ukraine and its desire to integrate into the European economic space are accompanied by a large-scale migration of the economically active population, the supporting structure of which is formed by Interstate labour migration. The range of expert assessments of its scale ranges from 3 million up to 7 million people [1].

Socio-economic instability, inconsistency, and errors in the implementation of market reforms, inefficiency and functional incompleteness of the transformation of basic institutions, corruption, the presence of considerable barriers to doing business, the depreciation of human labour, and therefore the decline in the standard of living of a considerable part of the population are the reasons that make the working-age population look for independent forms of adaptation to the new socio-economic reality. As life shows, the most understandable of them was labour migration, which became one-sided.

Analysis of Recent Research and Publications

The intensification and scale of labour migration processes have considerably activated research, which is an empirical basis for substantiating and implementing labour migration policy, forming effective mechanisms for its regulation. Ukrainian scientists-demographers M.I. Dolishnii [2], F.D. Zastavnyi [3], E.M. Libanova [4; 5], A. Kovalchuk [6], O. Palagniuk [7], U.Ya. Sadova [8], O. Homra [9], M.M. Bil [10] et al have made

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a considerable contribution to their development. The research of regional migration policy has received a considerable impetus, which deals with the development of regional migration systems, regulation of labour migration processes in cross-border regions, substantiation of the role of migration in the harmonisation of socio-economic development of ethnic territorial social systems, etc. [8; 9; 11-14].

Due to the latest developments, the theoretical aspects of the essence of the migration phenomenon, the genesis of the development of its forms and types, factors that determine the spatial movement of the population have been studied, which on the one hand has expanded the boundaries of knowledge of the phenomenon under study, and on the other – the development of government programmes in which rotating, circular migration acquires significant weight [15; 16]. Therewith, the complexity and scale of the process of labour migration, the multiplicity of its forms, the emergence of new phenomena in the conditions of openness of the national economy determine the need to form a state strategy for regulating migration processes to "slow down the rate of depopulation, maintain the number and structure of the population at a level that provides support for the economic development of the territory in all regions of the state while maintaining the existing mentality of the Ukrainian population" [17].

Purpose of the Study

The purpose of the paper is a theoretical analysis of the essence of migration processes as a complex system of social order.

Research Results

The development of effective mechanisms for regulating labour migration processes at any hierarchical level of management requires first of all the implementation of a scientific analysis of research object, clarification of its epistemological nature, identification of internal and external relations, complementary functional subsystems, the interaction of which ensures the implementation of the intended purposes and objectives. Such a statement of the problem primarily requires clarifying the essence of the conceptual and terminological apparatus of the object of research, in a particular case, this refers to a key conceptual pair – the "migration process".

The activation of research in the field of labour migration issues, which is now characteristic of economic science, contributes to the study of the essence of the category "migration process" from the standpoint of system analysis, which is extremely important for integral systems and practices of regulating migration flows. In the scientific literature, there are practically no serious differences in the interpretation of the content load of the essence of "migration" definition. In a large part of research, "migration" (lat. *migratio*) means the relocation of an individual or group of people, aimed at mastering the resources of new territories and associated with a change of place of residence [8; 10]. This statement is abstracted from pendulum migration since this type of migration, as a rule, is not accompanied by a change of place of residence.

H. Orlova, L. Sytnyk understand migration as "a form of movement primarily of the working-age part of the population" [18]. However, according to O. Kychak, "migration" is caused by economic, political, and social reasons, sometimes military events, permanent or temporary relocation of people across existing state borders [19]. This definition most likely explains the reasons, rather than the essential features of the concept under study and its internal motivational component, and not all forms of migration end with the departure of the population abroad.

In the research of the modernity, labour migration is interpreted as one of the determining factors that characterises the development of social and labour relations, forms the situation on regional labour markets, the sphere of employment, the level of well-being, the structure of consumption, and the modes of reproduction of the population [9; 13]. Some authors understand migration as a complex social process associated with changes in the ethnosocial and labour mobility of the population, as well as with changes in the economic structure of the economic system, in the placement of the main factors of production [10].

The authors can give a number of other definitions of the essence of labour migration, each of which covers certain elements and features of it, which allows clarifying the essential features and nature of labour mobility of the population in the market environment. When analysing the essence of migration processes, the needs and interests of a person are determined by the search for an optimal place of work and the scope of application of labour for the purpose of self-fulfilment and self-development in labour. Recognition of needs and interests as a driving force of spatial movement of the population is determined by human behaviour, which is subject to fundamental principles – maximising utility, that is, obtaining the best effect from the use of one's own labour. This interpretation of the essence of migration movement is based on the understanding of a person as the highest value of society. Therewith, such processes as the social division of labour, the placement of production, its technical equipment, labour incentives, and the availability of industrial and social infrastructure can only slow down or intensify labour mobility. In fact, these processes, depending on the depth of development of social division, the dynamics of the placement of productive forces, the level of technical equipment of production, functionally expand the boundaries of a person's choice of the field of labour application and are a means of achieving the immediate purpose – the fulfilment of human needs and interests in the field of labour. Hence, it is quite logical to conclude that in a competitive environment, the dynamism of the development of productive forces is the main incentive for labour mobility, which is realised in various forms of labour movement.

In the context of internationalisation of economic relations, openness of national labour markets, and the development of an innovative and competitive model of the economy, labour migration has significantly intensified as a permanent process (lat. *processus* – displacement), characterised by dynamic changes – waves, duration, pace, scale. The variability and dynamism of territorial labour movements is characterised not only by the scale of migration and regularity but also by their duration, that is, it takes place over time, which objectively requires its consideration in the analysis of migration processes [14]. Including the time factor is important for two main reasons. Firstly, the time factor underlies the typology of forms of labour migration – seasonal, temporary, constant (astronomical time). Periodisation of labour migration flows in a chronological context and isolation of migration waves reflect historical time. Changes in the social structure of migrant workers, their professional and qualification characteristics, and the development of a work culture reflect social time. Types of labour activity, efficiency and productivity of labour, innovative attitude, competitiveness are reflected in economic time. Secondly, the time factor is extremely important for analysing the speed and dynamics of migration processes, the scale of the population included in the migration orbit, assessing the likely threats and benefits, the impact on the demographic situation, the economic and settlement structure of donor and recipient countries [14].

Thus, the time factor, on the one hand, is a specific meter, indicator of the level of labour mobility, dynamics, and pace of labour movements occurring over time, and on the other – a tool for analysing the social and economic consequences caused by migration movement for labour migrants themselves, as direct subjects of labour relations and the country in general. Therewith, such an analysis can be carried out in different time lags – astronomical, historical, social, and economic time dimensions, which is important for the development of state labour migration policy and the development of a mechanism for regulating labour flows. According to the authors of this study, the migration process is a complex structured system of social order associated with the movement of the economically active population in space and time, determined by their needs and interests, to fulfil the labour potential in the main sphere of human life – labour.

Theoretical analysis of the essence of the migration process as a complex system of social order, characterised by integral qualities, requires, first of all, the analysis of its system-forming components, that is, functional subsystems, the interaction of which ensures its functioning as an integral phenomenon. Such a statement of the problem is important for conducting empirical research, and based on this, the development of national migration policy and a mechanism for regulating labour migration processes. The analysis of modern research on labour migration issues shows that such an objective can be successfully implemented from the standpoint of system theory, in particular, the concept of territorial migration systems. Based on the existing scientific developments, the subject of research of which is migration processes [5; 7; 10], logical and other methods allow analysing and identifying the components of the migration process, that is, the stages at each of which certain functions are implemented, their interaction, the integrity of the object under study is ensured, and a methodological base is created for regulating migration flows (Fig. 1).

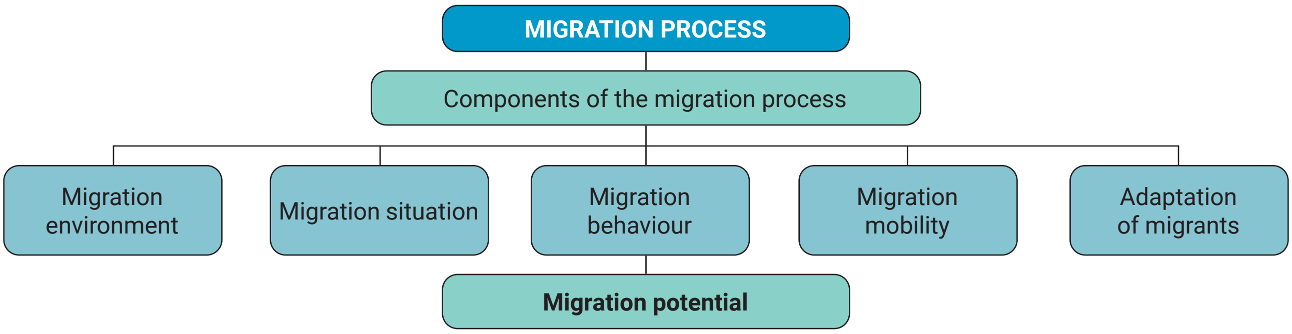

Figure 1. System model of the migration process

Source: developed based on analysis [10]

The initial stage of the migration process is the development of the migration environment as an objective prerequisite for the emergence of a migration situation, which is understood as a set of migration activity and behaviour of its carriers [10]. Sharing this opinion in general, the authors emphasise that the migration situation cannot form or arise without the presence of an appropriate environment, that is, conditions that are determined by a complex of interrelated factors of an economic, social, environmental, and political nature. This is superimposed on the ethno-cultural component, traditions of previous generations, formed value orientations in the sphere of work, mentality, target attitudes, etc. Together, their action creates an environment that produces a migration situation, the nature of which determines migration behaviour, the mood of the population for migration, which can be characterised by different levels of migration activity. The migration environment, migration situation, and migration behaviour of the population are an integral part of the migration process, which are causally related to each other.

Highlighting the migration environment as a basic element in the migration process, it should be noted that it is influenced by external and internal factors [10]. The task was not set to detail the effect of external factors since they are well known. As for internal, today the priority role is given to economic ones. Incomplete market reforms, weak functioning of fundamental market institutions, lack of effective mechanisms to support entrepreneurship, depreciation of human labour, deep differentiation in incomes of the population, which provoked large-scale poverty [20], especially among the rural population, which is the core of labour migrants – are the reasons that generate conditions for the intensification of labour migration flows. Under their influence, an unfavourable migration situation with a high migration mood is formed for Ukraine. In fact, this is the reaction of the population, that is, "voting with feet" to the socio-economic situation and the state of social and labour relations in the country.

The permanent crisis in Ukraine, which is accompanied by deep deformations in the sphere of social and labour relations, narrows opportunities and acts as a brake on a considerable part of the economically active population in terms of realising their own labour potential. This leads to the logical conclusion that labour migration of the population is an absolutely justified means of self-fulfilment in the sphere of labour activity. This means the desire and motivation of many potential migrants to have high qualifications, which is required by the labour market of the recipient countries. Obviously, this explains the tendency to increase the share of migrant workers with high professional and qualification characteristics. This is confirmed by studies conducted with the assistance of the International Organisation for Migration (IOM) and the Ministry of foreign affairs of the Kingdom of Norway in 2019 on migration and human trafficking: Ukraine, Moldova, Belarus, Georgia, which showed that almost every fourth migrant was engaged in jobs that require high qualifications [21].

The real processes that are currently taking place in the field of interstate labour migration allow predicting that this trend will not only continue but will also increase due to the liberalisation of labour legislation in the European Union countries and the removal of many barriers to attracting foreign labour. This is confirmed by the current migration policy of Germany, which introduces effective mechanisms for attracting foreign labour migrants. A similar policy is implemented by the governments of the Czech Republic, Slovakia, and Poland, which annually increase quotas for Ukrainian labour migrants [22]. Consequently, the migration corridors of Ukraine-Poland, Ukraine-Germany, and Ukraine-Czech Republic are being formed.

Admittedly, the effectiveness of their migration policy will be determined by measures related to the adaptation of migrants, in the arsenal of which, in addition to economic tools, an important role will be played by levers aimed at developing the quality parameters of migrants' lives – living conditions, medical care, insurance, that is, providing social guarantees, which creates conditions for turning migration into an irrevocable form. This situation creates real risks for reducing the size of the economically active population, deforms its gender and age structure, and leads to large losses in the country's demographic potential. Accordingly, this situation requires improving the efficiency of managing labour migration processes at all hierarchical levels of management. The solvation of this problem requires the development of an organisational and economic mechanism for regulating labour movements as an important component of the national migration policy. Building such a mechanism based on the principles of consistency will provide an integrated approach to management and will allow influencing all stages of the migration process. This is a very important methodological position since at each of these stages, a system of social and labour relations inherent in it is formed and certain functions are implemented. Therewith, all stages of the migration process are combined with each other and form a complete process. Therefore, effective regulation cannot be achieved if any stage of the migration process is underestimated.

Theoretical analysis of the essence of the migration process indicates that it is a complex system of social order with many internal and external connections, the component structure of which is formed by five functional stages – environmental, situational, motivational-behavioural, mobile, and adaptive, each of which implements certain functions. Their unity makes migration processes of a holistic nature, and like any complex system, it requires the development of effective regulatory mechanisms, in the structure of which the key role belongs to the tools of macroeconomic influence on the economic situation and social and labour relations in the country.

Conclusions

The analysis of the epistemological nature of migration processes indicates that this is a complex system of social order, which includes a number of interrelated stages, the functioning of which ensures the integrity of the object under study and requires the development of effective mechanisms for regulating labour migration flows at different levels of management. The development of a mechanism for regulating labour migration processes contributes to improving the effectiveness of national migration policy measures in the context of the openness of the national labour market. It is quite obvious that if the economy has an unfavourable situation for self-fulfilment in the sphere of labour, then on the one hand, migration activity of the population is increasing, and on the other hand, this is a serious signal for the government, which forms a strategy for economic reforms and the need to make serious adjustments for their implementation. If the profession acquired by a person is not in demand in the labour market, then this is a message for educational institutions about the need to bring the personnel training system to the real needs of the labour market. The lack of proper attention to the problems of balancing labour supply and demand creates conditions for unemployment and potential migration. The processes of labour migration require the development of effective regulatory mechanisms, the operation of which should cover all stages of the migration process and ensure consistency.

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Системний підхід до аналізу сутності міграційних процесів

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Анотація. Зростання професійно-кваліфікаційного та освітнього рівня із накопиченням досвіду роботи вимагає глибокого осмислення та дослідження причинно-наслідкових зв’язків трудової міграції, глибокого наукового аналізу сучасних тенденцій, виявлення переваг та потенційних загроз для країни, формування розвиненої державної трудоміграційної політики. Метою статті є теоретичний аналіз сутності міграційних процесів як складної системи соціального порядку. У статті використано системний і теоретичний методи. Було визначено, що дослідження трудоміграційних процесів, за незначним винятком, знаходяться на початковій стадії: багато методичних та організаційних аспектів їх регулювання належним чином нерозкриті, їм бракує глибокого наукового розуміння сутності міграційних процесів як складного соціально-економічного явища. У статті зроблено спробу розкрити гносеологічну природу та сутність міграційного процесу як складної системи соціального порядку. Особлива увага приділена аналізу його системоформуючих складових, що перебувають між собою у причинно-наслідкових зв’язках і забезпечують його цілісність, що має важливе значення для формування організаційно-економічного механізму регулювання трудоміграційними процесами. Під час дослідження з’ясовано, що міграційний процес як складна система включає низку взаємопов’язаних між собою стадій – міграційне середовище, міграційну ситуацію, міграційну поведінку, міграційний рух, тобто мобільність та адаптацію трудових мігрантів. У статті особливий акцент зроблено на аналізі вихідної, базової стадії міграційного процесу – міграційному середовищі, що детермінує міграційну ситуацію, під впливом якої формується міграційна поведінка, а відтак міграційна мобільність та інтенсивність трудових переміщень. Таке розуміння сутності міграційних процесів має важливе значення для практики регулювання міграційних процесів та формування організаційно-економічного механізму регулювання трудовими переміщеннями. Аналіз кожної із виокремлених стадій дає можливість забезпечити системність і комплексність управління трудоміграційними процесами, підвищити ефективність державної міграційної політики

Ключові слова: міграційний процес, стадії міграційного процесу, механізм, регулювання

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Trade Restrictions in the Context of Foreign Trade Liberalisation

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Abstract. The relevance of the article is determined by the study of scientific works on the impact of the foreign trade component on economic growth, since as of now the idea of the positive impact of foreign trade and its liberalisation on economic growth prevails. At the same time, discussions on trends in the liberalisation of foreign trade are part of the problem, which is the contradictory impact on the economic development of the free cross-border movement of goods, capital, and labor. The aim of the article is to study trade restrictions in the context of foreign trade liberalisation. Achieving this goal is based on methods of analysis and synthesis, induction and deduction, that are grounded on an integrated approach. It is noted that at a high level of economic development, economic liberalisation allows increasing the benefits of foreign trade, but the issues related to the opening of domestic markets in the countries of economic periphery remain controversial. The article considers the essence and classification of foreign trade restrictions. The views of scholars of the leading economic schools on the relationship between trade liberalisation and economic growth are characterised. It is determined that the main trends in the liberalisation of foreign trade are: expanding the scope of regulatory measures by both national governments and global trade institutions; coordination and intensification of international cooperation in the areas of multilateral liberalisation of foreign trade; the growth of non-tariff restrictions on the way of the international trade development. The results of the study allow deepening the understanding of the peculiarities of ensuring national economic interests in the conditions of dynamisation of foreign trade

Keywords: trade restrictions, national economic interests, import regulation, tariff and non-tariff restrictions, foreign trade liberalisation

The Problem Statement

In the process of expanding and diversifying trade restrictions, there is an urgent need to apply such assessing methods that would allow us to assess the efficacy of measures to regulate the import of goods. At the same time, it is extremely difficult to identify in quantitative terms the gains or losses from the introduction of protectionist measures for the country's economy in practice, since the existing calculation models give only approximate results, and the desire to develop an effective universal method for such a comprehensive assessment remains an incentive to develop these directions of research.

To assess the efficiency of import regulation, it is necessary to consider the targeted use of imports in the country's economy, the level of its manufacturability, and the possibility of increasing its export potential based on the use of imports of intermediate goods.

Analysis of Recent Research and Publications

An important methodological basis for the study of the process of regulating foreign trade is represented by the fundamental works of J. Anderson and P. Neary [1], D. Dollar and A. Kraay [2], R. Feenstra [3], J. Sachs and A. Warner [4], etc., which researched the relationship of economic openness in the context of the impact on economic growth. In particular, the ambiguous and contradictory consequences of foreign trade liberalisation are analysed in the works of D. Trefler [5], R. Baldwin [6], E. Leamer [7], A. Kidegaard and P. Williams [8] and others. However, the issues concerning the methodology of trade restriction estimation in the context of foreign trade liberalisation requires the further research.

Setting the Objectives

Therefore, the purpose of the article is to explore trade restriction in the context of foreign trade liberalisation. Achieving this

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goal is based on methods of analysis and synthesis, induction and deduction, that are grounded on an integrated approach.

Results and Discussion

According to Western economists, the state receives a certain income from the introduction of tariffs, but the consumers' losses expressed in foreign currency exceed the total gain of producers and import fees received by the state treasury. The foreign economic literature is dominated by mixed opinions regarding the customs barriers, the efficacy, and the efficiency of customs protectionism. Some authors, considering the evolution of customs policy in the 1950-1990s of the XX century, come to the conclusion about the decline of customs protectionism. Others believe that customs continue to effectively fulfill its economic, trade, and political role. At the same time, it should be noted that a decrease in the arithmetic average rate of the customs tariff in practice does not mean that the degree of protectionist protection of the domestic market decreased in similar proportions.

Table 1 shows the classification of assessment methods and indicators of trade restrictions by the criteria for assessing the trade regime (average-weighted, arithmetic mean customs tariff rate, frequency and coverage index of non-tariff regulation, tariff equivalent); the efficacy of trade restrictions (equivalent and effective customs tariff rates, customs duty collection ratio, method of benefit and loss analysis, the method of export estimates); assessment of the impact of trade restrictions on the development of the Ukrainian market. The insufficient elaboration of the indicators of trade restrictions has led to the need to highlight indicators that would consider the tools of tariff and non-tariff regulation, in particular, the index of limited trade to assess the trade regime; volume index and import deflator index – to analyse the efficacy of trade restrictions; models of imperfect and perfect substitutes and simulation models – to identify the impact of trade restrictions on the development of the Ukrainian market.

Table 1. Assessment methods and indicators of trade restrictions

Assessment methods	Tariff restrictions	Non-tariff restrictions	Complex indicators
Assessment of trade regime	The weighted average rate of the customs tariff	Frequency index and import coverage index for non-tariff restrictions	Trade restrictive index
	The coefficient of the arithmetic mean rate of customs tariff	Tariff equivalent (that can be represented through a tariff equivalent)	–
Assessment of the efficacy of trade restrictions	The coefficient of the equivalent and effective rate of customs tariff	Method of analysing the benefits and losses	Import physical volume index
	Import duty rate	Method of expert assessments	Import deflator index
Assessment of the impact of trade restrictions on the development of the internal market	Simulation models: the extent of public welfare losses; Gravity model		
	Import substitution models: Model of imperfect substitutes; Model of perfect substitutes		

Source: developed by the author

The calculation of the weighted average and arithmetic mean rate of customs tariff is the most common method of estimating tariff restrictions. They are complementary and collectively provide a broader picture of the nature of customs policy, and their comparison may be informative in determining the general characteristics of import duties [2].

The significant excess of the arithmetic mean rate of the customs tariff over the weighted average shows that for certain commodity items, the receipts of which are subject to regulation by means of customs duties, the volume of imports has significantly decreased, which, in turn, allows formulating conclusions [9-11]: the customs tariff rates on commodity items, whose share in national consumption in terms of quantity and value are significant, were prohibitive, which led to a significant decrease in imports due to the redistribution of resources in favor of those economic activities that produce import substitution, or was triggered by a legal import into the shadow; the commodity items, which are subject to customs duties on importation, are characterised by a sufficiently high coefficient of elasticity of substitution, and consequently, the demand response to the increase in prices for imported goods may lead to switching to consumption of goods of Ukrainian production; the vast majority of import flows of goods are carried out within the framework of preferential agreements.

In this case, the customs tariff performs a protectionist function and the main focus is on the implementation of an import-substituting model of economic growth inside the country. Instead, a significant excess of the weighted average rate over the arithmetic mean indicates the following: customs tariff rates on commodity items, whose share in national consumption in terms of quantity and value are significant, can be characterised as high, but the factors of internal economic development do not allow the development of import substitution production; the commodity items, which are subject to customs duties on imports have a coefficient of elasticity of substitution in the interval (0, 1), in particular critical imports, and therefore, despite the increase in prices for imported products, demand for it is not reduced or is not reduced proportionally.

In this case, the customs tariff is mainly a fiscal function and an instrument for filling the country's budget. However, the conclusions based on the analysis of exclusively the arithmetic and weighted average customs tariff rates are somewhat conditional and do not allow considering the strengthening of the national currency compared to major currencies of imports. The calculation of the recovery rate of the import duty allows assessing the fiscal efficiency of the customs tariff and deepen the validity of the efficacy of import regulation instruments. A comparative analysis of the weighted average customs tariff rate and the recovery rate of the import duty allows determining the degree of receipt of customs payments to the budget in accordance with the commodity structure of imports and the structure of customs tariff.

A detailed study of the impact mechanism of duties on prices and the competitiveness of goods leads to another conclusion, namely, the effectiveness of tariff protectionism is determined not only by the nominal value. A comparison of the structure of the customs tariff, the dynamics, and structure of Ukrainian production and the commodity structure of imports allows concluding that the degree of protection of the finished product is directly dependent on the level of duties on components and parts imported for the purpose of its production to a greater extent than on the taxation level of the finished product [12].

An analysis of customs tariffs from the perspective of effective protectionism indicates that the customs taxation of goods at different stages of processing is interconnected (tariff escalation). A reliable assessment of the level of tariff protection of goods with a high degree of processing should consider duties on raw materials, semifinished products, and other components of these goods. Such an approach to the analysis of tariff protectionism answers the question of why the level of customs taxation in the tariffs of many countries grows as the degree of processing increases. Using the principle of escalation in international trade allows economically developed countries to consolidate the raw material orientation of developing countries and the least developed countries and restrain their development, helping to maintain the leadership.

The calculation of the effective level of protectionism began to acquire a practical application in tariff negotiations of different countries after the second half of the 1960s of the XX century. Countries that negotiated mutual tariff reductions began to pay attention not to a general linear reduction in duties on all goods, but only to those that did not reduce the amount of effective protectionism. This trend was noted by G. Gruela, who noted that, given the effective level of customs protectionism, a country that reduces duties on raw materials and semifinished products more than on the finished industrial products, can actually strengthen and not weaken its tariff during tariff negotiations protectionism. Consequently, the concept of effective tariff protection leads to a paradoxical at first glance conclusion, namely, that an increase in tariff protection of any industry can be achieved not only by increasing rates on final products but also by reducing duties on imported components for the production of goods.

Vertical integration is one of the main factors determining the level of tariffs that the state sets to protect Ukrainian industry. The work of A. Kildegard, P. Williams indicates that ceteris paribus, a high share of imports in the economy should reduce the level of vertical integration [8]. The probable reason for this is that the purchase of imported goods means a narrowing of the interaction between national producers: if intermediate products are purchased, this means that some Ukrainian companies do not use their own production of intermediate products for the manufacture of the final one. In theoretical and empirical studies on protectionism, economists seek to answer the question of why certain industries receive trade protection and why some industries receive protection more than others.

From the authors' standpoint, the government bodies, when deciding to establish a certain level of protective measures (tariff and non-tariff), use the following criteria: the influence of protectionism on the manufacturers targeted by protective measures; the impact of trade barriers on consumers of final products and the overall public well-being. The state's assessment of the impact of trade policy on manufacturers as a whole and on specific manufacturers in particular depends on the lobbying power possessed by particular interest groups. The tariff structure can also be the result of rent-oriented behavior that occurs when a third party deprives one of the participants of certain opportunities, turning a mutually beneficial transaction into an instrument of receiving rent by the other party. Thus, policy plays an important role in determining the size of tariff and non-tariff restrictions in international trade.

Among the main factors affecting the level of tariff protection are: at the sectoral level – elasticity of demand for imports at their own import price and at the price of national substitute products; at the country level, such characteristics of the ownership structure in the economy as vertical integration and income inequality. Early empirical work in the trade policy mainly explored the correlation between the level of tariff protection and the political and economic variables, which was supposed to be relevant to the definition of trade policy. The results of these studies indicate that trade policy is largely endogenous [6; 13; 14].

For most international economic organisations, the global economic crisis of 2007-2009 has become a significant catalyst for the process of adapting to the challenges of the new millennium. When analysing specific areas of the WTO's activities in a crisis, it is important to consider that it is endowed with limited capabilities of "contract enforcement" [15]. Unlike other leading international economic organisations, in particular the WB and the IMF, the WTO has neither financial resources nor the ability to directly influence financial flows. Consequently, it only states the fact of violation of trade practice and puts forward requirements for bringing the trade practice of the violating country by the current rules. If such pressure does not bring any result, then the WTO can only provide the injured party with the right to apply measures to compensate for the damage caused.

Conclusions

The methodology of state regulation of foreign trade activity should be based on the philosophy, principles, and instruments of modern macroeconomic regulation and forecasting, sectoral and regional indicative planning, and programmatic and targeted management. It provides both moderate protection by the state of national producers and promotion of their products to foreign markets, as well as the encouragement of these producers to increase their competitiveness, as well as the orientation of imported supplies for the development of the national economy and improving the quality of life of the population.

Formal and informal institutional rules, conditions, and restrictions should be formulated based on industrial and foreign trade policies, which serve as a tool for optimising the balance of measures to ensure openness of the economy and protectionist measures. This is a kind of compromise when trade not only seeks commercial profit but also helps to build confidence and allows you to maintain long-term and mutually beneficial trade relations between partners, as well as positive foreign relations between countries.

Thus, the analysis of the existing methods of assessing the efficacy of import regulation has shown that in order to accurately represent the status of tariff and non-tariff regulation, it is necessary to use the widest possible arsenal of available methods of assessing the trade regime, the efficacy of trade restrictions and their impact on the development of the domestic market. At the same time, when the estimation of tariff restrictions is carried out based on information published on state resources and in publications of international organisations, the statistics on the use of non-tariff restrictions are incomplete and therefore difficult to calculate and therefore have a relatively quantified dimension.

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Торговельні обмеження в контексті зовнішньоторговельної лібералізації

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Анотація. Актуальність статті полягає у дослідженні наукових розробок щодо впливу зовнішньоторговельної компоненти на економічне зростання, оскільки наразі домінує думка про позитивний вплив зовнішньої торгівлі та її лібералізації на економічне зростання. Водночас дискусії щодо тенденцій лібералізації зовнішньої торгівлі є частиною проблеми, що полягає у суперечливому впливі на економічний розвиток вільного транскордонного руху товарів, капіталу та праці. Метою статті є дослідження торговельного обмеження в контексті лібералізації зовнішньої торгівлі. Досягнення цієї мети базується на методах аналізу та синтезу, індукції та дедукції, заснованих на комплексному підході. Зазначено, що перебуваючи на високому рівні економічного розвитку, лібералізація економіки дозволяє збільшувати виграші від зовнішньої торгівлі, проте дискусійними залишаються питання, пов'язані з відкриттям внутрішніх ринків країн економічної периферії. У статті розглянуто сутність та класифікацію зовнішньоторговельних обмежень. Схарактеризовано погляди науковців провідних економічних шкіл щодо взаємозв'язку торговельної лібералізації та економічного зростання. Визначено, що основними тенденціями лібералізації зовнішньої торгівлі є: розширення масштабів застосування регулюючих заходів як з боку урядів національних держав, так і глобальних торговельних інституцій; координація та активізація міжнародної співпраці у напрямках багатосторонньої лібералізації зовнішньоторговельного обороту; зростання нетарифних обмежень на шляху розвитку міжнародної торгівлі. Результати дослідження дозволяють поглибити розуміння особливостей забезпечення національних економічних інтересів в умовах динамізації зовнішньої торгівлі

Ключові слова:торговельні обмеження, національні економічні інтереси, регулювання імпорту, тарифні та нетарифні обмеження, зовнішньоторговельна лібералізація

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The Current Situation and World Trends of Green Energy Development

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Abstract. The relevance of the paper lies in the development of "green energy" as an increase in the energy efficiency of the global economy of the country. The main drivers of new capacities are the disposal of old, less efficient fossil fuel units. Low natural gas prices and favourable renewable energy costs make natural gas and renewable energy sources the main sources of new generation capacity by 2050. The main purpose of the paper is to highlight the main problems of the Ukrainian electricity market, analyse the process of popularising green energy, highlight cases when switching to alternative sources is a profitable process in conditions of uncertainty and rising prices for conventional energy carriers. The paper uses general scientific and specific research methods, in particular, methods of analysis and synthesis, scientific deduction and induction. The paper analysed in detail the current state of energy in Ukraine, developed proposals for improving the regulation of alternative energy at the state level and for popularising green energy in Ukraine. It has been established that alternative energy sources can also be more profitable than conventional energy sources. Alternative energy and conventional energy carriers were comprehensively studied. In addition, favourable economic conditions have been identified for the construction of alternative energy facilities and the development of a "green" economy, which in the future will ensure the sustainable development of Ukraine

Keywords: electricity market, energy intensity of the economy, renewable energy, green tariff, energy efficiency

The Problem Statement

The rapid growth of world production in the second half of the 20th century led to an increase in demand for resources, an important place among which is occupied by primary energy. Primary energy consumption in the world is constantly growing, so in 2018, this figure was equal to 13864.9 million tonnes of oil equivalent, which is 3.7 times more than in 1965, when it was 3701.5 million tonnes [1]. Against the background of increasing primary energy consumption in the world, the trend towards a decrease in global energy consumption, that is, total energy consumption per unit of GDP, has been a positive trend over the past decades, which is evidence of an increase in the energy efficiency of the global economy.

Analysis of Recent Research and Publications

The problem of alternative energy in Ukraine was covered by such scientists as I.P. Gaidutskiy [2], M.H. Slokva, O.V. Pyankova [3], A.O. Kasich, Ya.O. Litvinenko, P.S. Melnichuk [4], I.V. Kremenovska [5], I.S. Sagaidak, T.M. Chorna, N.L. Avramenko [6], S. Savchuk [7]. In their works, special attention is focused on studying the prospects for using renewable energy sources.

Purpose of the Study

The main purpose of the paper is to highlight the main problems of the Ukrainian electricity market, analyse the process of popularising green energy, highlight cases when switching to alternative sources is a profitable process in conditions of uncertainty and rising prices for conventional energy carriers.

Research Results

Over a period of all years, Ukraine has been characterised by the lowest values of the energy efficiency indicator in the world, in 2018, the energy intensity of its economy was 0.238 kJ/$ 2015 GDP at purchasing power parity (PPP),

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which exceeds the global average by more than two times. China's energy intensity improved by almost 40% in the period from 2000 to 2018 and by 2.7% in 2019 due to the introduction of an energy efficiency policy focused on energy-intensive industries, which led to a high demand in the country for energy efficiency services [3].

Since July 1, 2019, a new liberal model of the electricity market has been launched, according to the Law of Ukraine "On the Electricity Market" adopted in 2017 [8]. The law deprives the state of the right to regulate the tariffs of electricity producers. However, it provides for self-regulation of the market through mechanisms of competition, supply, and demand. To benefit from the new rules of the game presented in the monopolistic market, Rinat Akhmetov's DTEK company was used, which abuses its monopoly representative, detects any prices in its electric power industry, using that there is no alternative for the buyer [9]. A. Gerus, in his work [9] investigated that DTEK in the only liquid and working market, the "day-ahead market", at certain hours created artificially electricity shortages, which is conditioned upon fact that everyone who could not buy electricity on the "day-ahead market" is given electricity at the price of the "balancing market", and this is another 15% more expensive.

Fuel and energy production in Ukraine is shown in Figure 1. It can be seen that since 2013, there has been a decrease in coal and peat production by almost 3 times, but wind and solar production has increased 2 times during this period (Fig. 1).

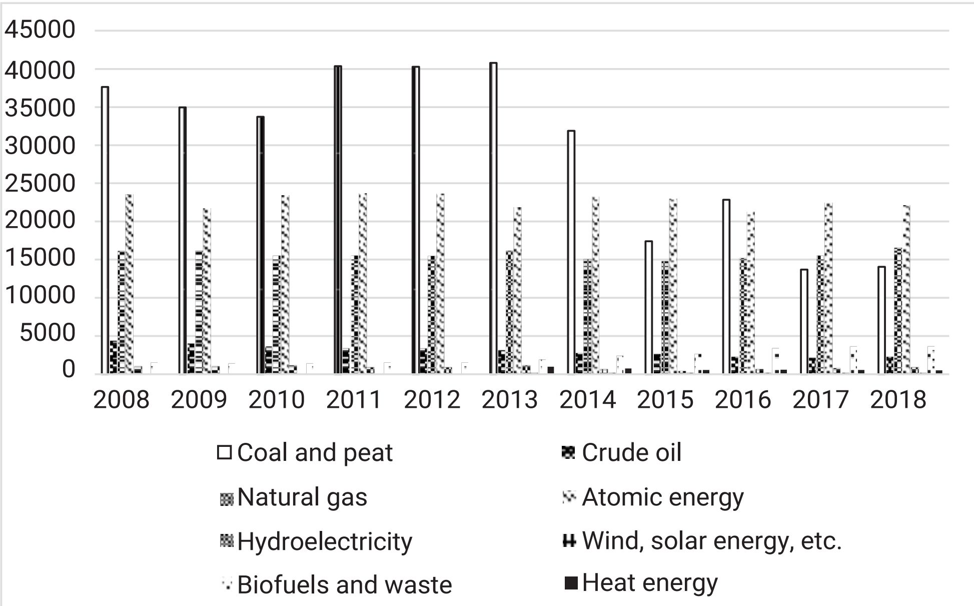

Figure 1. Graphical representation of fuel and energy production in Ukraine 2008-2018, thousand tonnes of oil equivalent
Source: developed based on [1]

According to the state agency for energy efficiency, in the first three months of 2018, it was established:

- almost 100 MW of solar power plants;
- 47 MW of wind farms;
- 6.2 MW of biogas power plants;
- 5.1 MW of biomass power plants;
- 1.5 MW of small hydroelectric power plants [10].

The cost of electric energy for domestic consumers in 2018 in Ukraine was 1.28 UAH kW, but now a considerable increase in price is planned to 2.88 UAH kW. For EU consumers, electricity prices, including taxes and fees, were the highest in the second quarter of 2018 in Denmark (0.31 euros per kW), Germany (0.30 euros per kW), and Belgium (0.29 euros per kW), while the lowest prices were recorded in Bulgaria (0.10 euros per kW), Lithuania and Hungary (0.11 euros per kW each). However, it is worth noting that more than half of the price of electricity in Denmark and Germany is made up of taxes and fees, and a third – in Belgium. In addition, in Bulgaria, taxes and fees account for 17%, in Lithuania – 30%, and in Hungary – 21% [10].

For non-domestic consumers, electricity prices (excluding WAT and other taxes and fees) in the second semester of 2018 ranged from 0.17 euros per kW in Cyprus and 0.13 euros in Malta to 0.06 euros per kW in the Netherlands, Poland, and Finland. In 2018, the share of energy from renewable sources in gross final energy consumption reached 18.0% in the European Union (EU), more than double the share of 2004 (8.5%). Increasing the share of renewable energy sources is essential for achieving the EU's climate and energy goals. The EU's goal is to reach 20% of its energy from renewable sources by 2020 and at least 32% by 2030 [10]. Among the 28 EU member states, 12 states have already achieved a share equal to or greater than their national mandatory goals for 2020, and non-European Union countries have nevertheless achieved the desired level of alternative energy production presented in Table 1.

Table 1. Total share of energy from renewable sources, 2008-2018 (%) – 2009/28/EU directive

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bulgaria	10.3	12	13.9	14.2	15.8	18.9	18	18.3	18.8	18.7	20.5
Denmark	18.5	20	21.9	23.4	25.5	27.2	29.3	30.8	31.8	34.7	35.7
Estonia	18.6	22.9	24.6	25.3	25.5	25.3	26.1	28.2	28.7	29.1	30
Croatia	22	23.6	25.1	25.4	26.8	28	27.8	29	28.3	27.3	28
Latvia	29.8	34.3	30.4	33.5	35.7	37	38.6	37.5	37.1	39	40.3
Lithuania	17.8	19.8	19.6	19.9	21.4	22.7	23.6	25.8	25.6	26	24.4
Austria	28.9	31	31.2	31.6	32.7	32.8	33.7	33.5	33.4	33.1	33.4
Portugal	22.9	24.4	24.2	24.6	24.6	25.7	29.5	30.5	30.9	30.6	30.3
Romania	20.2	22.2	22.8	21.2	22.8	23.9	24.8	24.8	25	24.5	23.9
Slovenia	15	20.1	20.4	20.3	20.8	22.4	21.5	21.9	21.3	21.1	21.1
Finland	31.4	31.3	32.4	32.8	34.4	36.7	38.8	39.3	39	40.9	41.2
Sweden	44.7	47.9	47	48.2	50.2	50.8	51.9	53	53.4	54.2	54.6
Iceland	67.3	69.6	70.3	71.5	72.4	71.7	70.5	70.3	70.2	70.7	72.2
Norway	62.1	65.1	61.5	64.7	65.5	66.7	69.2	69.2	70.2	71.6	72.8
Montenegro	32.5	39.5	40.7	40.7	41.5	43.7	44.1	43.1	41.6	39.7	38.8
Albania	32.4	31.4	31.9	31.2	35.2	33.2	31.5	34.4	35.5	34.5	34.9
Serbia	15.9	21	19.8	19.1	20.8	21.1	22.9	22	21.1	20.3	20.3

Source: developed based on [11]

As demand for electricity increases markedly, the main drivers of new capacity are the disposal of older, less efficient fossil fuel units; the immediate prospect of renewable energy tax breaks; and the continued decline in capital spending on renewable energy sources, especially solar photovoltaic ones. Low natural gas prices and favourable renewable energy costs make natural gas and renewable energy sources the main sources of new generation capacity by 2050. In the United States, as of February 2020, solar energy accounts for 15%, 46% is planned by 2050, wind energy – 15%, but 33% is planned [11].

Renewable energy sources (including hydropower) will be the fastest-growing source of electricity generation for the period of 2018-2050, growing at an average rate of 3.6% per year. By 2050, China, India, Europe, the OECD, and the United States will have almost 75% of the world's renewable energy sources. It is predicted that by 2025, renewable energy sources will exceed coal as the main source of electricity generation, and by 2050, renewable energy sources will account for half of the world's total electricity production [11].

The growth rate of the share of energy in Ukraine from renewable sources is not very satisfactory – only 4.6% as of 2018. After all, according to the sustainable development strategy of 2030, the forecast of the appropriate total renewable energy capacity of Ukraine in 2030 will be 12.6% of the total installed capacity or 8 GW (14 GW including large hydroelectric power plants), and the output volume will be 14 TW (28 TW including large hydroelectric power plants) [1].

In April 2019, the Verkhovna Rada adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine Concerning Ensuring Competitive Conditions for the Production of Electric Energy from Alternative Energy Sources" [12], according to which, starting from 2020, "Green" auctions are introduced and mandatory participation of investors in solar power plants with a capacity of more than 1 MW and wind farms with a capacity of more than 5 MW (or one turbine) is fixed. The law replaces the system of state support for alternative energy facilities in the form of a "green" tariff with a system of "green" auctions, in which state support will be received by the investor who offered the lowest tariff for energy produced by the facility at the auction [12].

The minimum tariffs for "green" electricity produced from wind energy by electric power facilities, the capacity of which does not exceed 30 kW from 2020 to 2024 at the level of 113.41 kopiykas/kW (excluding WAT), and from solar energy – 176.55, have been approved by law. There is also a fixed tariff for wind power in the period from 2025 to 2029 – 101.14 kopiykas/kW, and for solar power – 157.26 [13]. It is not surprising that some businesses have rushed to install solar panels and sell excess electricity to generate additional income. The company Solar-Tech, which specialises in the installation of solar power plants, estimated that for an enterprise that consumes 149000 kW of electricity per year, the payback period is 5.7 years, and for the sale of excess energy in the amount of 17120 kWh – 4.8 years [14] (Table 2).

Table 2. Energy from renewable sources 2009-2018

	Units of measurement	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total energy supply from renewable sources	thousand toe	2463	2611	2514	2476	3166	2797	2700	3616	3907	4289
Share of energy supply from renewable sources	%	2.2	2	2	2	2.7	2.6	3	3.8	4.4	4.6

Source: developed based on [1]

To resolve the situation on the renewable energy market, it is necessary to take the following steps:

1. Create conditions for investment in the green sector. Every year, capital investment in the carbon mining sector decreases, but investment in the foreign economic activity sector increases [1]. This is explained by, firstly, the sustainable development programmes of European countries, and, secondly, to the exhaustion of usual energy sources: oil, gas, coal, and peat.

2. Provide financing for the "Guaranteed buyer" programme [15]. It was with this state-owned enterprise that all producers of "green" energy were obliged to conclude contracts, which was aimed at ensuring payments but created only a deficit in Ukrenergo, which is explained by the high price of "green" energy. However, wind and solar tariffs are expected to decrease by an average of 25% by 2029. In the meantime, it is planned to bring the tariff to the market level not by reducing it but by increasing the cost of electricity produced by conventional sources [15].

3. State control and levelling of manipulations in the existing energy market. Due to the monopoly position in the electricity market and the artificial creation of a deficit, the price of electricity increases by 30-40% at certain hours, which in turn encourages some consumers to import from abroad.

Conclusions

In times of acute environmental pollution, producers face the task of greening production. And this is not just a selective decision but the strategy of each far-sighted country. In Ukraine, the alternative energy sector is developing slowly but certain structural changes are noticeable, although they are far from planned. Many small and medium-sized enterprises have already installed solar panels to reduce the cost of production and generate additional profits.

Now, the most promising reform of the state is the system of "green" auctions, which can easily fail without the introduction of additional measures of "freedom" of the auction. In addition, it is worth remembering that despite all the anti-monopoly reforms, the electricity market actually remains under the control of one company. Further research will require the search for tools and mechanisms in the renewable energy incentive system with an assessment of the economic consequences of their application using methods and models of modelling and forecasting.

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Сучасний стан та світові тенденції розвитку «зеленої енергетики»

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Анотація. Актуальність статті полягає в розвитку «зеленої енергетики», як підвищенні енергоефективності глобальної економіки країни. Основними чинниками нових потужностей є вибуття старих, менш ефективних енергоблоків викопного палива. Низькі ціни на природний газ та сприятливі витрати на поновлювані джерела енергії призводять до того, що природний газ та відновлювані джерела енергії будуть основними джерелами нової генераційної потужності до 2050 року. Основною метою наукової статті є висвітлення головних проблем ринку електроенергії України, аналіз процесу популяризації зеленої енергетики, висвітлення випадків, коли перехід на альтернативні джерела є вигідним процесом, в умовах невизначеності та росту цін на традиційні енергоносії. У статті використано загальнонаукові та специфічні методи дослідження, зокрема методи аналізу та синтезу, наукову дедукцію та індукцію. У статті було детально проаналізовано нинішній стан енергетики України, розроблено пропозиції для вдосконалення урегулювання альтернативної енергетики на державному рівні, і для популяризації зеленої енергетики в Україні. Було встановлено, що альтернативні джерела енергії також можуть бути вигідними, ніж традиційні енергоносії. Було комплексно вивчено альтернативну енергетику, і традиційні енергоносії. До того ж визначено сприятливі економічні умови для спорудження об’єктів альтернативної енергетики, розвитку «зеленої» економіки, що у майбутньому дозволить забезпечити сталий розвиток України

Ключові слова: ринок електроенергії, енергоємність економіки, відновлювальна енергетика, зелений тариф, енергоефективність

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Gastronomic Tourism as a Means of Activating Tourist Destinations

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Abstract. The relevance of the study lies in the impact of gastronomic tourism on the development of the tourism sector and the fact that gastronomic tourism is a means of activating tourist destinations; supporting national producers by integrating gastronomic tourism into local event resources. Given the lack of a holistic understanding of the concept of gastronomic tourism, the imperfection of existing recommendations and conclusions on its development, there is a need for a detailed analysis of the subject. The purpose of the paper is to study the features of gastronomic tourism as a means of activating the development of the tourism sector. The paper covers that gastronomic tourism is based on the specific features of regional cuisine and culinary traditions of the tourist destination. It was established that from the standpoint of organising tourist activities, gastronomic tourism includes not only familiarisation with the local cuisines of the region but also original technologies for organising local food, culinary processes and food traditions, local products, as well as the opportunity for tourists to take part in the preparation of national dishes, visiting culinary festivals, various types of tastings and competitions. The originality of the research results consists in deepening theoretical approaches to the study of gastronomic tourism – a new area of cultural and educational tourism, which is relevant to combine with eco-tourism, tourism in protected areas, rural green tourism. In particular, rural green tourism is rich in cultural, culinary, authentic traditions, and is valuable for revival and development

Keywords: gastronomic tourism, culinary tour, gastronomic tour, regional cuisine, local product, authenticity, environmental friendliness, event resources

The Problem Statement

The development of the tourism industry on a global scale gives grounds to consider it as an important factor in the recovery of the national economy of Ukraine in the post-crisis period. The tourism sector has a considerable impact on the development of small and medium-sized businesses, affects the employment of the local population, and contributes to the socio-economic development of the regions. Due to the tourism industry, the transport, municipal, industrial, and information spheres are being improved.

Nowadays, one of the most promising areas related to familiarisation with the production, technology of preparation, and tasting of national dishes and drinks is gastronomic tourism. Gastronomic tourism is one of the types of tourism to which a large number of works by both Ukrainian and foreign scientists are devoted. Research in this area specialises in the study of the history, culture, cooking technology and customs of consumption of dishes and products of national, regional, and local importance.

From the standpoint of organising tourist activities, this can include not only familiarisation with the culinary process but also the opportunity for tourists to take part in the preparation of national dishes, visiting culinary festivals, various types of tastings and competitions. Considerable scientific and practical interest of researchers of the tourism industry has not yet found a single definition regarding the concept of "gastronomic tourism" and its classifications. There is no coordinated, concretised approach to understanding the essence of the concept, and the works that cover the classification characteristics of gastronomic tourism are segmental. There are no categories of tourists who go on gastronomic tours.

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Analysis of Recent Research and Publications

The problems of the establishment and development of gastronomic tourism are studied by the following scientists: V.O. Omelnytska [1], D.I. Basiuk [2], H Sarkisian [3], I.M. Hodia [4], from the standpoint of contextual development and creation of tourist products of regional origin based on national cuisine. Such researchers as T.G. Sokol, H.P. Shchuka [5], V.V. Kornilova, N.V. Kornilova [6] explore the thematic area of gastronomic tourism. The combination of hospitality and tourism is carried out by V.K. Babaritska, O.Yu. Malinovska [7], F.F. Shandor and M.P. Kliap [8].

Purpose of the Study

The purpose of the paper is to study the features of gastronomic tourism as a means of activating the development of the tourism sector. The paper defines that gastronomic tourism is based on the features of regional cuisine and culinary traditions of a tourist destination.

Research Results

Gastronomic tourism is a new phenomenon that is developing as a new tourist product, due, in particular, to the fact that according to specialised literature, more than a third of tourist expenses are spent on food. Therefore, the cuisine of a tourist destination is one of the most important aspects that determines the quality of recreation [9]. The strategic goal of tourism development in Ukraine is to create a product that is competitive on the world market, can meet the tourist needs of the country's population as much as possible, to ensure the integrated development of territories and their socio-economic interests based on this while maintaining economic balance and historical and cultural heritage. Ukrainian national cuisine is as much a cultural heritage of the Ukrainian people, such as art, language, or literature. Nowadays, it is widely popular and well-known in the world. This is also confirmed by the fact that Ukrainian national dishes and drinks are included in the international restaurant business. Ukrainian cooking is an invaluable achievement that Ukrainians should be proud of and comprehensively popularise. One of the most effective methods of popularising authentic culinary traditions should be gastronomic tourism.

During gastronomic tours, the tourist has the opportunity to: 1) visit restaurant establishments and other locations of national cuisine; 2) take part in gastronomic festivals; 3) visit the production of food and beverages; 4) get acquainted with the history and recipe of dishes of national cuisines, traditions of their consumption; 5) take part in the process of preparing national dishes and drinks [10].

Tourists going on gastronomic tours are represented by the following categories of the population:

• tourists who do not like regular tourism;

• tourists who want to diversify their diet through interesting culinary offerings;

• gourmets (culinary tourists);

• tourists whose work is related to cooking and eating, who use culinary tourism for training and professional skills (chefs, sommeliers, restaurateurs, tasters, bloggers);

• representatives of travel companies interested in organising their own gourmet trips [10].

Having analysed the offer of Ukrainian tourist operators, it is worth noting: firstly, gastronomic tourism in Ukraine has not become widespread – professional gastronomic tours are carried out by a limited number of companies; secondly, there is a disparity regarding the location of gastronomic tours in Ukraine – most trips are organised in the Lviv region and Transcarpathia, which is explained by the original culture and specific culinary traditions of these regions [2].

Gastronomic tours are divided into two types: rural (so-called "green") and urban. Their fundamental difference is that when going to the countryside, a tourist tends to try an environmentally friendly product, without any additives. For example, "green" tours offer picking wild berries, vegetables and fruits, "hunting" truffles, or walking along the wine roads. The city's gastronomic tour may include a visit to a confectionery factory, a sausage shop, and a restaurant that offers a delicious dish made in the shop. In addition, some tours introduce tourists not to different dishes of the same area but one dish in different localities (Table. 1). These are wine tours that offer vineyard walks, grape picking, wine tasting, or coffee tours. Gastronomic festivals are held for tourists [11].

Table 1. Classification of gastronomic tourism

Classification trait	Subtype of tours	Characteristics of tourist activity
By location of the tourist destination	Rural	Picking wild berries, vegetables, and fruits, looking for truffles or a walk along the wine roads
	Urban	Visit restaurants with tasting of delicacies and specialties
By type of a particular product or drink	Wine	Visiting vineyards and excursions to wine-making farms with wine tasting
	Beer	Visiting breweries, both large and local, tastings
	Cheese	Visiting factories and cheese cellars, tastings
	Chocolate	Visiting chocolate factories, tastings
	Tea	Visiting tea plantations, packaging factories
	Coffee	Visiting coffee plantations, packaging factories, collecting
	Agro	Visiting agricultural complexes and farmlands
	Fruit and berry	Tasting fruits and vegetables that are typical for this area, country
	Mixed	A combination of several specialisations

Table 1, Continued

Classification trait	Subtype of tours	Characteristics of tourist activity
By the purpose of the trip	Culturally-educational	Visiting various excursions
	Wellness	Tasting tea collections made from medicinal herbs; honey in combination with apiotherapy, wine therapy, diet therapy
	Gourmet	Tasting food and drinks by gastronomic specialists (sommelier, taster)
By the orientation of the trip	Holiday	Attending and taking part in gastro holidays
	Festival	Attending and taking part in food festivals
Special	Gastrodiplomatics	Organisation of diplomatic receptions at all levels, considering culinary features of the guest and host countries

Source: developed based on [11]

In gastronomic tourism, there are various areas that have been formed to meet the wishes of the tourist. There are classifications of gastronomic and culinary tours based on several key criteria, such as the specific features of the area, the purpose of the trip, or the desire to try a particular drink or dish. All these features should be considered when creating a gastronomic tour, so that it best meets the expectations of the target audience [12].

The main task in developing a gastronomic tour is to combine cooking and a cultural and educational programme in one tour. The advantage of gastronomic tourism compared to other subtypes of educational travel is that only gastronomic tourism involves, in addition to vision and hearing, other human senses, in particular taste and smell [13]. Tourists who come to Ukraine, admittedly, also want to try traditional local dishes. Therefore, one of the most important aspects of the development of tourist services is the familiarisation of tourists with the specific features of traditional food and the development of the service sector in this area [1].

Assistance in organising gastronomic trips can become a factor in supporting the tourism business, which ensures an increase in the length of stay of tourists, an additional business area for households, small food production [2]. This can be achieved due to:

• promotion of the development of objects of interest for gourmet tourists and connoisseurs of Ukrainian gastronomic culture, well-known food industry enterprises, households;

• maintaining effective and initiating the creation of new gastronomic tourism facilities: tasting rooms, museums of gastronomy, ethnic villages and towns, as well as specialised attraction events and tourist and excursion routes that will contribute to the creation of a competitive local tourist product, increase the tourist attractiveness of the region;

• development of tourist infrastructure of accommodation, food, entertainment establishments, as well as retail and service enterprises;

• development of information and communication systems that will provide information to the tourist market about the gastronomic microclaster and act as an important marketing tool for generating tourist demand;

• directing the efforts of the government, business, and local community to support food tourism facilities, the development of gastronomic attractions and events that would attract the attention of Ukrainian and international tourists, as well as private and public partnership in promoting a local tourist product, activating the marketing communications system, using brand management tools for territories and cities;

• development of thematic culinary tour programmes using local raw materials, food and beverages, and iconic restaurant establishments that will emphasise the authenticity of national traditions in cooking [14];

• expanding the geography and popularising thematic culinary festivals, holidays, visiting international professional exhibitions and conferences, so that familiarisation with national cuisine becomes the main element in the tourist's stay programme;

• study of the best international experience in the development of gastronomic tourism in the wine and food industry, restaurant industry, introduction of modern environmentally friendly technologies for growing agricultural raw materials and manufacturing products;

• popularisation of Ukraine on the world market as a promising tourist destination [2].

Leading experts of the tourism industry highlight the following current global trends in the development of gastronomic tourism:

1. The gastronomic tourism market is growing. This is one of the most dynamic segments of the tourism market.

2. "Gastronomic" tourists are tourists who take part in new areas of cultural consumption. These are travellers who learn the authenticity of the places they visit through food. They are concerned about the origin of the products. They recognise the value of gastronomy as a means of communication, as a space for sharing experiences with other people. Such tourists have higher expenses than average, they are demanding, grateful, and avoid monotony.

3. The basis of gastronomic offers is the territory. The terroir is the element that distinguishes it and is the source of its local identity. It covers ecological and landscape values, history, culture, traditions, rural nature, sea, and the place's cuisine. In this regard, the transformation of the territory into a culinary landscape is one of the problems of tourist destinations.

4. The basis of gastronomic tourism is the product. It is important to determine what resources need to be turned into a tourist product, which will allow identifying this area.

5. Durability. Gastronomic tourism can solve problems of culture and the environment in a way that is compatible with purely economic arguments. The idea is not to create

new non-discriminatory pressure on the culinary heritage but to use it rationally with sustainability in mind. This refers not to "touristification" of gastronomy but about creating new offers or increasing existing ones. It is not only about creating a tourist product to attract visitors but rather about attracting visitors to take part in their own cultural reality of a particular destination, well explained and interpreted through the cuisine, local products, and all the services and activities that surround them.

6. Quality. Tourist destinations that want to promote gastronomic tourism should work at different levels in the field of quality: protection and recognition of local products, development of competitive offer, professionalism of human resources, consumer protection, and proper reception to increase the level of customer satisfaction.

7. Communication. Tourist destinations should formulate a reliable and authentic description of their offers in the gastronomic tourism market. Now the experience of a tourist trip is not limited only to the actual days of its implementation but begins much earlier, with its preparation (the tourist collects information, compares it, buys it). This experience ends when the traveller evaluates and shares their impressions through social networks. Famous chefs, mass media, tourist guides, gastronomic blogs, and social networks play a key role in the process of creating the gastronomic image of a tourist destination.

8. Cooperation. It is necessary that all persons working in a tourist destination (food producers, farmers, fishermen, chefs, restaurateurs, hoteliers, representatives of the state administration, etc.) take part in the creation of a tourist product of gastronomic tourism [9].

The concept of "gastronomic tourism" reflects the combination of knowledge about the culture, traditions, and history of the country through familiarisation with national cuisine and cooking technology. Providing psychological, aesthetic, taste, and research satisfaction. National cuisine is closely interrelated with other aspects of life that reflect the relationships of people in society, norms and behaviours that are traditional for the nation [10]. The popularisation of this type of tourism is also growing due to the fact that people in the everyday, fast pace of life do not have time to enjoy the process of cooking and eating food, and increasingly use fast food products.

Therefore, by its own definition, gastronomic tourism is a trip, the purpose of which is to learn about the cultural and culinary features of a region or country. And a gastronomic tour as a service is more than a trip since it is a well-thought-out route where tourists can get acquainted with the production, technology of cooking, culinary traditions of local cuisine, taste dishes, drinks, and local products.

It is important to combine gastronomic tourism with eco-tourism, tourism in protected areas, and rural green tourism. After all, the latter have a large stock of cultural, culinary, authentic traditions that should be revived. Gastronomic tours will form a new vision of tourism in the context of destination development. The study of traditional cuisine will ensure social, cultural, commercial, technological, and economic development. It is also important to create new structural links in the management of the tourism and restaurant business, the regulatory framework, and activate the research on the potential of regions for this type of tourism [15].

Conclusions

Ukraine has a considerable potential for the broad development of gastronomic tourism. The organisation of gastronomic and culinary tours is a serious event related to the study of the culture and customs of the Ukrainian people, their past through national cuisine and food traditions. Today, tourists are ready to travel to different parts of Ukraine to taste original cuisine, attend master classes of local chefs, and visit the production of local products. Tour operators should plan and organise their trips in such a way that when visiting historical centres with cultural and architectural monuments, they should definitely visit restaurant establishments and other locations where original local cuisine can be tasted.

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Гастрономічний туризм як засіб активізації туристичних дестинацій

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Анотація. Актуальність дослідження полягає у впливі гастрономічного туризму на розвиток туристичної сфери і те, що гастрономічний туризм є засобом активізації туристичної дестанації; підтримки національних виробників з допомогою інтеграції гастрономічного туризму у місцеві подієві ресурси. З огляду на відсутність цілісного розуміння поняття гастрономічного туризму, недосконалість наявних рекомендацій та висновків з питань його формування, виникає потреба у докладному аналізі теми. Метою статті є дослідження особливостей гастрономічного туризму, як засобу активізації розвитку туристичної сфери. У статті виявлено, що в основі гастрономічного туризму закладено особливості регіональної кухні та кулінарні традиції туристичної дестинації. Визначено, що з точки зору організації туристичної діяльності, гастрономічний туризм містить у собі не лише ознайомлення з місцевими кухнями регіону, оригінальними технологіями організації місцевого харчування, кулінарними процесами та традиціями харчування, локальними продуктами, а також можливістю туриста взяти участь у приготуванні національних страв, відвіданні кулінарних фестивалів, різного виду дегустацій та конкурсів. Наукова новизна результатів дослідження полягає у поглибленні теоретичних підходів до дослідження гастрономічного туризму – нового напряму культурно-пізнавального туризму, який актуально об'єднати з еко-туризмом, туризмом на природоохоронних територіях, сільським зеленим туризмом. Зокрема, сільський зелений туризм багатий на культурні, кулінарні, автентичні традиціїй, і є цінним для відродження і розвитку

Ключові слова: гастрономічний туризм, кулінарний тур, гастрономічний тур, регіональна кухня, локальний продукт, автентичність, екологічність, подієві ресурси

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Analysis of Measures to Support the Economy in the Context of the COVID-19 Pandemic

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Abstract. The successful functioning of the country's economy is closely linked to optimal budget support. This determines the effectiveness of the state's economic policy and its impact on economic and financial stability, the standard of living of the population, etc. This issue becomes particularly relevant in certain crisis periods, such as the 2020 and the COVID-19 pandemic. The purpose of the paper is to study the state and trends of the impact of COVID-19 on the economic situation in the world and determine the socio-economic losses that Ukraine will suffer from the pandemic. The paper proves that reducing the financial capabilities of the state requires reformatting the instruments of the state's financial policy in favour of other, less expensive sources of incentives. It was determined that the vast majority of countries in the world distinguish tax incentives as an influential stimulating factor of economic development. The system of incentive measures to support businesses in such countries as Germany, Italy, and the United States is analysed. The features and courses of incentive measures applied in Ukraine are determined. It is concluded that in the context of the "coronavirus crisis", Ukraine has resorted to the steps that all civilised countries of the world are taking: it reduces planned budget revenues and increases expenditures aimed at countering the pandemic. However, the system of proposed incentive measures is not enough to support business structures. It was proved that the vast majority of measures are not economic but social. The scientific originality of the results obtained is conditioned upon the need to apply instruments of more active tax and fiscal policy aimed at thoroughly supporting business structures to reduce the negative impact of the global economic crisis. It was determined that first of all, the most considerable factor should be the support for small businesses and the self-employed population of Ukraine as the most vulnerable category of business structures in Ukraine. Further research will be aimed at analysing the economic consequences of quarantine, economic losses after overcoming the coronavirus disease

Keywords: economic crisis, coronavirus, COVID-19, budget expenditures, stimulating tax instruments

The Problem Statement

The COVID-19 pandemic has become a new challenge in the development of the global economy. The uniqueness of the situation lies in the fact that the development of signs of an economic and financial crisis is not caused by market mechanisms or ineffective regulatory measures but is associated with a sharp decrease in the physical volume of economic activity and, accordingly, the volume of budget revenues at all levels of the country's budget system. The successful functioning of the country's economy is closely linked to optimal budget support. This determines the effectiveness of the state's economic policy and its impact on economic and financial stability, the standard of living of the population, etc.

Analysis of Recent Research and Publications

There is a discussion of the problem of coronavirus disease in the mass media, where representatives of government agencies, leading economic experts, sociologists and political scientists, and other leading experts on this issue express their views. In particular, these are A. Amelin, J. Lavrik, D.I. Monin [1], D.V. Dolbneva [2], et al.

Purpose of the Study

The purpose of the paper is to study the state and trends of the impact of COVID-19 on the economic situation in the world and determine the socio-economic losses that Ukraine will suffer from the pandemic.

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Research Results

During 2020, the global economy suffers from problems related to the COVID-19 pandemic. According to preliminary forecasts of the International Monetary Fund, GDP in the eurozone will fall by 7.5% this year, in the United States – by 5.9%. Meanwhile, China's GDP may grow by 1.2% [3]. The world economy will fall by 3% in 2020 – the most in the last few decades. A 3% drop in the global economy means that the world will produce about 2.7 trillion dollars fewer goods and services than in 2019 [4].

For Ukraine, the IMF [5] predicts a drop of 7.7% in 2020 and an increase of 3.6% in 2021. JP Morgan analysts predict an economic downturn in Ukraine of 5.1% of GDP in 2020 with inflation of 3.7%. In 2021, economic growth may reach 6.3% with inflation of 6% [6]. The National Bank of Ukraine expects GDP to fall by 5% this year and recover by 4.3% next year. The current account deficit is projected to reach 1.7% of GDP this year and 3.1% of GDP next year.

In the context of the global economic crisis aggravated by the COVID-19 pandemic, the Government and Parliament of Ukraine had no choice but to urgently change the budget of Ukraine. Forced reduction of funding for some items and redistribution of funds to others is a much better scenario than if the main financial document of the country in this situation remained unchanged [7]. Table 1 shows the sample indicators for which a considerable reduction was made.

Table 1. Sample indicators for which a considerable reduction was made [8]

No	Indicator	Monetary measurement		%	
		Reduced	Left	Reduced	Left
1	Subsidies, billion UAH	8.2	39.3	17	83
2	Regional Development Fund billion UAH/billion UAH	4.9	2.6	65	35
3	Subvention to support amalgamated territorial community billion UAH/billion UAH	2.1	0	100	0
4	Energy Efficiency Fund billion UAH/billion UAH	1.6	0	100	0
5	Subvention for payment to teachers billion UAH/billion UAH	1.6	0	100	0
6	Subvention for payments to lowincome families billion UAH	1.3	60.0	2	98
7	Subventions for local elections billion UAH/billion UAH	1.2	1.0	55	45
8	Statistical monitoring billion UAH/million UAH	1.3	100.0	92.86	7.14
9	Subvention for the programme "Capable school for better results" billion UAH/million UAH	1.0	500.0	66.67	33.33

As is evident from Figure 1, subventions have completely disappeared for important items of expenditure. In particular, subventions for community development disappeared from the budget, expenses for the protection of teachers and the project "Capable school for better results" were reduced, and expenses for the development of the Energy Efficiency Fund disappeared. For other indicators, there was also a considerable reduction [9].

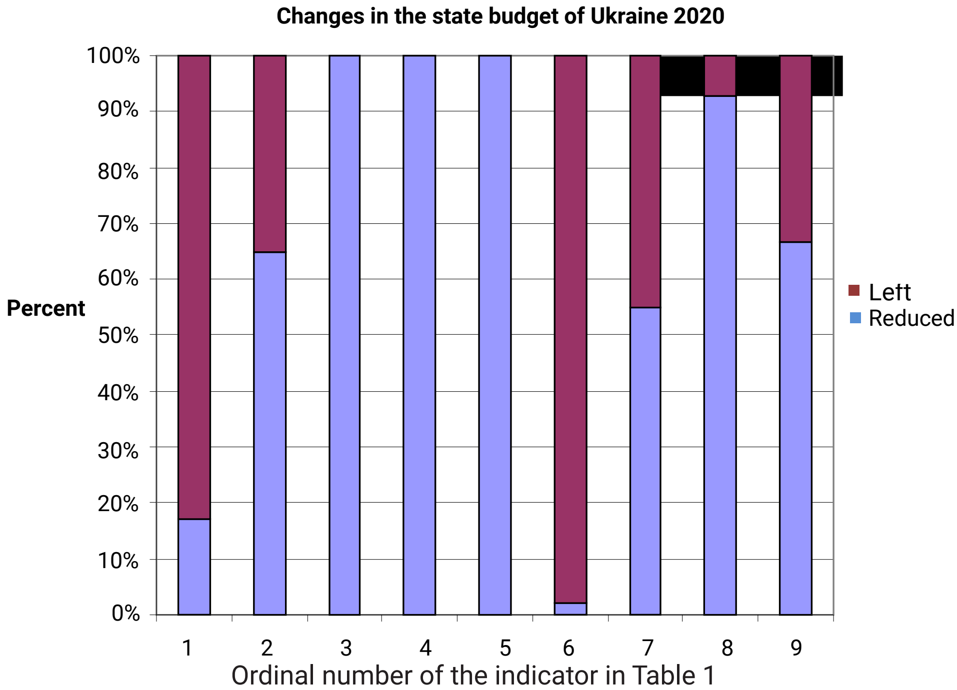

Figure 1. Changes in the state budget of Ukraine 2020

Reducing the financial capabilities of the state requires reformatting the instruments of the state's financial policy in favour of other, less expensive sources of incentives. Tax incentives are identified as an influential incentive factor for economic development, namely, non-application of fines for a certain period, the absence of the need to justify delays in payment and filing of declarations, etc. Tax audits are also suspended, certain operations are exempt from VAT, and enterprises in certain industries are temporarily exempt from paying taxes.

A popular measure is the deferral of VAT and personal income tax or the payment of accrued tax liabilities in instalments. Therewith, the payment is postponed not only for a month or two but more often for six months or even until the end of 2020. In particular, in Germany, the Federal Government provides 50 billion euros to provide non-bureaucratic emergency care for small businesses, the self-employed, and freelancers: self-employed individuals and companies with up to 5 employees receive up to 9.000 euros; self-employed individuals and companies with up to 10 employees receive up to 15.000 euros. In addition, the Federal government has created an Economic Stabilisation Fund, which is aimed especially at large companies. The fund includes 100 billion euros for corporate actions; 400 billion euros for guarantees; the fund can refinance KfW programmes (German state bank), which have already been approved for up to 100 billion euros. For this purpose, KfW provides various credit programmes in unlimited scope. This eases financial difficulties, especially for small and medium-sized companies [10] (Table 2).

Table 2. Instruments and their types to support businesses and the unemployed in Germany

Instrument	Amount, billion euros	Type
Short-term unemployment support	26	Grant
Grants for freelancers and microenterprises	50	Grant
Economic Stabilisation Fund	600	Guarantees and loans
Support for start-ups	2	Guarantees, loans, additional capitalisation
KfW instruments	450	Guarantees, loans, "instant" loans
Support and insurance of credit risks of exporters	30	Guarantees

Source: [10]

In Italy, the Ministry of Economy and Finance has adopted a system of measures that provide initial support for businesses: payment of taxes, tax withholding and tax liabilities have been suspended for taxpayers and businesses living or operating in eleven municipalities affected by coronavirus containment measures.

Measures will include:

- deferral of certain tax payments, including Value Added Tax;
- suspension of mortgage payments for some employees, including autonomous ones;
- state guarantees of bank financing and loans to firms to increase liquidity in emergencies.

The measures also include a package of loan guarantees to avoid a credit crisis. The state guarantee fund for small and medium-sized enterprises will be increased by 1 billion euros, and the state lender Cassa Depositi e Prestiti will be allowed to guarantee at least 10 billion euros of loans from the Treasury fund for 500 million euros [11]. A large package of incentive measures was introduced in the United States: tax deferral without interest or penalties for certain people and businesses affected by the coronavirus crisis (this allowed the economy to provide more than 200 billion US dollars); tax benefits for employers who provide payments due to the provision of paid sick leave to workers; 1 billion dollars for emergency government subsidies for the provision of unemployment insurance support [12].

The complex of stimulating measures in Ukraine is less economically oriented and is more social than economic. Thus, on March 18, 2020, the Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine Regarding Taxpayer Support for the Period of Implementation of Measures Aimed at Preventing the Occurrence and Spread of Coronavirus Disease (COVID-19)" came into force [13]. The so-called "tax holidays" for individuals and legal entities have been established (Table 3).

Table 3. Support for businesses during quarantine

No.	Support for businesses during quarantine	Terms of validity of support and some restrictions on their part
1	A moratorium on conducting documentary and factual inspections has been established for the period from March 18 to May 31, 2020 [14]	However, there are exceptions, the moratorium does not apply to documentary unscheduled inspections of budget VAT refunds (this applies to legal entities). Notably, desk audits are not included in the list of inspections for which a moratorium is established. There is a certain logic in this since a desk audit is carried out in the premises of the supervisory authority, based on the data specified in the taxpayer's tax returns (calculations), and data from the electronic Value-Added Tax Administration system, as well as data from the Unified Register of excise invoices and data from the electronic fuel sales administration system. However, due to the fact that quarantine has been introduced, it is not clear how acts based on the results of the audit will be sent and how taxpayers will receive them

Table 3, Continued

No.	Support for businesses during quarantine	Terms of validity of support and some restrictions on their part
2	Deferral of tax liabilities for the annual declaration of property status and income for 2019 [15]	Positive changes are made regarding the postponement of payment until October 1, 2020, for individual entrepreneurs of the amount of tax liability that was submitted in the annual declaration of property status and income for 2019
3	"Tax holidays" for land payments	Thus, for the period from March 1 to April 30, 2020, land fees (land tax and rent for land plots of state and municipal ownership) are not charged or paid for land plots that are owned or used, including on lease terms by individuals or legal entities, and are used by them in economic activities. In turn, an individual entrepreneur can apply for recalculation of the specified taxes to the supervisory authority
4	Exemption from accrual and payment of single social security tax	Temporarily, for the periods from March 1 to March 31 and from April 1 to April 30, 2020, the following persons are exempt from calculating and paying single social security tax: a) individual entrepreneurs, including those who have chosen the simplified tax system; b) persons engaged in independent professional activities; c) members of a farm if they do not belong to persons who are subject to insurance on other grounds. Therewith, these persons can independently make a decision on the payment of a single contribution for the specified periods in the amounts and in accordance with the procedure established by law, and reflect this in the financial statements. In addition, it should be remembered that sole proprietors of the first and second groups (without employees) can save on taxes since they can go on vacation for one calendar month
5	No fines or penalties for the "tax holidays" period	For violations of tax legislation committed during the period from March 1 to May 31, 2020, penalties will not be applied, except for sanctions for the following: – violation of requirements for long-term life insurance contracts or insurance contracts within the framework of non-state pension provision, in particular, insurance of an additional pension; – alienation of property held as a tax lien without the consent of the supervisory authority; – violation of the rules of accounting, production and turnover of fuel or ethyl alcohol in excise warehouses, which are applied on a general basis; – violation of accrual, declaration and payment of VAT, excise tax, rent. In addition, for the period from March 1 to March 31 and from April 1 to April 30, 2020, temporary penalties are not applied for the following violations: – late payment (late transfer) of a single tax; – incomplete payment or late payment of the single tax amount simultaneously with the issuance of the payment amounts for which the single tax is accrued (advance payments); – late submission of single social security tax reports to the tax authorities, including penalties for repeated failure to submit single social security tax reports for the periods from March 1 to March 31 and from April 1 to April 30, 2020. Also during the periods from March 1 to March 31 and from April 1 to April 30 2020

Source: [3]

Most countries of the world, as well as Ukraine, were not ready for a global pandemic. State systems are too difficult to implement the necessary changes quickly. The pandemic has become a test for every country's civil society.

Conclusions

In the context of the "coronavirus crisis", Ukraine has resorted to steps that all civilised countries of the world are taking: it reduces planned budget revenues and increases expenditures aimed at countering the pandemic. European countries were more ready than Ukraine to take all necessary measures to get out of the current crisis and restore the economy. Unprecedented amounts of government guarantees are aimed at avoiding turning liquidity problems into solvency problems. Supporting small and medium-sized businesses through subsidies and tax and debt deferrals will allow avoiding massive defaults and a deep recession.

It is very important today, first of all, to support small businesses because they have a much smaller safety net or no safety net at all. Further research will be aimed at analysing the economic consequences of quarantine, economic losses after overcoming the coronavirus disease.

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Аналіз заходів з підтримки економіки в умовах пандемії COVID-19

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Анотація. Успішне функціонування економіки країни тісно пов'язане з оптимальним забезпеченням бюджету. Від цього залежить дієвість економічної політики держави та її вплив на економічну і фінансову стабільність, рівень життя населення тощо. Особливої актуальності дане питання набуває у певні кризові періоди, яким став 2020 рік та пандемія COVID-19. Метою статті є дослідження стану і тенденцій впливу COVID-19 на економічну ситуацію у світі і визначення соціально-економічних втрат, яких зазнає Україна від пандемії цієї хвороби. У статті обґрунтовано, що зменшення фінансових можливостей держави потребує переформатування інструментів фінансової політики держави на користь інших, менш затратних джерел стимулювання. Визначено, що в якості впливового стимулюючого чинника економічного розвитку переважна більшість країн світу виділяють податкове стимулювання. Проаналізовано систему стимулюючих заходів щодо підтримки бізнесу в таких країнах, як Німеччина, Італія, США. Визначено особливості та спрямованість стимулюючих заходів, застосованих в Україні. Зроблено висновок, що в умовах «коронакризи» Україна вдалася до кроків, які роблять всі цивілізовані країни світу: вона зменшує заплановані доходи бюджету і збільшує видатки, які спрямовані на протидію пандемії. Проте системи запропонованих стимулюючих заходів недостатньо для підтримки бізнес структур. Обґрунтовано, що переважна більшість заходів носить не економічну, а соціальну спрямованість. Наукова новизна отриманих результатів полягає у визначенні необхідності застосування інструментів більш активної податкової та бюджетної політики, спрямованої на ґрунтовну підтримку бізнес структур, з метою зменшення негативного впливу світової економічної кризи. Визначено, що насамперед вагомою повинна бути підтримка малого бізнесу та само зайнятого населення України, як найбільш вразливої категорії бізнес структур України. Подальші дослідження будуть спрямовані на аналіз економічних наслідків карантину, втрат економіки після подолання коронавірусної хвороби

Ключові слова: економічна криза, коронавірус, COVID-19, бюджетні видатки, стимулюючі податкові інструменти

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Tourism Market of Ukraine: The State and Trends of Functioning Through the Activities of Tourist Enterprises

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Abstract. The relevance of the study lies in the necessary development of the tourism market of Ukraine. The purpose of the paper is to analyse the state and trends in the development of the tourism market of Ukraine, to identify the place of tour operators in ensuring its functioning. The paper examines the current state of development of the tourism market of Ukraine; analyses the main performance indicators of tourist enterprises; identifies the leaders of the tourism industry in Ukraine; attempts are made to predict the functioning of the tourism market of Ukraine in the near future, considering the challenges of modernity. The activities of tour operators that are engaged in the development and promotion of tourist routes, destinations, and types of tourism, and therefore have a serious impact on the functioning of the tourism industry have been announced. The paper analyses the performance indicators of tour operators in the Ukrainian market and identifies the most powerful of them. The most visited countries by Ukrainians are established. It was stated that tour operators specialise in organising holidays abroad, therefore, there is reason to predict that in the future, the financial capital of Ukrainians will continue to work for the economy of other countries, and Ukrainian tourism will wait for better times. It was recommended that in order to increase the attractiveness of recreation in Ukraine, serious well-coordinated work of state authorities, tourist enterprises, business structures, and public activists is necessary. It is noted that due to the coronavirus pandemic and the economic crisis, it is too early to make any forecasts. Therewith, there are reasons to predict an increase in demand for recreation of Ukrainians within the state this year since foreign countries, especially those most affected by the COVID-2019 epidemic, will not be ready to open their borders to tourists. The rapid development of the tourism market of Ukraine is determined. The study of aspects of the tourism industry development in Ukraine will undoubtedly remain relevant in terms of developing practical recommendations for optimising its functioning

Keywords: tourism, tourism market, tourist enterprises, tour operators, travel agents

The Problem Statement

In the context of the intensification of globalisation processes, tourism is becoming one of the leading branches of national economies in many countries of the world. At the end of 2017, the share of tourism in global GDP (gross domestic produc) was 10.4% (8.3 trillion USD). In the Maldives, which is the most tourism-dependent region in the world, this share is 39.6%. There is a considerable contribution of tourism to the GDP of Malta (15.0%), Croatia (15.0%), Thailand (9.3%), Iceland (9.2%), while in Germany tourism adds 4.5% to GDP, Great Britain – 3.7%, the United States – 2.6% [1].

In Ukraine, despite the enormous tourist and recreational potential and rapid development of tourism, the industry continues to be insufficiently competitive, and its direct contribution to GDP is 1.54% [1]. Due to the lack of human resourcing for the industry, the high cost of hotel services, non-compliance of the service with international standards, the neglect of historical and cultural heritage monuments, problems of an economic, social, and political nature, Ukraine conventionally acts as a “donor” of tourists, and the tourist balance remains negative. The vast majority of Ukrainians choose a vacation abroad, and tourist

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enterprises help them to organise it. A well-built marketing and pricing policy, the offer, the range of which is constantly updated and adapts to consumer demand, has led to the fact that such companies as "Join up", "ANEX Tour", "TEZ Tour", "TUI Ukraine", "Coral Travel" are known even to those who have never been abroad, not to mention those who can be called "experienced tourists" [1].

Analysis of Recent Research and Publications

Considering the importance of the tourism sector for the Ukrainian economy and therewith the presence of numerous serious problems that complicate its development, cause low competitiveness despite the enormous tourist and recreational potential, aspects of the problem have been studied by many Ukrainian scientists: O.O. Liubitseva [1], V.F. Kifyak [2], M.P. Malska [3], L.A. Bondarenko [4], T.H. Sokol [5], S.V. Kovalchuk, V.V. Mykolyshyna [6]. Therewith, despite a considerable number of publications on the issues under consideration, some theoretical and practical aspects of tourism development in Ukraine require further deepening.

Purpose of the Study

The purpose of this paper is to analyse the state and trends in the development of the tourism market of Ukraine, to identify the place of tour operators in ensuring its functioning. To achieve this purpose, the research objectives are established: to study the current state of tourism market development of Ukraine; to analyse the main performance indicators of tourist enterprises; to establish the leaders of the tourism industry of Ukraine; to make an attempt to predict the functioning of the tourism market of Ukraine in the near future considering the challenges of modernity.

Research Results

Like other areas of business activity, the tourism market is represented by entities whose activities are aimed at providing consumers with a wide range of services and is characterised by acute competition. The main participants in the tourism industry are tour operators and travel agents, who differ in the range of professional areas, functional diversity, and appropriate systematisation of responsibilities and types of work performed. Unlike travel agents, who are limited to the implementation of intermediary activities for the sale of a tourist product, characteristic and related tourist services, tour operators, in accordance with Article 5 of the Law of Ukraine "On Tourism" [7], are engaged in the creation of a tourist product and it is on them that the overall picture of the development and promotion of tourist routes, directions, and types of tourism depends. Tour operators have a serious impact on the tourism market by creating a tourism product, forming and distributing standards of tourism service.

In general terms, a tourist product is any service (according to Ukrainian legislation, a set of at least 2 services) that serves to meet the basic needs of tourists [7]. The main tourist product is tour – a comprehensive service that includes a basic list of services. The developmant of a tourist product, as one of the main functions of a tour operator, involves the conclusion of a considerable number of contractual and partnership agreements with third parties: accommodation establishments, catering establishments, transport carriers, establishments that provide active recreation, leisure, and recreation activities, etc. In addition to developing tours, tour operators are also engaged in their information support, promotion – directly to the consumer or through cooperation with travel agents, organisation of tourist services throughout the trip, etc. [8].

The accelerated development of the tourism market has led to increased competition between tourist enterprises, affected their activities, market positions, methods of fighting for consumers. In the case of tour operators, their competitiveness considerably depends on the ability to form, promote, and sell a tourist product, the validity of the price offer, availability in customer service, ensuring an equally high level of quality and safety of all tourist goods and services [9].

Each of the tour operators is a specialist in creating a particular tourist product, forming routes in a particular direction, is recognisable on the market and thus has a profile formed. The profile feature of a tour operator is the dominant types of recreation, tourist routes, and geographical directions, the sales volume of which the tour operator has the maximum and provides them with the main profit, and is also an evidence of the professionalism and special skill of the staff, due to which tourists determine the tour operator as the best among those operating within a particular region and turn to them repeatedly. The profile of a tour operator, as is known, is created due to a number of principles, including a well-formed marketing strategy, a well-thought-out pricing policy and accessibility for consumers, competitiveness, the ability to predict the actions of competitors in the tourism market, and the subordination of activities to the influence of environmental factors [10].

Given the growing competition, operating in the tourism market requires tour operators to have outstanding professional skills, high qualifications, and up-to-date knowledge. The success of tour operators, also considerably depends on how decisive and motivated their steps in the market are, how much the policy implemented corresponds to the current market situation, how popular the offer they have formed is among tourists, etc.

According to official statistics, in the Ukrainian tourism market during 2014-2018 (Fig. 1) there was a rather ambiguous situation: the number of tour operators ranged from 667 in 2014 to 529 in 2018, reaching the minimum value in 2017 – then the needs of tourists were met by 498 tour operators, and in 2018 their number increased by 31 (6.3%). The number of travel agents (legal entities and individuals) was constantly growing – from 2547 in 2015 to 3565 in 2018 (an increase of just under 40%) [11].

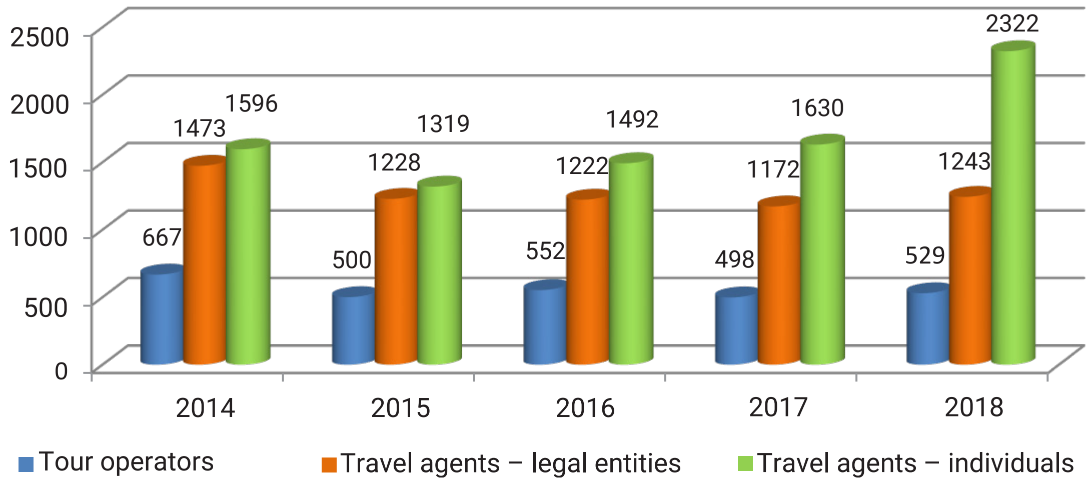

Figure 1. Dynamics of the number of tourist enterprises in Ukraine during 2014-2018

Source: built by the author based on [11]; since 2014, information on the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol, temporarily occupied territories of Donetsk and Luhansk regions has not been taken into account

The monitoring of the dynamics of the number of tourists served by tourist enterprises of Ukraine (Fig. 2) showed the leading positions of tour operators, which is quite justified since they are manufacturers of tourist products and act as reliable guarantors for the sale of services. During 2014-2018, tour operators reached the highest level in terms of the number of tourists served in 2018, organising holidays for 2351338 people. In general, in 2018, the subjects of the tourism market of Ukraine (tour operators and travel agents) served a record number of tourists – 4557447 people. Therewith, the share of tour operators was 51.6% (2351338 people), the share of travel agents – legal entities – 35.2% (1606285 people), travel agents – individuals – 13.2% (599824 people). Compared to 2017, the total increase was 62.4% (1751021 people) [11].

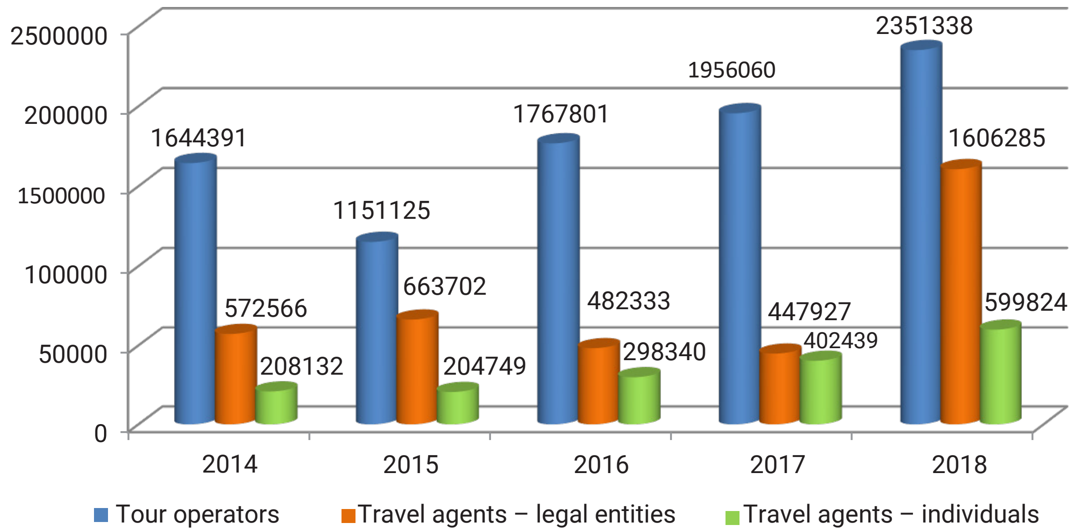

Figure 2. Dynamics of the number of tourists served by tour operators and travel agents of Ukraine during 2014-2018

Source: built by the author based on [11]; since 2014, information on the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol, temporarily occupied territories of Donetsk and Luhansk regions has not been taken into account

This situation became possible due to the increase in the purchasing power of citizens, as well as the ongoing development of a "culture of recreation", the growing availability of recreation abroad, namely, it owns the "lion's share" in the structure of recreation of Ukrainians by geographical principle [11]. In general, the analysis of the income of tourist enterprises showed a positive trend (Fig. 3).

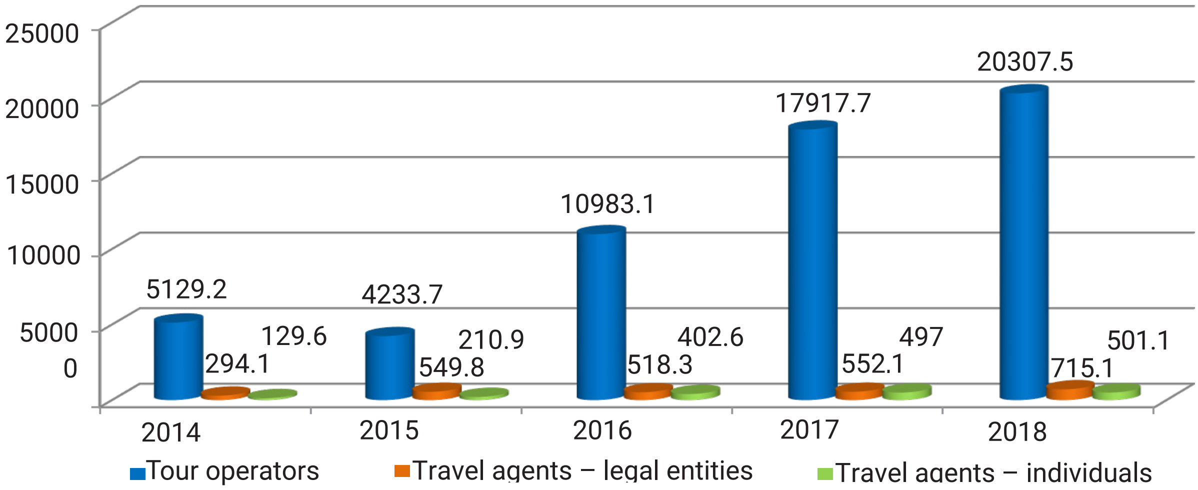

Figure 3. Dynamics of revenues of tourist enterprises of Ukraine in 2014-2018, mln UAH

Source: built by the author based on [11]; since 2014, information on the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol, temporarily occupied territories of Donetsk and Luhansk regions has not been taken into account

Thus, during 2014-2018, the revenues of tour operators grew rapidly – from 4233.7 million UAH in 2015 to 2 0307.5 million UAH in 2018, while the largest increase in revenues was in 2016: compared to the previous year, it amounted to 6749.4 million UAH (159.4%). The positive dynamics of income growth of travel agents – individuals was constant: from 210.9 million UAH in 2015 to 501.1 million UAH in 2018. As for travel agents – legal entities, in 2016, compared to the previous period, their income decreased but in 2017 there was a positive trend, which continued the following year. Thus, in 2017, the income of travel agents – legal entities increased by 33.8 million UAH, in 2018 – by 4.1 million UAH. Thus, tour operators remained the main "player" in the tourism market, their revenues grew most rapidly and they accounted for the "lion's share" of them: as of 2018, the revenues of tour operators amounted to 94.3% of the total revenues of the tourism market of Ukraine [11].

According to the Ministry of Economic Development and Trade of Ukraine (as of now – the Ministry of Economic Development, Trade and Agriculture of Ukraine), as of January 1.2019, 2737 licensed tour operators worked in Ukraine [12]. According to the 2019 rating compiled by specialists of the online publication [13], the top three companies (in terms of the number of tourists served) included "Join up" (1015475 people), "ANEX Tour" (821730 people), and "TUI Ukraine" (450000 people) [13]. Compared to 2018, there was a kind of rotation in the top three – "TPG", which was previously the third, lost ground in 2019, and dropped one step lower, while "TUI Ukraine", which was previously the fifth, considerably strengthened its presence in the tourism market. In addition to these three operators, the top ten leaders of the tourism market also included "TEZ Tour", "Coral Travel", "PEGAS Touristik", "Accord-tour", "Compass", and "ALf". Notably, not all tour operators submit reports on the results of their activities to the Ministry of Economic Development, Trade and Agriculture of Ukraine (for example, in 2018, only 537 (19.6%) companies submitted information), and the Office for National Statistics of Ukraine does not have such reports. Therefore, the rating of tour operators formed by the online publication [13], although it has already managed to become conventional, remains somewhat hypothetical.

It is worth paying attention to the rating of tour operators compiled by the Association of Travel Agencies of Ukraine. Considering such criteria as compliance with the declared charter programme, flight postponements and delays, frequency of non-visits to booked hotels, assessment of the work of guides, etc., according to the results of 2018-2019, "TEZ Tour", "PEGAS Touristik", "TUI Ukraine", "Coral Travel", "Compass" were among the five most reliable tour operators. Therewith, the market leader "Join up" was left far behind due to repeated flight delays [14].

As for the most visited countries by Ukrainians, in 2018-2019, Egypt was the first, the second place was taken by Turkey. However, the demand for holidays in Turkish resorts in 2019 increased more than twice (from 13.0 to 26.07%), while the popularity among Ukrainians of holidays in Egypt considerably decreased (from 71.0 to 48.28%) (Table 1-2). The fact that Turkey occupies only the second position is explained by the seasonality of holidays, while Ukrainian tourists fly to Egypt for holidays throughout the year. According to the data, the UAE also remained in the "top three" (3.59% of travels in 2019) [14].

Table 1. Travels of Ukrainian tourists by country in 2018, %

	Country	%		Country	%
1	Egypt	71.0	6	Spain	1.8
2	Turkey	13.0	7	Italy	1.7
3	UAE	3.0	8	Greece	1.5
4	Sri Lanka	2.5	9	Bulgaria	1.1
5	Thailand	2.3	10	Cyprus	1.1

Table 2. Travels of Ukrainian tourists by country in 2019, %

	Country	%		Country	%
1	Egypt	48.28	6	Greece	2.25
2	Turkey	26.07	7	Tunisia	1.84
3	UAE	3.59	8	Spain	1.24
4	China	3.15	9	Montenegro	1.16
5	Cyprus	2.35	10	Sri Lanka	1.14

Source: [11]

"Discovery of the year" was China: it was visited by 3.15% of Ukrainian tourists [15].

In 2019, the leaders in the direction of Egypt were "Join up", "ANEX Tour", and "TEZ Tour" – they accounted for 76.1% of tourist travels [16]. The "top three" in the direction of Turkey was formed by "ANEX Tour", "TUI Ukraine", "TEZ Tour", with a total share of 61.4% (according to the results of the summer season), while such a market leader as "Join up" took the fourth place (11.4%) [17].

Notably, tour operators that are in demand in Ukraine specialise in organising holidays abroad, while Ukrainian tourism, which requires special promotion and support for development, remains out of their attention. If the current situation persists, the leaders of the tourism industry will increase their presence in the Ukrainian market in the future, and more Ukrainians will go on vacations abroad. Consequently, the money of Ukrainian citizens will work for the economy of other countries and Ukrainian tourism will continue to wait for better times.

As for the recreation in 2020, the previous forecasts have lost their relevance due to the coronavirus pandemic and the economic crisis, the true scale of which is difficult to evaluate today [18]. However, there is no doubt that the number of tourists will significantly decrease and the tourism industry will suffer catastrophic losses. In mid-March, almost immediately after the official announcement of quarantine in Kyiv, Ukrainians began to return pre-purchased trip vouchers en masse, while bookings for the May holidays and summer period occur at the level of 10% of sales in the same period of the previous year [14].

Conclusions

During the analysed period, the tourism market of Ukraine developed rapidly, as evidenced by both an increase in the number of travel agencies, an increase in the number of tourists for whom they organised recreation, and an increase in the profitability of the industry. Based on the fact that Ukrainians mostly choose other countries for recreation, it would be possible to predict the next strengthening of the presence of tour operators in the Ukrainian market, in particular those who have already managed to gain a reliable foothold in it, due to the coronavirus pandemic and the economic crisis, it is too early to make any forecasts. In the face of current challenges, the study of aspects of the tourism industry development in Ukraine will undoubtedly remain relevant, especially in the aspect of developing practical recommendations for optimising its functioning.

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Туристичний ринок України: стан та тенденції функціонування крізь призму діяльності туристичних підприємств

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Анотація. Актуальність дослідження полягає в необхідній активізації розвитку туристичного ринку України. Метою статті є аналіз стану та тенденції розвитку туристичного ринку України, з'ясування місця туристичних операторів у забезпеченні його функціонування. У статті було досліджено сучасний стан розвитку туристичного ринку України; проаналізовано основні показники діяльності туристичних підприємств; з'ясовано лідерів туристичної галузі України; зроблено спробу прогнозу функціонування туристичного ринку України на найближчу перспективу, з урахуванням викликів сьогодення. Проналізовано діяльність туристичних операторів, які займаються формуванням та просуванням туристичних маршрутів, напрямів і видів туризму, а тому здійснюють серйозний вплив на функціонування туристичної галузі. Проаналізовано показники діяльності туристичних операторів на ринку України, виокремлено найбільш потужних із них. Відзначено найбільш відвідувані українцями країни. Констатовано, що туристичні оператори спеціалізуються на організації відпочинку за кордоном, відтак, є підстави прогнозувати, що у перспективі фінансовий капітал українців надалі працюватимуть на економіку інших держав, а український туризм чекатиме кращих часів. Зроблено рекомендацію, що для підвищення привабливості відпочинку в Україні, необхідною є серйозна злагоджена робота органів державної влади, туристичних підприємств, бізнесових структур та громадських активістів. Зазначено, що у зв'язку з пандемією коронавірусу та економічною кризою будь-які прогнози робити зарано. Водночас, наявними є підстави прогнозувати у поточному році збільшення попиту на відпочинок українців всередині держави, адже зарубіжні країни, особливо ті, що найбільше постраждали від епідемії COVID-2019, не поспішатимуть відкривати свої кордони для туристів. Визначено стрімкий розвиток туристичного ринку України. Дослідження аспектів розвитку туристичної галузі України, безперечно, залишатиметься на часі в аспекті розробки практичних рекомендацій щодо оптимізації її функціонування

Ключові слова: туризм, туристичний ринок, туристичні підприємства, туристичні оператори, туристичні агенти

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Features of Determining the Economic Effect of Using Advanced Technologies in Casting

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Abstract. One of the most important indicators for evaluating the innovation activity of enterprises is the economic effect of introducing advanced technology into production. Each type of production has its own characteristics, which are manifested not only in the organisation of the technological process but also in calculations related to the establishment of economic indicators of the feasibility of using new technologies. Evidently, casting and special casting technologies, such as the use of thermite foundry applications of the high-temperature gradient to save the alloy poured into the mould, influence the algorithm for determining the economic effect. This is caused primarily not only by the establishment of direct costs when transforming the standard technological process, namely, the cost of the metal-thermal mixture, changing the mould, ferroalloys, the use of light-separating foundry additives plates, but also by the possibility to re-use remnants of the foundry application, gate, sprue base, etc. elements for remelting. The purpose of the study is to establish the specific features of calculating the economic effect of the introduction of advanced technologies in production, such as technologies associated with the reduction of foundry applications. Statistical methods, namely the quantitative analysis, comparison, and grouping methods were used to conduct research and process the results. Comparison of economic indicators with the actual quantitative characteristics of industrial technology through Integrated evaluation allowed analysing the results and drawing conclusions for the study. The main results of the study are determined by the proposed methodology for determining the economic effect, which, unlike the existing one, considers renewable resources and the possibility of obtaining an environmental effect. This allows using the renewable resources obtained from industrial waste in a reasonable and rational way and contributing to environmental protection. The areas of further research are primarily related to the identification and evaluation of technical and economic indicators of casting-related technologies, namely the production of ferroalloys, foundry production, non-ferrous metallurgy technologies, etc. In the future, this will allow establishing conditions for the most effective use of innovative technologies and obtaining the maximum economic effect from their introduction

Keywords: economic effect, advanced technology, environmental effect, renewable resources, direct costs, production organisation, technical and economic indicators

The Problem Statement

The transition of the Ukrainian economy to a new stage of technological advance requires an active position in terms of innovation and a fundamentally new approach to innovation. Innovation becomes the main factor in theoretical and practical projects implemented by modern technological programmes. The fundamental increase in the value of innovations is also caused by changes in the global market.

The elements of any research are technical and economic calculations and the development of an optimal plan

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for its implementation, thus, before the introduction of new technological processes, it is necessary to set a task to evaluate all aspects of the technical efficiency of the new technology, to establish the economic effect (if possible), or to calculate the expected economic effect of the new technology, to evaluate the environmental, social, or other related effects, and to compile a plan for the implementation of research, which is based on network planning and management methods or methods of economic and mathematical optimisation.

The first stage of research is the development of a technical and economic solution to the problem. Such a technical and economic problem at the Dnipro mill roll plant was determining the efficiency of introducing the technology in the casting for large export mill rolls, namely, the possibility of using the technology of thermite foundry applications of the high-temperature gradient.

Analysis of Recent Research and Publications

The most common methods for establishing the expected economic effect are methods for evaluating the effect of purchasing a new product by the consumer; rational use of material, labour and financial resources; economic incentives for the production of competitive products; economic efficiency of management and marketing techniques; economic efficiency of costs for creating and implementing information, logistics and other technologies for accounting, control, and audit [1-5]. Studies for which not only the forms are established, but also the place of their application are of particular importance [6-11].

The introduction of new technologies in ferrous, non-ferrous, special metallurgy, related industries (casting, ferroalloy production, etc. [10]) and the determination of the expected economic effect have a number of features that have not yet been thoroughly studied.

Purpose of the Study

The above posed a problem for the authors to solve which it is necessary to establish a method for determining the economic effect of the introduction of casting technology for large castings using thermite foundry applications of the high-temperature gradient.

Research Results

The authors previously performed work that confirmed the possibility of using the technology of termite foundry applications based on experimental melts for rolls weighing 5.46 and 6.67 tonnes. Experimental rolls of 580x1800 mm of export design were filled with liquid cast iron СШХН-42 by the siphon method. Three exothermic bags weighing 5 kg each were placed on the surface of the melt in the area of the foundry application. The batch filling of the exothermic charge, in addition to increasing the duration of the charge burning, reduced the heat loss of the thermite metal. In the composition of the charge, fluorspar CaF2 was additionally introduced, which reduced the ignition temperature of the mixture and increased the fluidity of aluminous slag [10]. Exothermic charge, which consisted of 80% thermite mixture, 5.5% carbon (in the form of ГЛ1 black graphite), 11% of ЖКМК-1 ligature (contains 5% Mg) with granules of 3-6 mm, 3.5% of ferrosilicon (FS75), synthesised a highly superheated melt of similar composition, poured into the mould. The weight of the charge was calculated using special methods [10] and it ranged from 20.5 to 27.6 kg. Loading of packages with metal-thermal charge on the melt surface was performed sequentially three times with an interval of 1.5 minutes.

The analysis of the studied rolls conducted by the authors showed the sufficiency of heating the foundry application with a directed heat dissipation and feeding with liquid thermite alloy casting. No bleach was detected in the microstructure of the surface of the cast iron roll. In all the experimental melts described above, the foundry application was not refilled with cast iron by 1/3. Metal savings on foundry additives amounted to ~ 33%. An incision of the foundry application showed that the shrinkage sink penetrated only 1/2 of its height. Further mechanical treatment did not detect shrinkage defects for the roll necks. Chemical analysis showed the chemical composition of the casting defect of the roll body and application within the technical tolerance. This offers considerable prospects for saving metal when casting heavy shafts. During the industrial tests, the method of calculating the amount of charge introduced into the roll casting application was developed. This allowed creating the basis for the technology of risering cast iron rolls using a metal-thermal charge.

Development of a method for calculating the charge for risering cast iron castings

The main technological parameter of termite foundry applications is the mass of the metal-thermal charge in the insulation for risering. Since termite applications are used instead of conventional ones, their calculation is based on mass data from conventional applications. The method for calculating termite applications is given in [10]. However, this technique does not allow considering the specific features of the casting technology of mill rolls, which consists in the fact that the application is formed in several technological techniques. They consist of filling an additional part of the mould with liquid melt and then periodically adding metal to the mould application during the casting hardening process. These technological methods of forming the application lead to the fact that the hardening time of the casting increases in comparison with the hardening time of the application of the same mass formed in one step when pouring the form. To use the mass of a conventional application, which is set through its linear dimensions according to the roll casting drawing and the alloy density as the base for calculating the amount of metal-thermal charge, the effective application mass was introduced – m_{ef}. m_{ef} is the mass of an application formed in one step. Furthermore, the hardening time of m_{ef} is introduced, which is equal to the hardening time of the application with mass m_{add}, formed in several steps (1).

$$m=c\,m_{add} \quad (1)$$

where c – coefficient that depends on the amount, value, and time of refilling.

The casting time of the roll casting mould does not exceed several minutes, and the temperature of the cast alloy is 1250-1300°C, which slightly exceeds the temperature of the beginning of the crystallisation of roll cast iron. These circumstances allow not considering the time of filling and the time of removing the heat of superheat. Thus, the effective mass depending on the cooling time of the application in a sand-clay mould formed in one step to the temperature within the crystallisation temperature range can be found from the dependence (2):

$$m_{ef} = 1.37\left(1+\beta\frac{n}{D^2}\right)\rho D^3 \tag{2}$$

According to the existing technology of manufacturing mill rolls, part of the application (on average, 25% of the application in length) falls on the length required for clamping the roll during its processing on roller machines and on casting defects on the surface of the application.

Thus, the application of mill roll casting can be reduced by an average of 75% by weight, provided that it is compensated by a metal-thermal charge. To ensure a margin of reliability, it is recommended, according to the results of experiments, to reduce the usual application by 70% by weight. It has been shown that 1 kg of metal-thermal charge is equivalent in its thermal effect to 20 kg of a liquid alloy. Then the amount of metal-thermal charge m_c required to replace 70% of the mass of a conventional roll application with a termite application (3):

$$m=0.04\ m_{ef} \tag{3}$$

The ratio (3) was found for the case when the metal-thermal charge was introduced into the mould in one batch. From relation (2), it can be concluded that the introduction of the charge in particles with a certain interval between layings increases the hardening time at the same charge mass or reduces the total mass of the metal-thermal charge if the same application hardening time is maintained. It has been experimentally established that the introduction of a charge in 2-4 batches reduces the weight of the charge by 10-20%. The interval between layings is determined by the time a crust forms on the application's surface. The mass of the charge is determined by the formula (4):

$$m_c=0.04\ c'm_{ef} \tag{4}$$

where c' depends on the charge tab conditions.

The coefficient value c' depends on the number of layings (from 1 to 4) and is in the range (3.2-4.0)•10^2.

The ratios (3) and (4) were used to calculate the amount of metal-thermal charge required to reduce the weight of the roll application by 75% [12].

For applications up to ∅300 mm, the number of refills (n) – 1, for application of ∅350–450 mm – 2, and for the application of ∅450 mm or more – 3. In the future, the obtained calculation results were tested on large industrial rolls.

Technical and economic efficiency of the work performed

The calculation of the expected economic effect from the introduction of the technology of manufacturing cast iron mill rolls using termite foundry applications was performed using a statistical method, namely the quantitative analysis and comparison and grouping with equivalent methods for similar technological processes, which clearly showed that the problem under study is typical for ferrous and non-ferrous metallurgy. Furthermore, the comparison of economic indicators with the actual quantitative characteristics of industrial technology through integrated evaluation allowed analysing the results and drawing conclusions for the study according to the Dnipro mill roll plant.

The introduction of the new technology ensures: reduction of alloy used on roll casting application by at least 30%; reduction of welding costs of shrinkage defects of the upper necks of the rolls; elimination of charcoal costs; release of the topping bucket; elimination of defects of rolls due to end shrinkage defects. The calculation was performed in accordance with the requirements of the temporary technological instructions developed by the authors.

As a basis for comparison, when determining the annual economic effect of the introduction of technology for the production of castings with termite applications, indicators of the technology of insulation and risering of castings that are being replaced are taken. The calculation was performed (1) tonne of cast rolls using the formula (5):

$$E = (I_1 - I_2) \times A - E_s \times C_{add} \tag{5}$$

where $I_1 - I_2$– initial costs for the main measured elements of the cost of rolls. C_{add} – additional capital funds for the introduction of new technology (6):

$$C_{add} = C_2 - C_1 \tag{6}$$

where C_1 – capital costs before the introduction of new technology; C_2 – capital costs for the introduction of new technology; E_s – standard coefficient of efficiency of capital investments; E_s = 0.3.

Capital costs before the introduction of a new technology C_1 are equal to the cost of a bucket for refilling applications in the amount of 9800 UAH. Capital costs for the introduction of a new technology consist of pre-production costs C_2 = 100000 UAH.

The change in initial production costs is calculated as follows. Prior to the introduction of termite application technology, the application weight per 1 tonne of cast rolls averaged 0.166 tonnes. The introduction of the new technology allows reducing the weight of the application by at least 30%, that is, the application is 0.105 tonnes. Savings from reducing the application weight per 1 tonne of rolls are:

$$C_{w.\,a.}=0.166\times0.3\times(2233.00-376.00)=92.48\ \text{UAH}$$

where 2233.00 – the cost of 1 tonne of cast rolls, in accordance with the calculation of the rolling shop; 376.00 – the cost of

1 tonne of applications cut for remelting as scrap metal; 2233.00–376.00 =1857.00 – the cost of 1 tonne of liquid alloy.

From the combustion of a metal-thermal charge, a liquid melt is generated in the application in the amount of 0.5 by the weight of the charge. Since the charge consumption averages 5% of the application weight, the amount of liquid alloy is:

L=(0.1666–0.166×0.3)×0.05×0.5=0.003 t

Its cost:

C_l=0.003×1856.00=5.57 UAH

Eliminating the cost of heating the application with charcoal on each tonne of cast rolls saves 4.00 UAH. According to the calculation of the rolling shop:

C_{cha}=4.00 UAH

Termite application technology eliminates roll defects due to shrinkage defects. The defects due to shrinkage at the enterprise in 1 year range from 4% to 6.7% of the mass of defective rolls. Savings by eliminating this type of defect:

C_d = 1856.00 × 0.04 × 0.067 = 4.97 UAH

Elimination of the cost of installing and welding seal is 1.80 UAH for each tonne of cast rolls (according to the calculation of the rolling shop):

C_3 = 1.80 UAH

Reducing the weight of the application eliminates the re-remelting operation from the technological cycle, which leads to the burning of the alloy.

This saves:

C_{cha}=(0.166+0.095)×1182.00×0.3=95.55 UAH

where 1182.00 UAH – the cost of 1 tonne of charge; 0.095 – the burning of the alloy.

Introduction of the technology of using a metal-thermal charge to risering castings will lead to costs:

$C_{m.\,c.}$=0.166×0.05×2440.00=20.25 UAH

where 2.440.00 UAH is the cost of 1 tonne of metal-thermal charge.

Savings per 1 tonne of cast rolls in terms of flow costs will be:

$$C_1 - C_2 = E_{w.a.} + C_l + C_{bur} + C_d + C_c + C_{cha} - C_{m.c.} = 92.48 + 5.57 + 4.00 + 4.97 + 1.80 + 95.55 - 20.25 = 184.12 \text{ UAH}$$

With the volume of the introduction of the new technology in the production process of 6080 tonnes of rolls per year, the economic effect will be:

E = 184.12×6080–0.3×(100000–9800)=1092389.61 UAH

Environmental evaluation of a technological solution

The result of this work was the development of a technological process for risering castings of mill rolls using termite applications. In the technological process, it is proposed to use a metal-thermal charge of the following composition (in % by weight): iron – aluminium termite (iron scale – 74; aluminium powder – 26); graphite – 3 (% by weight of termite); soda ash – 1.5 (% by weight of termite) [13].

All components that constitute the charge are non-toxic and are widely used in the metallurgical and casting industries. During the technological process, aluminium oxidation and iron reduction reactions are performed in the charge in the solid and liquid phases without the generation of gaseous products. Graphite, which is introduced into the charge, dissolves in the resulting liquid steel, while soda ash takes part in slag generation. Thus, the introduction of termite application technology does not lead to additional harmful effects on the environment. In addition, the disposal of mill scale, which is a technological waste of rolling and blacksmithing industries, contributes to solving the problem of environmental pollution. For additional cost savings on the introduction of the proposed technology, the aluminium powder can be used in the form of a grind of purified aluminium chips, and carbon in the form of a grind of unburned graphite electrodes in the manufacture of the melt.

Conclusions

1. The criteria and sequence of economic justification of new solutions in casting are established.

2. The method of determining the effective mass when using the technology of thermite foundry applications of the high-temperature gradient for large castings is identified.

3. The main components of calculating the expected economic effect from the introduction of new technology for manufacturing cast iron mill rolls using termite applications are determined.

4. The value of the economic effect of the introduction of the new technology was determined, which amounted to 1092389.61 UAH with the production of 6080 tonnes of rolls per year.

5. An environmental evaluation of the technical solution from the introduction of the new technology of thermite foundry applications of the high-temperature gradient for large rolls is performed.

Further research will be aimed primarily at identifying and evaluating technical and economic indicators of casting-related technologies, namely the production of ferroalloys, foundry production, non-ferrous metallurgy technologies, etc. In the future, this will allow establishing conditions for the most effective use of innovative technologies and obtaining the maximum economic effect from their introduction.

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Особливості визначення економічного ефекту від використання прогресивних технологій у ливарному виробництві

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Анотація. Одним з найважливіших показників оцінки інноваційної діяльності підприємств є економічний ефект від впровадження прогресивної технології у виробництво. Кожен тип виробництва має свої особливості, які проявляються не тільки у організації технологічного процесу, але і у розрахунках пов'язаних із встановленням економічних показників доцільності застосування нових технологій. Очевидно, що ливарне виробництво, а особливо спеціальні технології лиття, такі, як наприклад, використання термітних ливарних додатків високого температурного градієнту для економії сплаву, залитого у форму, накладають відбиток на алгоритм визначення економічного ефекту. Насамперед це викликано не тільки з встановленням безпосередніх прямих витрат при внесенні змін у стандартний технологічний процес, а саме витрати на металотермічну суміш, зміну ливарної форми, феросплави, використання легковідділяючих ливарні додатки пластин, але і можливістю повторного використання решток ливарного додатку, ливників, зумпфа, стояка та ін. елементів для переплавлення. Метою запропонованої роботи було встановлення особливостей розрахунку економічного ефекту при впровадженні прогресивних технологій у виробництво, таких, як наприклад, технології пов'язані із зменшенням ливарних додатків. Для проведення досліджень і обробки результатів використані статистичні методи, а саме метод кількісного аналізу, методи порівняння і групування. Порівняння економічних показників з дійсними кількісними характеристиками промислової технології методом комплексної оцінки надали змогу проаналізувати результати і зробити висновки до роботи. Основні результати проведеної роботи визначаються запропонованою методикою встановлення економічного ефекту, яка у відмінності від існуючої, враховує відновні ресурси та можливість отримання екологічного ефекту. Це дає можливість обґрунтовано та раціонально використовувати відновні ресурси отримувані з відходів виробництва, сприяти охороні навколишнього середовища. Напрями подальших досліджень пов'язані насамперед з виявленням та оцінкою техніко-економічних показників супутніх технологій до ливарного виробництв, а саме виробництво феросплавів, формувальне виробництво, технології кольорової металургії та ін. Це в перспективі дасть змогу встановити умови найефективнішого застосування інноваційних технологій та отримання максимального економічного ефекту від їх впровадження

Ключові слова: економічній ефект, прогресивна технологія, екологічний ефект, відновні ресурси, прямі витрати, організація виробництва, техніко-економічні показники

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Specifics of Pharmaceutical Industry Marketing

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Abstract. The paper substantiates the relevance and necessity of studying the specifics of marketing in pharmaceutical enterprises. The purpose of the paper is to determine the specifics and characteristics of modern pharmaceutical marketing. The paper uses methods of analysis, grouping, and a system approach. The features of the modern pharmaceutical industry in countries with market economies are presented. Current trends and features of the development of the global pharmaceutical market are identified. The key problems of the pharmaceutical market of Ukraine and priorities of its development are considered, taking into account the feasibility of using marketing tools. Among the identified priorities, it is important to increase the competitiveness of products and enterprises of the pharmaceutical industry through qualitative changes and innovations; ensure the innovative development of industrial enterprises in this industry; apply creative approaches. Specifics of pharmaceutical marketing are given. The interests of the subjects of the modern pharmaceutical market are combined into a "complex" covering two levels: micro- and macro-. The interaction of the main subjects of the pharmaceutical market is studied. The main forms of a marketing application in the pharmaceutical industry are considered. The scientific originality of the paper is reflected in the authors' proposals to combine the interests of all subjects of the modern pharmaceutical market into a certain complex that covers two levels; to build a graphical display of all possible connections between the subjects of the pharmaceutical market. The practical significance of the paper consists in the possibility of introducing priorities for the development of the pharmaceutical market in Ukraine, considering the feasibility of using marketing tools. It is noted that most manufacturers in the pharmaceutical industry do not implement the third form since all functions related to marketing are performed by intermediary networks. Prospects for further research are to study the international experience of cooperation between pharmaceutical companies, a detailed review of global trends in pharmacy

Keywords: pharmaceutical market, demand, forms of a marketing application, subjects of the pharmaceutical market, marketing

The Problem Statement

On the one hand, the pharmaceutical industry is high-tech and knowledge-intensive, and on the other hand, it is socially important since it provides support for a healthy nation. Research in this particular area is important and interesting both for scientists and for all subjects of the pharmaceutical market.

Nowadays, most pharmaceutical companies apply marketing measures at the "basic level", require the development of a marketing strategy, the introduction of creative ideas in product promotion. The solution of this problem is impossible without studying the specifics of marketing of pharmaceutical enterprises. Therefore, consideration of the features of modern pharmaceutical marketing is certainly a relevant and important area of research. To determine the features of modern pharmaceutical marketing, it is necessary to study the subjects of the pharmaceutical market and their interests more deeply, and determine all possible connections between them.

Analysis of Recent Research and Publications

Among the scientists who study the pharmaceutical market, papers of the following authors can be distinguished:

Suggested Citation:
Zadorozhniuk, N.A., Malysh, I.A., & Minieieva, Ya.D. (2020). Specifics of pharmaceutical industry marketing. *Scientific Bulletin of Mukachevo State University. Series "Economics"*, 7(1), 86-91.

O.I. Vavulin [1], N.I. Gavrylenko, and Ya.V. Kulich [2], S.Yu. Goncharova [3], V.P. Kolesnikov [4], Yu.M. Melnik [5], O.G. Chirva [6], A. Kisiolek [7; 8], M. Tannoury [9], I. Samanta [10], M. Stros [11], B. Shaw, P. Whitney [12], M.C. Becker, M. Lillemark et al. [13]. The analysis of modern publications on this issue identified the need to determine the features of modern pharmaceutical marketing.

Purpose of the Study

The purpose of the paper is to determine the specifics and characteristics of modern pharmaceutical marketing.

Research Results

The study of the degree of use of marketing in the pharmaceutical industry shows that most industrial enterprises use only part of the possible marketing potential, and therefore receive less profit. One of the main reasons for this is the ever-increasing R&D costs to ensure the innovative development of pharmaceutical enterprises. However, marketing is also important and should be considered as one of the components of innovative development. The modern pharmaceutical industry of countries with market economies is characterised by the following [2]:

1. It consists of two sectors with a fundamentally different economic model and business strategy:

• the first sector is knowledge-intensive or innovative, for which reliable protection of intellectual property rights is very important since it is characterised by the use of patents, trademarks, aggressive advertising, and as a result – making a considerable profit (profitability of more than 13%);

• the second sector is the sector of reproduced products, which brings considerably less profit (profitability is 5-10%).

2. The specific feature of competition is that it manifests itself mainly not in the form of lower prices but in the form of the development and production of new drugs characterised by high efficiency and safety for health.

3. The production and sale of modern medicines is carried out in the private sector. The role of government agencies is only to develop requirements for the effectiveness, safety, and quality of manufactured medicines. In many countries, government agencies also regulate the price of medicines, especially for certain groups of people (seriously ill, socially vulnerable, etc.).

4. The international character of the development, research, production, and marketing of medicines is mainly manifested not in the form of direct exports but in the form of investments abroad. Innovative developments play an important role in international economic and scientific and technical cooperation in the pharmaceutical industry.

Current trends and features of the development of the global pharmaceutical market, which have been observed in recent years, are as follows:

• deepening pharmaceutical globalisation;

• improvement of quality standards for the production of medical products;

• activation of medical reforms;

• increasing the scope of R&D;

• aggravation of problems related to the increase in the number of counterfeit and low-quality medicines on international markets;

• merger and absorption processes in the global pharmaceutical market, which lead to an increase in the risks of monopolising the market or creating oligopolies on it.

The specifics and main feature of the modern pharmaceutical market is the active introduction of nanotechnologies, which act as techniques and methods used in relevant research, production and use of nanostructures, devices, and systems [14]. The introduction of such innovations increases competitive advantages between pharmaceutical market entities since the development and implementation of nanotechnologies requires huge financial investments. Therefore, industrial enterprises of the pharmaceutical market are looking for investors because they need constant investment injections. And it is marketing activities that, on the one hand, help to attract investment (both internal and external), and on the other hand, stimulate the promotion of innovative products in markets of various levels.

Another important feature of the modern pharmaceutical market is the production and improvement of conventional medicines that include natural ingredients of plant and animal origin. This is conditioned upon the global trend of a healthy lifestyle and the consumption of natural products.

The condition of the Ukrainian pharmaceutical market is characterised by a fairly considerable share of imported medicines and a predominance of outdated, clinically ineffective medicines. In other words, the pharmaceutical market of Ukraine remains import-dependent. Among the key problems of the pharmaceutical market of Ukraine are the following:

• imperfection of legislation as one of the consequences – violation of intellectual property rights;

• increase in the number of counterfeit medicines, violation of the procedure for buying and selling narcotic drugs;

• lack of control over setting prices for medicines and medical devices;

• lack of state financial support, low or complete lack of motivation for pharmaceutical companies to develop and implement new original drugs and increase export potential;

• lack of effective partnership between the state, production, and science in the field of creating complete technological cycles for the production of innovative pharmaceutical products [3];

• outdated base of scientific and technical support for pharmaceutical production;

• unfavourable climate for attracting investment, etc.

The main priorities for the development of the pharmaceutical market in Ukraine, considering the feasibility of using marketing tools, can be:

• development and implementation of an effective mechanism for state control not only over the production but also over the sale and advertising of pharmaceutical products;

• increasing the competitiveness of products and enterprises in the pharmaceutical industry not only by improving the quality but also by creatively promoting products, especially innovative ones;

• improvement of the state registration system, in particular through adaptation to international standards, primarily in European countries;

• implementation of a set of measures, including marketing, to justify and provide information resources of the pharmaceutical market (conducting marketing research to determine the needs and requirements of consumers, etc.);

• using a marketing approach to managing the innovative development of pharmaceutical enterprises. It is pharmaceutical marketing that will help to open up new opportunities for the development of drug manufacturers.

The main purpose of pharmaceutical marketing is to optimise the pharmaceutical care market, which means analysing the relationship between need, demand, supply and demand, as well as considering the impact of all internal factors of the drug supply system for the population. Pharmaceutical marketing has a number of features [6, p. 94]:

• the demand generator in the buyer (patient) – seller (pharmacist) system is a doctor;

• when analysing the market, it is necessary to consider not only demand but also the need;

• consumers often view medical and pharmaceutical products not as a desirable product but as a necessary purchase in case of illness or elimination of certain discomfort;

• low level of awareness of the end user (patient) about what medications they need, taking into account the analogues available on the market;

• pharmaceutical products should only be of high quality to ensure the health of the nation.

To determine the specifics of the pharmaceutical market, it is necessary to specify the interests of all its subjects. The authors propose to combine the interests of subjects of the modern pharmaceutical market into a "complex" covering two levels (Fig. 1).

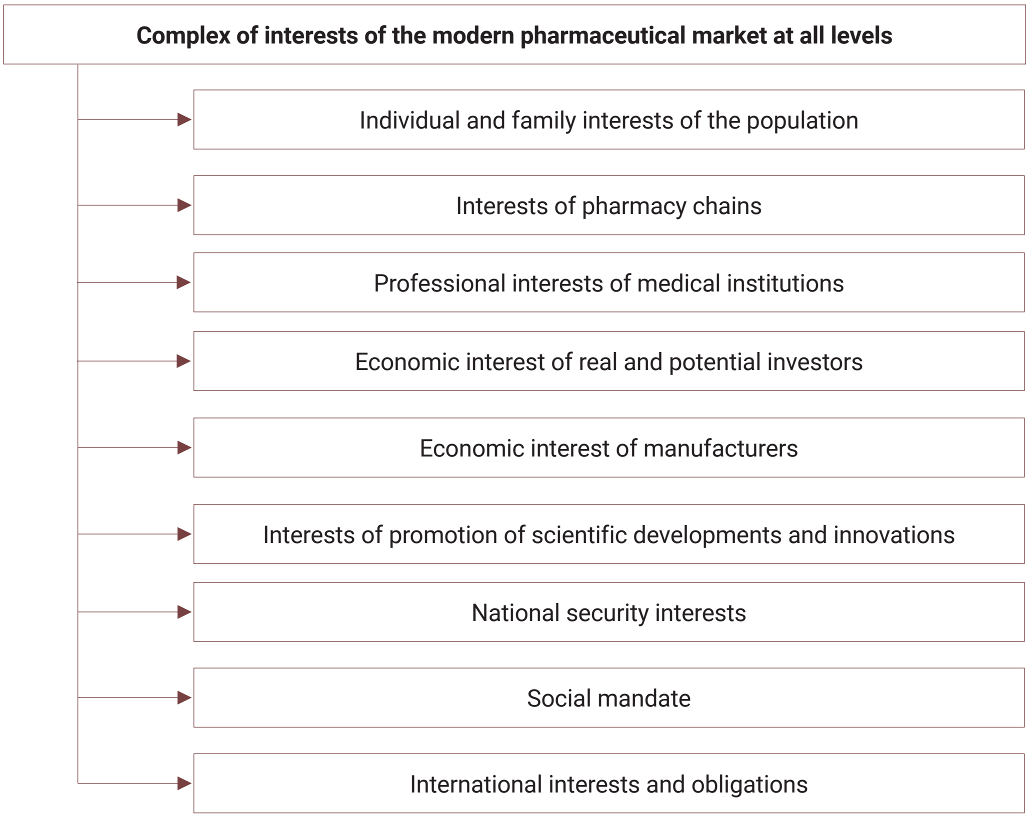

Figure 1. Complex of interests of pharmaceutical market participants

Source: authors' suggestion

1. The micro-level to which the following interests belong:

• individual and family interests of the population (interests of households);

• interests of pharmacy chains (as an intermediary of the pharmaceutical market);

• economic interest of pharmaceutical producers (as a participant in the pharmaceutical market);

• interests in promoting scientific developments and innovations (for particular market participants);

• professional interests of medical institutions (as an intermediary of the pharmaceutical market);

• economic interest of real and potential investors (national or foreign as a participant in the pharmaceutical market).

2. The macro level to which the following interests belong:

• interests of promoting scientific developments and innovations (as a result of state achievements, as well as in the context of international cooperation and attracting foreign investment);

- social mandate;
- national security interests;
- international interests and obligations (the market entity is the state).

It is important to note the "uniqueness" of interests in promoting scientific developments and innovations since they can cover both the micro- and the macro level. An important role in the implementation of long-term and innovative plans of pharmaceutical companies is assigned to real and potential investors who are interested in profitable placement of their funds and improving their rating of reliable partnership, as well as involvement in socially important projects.

In the context of global threats, there is a need for cooperation at a new technological and information level, which will allow transferring funds to those enterprises that are necessary for the implementation of international programmes of completely new investors, and attracting innovative projects and technologies. For further consideration of the specifics of pharmaceutical marketing, it is necessary to study the interaction of the main subjects of the pharmaceutical market (Fig. 2).

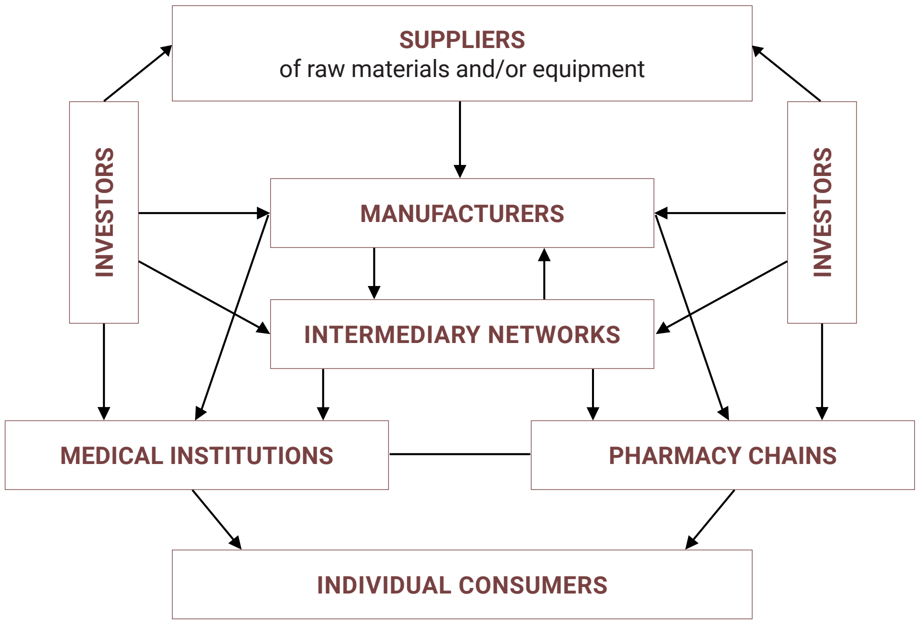

Figure 2. Interaction of pharmaceutical market entities

Source: developed by authors

All subjects of the pharmaceutical market (suppliers, manufacturers, intermediary and pharmacy chains, medical institutions, investors, and individual consumers) interact with each other, exchange not only products of manufacturers of the pharmaceutical industry and money but also knowledge and experience, which are the basis of innovative potential and innovative development of the pharmaceutical market.

The use of marketing in the pharmaceutical industry is of particular importance as the area of attracting new customers and retaining existing ones, introducing loyalty programmes and increasing sales of products [5]. In modern conditions, the role of marketing research in all industries that are directly related to a person and his safety is considerably increasing. It is important to cooperate with pharmaceutical companies which are similar not only within one country but also with manufacturers from other countries. This collaboration will reduce the cost of research, long-term and complex trials, and introduce them into everyday medical practice.

Based on [15], several forms of marketing application in the pharmaceutical industry are proposed.

The first form – marketing is used in enterprises sporadically (advertising, propaganda, market research, public relations). In this case, enterprises do not have structural divisions engaged in marketing.

The second form – marketing is used periodically as a set of its tools. Enterprises have various structural divisions (including marketing departments).

The third form – marketing is constantly used as a mandatory part of enterprise management.

The company's management independently decides on the implementation of the marketing form, but today most pharmaceutical industry manufacturers do not implement the third form since all functions related to marketing are performed by intermediary networks.

Conclusions

The use of marketing by pharmaceutical companies has its own specifics, creative ideas for product promotion will not only increase profits but also attract new investors to ensure innovative development. In further research, it is planned to consider the international experience of cooperation between pharmaceutical companies.

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Специфіка маркетингу фармацевтичної галузі

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Анотація. У статті обґрунтована актуальність та необхідність дослідження специфіки маркетингу підприємств фармацевтичної галузі. Метою статті є визначення специфіки та особливостей сучасного фармацевтичного маркетингу. У статті використано методи аналізу, групування та системного підходу. Наведено риси сучасної фармацевтичної галузь країн з ринковою економікою. Визначено сучасні тенденції та особливості розвитку світового фармацевтичного ринку. Розглянуто ключові проблеми фармацевтичного ринку України та пріоритети його розвитку з урахуванням доцільності використання маркетингових інструментів. Серед визначених пріоритетів важливого значення мають підвищення конкурентоспроможності продукції і підприємств фармацевтичної галузі за рахунок якісних змін та нововведень; забезпечення інноваційного розвитку промислових підприємств цієї галузі; застосування креативних підходів. Наведено особливості фармацевтичного маркетингу. Поєднано інтереси суб'єктів сучасного фармацевтичного ринку у «комплекс», що охоплює два рівня, мікро- та макро-. Досліджено взаємодію основних суб'єктів фармацевтичного ринку. Розглянуто основні форми застосування маркетингу у фармацевтичній галузі. Наукова новизна роботи відображено у пропозиціях авторів щодо поєднання інтересів усіх суб'єктів сучасного фармацевтичного ринку у певний комплекс, який охоплює два рівня; побудови графічного відображення усіх можливих зв'язків між суб'єктами фармацевтичного ринку. Практична значущість статті полягає у можливості впровадження пріоритетів розвитку фармацевтичного ринку в нашій країні з урахуванням доцільності використання маркетингових інструментів. Зазначено, що більшість виробників фармацевтичної галузі не впроваджують третю форму, тому що усі функції, пов'язані з маркетингом виконують посередницькі мережі. Перспективи подальших досліджень полягають у вивченні міжнародного досвіду співробітництва підприємств фармацевтичної галузі, детальному розгляду світових тенденцій фармації

Ключові слова: фармацевтичний ринок, попит, форми застосування маркетингу, суб'єкти фармацевтичного ринку, маркетинг

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Features of the Definition of Operational Activity of Retail Chains

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Abstract. The study raises the relevance of the operational activity of retail chains as an economic category. The relevance of the research subject lies in the development of modern trade formats and the need to introduce new solutions for managing operational activities, in terms of improving the efficiency and quality of performing basic management functions. The retail industry undergoes constant transformation. The identification of the mechanism for the functioning of retail chains in Ukraine has not yet become the subject of extensive research, which negatively affects their functioning. The purpose of the study is to examine and clarify the economic category "operational activity of a retail chain". The study examined the essence and components of retail operations and developed ways to optimise operational management, the main of which are well-built logistics schemes, electronic sales channels, organisation of food halls and food courts, digitalisation and personalisation, building omnichannel communication of retail chains and consumers, the use of big data to improve customer service. The essence of retail operating activities is considered. Based on the use of general economic research methods, the approaches of researchers to the interpretation of "operational activity" are analysed and systematised. The scientific originality of the study consists in clarifying the essence and highlighting the most important characteristics of the operating activities of retail in Ukraine. The practical value lies in the substantiation of the main components of the operating activities of the retail network. Based on the conducted research, it is determined that operational activity in financial and economic activity occupies a core place since it is the main basis for stimulating entrepreneurship

Keywords: means of operating activities, objects of operating activities, operating activities, components of operating activities, retail network

The Problem statement

Consolidation of retail companies and the growth of the scale of activity of retail chains are a general trend of business expansion, which increases the importance of retail chains as the main customer in distribution channels. Retail puts pressure on industrial producers and chooses the range of products that are profitable to sell to them. In the last decade, the list of manufacturing enterprises that are subordinate to specific retail chains in various organisational forms has considerably increased. Such enterprises produce products not under their own trademarks, but under the brand of a certain network. As retailers' own brands gain increasingly strong positions in the market, these companies have the opportunity to influence the development of new products. In other words, trade enterprises have become a force that generates consumer demand and influences consumer purchasing behaviour.

Analysis of Recent Research and Publications

Studies of national researchers cover issues related to the concept and stages of operational activity of retail trade enterprises. In this area, research has been conducted by I. Ansoff [1], O. Bakunov [2], P. Belinsky [3], O. Blank [4], G. Kapinos [5], Ye. Mnyh [6], M. Meskon [7], V. Seliutin [8], G. Tarasiuk [9], A. Chandler et al [10]. Each individual branch of the economy has its own specific features, which make it necessary to improve concepts and categories in relation to it. This also applies to the activities of modern trading formats.

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Purpose of the Study

The purpose of the study is to examine and clarify the category "operational activity of a retail chain". The main task is to study the "operational activity" as an economic category and determine the main priorities for improving operational management in the context of the development of modern trade formats.

Research Results

In recent decades, the retail industry has become more concentrated, and the share of retail giants has increased considerably. The structure of the market in Ukraine, as a result of dynamic economic transformations, is undergoing considerable changes. The share in the national market of large retail chains is small compared to the volume of markets captured by leading chains in European countries. A prerequisite for further theoretical research on "operational activity" is the definition of essential characteristics and the search for ways to improve the management of operational activities of retail chains in competitive economic conditions. Notably, this need is due to the lack of analysis and research of this concept, therefore, there is a need for further research. The study of "operational activity", including in the context of the development of modern trade formats, is of key importance. An integral component of analysing the state and prospects of introducing new operational solutions is the study of their content and main characteristics in competitive conditions.

The current legislation contains two main interpretations of "operational activity". According to IAS 7 Statement of Cash Flows, operating activities are the principal activities of an entity that generate revenue and other activities that are not investment or financial [11]. National Accounting Regulation (Standard) 1 "General Requirements for Financial Statements" provides the following definition of "operating activity" – the main activity of an enterprise, and other types of activities that are not investment or financial ones [12]. These interpretations are the most general and do not define operational functions in the operating system. In the most considerable studies on the essential characteristics of operational activities, published by leading foreign and national researchers, the content and interpretation of operational activities differ.

Having studied the definitions of I. Ansoff and A. Chandler [1; 10], it can be determined that operational activity is considered by the author as a component of the long-term development strategy of a trading enterprise. Therewith, researchers do not emphasise its importance, since achieving purpose in the future is a priority in terms of financial results in the current period. According to M. Meskon [7], in the structure of operational activities, it is advisable to also distinguish the functions of management, marketing, finance, personnel, and technical. D. Lozovytskkyi [13] notes that operating activities are mostly determined by the results of the financial and economic activities of the enterprise, therefore, they require supplementation by including financial aspects in their composition. These interpretations do not define specific types of activities or economic processes that are included in operating activities. Therefore, it is advisable to clarify and more correctly interpret "operational activity". The analysis of scientific sources confirms that the essence of "operational activity" has been covered in many studies of both foreign and national research economists. G. Kapinos and I. Babii [5] interpret "operational activity" as "...activities that are performed within the operating system to create any utility by converting inputs (resources) into outputs", which is the most accurate and attention-worthy definition in the context of studying the operational activities of modern retail chains. The inputs and outputs of the trading enterprise's operating activities include the elements presented in comparative Table 1.

Table 1. Comparative table of information on the operational activities of a retail enterprise and a retail chain

Operating inputs		Operational outputs	
Retail trade enterprises	**Retail chains**	**Retail trade enterprises**	**Retail chains**
1. Objects of operational activity to which the efforts of the system in the process of transformation are fostered		**1. Main**	
a) products; b) customers; c) customer's owned property	a) products; b) inventories, raw materials, and supplies; c) finished products; d) customers; e) customer's owned property	a) a client whose condition has been changed (satisfaction of a need); b) the customer's owned property, which has been changed	a) finished products, semi-finished products; b) a client whose condition has been changed (satisfaction of a need); c) the client's owned property that has been changed
2. Means of operating activities		**2. Secondary**	
commercial equipment	a) commercial equipment; b) equipment for preparation and storage of finished products and semi-finished products	a) material; b) energy; c) information	a) finished products, semi-finished products; b) a client whose condition has been changed (satisfaction of a need); c) the client's owned property that has been changed

Table 1, Coutinued

Operating inputs		Operational outputs	
Retail trade enterprises	Retail chains	Retail trade enterprises	Retail chains
3. Staff			
sales (seller, cashier, consultant)	a) salesperson (consultant, cashier) b) cooking technologists, cooks		

Source: developed by the author based on [5]

Comparative characteristics of the operating activities of retail trade enterprises and a modern retail network allow distinguishing the distinctive features between inputs and outputs depending on the retail format of the network.

The operational activity of a network of retail enterprises consists of a number of consecutive commodity operations, the composition of which depends on the store's trading format [14]. In the context of the study, it is advisable to distinguish in the system of operational activity such business operations that are separate processes but are interrelated and represent a single operational function of the enterprise. Most modern retail chains, in addition to the main economic activity inherent in retail chains (supply, storage, and sale), produce semi-finished products and finished products, that is, perform trade activities that intersect with the activities of the restaurant business; thus, it is appropriate to supplement the operational activities of retail with processes that are characteristic for restaurants. Considering the approaches and features of modern retail chains, the main stages of operational activity that are characteristic of modern retail chains are identified (Fig. 1).

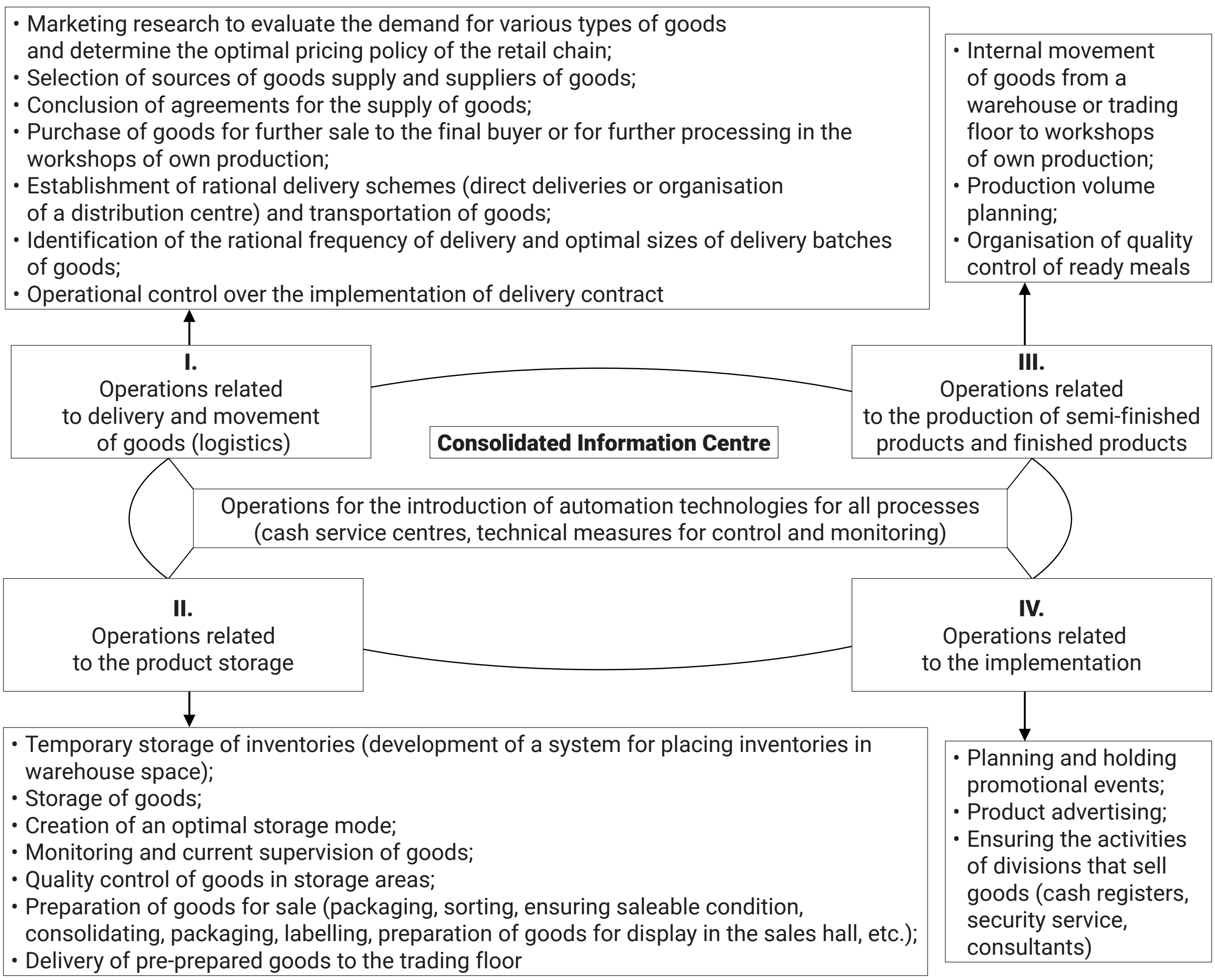

Figure 1. Main stages of the retail chain's operational activities

Source: compiled by the author based on [14]

Retail development is a dynamic positive process for consumers and a serious test for manufacturers, as retailers are exerting more influence on manufacturing enterprises in gaining market share. Suppliers in cooperation with retail representatives are forced to supply products at reduced prices, introduce various discount programmes, finance advertising campaigns [15; 16], and fight for the right to conclude contracts for the supply and sale of products in the retail network. For the most part, this is reasonable, since due to the scale of sales by the retail network, suppliers have sufficient profit and do not suffer losses from the reduced selling price. Thus, the operational activity of a retail chain is a component of the main activity that occurs within the framework of the implementation of the overall strategy for the development of the retail network, a set of interdependent and interrelated procedures related to the use of resources that are of value to external consumers and ensure the acquisition of most of the income.

At the current stage of development, Ukrainian retail lags behind European countries in terms of trade turnover per capita and retail space. Yet given the high potential of network enterprises in Ukraine, further positive development of the trading industry can be expected. Currently, retail's operational activities are focused on such global trends as digitalisation, personalisation, building omnichannel communication between the network and the consumer, and the use of large amounts of data to improve customer service.

A special feature of the operational activity of retail chain enterprises is its cyclicality, which follows from the consistent patterns of the reproduction process and is based on the laws of changing the forms of capital. The content elements of operational activities should be supplemented with processes and operations related to the production and technological basis of the trading enterprise, actions related to financial, marketing, sales, logistics, and other components.

Conclusions

Further research on the state and development of the trading industry is the main task since the information obtained in the future can be used in formulating long-term strategic goals of the retail network. Operational activity occupies a core place in financial and economic activity since it is the basis for stimulating entrepreneurship in the dynamic conditions of the development of a socially oriented economy. Thus, shortly, retail will have to operate in conditions of increasing competition and the need to improve operational efficiency in conditions of lack of labour resources. Currently, electronic sales channels are achieving profitability for large retail chains. This suggests that 15% of total sales can occur online, as global analysts predict. Prospects for further research lie in the need to improve the operational management process, primarily in terms of increasing the efficiency and quality of performing the main management functions – planning, organisation, management, and control.

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Особливості дефініції «операційна діяльність торговельних мереж»

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Анотація. У статті піднімається актуальність поняття операційної діяльності торговельних мереж як економічної категорії. Актуальність теми дослідження обумовлена розвитком сучасних форматів торгівлі та необхідністю впровадження нових рішень щодо управління операційною діяльністю, в частині підвищення результативності та якості виконання основних функцій управління. Галузь роздрібної торгівлі знаходиться в постійному процесі трансформації. Визначення механізму функціонування торговельних мереж в Україні ще не стало предметом широкого наукового дослідження, що негативно позначається на практиці їх функціонування. Метою статті є дослідження поняття та уточненні економічної категорії «операційна діяльність торговельної мережі». У статті було вивчено сутність і складові операційної діяльності ритейлу, а також розроблено шляхи оптимізації управління операційною діяльністю, основними з яких є грамотно побудовані логістичні схеми, електронні канали продажів, організація фуд-холів та фуд-кортів, діджиталізація і персоналізація, побудова оміканальної комунікації торгових мереж і споживача, використання великих даних для поліпшення клієнтського сервісу. Розглянуто сутність операційної діяльності ритейлу. На основі використання загальноекономічних методів дослідження проаналізовано та систематизовано підходи науковців щодо трактування поняття «операційна діяльність». Наукова новизна дослідження полягає в уточненні сутності та виокремленні найважливіших характеристик операційної діяльності ритейлу України. Практична значущість полягає в обґрунтуванні основних складових операційної діяльності ритейлерської мережі. На підставі проведеного дослідження визначено, що операційна діяльність в процесі фінансово-господарської діяльності займає базове місце, оскільки є основною засадою для стимулювання підприємницької активності

Ключові слова: засоби операційної діяльності, об'єкти операційної діяльності, операційна діяльність, складові операційної діяльності, торговельна мережа

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Corporate Law and Corporate Culture as Means of Influencing the Efficiency of Corporations

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Abstract. Corporate law and corporate culture are a set of means of multidirectional influence on the efficiency of corporate legal entities, they regulate relations that may arise during the creation, performance, and termination of economic activities, determine the means, forms, and structure of the organisation of activities. The purpose of the study is to determine the features and basic principles under which corporate law and corporate culture develop patterns that facilitate achieving the goals and optimising certain processes in the activities of corporate legal entities. The research methodology is based on the methods of logical analysis, critical analysis of scientific literature, and practical experience. The results of the study allowed considering corporate culture and corporate law as specific means of modelling personnel behaviour or managing it. These tools pose scientific originality and allow achieving such an image of personnel interaction that is acceptable for the efficiency of corporate legal entities. The basic result that poses originality is the structuring of corporate culture and corporate law, implemented in the context of: a model framework that defines the features and basic principles of influencing personnel behaviour; patterns of behaviour in the organisation that determine the internal environment, where each employee invests strength in a common goal (efficiency of the enterprise). The study of the model basis of corporate culture and corporate law, patterns of behaviour in the organisation allowed identifying the basic principles which positively affect the efficiency of corporate legal entities. The highlighted principles of corporate culture and corporate law positively impact the efficiency of corporate legal entities if clan or adhocratic types of corporate culture are developed. The practical value of the study is to identify elements for software development that will help corporate legal entities involve employees in work processes, create and strengthen corporate culture

Keywords: corporate culture, corporate law, efficiency, enterprise, personnel, pattern or type of behaviour

The Problem Statement

Corporate culture and corporate law are means of multidirectional influence on the efficiency of corporate legal entities with the means of generating effects related to ensuring employee cohesion; germination of labour productivity; production of labour discipline, motivational incentives, a close interaction of employees. In addition, corporate law regulates relations that may arise during the creation, performance, and termination of economic activities, determines the means, forms, and structure of organising the activities of corporate legal entities.

It is specific that corporate culture and corporate law do not always have a positive impact on the efficiency of business entities, while simultaneously causing a number of obstacles to the occurrence of the effects outlined above. Namely: communication obstacles, conflicts due to differences in labour motivation, lack of understanding of the value and corporate importance, etc. The problem is further aggravated by the fact that until now there is no clear definition of these categories in the theory and practice of management [1]. As a result, most enterprises reduce the corporate law to a number of administrative elements and the content of corporate culture to a "code of ethics" containing a description of the basic rules of personnel activity (namely, how personnel should perform activities, what are the rights and obligations of personnel, including from the standpoint of morality) M.L. Patrick [2].

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Analysis of Recent Research and Publications

According to the analysis of recent research and publications on corporate culture and corporate law, there is no consensus on these categories among the majority of national and foreign researchers. The study of these issues was conducted by such researchers as: M.L Patrick [2], L. Savchuk, A. Burlakova [3], the concept of corporate culture is highlighted by foreign researchers D. Eldridge, A.C. Crombie, G. Morgan, There Ye. Utkin in the study of O. Dancheva [4], G.O. Bolotina, N.Yu. Lyashok [5], O.S. Vikhansky, O.I. Naumov [6], T.G. Kytsak [7], V.I. Tsikalo [8], D.B. Zadykhailo, O.R. Kibenko, G.V. Nazarova [9].

Most researchers consider the categories of corporate culture and corporate law as a set of developed patterns of personnel behaviour used to influence the efficiency of the enterprise. Exclusively the studies of G.O. Bolotina, and N.Yu. Lyashok [5], O.S. Vikhansky, O.I. Naumova [6], V.I. Tsikalo [8] are focused on identifying modelling properties of corporate culture and a set of complex provisions on the legal regulation of public relations concerning the development and operation of an association of several objects acting as one structure.

In particular, D. Eldridge, A. Crombie, G.O. Bolotina, N.Yu. Lyashok [5], O.R. Kibenko [9] note that using a system of corporate law, values, beliefs, and their transmission to all levels of management, the impact on the efficiency of corporations is ensured. O.S. Vikhansky and O.I. Naumov [6] distinguish corporate culture and corporate law as means of influencing the behaviour and actions of personnel, which simultaneously increase/hinder the improvement of the efficiency of individual divisions or a business entity in this regard. X. Yang, D. Wu analyse corporate culture regarding its impact on corporate performance management and even on the environmental efficiency of the company [10; 11]. Currently, available research indicates that corporate culture is inherently diverse, and corporate law has certain problems with regulating the activities of corporate legal entities. This determines the polarity of its impact on overall efficiency, which affects specific numerical performance indicators of individual divisions. Furthermore, researchers do not specify under what conditions the outlined components and their inherent means of generating effects will positively affect the efficiency of corporate legal entities.

Purpose of the Study

The purpose consists in determining the features and basic principles under which corporate law and corporate culture develop behavioural patterns that facilitate achieving the goals and optimising certain processes in the activities of corporate legal entities.

According to the purpose, the main objectives of the study are:1) to define the essence of the categories corporate culture and corporate law; 2) to characterise the model basis of corporate culture and corporate law; 3) to characterise personnel behaviour patterns of corporate legal entities; 4) to define the basic principles under which corporate culture and corporate law positively affect the efficiency of corporate legal entities.

Research Results

Researchers have different interpretations of the essence of corporate culture and corporate law, which conditions diversity regarding the systematics of these categories in the field of corporate legal entities. The analysis of modern approaches to categories and the areas of their modern systematisation (or structuring) are shown in Table 1.

Table 1. Analysis of modern approaches to corporate culture and corporate law and areas of their modern systematisation (or structuring)

The essence of the category according to the author's approach	General thesis of the author's approach	Areas of systematisation
Corporate law category		
A set of behavioural patterns in an organisation. It is developed and shared by all members of the team [2] the system of values, rules, and traditions that the personnel adhere to [2]	A system of personnel behaviour modelling tools	According to management models: clan, adhocracy, market, hierarchy
A set of norms, values, beliefs that determine the way to unite groups and individuals in the organisation to achieve its objectives [4]	A system of means of managing the association of individuals that is acceptable for the enterprise	According to the management style: authoritarian, liberal, democratic
Unique characteristics of the features of the organisation, the thing that distinguishes it from others in the industry [7]	A system of tools for modelling the characteristics of features of an organisation	
One of the means of performing organisational activities using language, folklore, traditions, and other ways of transmitting values, beliefs, ideologies of the business entity [4]		
The essence of the category according to the author's approach	General thesis of the author's approach	Areas of systematisation
A system of essential assumptions that are accepted by members of the organisation as an axiom and expressed in specific values that determine people's guidelines for their behaviour [3; 12; 13]	A system of tools for modelling personnel behaviour that is acceptable for the enterprise	Absent

Table 1, Continued

The essence of the category according to the author's approach	General thesis of the author's approach	Areas of systematisation
A resource that considerably affects the performance of enterprises, is a component of social capital [14, p. 43]	A resource of influence on the efficiency of the enterprise	Absent
Corporate law category		
Civil, managerial, labour, administrative, financial, etc. rights and obligations [8; 9] Legal relations arising within a business association [8] Legal relations that arise in performing business activities [8]	Complex legal relations	Internal External
Relations that arise due to participation in the management and transaction of corporate affairs to achieve certain economic goals [15]	The right and obligation of a particular body of the corporation to manage and conduct the affairs of the corporation	Absent

According to the above data, corporate culture and corporate legal relations can transform, move from one state to another, change the structure of the components of influencing personnel behaviour, change the format of managerial, administrative rights and obligations. In fact, the combination of selected categories is a complex system of elements that has a modelling ability. These categories should be considered as having specific tools for modelling personnel behaviour or managing it, based on presenting an image of personnel interaction in specific models that are acceptable for the efficiency of corporate legal entities. Acceptability should be a measure of optimality that defines efficiency in terms of comparing the results obtained with the volume of resources spent [16].

According to the interpretation of the essence of the category, it is advisable to present its structuring in the context of:

- a model framework that determines the features of influencing personnel behaviour using specific means of generating effects (in particular, employee cohesion; productivity growth; production of labour discipline, motivational incentives, and close interaction of employees);
- systems of types or behaviours of personnel of corporate legal entities that determine the internal environment where effects are developed, due to the fact that each employee invests energy in a common goal (efficiency of the enterprise).

The model basis of corporate policy and corporate law is represented by organisational and ideological elements, including a system of complex legal relations (since corporate culture complements the content of management, labour, administrative norms and rules).

The organisational element of the model base is represented by the following means of generating effects [3; 5]:

- a leadership system (which generates effects by considering differences in socio-cultural competence and personnel development);
- norms of behaviour that should not automatically transfer the problems of society's traditions (each organisation has a different list of bad corporate habits, but it is important for leaders to identify and understand the causes of their occurrence);
- the system of organisation of the working process (regulation of labour discipline). In particular, it determines what time to come and leave the workplace, the right to leave the workplace, the dress code, and the specific features of communicating with colleagues);
- conflict minimisation system (unity in labour motivation, elimination of differences in problem setting and decision-making);
- working communication system (absence of cultural communication barriers in cooperation, understanding of the essence of collective interaction by members of the multicultural environment);
- corporate style (focus on the experience of developed countries is advisable).

Characteristics of the organisational element of the model basis of corporate culture and corporate law are presented in Table 2.

Table 2. Characteristics of the organisational element of the model basis of corporate culture and corporate law of corporate legal entities

Effect generation tools	Basic principles of positive impact on efficiency	The basis that defines efficiency
Leadership system	Consideration of differences in sociocultural competence and productive development of personnel. It is important to have social and managerial flexibility, which is expressed in acceptance of other cultures; understanding of individual cultural interdependencies; openness and tolerance in cultural communication; ability to transfer knowledge in the field of personnel management from one cultural environment to another	
Prevention of conflicts	Unity in labour motivation. It is important to prevent conflicts due to differences in labour motivation. Motives are determined by the social environment and marital status. Elimination of differences in problem setting and decisionmaking. Existing procedures should reflect the values, positions, and norms of behaviour of 1) persons involved in solving the problems of personnel; 2) personnel	

Table 2, Continued

Effect generation tools	Basic principles of positive impact on efficiency	The basis that defines efficiency
Norms of behaviour	Consideration of the inexpediency of the transfer of all problematic social traditions. Consideration of the inexpediency of performing unnecessary actions by employees that do not lead to results	Resolving situations that personnel face every day. If the outlined rules are unacceptable or tedious for personnel, effective work will not be possible
Workflow	Clear regulation of labour discipline. In particular, it is necessary to regulate at what time to come and leave the workplace; the right to leave the workplace; a dress code that sets up a business mood and effective performance of professional tasks; features of the communication with colleagues	
Communication system	Maximum elimination of cultural communication barriers in cooperation. It is necessary to exclude the risk of communication breakdowns caused by cultural factor. Understanding of the essence of collective interaction by members of the multicultural environment	
Corporate identity	Focus on the experience of developed countries in management styles. Developed countries are characterised by a democratic management style. Developing countries are characterised by an authoritarian management style and paternalistic management methods. Rejection of the directive hierarchical management model. The situation when the leader is a domineering, strong, authoritarian is unacceptable	

Source: developed based on [2; 3; 5; 13]

In fact, the organisational element of the relevant model framework should resolve the situations that personnel face daily. In this case, the leading role should be played by the basic principles under which corporate culture and corporate law positively affect the efficiency of corporate legal entities, namely [2; 8]: consideration of differences in socio-cultural competence and personnel development; consideration of the inexpediency of transferring all problematic social traditions and performing unnecessary actions by employees that do not lead to results; regulation of labour discipline; elimination of cultural communication barriers in cooperation; understanding of the essence of collective interaction by members of the multicultural environment; focus on the experience of developed countries in management styles.

For example, in the offices of Gusto and Patagonia corporations, leaders are guided by situation management rules that focus on: cultural differences; relevant perception of reality; unconventional thinking; lack of ethnocentric arrogance.

Regarding the norms of behaviour in the offices of Gusto and Patagonia, feasts and all other aspects of behaviour based on unhealthy habits (alcohol, smoking), rudeness, or a passive observer role are excluded. Since 2014, the leaders of both companies have refused to hold corporate events in their official format (expensive outfits, jewellery).

The ideological element of the model base is represented by the following means of generating effects [3; 17]:

- corporate traditions that arise on the initiative of the founders or due to repeated repetition of a certain ritual by employees;
- personal values (necessity for employees to understand their value, corporate importance, and creativity);
- company values or basic values that are the basis of an organisational character; development vector (study, recreation, holiday).

Characteristics of the ideological element of the model basis of corporate culture and corporate law are presented in Table 3.

Table 3. Characteristics of the ideological element of the model basis of corporate culture and corporate law of corporate legal entities

Effect generation tools	Basic principles of positive impact on efficiency	The basis that determines efficiency
Personnel traditions	Focus on corporate traditions that promote employee unification and employer brand development. Each team of employees must have at least one office tradition that originated at the suggestion of the founders or through repeated repetition by employees, some kind of ritual	
Personal values	Maximum convergence of the general orientation of interests and aspirations of each employee. It is necessary for employees to have a clear understanding of their value, corporate importance, and creativity to successfully implement their own "project of life". Inappropriate focus on the values of sustainability and control or rivalry (innovative thinking of person-nel in such conditions is not developed, friendship and trusting relationships of employees are impossible)	

Table 3, Continued

Effect generation tools	Basic principles of positive impact on efficiency	The basis that determines efficiency
Company values	Development of common values for all. Values should be established in such a way as to become the basis of organisational character, and therefore the foundation of building a brand and communication strategy with customers. It is not advisable to focus only on the hierarchy of values of the owners of the corporation	Maximum employee integration and consistency of the company's activities. For that purpose, the dialogic framework should be interesting and relevant to all personnel. For example, a healthy lifestyle is not typical for a new employee who does not like sports. The new member is uncomfortable with other employees — they have different values
Development vector	The study, recreation, or holidays, considering the conditions of the external environment in which the corporation exists. Market trends (including competition); technological trends; consumer needs and behaviour; the role of personnel as intellectual capital should be considered	

Source: developed based on [4; 6; 13]

In fact, the means of the ideological element of the model framework should ensure maximum unification of employees and the constancy of the activities of corporate legal entities. In this case, the leading role should be played by the basic principles under which corporate culture positively affects the efficiency of the enterprise, namely: corporate traditions that promote unification; maximum convergence of interests and aspirations of each employee; the development of common values and aspirations for all; training, recreation, holidays, considering the conditions of the external environment in which the enterprise exists. If these principles are followed, the dialogic framework should be interesting and relevant to all personnel. The example of a "shoe-free" ideological basis in Gusto offices allows recreating a sense of home comfort in the workplace, uniting a team of more than 600 employees. Along the way, Gusto has developed an additional tradition – to wear unusual and cool socks to work, which one can boast of to colleagues. This tradition brings employees closer together. Visitors to the Gusto office are also asked to comply with the company's policy, they are provided with a choice of slippers, spa sandals, and gusto branded socks. The above contributes to the development of the employer's brand as a company that not only provides a cloud-based payroll, benefits, and HR management system for businesses but also does so with maximum care for customer convenience. The ideological basis of Patagonia "Let My People Go Surfing" does not allow employees to burn out, creates an opportunity to recharge during the working day. This allows uniting the team and working more productively. During the day, employees can visit the beach to "catch the wave". Non-surfing personnel can go cycling, rock climbing, or opt for other outdoor activities. This contributes to the development of the employer's brand since Patagonia is an outdoor technology development company.

Complex legal relations of corporate legal entities, as an element of the model basis, are represented by the following means of generating effects [4; 7]: balancing the interests of the largest corporate owner and minor shareholders; informing shareholders and investors about the intentions and actions of the acquirer; means, forms, structure of organising the corporation's activities (which objectively embody the values of shareholders and leaders of the enterprise).

According to research on the practice of Apple, Gusto, Toyota, Microsoft, Patagonia, each corporate legal entity has certain behaviours that are detailed in terms of clans, adhocracy, market, and hierarchy. Robert Quinn and Kim Cameron of the University of Michigan drew such conclusions. Notably, the outlined principles of corporate culture and corporate law have a positive impact on the efficiency of the enterprise, provided that clan or adhocratic types of corporate culture are developed [6].

Conclusions

The results of the study allowed considering corporate culture and corporate law as specific means of modelling personnel behaviour or managing it. These tools pose scientific originality, and in fact allow achieving the desired image of personnel interaction, which is acceptable for the efficiency of corporate legal entities. This is especially relevant since corporate rights are inherently subjective and arise within specific relationships based on objective law.

The basic result that poses originality was the structuring of corporate culture and corporate law as systems of means. Structuring is implemented in the context of a model framework that defines the features and basic principles of influencing personnel behaviour; patterns of personnel behaviour that determine the internal environment, where each employee invests strength in a common goal (efficiency of corporate legal entities). The study of the model basis of corporate culture and corporate law, their impact on personnel behaviour allowed identifying the basic principles under which corporate culture and corporate law have a positive impact on the efficiency of corporate legal entities. The highlighted principles of corporate culture and corporate law provide a positive impact on the efficiency of legal entities if clan or adhocratic types of corporate culture are developed.

The model basis of corporate policy and corporate law is presented:

- *organisational elements*. When developing elements, the leading role should be played by the following basic principles: consideration of the differences in socio-cultural competence, personnel development; consideration of the inexpediency of automatic transfer of all problematic traditions of society; regulation of labour discipline; maximum elimination of cultural communication barriers in cooperation; understanding of the essence of collective interaction by members of the multicultural environment; focus on the experience of developed countries in management styles;

- *ideological elements*. When developing elements, the following basic principles should play a leading role: corporate traditions that promote unification; convergence of interests and aspirations of each employee; development of common values for all; training, recreation, holidays, considering the conditions of the external environment in which the corporation exists;

- *legal relations of corporate legal entities*. In the development of legal relations, the following basic principles should play a leading role: balance in the interests of the largest corporate owner, minor shareholders; informing shareholders and investors about the intentions and actions of the acquirer; means, forms, and structure of organising activities that embody the values of shareholders and leaders of the enterprise.

The practical value of the study is to identify elements for software development that will help corporate legal entities involve employees in work processes, create and strengthen corporate culture.

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Корпоративне право та корпоративна культура як засоби впливу на ефективність роботи корпорацій

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Анотація. Корпоративне право та корпоративна культура є сукупністю засобів різноспрямованого впливу на ефективність роботи корпоративних юридичних осіб, регулює відносини, які можуть виникати під час створення, здійснення та припинення господарської діяльності, визначає засоби, форми та структуру організації діяльності. Мета статті полягає у визначенні особливостей та базових принципів за яких корпоративне право та корпоративна культура формують моделі поведінки, що допомагають в досягненні цілей та оптимізації тих чи інших процесів у діяльності корпоративних юридичних осіб. Методика дослідження ґрунтується на методах логічного аналізу, методі критичного аналізу наукової літератури та практичного досвіду. Результати дослідження дозволили розглянути корпоративну культуру та корпоративне право як специфічні засоби моделювання поведінки персоналу чи управління нею. Саме такі засоби формують наукову новизну та дозволяють досягти такого образу взаємодії персоналу, що прийнятний для ефективності роботи корпоративних юридичних осіб. Базовим результатом, що формує новизну стало структурування корпоративної культури та корпоративного права, що реалізоване у розрізі: модельної основи, яка визначає особливості та базові принципи впливу на поведінку персоналу; моделей поведінки в організації, що визначають внутрішнє середовище, де кожен співробітник вкладає сили в спільну мету (ефективність роботи підприємства). Вивчення модельної основи корпоративної культури та корпоративного права, моделей поведінки в організації дозволило окреслити базові принципи, за яких вони позитивно впливають на ефективність роботи корпоративних юридичних осіб. Виділені принципи корпоративної культури та корпоративного права забезпечують позитивний вплив на ефективність роботи корпоративних юридичних осіб, виключно за умови формування кланових або адхократичних типів корпоративної культури. Практична значущість дослідження полягає у визначенні елементів для розробки софту, що допоможе корпоративним юридичним особам залучати співробітників в робочі процеси, а також створювати й зміцнювати корпоративну культуру

Ключові слова: корпоративна культура, корпоративне право, ефективність, підприємство, персонал, модель або тип поведінки

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Code of Corporate Ethics as a Tool for Developing the Potential of Enterprises

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Abstract. The key role in the creation, maintenance, and development of corporate ethics is played by codes of corporate ethics. The relevance of the problem lies in determining approaches to the creation of the content and the importance of codes of corporate ethics as a tool for developing the potential of the enterprise. Each company defines its own tasks, for which it intends to use such a tool as the code of corporate ethics. Nevertheless, the creation of the code, admittedly, extends beyond writing the text of the document. There is a specific implementation of such documents: it is impossible to force one to comply with the code of ethics. The purpose of the study is to determine approaches to the creation of the content and the importance of codes of corporate ethics as a tool for developing the potential of an enterprise. The study defines the essence of the "code of corporate ethics". Classification of existing codes of corporate ethics is conducted. Universal codes and ethical codes, including professional and corporate ones, are highlighted. The main functions performed by corporate codes in organisations are identified and investigated, including the factors that determine the content of the code. Approaches to creating ethical corporate codes are covered. Two versions of the code, such as declarative and detailed, are considered, which is reflected in examples of actual codes. The classification of existing approaches to the codes of corporate ethics is given to build a methodological base. The study describes the importance of each employee's adoption of the code of corporate ethics, since only under this condition will it be implemented. Based on the above, it is recommended that at the stage of creating the code, procedures should be provided that would include all employees of the company in developing the document, if possible

Keywords: code of corporate ethics, corporate culture, employee behaviour, enterprise potential

The Problem statement

In recent years, many enterprises have developed codes of corporate ethics. Corporate ethics is the result of awareness of the professional interests, aspirations, and ideals of administrators, managers, and actual performers. Researchers Yu.Yu. Petrunin and V.K. Borisov [1] emphasise special methods aimed at developing the ethical basis of labour relations: 1) corporate codes, which are the central element of corporate ethics (a collection of rules for business communication); 2) map of ethics (a set of ethical rules and recommendations that specify the ethical code for each employee of the team (organisation); 3) committees or certain ethics specialists (who purposefully develop the ethical policy of the team (organisation), and also solve specific ethical problems that arise in professional practice) [1].

As practice shows, codes of ethics contain resources for solving a fairly wide range of tasks. Therewith, there is currently no unified methodological approach to the creation of ethical codes. One of the steps in building such a methodological base can be the classification of existing codes of corporate ethics given in the study.

A study of the ethical codes of leading companies from various countries indicates that they often differ considerably. The codes have different formats, different styles, and, moreover, perform different tasks. The set tasks determine the type of document and how it will work in a particular organisation.

In modern conditions, investing in a person is the most effective. In many new sectors of the economy, the quality of human capital of an enterprise is the most crucial

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factor in its competitiveness and potential development. A strong corporate culture is characterised by considerable investments in professional development, advanced reward systems, a reliable workplace, and a high level of job satisfaction among employees. Evidently, the main role in the creation, maintenance, and development of corporate ethics is played by codes of corporate ethics.

Analysis of Recent Research and Publications

The problems of corporate ethics codes, their main goals, and objectives, including issues of raising the level of ethical awareness in the field of entrepreneurship and international relations have been studied by both national and foreign researchers: I. Bentham, Yu.Yu. Petrunin, V.K. Borisov [1], M. Weber [2], I. Gerchikova, the model of which is reflected in the study of H.Yu. Shportko [3], the conclusions of sociologist E. Durkheim are provided in the lectures of Yu.K. Vlasenko [4], P. Kozlovski [5], T. Parsons notedin the study by A.V. Kravchenko [6], Y. Palekha [7], J. Radevych-Vynnytskyi [8], the concept of M. Friedman described in the textbook of O.O. Okhrimenko, T.V. Ivanova [9], G. Chaika [10], T. Chmut et al. [11].

Purpose of the Study

The purpose of the study is to determine approaches to the creation of the content and the importance of codes of corporate ethics as a tool for developing the potential of an enterprise.

Research Results

The code of ethics is essentially a set of rules and standards of behaviour shared by group members. The code sets certain patterns of behaviour and common standards for relationships and joint activities. The first universal codes, which are a set of universal values, were collections of religious rules. For example, the Code of the Ten Commandments is sacred and fundamental to Judaism, Islam, and Christianity. The code of ethics developed by the ancient Greek scholar Pericles became the basis for ancient Greek politics and culture [12].

A little later, private codecs began to appear that determine the behaviour of individual social groups of society (for example, the samurai code "Bushido") [13]. The need for private codes (for example, codes of associations, professions) arose due to the fact that universal standards did not properly regulate human behaviour in specific situations. Private ethics concretised general moral principles regarding the specific features of a particular activity.

Currently, two types of codes of ethics are most common – professional and corporate, which regulate the relations of people within these groups. Depending on the identity of the specialist (including the organisation or the professional community), the code of professional or corporate ethics will be more considerable for them. Professional codes regulate relations within the professional community and are effective for the "liberal profession", where professional ethical dilemmas are most pronounced. One of the first professional codes of ethics was the Hippocratic Oath – the code of doctors. The most well-known ethical codes are related to those professions where considerable ethical dilemmas are set by the content of their activities (lawyers, psychotherapists, journalists, real estate agents, etc.). The codes regulate the behaviour of a specialist in difficult ethical situations characteristic of the profession, increase the status of the professional community in society, and form trust in representatives of the profession. The code also increases the importance of belonging to a profession, its adoption can indirectly be a rite of passage (for example, taking the Hippocratic Oath and admission to medical work of doctors). When the most considerable ethical dilemmas are set by the organisation, the activities of employees are regulated by the corporate code.

The root cause of ethical problems in business is contradictions in the interests of stakeholder groups. Business involves economic relationships between many groups of people: customers, employees, shareholders, suppliers, competitors, the government, and stakeholders. For the most effective management, a modern manager must consider the entire set of interests, not just the interests of shareholders.

Stakeholder groups often make conflicting demands. For example, a contradiction in the interests of the company and the consumer: is it possible to sell a product that does not match the quality declared (unfair advertising)? The company strives for the most profitable coverage of its product and attracting customers, interest – the prosperity of the company. The consumer is interested in the most objective communication about the consumer qualities of the product, interest – full awareness.

Notably, not all problems have a moral aspect. For example, the question of whether to introduce a new product in Europe before then in the United States has no moral component. While the question of different quality criteria (or different standards of information openness about the quality of goods) for products of the same company exported to the United States and third world countries affects moral standards. Therefore, the most important tasks of the code of corporate ethics are to set priorities for target groups and ways to coordinate their interests.

The code of corporate ethics is a regulatory text on business corporate ethics, one of the means of managing the behaviour of employees in the sphere of their activities, where communication participants establish and develop business relations based on fixed ethical standards [8, p. 17].

The code of corporate ethics can perform three main functions [10]: reputational; managerial; corporate culture development.

The reputational function of the code is to build trust in the company on the part of external reference groups (a description of policies conventionally fixed in international practice in relation to customers, suppliers, contractors, etc.). Thus, the code, being a tool of corporate PR management, increases the investment attractiveness of the company. The company's code of corporate ethics is becoming a global standard for doing business.

The management function of the code is to regulate behaviour in complex ethical situations. The improvement of the efficiency of employees' activities is conducted through: 1) regulation of priorities in interaction with considerable external groups; 2) determining the order of decision-making in complex ethical situations; 3) indications of unacceptable behaviour.

Corporate ethics is also an integral part of corporate culture. The code of corporate ethics is a considerable factor in the development of corporate culture. The code can convey the company's values to all employees, orient employees to common corporate goals, and thereby enhance corporate identity. The content of the company code is determined, primarily, by its features, structure, development tasks, and attitudes of its administrators.

As a rule, codes contain two parts: ideological (mission, goals, values); regulatory (standards of working behaviour). However, the ideological part may not be included in the content of the code. Professionally homogeneous organisations (banks, consulting companies) often use codes that describe primarily professional dilemmas. These codes follow the professional community codes described earlier. Accordingly, the content of such codes primarily regulates the behaviour of employees in difficult professional ethical situations. In banking, for example, this means access to confidential information about the client and information about the stability of one's bank. The code defines the rules for managing such information and prohibits the use of information for personal enrichment.

It primarily solves management tasks. The addition of chapters on the company's mission and values to such a code contributes to the development of corporate culture. Generally, a corporate mission is considered the social concept of the business that the firm is engaged in. Therewith, the code can have a considerable scope and complex specific content and be addressed to all employees of the company [14].

In large, heterogeneous corporations, combining all three functions becomes difficult. On the one hand, there are a number of rules and situations that are conventionally enshrined in ethical codes in international practice. In particular, this is a policy towards customers, suppliers, contractors; a description of situations related to possible abuses: bribery, theft, deception, discrimination. Based on the management function, the code describes standards of behaviour in such situations. Such a code has considerable scope and rather complex content [15].

Addressing it to all groups of employees in conditions of differences in the educational level and social status of employees is difficult. Therewith, the development of the company's corporate culture requires a single code for all employees – it should establish a common understanding of the company's mission and values for each employee. In this situation, two versions of the code are used: declarative and expanded. The Credo, or declarative version of the code of ethics, has been used to present ethical principles since the beginning of the 20th century. Such codes include the Credo (declaration of values) Johnson & Johnson (1944), the code "Seven spirits (principles)" of the conduct of employees of Matsushita Electric (1933). They describe the general principles of employee behaviour at the declaration level.

In general, the declarative version is only an ideological part of the code that does not regulate the behaviour of employees. For example, Credo includes 4 expanded values, Seven spirits – seven basic principles. Therewith, in specific situations, employees themselves must understand how to behave based on basic ethical standards. Similar codes are still in force today. However, in some cases, it is difficult for employees to estimate the ethical validity of a particular action based on general principles. Thus, in order for the code to actually work, companies resort to constantly broadcasting these principles through "singing the anthem," regular discussions, and other corporate rituals. Thus, the declarative version of the code primarily solves the problems of developing corporate culture. Therewith, to provide the code to the community and solve specific management tasks, it is necessary to develop additional documents.

Since the 1980s, an extended version of the code with detailed regulation of the ethics of employee behaviour (P&G, BP) has also become widespread. It included specific regulation of employee behaviour in certain areas where the risk of violations was high or difficult ethical situations arose. These regulations were described as rules regarding customers, consumers, the state, political activities, conflicts of interest, and occupational safety. Therewith, the large volume and complexity of the content of such codes determine their selective addressing. In most companies, such codes are developed for top and middle management and are not a common document that unites all employees. Classification of existing approaches to corporate ethics codes to build a methodological base is shown in Table 1.

Table 1. Approaches to creating ethical corporate codes

Approaches	Professional	Declarative	Expanded
Example	PrivatBank, Agricole Bank	Johnson & Johnson, Panasonic	BP Amoco, P&G
Company characteristics	Professionally homogeneous enterprises	Large, professionally non-homogeneous enterprises	
Content	Describes professional ethical dilemmas, standards of behaviour. May contain an ideological part	Describes the ideology and general rules of conduct	Describes policies for key groups and regulates employee behaviour. May contain an ideological part
Main functions	Can perform all three functions: reputation, management, and corporate culture development	Performs mainly the function of developing corporate culture and partially managerial	Performs reputational and managerial functions
Addressed to	All employees		Mostly managers
Format	Professional presentation language, considerable volume	Clear text, small volume	Special terminology, considerable volume

Source: [6]

Conclusions

Thus, each company defines its own tasks, for which it intends to use such a tool as the code of corporate ethics. Nevertheless, the creation of the code, admittedly, extends beyond writing the text of the document. There is a specific implementation of such documents: it is impossible to force one to comply with the code of ethics. Therefore, in order for it to really work, even at the stage of its creation, it is necessary to provide for procedures that include all employees of the company in the document development process, if possible. The code of corporate ethics will actually be implemented only if each employee adopts it.

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Кодекс корпоративної етики як інструмент розвитку потенціалу підприємств

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Анотація. Основну роль у формуванні, підтримці і розвитку корпоративної етики відіграють кодекси корпоративної етики. Актуальність проблеми полягає у визначенні підходів до формування змісту та значущості кодексів корпоративної етики як інструменту розвитку потенціалу підприємства. Кожна компанія визначає власні завдання, для вирішення яких вона має намір використовувати такий інструмент, як кодекс корпоративної етики. Але створення кодексу, природно, не обмежується тільки написанням тексту документа. Існує специфіка виконання подібних документів: змусити виконувати етичний кодекс не можна. Метою статті є визначення підходів до формування змісту та значущості кодексів корпоративної етики як інструменту розвитку потенціалу підприємства. У статті визначено сутність поняття «кодекс корпоративної етики». Проведена класифікація існуючих кодексів корпоративної етики. Виокремлено універсальні кодекси, етичні кодекси, зокрема професійні та корпоративні. Визначено та досліджено основні функції, які виконують корпоративні кодекси в організаціях, та чим обумовлюється зміст кодексу. Розкрито підходи до створення етичних корпоративних кодексів. Розглянуто такі два варіанти кодексу, як декларативний і розгорнутий, що відбито на прикладах реальних історичних кодексів. Наведено класифікацію існуючих підходів кодексів корпоративної етики з метою побудови методологічної бази. Охарактеризовано важливість прийняття кожним співробітником кодексу корпоративної етики, оскільки тільки за такої умови він буде реально виконуватися. Виходячи з цього, було зроблено рекомендацію на етапі створення кодексу передбачати процедури, які включали б у процес розробки документа по можливості всіх співробітників компанії

Ключові слова: кодекс корпоративної етики, корпоративна культура, поведінка працівників, потенціал підприємства

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Conceptual Bases of Corporate Integrated Structures Formation

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Abstract. The current stage of development of the institutional structure of the world and national economies is characterised by a permanent strengthening of integration tendencies, the essence of which is in the desire of business entities to establish long-lasting relations in all spheres of activity. One of the results of such integration processes is the enhancement of the role and scope of activities of integrated corporate structures. Therefore, the purpose of the article is to explore the conceptual foundations of corporate integrated structures formation. Achieving this goal is based on methods of analysis and synthesis, induction and deduction. The article examines the essence of integrated corporate structures, the prerequisites for their emergence, as well as the key motives for enterprise integration. The necessity to make decisions regarding the formation of integrated corporate structures on system-synergistic basis, aimed at improving management systems as well as improving information systems in the management sphere, has been determined. The main features of integrated corporate structures have been identified. Systematisation of forms of corporate integration within horizontal and vertical types has been considered. Considering the participation in the corporate structures of enterprises of different fields of activity, to successfully manage them, it is necessary to identify the features of formation of corporate structures depending on the characteristics of economic activity and ensure a permanent flow of information from subsidiaries to the central company or from subsidiaries to the main enterprise considering regulatory and legislative regulation. The results of the study allow deepening the understanding of the theoretical aspects of the formation of integrated forms of enterprise and can be used in substantiating the directions of enterprise consolidation in the conditions of foreign trade liberalisation and strengthening of competition in the world market of goods and services

Keywords: integration, synergism, integrated corporate structure, competition, international competitiveness

The Problem Statement

Ensuring balanced social and economic development of Ukraine requires existence in the real sector of the economy of such structures, that would contribute to the formation of market mechanisms of management, development of economic competition, increase in production efficiency, increase in investment volumes and innovative potentials. The modern historical stage of the evolution of the economic sphere of life, covering the past and the beginning of the 21st century, is characterised by the process of emergence of new and wide differentiation of types of economic entities. In particular, in scientific economic literature such new organisational economic structures as corporation, trust, concern, multinational corporation, holding, financial and industrial groups, cartel, syndicate, consortium, cluster, strategic alliance, virtual corporation etc. are identified. Research on the potential of integrated business structures in Ukraine is relevant in the context of competitiveness of the national economy, modernisation, and development of basic industries, raising social standards and the level of well-being of citizens.

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Analysis of Recent Research and Publications

Leading developers of the concept of integrated corporate structures, both in terms of scale and depth of study of the new business structures emergence, are presented in works of E. Toffler [1], A. Thomson [2], A. Kushneruk [3], L. Holovkova [4], L. Fedulova [5], Yu. Umantsiv [6; 7], T. Kalchenko, V. Yurchenko [8] etc. At the same time, issues concerning the conceptual approaches of integrated corporate networks formation on system-synergistic basis, aimed at improving the management systems by developing and making more informed management decisions, improving information systems in the management sphere remain insufficiently researched.

Setting the Objectives

The aim of the article is to explore the conceptual foundations of corporate integrated structures formation. Achieving this goal is based on methods of analysis and synthesis, induction and deduction, based on a comprehensive approach to the consideration of the categorical apparatus in the context of the study object.

Results and Discussion

One of the main trends characterising the world economy at the present stage of development is its globalisation. At the same time, interstate and intercompany competition for economic resources and sales markets is increasing, and the interstate unions of related countries are being phased in to create global advantages over common competitors in the world market. Integration processes at the regional and interstate levels are gradually leading to a weakening of the importance of individual national economies. On the other hand, globalisation leads to appearance of new strategic approaches in many sectors.

At the same time, integration in economic activity at the company level receives a powerful impetus for development: an ever-increasing level of international competition is forcing companies to seek ways to combine potentials and cooperation in the struggle for survival, or for market leadership. Establishing business partnerships between companies from different countries and creating corporate structures of varying degrees of integration is one of the most common organisational strategies in recent decades.

Often, companies create one or another interaction mechanism that allows them to maintain the status of a legal entity and at the same time cooperate with other enterprises. In this context, a fundamentally new type of companies arises – more precisely, this is not about individual enterprises, but about associations of legal entities.

Until now, there is no universally accepted term for such associations – the concepts used in the literature are: "integrated corporate structure", "connected diversified system", "interglomerate", "integrated business group" and also "metacorporation".

An integrated business group is understood as a set of enterprises and organisations, the coordination of which goes beyond the scope of ordinary contracts and occurs while maintaining the status of partners in the group as separate economic entities, while at the same time identifying the central element that performs the coordination functions. Enterprises included in the integrated business group retain legal independence, but lose economic independence. Integrated business groups include all associations of holding-type enterprises: vertically and horizontally integrated, mixed and diversified [7].

Regarding the definition of metacorporation, the most comprehensive is the concept of three criteria for an integrated corporate structure, formulated by J. Pappe, according to which the metacorporation is "…a combination of several economic agents (legal entities, as well as organisations that are not legal entities), satisfying the following requirements" [7].

1. At least part of the economic agents are commercial organisations operating with a view to profit;
2. Between agents, there are stable relationships that are more stringent than market ones;
3. There is a strategic decision-making centre, which can be either a legal entity or a group of individuals – owners and top managers; this centre is called the central element.

Thus, an integrated corporate structure (ICS) is considered as a combination of business entities of production, financial, credit, trade, scientific, technical and other profiles based on the consolidation of assets, primarily in the form of shareholders or on the basis of contractual relations, to achieve common economic goals (i.e., not so much as a separate company, but as system of interaction between business entities). A prerequisite for the creation or reform of such structures is the development of organisational projects containing evidence of the synergistic effect of future joint activities of business entities intending to unite.

In the world practice, various types of integration of firms have developed, which vary depending on the goals of cooperation, the nature of economic relations between their participants, and the degree of independence of enterprises included in the association.

The purpose of creating ICS is:

1) improving the efficiency of production and economic activities, minimising production and transaction costs;
2) the growth of capitalisation of the company due to the combination of assets of several organisations;
3) creation of optimal technological and cooperation ties, freedom of maneuver by resources;
4) increasing export potential and penetration into the international market and consolidating on it;
5) acceleration of scientific and technological developments and their implementation in production (innovation);
6) improving investment attractiveness due to increased financial stability, attracting investment.

Thus, the economic prerequisite for ICS is the desire to increase the competitiveness of participants (units included in ICS) by combining their assets (tangible, intangible and financial) [7].

The peculiarities of integrated corporate structures include:

– a wide range of activities carried out by different legal entities, that require coordination in accordance with the target guidelines of the members of the association;

– the intertwining of economic interests of various corporate structures, the organisation of viral and specialised functions of corporate governance, and the necessary additional knowledge of the scale and complexity of the problems and the degree of coordination of problems;

– the flexibility and mobility of corporate structures, as well as the degree, depth, and nature of the connections between participants;

– orientation of integration interaction participants on achieving the synergetic effect as a guarantor of expediency of every participant in joint activity;

– the complexity of corporate governance due to the need for accounting, reconciliation and implementation of conflicting interests of the corporate structure, as well as opacity of manager and owner relationships;

– the presence in the corporate structures, along with the parent companies of other "profit centres", which significantly affect the processes and results of corporate interaction.

The literature shows, that there is a wide range of types of corporate structures. One of the most widely used classifications is by the property-based associations and by contractual forms of associations (Table 1).

Table 1. The main types of corporate structures

Types	Characteristic
	Property-based associations
Holding	A group of companies where the management or parent company owns controlling stakes in other companies and performs controlling functions related to them. Subsidiaries carry out independent business activities. The parent company in most cases does not conduct its own business activities; it exercises ownership and disposal rights for shares. Holding advantages: simultaneous consolidation of financial resources; concentration of research activities in the parent company; free, operational management of companies in the field. A distinction is made between a pure holding (performing only financial and controlling functions) and mixed (the above functions and independent participation in business)
Conglomerate	An association for the production of technologically unrelated products, the so-called closed capital market, within which the money from diversified activities is concentrated. Properties: wide decentralisation of management: the responsibility for making decisions and ensuring profitability lies on the branches themselves; senior management focuses on strategic decisions and does not engage in ongoing planning; conglomerates are formed by the absorption by a large company of several dozen small and medium-sized firms of various industries and fields of activity that do not have production, marketing, or other functional ties between themselves
Concern	A long-term consolidation of companies related by common interests, contracts, capital, participation in joint activities, where the parent company most often is the production company, which holds controlling stakes in subsidiaries. Properties of the concern: centralisation of operational management; orientation on a long period of operation
Trust	An association in which its member companies merge into a single production complex and lose their legal, industrial and commercial independence. All merged companies are subordinate to one parent company. The total profit of the trust is distributed in accordance with the equity participation of individual companies. The toughest of all forms of association considered
Consortium	A temporary union of independent companies, the purpose of which is the different types of their coordinated entrepreneurial activities. The organisation of the consortium is formalised by agreement. This form of association is convenient for the joint struggle to receive large orders or projects and their joint implementation. Advantages: the urgency of the association (for a specified period); the companies included in the consortium fully retain their legal and economic independence, except for the part that is associated with the achievement of the objectives of the consortium; companies can simultaneously enter into several consortiums, as they can simultaneously participate in the implementation of several projects. Disadvantage: companies do not integrate, but only pool resources, and therefore there are fewer opportunities for mutual control
Cartel	The combination of companies of the same industry, which enter into an agreement with each other regarding various aspects of commercial activity, a form of conspiracy of a group of manufacturers in order to completely or partially eliminate competition between them and obtain monopolistically high profits. A cartel agreement has a direct relationship: with the characteristics of the product, with the degree of concentration of production, with market conditions. The following features are characteristic of the cartel: the contractual nature of the association; preservation of ownership rights of cartel participants in their companies; a combination of companies in the same industry; joint activities for the sale of products, in some cases extended to the production of products;the existence of a coercive system, including the identification of violations and sanctions against violators
Pool	A temporary association of companies in which the profits of all participants in the pool go to a common fund, and then are distributed between them according to a predetermined proportion. It is a kind of cartel
Strategic alliance	An agreement on cooperation of several independent companies to achieve a specific commercial goal and to obtain a synergistic effect from combining mutually complementary strategic resources of companies. Properties: it is not an independent legal entity; it is created for the implementation of large investment projects; the possibilities of coordination of the alliance members and the degree of mutual control are reduced, since a system of participation in a capital is not created

Table 1, Continued

Syndicate	An association of homogeneous industrial companies created with the aim of marketing products through a common sales office. Properties: participants retain legal and industrial independence, but are limited commercially; the products of the syndicate participants are sold centrally through a single sales agency, which is either re-created or its functions can be assigned to one of the participants; depending on the terms of the agreement, not all, but only a certain part of the products of the syndicate participants may be sold through a single body

Source: conducted by the authors on the basis of [9-12]

In the context of corporate integration, it is also worth mentioning such a process, as mergers and acquisitions (M&A) [13]. They are implemented through horizontal, vertical integration and diversification. Horizontal integration is accompanied by the acquisition by a firm of other firms engaged in the same business. A kind of horizontal integration is diversification, which means associations of firms whose technological processes are in no way related. Vertical integration – combining firms that are engaged in several stages of the production process, from production to sale of products.

Statistics show the high increase in a number of M&A transactions in 1985-2019. In 2019, the total amount was 49.8 ths. deals (Fig. 1) [14].

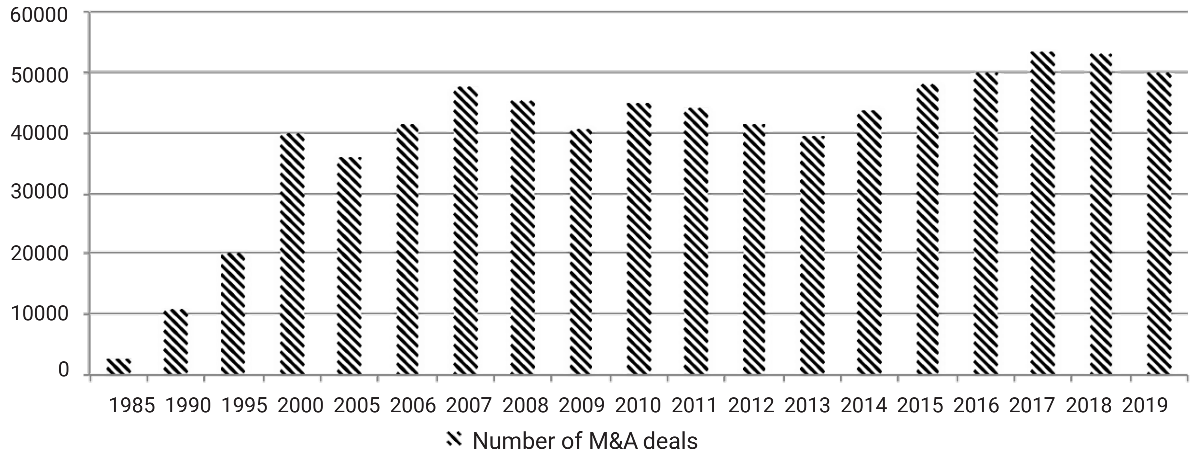

Figure 1. Number of merger and acquisition transactions worldwide in 1989-2019
Source: conducted by the authors on the basis of [14]

Among M&A trends, the deal makers predict for 2020 the following [14]:

- divestitures remain popular for corporates: 75% of corporate respondents expect to pursue divestitures in 2020, the second-highest level in the past four years. Change in strategy, financing needs, and divesting in technology that no longer fits with the emerging business model were cited as the most important reasons for divesting a business among corporate respondents.
- data protection and related regulations, along with shareholder activism, are among emerging M&A trends driving strategy and activity. We're also seeing active board involvement as directors track whether deals are meeting expectations;
- deal makers expect to increasingly focus on national transactions in reaction to persistent concerns about political and trade instability;
- despite general optimism for M&A in the year ahead, challenges remain as deal makers faced diminishing ROI on transactions over the last few years. Of all deal makers, 46% say that less than half of their transactions over the last two years have generated the expected value or return on investment.

The competitive dynamics observed in rapidly evolving sectors, such as high technology, consumer services and online retail, have been increasingly challenging the work of competition authorities all around the world. Unlike traditional industries, that suffer little changes over time (e.g., extraction of natural resources or production of raw materials), dynamic sectors are characterized by higher entry and exit rates, as well as continuous processes of innovation that systematically disrupt existing business models and create entirely new markets. In such a dynamic environment, it is very difficult to make effects-based predictions to support enforcement decisions, especially when such actions require a case-by-case analysis of the facts at hand [4, p. 65].

Development of corporate structures, identification of their importance, advantages as the main subject of the market, the role for the development of the national economy and the economies of individual regions still need a thorough reflection [15, p. 230; 16]. Thus, the constant evolutionary changes in corporate structures in both current advanced market and transition economies through consolidation of equity in large corporations is a natural phenomenon. It became its objective basis complex of technological chains of production, due to the processes of deepening the division of labor and globalisation of the world economy, which requires the implementation at the microeconomic level not only of standard functions of production, but also research and development, as well as marketing in the relevant field.

Conclusions

World experience of economic development shows, that the sources of concentration of production are the following processes: integration of industries and enterprises, production diversification, merging of individual small and medium-sized organisations into one large. The main requirement of a market economy is progressive transformations associated with large-scale restructuring of the production process, which accelerate scientific and technological progress, increase the export potential and competitiveness of products, and form rational technological and cooperative ties.

In the current development of market relations companies, especially in important sectors of the economy, are actively using mechanisms of integration and pooling capital to strengthen market positions, increase business efficiency and eliminate competitors. Integration of enterprises is the main factor in the development of the modern economy. It is due to the desire to obtain from the functioning of the integrated group of enterprises a combined result that will exceed the sum of the results of individual enterprises before their union. In general, in current situation there is a certain tendency of structuring of large businesses and the redistribution of property. It can be predicted, that this process will continue in the future as market economy implies a constant struggle for dominance in a particular area of the economy.

Prospects for further research include the need to identify the sectoral determinants of the integrated corporate networks formation in Ukraine.

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Концептуальні засади формування корпоративних інтегрованих структур

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Анотація. Сучасний етап розвитку інституціональної структури світової та національної економік характеризується перманентним посиленням інтеграційних тенденцій, сутність яких полягає у прагненні суб'єктів господарювання до встановлення довготривалих зв'язків у всіх сферах діяльності. Одним із результатів таких інтеграційних процесів є посилення ролі та масштабів діяльності інтегрованих корпоративних структур. Метою статті є дослідження концептуальних засад формування корпоративних інтегрованих структур. Використовуються метод аналізу та синтезу, індукції та дедукції. У статті досліджено сутність інтегрованих корпоративних структур, передумови їх виникнення, а також ключові мотиви інтеграції підприємств. Визначено необхідність прийняття рішень у частині формування інтегрованих корпоративних структур на системно-синергічних засадах, спрямованих як на удосконалення систем управління, так і покращення систем інформаційного забезпечення в управлінській сфері. Ідентифіковано основні характерні риси інтегрованих корпоративних структур. Розглянуто систематизацію форм корпоративної інтеграції у розрізі горизонтальної та вертикальної форм. З огляду на входження до складу корпоративних структур підприємств різних сфер діяльності, з метою успішного управління ними виникає необхідність в ідентифікації особливостей формування корпоративних структур залежно від особливостей господарської діяльності та забезпечення перманентного надходження інформації від дочірніх підприємств в центральну компанію або від дочірніх підприємств до головного підприємства з урахуванням нормативно-правового та законодавчого регулювання. Результати дослідження дозволяють поглибити розуміння теоретичних аспектів формування інтегрованих форм організації підприємства і можуть бути використані при обґрунтуванні напрямів консолідації підприємств в умовах зовнішньоторговельної лібералізації та посилення конкурентної боротьби на світовому ринку товарів і послуг

Ключові слова: інтеграція, синергізм, інтегрована корпоративна структура, конкуренція, міжнародна конкурентоспроможність

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Problems and Prospects for the Development of the Internal State Audit in Ukraine

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Abstract. As a result of the reforms carried out in previous years, a two-tier system of public finance control was created in Ukraine, consisting of an external independent audit and state internal financial control. Recent changes in the current legislation and the announced plan for further transformations in the field of public finance control require analysis of the effectiveness of previous reforms and the appropriateness of changing the development vector of the relevant state institutions. The aim of the article is a retrospective analysis of the effectiveness of the implementation of the internal state audit function in Ukraine, the identification of problems and prospects for its development based on a systematic approach. The analysis of regulatory acts in the field of public finance control proves that the subsystem of state internal financial control is developing much more actively than the subsystem of external control. In the absence of a single concept for the development of these subsystems, a certain inconsistency of their functioning has been observed. The main achievements in the implementation of reforms in the government sector, carried out with the support of various international organisations, have been characterised. It has been determined that despite a long period of development of organisational and methodological support for the functioning of internal audit units in the public sector, as well as intensive training of employees, the State Audit Service of Ukraine continues to record financial irregularities, the list and amount of which remain unchanged from year to year. It has been substantiated that the described situation bears signs of the inconsistency of the efforts made with the actual results of the reform in the internal state audit sphere. The main reasons are the following: low salaries of employees of internal audit units that do not meet the necessary professional competencies and experience; widespread violation of the independence principle of internal state auditors, negatively affecting their ability to perform significant tasks; lack of accessible training and advanced training combining theoretical knowledge and practical cases. The practical significance of the study is to determine the prospects for the further development of the internal state audit function, to ensure the effectiveness of which a systematic approach should be applied

Keywords: internal state audit, external state audit, public finance control system, reforms, efficiency, Accounting Chamber, Office of Financial Control

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The Problem Statement

After the proclamation of independence, Ukraine began the process of transforming the system of public finance control, which did not meet the requirements of public administration in the new socio-economic environment. As a result of the reform, a two-tier system of public finance control has now been established, consisting of external independent audit and state internal financial control aimed at maintaining the legality of the use of budget funds and the efficiency of public bodies. The presence of these components fully complies with international standards in this area and is considered an integral attribute of modern civilised society. That is why the construction of a two-tier system of public finance control has become a requirement of Ukraine's international counterparties, and is also a part of the Ukraine – EU action plan, for the implementation of which several legal documents have been adopted. At the same time, the latest changes in the current legislation and the announced plan for further transformations in the field of public finance control require an analysis of the effectiveness of previous stages of reforms and the feasibility of changing the vector of development of relevant public institutions.

The purpose of the article is a retrospective analysis of the effectiveness of the internal public audit function in Ukraine, the identification of problems and prospects for its development based on the application of a systematic approach.

Analysis of Recent Research and Publications

The works of many Ukrainian scholars and practitioners are devoted to the problems of the effectiveness of the Ukrainian system of control of public finances, in particular the functioning of internal control and audit in public sector bodies. In publications of recent years, sufficient attention has been paid to the organisational, legal, and methodological support of the subsystem of internal public financial control. Thus, the authors M.V. Barinin and I.Yu. Chumakova [1] analyse the results of external and internal assessments of the functioning of the internal audit system in public and municipal sectors and identify problems in implementing best European practices in Ukraine. Accordingly, A.V. Khomutenko [2] suggests ways of improving the control over the execution of budgetary programs on the basis of the assessment of organisational, methodical, and legal bases of activity of existing subjects of financial control.

In the publication of M.I. Koshchynets [3] the components of the internal control system are examined, in particular, managerial accountability and responsibility of heads of budgetary institutions and their status in ministries, other central executive bodies, and regional state administrations in terms of elements of the COSO model.

The work of V.F. Pikhotsky et al. [4] presents the authors' methodological approach to the overall assessment of the effectiveness of public financial control and audit, based on the application of coefficients of control efficiency and public audit efficiency.

The analysis of modern publications proves the focus of research on the development of proposals for improving the methodology and organisation of internal control and audit in the public sphere, in particular on the basis of foreign best practices. Considering the problems of the effectiveness of the Ukrainian system of public finance control, most authors emphasise the effectiveness of the transformations. At the same time, recent legislative changes indicate the lack of a unified concept of development of existing branches of the public finance control system (Fig. 1) and determine the feasibility of analysing achievements and problems, especially in the development of internal public audit.

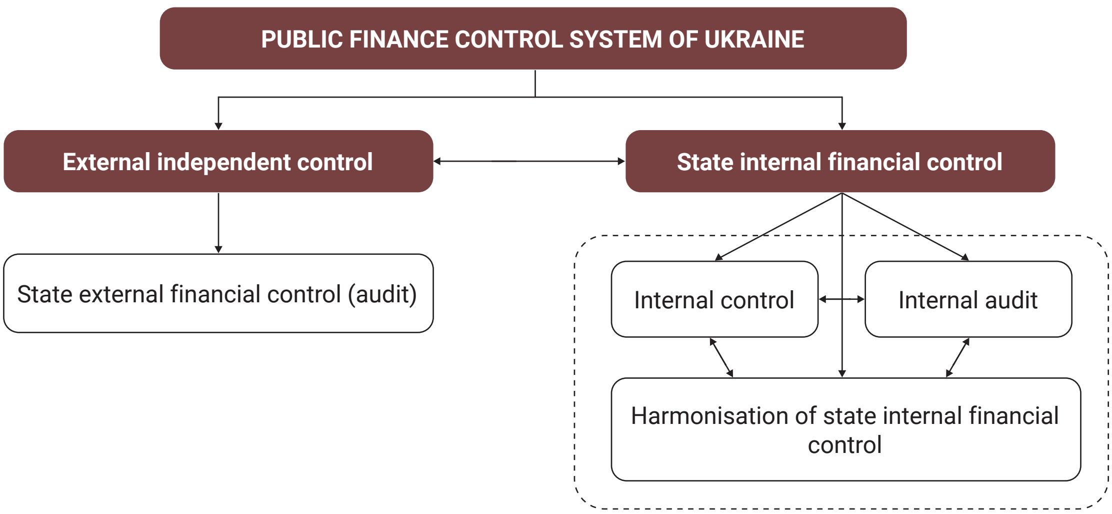

Figure 1. Modern structure of the public finance control system in Ukraine
Source: developed by the authors on the basis of [6; 7]

Research Results

The establishment of the system of independent external control of state finances is connected with the functioning of the Accounting Chamber of Ukraine, which is recognised by the world community as the supreme audit institution, is a member of international organisations INTOSAI and EUROSAI, and cooperates with them on various programs. At the same time, the reform of the functions of the Accounting Chamber in the direction of their compliance with the international Standards of State Audit ISSAI is still happening at a slow pace. The main shortcomings are certain limitations of the Chamber's powers to control local budgets, communal property, and other socially important resources. National performance standards and a system for assessing the quality of public audit also need to be developed.

With the adoption in 2015 of a new version of the Law of Ukraine "On the Accounting Chamber", the independence of the chamber was strengthened and its powers to audit the revenue side of the state budget were expanded [5]. In addition, the law contains a number of qualitative changes that should help reform the Accounting Chamber and create its positive image in society.

In addition, since 2005 there has been a purposeful reform of the subsystem of state internal financial control. Thus, the Concept of Development of State Internal Financial control was adopted [6]; provisions on the organisation and implementation of internal control and internal audit have been introduced into the Budget Code of Ukraine [8]; a number of regulations in the field of the internal audit were developed and approved, in particular, Internal Auditing Standards, Code of Ethics for employees of the internal audit department, etc. [9-11].

Analysis of regulations in the field of public finance control shows that the subsystem of state internal financial control is developing much more actively than the subsystem of external control. In the absence of a unified concept of development of these subsystems, there is some inconsistency in their functioning. Thus, since 2001 the following draft laws were registered: "On the System of State Financial Control in Ukraine", "On Financial Control", "On State Financial Control", "On State Control Over Observance of Budget Legislation and Responsibility for Budget Violations", "On Public Control Over the Use of Funds from the State and Local Budgets", etc. Some draft laws were submitted to the Verkhovna Rada of Ukraine several times or had different initiators, but none of them was adopted. The reasons were both the low quality of legal acts and the inconsistency of approaches to the organisation of the control system between the various subjects of the legislative initiative. Thus, a law that would lay the groundwork for the coordinated development of parliamentary and governmental branches of public finance control has not yet been adopted.

The Sustainable Development Strategy "Ukraine – 2020", approved in 2015, aims to implement European living standards and bring the country to a leading position in the world in four main vectors – development, security, responsibility, and pride. The group of reforms according to the vector of development includes the reform of public financial control and budget relations, civil service, and optimisation of the system of state bodies, management of state property. In addition, the document emphasises that the reform of public administration should create an efficient, transparent, open, and flexible structure of public administration, and the priority in public finance management is to increase transparency and efficiency of their distribution and spending [12].

A logical continuation of the reform process was the adoption in early 2017 of the Strategy for Reforming the Public Financial Management System for 2017-2020. The main objectives of the Strategy include improving the level of managerial accountability and the effectiveness of internal control and audit in government bodies at the central and local levels. At the same time, the developers of the Strategy identify the factors that complicate the development of state internal financial control in Ukraine, in particular:

– failure of the central unit to harmonise coordination functions in the field of financial management and control in the public sector;

– partial performance of internal audit functions in budgetary institutions due to the lack of their understanding by management, as well as due to inadequate professional competence of internal auditors;

– misunderstanding of the essence of internal control and internal audit by managers at different levels [7].

To increase the effectiveness of internal audits, the Strategy suggests that the Ministry of Finance of Ukraine should prepare proposals on priorities for development and increase the independence of internal audit units, and also introduce training programs for internal auditors [7].

At the same time, it should be noted that over the last decade, the state bodies of Ukraine have been cooperating on a regular basis with various international institutions that help carry out reforms in the general government sector. For example, back in 2005, Ukraine began cooperation with state institutions of the European Union in the framework of Twinning technical assistance, which provides support for institutional and structural reform in public administration through such cooperation mechanisms as:

– expert assessment in the relevant field of public administration;

– assistance to the state body in the development and preparation of amendments to existing legal documents;

– assistance to the state body in the development of internal regulations, procedures, instructions, etc;

– support of the state body in strengthening its institutional capacity through European experts conducting a functional survey and/or comparative analysis of the existing institutional structure of the state body;

– training of government officials by conducting relevant seminars, trainings, internships, study visits, conferences, round tables, discussions, etc. by foreign experts [13].

In early 2006, with the financial support of the United Kingdom's Department for International Development and the Swedish International Development Agency, Ukraine's Public Administration Assessment was conducted under the Support for Improvement in Governance and Management (SIGMA) program. The SIGMA program was initiated by the Organisation for Economic Co-operation and Development (OECD) and the European Union and is considered one of the European Union's most prestigious analytical centers to help Central and Eastern European countries modernise their governance systems.

Thus, the SIGMA program in 2010-2012 assessed public administration and civil service in Ukraine. As part of the program, experts prepared relevant recommendations for effective public finance management, in particular in the field of budget policy, financial management and control, internal and external audit, public procurement, and administrative services [13]. In addition to providing expert assessment and advice in the relevant field of public administration, staff were trained in effective methods and procedures, assisted in drafting legislation, and aligning it with European standards.

Currently, in the framework of bilateral cooperation between the Ministry of Finance of Ukraine and the Ministry of Finance of the Kingdom of the Netherlands, the following project is being implemented – the Program for the Development of Internal Auditors of the Public Sector of Ukraine. The purpose of the program is to systematise the training of internal state auditors and further implementation of their certification. The structure of training modules presented in table 1 is similar to those used by the Institute of Internal Auditors for the certification of specialists.

Table 1. The structure of training modules of the Program for the Development of Internal Auditors of the Public Sector of Ukraine

Learning unit	Structure of training modules	Terms and conditions of study
Unit A. Novice or junior auditors (without experience or with experience up to 2 years and without a certificate of unit A)	**A1)** Legal bases and Ukrainian standards of internal audit **A2)** Internal audit: basic principles **A3)** Fundamentals of accounting skills **A4)** Financial management and control	4-week training: 2 weeks – theory, 2 weeks – practice
Unit B. Mid-level auditors (2 to 3 years of experience and/or with Unit A Certificate)	**B1)** Internal audit: advanced level; **B2)** Interview skills; **B3)** Sampling techniques; **B4)** Reporting skills	4 modules 3-5 days each. Based on the results of obtaining the certificates of units A and B, the auditor obtains a diploma, after which 40 hours per year of continuous study are mandatory (seminars, specialised trainings, etc.)
Unit C. Auditors of higher/specialised level (with more than 3 years of experience and with certificates of units A and B)	**C1)** IT audit or **C2)** Performance audit or **C3)** Financial audit or **C4)** Audit of EU funds	The internal auditor must pass one of the optional modules (1 week)
Unit D. Heads of internal audit tasks and team leaders (perform a managerial function, have sufficient knowledge and experience and/or with certificates of units A and B)	**D1)** Risk-based audit planning **D2)** Project management **D3)** Communication skills at the strategic level **D4)** Management skills	4 modules 2-3 days each

Source: generalised by the authors on the basis of [14]

To facilitate the understanding of the essence of concepts and practical application of methods of various forms of internal audit, relevant methodological manuals were developed and published on the official website of the Ministry of Finance of Ukraine, namely: "State internal financial control: Ukraine and European experience", "Internal performance audit: methodical bases and practical aspects", "Internal financial audit", "Indicators of the state of internal control of public sector institutions of Ukraine", "Methodological guidelines for internal audit in the public sector of Ukraine", "Practical guidelines for implementing financial management and control and strengthening management accountability (responsibility) in public authorities of Ukraine", "Internal and external assessment of the quality of the internal audit function in public sector bodies of Ukraine", etc.

Thus, today in Ukraine, with the support of foreign donors and Ukrainian legislators, an internal state audit is being developed. Given the long time that has elapsed since the start of implementation, the internal public audit should provide the expected results. Therefore, let's analyse the current situation in this area.

The latest version of the Concept of Development of State Internal Financial Control for the period up to 2017 contains the definition of internal audit, which means "… activities to provide independent and objective guarantees (ensuring confidence within reasonable limits in achieving public and municipal sectors in a way that minimises the risk of fraud, waste, error, or unprofitability) and consultation" [6].

January 1, 2012, was to be the official start of the functioning of internal audit units in the central executive bodies. The implementation of this stage was based on the previous phase of intensive training of responsible personnel and the development of the above-mentioned methodological manuals. Therefore, during this period of time, the internal audit activity had to achieve the set goal and show the planned results. Instead, according to the official data of the State Audit Service of Ukraine, almost 10.7 thousand measures of state financial control were carried out in 2019 (including more than 1.5 thousand audits and inspections, almost 8.8 thousand monitoring of procurement, 449 state financial audits) at enterprises, institutions and organisations of various forms of ownership showed that the use of state resources continues in violation of the law [15, p. 11]. During 2019, more than 1.3 billion UAH of illegal and misappropriated expenditures and shortages of material and financial resources were found at almost 1.3 thousand entities, including more than 736.8 million UAH from operations with budget funds [15, p. 12].

The main financial violations were:

– illegal spendings due to overpayment for work performed and/or services provided, as well as overpayments due to overstatement of the quantity or value of purchased goods;

– making illegal (extra) payments from wages;

– non-accrual and non-transfer (incomplete transfer) of revenues to the general and special (except for the special fund of budget institutions) budget funds;

– lack of funds and material values;

– loss of income due to write-off of receivables;

– write-off of funds for expenses/expenses without receiving goods, works or services or in amounts exceeding their actual value;

– sale of goods, works or services (except for use, rent) by business entities free of charge or at reduced prices;

– illegal payments to individuals (compensations, financial aid, benefits and subsidies, pensions, scholarships), including those who were not entitled to receive them or in excess;

– non-target expenditures, etc [15].

The list is incomplete, but it is indicative that according to the State Audit Service of Ukraine, these violations are the most significant and widespread. In addition, according to the authors of the article, the list of violations has not changed for more than 10 years. It was concluded that this directly indicates the improper operation of internal audit departments. The assessment of the quality of their functioning conducted by the State Audit Service of Ukraine in 2016 only confirmed this conclusion. Thus, the 2016 report noted that the internal audit function remains incapable and is unable to influence the state of financial and budgetary discipline in the relevant field. Among the main shortcomings were the following:

– incomplete staffing of internal audit departments and insufficient number of internal auditors;

– entrusting internal state auditors with tasks incompatible with their powers that cause potential conflicts of interest;

– incorrect application of the requirements of the Internal Auditing Standards regarding documentation, inadequacy of audit procedures, collection of poor-quality audit evidence, incorrect interpretation of identified violations, etc;

– lack of analysis of the facts of financial violations in relation to the reasons for their commission and the presence of other shortcomings;

– assignment of insignificant issues to the tasks of internal audit, uncertainty for the study of global issues due to the non-application of risk-based selection and other criteria in planning;

– weak response to the results of internal audits, failure to take measures, failure to make relevant management decisions, even in the detection of significant violations and facts of fraud, etc.

This indicates a low level of professional training of relevant professionals and the lack of effective policies and procedures that would correct the situation. At the same time, this situation shows signs of the inconsistency of the efforts made with the actual results of reforms in the field of internal public audit. The analysis of the reasons gives grounds for the formulation of the corresponding conclusions.

First, the highly competent professionals needed by internal audit units must have the appropriate level of salary. However, the public sector is uncompetitive compared to the private sector. Thus, after a brief analysis, it can be noted that considering the knowledge and skills obtained by a certified internal state auditor in accordance with the Program for the Development of Internal Auditors of the Public Sector of Ukraine (Table 1) a specialist with such qualifications can quickly get a job in private companies that are interested in the development of the internal audit function and are able to properly assess the "market value" of such a specialist. At the same time, in the public sector, the specialists of internal audit departments belong to the lower level of managers, and, therefore, do not have the opportunity to receive a decent salary. In addition, with the adoption of the latest amendments to the legislation on pensions, the incentive to receive a higher pension was lost. It is no secret that many professionals have decided to move to the public sector in mature age –10-15 years before retirement. Motivation is the possibility of receiving a higher amount of pension. So far, this incentive has been lost, but no other has been created. However, this problem needs to be addressed immediately, otherwise the internal audit function will not work.

Second, the inclusion of minor issues in the tasks of internal auditors while ignoring acute operational problems, especially those with a high risk of non-compliance with current legislation, is not due to the ignorance of internal auditors. According to the authors, these facts are directly related to the violation of the fundamental principle of independence. In other words, internal auditors try to avoid complex issues because they are afraid of losing their jobs. That is, in solving this block of issues it is necessary not only to train specialists in risk-oriented approaches but also to work out a mechanism to ensure their real independence. This aspect is also related to the demotivation of internal auditors, as the results of internal audit rarely lead to effective management decisions. If no one is interested in the results of the work of internal auditors, it makes no sense to look for problems in the work of the organisation or institution, especially if it is associated with the risk of losing your job

Third, internal auditors need accessible training and retraining that combines theoretical knowledge and practical cases on how to assess risk, what constitutes the working documentation, how to conduct a survey, how to write a report so that it is accessible and understandable to users and clearly reflects the essence of the identified problems.

It should be noted that the assessment of the quality of functioning of internal audit units today is in accordance with the Procedure for the Ministry of Finance of Ukraine to assess the functioning of the internal audit system [16]. The following issues are investigated during the quality assessment:

– status and structure of the internal audit department, its organisational and functional independence, the number of employees of the internal audit department and the state of its staffing, compliance of staff with the qualification requirements;

– availability of internal documents on internal audit, their compliance with the Standards;

– planning of internal audit activities;

– organisation of internal audits, in particular the allocation of human resources, internal audit planning and preparation of internal audit programs based on its results;

– documenting the progress of internal audit and its results;

– monitoring the consideration of recommendations and the results of their implementation;

– results of internal assessments of the quality of internal audit;

– consideration of the recommendations based on the results of previous quality assessments;

– reliability, completeness and timeliness of reporting on the results of the internal audit department;

– the state of interaction of the internal audit department with the structural units of the institution;

– availability of a program to ensure and improve the quality of internal audit and the state of its implementation, etc. [16].

As a result of the quality assessment, an appropriate report is prepared, which outlines the general conclusions on the results of the quality assessment and recommendations for improving the internal audit system.

Note that this Regulation does not provide for specific measures to implement the results of such quality assessment. The developers emphasise the need to publish the results of the quality assessment on the official website of the Ministry of Finance of Ukraine. At the same time, the head of the institution should inform the Ministry of Finance about the status and method of consideration of the recommendations "within the period set by the Ministry of Finance" [16]. The normative act does not clarify the degree of responsibility of the management of the institution for non-compliance with the recommendations or partial consideration of them, for failure to provide relevant information or providing it in violation of deadlines. The authors believe that the norms of the provision should be stricter in this matter. Blurred responsibility will not improve the effectiveness of quality assessment.

In this context, it is advisable to pay attention to the requirements of International Standards on State Auditing, in particular ISSAI 1610 "Using the work of Internal Auditors", according to which the external public auditor in determining the use of internal auditors for audit purposes should assess the following parameters:

– the extent to which the organisational status and related policies and procedures of the internal auditors confirm the objectivity of the internal auditors;

– level of competence of internal auditors;

– application of a systematic and disciplined approach by internal auditors, including quality control.

If the external auditor's assessment of these parameters is negative, the work of internal auditors should not be used. Therefore, the significant shortcomings in the functioning of internal public audit at the same time complicate the conduct of external public audit, which in general affects the effectiveness and efficiency of the entire system of public finance control, and therefore requires immediate settlement.

The conclusions of are of particular interest. In 2018 the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands together with the Ministry of Finance of Ukraine conducted an assessment (review) of the functioning of internal control systems. The conclusions of this joint assessment are of particular interest. Based on the results, directions for further development of an effective internal control system were proposed [17]. Thus, the conclusions of experts on the problems of internal state audit are as follows:

– until 2018, more attention was paid to the development of internal audit than to financial management and control;

– internal audit is overloaded with tasks of compliance checks in subordinate institutions and state enterprises;

– internal audit should be refocused on performance audit;

– the role of internal audit in bodies with subordinate institutions and/or state-owned enterprises should be reconsidered [17].

In addition, today the first results of the quality assessment of the internal public financial control system can be seen. This assessment was conducted by the Department of Harmonisation of State Internal Financial Control of the Ministry of Finance of Ukraine. The "Information on certain issues of public internal financial control in 2019", published on the official website of the Ministry of Finance of Ukraine, identifies the main problems that were addressed during 2018 [18]. The main part of these tasks was to increase the number of employees and fill the relevant vacancies of internal audit units. Measures have also been taken to ensure the organisational and/or functional independence of structural units of internal audit, for example, delimit the performance of the internal audit and anti-corruption functions in individual Central Executive Bodies, as well as delineate control and verification work of individual structural units. Emphasis is placed on remarks on ensuring the direction of internal audit activities to improve the management system, internal control, prevention of illegal and inefficient use of resources, errors, or other shortcomings in the activities of the budget manager and enterprises, institutions, and organisations belonging to his sphere, etc. [18].

The reform of the State Audit Service of Ukraine announced at the end of 2019 by transforming it into the Office of Financial Control will also affect the further development of the internal state audit function [19]. At the same time, a full assessment of this impact can be provided only after the completion of organisational changes.

Conclusions

To sum up, it should be noted that currently in Ukraine the foundations for the large-scale introduction of the internal audit function in the public sector have been laid. Necessary normative legal acts have been adopted, methodological approaches have been developed, training and preparation for certification of internal state auditors are being carried out. At the same time, there is a need to further address the issues that hinder the development of internal audit based on best foreign practices. Ukraine's state budget funds and millions of dollars of international aid provided by donors for public sector reform in Ukraine may prove to be ineffective losses if the reform is not logically completed. However, the main thing is that Ukrainian society will lose trust in public authorities if the state fails to achieve strategic development goals.

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Проблеми та перспективи розвитку внутрішнього державного аудиту в Україні

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Анотація. У результаті проведених у попередні роки реформ в Україні створено дворівневу систему контролю державних фінансів, що складається з зовнішнього незалежного аудиту і державного внутрішнього фінансового контролю. Останні зміни чинного законодавства та оголошений план подальших трансформацій у сфері контролю державних фінансів потребує аналізу ефективності попередніх реформ і доцільності зміни вектору розвитку відповідних державних інституцій. Метою статті є ретроспективний аналіз результативності реалізації функції внутрішнього державного аудиту в Україні, визначення проблем і перспектив його розвитку на основі застосування системного підходу. Аналіз нормативно-правових актів у сфері контролю державних фінансів доводить, що підсистема державного внутрішнього фінансового контролю розвивається набагато активніше ніж підсистема зовнішнього контролю. За відсутності єдиної концепції розвитку означених підсистем спостерігається певна неузгодженість їх функціонування. Охарактеризовано основні досягнення у реалізації реформ в секторі загального державного управління, що проведені за підтримки різних міжнародних інституцій. Визначено, що незважаючи на тривалий період розробки організаційно-методичного забезпечення функціонування підрозділів внутрішнього аудиту в державному секторі, а також інтенсивного навчання їх співробітників, Державна аудиторська служба України продовжує фіксувати фінансові порушення, перелік і обсяг яких з року в рік залишаються незмінними. Обґрунтовано, що описана ситуація носить ознаки невідповідності докладених зусиль фактичним результатам реформування у сфері внутрішнього державного аудиту. Основними причинами визначено такі: низький розмір заробітних плат працівників підрозділів внутрішнього аудиту, що не відповідає необхідним професійним компетентностям та досвіду; повсюдне порушення принципу незалежності внутрішніх державних аудиторів, що негативно впливає на їх здатність виконувати значущі завдання; брак доступного навчання та підвищення кваліфікації, які б поєднували теоретичні знання та практичні кейси. Практична значущість проведеного дослідження полягає у визначенні перспектив подальшого розвитку функції внутрішнього державного аудиту, для забезпечення ефективності якої має застосовуватися системний підхід

Ключові слова: внутрішній державний аудит, зовнішній державний аудит, система контролю державних фінансів, реформи, ефективність, Рахункова палата, Офіс фінансового контролю

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The Development of Social Business Standards in the Context of Restructuring Corporate Information Systems

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Abstract. The relevance of the research subject is conditioned upon the problems of informatisation of managers, more efficient and safe business development, and social protection of workers. The purpose of the paper is to study corporate social responsibility (CSR) as a component of national business, determine promising areas of its development in Ukraine, study the prospects for using the basics of sustainable development in enterprises by means of restructuring corporate information systems (CIS). Research methodology: use of statistical data to analyse the participants of the UN Global Compact by type of organisation and field of activity, determine the specific features of CSR. The main problems of CSR in Ukraine have been analysed. The dynamics of enterprises taking part in the UN General Agreement in Ukraine since 2016, which have joined to implement social standards of responsibility, have been determined. The paper systematised approaches and areas for the development of social corporate responsibility as promoting sustainable economic development. It has been identified that the implementation of the main provisions of the concept of sustainable development is possible by using an additional module to CIS with information on the main provisions of the concept of sustainable development. The main problems were identified, such as mechanisms of practical promotion of CSR; lack of finances to participate in social investment; low level of legal awareness of business; closeness of companies to the general public; distrust of cooperation; incorrect information about the CSR in Ukraine; prospects for the development of CSR in Ukraine. It has been determined that the sustainable development module in CIS will be able to cover such functional tasks as training and testing of personnel; providing information to the manager

Keywords: corporate social responsibility, socially responsible business, sustainable development, partnership, corporate information systems, restructuring

The Problem Statement

Corporate social responsibility (CSR) has become increasingly widespread in recent years. Developed countries form the public perception of business not only in terms of its profitability but also in terms of the price and consequences of making a profit, that is, the market mechanism of functioning of economic entities includes social and environmental functions, which is reflected in the market value of the company.

In recent years, the concept of the successful state has been increasingly linked to global concepts of human development and human capital, the implementation of which is one of the priority areas of activity of the world community. In Ukraine, these processes are in their infancy. Only a few managers-practitioners of leading financial and industrial groups and companies show the greatest interest in CSR in Ukraine.

In addition, the society has recently faced problems of more efficient and safe development of humanity, preservation of the environment, social protection of workers, ecologisation of production, and most importantly, informatisation as one of the main impulses for the development of progress and society. These issues are considered in the

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concept of sustainable development. The search for opportunities and methods of transmitting information about the fundamentals of sustainable development in the most effective way is now one of the top priorities for the development of socially ethical business and the global economy. Thus, this method can be the introduction of additional modules in corporate information systems (CIS) [1; 2].

Analysis of Recent Research and Publications

The research on social responsibility of business structures, the development of business structures is widely represented in the works of H.R. Bowen [3], M. Fridman [4]. In modern Ukrainian science, this problemis considered by such scientists as Yu.Yu. Petrunin, V.K. Borisov [5], O.Yu. Kirichenko, V.Y. Kutsenko [6], P. Yanitsky, M.V. Fursa, [7], V.V. Dmitriev-Zvrudenko [8], M.I. Murashko [9], A.M. Kolot [10], and others. However, this problem requires further in-depth study.

Separately, the scientists who focused on studying the features of the Ukrainian model of CSR implementation should be mentioned. In particular, V. Vorobei [11] determines the prospects for the development of CSR and proposals for the adoption of the National CSR strategy; A.M. Kolot [10] considers the role of social responsibility in overcoming the economic crisis; L. Petrashko [12] studies the involvment of Ukrainian companies in the UN Global Compact.

A. Dubivka, S. Voitko [2], I. Lebedev [13] pay attention to research of the concept of sustainable development from various aspects. CIS are becoming widespread in many enterprises, their development, implementation and use in various areas were considered by A. Dubivka [2], R. Litnarovich [14], and other scientists. However, there is still a lack of research on CSR, almost no combination of modern opportunities of the information space, informatisation, and creation of modern CIS for implementing the standards of the concept of sustainable development, even its individual elements of social, ethical, environmental business standards is studied.

Purpose of the Study

The purpose of the paper is to study CSR as a component of national business and determine promising areas for its development in Ukraine, as well as an attempt to study the prospects for using the foundations of sustainable development in Ukrainian enterprises by means of restructuring CIS.

Research Results

In the modern business environment, there is no single approach to the interpretation of CSR. According to the well-known economist M. Friedman, the social responsibility of an enterprise is to grow and maximise profits. According to another definition, social responsibility of an enterprise is a way of managing business processes to ensure a positive impact on society [1; 12; 14; 15].

The World Business Council for Sustainable Development (WBCSD) defines CSR as the obligation of business to promote sustainable economic development by working with employees, their families, the local community, and society in general to improve the quality of life [16; 17].

According to the memorandum on CSR in Ukraine, the term CSR should be understood as the responsible attitude of any company to its product or service, consumers, employees, partners, active social position of the company, which consists in harmonious coexistence, interaction, and constant dialogue with society, involvement in solving acute social problems [1, p. 178].

Among the key features of the Ukrainian CSR model are the following [1; 11; 14; 15; 18]:

- lack of an ideology of socially responsible entrepreneurship and a high level of civic consciousness in Ukraine;
- the forced nature of CSR in Ukraine since for some entrepreneurs, CSR is a response to the request of the authorities, and some even consider it a form of state racketeering; besides, this is indirectly confirmed by a small number of companies that have joined the UN Global Compact in Ukraine;
- lack of transparent procedures for developing social policy at the level of the state, regions, and at the level of enterprises; dependence of forms and methods of social activity of companies on personal preferences and interests of managers and owners, which is conditioned, in particular, upon an increase in the role of managers in the post-privatisation period;
- high variability of forms of social activity formed at individual enterprises and companies, in particular, through their own balance between economic efficiency and social necessity;
- high differentiation of social corporate benefits, which are aimed at top managers and to some extent at highly qualified personnel (especially recently);
- there is a considerable gap between society and business in terms of understanding the priorities of social responsibility.

The solution to these problems can be the introduction of tax incentives for socially responsible companies. This will provide them with financial resources and create boundaries of mutual understanding between society, government, and business.

The practice of CSR has become commonplace for Ukrainian enterprises, most top managers know about CSR but not all implement it. Thus, 75% of top managers surveyed in Ukraine are aware of CSR.

Nowadays, the key companies in Ukraine that operate corporate responsibility standards are leading transnational corporations and Ukrainian companies, which are leaders in the development of CSR trends in the Ukrainian business environment. These are, in particular, TNK-BP Ukraine, Siemens Ukraine, Nissan Motor Ukraine, Tetra Pak Ukraine, Coca-Cola Beverages Ukraine, Vitmark Ukraine, Ernst & Young, Hyundai Motor Ukraine [19].

A global initiative that allows companies to ensure compliance of their activities and strategy with ten general principles in the field of human rights, labour relations, environmental protection, and combating corruption is the UN Global Compact (UN GC) [17]. The UN Global Compact is a voluntary initiative that is the largest in terms of the number of countries (more than 200) and the number of companies (more than 6000). It unites companies, UN agencies, business associations, non-governmental organisations, academic institutions, and non-governmental organisations into a single global forum for sustainable development through responsible and innovative corporate leadership [18; 19].

The ten principles of the UN GC are focused on implementing responsible business practices in the areas of human rights, labour standards, environmental responsibility, and the fight against corruption [17]. The 6GC network in Ukraine was recognised as one of the three most active GC networks in the world in 2009 and received an award for its contribution to the development and distribution of UN GC initiatives [17]. Since the date of the official presentation of the UN GC in Ukraine (April 26, 2004), the number of signatory companies has increased to 200 (2014) [2]. On average, 23 companies operating in Ukraine joined it every year. Considering that as of April 1, 2019, 1.312.302 subjects of the unified state educational standard are registered in Ukraine, even officially 245 socially responsible companies are a tiny share because they make up only about 0.018% of all enterprises in Ukraine, so one should not exaggerate the success and achievements of CSR development in Ukraine [19; 20].

Analysis of the composition of participants in the UN GC by type of organisation and field of activity also allows determining the specific features of corporate social responsibility. Apparently, as of April 2019, almost half (42.3%) of those who joined the UN GC are non-governmental organisations (international and local), 9.5% are public sector organisations. Therewith, among the parties to the Compact, only one in seven (14.3%) is a large company. There are exactly the same number of small and medium-sized businesses. In addition, 16 business associations (8.5% of the population) and 21 other organisations (11.1% of the population), which are scientific and educational institutions, funds, and trade unions, take part in the UN GC (Fig. 1) [1; 16; 17; 20].

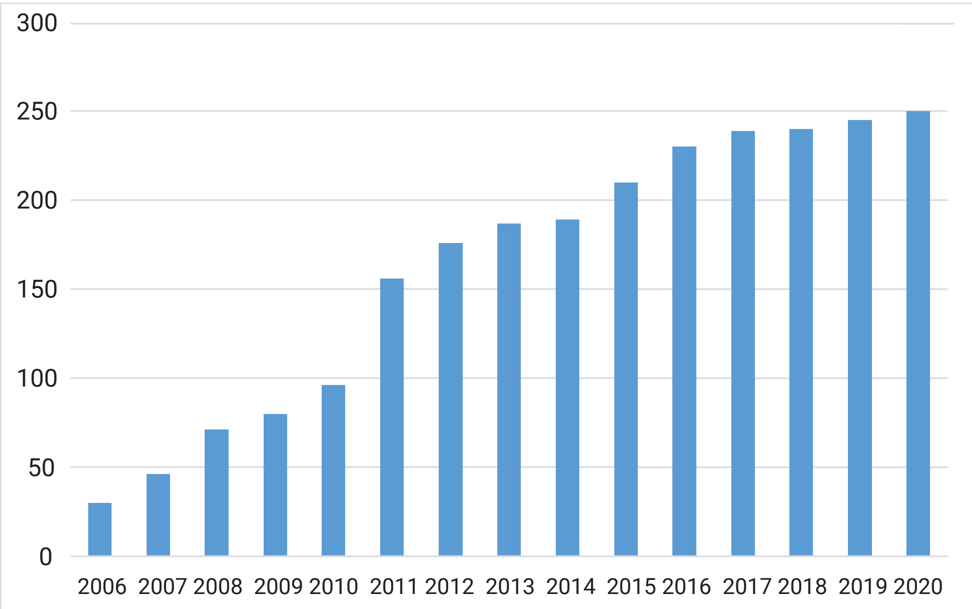

Figure 1. Dynamics of UN GC member enterprises in Ukraine from 2016 to March 1, 2020

Source: formed based on [1; 16; 19]

Thus, evidently, among those organisations that demonstrate commitment to international principles of social responsibility, large, medium and small companies make up a minority, namely 28.6% of the population. However, it should be considered that the number of companies that practice CSR is not a constant value. In particular, according to the community "Socially responsible business", at least 135 Ukrainian enterprises and firms take measures related to social responsibility [20]. In practice, a company's formal commitment to the UN Global Compact does not always determine its intentions to act accordingly.

The need to develop organisations and enterprises within the framework of the sustainable development paradigm makes it advisable to introduce an additional module to the CIS at enterprises, which allows providing information to personnel on the provisions of the concept of sustainable development; improve the skills of personnel; evaluate personnel on the use of such knowledge in work. The functioning of such a module in the structure of CIS will help to improve the functioning of management links at all levels. The modern management paradigm is formed based on the concept of sustainable development and integrated informatisation of management processes [2].

Accordingly, CIS and interorganisational information systems (IOIS) have become widespread in the business world. CIS is an information system designed for complex automation of all types of economic activities of enterprises, in particular, corporations consisting of a group of companies that require unified management [14]. CIS, which are in fact "a business process management system of an enterprise that supports functioning of divisions, providing distributed processing of information flows throughout the entire technological link of management procedures" [12] are a tool for promoting the values of sustainable development of comprehensive informatisation of management processes. According to R. Litnarovich, the structure of the CIS functionally reproduces the organisational structure of the enterprise embedded in information and telecommunications networks [14]. According to the simplified structure, CIS can be divided according to its functional purpose for management and according to its instrumental purpose – for specialists and technical workers.

The problems of CSR can also be considered as a component of the sustainable development. The goal of a business, admittedly, is to increase profits and revenue of a company. At the same time, CSR should be shown through following the principles of sustainable development and can enable the company to create its own image both in the consumer and in the labour market [21]. The manifestation of social responsibility of managers in this case will manifest itself through investing in the restructuring of CIS by implementing the foundations of sustainable development. In the restructuring of CIS based on sustainable development and through their modernisation, the social responsibility of the head and the organisation in general is realised because such investment creates the basis on which it is possible to integrate the ideas of sustainable development into the life of the organisation in general and its personnel in particular [1; 2].

Modern managers' understanding of the essence of the concept of sustainable development determines the level of their responsibility to society, organisation and team in several aspects, namely environmental, economic, social, and in the aspect of developing the information model of the investment component in management activities. Promoting the values of the concept of sustainable development on corporate information system platforms can broadcast the corporate mission, goals, and values of the organisation, continuously reminding managers, specialists, and technical performers of corporate unity in fulfilling their professional duty to save resources.

Conclusions

The study of CSR in Ukraine identified considerable differences in the understanding of CSR among entrepreneurs. The scale and financial situation of enterprises also affected the perception of the essence of CSR. The considerable fragmentation in citizens' understanding of the essence of CSR confirms that today CSR has not yet become a strategic concept for enterprise development. In many ways, it is hindered by an imperfect legislative framework regarding the motivation to make voluntary social investments. Ukrainian laws are exclusively compulsory and declarative in character. This leads to the fact that relations between business and government continue to be regulated by informal rules, so it is necessary to move along the path of formalising the rules of business interaction in the field of social responsibility.

The main ideas of sustainable development are based on three areas, namely environmental, social, and economic. Management activities that will be improved in these three areas should bring positive results in optimising the management systems of Ukrainian enterprises and create a systematic socio-economic effect in preserving the environment for future generations. The authors propose integration of the module with additional functions into CIS. The purpose of such a module will be to disseminate the core values of the concept of sustainable development, to provide an understanding of how it is appropriate to use the main provisions of sustainable development in everyday life and work. The sustainable development module in CIS will be able to cover such functional tasks as training and testing of personnel; providing information to the manager. A manager, as a professional who uses a system approach to make managerial decisions, needs to obtain clear information on which his decisions can be based. An additional module in CIS will allow managers to make more favourable decisions for the development of humanity in general.

Restructuring of CIS at modern Ukrainian enterprises as a process that places direct emphasis on the concept of sustainable development, indicates the social responsibility of the managers of such an enterprise, therefore, indicates their desire to improve the economic, social, and environmental situation in the country and the world in general.

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Формування соціальних стандартів бізнесу в контексті реструктуризації корпоративних інформаційних систем

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Анотація. Актуальність теми дослідження обумовлена проблемами інформатизації управлінців, більш ефективного та безпечного розвитку бізнесу, соціального захисту робітників. Метою статті є дослідження корпоративної соціальної відповідальності як складової національного бізнесу, визначення перспективних напрямів її розвитку в Україні, дослідження перспективи використання основ сталого розвитку на підприємствах засобами реструктуризації корпоративних інформаційних систем. Методика дослідження: використання статистичних даних для аналізу складу учасників Глобального договору ООН за типом організації та сферою діяльності, визначення особливостей соціальної відповідальності бізнесу. Проаналізовано основні проблеми соціальної відповідальності бізнесу в Україні. Визначено динаміку підприємств – учасників Генеральної Угоди ООН в Україні з 2016 р., які приєднались для впровадження соціальних стандартів відповідальності. У статті було систематизовано підходи та напрями розвитку соціальної корпоративної відповідальності як сприяння сталому економічному розвитку. Виявлено, що впровадження основних положень концепції сталого розвитку можливе за допомогою використання додаткового модулю до корпоративних інформаційних систем з інформацією про основні положення концепції сталого розвитку. Основними проблемами було визначено механізми практичного заохочення соціальної відповідальності бізнесу; брак фінансів для участі у соціальному інвестуванні; низький рівень правової свідомості бізнесу; закритість компаній для широкої громадськості; недовіра до співпраці; неправильне інформування про соціальну відповідальність бізнесу в Україні; перспективи розвитку соціальної відповідальності бізнесу в Україні. Визначено, що модуль сталого розвитку в корпоративних інформаційних системах зможе охоплює такі функціональні задачі, як навчання й тестування персоналу; надання інформації управлінцю

Ключові слова: соціальна відповідальність бізнесу, соціально відповідальний бізнес, сталий розвиток, партнерство, корпоративні інформаційні системи, реструктуризація

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Intellectual Capital in the Era of Establishment and Development of the Digital Economy

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Abstract. In the digital economy, the intellectual capital of an enterprise is the most important strategic resource at the fundamental level of modern business processes; the human and relational capital of organisations is built in accordance with the innovative potential of the enterprise. The research is devoted to the analysis of theoretical approaches and models for studying the intellectual capital of an enterprise in the era of establishment and development of the digital economy. The research is based on the objective principles of a system approach, economic analysis, logical and comprehensive approaches. The paper used a set of general scientific and special research methods (historical method, method of analysis and synthesis, abstract-logical method, graphical construction, scientific abstraction). The paper considered the conceptual framework proposed by scientists of various scientific areas and disciplines for identifying and substantiating the correlation between the intellectual capital of an enterprise and economic results at the micro-level in systems theory, institutional theory, resource dependence theory, etc., as well as the concept of the intellectual capital of an enterprise. The results of a comparative analysis of the works of Ukrainian and foreign scientists, economists, and experts on the management of intellectual capital of the enterprise are presented. A model of the intellectual capital of an enterprise is proposed, which identifies 19 elements in the structure of human, structural, and relational capital of an organisation. The obtained conclusions of measuring the intellectual capital of an enterprise can be used in the development of organisational methods and to improve the human resource management policy of organisations. The leading vector of further development of intellectual capital of enterprises in the digital economy should be the design of the process of accumulation, classification, measurement and transformation of knowledge capital, as well as the development of tools for changing its elements into materialised and innovative assets of the organisation

Keywords: intellectual capital, knowledge, information, digital economy

The Problem Statement

In the modern economy, the intellectual capital of an enterprise plays a leading role in the development of long-term competitive advantages of companies, acts as a driver of business development and improvement, a key factor in the development of fundamental value by saving all types of resources and increasing the return on such, contributes to increasing the innovation of the organisation [1-5]. The emergence of new realities of the digital economy also entails new conditions for the development of enterprises, when the physical assets of companies are considered as secondary for entire sectors of the economy and intangible assets (knowledge and information, competency, reputation of the organisation, customer commitment, corporate culture, etc.) "come to the fore" [6-12]. Consequently, the phenomenon of the potential of intellectual capital of an enterprise, as well as the issue of its multiplication, becomes relevant and of practical significance.

Analysis of Recent Research and Publications

The genesis of the theory of intellectual capital is characterised by discussions on various aspects of the problems of development and structuring of the intellectual capital of an enterprise, which were covered in the works of foreign (T.A. Stiuart [4], A. Bruking [1], N. Bontis [13], P. Zambon [5], H. Saint-Onge has described intellectual capital in the paper by G.Ye. Mazniev, S.O. Zaika, O.V. Gridin [14], the theory of L. Edwinson is covered in the paper by Ph.K. M'Pherson, S. Pike [15], B. Lev [16] et al) and Ukrainian (O.M. Sobko [7],

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O.A. Grishnova [17], V. Geiets [18], O.V. Kendiukhov [19], O.S. Litvinov [20], N.L. Gavkalova [21], V.P. Bagov [22] et al.) scientists. Economists and scientists emphasise the importance of intangible assets in shaping the value of companies, but the issue of managing the intellectual capital of an enterprise in the context of the transformation of the conventional economy into a digital one remains open.

Purpose of the Study

The paper is devoted to the analysis of theoretical approaches and models for the study of intellectual capital of an enterprise, transformation of components of human capital, structural (organisational) capital and relational capital, as well as their elements on the principle of complementarity in the era of establishment and development of the digital economy. To achieve the purposes, the following tasks were set: to consider and analyse the models of intellectual capital of the enterprise of national and foreign researchers and economists; to determine the latest elements of human, structural, and relational capital of the organisation, which are becoming important in increasing the intangible assets of the enterprise in the digital economy; to develop a model of intellectual capital of the enterprise with the latest components of intangible assets of the organisation (human, structural, and relational capital).

Research Results

At the end of the last century, in the structure of business resources of the world's leading companies, intangible assets accounted for about 80%, and it was due to them that enterprises created the latest processes, products, and services [23-25]. According to the analysis, 51% of foreign researchers use IC models of other well-known scientists, 28% develop their own classifications and approaches, and 21% of specialists are guided by the provisions of various concepts simultaneously [13; 26]. The concept of intellectual capital of an enterprise, having become an object of intensive study, especially since the beginning of the 21st century, was enriched with the latest models, which did not disqualify each other since they were used in the research of various scientists and empirical research of economists. According to L.M. Bratchuk, in a narrow sense, intellectual capital should be understood as "...a set of knowledge and abilities that stimulate the emergence of new ideas, technologies, innovations, and can bring economic benefits" [27, p. 264]. Chronological exploration of the actualisation of intellectual capital value of an enterprise over the past decades proves the change in the vector and content of intangible assets or so-called "invisible" resources with the development of information technologies. L. Edwinson and M. Malone in 1997 proposed the following definition of intellectual capital of an enterprise: "non-intangible capital generated from a person (for example, knowledge, skills, experience, and motivation) and from resources (for example, computers, information technologies) to increase the company's value in the sense of creating a competitive advantage" [28, p. 53]. Less than ten years later, K. Corrado and et al at the beginning of the 21st century suggested that intellectual capital will "...be formed from information obtained from computing systems, innovative property, and economic competence" [29, p. 14].

The monograph of O.V. Kendiukhov proposed the following groups of definitions of intellectual capital: structural, terminological, and functional-structural [19, p. 43]. V. Geiets, O.A. Grishnova, I.P. Moiseenko, and other national researchers state that the intellectual capital of an enterprise is human resources and knowledge in a broad sense, while other economists (O.M. Sobko, O.V. Litvinov, et al.) consider intellectual capital as certain relations that arise in the organisation in the process of using and reproducing knowledge [7, p. 75; 17, p. 39; 18, p. 63; 20, p. 101].

Intangible capital in the economic literature at the enterprise level is structured into elements of intellectual capital of the organisation. The model of intellectual capital of an enterprise, which is conventional and generally recognised in Ukrainian and foreign studies, includes human capital, structural (corresponding to organisational capital in the papers of other scientists and economists) capital, and relational (or client) capital (Fig. 1) [3; 4; 7; 9; 12; 13; 28].

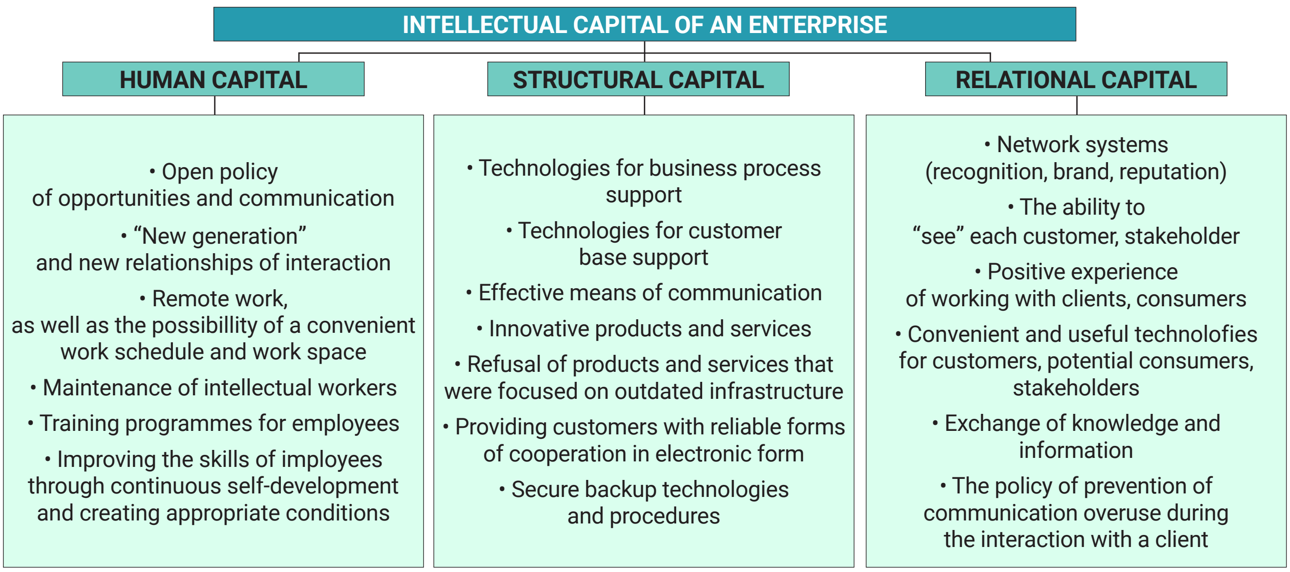

Figure 1. Enterprise intellectual capital model: new opportunities in the digital economy

The intellectual capital of an enterprise is defined as the knowledge, experience and professionalism of employees, the knowledge resources of an enterprise that can be stored in the form of intellectual property of the company, in databases, systems, processes, as well as the culture of the organisation. For a more detailed analysis of this type of capital, it is advisable to apply a model that contains three mutually agreed components: human, structural, and relational capital.

Human capital covers the sphere of knowledge, skills, experience, professionalism of the company's labour collective; structural capital – production processes, business procedures, management; relational capital – relationships with customers, subcontractors, as well as the concept of a brand, trust, reputation, etc. In the digital economy, the increase of human capital is impossible without improving the skills of employees and building new management, which eliminates authoritarian management methods and provides for the growth of the role of social capital of relations; structural capital increasingly covers innovative technologies that should provide all stages of production; issues of increasing relational capital are designed to ensure fundamental changes in the ways of doing business, as well as build the latest business models in modern conditions of global digitalisation. J.S. Coleman, a well-known social capital theorist, believed that information channels (social networks, relationships, and information transmission) in the social structure can bring information advantages. In this regard, in the scientific environment, in particular, in modern papers, R. Kaplan and D. Norton focus more attention on the role of information capital as an important tool for supporting the company's strategy [30, p. 236]. O.M. Sobko believes that information capital covers information flows and is characterised by the ability of ordered, organised, and systematised information at the enterprise [7, p. 87].

The development of the latest communication technologies of the digital economy has contributed to the distribution of considerable volume and speed of data about enterprises that are not generated by the organisations themselves and are not controlled by the latter. Consequently, there is a transformation of emphasis in working with customers and potential consumers. Experts note that "...we can afford to lose money, even a lot of money, but we cannot afford to lose our reputation, even a piece" [31].

Since the end of the 20th century, research on intangible resources of companies has gradually been reoriented, and recently it has been aimed at analysing how the intellectual capital of an enterprise works in organisations, how it manifests itself, as well as how people, processes, and attitudes are mobilised in relation to it [32, p. 314]. I.V. Zhuravlova managed to establish that there is a positive relationship between the processes of functioning of the intellectual capital of an enterprise and the return on assets of the organisation; the influence of the efficiency of using the intellectual capital of an enterprise on the turnover of assets is not unidirectional, but the contribution of the efficiency of the intellectual capital components of business entities to obtaining these results differs by clusters of enterprises [33, p. 124].

To increase the IC of the enterprise, managers of organisations should direct their attention not only to the indicators of material production and the amount of profit but also to the level of human capital development, which in its importance should come to the fore and should be constantly provided with an appropriate level of education in the form of internships, partner exchanges, business tourism, self-education opportunities, etc., providing up-to-date knowledge, information, innovative worldview [34]. It can be concluded that it is the digital underdevelopment of Ukrainian economic entities that causes the main risk for their further development and existence. A common standpoint is of the intellectual capital of an enterprise as a set of knowledge, skills, and abilities that can increase the added value of a good or service through personnel and technological resources [35]. However, today it is not necessary to see the value of the intellectual capital of an enterprise only as a generator of "price" but rather "wealth", which is much more than money and will be in demand in the future.

Conclusions

Thus, at the initial stages of development of the concept of intellectual capital, the structure of intangible assets of organisations was substantiated; then, since the 1980s, it was seen as a source of competitive advantages; in the digital economy, issues of increasing, using, and managing intellectual capital of enterprises are being updated. Notably, at the current stage, the role of relational (client) capital of enterprises is increasing (in particular, there is a need for active implementation of joint and open innovative methods in the context of increasing the competitiveness of enterprises) since companies depend on external stakeholders and especially customers. In the context of globalisation and high competition, innovation, as a complementary component of the intellectual capital of an enterprise, becomes a necessity for every organisation since it ensures the development of new products/services and the improvement of production processes, marketing and management of companies. Notably, the intellectual capital of an enterprise today generates such a competitive advantage that can be achieved "by a specific factor that allows companies to differentiate themselves from other competitors". The most important strategic resource at the fundamental level of modern business processes will be human capital, which will be formed in the conditions of permanent modifications of many specific factors (which are difficult to predict), but the skills and professionalism of employees should be built in accordance with the innovative potential of the enterprise.

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Інтелектуальний капітал в епоху становлення та розвитку цифрової економіки

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Анотація. В умовах цифрової економіки інтелектуальний капітал підприємства є найважливішим стратегічним ресурсом на фундаментальному рівні сучасних бізнес-процесів; а людський та реляційний капітали організацій вибудовуються у відповідності до інноваційного потенціалу підприємства. Дослідження присвячене аналізу теоретичних підходів та моделей з вивчення інтелектуального капіталу підприємства в епоху становлення та розвитку цифрової економіки. Проведена авторами статті розвідка спирається на об'єктивні принципи системного підходу, економічного аналізу, логічного та всебічного підходів. У роботі був використаний набір загальнонаукових та спеціальних методів дослідження (історичний метод, метод аналізу та синтезу, абстрактно-логічний метод, графічної побудови, наукової абстракції). У статті було розглянуто запропоновані вченими різних наукових напрямів та дисциплін концептуальні рамки для виявлення та обґрунтування кореляції між інтелектуальним капіталом підприємства та економічними результатами на мікрорівні в теорії систем, інституціональної теорії, теорії ресурсної залежності та інших, а також концепції інтелектуального капіталу підприємства. Викладено результати порівняльного аналізу праць українських та зарубіжних науковців, економістів та експертів з управління інтелектуальним капіталом підприємства. Запропоновано модель інтелектуального капіталу підприємства, в якій означено 19 елементів в структурі людського, структурного та реляційного капіталів організації. Отримані висновки виміру інтелектуального капіталу підприємства можуть бути використані при розробці організаційних методів та з метою удосконалення політики управління людськими ресурсами організацій. Провідним вектором подальшого розвитку інтелектуального капіталу підприємств в умовах цифрової економіки мають стати питання проектування процесу кумуляції, класифікації, вимірювання та трансформатизації знаннєвого капіталу, а також розробка інструментів переводу його елементів в матеріалізовані та інноваційні активи організації

Ключові слова: інтелектуальний капітал, знання, інформація, цифрова економіка

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Management of Territorial Economic Development: Project Approach

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Abstract. The urgency of the research topic is due to the need for rapid response of regions to changing environmental processes in the context of the spread of digitalization and active introduction of innovative technologies. In today's market economy, project management is becoming a necessary factor in ensuring the competitive advantage of many regions. The purpose of the article is to substantiate the need for a project approach to the management of economic development of territories. Methods of analysis, synthesis, scientific abstraction and logical generalization are used to fulfill the goal. Trends in the evolutionary development of project management are identified. It is noted that one of the new alternative directions in the development of project management is flexible project management. It is determined that at the level of regional management the project approach can be used both for the implementation of individual projects and in the implementation of targeted programs. It is proved that an integral part of the successful implementation of regional projects is the formation of a system of training methods and tools of project management. The foreign experience of project management application at the regional level is analyzed and three key models are identified: American, European, Canadian. The key principles of using the project approach to the management of economic development of territories are identified, namely: systematization, integration, balance, dynamism, decomposition, competence. The practical significance is to identify the features of the project approach to regional development management, which must be taken into account: openness and publicity of regional projects; increased control over the targeted use of local budget funds for regional projects; the complexity of assessing the effectiveness of the regional project; difficulties in setting priorities and differentiating regional projects

Keywords: economic development, project management, regional development, flexible management methods, regional projects, project approach

The Problem Statement

The most important strategic task of Ukraine's economic development is the formation of such a socio-economic environment of the regions, which, based on the effective use of domestic potential and capacity, can ensure the economic development of the territories. But the main problem today is the low level of competitiveness of Ukraine's regions, which prevents them from being active competitors in both domestic and foreign markets. Therefore, the issue of the need to respond to market variability and its requirements is becoming extremely timely. Due to the global introduction of Internet technologies, economic digitalisation, innovations in the field of technological support, the issue of finding new approaches to management in modern conditions is becoming more urgent. In addition, the imperfection of the system of territorial organisation of power and the strengthening of interregional differentiation only increases the need for changes in management approaches. In this context, a flexible governance model is becoming one of the tools that allow regions to respond quickly and adequately to the challenges and opportunities of a constantly changing dynamic environment, without losing the conditions for dynamic, balanced regional development.

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Analysis of Recent Research and Publications

Issues of research on the management of economic development of territories are studied by many scholars, including: V.O. Bezugla [1], Z.S. Varnal [2], N.L. Gavkalova [3], A.I. Honta [4], M.I. Dolishnii [5], V. Yelinievskyi [6], S.V. Koliadenko [7], V.S. Kravtsiv [8], E. Libanova [9], O.V. Olshanska, O.V. Prytulenko [10], C. Fray, S. Green [11], D.J. Fernandez, J.D. Fernandez [12], the interpretation of R. Harrod is presented in the work of Yu.V. Kovbasiuk, V.M. Vakulenko, M.K. Orlatyi [13], etc. Regarding the application of the project approach to regional development management, significant results are presented in the works of V. Vlasenko, N. Havkalova [3], A. Honcharuk, O.P. Kavtysh [14], V.P. Radchenko [15], E.S. Charkina [16] and others.

Considering the efforts of scholars and researchers, as well as government officials and representatives of self-government, entrepreneurs, and the public to find mechanisms for further cooperation for the balanced economic development of territories and regions, the processes of changing the basics of regional governance remain topical issues, especially in the context of growing territorial differentiation in economic development.

Purpose of the Study

The purpose of the article is to substantiate the need for a project approach to the management of economic development of territories. In the context of this goal, it is necessary to solve the following tasks: to study the evolution of project management; to analyse foreign experience in the application of project management; identify the features of using the project approach to regional development management.

Results Research

To systematise, classify and organise most of the available information on theoretical approaches to project management, it is necessary to analyse the current work of Ukrainian and foreign experts in this field of research, which will form a theoretical basis for understanding the depth of the issue, its element-by-element and detailed picture. A schematic representation of the evolution of project management development is presented in Figure 1.

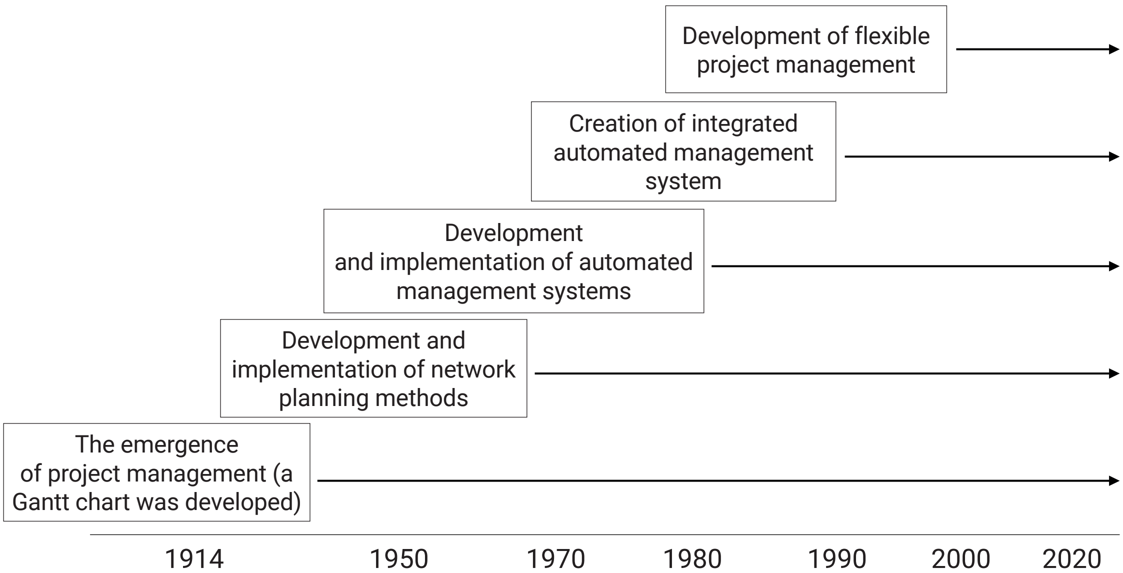

Figure 1. Trends in project management development

According to the proposed scheme, it should be emphasised that the emergence and formation of a project management system occurred in the second half of the twentieth century. Previous approaches were not able to quickly respond to the changed and complicated external environment, the relevant economic situation, which eventually became the impetus for the development of theory and the need to implement project management. An important impetus was the development of network planning, which became widespread in the United States in the second half of the 1950's, but the global spread of this theory was provided only by the development of technologies that support full-scale implementation of personal computers. Modern reality indicates the importance of implementing tools and methods of project management theory in the period of development of innovative projects, global programs in all industries and human society.

Project management creates advantages and unique competencies that are extremely important for highly efficient and successful activities of industry enterprises in a competitive market environment, as well as in the realities of the new economic situation, characterised by significant speed and dynamics of change in certain areas. It should also be noted that the emergence, development, and spread of project management theory, its tools, and methods are primarily due to the reaction of market factors to changes in the external environment, which in its current form and stage of development is characterised as "knowledge-based economy". This indicates that project management concepts have become an important tool for modernising public administration. O. Kavtysh confirms this [14, p. 31], emphasising the following advantages of the application of project management in the context of regional socio-economic development: opportunity to clearly distribute functional powers by levels of management and ensure transparency and comprehensive control over their implementation in the implementation of programs at the regional level; the possibility of forming flexible structures for regional project management, which will allow to harmoniously adjust project management methods with strategic management; opportunity to practically implement the strategy of targeted rational accumulation, distribution, and use of project resources according to the criterion of maximising the final result; feedback from the population of the region, central authorities, stakeholders, etc.

It should be noted that theorists and practitioners have been searching for adequate project management methods and tools for several decades. The main direction of this search is to improve the existing methods of project management and their adaptation to the specifics of the activity. The traditional set of methods and tools for project management is aimed at effective planning and monitoring of work to achieve goals within budgets and calendar deadlines. The desire to increase resource efficiency with clear time and budget constraints should be recognised as a key effort.

But with the continued application of the traditional approach to project management, most practitioners have realised the need to use fundamentally new methods and tools for managing modern projects. According to scholars [11], linear thinking, administrative procedures, and standardised consistent practices are no longer suitable for today's conditions for developing new products and services. In this context, one of the new alternative directions in the development of project management is flexible project management.

It should be noted that the philosophy of flexible management is the agile approach. Despite the fact that the concept of flexible Agile methods is actively used in the IT industry and in other sectors of the economy, in practice, the implementation of Agile methods may be accompanied by certain problems which are related to the lack of expected results in terms of flexible methods used, their inefficiency, loss of control, etc. All this is mainly due to incorrect interpretation of Agile principles in the implementation of this approach, lack of understanding of key components of the methodology, lack of necessary organisational resources and infrastructure for interaction with internal and external stakeholders. Therefore, for effective flexible project management it is important to properly adapt the management system and the use of flexible management methods, because the order of their implementation and use can ensure effective development of a particular project and the region as a whole.

It should be noted that at the level of regional management, the project approach can be used both for individual projects and in the implementation of targeted programs. However, it should be borne in mind that governance at the regional level is more conservative than corporate management, and therefore the implementation of project management may be hampered by additional costs, resistance to change, and lack of qualifications of officials. In this context, an integral part of the successful implementation of regional projects is the formation of a system of training in methods and tools of project management.

To increase the effectiveness of project approach tools in the management of regional economic processes, it is advisable to consider foreign experience, apply "best practices" of project management, which have been successfully tested in developed countries. It should be emphasised that in the developed countries the project approach is used mainly for the implementation of regional development strategies and programs.

Analysis of foreign experience in the application of project management at the regional level has identified the following models of regional development: American, European, Canadian. The strengths of the American model are transparency and accessibility of information, a simplified mechanism for access to financial resources, and a wide range of spheres, industries, and areas covered by financial assistance. The weaknesses of this model are a certain inconsistency in the provision of financial assistance and the lack of strategic planning for US development. The advantages of the European model include the simplicity of regional development projects, the systematisation of ways to provide financial assistance, and a fairly simple way to obtain it. The disadvantages of this model are the uneven provision of financial resources to EU member states. The advantage of the Canadian model is the application of the "mixed principle" of investing in regional development, which contributes to the creation of prerequisites for the introduction of scientific and innovative approaches to the formation and implementation of regional development projects. But this model is characterised by the difficulty of providing financial assistance and strict control over its use, as well as excessive centralisation of state institutions that take care of regional development projects.

Summarising the analysed information on this issue, it should be noted that there are special conditions for project management of economic development of territories [8], which must be considered:

1) openness and publicity of regional projects, which involves more active participation of the scientific community, experts, entrepreneurs, and the public in their preparation, implementation and monitoring;

2) regional projects are a practical basis for implementing economic reforms in the region, attracting investment and implementing an innovative model of economic development management;

3) increased control over the targeted use of local budget funds for regional projects to mitigate such risks as: theft of funds and underfunding;

4) the complexity of assessing the effectiveness of a regional project that is aimed not at achieving a commercial goal, but at a certain social effect;

5) difficulties in prioritising and differentiating regional projects.

Thus, the key principles of using a project approach to managing the economic development of territories are:

– the principle of systematicity, which means that on the one hand, project management of regional development is seen as a single mechanism, and on the other – as a set of relatively independent management processes;

– the principle of integration, which allows considering the fact that project management is primarily an integrated process in which changes in some management processes inevitably lead to changes in other processes;

– the principle of balance, which indicates the balance of priorities of economic systems in the region. This principle ensures consistency in the goals and functions of all management processes, considering the allocated resources and developed plans;

– the principle of dynamism, which indicates the importance of optimal regional projects to achieve the ultimate goals in terms of time, resource, and budget constraints;

– the principle of decomposition, which means that project planning processes are based on the decomposition of goals and work into smaller components for more effective management;

– the principle of competence, which helps to ensure and maintain a high level of competence in the work of the project team.

Conclusions

The project approach is one of the innovative tools for managing economic processes at the regional level, which helps solve regional problems and effectively reform the economy. Using a project approach will identify priority areas of regions, structure them into integrated programs and projects, clearly and unambiguously formulate goals, objectives, and expected results, form criteria for effective implementation of regional projects, consciously consider possible risks and optimise resource use. The direction of further research is the development of an algorithm for implementing the agile approach in the activities of united territorial communities.

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Управління економічним розвитком територій: проектний підхід

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Анотація. Актуальність теми дослідження обумовлена необхідністю швидкого реагування регіонів на мінливі процеси середовища в умовах поширення цифровізації та активного впровадження інноваційних технологій. Визначено, що у сучасній ринковій економіці управління проєктами стає необхідним чинником забезпечення конкурентної переваги багатьох регіонів. Метою статті є обґрунтування необхідності застосування проєктного підходу до управління економічним розвитком територій. За допомогою використаних методів аналізу, синтезу, наукової абстракції та логічного узагальнення визначено тенденції еволюційного розвитку управління проєктами. Обґрунтовано, що управління проєктами формує переваги і унікальні компетенції, які необхідні для високоефективного та успішного функціонування територій в умовах конкурентного ринкового середовища, в реаліях нової економічної ситуації, що характеризується значними швидкостями і динамікою змін в тих чи інших областях. Доведено, що одним з нових альтернативних напрямів у розвитку проєктного управління стає гнучке управління проєктами. Визначено, що на рівні регіонального управління проєктний підхід може застосовуватися як для здійснення окремих проєктів, так і в рамках реалізації цільових програм. Доведено, що невід'ємною частиною успішної реалізації регіональних проєктів є формування системи навчання методам і інструментам проектного управління. Проаналізовано зарубіжний досвід застосування проектного управління на регіональному рівні та виявлено три ключові моделі: американську, європейську, канадську. Визначено ключові принципи використання проєктного підходу до управління економічним розвитком територій, а саме: системність, інтеграційність, збалансованість, динамічність, декомпозиція, компетентність. Практична значущість полягає у виявленні особливостей використання проєктного підходу до управління регіональним розвитком, які необхідно враховувати: відкритість та публічність регіональних проєктів; підвищений контроль цільового використання коштів місцевого бюджету на регіональні проєкти; складність оцінки ефективності реалізації регіонального проєкту; труднощі у встановленні пріоритетів і диференціації регіональних проєктів

Ключові слова: економічний розвиток, проєктне управління, розвиток регіонів, гнучкі методи управління, регіональні проєкти, проєктний підхід

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Regional Assessment of Small Business Development Favourability

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Abstract. In the context of economic development, the importance of small businesses as a factor of competitiveness of the regional economy is growing. The paper provides a rating assessment of the regions of Ukraine in the favourability of their socio-economic development for the functioning of small businesses. The issue of providing a rating assessment to the regions of Ukraine in terms of favourable regions for the functioning of small businesses is relevant and necessary for in-depth study. The purpose of the paper is to calculate the favourability of regions for the functioning of small businesses and provide a rating assessment for all regions of Ukraine. Calculation of the indicator for assessing the level of favourability of the country's regions in ensuring the effective functioning of small businesses is carried out based on summing up the rank values of each indicator studied, which affects the functioning and development of small businesses in the region. Due to these indicators, it is possible to provide a rating assessment of the favourability of the regions of Ukraine in the functioning of small businesses. After the calculations of 2018, the regions were divided into three structural economic blocks: those with great opportunities, sufficient, and underdeveloped regions. The first block includes 9 regions and the city of Kyiv, the second – 10 regions, and the third economic block – 5 regions. According to these indicators, it can be concluded that the most favourable regions for the functioning of small businesses are: the city of Kyiv, Kyiv, Kharkiv, Odesa, and Lviv regions. Transcarpathian region entered the second economic block with further prospects for socio-economic development. The most problematic regions are the Luhansk and Donetsk regions, which is caused by the military operations that began in this territory in 2014 as a result of the deepening political crisis that is taking place on the territory of Ukraine. The results presented in this study show a real picture of the socio-economic development of the regions, which will help in the future in finding ways for the possible development of all economic and social components of the regions

Keywords: socio-economic development, small business, competitiveness index, regional ranking, regional development

The Problem Statement

In the context of economic development, the importance of small businesses as a factor of competitiveness of local and regional economies is growing. It is important to study the impact of the potential of small businesses on the regions of the country, based on the results of studying the impact of such structural components as innovation, socio-economic, and infrastructure. Achieving these purposes will allow forming a mechanism for exploring the potential of small businesses in the regions, which will embody the possibility of using all the components of the region as efficiently as possible to ensure its development. Small businesses are much more flexible than medium and large ones, which is why their innovation in the process of functioning, freedom of action, and high productivity in the process of production and circulation of goods are of great importance.

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Analysis of Recent Research and Publications

Considering the research of many scientists on the socio-economic development of regions, the functioning of small businesses in the regions, it is worth noting that this area requires further study. Among the scientists who study this subject and whose scientific papers were considered in the research process, the following can be distinguished: V. Klochkovska, O. Khaietska, A. Broyaka [1], O. Liuta, B. Mershchii [2].

Such scientists as I. Irtysheva, M.I. Stehnei, K. Zavhorodnij, O. Gurina [3-5], whose works were used in the research process, were also engaged in the study of socio-economic development of the regions. However, despite the research of many scientists on the subject of socio-economic development of regions, the issue of providing a rating assessment to the regions of Ukraine in terms of the favourability of regions for socio-economic development and functioning of small businesses in these regions is relevant and requires in-depth study. This is the reason why the paper is devoted to this subject.

Purpose of the Study

The purpose of the paper is to calculate the favourability of regions for socio-economic development and provide a rating assessment of this indicator for all regions of Ukraine.

Research Results

The implementation of the strategic goal of socio-economic growth of the country will be maximum possible, provided that the regions adhere to the strategy of absolute application of the capabilities of their territory, which includes resource, investment, and innovation opportunities [6].

Considering all the specific features of regional development and the impact of small businesses on their development, it is advisable to conduct a comprehensive study of this market segment. The study uses the methodology of research to assess the favourable environment of regions for the functioning of small businesses, using a set of indicators that have an impact on the objects of the research.

The authors propose a methodology for assessing the favourability of regions for the functioning of small businesses using the following indicators: I_1 – the number of small businesses per 10 thousand people of the population in the region; I_2 – share of products sold by small businesses; I_3 – innovative potential; I_4 – innovative business environment; I_5 – gross regional product; I_6 – market size; I_7 – number of employed people in small businesses; I_8 – labour costs at small enterprises in the region; I_9 – infrastructure.

Indicators and data used in the study are combined from such sources as: Office of national statistics of Ukraine (gross regional product, number of employed population at small enterprises, labour costs at small enterprises in the region) [7]; department for Regional Development; Ministry of community and territory development of Ukraine (number of small businesses per 10 thousand people of the population in the region, share of products sold by small businesses) [8]. The regional competitiveness index was also used for calculations [9].

Indicators for calculating the competitiveness index, which were taken to study the favourability of regions for small businesses, are complex and include the following components (Table 1).

Table 1. Components of the competitiveness index that were used to calculate the favourability of regions in the development of small businesses

Innovative potential (development of innovation potential)	• number of innovatively active small and medium-sized enterprises; • number of employees involved in research and development; • the share of products sold that were new to the market, percentage of the total volume of products sold by enterprises with technological innovations; • number of invention patents issued to legal entities and individuals during the reporting year; • cooperation of enterprises with higher educational institutions in the field of research and development; • creation and development of high tech production facilities enterprises
Innovative conditions for conducting business (development of innovation potential)	• number of business entities; • requirements of banks for long-term loans granted to the regional economy; • level of development of entrepreneurship support infrastructure; • ease of conducting business
Infrastructure	• density of paved public roads; • passenger turnover of motor transport (buses); • cargo turnover of motor transport; • quality and accessibility of transport infrastructure
Market size (efficiency booster)	• volume of goods exported per person of the population; • retail trade turnover; • income of the population; the level of business activity and competition in the region; • the level of purchasing power of the population

Source: [10]

Indicators were taken for the purpose that they are relevant to the development and establishment of a favourable environment for the functioning of small businesses in the regions [11]. Road infrastructure has an impact due to the possibility of developing the small business sector in various areas of the regions, including small rural settlements, where appropriate transport infrastructure must be available in these areas to conduct business effectively.

The size of the market was taken through such indicators included in it as: retail trade turnover, where small businesses are largely involved; income of the population since this indicator affects the ability to use goods and services provided by small businesses [12]; as well as the level of purchasing power of the population of the region.

Innovation potential is also important in the functioning of small businesses since the introduction of innovations in the processes of activity at small businesses can ensure rapid dynamics of economic growth in the regions.

Innovative methods adapt small businesses to market conditions and make them competitive in the process of innovation. Adding to the indicators shown in Table 1, data on small businesses from the Office of national statistics of Ukraine and the Department for regional development of the Ministry of regional development, housing and communal services of Ukraine, a comprehensive assessment of the regions' favourability for the development of small businesses on their territory was provided.

When calculating the indicator of the number of small businesses per 10 thousand people of the population in the region (I_1) and the share of products sold by small businesses (I_2), the ratio of the regional indicator according to these criteria to the average indicator in Ukraine was calculated (1)

$$I_{(1.2)} = \frac{A_{p(1.2)}}{A_{c(1.2)}} \tag{1}$$

where: A_p – indicator by region; A_c – average indicator in Ukraine.

To calculate indicators for the number of employed people in the region (I_7) and labour costs (I_8), the share of these indicators by region was taken to the value of the indicator by country, and divided by the population indicator by region to country (2)

$$I_{7.8} = \frac{A_{p(7.8)} / A_{K(7.8)}}{H_p / H_k} \tag{2}$$

where: A_p – indicator value by region; A_k – indicator value by country; H_p – population of the region; H_k – population of the country.

This calculation was taken from formulas for the methodology for calculating the regional competitiveness index [10] and is appropriate because it covers both the data of particular indicators and their ratio to the share of the existing population in the region to the All-Ukrainian, which allows better assessing the economic favourability of regions, covering not only the economic but also the social component of regional development, which is also one of the concepts of sustainable development and is relevant for further research. The results are shown in Table 2.

Table 2. Calculated indicators of small business favourability by region, 2018

Region	I_1	I_2	I_3	I_4	I_5	I_6	I_7	I_8	I_9
Vinnytsia	1.026	1.506	0.310	0.121	0.831	0.365	0.84	0.7695	0.314
Volyn	0.955	0.815	0.058	0.123	0.712	0.441	0.71	0.602	0.505
Dnipro	1.035	0.759	0.320	0.156	1.383	0.641	1.07	1.004	0.190
Donetsk	0.339	0.454	0.047	0.145	0.561	0.345	0.27	0.256	0.141
Zhytomyr	0.949	1.526	0.106	0.112	0.708	0.463	0.79	0.665	0.267
Transcarpathian	**0.976**	**1.888**	**0.072**	**0.126**	**0.487**	**0.374**	**0.574**	**0.463**	**0.593**
Zaporizhzhia	1.056	0.968	0.291	0.173	1.072	0.578	1	0.828	0.166
Ivano-Frankivsk	0.852	1.586	0.101	0.153	0.659	0.305	0.64	0.533	0.312
Kyiv	1.294	1.137	0.228	0.214	1.282	0.633	1.41	1.47	0.256
Kirovograd	0.892	1.819	0.112	0.156	0.786	0.457	1	0.829	0.246
Luhansk	0.229	1.518	0.032	0.092	0.198	0.243	0.197	0.162	0.277
Lviv	1.032	1.474	0.206	0.161	0.829	0.534	1	0.974	0.377
Mykolaiv	1.116	1.333	0.157	0.148	0.862	0.525	1.04	0.796	0.251
Odesa	1.264	1.458	0.164	0.134	0.893	0.523	1.23	1.104	0.363
Poltava	1.004	0.879	0.201	0.206	1.513	0.555	0.94	0.816	0.176
Rivne	0.773	1.711	0.102	0.116	0.599	0.372	0.67	0.546	0393
Sumy	0.851	1.378	0.197	0.150	0.732	0.351	0.73	0.625	0.186
Ternopil	0.805	1.691	0.163	0.132	0.549	0.298	0.68	0.582	0.317
Kharkiv	1.341	1.598	0.583	0.167	0.989	0.451	1.11	1.0041	0.256

Table 2, Continued

Region	I_1	I_2	I_3	I_4	I_5	I_6	I_7	I_8	I_9
Kherson	1.025	2.008	0.106	0.123	0.648	0.359	0.88	0.684	0.324
Khmelnytskyi	1.075	1.534	0.075	0.123	0.711	0.422	0.77	0.661	0.354
Cherkasy	1.013	1.305	0.131	0.145	0.849	0.413	0.897	0.761	0.258
Chernivtsi	1.135	2.317	0.100	0.101	0.449	0.393	0.62	0.504	0.410

Calculation of the indicator for assessing the level of favourability of the country's regions in ensuring the effective functioning of small businesses is carried out based on summing up the rank values of each of the above list of components that affect the functioning and development of small businesses in the region. These indicators allow providing a rating assessment of the favourability of the regions of Ukraine in the functioning of small businesses (Table 3).

Table 3. Rating assessment of regions in favourability of small business development, considering the studied indicators, 2018

Region	I_1	I_2	I_3	I_4	I_5	I_6	I_7	I_8	I_9	ΣI	Region rating
Vinnytsia	11	12	4	20	10	19	14	11	**10**	**111**	**11**
Volyn	16	22	23	17	15	12	18	18	**2**	**143**	**17-18**
Dnipro	9	23	3	7	3	2	5	5	**21**	**78**	**6**
Donetsk	24	25	24	12	21	22	24	24	**25**	**201**	**25**
Zhytomyr	17	10	15	23	17	9	15	15	**14**	**135**	**15-16**
Transcarpathian	**15**	**3**	**22**	**16**	**23**	**17**	**23**	**23**	**1**	**143**	**17-18**
Zaporizhzhia	8	20	5	4	5	4	7	8	**24**	**85**	**7**
Ivano-Frankivsk	20	8	18	9	18	23	21	21	**12**	**150**	**22**
Kyiv	3	19	6	2	4	3	2	2	**16**	**57**	**2-3**
Kirovograd	19	4	14	8	12	10	9	7	**20**	**103**	**10**
Luhansk	25	11	25	25	25	25	25	25	**13**	**199**	**24**
Lviv	10	13	7	6	11	6	8	6	**5**	**72**	**5**
Mykolaiv	6	16	12	11	8	7	6	10	**18**	**94**	**8**
Odesa	4	14	10	14	7	8	3	3	**6**	**69**	**4**
Poltava	14	21	8	3	2	5	10	9	**23**	**95**	**9**
Rivne	23	5	17	21	20	18	20	20	**4**	**148**	**21**
Sumy	21	15	9	10	14	21	17	17	**22**	**146**	**19**
Ternopil	22	6	11	15	22	24	19	19	**9**	**147**	**20**
Kharkiv	2	7	2	5	6	11	4	4	**16**	**57**	**2-3**
Kherson	12	2	16	18	19	20	12	14	**8**	**121**	**13**
Khmelnytskyi	7	9	21	19	16	13	16	16	**7**	**124**	**14**
Cherkasy	13	18	13	13	9	14	11	12	**15**	**118**	**12**
Chernivtsi	5	1	19	24	24	15	22	22	**3**	**135**	**15-16**
Chernihiv	18	17	20	22	13	16	13	13	**19**	**151**	**23**
Kyiv	1	24	1	1	1	1	1	1	**10**	**41**	**1**

To study the impact of small businesses on regional development [13; 14], it is necessary to rank by integral indicators and give each region a rating for each criterion from 1 to 25, where 1st place is the best indicator, and 25th is the worst. Then sum up the indicators where the region with the lowest number of points scored will be considered the most favourable environment for the functioning of small businesses [15].

After making calculations using this methodology, it will be possible to assess the favourability of regions in conducting small business for all indicators that affect the activities of small businesses in the regions and to gradate the regions of Ukraine, dividing these regions into three economic blocks (Fig. 1): 1) with high opportunities for small businesses functioning (green); 2) with sufficient opportunities for conducting small business (yellow); 3) with

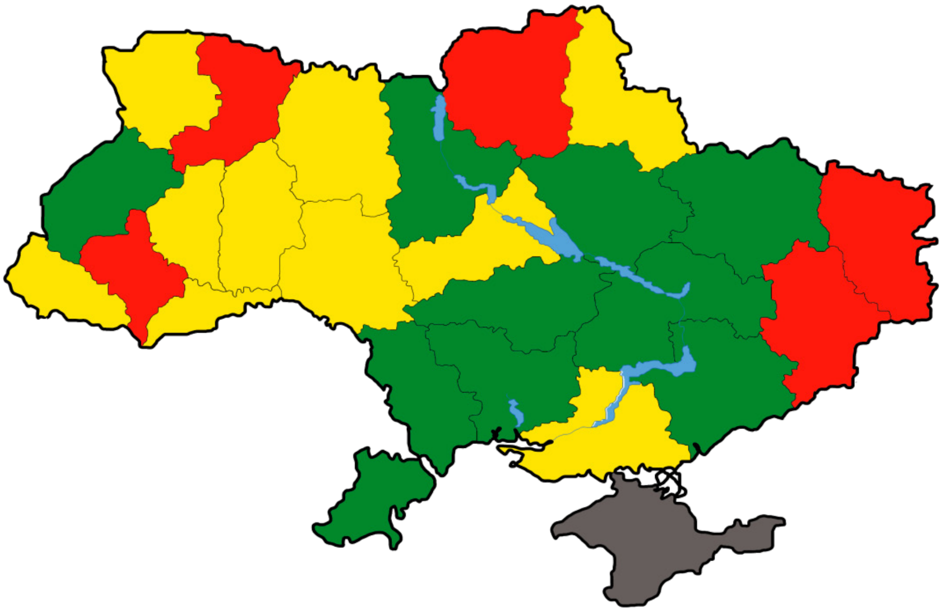

Figure 1. Map of Ukraine on the favourability of regions in the process of functioning of small businesses

underdeveloped conditions for conducting a small business (red). Based on the results of the study, it is advisable to divide regions according to the above structural blocks. The first block includes 9 regions and the city of Kyiv, the second – 10 regions, and the third economic block – 5 regions: 1) 1-10: Kyiv, Kyiv region, Kharkiv region, Odesa, Lviv, Dnipro, Zaporizhzhia, Mykolaiv, Poltava, Kirovohrad regions; 2) 11-20: Vinnytsia, Cherkasy, Kherson, Zhytomyr, Khmelnytskyi, Chernivtsi, Volyn, Transcarpathian, Ternopil, Sumy; 3) 21-25: Rivne, Ivano-Frankivsk, Chernihiv, Luhansk, Donetsk.

Conclusions

The most favourable regions in socio-economic development are: the Kyiv, Kyiv region, Kharkiv, Odesa, and Lviv regions. The second block includes regions where attention is focused on heavy industry, as well as with a developed agricultural sector. The most problematic regions are the Luhansk and Donetsk regions, which is caused by the military operations that began in this territory in 2014 as a result of the deepening political crisis that took place on the territory of Ukraine after the Revolution of Dignity. As for the Transcarpathian region, considering the conducted research, it was identified that Transcarpathia belongs to the second economic block. In further economic research on this subject, it is advisable to study the impact of the potential of small businesses on the socio-economic situation of regions as a paradigm of sustainable regional development.

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Регіональна оцінка сприятливості розвитку малого бізнесу

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Анотація. В умовах економічного розвитку зростає значення малого бізнесу як чинника конкурентоспроможності регіональної економіки. У статті надається рейтингова оцінка регіонам України у сприятливості їх соціально-економічного розвитку для функціонування малого бізнесу. Питання, яке стосується надання рейтингової оцінки регіонам України в плані сприятливості регіонів для функціонування малого бізнесу є актуальним та необхідним для поглибленого вивчення. Метою статті є проведення розрахунків сприятливості регіонів для функціонування малого бізнесу та надання рейтингової оцінки для всіх областей України. Розрахунок показника оцінки рівня сприятливості регіонів країни у забезпеченні ефективного функціонування малого бізнесу здійснюється на основі сумування рангових значень кожного досліджуваного показника, який впливає на функціонування та розвиток малого бізнесу в регіоні. За рахунок даних показників, можна надати рейтингову оцінку сприятливості регіонів України у функціонуванні малого бізнесу. Після проведених розрахунків за 2018 рік був проведений поділ регіонів по трьом структурним економічним блокам: з великими можливостями, достатніми та слаборозвинені регіони. До першого блоку увійшло 9 областей та місто Київ, до другого – 10 областей, та до третього економічного блоку – 5 областей. За даними показниками можна зробити висновок, що найбільш сприятливими регіонами для функціонування малого бізнесу є: місто Київ, Київська, Харківська, Одеська та Львівська область. Закарпатська область увійшла до другого економічного блоку з подальшими перспективами соціально-економічного розвитку. Найбільш проблематичними регіонами є Луганська та Донецька області, що спричинено військовими діями, які почалися на даній території у 2014 році внаслідок поглиблення політичної кризи, яка має місце на території України. Результати, які висвітлені в даному дослідженні, показують реальну картину соціально-економічного розвитку регіонів, що допоможе у майбутньому в пошуку шляхів щодо можливого розвитку всіх економічних та соціальних складових регіонів

Ключові слова: соціально-економічний розвиток, малий бізнес, індекс конкурентоспроможності, ранжування регіонів, регіональний розвиток

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Attracting Direct Investments in the Regions of Ukraine and Their Impact on the Economic Development of the Transcarpathian Region

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Abstract. The relevance of the paper is conditioned upon the need to study the direct investment market, which is the basis for the socio-economic development of the country and its regions. The purpose of the paper is to study the scale of attracted direct investment (share capital) in the regions of Ukraine and the distribution of direct investment by type of economic activity in the Transcarpathian region, as well as to determine their impact on the development of the Transcarpathian region. To achieve this purpose, the author applied methods of analysing statistical data, comparing and summarising the results obtained. The paper examines the state and scale of attracted direct investment (share capital) in Transcarpathia and Ukraine in general. It has been established that increasing the volume and improving the efficiency of attracted direct investment are becoming the main factors of economic development. The paper considers the sectors of the Transcarpathian economy where investment revenues are directed, as well as the dynamics of changes in direct investment receipts for 2017-2019. The significance of attracted direct investments in the industrial sector of the Transcarpathian region, the volume of which is more than 80% of the total number of direct investments for each of the studied years, was confirmed. The author suggests increasing the volume of direct investment in the recreational industry of the region. Therewith, based on the geographical location of the Transcarpathian region, the importance of focusing on cooperation with countries bordering the region to increase the volume of attracted direct investment in the region's economy is substantiated. The results highlighted in the study show the importance of attracted direct investment for the development of the region's economy and the opportunities for their growth in the future are being reproduced, which is the practical value of a paper

Keywords: investment activity, investment attractiveness, socio-economic development, regional development, attracted investments

The Problem Statement

Attracting investment in the regional economy is one of the key factors for their socio-economic development since investment is a condition for creating new jobs, improving the standard of living of the population, improving infrastructure, etc. Based on this, it can be argued that for sustainable socio-economic development of the regions, it is necessary to increase investment revenues and improve investment activities in the regions. For the most part, it is the complete absence or insufficient volume of investment revenues that negatively affects the economic development of the regions. Different levels of investment income in the regions depend on many factors that potential investors may face.

Analysis of Recent Research and Publications

Considering the research of many Ukrainian scientists on attracting investment in the economy of the regions of Ukraine, it is worth noting that the chosen subject is relevant both at the state and regional levels. There are a number of scientists who were engaged in investment research, including O.R. Bakhmatiuk [1], H.V. Leshchuk [2], S.M. Tkach [3], K.L. Frolina [4]. Therewith, the achievements

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of J. Meisenbacher [5], M. Getzner, S. Moroz [6], K.M. Berezska, O.M. Berezsky, and V.V. Masliy [7] are important for the research. However, despite the research of many scientists, the issue of attracting direct investment to the regions of Ukraine and the Transcarpathian region in particular is relevant and requires in-depth study.

Purpose of the Study

The purpose of the paper is to analyse the volume of attracted direct investment (share capital) in the regions of Ukraine and the distribution of direct investment in accordance with the types of economic activity in Transcarpathia, as well as to study their impact on the development of the region in general.

Research Results

To minimise investment risks, Ukraine must diversify its investment portfolio, find ways to attract direct investment (share capital), provide potential investors with state guarantees and the freest conditions for doing business in the investment market. The investment attractiveness of regions is influenced by both socio-economic and political factors. To overcome the negative factors that affect attracting investment to the regions, it is necessary to minimise risks for potential investors, both internal and external (foreign). This will contribute to the socio-economic development of both the regions and the state in general [8]. For example, an investor who invests in enterprises by buying up their shares that are denominated in the hryvnia equivalent should expect a possible devaluation of the hryvnia against foreign currencies. Given the unstable political situation in the country, the financial crisis that begins on the world market due to falling oil prices and the pandemic caused by the COVID-19 virus infection, the risks of investing in almost all economic aspects are increasing not only for individual regions of Ukraine but also on the world market in general.

Considering each region as a separate economic unit, it should be considered that each of them builds its own investment policy to attract investment, which is aimed at those sectors of the economy that are dominant in the region. General Data for each of the regions regarding direct investment receipts (share capital) for 2017-2019 are shown in Table 1.

Table 1. Direct investment (share capital) in the regions of Ukraine for 2017-2019 (million USD)

Region	2017	2018	2019
Vinnytsia	198.9	222.5	236.7
Volyn	251.3	256.7	306.6
Dnipro	3 688.2	3 535.5	3 797.6
Donetsk	1 116.4	1 289.3	1 399.8
Zhytomyr	226.8	234.2	246.3
Transcarpathian	**325.1**	**343.3**	**360.9**
Zaporizhzhia	910.5	900.8	912.9
Ivano-Frankivsk	904.7	894.6	724.0
Kyiv	1 588.7	1 598.0	1 645.3
Kirovograd	70.1	69.3	74.7
Luhansk	438.0	437.2	447.2
Lviv	930.0	947.8	1 116.3
Mykolaiv	206.1	220.6	305.4
Odesa	1 202.6	1 251.7	1 279.3
Poltava	1 008.8	1 025.9	1 166.0
Rivne	134.2	130.4	134.6
Sumy	181.5	184.5	198.0
Ternopil	45.0	100.6	49.5
Kharkiv	638.3	652.5	762.5
Kherson	218.5	204.8	245.4
Khmelnytskyi	170.8	200.5	203.0
Cherkasy	335.7	329.8	357.2
Chernivtsi	42.6	45.6	53.0
Chernihiv	429.6	435.7	442.9
Kyiv region	16 343.9	17 393.1	19 344.3
Total	**31606.4**	**32905.1**	**35809.6**

Source: [9]

From the data shown in Table 1, it is evident that there is an increase in the indicators of direct investment in the region with each subsequent year in almost every region of Ukraine. The total amount of direct investment in Ukraine in 2017 was 31606.4 million USD, in 2018 – 32905.1 million USD, in 2019 – 35809.6 million USD [9]. This indicates an increase in direct investment with each subsequent year. Given this, the fact can be stated that the economy of Ukraine and its regions is becoming more attractive for investment every next year. As for the Transcarpathian region, the region's economy received 325.1 million USD in 2017, which is 1.03% of the total amount in Ukraine; in 2018 – 343.3 million USD, which is 1.04% of the total figure, and 360.9 million USD in 2019 – 1.01% of the amount of direct investment in the Ukrainian economy, respectively [9].

Ukraine and its regions have considerable investment potential. It is one of the largest potentially capacious markets in Europe and has rich natural resources; it has a high scientific and technical potential, as well as considerable agricultural potential [10]. To increase investment in economic sectors, it is necessary for the Ukrainian authorities to carry out coordinated work to improve Ukraine's reputation for direct investment, as well as create appropriate conditions for attracting them. A long-term investment promotion strategy is required. The main point here is to create an attractive investment climate and create an international image of the country as such, which provides investors with better opportunities than other countries [11].

At the regional level, attracting investment increasingly depends on the availability of production resources and developed infrastructure [12]. The implementation of measures to attract direct investment in the economy of the Transcarpathian region will contribute to the development of the economy, improve the investment climate of the region, and help to develop interregional and interethnic ties. The most favourable factor for improving the efficiency of attracting direct investment to the Transcarpathian region is that Transcarpathia is a border area. Common borders with the EU countries will improve cross-border cooperation, which will help to attract large amounts of investment in the regional economy [13].

For a larger overview of investment activity in the Transcarpathian region, the authors will consider attracting direct investment (share capital) in the economy of the Transcarpathian region by type of economic activity in 2017-2019. The largest direct investment receipts in the Transcarpathian region fall into the industrial sector, where revenues increased from 267001.5 thousand USD in 2017 up to 289499.1 thousand USD in 2019. Of the total amount of direct investment in the economy of the Transcarpathian region, the industrial sector accounts for more than 80% of each year studied. Direct investment in other economic activities is much smaller, which is shown in Table 2.

Table 2. Direct investment (share capital) in the economy of the Transcarpathian region by type of economic activity for 2017-2019 (thousand USD)

Type of economic activity	2017	2018	2019
Agriculture, forestry, and fisheries	2698.7	2721.9	2803.4
Manufacturing	267001.5	276370.7	289499.1
Construction	2137.3	1610.1	1661.8
Wholesale and retail trade, repair of motor vehicles and motorcycles	3280.7	8496.2	8527.0
Transport, warehousing, postal and courier services	20897.4	20954.9	21198.0
Temporary accommodation and catering services	6831.3	6627.2	6197.1
Information and telecommunications	12.6	13.0	14.0
Real estate operations	13813.3	16332.4	20752.9
Professional, scientific, and technical activities	313.8	1039.5	1228.7
Administrative and support service activities	7378.6	7118.3	6881.6
Health and social assistance	671.2	1035.0	1177.1
Arts, sports, entertainment, and recreation	10.7	11.0	12.3
Financial and insurance activities	*k*	*k*	*k*
Public administration and defence, compulsory social insurance	*k*	*k*	*k*
Education	–	–	–
Provision of other types of services	–	–	–
Total	**325053.7**	**343299.7**	**360883.2**

Notes: *k* – data is not published to ensure compliance with the requirements of the Law of Ukraine "On State Statistics" regarding the confidentiality of statistical information [14]

Source: [15]

For the sustainable economic growth of the Transcarpathian region, the existing recreational potential of the region can be separately highlighted, which needs to be developed and direct investment needs to be attracted there [16; 17]. In fact, the recreational sector is one of the most attractive for investors. It is necessary to fully use the recreational potential of the region, develop the tourism industry by opening new tourist routes, recreational facilities, and attract direct investment in this industry.

Conclusions

Given the current situation in the Transcarpathian region and in Ukraine in general, it can be concluded that it is advisable to increase the volume of attracted investments in the country's regions. The geographical location of the Transcarpathian region, which borders the EU countries, should be fully used. This will help to attract more direct investment in the region's economy, which, in turn, will help to saturate the labour market with new jobs and use the existing labour resources of the Transcarpathian region. In addition, it is essential to recall a rational regional and national policy in terms of investment activities, which should encourage foreign investors to invest in the regional economy as much as possible. Active implementation of investment activities with the right regional policy will help to develop an effective investment strategy for the region, which will allow creating a favourable investment climate to attract investment, in particular direct investment, which will ultimately improve the socio-economic situation in the Transcarpathian region.

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Залучення прямих інвестицій в регіони України та їхній вплив на економічний розвиток Закарпатської області

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Анотація. Актуальність статті визначається потребою в дослідженні ринку прямих інвестицій, які постають основою для соціально-економічного розвитку країни та її регіонів. Метою статті є вивчення масштабів залучених прямих інвестицій (акціонерного капіталу) в регіони України та розподілу прямих інвестицій за видами економічної діяльності в Закарпатській області, а також визначення їхнього впливу на розвиток Закарпатської області. Для досягнення поставленої мети автором було застосовано методи аналізу статистичних даних, порівняння та узагальнення отриманих результатів. У статті досліджено стан і масштаби залучених прямих інвестицій (акціонерного капіталу) в Закарпатті та Україні загалом. З'ясовано, що збільшення обсягів і покращення ефективності залучених прямих інвестицій стають головними чинниками економічного розвитку. Розглянуто сектори економіки Закарпаття, куди спрямовуються інвестиційні надходження, а також динаміку зміни надходжень прямих інвестицій за 2017–2019 роки. Підтверджено значущість залучених прямих інвестицій у сектор промисловості Закарпатської області, обсяг яких становить понад 80 % від загальної кількості прямих інвестицій за кожен із досліджуваних років. Автором запропоновано збільшувати обсяги прямих інвестицій у рекреаційну галузь регіону. Водночас на основі географічного розташування Закарпатської області обґрунтовано важливість зосередження уваги на співпраці з країнами, які межують з областю для збільшення обсягів залучених прямих інвестицій в економіку регіону. Результати, висвітлені в науковому дослідженні, показують значимість залучених прямих інвестицій для розвитку економіки регіону та відтворюються можливості їхнього зростання в майбутньому, що й становить практичну цінність наукової роботи

Ключові слова: інвестиційна діяльність, інвестиційна привабливість, соціально-економічний розвиток, регіональний розвиток, залучені інвестиції

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Methodological Principles of Assessing Development Potential of the Tourist and Recreational Sphere in Regional Economy

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Abstract. In the context of the growing level of competition in the global and national tourism markets, the issues of assessing the attractiveness and potential of the tourist and recreational sphere of the regions are becoming particularly relevant. The purpose of the study is to develop methodological bases for assessing the potential of the tourist and recreational sphere of the regions in terms of its attractiveness, which will determine the attractiveness of this sphere for Ukrainian and foreign investors. Achieving this purpose was made possible by the use of general scientific and special research methods, in particular, statistical, analytical, and mathematical. The paper considers the tools for studying the tourist and recreational potential of regions, which, unlike the existing ones, includes an assessment of the attractiveness of the tourist and recreational sphere of regions; analysis of the contribution of tourist and recreational sphere to the economy of the regions; identification of the weight of factors influencing the development and building of the potential of the tourist and recreational sphere of regions. The author offers methodological approaches to the integral assessment of the attractiveness of tourist and recreational sphere of regions, which are based on the identification of the resource structure of the attractiveness of tourist and recreational sphere in the context of four sub-indices (index of cultural attractiveness, index of attractiveness of recreational resources, index of attractiveness of tourist infrastructure and index of investment attractiveness of the tourist and recreational sphere) to develop reasonable mechanisms for regional marketing in the internal and foreign markets of a tourist product. It is determined that the developed methodological approach is based on the use of the parametric method, which, due to the ranking of standardised values of the main indicators of the tourist and recreational sphere of regions, allows determining their places in the national rating of attractiveness. Practical use of the developed approaches will ensure the efficiency of using the available tourist and recreational resources, increase the investment attractiveness of the territory for Ukrainian and foreign investors, identify problems of using the potential and form prerequisites for overcoming them

Keywords: integral assessment, regional potential, tourism sector, attractiveness, methodological approach, assessment

The Problem Statement

Today, the tourism industry is crucial in the development of global and national economies since, being one of the most dynamic types of economic activity in its growth, it contributes to the active socio-economic recovery of many states. Due to the development of tourism, more developed European countries form a high share of GDP, namely, travel and tourism, as one of the world's largest economic sectors, generate 10.4% of global GDP [1]. Tourism can support the economic development of both the local community and the country's economy through income from local or foreign visitors. The direct economic contribution from travel and tourism in 2017 was approximately 2.57 trillion USD. The travel and tourism industry is one of the largest industries in the world with an economic contribution (direct, indirect, and induced) of more than 8.27 trillion USD in 2017. In 2017, revenue from international tourism was 1.34 trillion USD [2]. In the world export rating, tourism is in the top five among exports of fuel, energy, chemical and automotive products.

Increasing the competitiveness of the tourism and recreation sector leads to numerous positive effects for the

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development of economic systems – from increasing the contribution to the country's GDP and attracting additional labour, to boosting economic development for remote communities. On the other hand, an inadequate level of management of the tourist and recreational sphere often leads to an excessive tourist load, which, considerably exceeding the capacity of some locations, causes numerous negative consequences for their economic, socio-cultural, and natural environment, as well as a general decrease in the quality of tourist services and the level of satisfaction of visitors with the services provided. In the context of a considerable potential for growth with a simultaneous increase in the burden on tourism and individual elements of social infrastructure, the high competitiveness of the tourism and recreation sector, depending on the quality of state regulation, can be considered as a powerful factor of economic growth or a threat to its stable development.

Analysis of Recent Research and Publications

The following Ukrainian scientists studied the problems of economic development and effective use of the socio-economic potential of administrative-territorial units in the context of decentralisation: I.M. Vachovych [3], B. Danylyshyn [4], Ya. Zhalilo [5], M. Karlin [6], V.S. Kravtsiv, I.Z. Storonyanska [7], H. Monastyrskyi [8], T.I. Pavlyuk [9], M.M. Pityulych [10], S.V. Sember et al [11]. In general, the research has repeatedly presented methodological approaches and world experience in ensuring economic development at the local level but the issue of assessing the potential of the tourist and recreational sphere of the regions remains relevant.

Purpose of the Study

The purpose of the study is to form a methodological basis for assessing the potential of the tourist and recreational sphere of the regions in accordance with its attractiveness, which will determine the attractiveness of this sphere for potential Ukrainian and foreign investors.

Research Results

In accordance with modern conditions in the global and national tourism markets, there is a tendency to increase competition, which actualises the issues of monitoring the attractiveness and potential of the tourist and recreational sphere in certain regions. To solve these problems, there are several approaches, each of which has its own advantages and disadvantages, a specific information basis and application options in practice. The authors believe that the assessment of the potential for the development of tourism and recreation sector in the economy of the regions of Ukraine should be carried out based on:

1. Assessment of the tourist and recreational sphere attractiveness of the regions (TRSA);
2. Analysis of the contribution of the development of the tourist and recreational sphere to the regional economy;
3. Research of factors influencing the development of the potential of tourist and recreational sphere of the regions.

Therewith, it can be stated that one of the simplest and most understandable ways to compare the attractiveness of the tourist and recreational sphere in the regions of Ukraine is the parametric method, which determines the places of the main indicators of the tourist and recreational sphere at the national level in the context of attractiveness by ranking their standardised values. Comparative evaluation when applying the parametric method is performed in the following sequence:

1. Development of a list of main features and their basic indicators that allow comparing the level of attractiveness of regional tourist and recreational complexes.
2. Conducting a standardised assessment of the state of tourist and recreational complexes in the regions for each basic indicator separately according to the formula (1):

$$P_i = 100 - \frac{a_i}{a_{max}} \times 100, \tag{1}$$

where: P_i – standardised value of the main feature parameter; a_i – value of the parameter of the main feature that reflect the level of the basic indicator of attractiveness of the tourist and recreational complex of the region; a_{max} – the maximum (or reference) value of the main feature parameter.

3. Calculation of the integral indicator of attraction of the tourist and recreational sphere of the regions of Ukraine for all selected characteristics using the formula (2):

$$A = \sum_{i=1}^{n} P_i x_i, \tag{2}$$

where: A is an integral indicator of the attractiveness of tourist and recreational sphere of the regions of Ukraine; x_i – the weight or significance of each main feature; i – a basic indicator of the attractiveness of the tourist and recreational complex of the region; P_i – standardised value of the main feature parameter; n – the number of main features.

4. Determination of the positions of the tourist and recreational sphere of the regions of Ukraine by the level of their attractiveness in the market of tourist and recreational services.

To assess the level of TRSA, the integral index of TRSA of the regions of Ukraine is proposed as the main indicator of attractiveness and competitiveness of regional tourist and recreational complexes in the market of tourist and recreational services. The integrated TRSA index includes 4 sub-indices (cultural attractiveness index (CAI), recreational resource attractiveness index (RRAI), tourist infrastructure attractiveness index (TIAI), and investment attractiveness index of the tourist and recreational sphere (IAITRS)), which most comprehensively reflect the main signs of the attractiveness of regional tourist and recreational complexes. Each of the sub-indices consists of 4 or 5 main features, each of which is represented by a corresponding basic indicator, standardised relative to the maximum level of its series in a point rating from 1 to 100. The region with the highest level of attractiveness of the tourist and recreational complex in the market of tourist and recreational services is determined by the criterion of the minimum sum of standardised values of 19 basic indicators, based on which the final value of the index of TRSA is calculated. By ranking the results obtained, the position of each regional tourist and recreational complex in the market of tourist and recreational services of Ukraine is determined. The list of the main features and basic parameters of the integrated TRSA index is shown in Figure 1.

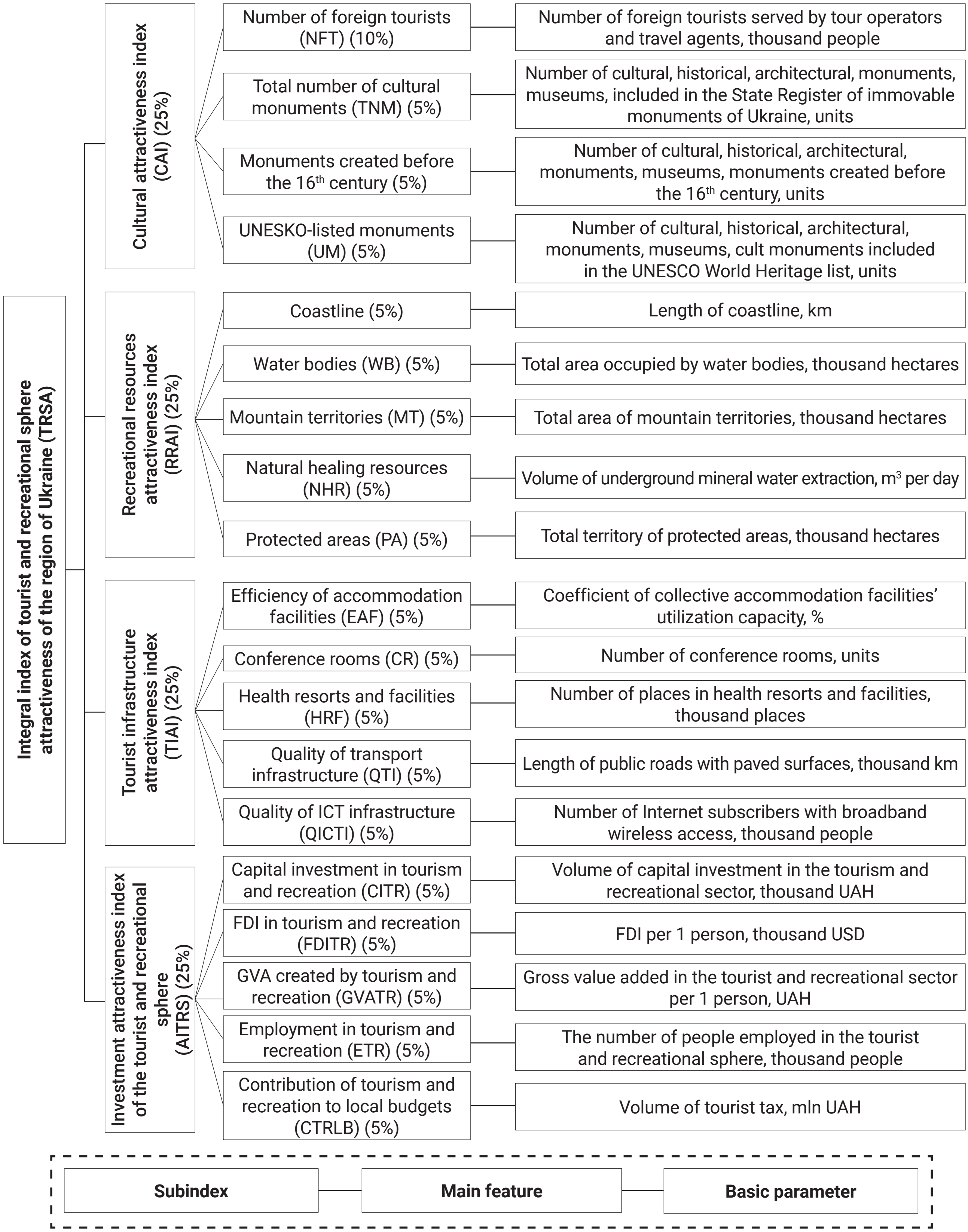

Figure 1. List of the main features and basic parameters of the TRSA index of the regions of Ukraine
Source: compiled by the author

Therewith, the main features of the CAI index are historical and cultural sites and the flow of foreign tourists. The historical and cultural heritage of Ukraine, as a powerful spiritual and socio-economic capital, is one of the main components of national identity and self-respect, as well as proper representation of Ukraine at the international level. Historical and cultural objects, together with the unique landscape and tourist space formed with their help, have a considerable impact on determining the main directions of tourist and recreational flows and the level of attractiveness of tourist locations for both foreign and Ukrainian tourists.

A considerable number of immovable cultural heritage sites have been preserved on the territory of Ukraine, ranging from the Lower Paleolithic site (Vinogradovskiy district of the Transcarpathian region) to relatively young monuments built in the last century. There are more than 130 thousand monuments on the territory of Ukraine that are on the state register [12]. In addition, in Ukraine, 65 historical and cultural reserves operate based on complexes of monuments of special historical, cultural, and scientific value [13]. In addition, 7 unique cultural and natural monuments located in Ukraine, which have exceptional universal value, are included in the UNESCO World Heritage list [14].

One of the most important effective indicators of the attractiveness of both historical and cultural monuments and natural and recreational resources of any country is the volume of the flow of foreign tourists, the positive dynamics of which indicates the degree of openness and level of security in the national economy, the nature of economic and socio-cultural transformations, investment attractiveness, and stability of the socio-political structure. On the other hand, it is also a real increase in monetary receipts to local budgets. According to the Ministry of Economic Development, Trade and Agriculture of Ukraine, considering the non-cash segment of payments, according to the results of 2017, foreign tourists left 1.3 billion USD in the state economy and in 2018 – 1.5 billion USD [2].

In the above context, it is advisable to analyse the attractiveness index of recreational resources (AIRR). The main features of the AIRR index are the leading natural and recreational tourist resources of the regions of Ukraine. Among the natural and recreational resources that directly affect the development of tourist and recreational processes, the most important for regional tourist and recreational complexes are water, balneological, landscape, and climatic, which can be combined into first-order resources. Natural and recreational resources that indirectly affect tourist and recreational processes include forest, flora and fauna, biotic, and orographic resources, which can be defined as second-order resources. The development of a high level of recreation and the aesthetic feeling that accompanies it often occurs in combination with a unique landscape. Regions and countries that have landscape patchiness (a combination of mountain, forest, beach coastal and lake areas on their territories) get a considerable advantage for the development of their tourist and recreational complexes and increasing their attractiveness. The uniqueness of a particular natural object, together with a successful advertising campaign, can turn it into the main tourist attraction of the region or the country in general.

Turning to the TIAI, it should be noted that its main features for the TIAI are certain elements of tourist and general infrastructure, which, the authors believe, are critical in the development of attractiveness of tourist and recreational complexes in the regions of Ukraine.

In modern conditions, creating opportunities for activating the socio-economic development of the territory and strengthening its competitiveness is almost impossible without an appropriate level of infrastructure development. Including several areas of activity that have a common purpose, the infrastructure forms the conditions in which a certain process functions, in particular, the activities of the tourist and recreational complex of the region. Despite the fact that for many countries and regions with similar historical, geographical, cultural, and socio-political characteristics, the tourist and recreational sphere is an important factor of socio-economic growth, it is the quality of infrastructure support that determines the most complete disclosure and use of considerable opportunities for the sustainable development of their tourist and recreational activities.

Finally, the main features for the index of investment attractiveness of the tourist and recreational sphere are priority socio-economic indicators of the tourist and recreational sphere of the regions of Ukraine (GVA, FDI, capital investment, employment level, and volume of tourist tax), which characterise the level of attractiveness of regional tourist and recreational complexes from a financial and economic standpoint.

Investment objects that are characterised by a short payback period, have considerable competitiveness in the foreign and internal markets, have a high export potential, and can also create a considerable multiplier effect for the development of other related areas of activity, are considered a priority in financial and economic practice. The tourist and recreational sphere of the regions of Ukraine largely meets such requirements and, according to experts, is considered one of the most profitable and least risky [15]. In addition, the experience of many countries with developed market economies (Great Britain, France, Germany, Spain, Italy, and Greece) shows that the tourism and recreation sector has the status of one of the most innovative, efficient, promising, and most investment-attractive areas of economic activity. For Ukraine, which is in the process of developing an effective socio-economic system, the tourist and recreational sphere is an important factor in both foreign economic activity and internal socio-economic policy. Ukraine, having a considerable tourist and recreational potential, cannot yet fully use it. This is evidenced by comparisons of the resulting performance indicators of tourist and recreational complexes in Ukraine, Poland, and France. Thus, according to the results of 2018, the contribution of the tourism and recreation sector of Ukraine to GDP was approximately 1.4% (1.9% in Poland, 3.9% in France), the share in foreign trade turnover was 2.2% (3.1% in Poland, 5.7% in France), approximately 1.3% (2.0% in Poland, 4.6% in France) of the labour force in Ukraine was employed in the sphere and related industries [16].

The total number of foreign tourists visiting Ukraine is growing along with the volume of tourist services provided, while budget revenues from tourism are growing much more slowly. The authors believe that this is conditioned upon the discrepancy between the quality of growth of the tourist and recreational sphere and modern tourist trends and the real tourist and recreational potential of Ukraine.

More effective implementation of the tourist and recreational potential of Ukraine and increasing the level of attractiveness of its tourist and recreational sphere provide, in addition to a holistic system of strategic management in this area, significant investment resources for the development of the tourism business. Meeting the needs of the tourist and recreational sphere of the regions of Ukraine for investment resources provides, first of all, for the creation of a favourable investment climate on the scale of the socio-economic system of the state through the integrated use of investment policy tools and coordination of the interests of the state and private investors, with its further extension to the tourist and recreational sphere of the regions of Ukraine.

To analyse the contribution of the development of the tourist and recreational sphere to the regional economy, it is proposed to use the following indicators:

- the volume of gross value added (GVA) created by the tourist and recreational sphere of the regions per 1 person, to determine the contributions of tourist and recreational spheres of the regions to the GDP of Ukraine. The dynamics of the volume of GVA in the tourism and recreation sector and its share in the gross regional product (GRP) of the region characterises the importance of this sphere both in the development of the regional and national socio-economic system. Although the national classifier of types of economic activity does not have a separate section "tourism", the authors believe that to calculate the total volume of GVA created by the tourist and recreational sphere of the regions of Ukraine, it is advisable to combine such types of economic activity under the KVED-2010 or their components, which together will form the tourist and recreational sphere. In particular, "temporary accommodation and catering" (section I), "Art, Sports, Entertainment, and Recreation" (Section R), as well as section 79 "Activities of travel agencies, tour operators, provision of other booking services and related activities", from Section N "Activities in the field of administrative and support services" [17];
- share of those employed in the tourist and recreational spheres of regions in total employment to determine the contribution of tourist and recreational spheres of regions to total employment in Ukraine. In addition to a considerable direct impact (creation of new jobs, growth of revenues to local budgets, material support for employees), the functioning of the tourist and recreational sphere of the region generates large positive socio-economic effects for the development of many related industries that are directly involved in serving tourists. As a result, in such areas as retail, transport, public catering, consumer services, communications, construction, agriculture, as well as culture, sports, and entertainment, there is an increase in employment and profitability, which positively affects the quality of life in the region. Thus, according to the GRP, in 2018, every fifth new workplace in the world was created in the tourism and recreation sector, and the multiplier effect due to its functioning made 195.9 million people employed in related fields [16].

To study the factors influencing the development of the potential of the tourist and recreational sphere of the regions, the authors suggest using the following indicators:

- volume of capital investments in the tourist and recreational sector per 1 person to determine the share of tourist and recreational areas of regions in the total volume of capital investments in Ukraine. Successful integration of the tourist and recreational sphere of the regions of Ukraine into the European and global tourism space implies compliance with numerous international standards for the quality of tourist services, standards for the construction and arrangement of roads, and other tourist and general infrastructure facilities. It is the complexity and effectiveness of investment solutions that largely determines the successful implementation of these tasks at different levels of public life (from the micro level – the subject of tourist and recreational activities, to the macro level – the profile state management body). The investment attractiveness of certain types of tourist and recreational activities and tourist and recreational locations, as well as the investment climate in general, are among the main factors that directly affect the dynamics and quality of structural changes both in the tourist and recreational sphere of the region and its socio-economic system;
- dynamics of the volume of incoming and outgoing tourist flows, as one of the main indicators of the effectiveness of using their tourist and recreational potential, to determine the position of tourist and recreational areas of regions by the level of their tourist balance. In particular, according to the World Tourism Organisation (UNWTO) [18], in 2018, with Ukraine's share in global tourist flows of 1.2%, the share of Ukraine's revenues from tourism activities among the world's countries was only 0.1%. In general, such a discrepancy indicates both a low level of use of the existing tourist and recreational potential of Ukraine and a low efficiency of functioning of its tourist and recreational sphere;
- the level of efficiency of using the tourist and recreational potential (TRP) of the regions of Ukraine as an addition to the integral index of attractiveness of the TRS of the regions of Ukraine for a comprehensive assessment of the potential for the development of tourist and recreational sphere in the economy of the regions of Ukraine. The amount of net income from tourist and recreational activities per 1 person and per 1 km^2 is a balanced indicator of the financial and economic efficiency of using TRP in the regions of Ukraine,

which characterises the level of economic development of their tourist and recreational sphere.

Conclusions

Factors influencing the development of the tourist and recreational potential of regions and indicators of the contribution of the tourist and recreational sphere development to the regional economy are scientifically based indicators of the level of tourist and recreational sphere development of the regions of Ukraine. These indicators can be useful for management bodies of various levels in the development of mechanisms for state support of the tourist and recreational sphere of regions and the state in general, which will allow creating favourable conditions for its sustainable development in the future, as well as increasing the competitiveness of the Ukrainian tourist and recreational product. The activation of tourism market entities in Ukraine, as a result of consistent state support for the development of the tourist and recreational sphere of the regions, can contribute to the reproduction and strengthening of the human potential of Ukraine through a positive impact on the process of creating new jobs, increasing the level of income of the population, improving the quality of tourism and general infrastructure, increasing the level of competitiveness of the national service sector.

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Методичні засади оцінювання потенціалу розвитку туристично-рекреаційної сфери в економіці регіонів

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Анотація. В умовах зростання рівня конкуренції на світовому та національному туристичних ринках особливої актуальності набувають питання оцінки привабливості та потенціалу туристично-рекреаційної сфери регіонів. Метою дослідження є розробка методичних основ оцінки потенціалу туристично-рекреаційної сфери регіонів з точки зору її привабливості, що визначатиме привабливість цієї сфери для українських та іноземних інвесторів. Досягти цієї мети стало можливим завдяки використанню загальнонаукових і спеціальних методів дослідження, зокрема статистичних, аналітичних і математичних. У роботі розглянуто інструментарій вивчення туристично-рекреаційного потенціалу регіонів, який, на відміну від існуючих, включає оцінку привабливості туристично-рекреаційної сфери регіонів; аналіз внеску туристично-рекреаційної сфери в економіку регіонів; визначення ваги факторів, що впливають на розвиток та розбудову потенціалу туристично-рекреаційної сфери регіонів. Автор пропонує методичні підходи до інтегральної оцінки привабливості туристично-рекреаційної сфери регіонів, які ґрунтуються на ідентифікації ресурсної структури привабливості туристично-рекреаційної сфери в розрізі чотирьох субіндексів (індекс культурної привабливості, індексу привабливості рекреаційних ресурсів, індексу привабливості туристичної інфраструктури та індексу інвестиційної привабливості туристично-рекреаційної сфери) розробити обґрунтовані механізми регіонального маркетингу на внутрішньому та зовнішньому ринках туристичного продукту. Визначено, що розроблений методичний підхід ґрунтується на використанні параметричного методу, який за рахунок ранжування стандартизованих значень основних показників туристично-рекреаційної сфери регіонів дозволяє визначити їх місця у національному рейтингу привабливості регіонів. Практичне використання розроблених підходів забезпечить ефективність використання наявних туристично-рекреаційних ресурсів, підвищить інвестиційну привабливість території для українських та іноземних інвесторів, виявить проблеми використання потенціалу та сформує передумови для їх подолання

Ключові слова: інтегральна оцінка, регіональний потенціал, туристична сфера, привабливість, методичний підхід, оцінка

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Assessment of the State of Regional Tourist Services Market Infrastructure

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Abstract. The study of the impact of infrastructure on the development of the regional market of tourist services is an urgent issue of modern economic research since the effectiveness of tourism development, the level of use of the natural and cultural-historical potential of the region is largely determined by the capabilities of modern tourist infrastructure. The purpose of the paper is to assess the existing infrastructure of the tourist services market in the Transcarpathian region, identify problems in the infrastructure support of tourism, and determine the level of influence of infrastructure on the development of tourism in the region. General scientific research methods allowed achieving the purpose of the paper, including analysis, comparison, and generalisation. The paper considers the essence and factors of influence of the regional tourist services market infrastructure on its development. The study and assessment of the state of tourist infrastructure development were carried out based on the generalisation of statistical data and calculation of individual indicators that take into account the level of infrastructure elements' development: accommodation infrastructure, public catering, leisure and entertainment, transport, municipal, environmental, border infrastructure, health and safety infrastructure. A comparative analysis of indicators of the level of infrastructure development of the regional tourist services market with the average indicators of the regions of Ukraine is carried out and the rank (place) among similar values of indicators of the regions of Ukraine is determined. Based on the generalisation of the obtained data, a number of interrelated and interdependent problems of infrastructure development of the tourist services market in the Transcarpathian region are identified. Practical significance consists in identifying the main problems of infrastructure support for the tourist services market for their priority solution

Keywords: tourist infrastructure, service market, accommodation infrastructure, infrastructure assessment, infrastructure assessment indicators

The Problem Statement

The development of the regional market of tourist services is closely related to the tourist resources and tourist infrastructure available in the region, which either acts as a factor that discovers the resource potential and is the basis for market development or hinders the development of the tourist and recreational sphere. In Ukraine, many national and regional programmes and/or development strategies define the tourism and recreation sector as one of the most important priorities since it has a positive impact on the state of the economy, contributes to employment growth, investment inflows, and solving a number of other problems. Therewith, tourism covers many sectors of the economy and is a complex system of intersectoral interaction, which requires a comprehensive approach to solving the problems of its development.

Most regions of Ukraine are characterised by infrastructure problems in the tourist and recreational sphere, which is the main reason for the decline in the competitiveness of the Ukrainian tourist product in the tourist services market. This is conditioned upon local, regional, and national characteristics: the specific features of tourist resources that determine the complexity and capital intensity of infrastructure, the scale of tourist activities at the appropriate territorial level, the effectiveness of public

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administration and spatial planning, the fragmentation of the target market, the level of attracting investment, the presence of competitive advantages, profitability and payback period of infrastructure facilities. It should also be considered that the long-term growth of the regional market of tourist services can occur only if the infrastructure of the regional tourism market and the regional tourism product constantly correspond to the needs of the target market segments, their adaptation to the impact of globalisation and competition processes, is based on the partnership between the public and private sectors. The problems associated with tourism infrastructure development are particularly noticeable in rural and mountainous regions, in many cases due to the incompatibility of public administration and regulatory objectives and the interests of the private sector. In the current conditions of increased competition in the tourism market, it is worth paying more attention to the study of the possibilities of using tourist resources in the region, in particular, based on the development of appropriate infrastructure, assessment of the impact of other sectors of the economy on the tourist services market, the development of public-private partnership and measures related to the conservation of nature and local cultural and historical heritage.

In this regard, it becomes relevant to conduct a quantitative and qualitative assessment of the tourist infrastructure of the region, compare it with other regions competing within the sub-regional market of tourist services, develop areas for the development and improvement of the infrastructure of the regional tourist services market.

Analysis of Recent Research and Publications

Today, there are many Ukrainian and foreign authors, including Ch. Cooper [1], K.V. Kryveha [2], M. Rohoza [3], M.V. Vynohradova, P.I. Soldatov [4], A.V. Kuzyshyn [5], V.B. Butorina, [6], S. Jovanović and I. Ilić [7], N.V. Boshota, V.V. Papp [8], M. Petrova [9], H.O. Horina [10], as well as other researchers, who have already paid attention to the study of the infrastructure of the tourist services market, studying its composition, structure, development factors, and determining territorial features.

For example, A.V. Velychkina [11], R. Dapkus, K. Dapkute [12]; V.V. Druzhinina, O.M. Zalunina [13], M. Petrova [9] investigated the impact of infrastructure on the development of tourism, and also assessed the state of the tourist services market infrastructure based on various methodological approaches. V.F. Arkhipova, A.S. Levizov [14], S.A. Boholiubova, D.F. Vasylykha [15], B. Seetanah [16] investigated the rational territorial-spatial planning of tourism and the improvement of the management system at the local, regional, and national levels, identified the basic factors that determine the nature of the development of tourist infrastructure in the regions.

Purpose of the Study

The purpose of the paper is to comprehensively assess the infrastructure of the tourist services market in the region and develop areas for its development and improvement.

Research Results

The infrastructure of the regional tourist services market unites diverse industries and activities of both material production and services. The interpretation of the essence of the tourist services market infrastructure is dominated by three main approaches: 1) theoretical and economic, as a special sphere of labour application; 2) structural, as a set of material objects; 3) functional, as a set of certain functions and/or types of economic activity.

In the first approach, infrastructure is defined as a set of industries that provide general conditions for social reproduction. According to the second approach, the infrastructure of the tourist services market is understood as “a set of material objects that are carriers of various material and non-material properties that ensure the maximum possible quantitative and qualitative implementation of tourist goals under certain spatial and temporal parameters (in a particular place and at a particular time)” [17]. The third approach involves considering infrastructure as a special set of elements (institutions, enterprises, organisations, systems) that perform organisational, production, social, and other functions to regulate, ensure the normal and uninterrupted functioning of the tourist services market, and the interaction of its subjects regarding the purchase, sale, and consumption of a tourist product.

Summarising the above approaches, the composition of the regional market infrastructure of tourist services can be defined as a set of enterprises that create conditions and directly take part in meeting the needs of tourists: production infrastructure (transport and logistics, utilities, material and technical support, construction, energetics, production of souvenirs and handicrafts, manufacturing of tourism and sports products, information and communication sphere, etc.) and infrastructure of the service sector (hotel management, public catering, cultural and entertainment sphere, recreational sphere, health, sports, education and science, etc.), as well as institutions, enterprises, organisations that ensure functioning of the market infrastructure (institutional organisations, financial and credit sphere, trade, exchange activity, innovation sphere, marketing and advertising, employment, etc.).

As part of the regional tourist services market infrastructure, one can also distinguish individual objects that indicate the involvement of entities responsible for their creation or maintenance. Commercial structures, such as hotels or restaurants, create and operate social infrastructure facilities to serve their customers (tourists). State bodies (local self-government bodies and state structures) develop social infrastructure not only to serve tourists but, first of all, to create conditions for the development of society (including tourists) and the economy (in particular, economic entities in the field of tourism). Such objects of industrial infrastructure are buildings, structures, and engineering objects, transmitting devices and networks, the infrastructure of the service sector – residential buildings, hotels, social facilities, cultural and household facilities.

Different approaches to the interpretation of the essence of the regional tourist services market infrastructure have led to the use of different methods of its assessment. Based on the generalisation of scientific literature [10; 11; 13; 16; 18], there are three approaches to assessing the development of tourist infrastructure:

– the first approach – the development of infrastructure in the regional tourist services market is evaluated through a set of its elements, namely quantitative indicators of infrastructure facilities and relative indicators (relative to the area of the region or the number of population). Assessment methods related to this approach are based on a system of statistical indicators and allow conducting a comprehensive economic and geographical study of infrastructure development in the territorial context, as well as identifying gaps in infrastructure support;

– the second approach is based on the use of indexes that reflect the state of infrastructure in relation to the base region (territory or country) or a certain regulatory value. The methods related to this approach reflect well the proportions in the infrastructure development of the region but do not reflect the level of importance of the development of its elements;

– the third approach is based on the construction of comprehensive models of infrastructure facilities that ensure the provision of a certain amount of services, that is, they reflect the ability of the region to receive the appropriate number of tourists over a certain period. Such models contain structural, functional, and spatial-territorial components. However, they also have a number of disadvantages since they do not quite clearly define the significance of an individual object within each group of infrastructure elements. Using the above approaches, the authors will assess the state of the tourist services market infrastructure in the Transcarpathian region.

The Transcarpathian region has an extremely favourable transport and geographical position, which, together with a considerable recreational, natural, historical, and socio-cultural potential, allowed forming a tourist complex of national and international importance. The determining factor in the development of tourism in the region is infrastructure, which is one of the most important structural components of the regional market of tourist services. It is the availability of infrastructure that determines the great popularity of such main types of tourism in Transcarpathia as sanatorium-resort tourism, ski, gastronomic, ecotourism, sports and adventure, rural green tourism, religious, event tourism, etc.

To assess the level of development of tourist infrastructure and its impact on the volume of tourist services provided in the region, the following indicators were selected by structural elements:

– accommodation infrastructure – the number of hotels and similar accommodation facilities and the number of specialised accommodation facilities and places in them;

– public catering infrastructure – number of restaurants, cafes, bars;

– leisure and entertainment infrastructure – number of theatres and museums;

– transport infrastructure – density of public railway tracks, density of highways;

– information and communication infrastructure – volume of services in the field of telecommunications and communication;

– municipal infrastructure – equipment of apartments in residential buildings and non-residential buildings with a water supply and sewerage, hot water supply, heating;

– environmental infrastructure – volumes of capital investments for environmental protection and current costs for environmental protection;

– border infrastructure – number of existing border crossing points;

– health and safety infrastructure – the number of beds in hospitals, the number of doctors of all specialisations, the incidence of infectious diseases, the number of detected crimes.

Summary data for assessing the level of tourist infrastructure development in the Transcarpathian region are given in Table 1.

Table 1. Indicators of the level of Transcarpathian tourist services market infrastructure development

No.	Structural element	Indicator	Value	Average value	Rank
1.1.	Accomodation infrastructure	Number of hotels and similar accomodation facilities, units	208	99	4
1.2.		Availability of hotels for 1000 people	0.17	0.06	2
1.3.		Number of places, units	10169	5336	5
1.4.		Number of places per 1000 people, units	8.1	3.2	1
1.5.		Number of specialised placement tools, units	42	68.7	7
1.6.		Number of places in specialised accomodation facilities, units	5141	9026	8
1.7.		Number of places per 1000 people, units	4.1	5.35	10
2.1.	Trade and catering infrastructure	Number of food establishments (restaurants, cafes, bars), units	2655	1883	7
2.2.		Provision of food establishments for 1000 people	2.12	1.12	2
2.3.		Retail trade turnover, million UAH	18624.5	32613	17

Table 1, Continued

No.	Structural element	Indicator	Value	Average value	Rank
3.1.	Leisure and entertainment infrastructure	Number of theatres, units	5	5	7
3.2.		Number of viewers at performances, thousand	96.3	247.5	21
3.3.		Number of museums, units	14	23	19
3.4.		Number of museum visits, thousand	694.3	656	8
3.5.		Number of nature reserves and national parks	4	2.8	3
4.1.	Transport infrastructure	Density of communication routes, km per 1 thousand km^2	261	282.3	16
4.2.		Public roads with hard covering, km	3336	6649	23
4.3.		Operational length of public railway tracks, km	624	902	18
4.4.		Density of public railway tracks, km per 1 thousand km^2 of the territory	49	38.3	4
4.5.		Passenger turnover of motor transport (buses), million pass. km	673	1420	22
4.6.		Road improvement: covered bus stops, units parking and recreation areas, units toilets, units	121	26317	0,46%
			43	5378	0,80%
			15	3376	0,44%
5.1.	Information and communication infrastructure	Volume of services in the field of telecommunications and communication, million UAH	1146.4	2619.5	18
5.2.		Mobile subscribers, thousand	1457.5	2228	16
5.3.		Internet subscribers, thousand	509.5	945	19
6.1.	Municipal infrastructure	Equipment of apartments in residential and non-residential buildings (number), units	410706	683110	22
6.2.		Water supply and sewerage, units	306300	418681	12
6.3.		Hot water supply, units	236015	321761	12
6.4.		Heating, units	287385	468996	19
6.5.		Waste generation, thousand tonnes	186.3	14093	1
7.1.	Ecological infrastructure	Capital investment in environmental protection natural environment, million UAH	45.9	403	15
7.2.		Current costs of environmental protection, million UAH	226.2	972.7	20
8.	Borderline infrastructure	Number of active border crossing points, units	19	230	8,3%
9.1.	Health and safety infrastructure	Number of hospital beds, units per 1000 people	6.6	7.15	22
9.2.		Number of doctors of all specialisations, individuals per 1000 persons	3.87	4.4	16
9.3.		Incidence of infectious diseases, individuals per 1000 persons	0.11	0.43	4
9.4		Number of detected crimes	11006	18006	7

Source: developed based on [19-21]

In the infrastructure of the regional tourist services market, one of the most important places for the development of internal tourism belongs to accommodation facilities. In 2018, there were 250 such enterprises created by legal entities and individual entrepreneurs in the region, including 208 hotels and similar accommodation facilities. The largest number of listed subjects is concentrated in the city of Uzhgorod, Svaliava district, Mizhhiria district, the city of Mukachevo and Mukachevo district, Uzhhorod, Rakhiv, and Tyachiv districts [19]. In 2018, there were 10.2 thousand places in the total potential of collective accommodation facilities, the largest share of which (76.8%) was made up of places in hotels and similar accommodation facilities (hotels, motels). The Transcarpathian region ranks fifth among the regions of Ukraine in terms of the number of places in hotels and similar accommodation facilities (hereinafter excluding the temporarily occupied territories of the Autonomous Republic of Crimea, Sevastopol, and part of the anti-terrorist operation zone), however, in terms of the number of places per 1000 people of the population – the first one.

The share of tourist flow in the Transcarpathian region in the structure of the national tourist flow is 0.56%. This indicates a predominant orientation towards visitors (both from other regions of Ukraine and from abroad). In 2018, 114.6 thousand travellers used the services of collective accommodation facilities (104.6 thousand of them were citizens of Ukraine, 10.0 thousand were foreigners) [19].

In general, quantitative indicators of collective and specialised placement tools indicate that their value is higher than the average among the regions of Ukraine. As for the qualitative assessment of accommodation facilities, most establishments in the region belong to the non-star category (174 establishments out of 210, which mainly correspond to the level of two stars), three and four-star hotels, which meets the needs of tourists with below-average and average incomes. In particular, the ratings of tourists who were in collective accommodation facilities and left their ratings on the Booking.com website (Fig. 1), are as follows: 71% of institutions received a rating above 8 points (out of the maximum 10 points), another 10% – a rating of good (from 7.01 to 8 points), and 17% received a rating below 6 points. Despite the high rating of most establishments, there are establishments where the level of comfort of stay and the quality of services do not meet the needs of guests.

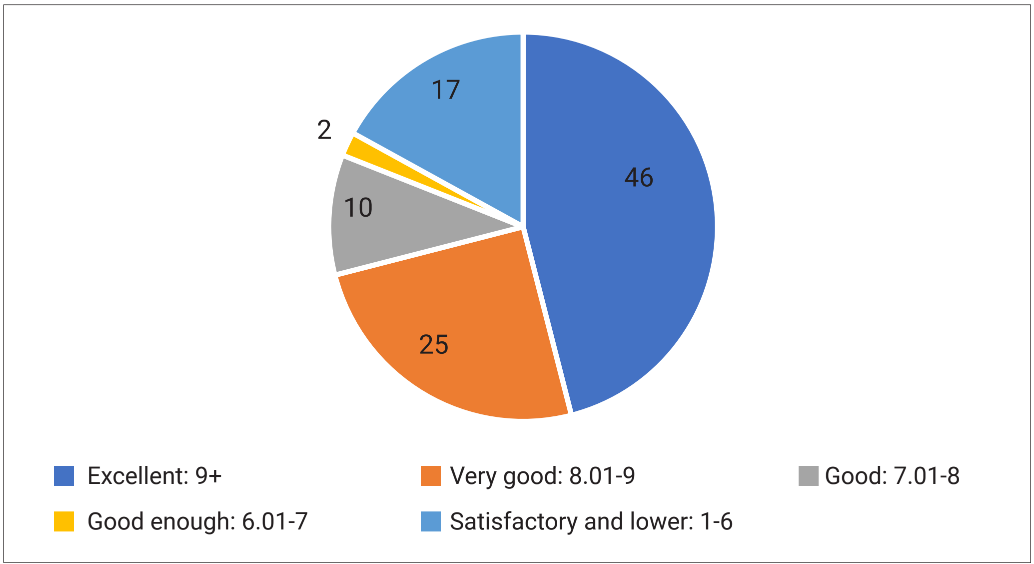

Figure 1. Guest ratings of Transcarpathian region accommodation establishments on the Booking.com website (as of 01.02.2020), in %

In terms of providing the infrastructure of the regional tourist services market with food establishments (restaurants, cafes, bars), Transcarpathia ranks second among the regions of Ukraine in terms of "provision of food establishments per 1000 people". The presence of a considerable number of food establishments and original local cuisine creates ample opportunities for gastronomic tourism. The main problem is the uneven placement of food establishments in cities and districts of the region. An equally important element of the market infrastructure is retail trade, which serves the local population and tourists, contributes to the better development of the tourist potential of the region.

An important segment of retail trade is the sale of souvenirs, products of local producers, and handicrafts. Transcarpathia has a considerable potential for the development of this segment of trade, for which it is necessary to develop local brands for traditional goods of local production (clothing, jewellery, food products, household goods, etc.).

The infrastructure of leisure and entertainment is represented in the Transcarpathian region by cultural and artistic institutions: theatres, philharmonic halls, museums, clubs, cinemas, concert organisations, culture and recreation parks, etc. Quantitative indicators of the number of institutions and their comparison with the indicators of other regions of Ukraine indicate their insufficient number, which limits the potential of cultural and educational tourism. However, this is compensated by such types of tourism as active, extreme, sports, ski, ecological, which is complemented by four nature reserves and national parks. The main problems in the infrastructure of leisure and entertainment are the following: non-compliance of services with modern standards of tourist services, insufficient information and communication support for events (local festivals and holidays), seasonality, which generates fluctuations in demand for services of leisure and entertainment enterprises.

The development of transport and transport infrastructure remains a factor hindering the development of the tourist potential of the region, as evidenced by both indicators of transport infrastructure that are below the average values among the regions of Ukraine, and reviews of tourists who visited Transcarpathia for tourist purposes. Only in terms of the density of railway tracks, Transcarpathia ranks fourth, which forms a considerable flow of tourists by rail transport. However, this does not solve the problem of transport infrastructure, since a considerable spread of tourist attractions and places on the territory of the region requires high-quality communication and ensuring transport accessibility of the main tourist places in mountainous areas.

The following problems of transport and transport infrastructure development in Transcarpathia can be identified:

– expanding the capacity, improving the technical quality of the road surface of existing road network and expanding the accessibility of individual tourist places;

– technological development of all types of transport and transport systems for the improvement of their safety, environmental friendliness, comfort, etc.;

– development of roadside infrastructure and arrangement of recreation areas for drivers and passengers (recreation areas, campsites, tourist bases, hotels, motels, gas stations, service stations, means of informing road users about the location of roadside and tourist infrastructure objects, etc.);

– development and arrangement of railway and bus stations, bus stops, information and related services in railway and road transport, car rental services;

– development of air connectivity and river transport. Both areas have potential for development in the Transcarpathian region, provided that a number of issues are resolved at the state level and investments are attracted. The existing Uzhhorod International Airport in the region requires solving the issue of using Slovak airspace, as well as investments in the development of a modern airport terminal, cargo terminal, and airfield infrastructure facilities.

Information and communication infrastructure is closely integrated into ensuring the activities of all subjects of the tourist market and has a decisive influence on the development of tourist flows. Information tourist portals and centres play an important role in ensuring the functioning of the regional tourist services market, as well as covering tourist places and objects with mobile communication networks, Wi-Fi, etc. On the other hand, modern achievements in computer technology and the information sphere encourage enterprises to focus on new sources of competitive advantages and create them. Among such new trends, a special place is occupied by the approach called sharing economy or share economy [22, p. 71]. Such sharing platforms as Couchsurfing, Hospitality Club, Airbnb, HomeExchange, Easynest, Surfair, Jump on Flyaways, BlaBlaCar, GetAround, Antlos, Boatbound, EatWith, etc. create considerable competition for conventional types of travel business since they allow tourists to independently plan their trips, stay in private homes, reduce costs, share experience, evaluate and form a rating of tourist enterprises, institutions, and organisations of tourist infrastructure, tourist places, and regions by tourists themselves and the dissemination of their personal impressions and experience of interaction with the subjects of the tourist services market through special internet portals, blogs, or social networks [23, p. 140]. Weekend trips are in high demand. Active forms of recreation replace passive ones.

This situation requires adaptation of the activities of tourist enterprises and infrastructure entities through the development and implementation of innovations (new services, routes, unique tourist products, new ways of interacting with customers, increasing the consumer utility of services, improving security), and also increases the role of local authorities and industry associations to coordinate actions, improving the availability and simplicity of systems for interacting with visitors, improving the quality of services and the level of security.

Municipal infrastructure, environmental infrastructure, and health and safety infrastructure are mainly focused on serving the population, enterprises, and organisations of the region and are not sufficiently aimed at servicing the regional market of tourist services. Among the many issues, one of the central ones is the problem of solid waste formation and management.

For the sustainable development of tourism in the Transcarpathian region, it is necessary to ensure the development of both internal, and inbound and outbound tourism. In particular, there is a considerable imbalance between internal and outbound tourist flows, as well as an insufficient level of development of inbound tourism (Fig. 2). Considerable fluctuations in the volume of tourist flows are caused both by the high sensitivity of the tourist services market and the influence of a significant number of factors (the level of income of the population, security, popularity, etc.), as well as by the imperfection of the existing system of tourism statistics in which a large number of tourists are not included in official statistics. This is also explained by a decrease in demand for group trips and the activation of individual tourism, as well as an increase in the number of independently organised trips. Modern information technologies have created a wide range of tools for individual travel planning and expanded the possibility of implementing tourist services directly by tourism entities, provided direct interaction between the manufacturer and the consumer of tourist services. The Transcarpathian region is a border region and to use all the advantages of the border and cross-border cooperation, including in the field of tourism, it is necessary to develop border infrastructure. Nowadays, the number of border crossing points, their capacity, and the arrangement of infrastructure facilities are insufficient to serve incoming and outgoing flows.

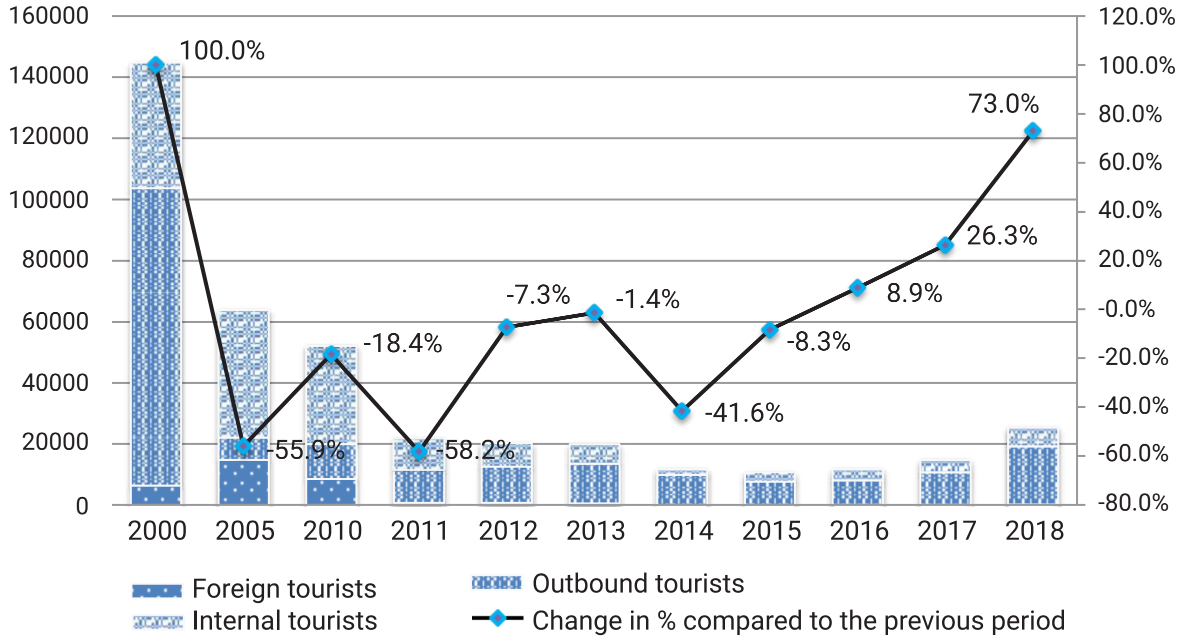

Figure 2. The number of tourists served by tour operators and travel agents, by type of tourism in the Transcarpathian region, persons

Source: developed based on [21]

Despite the recognition of the tourist and recreational sphere as one of the priorities in the structure of the regional economy, the development of the regional tourist services market in the Transcarpathian region is characterised by heterogeneity. Assessment of the level of infrastructure of the regional market development established a number of problems that hinder the development of tourism in the region due to insufficient material, technical, and information support of infrastructure facilities.

Conclusions

The analysis and comprehensive assessment of the tourist services market infrastructure in the Transcarpathian region allows drawing the following conclusions:

– the development of the regional tourist services market largely depends on the state and dynamics of its infrastructure development;

– assessment of the tourist services market infrastructure of the Transcarpathian region by individual indicators identified both components that contribute to the development of tourism and elements that hinder its development. In general, the generalised indicator for assessing the infrastructure of the tourist services market in the Transcarpathian region is above the average level in Ukraine, mainly due to the highest level of development of accommodation facilities and public catering establishments;

– the main infrastructure elements that hinder the development of tourism in the region are: transport infrastructure, municipal infrastructure, leisure and entertainment infrastructure, and border infrastructure;

– insufficiently developed but without a considerable deterrent impact on the development of the tourist services market in the region: information and communication, environmental, and health and safety infrastructure.

Further research should be aimed at developing the concept of an optimal model of the tourist services market infrastructure of the Transcarpathian region, considering the specific features of tourism development in the region.

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Оцінка стану інфраструктури регіонального ринку туристичних послуг

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Анотація. Дослідження впливу інфраструктури на розвиток регіонального ринку туристичних послуг є актуальним питанням сучасних економічних досліджень, оскільки ефективність розвитку туризму, рівень використання природного і культурно-історичного потенціалу регіону багато в чому визначається можливостями сучасної туристичної інфраструктури. Метою статті є оцінка наявної інфраструктури ринку туристичних послуг Закарпатської області, виявлення проблем в інфраструктурному забезпеченні туризму та визначення рівня впливу інфраструктури на розвиток туризму в регіоні. Досягнення мети наукової статті уможливили загальнонаукові методи дослідження, серед яких аналіз, порівняння та узагальнення. У статті розглянуто сутність, чинники впливу інфраструктури регіонального ринку туристичних послуг на його розвиток. Проведено дослідження й оцінку стану розвитку туристичної інфраструктури на основі узагальнення статистичних даних та розрахунку окремих показників, що враховують рівень розвитку елементів інфраструктури: інфраструктури розміщення, громадського харчування, дозвілля та розваг, транспортної, комунальної, екологічної, прикордонної інфраструктури та інфраструктури охорони здоров'я і безпеки. Проведено порівняльний аналіз показників рівня розвитку інфраструктури регіонального ринку туристичних послуг із середніми показниками регіонів України та визначено ранг (місце) показника серед аналогічних значень показників регіонів України. На основі узагальнення отриманих даних виділено низку взаємопов'язаних і взаємозалежних проблем розвитку інфраструктури ринку туристичних послуг в Закарпатській області. Практичне значення полягає у виокремленні основних проблем інфраструктурного забезпечення ринку туристичних послуг для їхнього першочергового вирішення

Ключові слова: туристична інфраструктура, ринок послуг, інфраструктура розміщення, оцінка інфраструктури, показники оцінки інфраструктури

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Assessment of the Economic Stability of Hospitality Enterprises Development in the Region

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Abstract. The relevance of the research subject is conditioned upon the objective conditions for the development of the hospitality sector, which are characterised by considerable dynamism and uncertainty, and create obstacles to the stable functioning of enterprises, forecasting, and strategic planning of their activities. Economically stable functioning is an important prerequisite for increasing the investment attractiveness of enterprises, increasing business activity and profitability, and in particular, determining the level of economic stability is an important tool for managing the development processes of enterprises and industries. The purpose of the paper is to study theoretical approaches and assess the economic stability of the development of hospitality enterprises in the Transcarpathian region. To achieve this purpose, the author applied general scientific research methods, including correlation, statistical and mathematical methods of cognition. The paper defines the essence of economic stability in the development of hospitality enterprises in the region, systematises indicators and suggests a methodological approach to assessing its level. The analysis of the development of the hospitality sector in the Transcarpathian region is carried out, the level of stability of its functioning is calculated in the context of such economic indicators as the volume of sales of services, profitability, and investment activity. Based on the results of the analysis, the main tasks and priority areas for ensuring the economic stability of the development of hospitality enterprises in the region are identified. A methodological approach to assessing the economic stability of the development of industries in the region is substantiated, which involves calculating the comparative dynamics of key economic indicators of the development of industrial enterprises in the region with similar indicators of the development of the region's economy in general. Based on these results, the level of dependence of the industry on external factors is determined, the degree of such influence is identified, and a system of adaptive mechanisms is developed at the level of the industry and individual enterprises. The practical value of the paper is to determine the level of economic stability of hospitality enterprises in the Transcarpathian region, the main factors influencing the development of the industry, and further develop appropriate recommendations for improving the sustainability of its development in modern conditions

Keywords: economic sustainability, tourism services, profit, sales volumes of services, profitability, capital investment

The Problem Statement

In modern conditions, which are characterised by considerable variability of processes and phenomena under the influence of scientific and technological progress, rapid changes in the social, political, and economic spheres, increased competition, actual problems of effective functioning of enterprises and sectors of the economy are the development of effective adaptation mechanisms to ensure stable activity and development. In this context, an important scientific task is to analyse the level of stability of enterprises and sectors of the economy to the influence of external forces, assess existing and potential threats, and develop mechanisms for stable growth.

Ensuring the economic stability of the development of priority industries in the region will help to unlock and

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build their potential, reduce the level of social tension, and ensure the sustainable development of the region. Due to the unique natural resource potential and the presence of a considerable number of cultural and historical monuments, the hospitality sector is one of the priority and dynamically developing types of economic activity in Transcarpathia. Therefore, the issues of assessing economic stability and creating appropriate conditions for the development of industry enterprises are relevant and require additional research.

Analysis of Recent Research and Publications

Theoretical and methodological foundations for assessing economic stability at the macro- and micro levels were considered in the papers of A.P. Vasyliuk [1], P.A. Dadashova [2], N.A. Kulbaka [3], A.V. Peretiatko [4], and other Ukrainian scientists.

The research of O. Lutak [5], N.V. Boshota [6], V.V. Papp [7] is devoted to the problems of development of hospitality enterprises in the region. In addition, in the context of comparative studies on the chosen problems of economic stability, it is advisable to refer to the developments of the following scientists: D. Asan, N. Batyrova, A. Aubakirova, N. Abishov, A. Kuralbayev [8], V.M. Shlikhta, O.I. Izotenko [9], E.I. Lukyanenko [10], I. Grinko [11], S.V. Onyshchuk, Z.M. Buryk, P.V. Knysh [12], L. Filipishyna, S. Bessonova, G. Venckeviciute [13]. Therewith, in the conditions of economic, political and social turbulence characteristic of the transformational period of development of Ukraine at this stage, the issues of assessing the level and methods of ensuring economic stability of the development of hospitality enterprises are not given much attention.

Purpose of the Study

The purpose of this paper is to study the theoretical basis and assess the economic sustainability of the development of hospitality enterprises in the Transcarpathian region.

Research Results

The concept of "economic stability" in scientific papers is most often used to characterise the development of processes and phenomena at the macro level, and, at the level of industries and individual enterprises, this phenomenon does not have a single interpretation and approaches to its research. The term "stability" (lat. stabilis) is borrowed from the natural sciences, where it means a stable state, the ability to exist for a long time, preservation in time. In practice, the accuracy of its determination is achieved by identifying certain types of stability and requires careful gradation. Stability is associated with order, immutability, equilibrity, stable functioning, etc. [1].

At the macro level, economic stability is understood as "... the internal ability of an economic system to maintain its characteristics under the influence of destabilising factors that manifest themselves over time and to help to overcome emerging imbalances. A special feature of the concept of stability is its dynamism. Macroeconomic stability based on the modification of the Maastricht criteria can be characterised using a number of indicators: low inflation, long-term loan rates, the level of public debt-to-GDP ratio, stability of the national currency, real GDP growth" [5]. By the economic stability of a business entity, N. Kulbaka understands "... equilibrial balanced state of economic resources that ensures stable profitability and normal conditions for expanded reproduction and sustainable economic growth, considering the influence of the most important external factors" [3]. The authors of the paper agree with the opinion of A.V. Peretiatko, who suggests considering economic stability as a function of time, in particular, he argues that the allocation of the time factor is due to the fact that the functioning of an enterprise is not a static measure of determining the types of its activities on a certain date. Important for ensuring the economic stability of an enterprise is certain knowledge about the dynamics of its further development and the ability to fulfil its obligations over time [4].

Based on the generalisation of scientific approaches, the economic stability of the economic development of hospitality enterprises is proposed to be understood as the long-term functioning of industry enterprises within the limits of minor deviations of the main economic indicators from the average values that arise under the influence of external and internal factors.

Notably, important characteristics of economic stability are ensuring positive growth rates of the main economic indicators that characterise the development of the industry, namely: the volume of sales of services, profit and profitability, capital investment, etc. To determine the level of economic stability of the development of hospitality sector in the region, a methodological approach is proposed, according to which the level of economic stability is defined as a comparative growth rate indicator of economic indicators of the development of enterprises in the industry with similar indicators of the development of region's economy in general. The comparative level of economic stability in the context of individual indicators is calculated using the formulas:

$$\Delta Q_i^G = \sum_{t=1}^{n}\left(\frac{G_{Q_i}^t}{G_{GRP_p}^t} \times 100 - 100\right) \tag{1}$$

$$\Delta P_h^G = \sum_{t=1}^{n}\left(\frac{G_{P_h}^t}{G_{P_r}^t} \times 100 - 100\right) \tag{2}$$

$$\Delta CI_i^G = \sum_{t=1}^{n}\left(\frac{G_{CI_i}^t}{G_{CI_r}^t} \times 100 - 100\right) \tag{3}$$

where $G_{Q_i}^t$, $G_{GRP_p}^t$ – growth rates of sales of products and services in the industry and growth rates of the gross regional product during the period t; $G_{P_h}^t$, $G_{P_r}^t$ – profit growth ratesof hospitality enterprises and, on average, regional enterprises for the period t; where $G_{CI_i}^t$, $G_{CI_r}^t$ – growth rates of capital investment in the industry and enterprises of the region in general during the period t;

In the context of this methodological approach, the target function of the stability of economic development, as a result of comparing the rate of economic development of hospitality enterprises with the rate of economic development of the region, will have the form:

$$S_{ED} = f\ (\Delta Q_i^G + \Delta P_h^G + \Delta CI_i^G) > 0 \qquad (4)$$

where S_{ED} – a comparative indicator of economic stability of the development of hospitality sector in the region; where $\Delta Q_i^G, \Delta P_h^G, \Delta CI_i^G$ – comparative annual growth rates of sales volumes, profits, and capital investments of hospitality enterprises in the region for the period t.

The results of such a comparison allow determining how many percent of the rate of economic development of hospitality enterprises depends on the influence of macroeconomic and natural factors.

Nowadays, the hospitality industry is the most powerful economic system in the country and an important component of the tourism economy [6]. In modern conditions, the sphere of hospitality is a set of economic activities aimed at providing visiting guests with food, housing, as well as organising their leisure time. The main components of the hospitality sector are enterprises of the hotel and restaurant business, as well as the sphere of art and entertainment.

Given the considerable natural resource potential, unique historical and cultural heritage, and favourable territorial position, the hospitality sector of the Transcarpathian region has a considerable potential for development, which will have a positive impact on the region's economy. However, as scientists O.M. Liutak and Yu.M. Grebeniuk note, "... currently, the following main problems in the tourism industry of Transcarpathia remain [5]:

- weak communication accessibility of territories that are promising for development for tourist and recreational purposes (unsatisfactory condition of roads, lack of electrification, installation of telephones);
- lack of a sufficient number of qualified personnel and specialised educational institutions for their training;
- insufficiently developed service infrastructure of territories and industry infrastructure;
- lack of a legally established mechanism for registering private farms that provide services in the field of rural green tourism".

These problems, as well as considerable instability of socio-economic and political processes in the country, insufficient level of infrastructure support for tourism development, seasonality of certain types of services, have a negative impact on the stability of economic development of the industry and financial results of enterprises. In particular, despite the increase in the number of tourist flows and the level of the workload of tourist enterprises, during 2014-2018, the average level of profitability of services in the industry is negative, and in 2018 it was -11%.

Generalising indicators of the development of hospitality enterprises are the growth indices of the main economic indicators during the study period, which is illustrated in Figure 1.

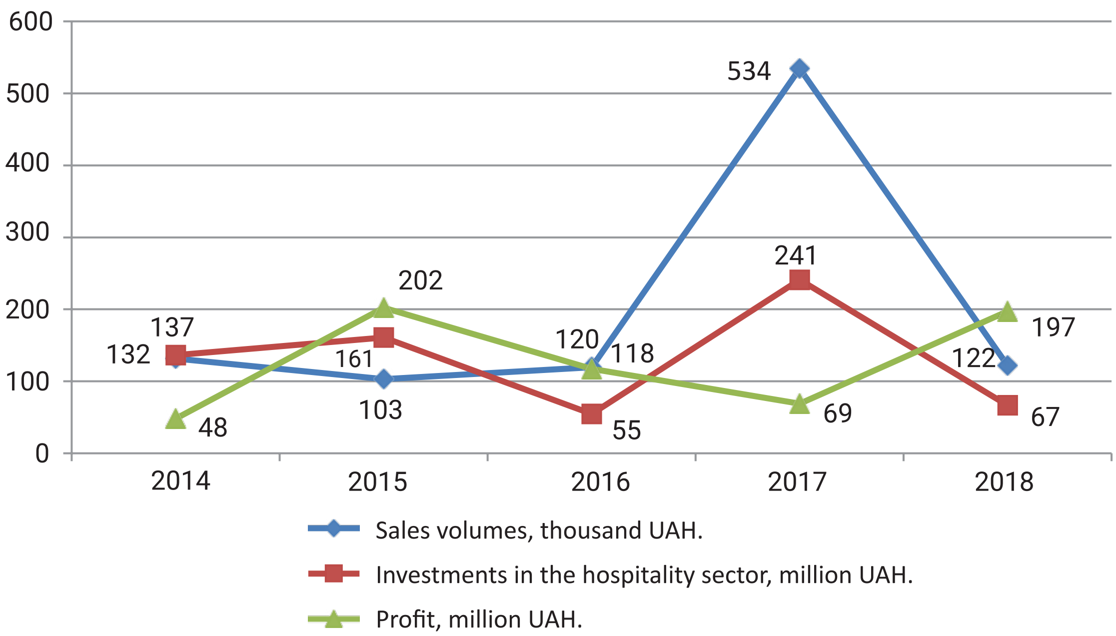

Figure 1. Indices of indicators of economic development of hospitality enterprises in the Transcarpathian region
Source: compiled by the author based on [14; 15]

As can be seen from Figure 1, the indices of the main indicators of economic development of hospitality enterprises in the Transcarpathian region show multidirectional trends. In particular, due to an increase in sales volumes in 2017 by almost 5 times, compared to the previous period, the volume of gross profit of industry enterprises decreased by almost 30%. Trends in capital investment correlate with sales of hospitality products and services but are opposite to profitability indices. Analysing the growth indices of sales of services by industry enterprises in the region, it can be noted that in 2015 and 2016, the growth rate of this indicator was lower than in previous periods, but in 2017 there was a significant spike in growth of 534%, accompanied by an increase in capital investment in the industry. However, in 2018, the growth rate of sales of services decreased and amounted to only 67%, compared to the previous period. Despite a considerable increase in gross profit in the industry in 2018 by 197%, the overall level of profitability of enterprises decreased by 4%. The above dynamics indicate the lack of a stable and balanced economic policy for the development of the hospitality sector in the region.

Based on the proposed methodological approach, comparative indices of growth in indicators of economic stability of hospitality enterprises in the Transcarpathian region for the period 2014-2018 have been calculated. The calculation results are shown in Table 1.

Table 1. Growth rates of indicators of economic development of Transcarpathia and the hospitality sector in the region

Indicators	2014	2015	2016	2017	2018
Growth rates of economic indicators of development of hospitality enterprises in the region, % compared to the previous period					
ΔQ_i^G	132	103	120	534	122
ΔCI_i^G	137	161	55	241	67
ΔP_h^G	48	202	118	69	197
Growth rate of economic development indicators of the Transcarpathian region, % compared to the previous period					
$G_{Q_i}^t$	113	120	112	133	104
$G_{CI_r}^t$	84	143	123	121	133
$G_{P_r}^t$	131	155	142	77	117
Comparative indicators of economic stability and development of hospitality enterprises in the region, %					
ΔQ_i^G	17	-14	7	302	17
ΔCI_i^G	21	34	-51	82	-36
ΔP_h^G	-63	30	-17	-10	69
Comparative indicator of economic stability of the development of hospitality sector in the region ($with_{ED}$)	**-25**	**50**	**-61**	**373**	**50**

Source: compiled by the author based on [14; 15]

As the results of the analysis have shown, during 2014-2018 (except for 2015), the growth indices of sales of hospitality services outstripped the growth indices of the gross regional product by an average of 17%, and in 2017 they exceeded the growth rate of the comparative indicator by 3 times. This indicates the rapid development of the industry under study in the region and the growth of its importance for the regional economy. This effect is partly due to the growing role of the region in the development of the tourism potential of Ukraine and the course of part of internal tourist flows to the region after the occupation of the Autonomous Republic of Crimea, improving the tourist image of Transcarpathia, and activating marketing. Analysing the comparative rates of capital investment in the industry, it is worth noting significant dynamic fluctuations. In particular, in 2014-2015 and 2017, the rate of capital investment in the industry economy exceeded the same rate of investment in the region's economy. However, in 2018, there is a decline in positive trends -36%, which is associated with a certain stagnation in the economic activity of enterprises and peak growth of indicators in 2017. Stable development of the industry requires considerable investment in the development of primarily the infrastructure of the region, the introduction of innovative types of services, and the improvement of service.

Significant fluctuations in the profitability indices of hospitality enterprises indicate the instability of the economic development of the industry, a considerable dependence of its economic efficiency on seasonality of demand and the influence of macro-environment factors. Notably, the introduction of a visa-free regime with EU countries creates additional challenges for the competitiveness of Transcarpathian enterprises due to the flow of potential consumers of services to European countries.

The calculated indicator of economic stability of the development of hospitality sector in the Transcarpathian region shows that the industry is developing inconsistently and abruptly, and largely depends on the influence of both external and internal factors. Therewith, in some years, the total results of economic development of enterprises in the studied field are higher than the average in the regional economy, which indicates the role and growth prospects for the development of tourism and hospitality in Transcarpathia.

To ensure the stable development of hospitality enterprises in the region, it is necessary to create appropriate conditions that will help to increase the competitiveness of the industry and minimise the impact of negative factors of the macro environment. In particular, according to scientists V.V. Papp and N.V. Boshota, among the priority areas of sustainable tourism development in the region, there are [7]: 1) ensuring the balance of economic, environmental, and social factors of development; 2) ensuring a balance of interests of tourists and the local population; 3) fair distribution of tourism income among all members of the local community, including all segments of the population, the most vulnerable in particular (children, pensioners, disabled people, etc.).

Important factors of competitiveness and stable economic growth of hospitality enterprises in Transcarpathia are the development of related economic activities (logistics, transportation, medical services, banking sector, trade) and the development of transport infrastructure.

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Оцінка економічної стабільності розвитку підприємств сфери гостинності у регіоні

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Анотація. Актуальність теми дослідження обумовлена об'єктивними умовами розвитку сфери гостинності, що характеризуються значним динамізмом і невизначеністю, та створюють перешкоди для стабільного функціонування підприємств, прогнозування й стратегічного планування їхньої діяльності. Економічно-стабільне функціонування є важливою передумовою для підвищення інвестиційної привабливості підприємств, зростання ділової активності та прибутковості, а зокрема визначення рівня економічної стабільності є важливим інструментом управління процесами розвитку підприємств і галузей. Метою статті є дослідження теоретичних підходів та оцінка економічної стабільності розвитку підприємств сфери гостинності у Закарпатській області. Для досягнення поставленої мети автором були застосовані загальнонаукові методи дослідження, серед яких кореляційний, статистичний і математичний методи пізнання. У статті визначено сутність економічної стабільності розвитку підприємств сфери гостинності у регіоні, систематизовано показники та запропоновано методичний підхід до оцінки її рівня. Проведено аналіз розвитку сфери гостинності у Закарпатській області, обчислено рівень стабільності її функціонування у розрізі таких економічних показників, як обсяг реалізації послуг, прибутковість та інвестиційна діяльність. За результатами аналізу визначено основні завдання та пріоритетні напрями забезпечення економічної стабільності розвитку підприємств сфери гостинності у регіоні. Обґрунтовано методичний підхід до оцінки економічної стабільності розвитку галузей у регіоні, що передбачає обчислення порівняльної динаміки ключових економічних показників розвитку підприємств галузі у регіоні з аналогічними показниками розвитку економіки регіону загалом. На основі вказаних результатів визначено рівень залежності галузі від чинників зовнішнього впливу, виявлено ступінь такого впливу та розроблено систему адаптивних механізмів на рівні галузі та окремих підприємств. Практична цінність статті полягає у визначенні рівня економічної стабільності підприємств сфери гостинності у Закарпатській області, основних чинників впливу на розвиток галузі та подальшій розробці відповідних рекомендацій щодо підвищення стійкості її розвитку в сучасних умовах

Ключові слова: економічна стійкість, туристичне обслуговування, прибуток, обсяги реалізації послуг, рентабельність, капітальне інвестування

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Evaluation of Restaurant Activity of Cities and Districts of the Zakarpattia Oblast by the Hierarchy Analysis Method

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Abstract. In order to make the right management decisions and build a management model, it is necessary not only to analyse statistical data but also to consider the weight effect of their characteristics on the optimal choice of decision. The aim of the study is to build hierarchical models for evaluating the activities of restaurants providing mobile food services in cities and districts of the region using the statistical indicators "Number of enterprises" and "Volume of services sold" for a certain period. The article presents a comparative assessment of the performance of restaurant enterprises in cities and districts of the Zakarpattia region using the Saaty method for the last quarter of 2017 and 2018. The method of hierarchy analysis was chosen for the assessment due to its versatility, as it can be used not only to analyse and compare the state of the industry or individual enterprise, but also to make more complex management decisions and forecast the situation. The research conducted by this method allowed to evaluate the activity of restaurant enterprises by integrating several indicators, identify the criteria that will allow making the right management decisions to improve the management policy in the region, identify depressed areas in need of investment and government regulation. The scientific novelty is to build a hierarchical model of evaluation of restaurant enterprises using fully consistent matrices of pairwise comparisons obtained by transforming indicators of economic activity into dimensionless criteria of the hierarchical model of Thomas Saaty. The conducted research using the method of hierarchy analysis allowed to rank cities and districts by quantitative assessment of the level of efficiency of the restaurant industry, to identify those criteria that will allow making the right management decisions to improve the efficiency of the restaurant industry in cities and districtss

Keywords: industrial policy, industrial potential, method of analysis of hierarchies, criterion of industrial activity, hierarchical model, model of Thomas Saaty

The Problem Statement

Regional policy is an integral part of national economic policy, that is why identifying gaps in the activities of certain economic components can affect the level of development of both individual regions and the state as a whole. In order to make the right management decisions and build a management model, it is necessary not only to analyse statistical data but also to consider the weight effect of their characteristics on the optimal choice of decision. The advantage of the method of analysis of hierarchies, in this case, is its versatility in decision-making.

Analysis of Recent Research and Publications

Well-known Ukrainian scholars as well as scholars from other countries from various fields of economy studied the problem of decision-making in the presence of many criteria. Among them S.M. Buhai, E.V. Shchepanskyi [1], Z.S. Varnalii, V.Ye. Vorotin, V.S. Kuibida [2], T. Saaty [3], T. Saaty, K. Kerns [4], V.V. Arkhipov [5], G. Piatnytska, V. Naidiuk [6], V.A. Grosul, S.O. Zubkov, T.P. Ivanova [7], H.O. Shvydanenko, N.V. Revutska [8], O.O. Maslygan, I.S. Tikhomirova [9] and others.

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Purpose of the Study

The aim of the study is to build hierarchical models for evaluating the activities of restaurants providing mobile food services in cities and districts of the region using the statistical indicators "Number of enterprises" and "Volume of services sold" for the last quarter of 2017 and 2018.

Research Results

The authors evaluate the activity of restaurants and the provision of mobile food services in the cities and districts of the region by the method of hierarchies [10; 11] on the indicators "Number of enterprises" and "Volume of services provided" using the statistical data of the fourth quarter in 2017 and 2018 to conduct a comparative assessment.

Preparation of initial data for calculations by the method of hierarchies [12] involves obtaining dimensionless quantities and converting them into a scale of relative importance of the criteria (Tables 1, 2).

Table 1. Weight coefficients of indicators, (Max-Min)/Max

IV qtr. 2017		IV qtr. 2018	
Number of enterprises	Volume of services sold	Number of enterprises	Volume of services sold
0.92	1	1.00	1

Note: Max = 1; Min = 0.92

Table 2. Activities of restaurants and providing mobile food services

City, district (raion)	IV qtr. 2017				IV qtr. 2018			
	Number of enterprises, units/ data converted into %		Volume of services sold (at market prices1), thousands of UAH/data converted into %		Number of enterprises, units/ data converted into %		Volume of services sold (at market prices1), thousands of UAH/data converted into %	
Uzhhorod	12	100	6897.5	100	12	100.00	7283.90	100.00
Berehove	8	66.67	670.1	9.72	8	66.67	504.40	6.92
Mukachevo	11	91.67	1259	18.25	12	100.00	1325.20	18.19
Khust	7	58.33	259.8	3.77	7	58.33	290.60	3.99
Chop	1	8.33		0		0.00		0.00
Berehove Raion	1	8.33		0	1	8.33		0.00
Irshava Raion	1	8.33		0	2	16.67		0.00
Mizhhiria Raion	3	25	106.7	1.55	2	16.67		0.00
Mukachevo Raion	1	8.33		0	1	8.33		0.00
Perechyn Raion	1	8.33		0	1	8.33		0.00
Rakhiv Raion	5	41.67	668.9	9.70	5	41.67	790.70	10.86
Svaliava Raion	6	50	879.3	12.75	6	50.00	1001.10	13.74
Tiachiv Raion	1	8.33		0	1	8.33		0.00
Uzhhorod Raion	7	58.33	2189.1	31.74	6	50.00	622	8.54
Khust Raion	1	8.33		0	1	8.33		0.00
Max	12	100	6897.50	100	12	100.00	7283.90	100.00
Min	1	8.33	106.70	0	1	0.00	290.60	0.00

Source: [13; 14]

Preparation of initial data for calculations by the method of hierarchies involves obtaining dimensionless quantities and converting them into a scale of relative importance of the criteria (Table 3).

Table 3. Scale of relative importance of the criteria

Quantitative assessment of the intensity of relative importance	Qualitative assessment of the intensity of relative importance	Explanation
1	Equal importance	Equal contribution of both criteria
3	Moderate advantage of one over the other	Experience and judgment give a slight advantage of one criterion over another
5	Significant or strong advantage	Experience and judgment give a strong advantage of one criterion over another

Table 3, Continued

Quantitative assessment of the intensity of relative importance	Qualitative assessment of the intensity of relative importance	Explanation
7	Significant advantage	One criterion has such a strong advantage that it becomes practically significant
9	Very strong advantage	The obvious superiority of one criterion over another is most strongly confirmed
2, 4, 6, 8	Intermediate decisions between two adjacent judgments	Are used in a compromise case

A matrix of pairwise comparisons is obtained by formulas:

$$\begin{cases} a_{ij} = 8 \times \dfrac{x_{ij} - 1}{x_{max} - 1} + 1, \text{if } x_{ij} > 1 \\ a_{ij} = \dfrac{1}{a_{jsh}}, \text{if } x_{ij} \leq 1 \end{cases} \quad (1)$$

where x_{ij} – elements of the matrix of pairwise comparisons of weight coefficients of the criteria, Table 1, a_{ij} – elements of the Table 3, matrices of pairwise comparisons of criteria are converted into a scale 1-9, according to Table 2 using formula 1 (Table 4). First of all, the authors will make calculations based on the data of the 4th quarter of 2017.

Table 4. Weight coefficients of indicators in the scale of relative importance of the criteria (scale 1-9)

IV qtr. 2017		IV qtr. 2018	
Number of enterprises	Volume of services sold	Number of enterprises	Volume of services sold
1	9	9	9

Note: Max = 9; Min = 1

Table 5. Weight coefficients in the scale of relative importance (scale 1-9)

City, district (raion)	IV qrt. 2017		IV qrt. 2018	
	Number of enterprises	Volume of services sold	Number of enterprises	Volume of services sold
Uzhhorod	9	9	9	9
Berehove	6	2	6	1
Mukachevo	8	2	9	2
Khust	5	1	5	1
Chop	1	1	0	1
Berehove Raion	1	1	1	1
Irshava Raion	1	1	2	1
Mizhhiria Raion	2	1	2	1
Mukachevo Raion	1	1	1	1
Perechyn Raion	1	1	1	1
Rakhiv Raion	4	2	4	2
Svaliava Raion	5	2	5	2
Tiachiv Raion	1	1	1	1
Uzhhorod Raion	5	3	5	1
Khust Raion	1	1	1	1
Max	9	9	9	9
Min	1	1	0	1

Table 6. Matrix of pairwise comparisons [15] of the criteria on the scale of relative importance of the criteria (scale 1-9)

Indicators	Number of enterprises	Volume of services sold
Number of enterprises	1	1/9
Volume of services sold	9	1

Table 7. Matrix of pairwise comparisons of the node "Number of enterprises"

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	1.000	2.000	1.000	2.000	9.000	9.000	9.000	5.000	9.000	9.000	2.000	2.000	9.000	2.000	9.000
2	0.500	1.000	1.000	1.000	6.000	6.000	6.000	3.000	6.000	6.000	2.000	1.000	6.000	1.000	6.000
3	1.000	1.000	1.000	2.000	8.000	8.000	8.000	4.000	8.000	8.000	2.000	2.000	8.000	2.000	8.000
4	0.500	1.000	0.500	1.000	5.000	5.000	5.000	3.000	5.000	5.000	1.000	1.000	5.000	1.000	5.000
5	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
6	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
7	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
8	0.200	0.333	0.250	0.333	2.000	2.000	2.000	1.000	2.000	2.000	0.500	0.333	2.000	0.333	2.000
9	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
10	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
11	0.500	0.500	0.500	1.000	4.000	4.000	4.000	2.000	4.000	4.000	1.000	1.000	4.000	1.000	4.000
12	0.500	1.000	0.500	1.000	5.000	5.000	5.000	3.000	5.000	5.000	1.000	1.000	5.000	1.000	5.000
13	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
14	0.500	1.000	0.500	1.000	5.000	5.000	5.000	3.000	5.000	5.000	1.000	1.000	5.000	1.000	5.000
15	0.111	0.167	0.125	0.200	1.000	1.000	1.000	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000

Note: max = 15.049 – matrix value; CI = 0.004 – consistency index; GC = 0.002 – general consistency index

Table 8. Matrix of pairwise comparisons of the node "Volume of services sold"

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	1.000	5.000	5.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	5.000	5.000	9.000	3.000	9.000
2	0.200	1.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	0.500	2.000
3	0.200	1.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	0.500	2.000
4	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
5	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
6	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
7	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
8	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
9	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
10	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
11	0.200	1.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	0.500	2.000
12	0.200	1.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	0.500	2.000
13	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000
14	0.333	2.000	2.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	2.000	2.000	3.000	1.000	3.000
15	0.111	0.500	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	0.333	1.000

Note: max = 15.013 – matrix value; CI = 0.001 – consistency index; GC = 0.000 – general consistency index

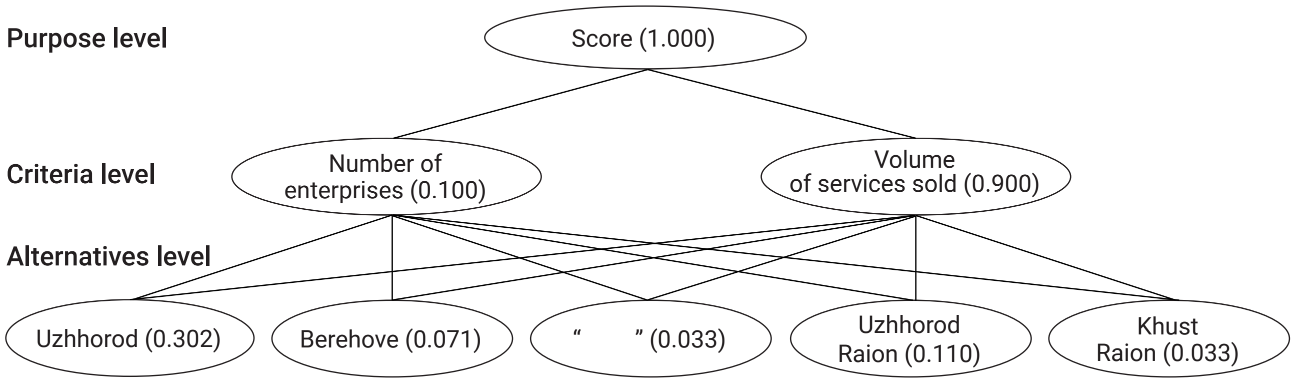

Figure 1. Hierarchy of the digraph for assessing alternatives, 4th quarter of 2017

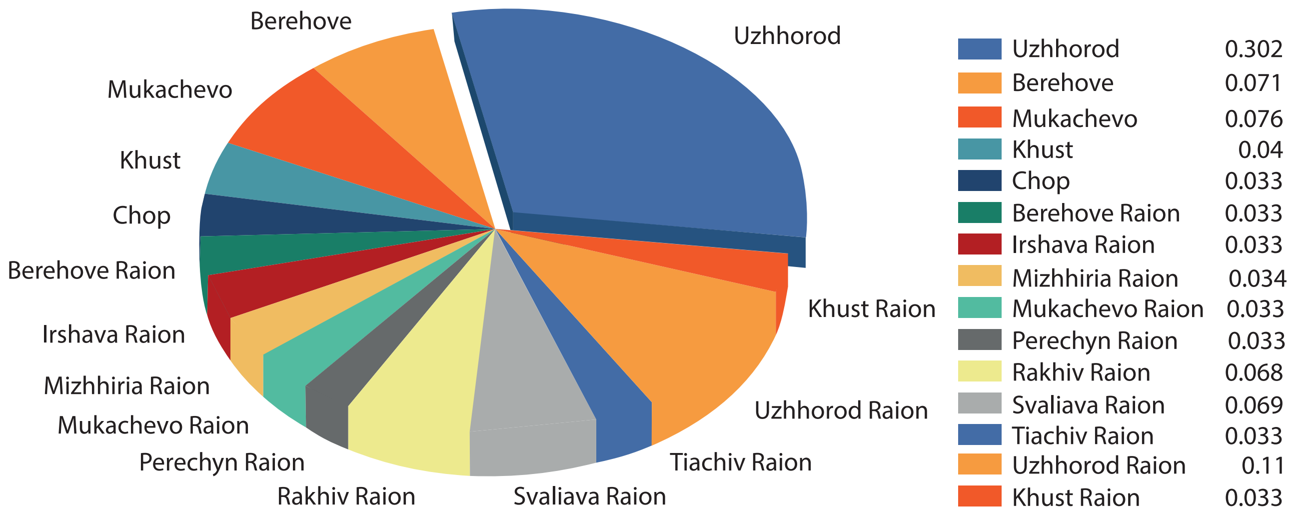

Figure 2. Integral assessment of the level of restaurant activity, provision of mobile food services **in cities** and districts of the region, 4th quarter of 2017. Pie chart

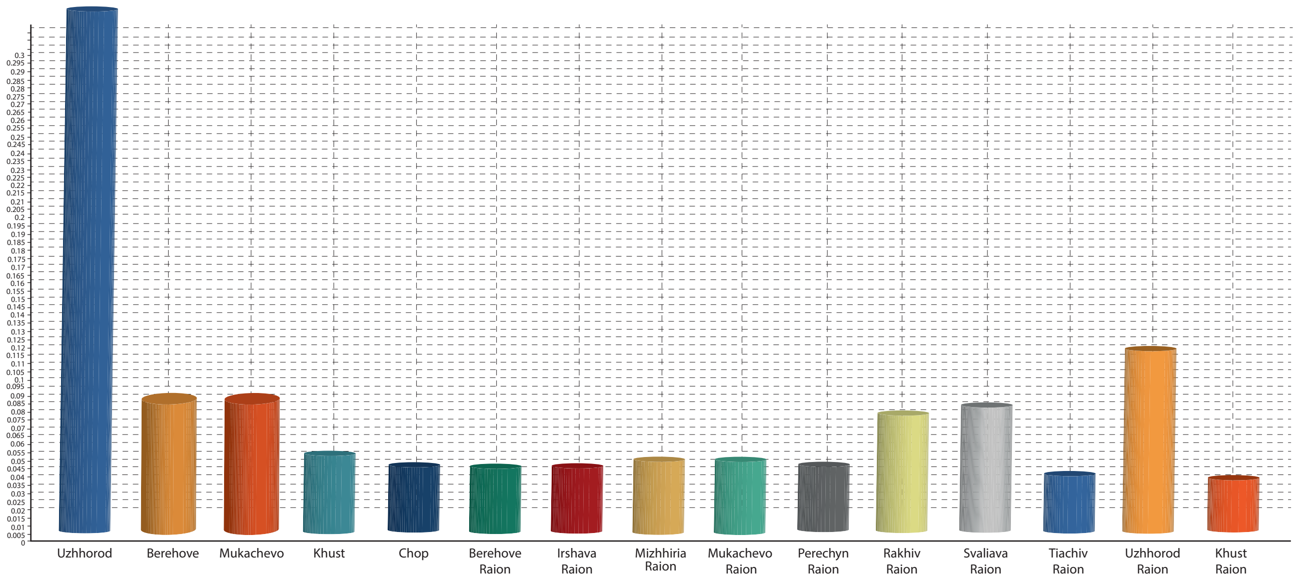

Figure 3. Integral assessment of the level of restaurant activity, provision of mobile food services in cities and districts of the region, 4th quarter of 2017. Vertical chart

In the 4th quarter, the highest indicator in the hierarchy has the city of Uzhgorod – 0.302, and then in descending order: Uzhhorod Raion – 0.11; Mukachevo – 0.076; Berehove – 0.071. The city of Chop and districts Berehove Raion, Irshava Raion, Mukachevo Raion, Perechyn Raion, Tiachiv Raion, and Khust Raion all have the minimum level in the hierarchy – 0.033.

Then the same calculations were made according to the data of the 4th quarter of 2018.

Table 9. Matrix of pairwise comparisons of the criteria on the scale of relative importance of the criteria (1-9)

Indicators	Number of enterprises	Volume of services sold
Number of enterprises	1	1
Volume of services sold	1	1

Table 10. Matrix of pairwise comparisons of the node "Number of enterprises". 4th quarter of 2018

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
11	1.000	2.000	1.000	2.000	9.000	9.000	5.000	5.000	9.000	9.000	2.000	2.000	9.000	2.000	9.000
12	0.500	1.000	0.500	1.000	6.000	6.000	3.000	3.000	6.000	6.000	2.000	1.000	6.000	1.000	6.000
13	1.000	2.000	1.000	2.000	9.000	9.000	5.000	5.000	9.000	9.000	2.000	2.000	9.000	2.000	9.000
14	0.500	1.000	0.500	1.000	5.000	5.000	3.000	3.000	5.000	5.000	1.000	1.000	5.000	1.000	5.000
15	0.111	0.167	0.111	0.200	1.000	1.000	0.500	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
66	0.111	0.167	0.111	0.200	1.000	1.000	0.500	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
77	0.200	0.333	0.200	0.333	2.000	2.000	1.000	1.000	2.000	2.000	0.500	0.333	2.000	0.333	2.000
88	0.200	0.333	0.200	0.333	2.000	2.000	1.000	1.000	2.000	2.000	0.500	0.333	2.000	0.333	2.000
99	0.111	0.167	0.111	0.200	1.000	1.000	0.500	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
110	0.111	0.167	0.111	0.200	1.000	1.000	0.500	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
111	0.500	0.500	0.500	1.000	4.000	4.000	2.000	2.000	4.000	4.000	1.000	1.000	4.000	1.000	4.000
112	0.500	1.000	0.500	1.000	5.000	5.000	3.000	3.000	5.000	5.000	1.000	1.000	5.000	1.000	5.000
113	0.111	0.167	0.111	0.200	1.000	1.000	0.500	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000
114	0.500	1.000	0.500	1.000	5.000	5.000	3.000	3.000	5.000	5.000	1.000	1.000	5.000	1.000	5.000
115	0.111	0.167	0.111	0.200	1.000	1.000	0.500	0.500	1.000	1.000	0.250	0.200	1.000	0.200	1.000

Note: max = 15.041 – matrix value; CI = 0.003 – consistency index; GC = 0.001 – general consistency index

Table 11. Matrix of pairwise comparisons of the node "Volume of services sold". 4th quarter of 2018

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	1.000	9.000	5.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	5.000	5.000	9.000	9.000	9.000
2	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
3	0.200	2.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	2.000	2.000
4	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
5	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
6	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
7	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
8	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
9	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
10	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
11	0.200	2.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	2.000	2.000
12	0.200	2.000	1.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.000	1.000	2.000	2.000	2.000
13	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
14	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000
15	0.111	1.000	0.500	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.500	0.500	1.000	1.000	1.000

Note: max = 15.000 – matrix value; CI = 0.000 – consistency index; GC = 0.000 – general consistency index

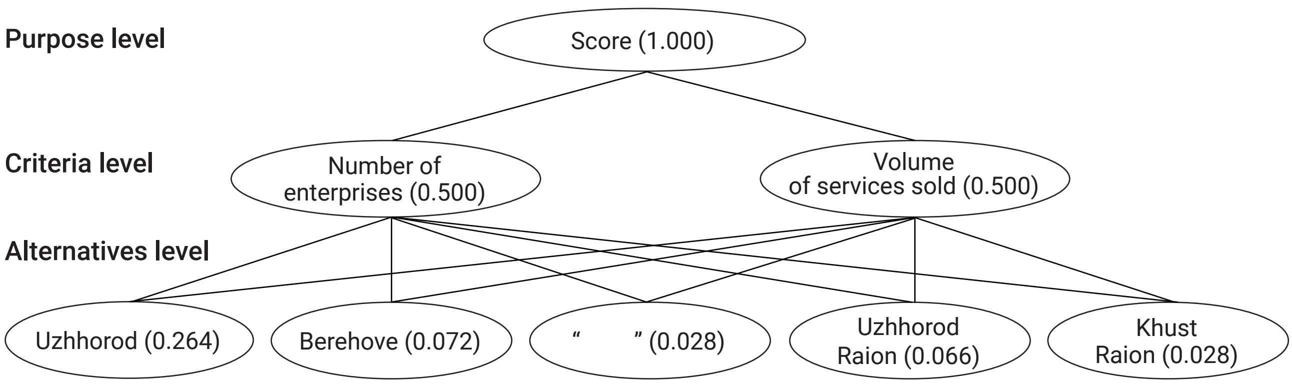

Figure 4. Hierarchy of the digraph for assessing alternatives, 4th quarter of 2018

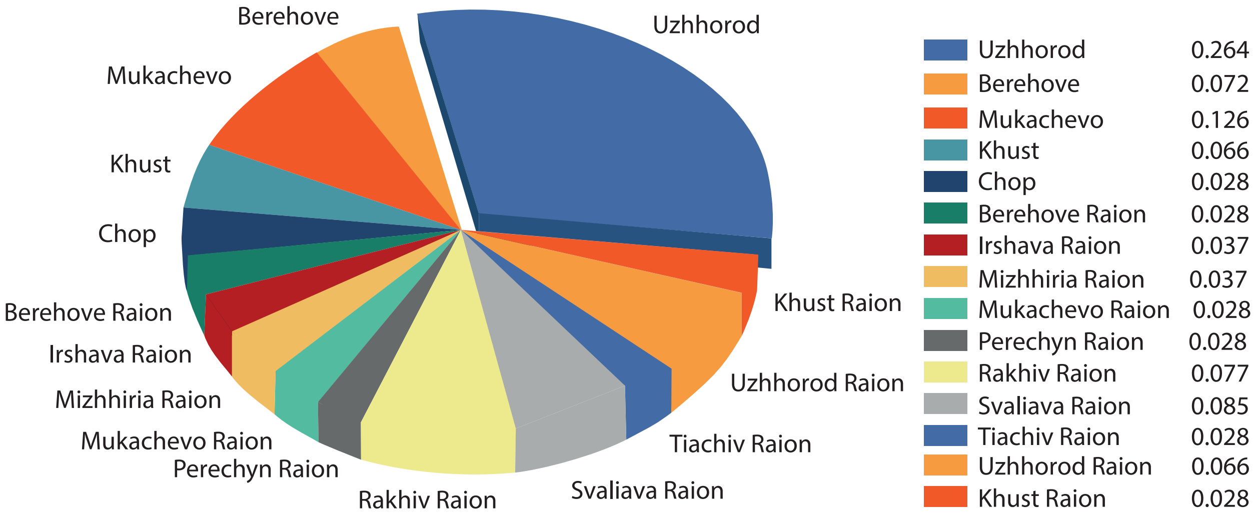

Figure 5. Integral assessment of the level of restaurant activity, provision of mobile food services in cities and districts of the region, 4th quarter of 2018

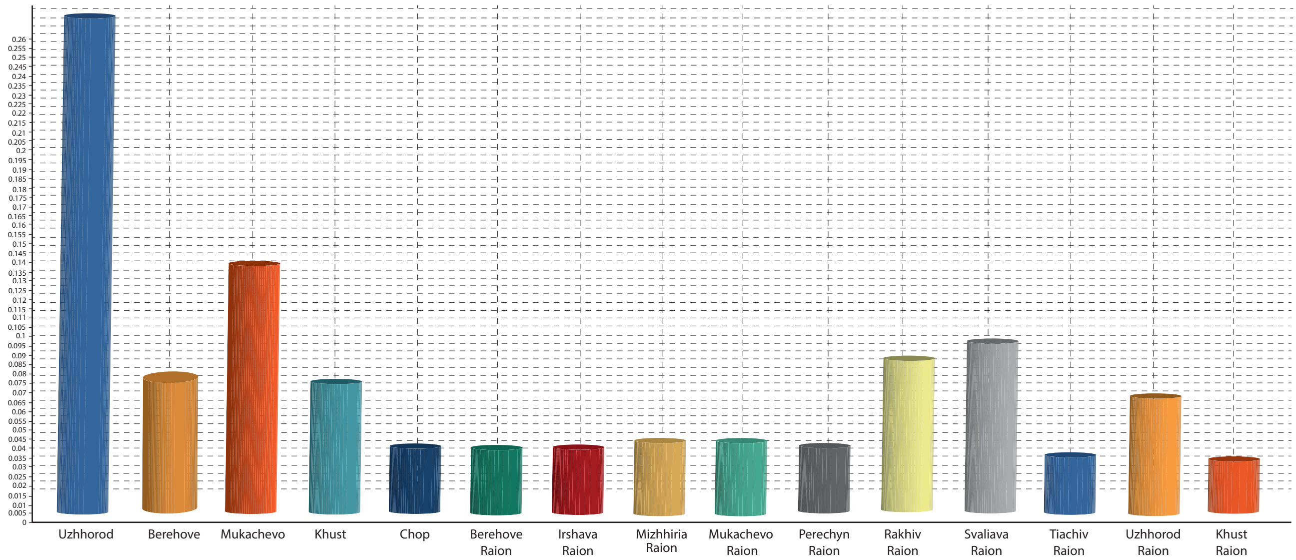

Figure 6. Integral assessment of the level of restaurant activity, provision of mobile food services in cities and districts of the region, 4th quarter of 2018. Vertical chart

In the 4th quarter, the highest indicator in the hierarchy has the city of Uzhgorod – 0.264, and then in descending order: Mukachevo – 0.126; Svaliava Raion – 0.085; Rakhiv Raion – 0.077.

The city of Chop and districts Berehove Raion, Mukachevo Raion, Perechyn Raion, Tiachiv Raion, and Khust Raion all have the minimum level in the hierarchy – 0.028.

Conclusions

The article evaluates the activity of restaurants providing mobile food services in cities and districts of the Zakarpattia Oblast using the statistical indicators "number of enterprises" and "volume of services sold" with the Saaty method (hierarchy analysis method). It is established that the integrated score of the relative efficiency of the restaurant industry in Zakarpattia is the highest in Uzhgorod. The city of Chop and districts Berehove Raion, Mukachevo Raion, Perechyn Raion, Irshava Raion, Tiachiv Raion, and Khust Raion require the priority attention of authorities and investors.

The conducted research using the method of hierarchy analysis allowed to rank cities and districts by quantifying the level of efficiency of the restaurant industry, identify those criteria that will allow making the right management decisions to improve the efficiency of the restaurant industry in cities and districts. Obviously, the right management decisions will be those that are aimed at equalising the distribution of alternatives (Fig. 3) and the weight coefficients of indicators (Fig. 6).

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Оцінка діяльності ресторанів міст та районів Закарпатської області методом аналізу ієрархій

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Анотація. Для прийняття правильних управлінських рішень та побудови моделі управління необхідним є не лише аналіз статистичних даних, але й врахування вагового впливу їх характеристик на оптимальність вибору рішення. Метою дослідження є побудова ієрархічних моделей оцінки діяльності ресторанів з надання послуг мобільного харчування в містах та районах області з використання статистичних показників «Кількість підприємств» та «Обсяг реалізованих послуг» за визначений період. У статті проведено порівняльну оцінку результатів діяльності ресторанних підприємств міст та районів в Закарпатській області з використовуванням методу Сааті за останній квартал 2017 і 2018 років. Метод аналізу ієрархій обраний для проведення оцінки завдяки своїй універсальності, адже може використовуватися не тільки для аналізу та порівняння стану галузі чи окремого підприємства, а й для прийняття більш складних управлінських рішень та прогнозування ситуації. Проведені дослідження за цим методом дозволили отримати оцінку діяльності ресторанних підприємств інтегрувавши декілька показників, виявити ті критерії, урахування яких дасть змогу прийняти правильні управлінські рішення щодо підвищення ефективності управлінської політики в області, виявити депресивні райони, що потребують інвестицій та державного регулювання. Наукова новизна полягає в побудові ієрархічної моделі оцінки діяльності ресторанних підприємств з застосуванням повністю узгоджених матриць попарних порівнянь, отриманих шляхом трансформації показників економічної діяльності в безрозмірні критерії ієрархічної моделі Томаса Сааті. Проведені дослідження за методом аналізу ієрархій дозволили проранжувати міста та райони за кількісною оцінкою рівня ефективності ресторанного господарства, виявити ті критерії, урахування яких дасть змогу прийняти правильні управлінські рішення щодо підвищення ефективності ресторанного господарства в містах та районах області

Ключові слова: промислова політика, промисловий потенціал, метод аналізу ієрархій, критерій промислової активності, ієрархічна модель, модель Томаса Сааті

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Generalised Autoregressive Conditional Heteroskedasticity Modeling of One-Year Maturity Government Bonds of Greece During Sovereign Debt Crisis of Eurozone in 2010

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Abstract. The relevance is determined by the need to investigate the 2010 eurozone sovereign debt crisis and the factors that led to it. These factors range from a combination of international trade imbalances, the impact of the global crisis from 2007 to 2012, the failure of European governments' bailout approaches that created barriers for bondholders in both banking and the private sector, and high-risk lending policies and loans, forced by unregulated credit requirements between 2002 and 2008 and fiscal policy choices related to government revenues and expenditures. The aim of the study is to model data to identify a set of primary risk factors and identify economic variables and their impact on both the local economy of Greece and the financial markets associated with it. As a result of the study, a set of primary risk factors and their impact on the local economy of Greece, the domestic financial market based on external sources, was identified to validate the analysis. Methods of statistical analysis and macroeconomic modeling of data were used for this purpose. Generalised models of autoregressive conditional heteroskedasticity based on data provided by the World Bank Data Portal have become a method of modeling. As a result, the autoregressive conditioned heteroskedastic (ARCH) and the generalised autoregressive conditioned heteroskedastic (GARCH) models, built and trained on the data of 2006-2009, were obtained, predicting volatility from 2010. It was found that the model of the autoregressive integrated moving average is not suitable for the task because there was no noticeable autocorrelation. It was found that volatility has a tendency to fade. This observation coincides with reality. Systemic risk indicators, mainly used to forecast national risk, are usually based on insider data from rating agencies or financial institutions. This article provides results close to the composite indicator of systemic stress provided by the European Central Bank (ECB) using the ARCH and GARCH models on publicly available data. Practical significance refers to the principle of model formation, which allows creating risk indicators based on publicly available state financial data

Keywords: economy, Single financial market, macroeconomic models, prices for goods, risk indicators

The Problem Statement

Despite much effort and decades to build a strong Single Financial Market, some member states of the area didn't have proper crisis resolutions and mechanisms at the time of the Global Financial Crisis of 2008. There was a threat of widespread bank failures in EU countries and near collapse of their financial systems. This led to a constant sovereign debt arising from the need to refinance government debts. The sovereign debt crisis threatened the Euro Area and European Union in general to near facing a new recession [1-3]. Credit agencies' ratings and indexes are black

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boxes, based on insider data unavailable to most investors. The paper identifies and analyses the effects of (interest rates, market concentration, and monetary supply or commodities prices) and their effect on both the economy and traditional approaches to portfolio risk management.

Analysis of Recent Research and Publications

As the crisis faded off, the interest in its analysis of Greece economy slowly went down. The last major macroeconomic research was done by the Business Insider journal to rate Greece recovery rate [4]. The main studied publication in this paper was European Central Bank report on Greece [5]. It provides analysis of Greece fall and recovery and uses SSSI to measure risk. A more academical source used was a series of Kenton, W papers based on usage of GARCH models in macroeconomics. Systemic risk indicators, primarily used for forecasting statewide risk, are usually built on insider data of rating agencies or financial institutions. In this paper we obtain results close to Systemic Stress Indicator provided by European Central Bank (ECB) using ARCH and GARCH models on public data [6]. The unresolved part of a common 'black box' problem is GARCH modeling.

Setting the Objectives

The objective is to model the boiling state of the Greek local financial market before the peak of the Sovereign Debt Crisis of Eurozone in 2009, modeling the insights of foreign investors and credit rating organisations. We will identify a set of primary risk factors and their effect on both the local economy and the markets involved to validate the analysis done.

Results and Discussion

The Euro Area also called Eurozone is a monetary union of 19 of the 27 European Union (EU) member states which have adopted the euro as their common currency and sole legal tender. European Union has initially been established in 1993 with the aim of achieving economic integration via stimulating members economic growth, encouraging industrial specialisation and enhancing supplemental gains from international trade. The Euro Area has been expanding from time to time and other members of European Union have been integrated by agreeing to adopt Euro as their currency.

The paper provides extended traditional data modeling workflow used in both research and industry. Data has been selected, sourced and modelled to provide insights fed into the analysis. Analysis is driven by analytic graphs, exploratory analysis, and has been discussed to validate statistical and macroeconomic models (Autoregressive Conditional Heteroskedasticity (ARCH) and Generalised Autoregressive Conditional Heteroskedasticity (GARCH)) chosen and applied from a set of provided techniques [7-10].

This paper will use both statistical analysis and macroeconomic data modeling techniques to identify a set of primary risk factors or economic variables and their effect on both the local economy of Greece and the markets involved. The selected method of modeling is Generalised autoregressive conditional heteroskedasticity models. The research is based on the data provided by World Bank Data Portal. Experiment – building and fitting ARCH and GARCH models. Subject – Greek government bond triple A with 1-year yield maturity and SSSI. The authors decided to build a model around variance. The point is to study spread, which can be used to indicate panic and turbulence in the finance market. Those swings are typical for Sovereign Debt Crisis (as stated by the EU commission report studies). The authors will forecast possible variance based on data, observable before the crisis peak. This allows to predict data with the same conditions as experts during the crisis.

The ARCH/GARCH models are suitable because the authors are expecting the data to be a trendless white noise. As the data is turbulent in the presence of the crisis, there should be no significant trends in volatility and no shared variance. The authors have not used the ARIMA (autoregressive integrated moving average) model because of the decision to focus on shocks and deviations of the series and not on the forecast itself. This paper uses ARCH/GARCH time series model to analyse data. ARCH stands for Autoregressive Conditional Heteroskedasticity (ARCH) and it is a time-series analysis tool for securities markets with the principle that periods of low volatility are often followed by periods of high volatility. Meaning that the variance of the error term describing these markets would vary depending on the variance of previous periods. If the change in variance can be correlated over time, then it can be modeled using an autoregressive process, such as ARCH.

On the other hand, GARCH process is often preferred by financial modeling professionals because it provides a more real-world context than other ARCH and other models when trying to predict the prices and rates of financial instruments [11; 12]. It is an extension of the ARCH model that incorporates a moving average component together with the autoregressive component. Specifically, the model includes lag variance terms (e.g., the observations if modeling the white noise residual errors of another process), together with lag residual errors from a mean process [13]. The introduction of a moving average component allows the model to both model the conditional change in variance over time and changes in the time-dependent variance.

The authors selected SSSI as an external risk measurement to show high-risk exposure. The indicator is based on the work of D. Holló, M. Kremer, and M.Lo Duca [14]. This paper plots "CISS – a composite indicator of systemic stress in the financial system" on the graph to view changes over the years from 2008 in the Euro Area (Fig. 1) [15]. The budget to Gross Domestic Product (GDP) spending was selected as it is, partially, a cause of the Sovereign Debt Crisis. The authors fetched Greece and overall Eurozone data to visually show how drastic were the changes in spending of Greece compared to overall situation (Fig. 2).

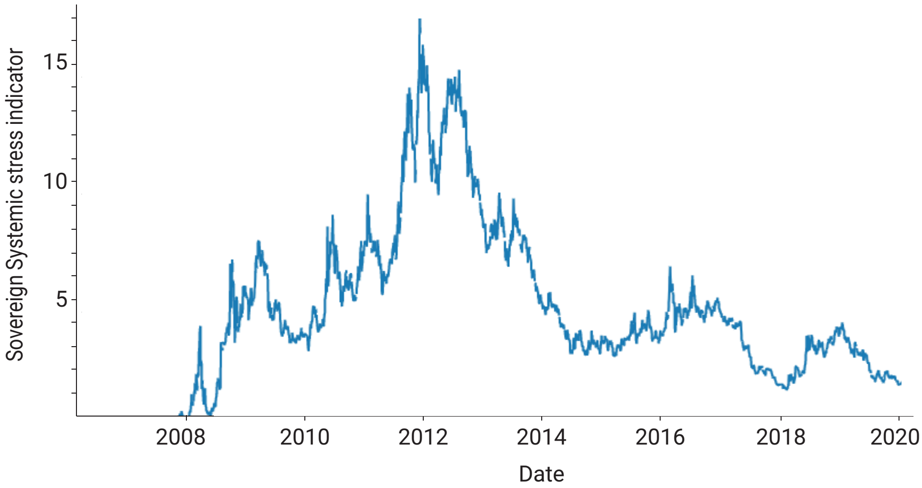

Figure 1. Sovereign Systemic Stress indicator

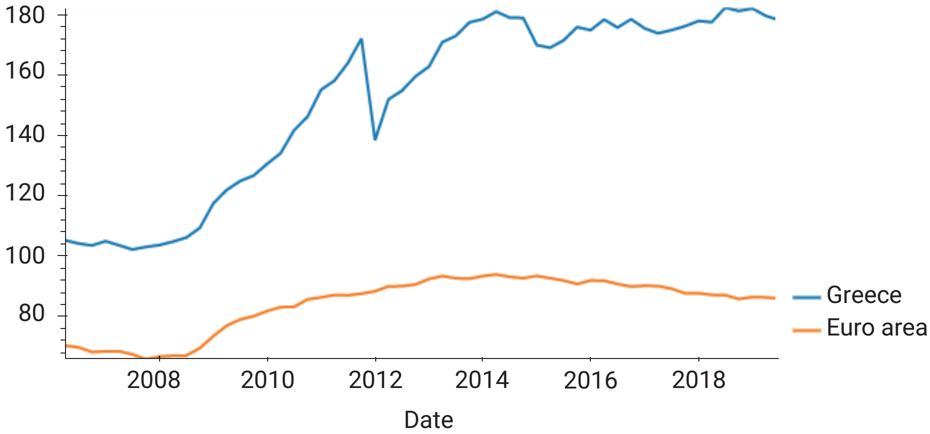

Figure 2. Spending to GDP ratio

To show how the crisis affected financial markets, we selected Euro area bonds with 1-year maturity. The authors intentionally selected grouped eurozone bonds dynamics without specifying the emitting country (Greece, for example) to show how wide the crisis was. The data is Euro area (changing composition) – Government bond, nominal, all issuers whose rating is triple A – Svensson model – continuous compounding – yield error minimisation – Yield curve spot rate, 1-year maturity – Euro, provided by ECB.

The paper uses European Central Bank "Yield curve spot rate, 1-year maturity – Government bond, nominal, all issuers whose rating is triple A – Euro area (changing composition)" as cited in the code section in the appendix. Based on the work of D. Holló, M. Kremer, and M. Lo Duca [14], this paper plots CISS (a composite indicator of systemic stress) in the financial system on the graph to view changes over the years from 2008 in the Euro Area [first graph], and shows government bond interest in the area (Fig. 3).

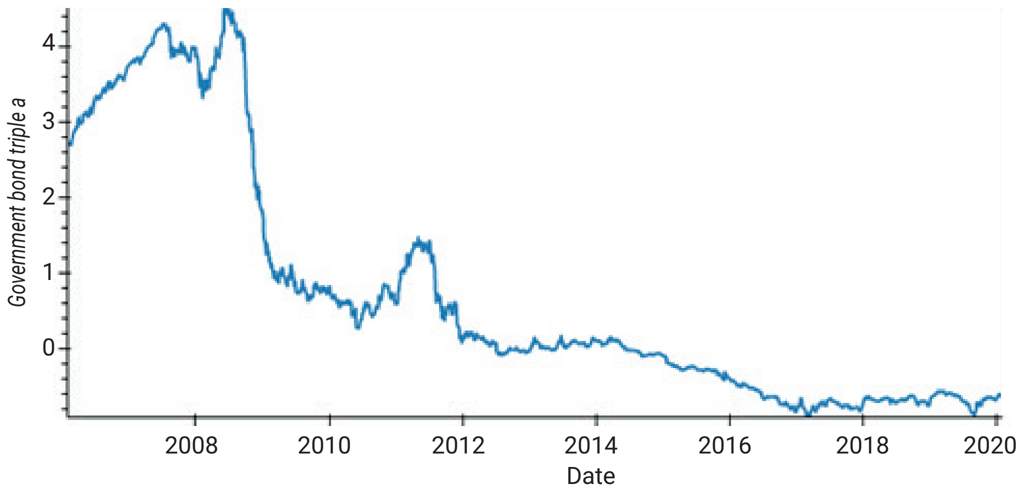

Figure 3. Government bond triple A

First, the range from 2006-04-01 (the first data observations) to 2009-02-01 is selected – before the peak of the crisis. It is essential to build models on data obtained before the crisis started to cool down. Then, it is necessary to check autocorrelation function (ACF) to see, does the obtained data contain trends or is it a random noise. The authors are taking squares of data returns and building ACF graphs. The ACF of the series below shows that the series looks to be white noise. So, it is possible to try to fit ARCH/GARCH. Additionally, the authors used Value at risk (VAR) method to display risk exposure in the given environment. The calculation is listed in appendix, and here are the results: Parametric VAR is -0.081 and Historical VAR is -0.072; Simulated VAR is -0.0782096667041426 (NB: here, the VAR is negative as it is the money lost) (Figs. 4-5).

As it is seen, the Auto Regressive Integrated Moving Average model is not suitable here, as here is no notable autocorrelation (Figs. 6-7).

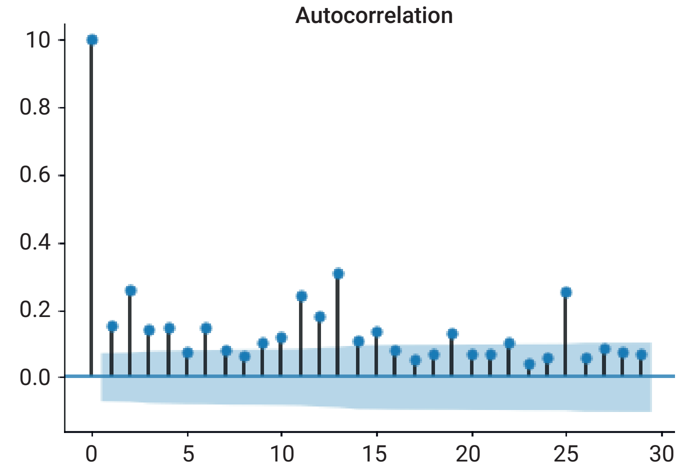

Figure 4. Bond yields autocorrelation

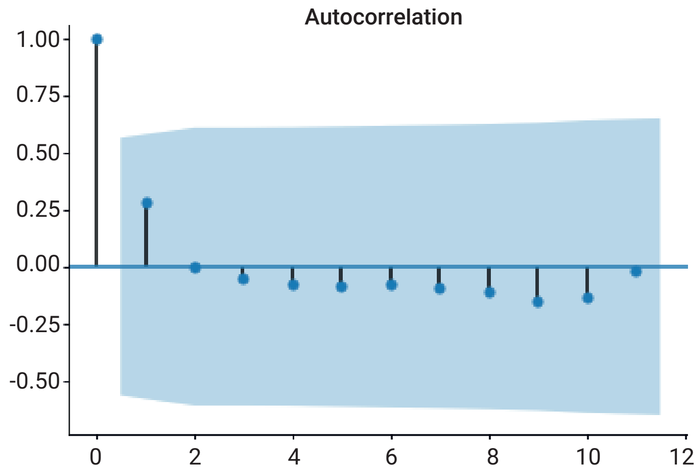

Figure 5. Debt to GDP rate of Greece autocorrelation

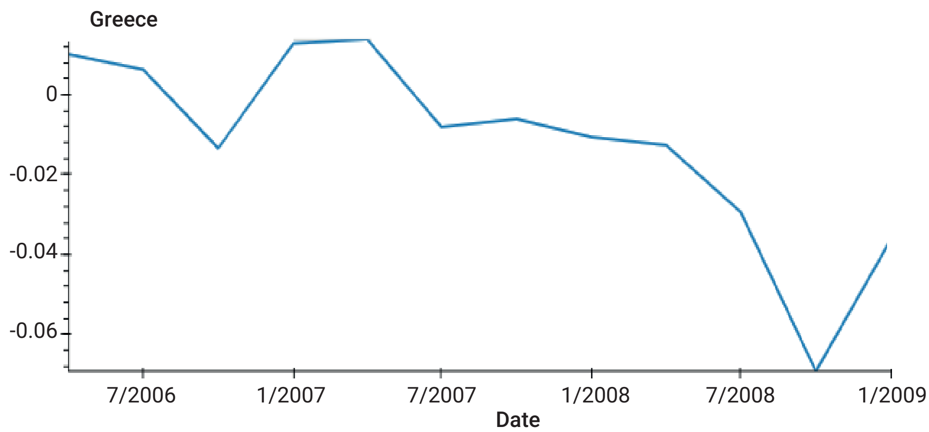

Figure 6. Debt to GDP rate in the selected range

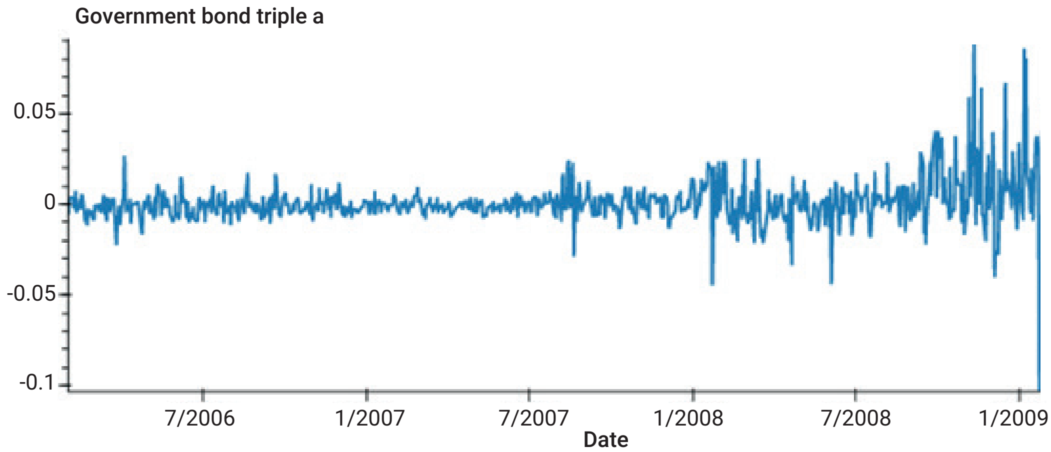

Figure 7. Government yields in the selected range

Now it's time to fit ARCH and GARCH models. The model build and fit part is listed in the code appendix. Then it is possible to forecast the next 100 ticks of data. This is 100 days for the bond yields and 50 years for the government spending (Fig. 8).

```
                         Mean Model
          =======================================================
====================
              coef    std err       t      P>|t|      95.0% Conf. Int.
          -------------------------------------------------------------
mu          0.0531 1.487e-02     3.569  3.581e-04  [2.392e-02,8.220e-02]
                         Volatility Model
          =======================================================
====================
              coef    std err       t      P>|t|      95.0% Conf. Int.

omega       0.0156  4.932e-03    3.155  1.606e-03  [5.892e-03,2.523e-02]
alpha[1]    0.0879  1.140e-02    7.710  1.260e-14   [6.554e-02, 0.110]
beta[1]     0.9014  1.183e-02   76.163      0.000   [ 0.878,  0.925]
          =======================================================
====================
```

Figure 8. Short listing of GARCH model summary

As it is seen, the coefficients alpha, omega and mu have a small std, so it is possible to proceed with it. Let's analyse ARCH and GARCH outputs. The volatility seems to fade out. This observation coincides with reality, as the crisis is about to peak and descend. Before settling down, the volatility of bond yields swings a lot. This shows a high level of uncertainty in the boiling market (Figs. 9-10).

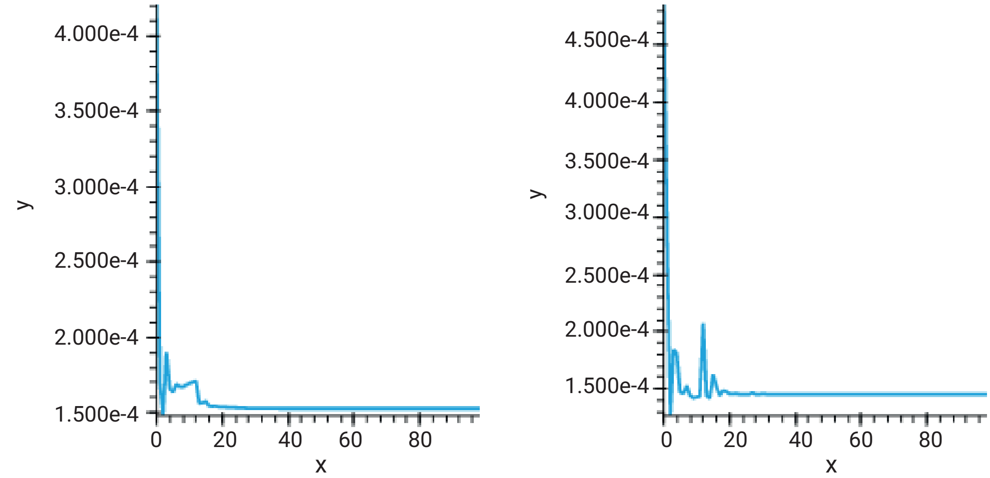

Figure 9. ARCH and GARCH models output for bonds yields

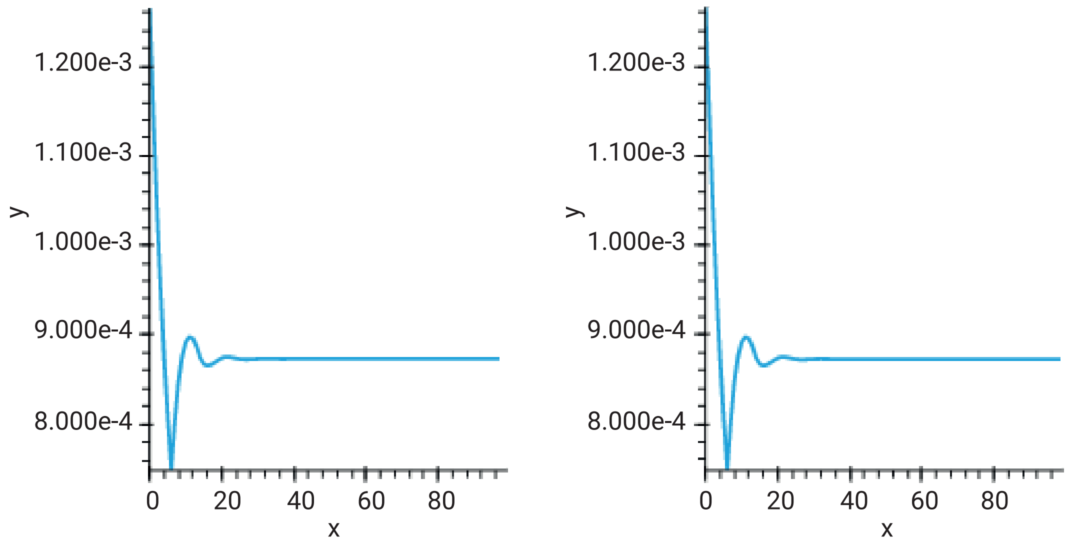

Figure 10. ARCH and GARCH models output for spending to GDP ratio

Conclusions

A similar pattern can be observed with spending volatility prediction. It is uncertain what Greece's actions might be right away, but in the end, they should pick a rate and settle down. Both of these observations, based on models, are close to the real historical state of the market. This information explains the state of the market before the peak – high uncertainty and high volatility of government bond yields adding to uncertainty, relatively low VAR shows that even with observed volatility, the risks of default are still relatively high – approx. 8%. This adds to the panic and explains the high yields of the bonds.

The authors have modelled the boiling state of the Greek local financial market before the peak of the Sovereign Debt Crisis of Eurozone in 2009, obtaining the insights of foreign investors and credit rating organisations. Obtained results explain the state of the market before the peak – high uncertainty and high volatility of government bond yields. The obtained forecast is relatively close to the one provided by ISSS and based solely on publicly available data. Generalised autoregressive conditional heteroskedasticity modeling is a general and effective tool, that can be used in risk forecasting of macroeconomic stress.

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Узагальнене моделювання авторегресійної умовної гетероскедастичності однорічних державних облігацій Греції під час кризи суверенного боргу Єврозони у 2010 році

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Анотація. Актуальність полягає у необхідності дослідити кризу суверенних боргів єврозони 2010 року та чинників, які її спричинили. Ці фактори варіюються від поєднання міжнародної торговельної диспропорції, впливу глобальної кризи з 2007 по 2012 рік, невдачі підходів рятувальних заходів європейських урядів, які створювали перепони для власників облігацій водночас з банківської галузі та приватного сектору, політика кредитування та позики з високим рівнем ризику, що примушувалися нерегульованими вимогами до кредитів у період з 2002 по 2008 рік та вибір фіскальної політики, пов’язаний з доходами та витратами уряду. Метою дослідження є моделювання даних для виявлення набору первинних чинників ризику та визначення економічних змінних і їхнього впливу як на місцеву економіку Греції, так і на фінансові ринки, що пов’язані з нею. Унаслідок дослідження було визначено набір первинних чинників ризику та їхній вплив на місцеву економіку Греції, внутрішній фінансовий ринок на основі сторонніх джерел, для валідації проведеного аналізу. Для цього використовувалися методи статистичного аналізу та макроекономічного моделювання даних. Методом моделювання стали узагальнені моделі авторегресійної умовної гетероскедастичності, що базуються на даних, наданих Порталом даних Світового банку. Унаслідок отриманого побудовані та натреновані на даних 2006–2009 років авторегресивно умовну гетероскедастичну (АРУГ) та узагальнено авторегресивно умовну гетероскедастичну (УАРУГ) моделі, що прогнозують волатильність від 2010 року. Виявлено, що модель авторегресивної інтегрованої ковзної середньої не підходить для поставленої задачі, оскільки не було помітної автокореляції. Виявлено, що волатильність має схильність до згасання. Це спостереження збігається з реальністю. Показники системного ризику, що в основному використовуються для прогнозування загальнодержавного ризику, зазвичай будуються на інсайдерських даних рейтингових агентств або фінансових установ. У цій статті отримано результати, близькі до Системного показника напруги, наданого Європейським центральним банком (ЄЦБ), використовуючи моделі АРУГ та УАРУГ на загальнодоступних даних. Практичне значення має принцип формування моделі, що дозволяє створювати показники ризику на основі публічних державних фінансових даних

Ключові слова: економіка, Єдиний фінансовий ринок, макроекономічні моделі, ціни на товари, показники ризику

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Gold in Ukraine: Investment or Business. Modern View

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Abstract. The relevance of the study is determined by the importance of diversifying the portfolio for private investors. Buying a physical gold metal and (or) buying gold futures can reduce portfolio risks due to gold price volatility and its recognition as a global benchmark for settlement. The purpose of the paper is to study the current state of the world gold market, study the rating of gold and foreign exchange reserves of the leading countries, study modern mechanisms of gold trading, review the state of exchange trading of gold metal in Ukraine. The paper uses general scientific research methods aimed at comparing and analysing global trends in the development of the global gold market and its main tools. The paper determined that exchange trading in precious metals in Ukraine is underdeveloped and represented by the banking metals market. Today, the Ukrainian market does not meet global requirements and private investors are not very active in buying gold futures. It is proved that the reasons for the lack of interest in placing gold futures in Ukraine are the lack of legislative regulation of the private gold market, the low level of development of the country's economy, and the current geopolitical situation. It is concluded that the development of the gold and precious metals market is important since its positive changes will allow starting the movement of gold by releasing it from private savings into investment means. It is concluded that the main content of state support for the development of the gold market in Ukraine is to create opportunities for Ukrainians to compete with foreigners for investment in Ukrainian business. The development of the gold market is relevant and requires further research

Keywords: precious metals market, gold, banking metal, ETF instruments, country's gold reserve, gold and foreign exchange reserves

The Problem Statement

Gold as an investment instrument is the leader among precious metals, which is most preferred by investors to diversify risks. The most common is gold trading using futures and derivatives. The price of gold, like any other financial instrument, depends on supply and demand for it. However, gold is a special, historical metal with a unique philosophy, so both supply and demand are not the only factors influencing the price. The state of the mining industry, the development of the economy, the traditions of the population, the development of the exchange and banking sectors have a considerable impact on the price of gold [1].

The gold market in Ukraine is characterised by remnants of the post-Soviet consumer philosophy and bears little resemblance to modern markets, such as Shanghai, Singapore, India, and Switzerland. Research on the state and prospects of development of the Ukrainian gold market remains relevant since trends in the global gold market show a constant increase in price and demand.

The gold market in Ukraine is inactive with a low rate of development. The gold mining industry is expensive, so the primary gold market is limited and is represented by special customers – the NBU and enterprises that consume the gold metal. The purchase of gold as an investment portfolio instrument is of little importance for Ukrainian investors; they are of little interest to CTF assets due to the poorly developed offers of Ukrainian exchanges. As for the involvement of Ukrainian investors in the world gold trading markets, unfortunately, there are not enough funds, knowledge, experience, and a legally regulated mechanism for buying and selling gold for private investors in the world precious metals markets.

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Analysis of Recent Research and Publications

A number of studies by Ukrainian scientists are devoted to the problem of the establishment and development of world precious metals markets. Among them, the works of P.I. Korenyuk [2], Ye.A. Erfan [3], V.Yu. Dudchenko [4], Yu.V. Polyakova [5] deserve special attention. However, the issues of development of the Ukrainian precious metals market through the functioning of developed exchanges and PTFs, mechanisms for buying and selling modern international ETF instruments remain poorly studied.

Purpose of the Study

The purpose of the paper is to study the current state of the world gold market, study the rating of gold and foreign exchange reserves of the leading countries, study modern mechanisms of gold trading, review the state of exchange trading of gold metal in Ukraine.

Research Results

Gold was and remains a human guide to prosperity, savings, and wealth. The attitude of the leaders of countries and the ordinary population to gold as a special commodity has remained unchanged for decades. The current attitude to gold is determined by the essence of the country's insurance instrument and its creditworthiness status. This is proved by the IMF's recommendation regarding a certain quota of gold in reserves for central banks of at least 19% [6].

Paper money loses its use value over time and devalues in relation to gold, which continues to be the benchmark of world money, regardless of the level of production and trade in it. The modern gold market acts as a specialised centre of gold trading, with regulatory mechanisms of this process, for the purpose of industrial consumption, private hoarding, diversification of the investment portfolio, speculation, exchange for world currencies, development of insurance reserves [7]. On an organisational basis, the gold market is a consortium of several banks authorised to conduct operations with gold: cash transactions with gold, operations with shares of gold mining companies, term (forward, futures, swaps) operations with gold. In the market of forward operations with gold, hedging, speculative term transactions, and arbitrage operations are carried out.

World practice has identified various forms of organisation of precious metal markets, including:

- markets strictly regulated by the state, that is, where the central bank is the sole buyer and seller of precious metals, other entities cooperate in the purchase and sale of gold metal and precious stones only with it (China, South Africa);
- gold exchange trading with Central Bank Directive rules (France, Turkey);
- free exchange trading of precious metals (USA, Hong Kong, Luxembourg);
- interbank trade in precious metals monopolised by internationally active banks (Germany, Switzerland, Turkey);
- competitive interbank trading with influential market makers – dominant banks (USA, Japan, Holland) [6].

In addition, the gold markets function through real metal trading (China, India, Switzerland, Holland, South Africa) and futures swap trading (USA, UK, Japan, Shanghai).

The spot gold market, which currently operates in London, determines the dollar price of real trading with a physical unit of the metal. In the United States, CME Group Inc. (Chicago Mercantile Exchange Group) quotes gold futures, which determines and predicts the future price of it.

The start of the Shanghai Gold Exchange (SGE) in 2014 played a decisive role in the global gold trade, which determines the spot price of gold in yuan, which affects the import price of gold to China. The world's largest gold producers today are China, India and Russia.

The last two decades have become central to China in all areas, including the gold trade. China has created a large-scale physical gold market by increasing its volumes to 950 tonnes per year, gold imports – to 500 tonnes per year and its production – to 430 tonnes in 2018, which exceeds its figure by 400% compared to 2001, and thus ranked 1st in the world.

An equally important role in the functioning of the global gold market is played by the Indian gold market, which is also characterised by a large-scale physical turnover of this metal. The tradition of gold accumulation has been forming for centuries, and the modern Indian mentality has not left it. Gold is used as bank collateral, savings, and welfare status. Jewelry is especially valued in India, which increases the consumption of gold at the level of 750 tonnes per year, largely imported [8].

Such changes in physical consumption affect the global price of gold. An important factor influencing the gold market, in addition to physical consumption, is the monetary policy of the Federal Reserve system, the US dollar exchange rate and the geopolitical situation in the world, and the global economy in general.

Thus, according to the World Bank, the leader of the formed Gold and foreign exchange reserves is China (Table 1), giving way to reliable Switzerland, conventional India, and the influential United States.

The leaders of the gold reserve are the United States, Germany and Italy, whose reserve reaches 70-80% of the country's total gold and foreign exchange reserve (USA – 78.3%, Germany – 74.3%, and Italy – 70%, respectively) (Table 2).

Table 1. Gold and foreign exchange reserves of the world's countries as of 01.01.2020

Rating	Country	Gold and foreign exchange reserve, US dollars
1	China	3 168 216 331 199
2	Japan	1 270 467 038 787
3	Switzerland	787 021 335 044

Table 1, Continued

Rating	Country	Gold and foreign exchange reserve, US dollars
4	Saudi Arabia	509 468 527 336
5	Russia	468 645 216 083
6	USA	449 907 088 829
7	Hong Kong	424 619 925 347
8	South Korea	403 082 233 386
9	India	399 167 159 227
47	The Netherlands	38 431 677 255
14	Germany	198 027 061 675
18	Italy	152 361 936 422
17	France	166 483 400 197

Source: [9]

Table 2. Rating of the gold fund of the world countries as of 01.01.2020

Rating on the country's gold and foreign exchange reserves	Country	Rating on the country's goldreserves	Gold reserve, tonnes
1	China	6	1948.3
2	Japan	8	765.22
3	Switzerland	-	1040
5	Russia	-	2113
6	USA	1	8133.5
9	India	10	598.6
14	Germany	2	3364.2
18	Italy	3	2451.8
17	France	4	2436
47	The Netherlands	9	612

Source: [10]

The tenth place in the Statista rating was taken by India: its Gold Reserve is above 598 tonnes. The ninth place was taken by the Netherlands with a reserve of 612 tonnes, while the eighth belongs to Japan – 765 tonnes. The fifth, considerable gold reserve in the world is held by the Russian Federation – 2113 tonnes, and China took the sixth place – 1948 tonnes. The owner of the most considerable gold reserve is the United States – 8133.5 tonnes, which is equal to the whole gold reserve of European leaders: Germany – 3364.2, Italy – 2451.8, France – 2436 tonnes [11].

Ukraine ranks 56th in the world in terms of the amount of gold stored in the country's treasury. In 2014, the country's gold reserve considerably decreased – by more than 19.01 tonnes. However, at the beginning of 2020, the central bank's gold reserve has a volume of 25.2 tonnes.

Global demand for gold rose to 1.533.3 tonnes in quarter, which is 7% more than an annual rate. This is comparable to the relatively weak quarter of 2018 when demand fell to a three-year minimum of only 984.2 tonnes [12].

The modern mechanism of gold trading is ETF trading. ETF – equity traded fund, is a stock of an investment fund. This share is traded on the exchange in the same way as shares of ordinary companies. All assets of an ETF consist of 99% shares or bonds of companies selected according to a certain criterion (degree of profit, risk, industry, entry into the stock index, country, technology, etc.), traded on world exchanges, and 1% of cash (temporarily free). As for trading gold ETFs, in 2019, there was also an increase: quarterly revenues to this product increased by 49% to 40.3 tonnes [2]. As of 01.04.2020, the gold wave in the ETF has increased almost 8 times, to 300 tonnes of gold.

The number of issuers of shares included in ETFs is usually large – from several tens to hundreds, and depends on the selection criterion, that is, the investment strategy of the fund [13].

Net purchases of gold by central banks for the 1st quarter reached 145.5 tonnes, which is 68% more than last year. This is the highest Q1 net purchase volume since 2013 (179.1 tonnes), exceeding the five-year quarterly average of 129.2 tonnes [13].

Demand for this sector remains strong. The factors that led to net purchases by central banks remain relevant during 2019-2020. Economic uncertainty caused by trade tensions, slow growth, and low negative interest rates continues to affect the gold market. However, even the difficult geopolitical situation did not prevent central banks from accumulating gold reserves.

The dual, namely the raw material and currency essence of gold plays an important role in its pricing. The unpredictability of events in the world, in most cases, encourages investors to convert their funds into gold, which leads to fluctuations in its exchange rate and market volatility in the short term [13].

The current global event related to the spread of COVID-19 reduced total investment demand in the first quarter of 2020 by 17% and amounted to 28.1 tonnes. In value terms, however, investment demand for gold increased by 4%, which ensured investors' commitment to gold protection of their portfolios [8]. As a modern indicator of the state of the world economy, the ratio of the price of gold and platinum (palladium) is used, which varies depending on the cyclical nature of economic development [8].

Overall, gold prices have started to rise sharply since 2016. In 2017 and 2018, considerable revenues of 149.7 tonnes (6.1 billion USD) and 96.8 tonnes (3.9 billion USD) were recorded. By the end of 2018, the AUM in European gold ETFs was rising to 1,097 tonnes, reaching several records.

Three factors explain this increase in demand for gold-backed ETFs in Europe:

- free monetary policy and negative incomes (global and European economies slow down);
- geopolitical uncertainty (political uncertainty) on the continent is also the focus of investors;
- financial market activity and its volatility (over the past three years, the efficiency of the European securities market has considerably lagged behind other major Western markets).

Experience shows that there is a steady trend of increasing demand for gold and palladium assets. Global producers of gold and other precious metals are conducting geological exploration at a considerable pace, and global companies are investing heavily in research work in this industry. The modern market of precious metals in Ukraine is at the stage of development. Studying international experience, the Ukrainian precious metals market forms a balanced pricing policy. Thus, pricing in the precious metals market in Ukraine is influenced by a considerable number of factors. All these factors should be considered when forming prices in the market.

The main factors that primarily affect the price of precious banking metals are instability in foreign exchange markets; high inflation; changes in the pace of gold mining; fluctuations in the real estate market; efficiency and nature of the regulatory policy of the National Bank of Ukraine; geopolitical processes.

Gold and foreign exchange reserves of Ukraine as of 01.01.2020 amounted to 25.3 billion USD. Nowadays, 84% of the reserves are held in securities with the highest international rating (primarily US government bonds with an AAA rating), about 11% is held in cash, deposits and funds in correspondent accounts with other central banks, as well as first-class commercial banks, and the remaining 4.8% is monetary gold. At the end of 2019, Ukraine's international reserves increased by 22% and as of January 1, 2020, reached 25.3 billion USD (in equivalent) [14].

Modern gold exchange trading offers investors and brokers the following mechanisms for trading this metal:

- using "leverage" to trade gold in pairs with 12 currencies, including silver;
- XAUUSD free options trading;
- direct access to the highly liquid pool market for futures contracts;
- use of gold futures options.

The Ukrainian precious metals market is mainly represented by the banking metals market. Although its activity began in 1998, it has not received its current development and has a cash character. The NBU buys gold to create the country's gold reserve and as an international settlement tool. The main participants of the precious metals market in Ukraine are usually companies that have a license permit for the extraction of precious metals, professional dealers and brokers, the NBU, commercial banks, industrial enterprises that use these types of combinations in their economic activities, private investors, "gold" factories, pawnshops.

Having considerable potential and opportunities for the global gold trade, Ukraine has not yet occupied its worthy niche in the global precious metals market. Jewellery factories in Ukraine are developing rapidly, using their own experience and the experience of European countries. However, the country's difficult financial situation affects the gold market, turning it into a consumer jewellery market as a means of accumulating the population.

The development of the national precious metals market in Ukraine requires new liberal legislation on operations with precious metals. It is necessary to provide for the right to carry out operations at free market prices, and in no case should the volume of export-import operations with precious metals be limited [2].

Investing in gold is a long-term investment. Like any investment instrument, non-cash gold takes place in stock trading. Given the high standardisation of exchange trading, features of the fixed price of gold certificates, trading non-cash gold on the exchange can be more profitable than other instruments. However, it is worth considering a fairly high threshold for entering gold exchange trading; it is not too high compared to real estate derivatives and other instruments, which makes them a very attractive diversification tool for investors.

The specific features of gold and attitude to it encourage the country's regulators to set certain restrictions. Thus, the NBU set a limit on the number of sales of physical gold to one person within one working day in the range of 150 thousand UAH, except for coins made of precious metals. For transactions involving the sale of bank metals for non-cash payment, such calculations should not exceed 3.216 troy ounces (100 g) of gold within one week for one bank per customer.

For "gold" investors, gold is available in the form of gold bars and investment gold coins, "metal" accounts. "Metal" accounts are modern and fairly common deposits in gold. Statistical studies show that "metal" accounts are ranked in priority by investors because of the ease of buying, selling, and storing assets. However, at the same time, owning a "metal" account, the investor accepts the risks of the servicing financial company. In favour of a "metal" account, operations with physical gold have inconveniences in the transfer of gold itself, its storage and preservation.

The tax system for income from deposits in gold accounts has considerably reduced the demand of Ukrainian investors for this type of investment, which even without taxes has a too small percentage – 3% compared to 14% for ordinary deposits.

The advantage of opening gold deposits is the ability to simultaneously form a deposit not with physical gold but by paying the hryvnia equivalent to the cash desk of a financial institution.

However, the negative consequences for Ukrainian investors regarding the ownership of gold deposits are:

- no reliability of their DGF deposit;
- the interest rate is too low compared to equivalent foreign currency deposits;
- restrictions on the one-day rate for releasing physical gold from accounts;
- a small number of financial institutions licensed for gold transactions;
- the complexity of transit operations when trading on the stock exchange.

The issues of trading precious metal coins remain special in the gold market. Such trade is carried out only by the NBU through the mediation of authorised banks. Investing in such an instrument is also a reliable diversification of the portfolio. However, it should be borne in mind that calculating the increase in the cost of such capital is quite difficult since one needs to have certain knowledge in the field of numismatics.

UE was one of the first Ukrainian exchanges to start trading gold futures in January 2015. 15 contracts worth UAH 308.804 thousand were signed with the gold futures contact. The minimum price of the futures contract during the day was 1.288.5 dollars per troy ounce, the maximum – 1.293.0. However, the subsequent development of this type of exchange contracts did not gain popularity on UE.

Conclusions

Ukraine needs a developed modern precious metals market to address the issue of expanding the opportunities of investment capital. Particularly interesting is the growing popularity of gold derivatives trading, such as gold futures and spot contracts. Its development does not require complex laws – it is enough to fix the procedures for using the funds of a market participant in the event of their possible default on obligations.

Consultations sponsored by international organisations can compensate for the lack of market expertise among the officials. The market itself should correspond to the philosophy of development, not conservation.

The level of development of the stock market, including gold, will provide feedback on the country's standard of living. There is no need to introduce a multi-channel procedure for registration and verification of precious metals market participants. It is enough to make the simplest possible mechanism for private sector involvement in this type of trading at the initial stage to resume the active operation of such operations on exchanges. The exchange, as a self-regulatory mechanism, will provide market conditions for the work of its clients-investors.

That is, the main content of state support for the development of the gold market is to create opportunities for Ukrainians to compete with foreigners for investment in Ukrainian business. The development of the gold market is relevant and requires further research.

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Золото в Україні: інвестиція чи бізнес. Сучасний погляд

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Анотація. Актуальність дослідження обумовлюється важливістю питання диверсифікації власного портфеля для приватних інвесторів. Покупка фізичного металу золота та (або) придбання ф'ючерсів на золото дозволяють зменшити ризики портфеля за рахунок волатильності ціни на золото та визнання його світовим еталоном розрахунків. Метою статті є дослідження сучасного стану світового ринку золота, дослідження рейтингу золотовалютних запасів країн лідерів, вивчення сучасних механізмів торгівлі золотом, огляд стану біржової торгівля золотим металом в Україні. У роботі були використані загальнонаукові методи дослідження спрямовані на порівняння та аналізування світових тенденцій розвитку світового ринку золота та основних його інструментів. У статті було визначено, що біржова торгівля дорогоцінними металами в Україні слаборозвинута та представлена ринком банківських металів. Сьогодення український ринок не відповідає світовим вимогам, а приватні інвестори є мало активними у придбані ф'ючерсів на золото. Обґрунтовано, що причинами відсутності зацікавленості у розміщення ф'ючерсів на золото в Україні є відсутність законодавчого регулювання приватного ринку золота, низький рівень розвитку економіки країни, сучасна геополітична ситуація. Зроблено висновок, що питання розвитку ринку золота та дорогоцінних металів є важливими, оскільки його позитивні зміни дадуть можливості запустити рух золота через вивільнення його із приватних заощаджень у інвестиційний засіб. Зроблено висновок, що основний зміст державної підтримки розвитку ринку золота в Україні – це створення для українців можливості конкурувати з іноземцями за інвестиції в український бізнес. Питання розвитку золотого ринку є актуальними та потребують подальших досліджень

Ключові слова: ринок дорогоцінних металів, золото, банківський метал, ETF інструменти, золотий запас країни, золотовалютні резерви

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Search for Unicorns in Ukraine

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Abstract. In the early 2000s, a new term unicorns appeared in the economic literature, which unites startup companies with a market capitalisation of above 1 billion dollars over five years. In a modern, highly globalised market, public management is interested in ensuring the rapid development of powerful, competitive companies that stimulate the growth of the national economy. Investors from all over the world are interested in powerful startup companies. The purpose of the study is to formulate the main stages of assessing the competitiveness of unicorns and create conditions for improving its level in the post-Soviet space. General scientific methods of analogy and comparison, induction and deduction, modelling, hypothetical, historical, and logical methods are applied. In the study, approaches to selecting potential startup unicorn projects are economically substantiated; a convenient approach to creating a social climate and legislative framework that will contribute to the appearance and reproduction of unicorns is proposed; approaches to determining the stages of «failure», «reanimation», and «revival» of unicorns are formulated. The practical value of the results obtained lies in the establishment of applied proposals aimed at the development of startup companies in Ukraine. It is concluded that for the creation and effective functioning of unicorns it is necessary to combine human, structural, and consumer capital, which will ensure an increase in the capitalisation of the enterprise. It is determined that the environment for the emergence and functioning of unicorns is not limited to software, but covers all areas where intellectual capital can be increased. It is also concluded that innovations and startups are a kind of activity that requires not only extensive knowledge but also a specific talent sharpened for this type of activity. The ability to offer new solutions is a source of renewal, implementing the principles of intellectual capital, which is becoming dominant in the 21st century. Further research will be aimed at clarifying and improving the proposed options for developing conditions to increase the level and number of unicorns in Ukraine

Keywords: socio-economic relations, intellectual capital, development of civilisation, economic efficiency

The Problem Statement

In November 2013, venture capitalist Aileen Lee writes a study about companies that have grown out of startups and moved to the 1 billion market valuation. In her terminology, these companies are unicorns. Since then, the term has spread, and more than 500 companies have entered the unicorn club since 2013. Many of the companies included in the top hundred unicorns are not large – the number of employees ranges from 11 to 500. Nevertheless, they have such a high valuation by the market – more than a billion dollars. This indicates the intellectual capital embedded in them, which is important for the development of human civilisation and the expected super-high economic efficiency, protected from potential risks in the opinion of investors.

Statistics show that on average, out of 1.500 startups, only one becomes a unicorn. Admittedly, there are no guarantees in this case. However, there are some patterns in the assessment of startups that may allow one to detect the unicorn at the early stages of its growth. Which is a guarantee of success for those who will join it in time – founders, investors, managers, employees, etc. Thus, the answers to questions about where unicorns hide and how to identify them are relevant.

"Thousands of startups are created every year, and despite the good intentions of the founders and team members, over time, only a tiny share is estimated at more than a billion dollars," writes venture capitalist and owner of Cowboy Ventures Aileen Lee in her essay [1]. A. Lee wrote

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that successful unicorn startups are more focused on the consumer and less on the industrial sector of the economy. Undoubtedly, this is typical for leading economically developed countries, but in the countries that are mostly suppliers of raw materials, the second option is more common.

Generally, more attention should be paid to three points:

– first, it is extremely important how the selection of startups is conducted. According to [2], even with a thorough and tough selection, all over the world, for every 1.000 startups funded by venture capital firms, there is often not even one that becomes a unicorn, that is, the chances of seeing a unicorn at the stage of development are really small. Even if investors spend 100 thousand dollars each to assess the project, the search for a unicorn seems substantiated – 100 million dollars versus a billion. However, if there are quite a lot of investors searching for unicorns at once, then the result may be negative. Furthermore, there is still a necessity to consider errors in the search. Therefore, the talent and art of search, centralisation of search, special approaches and cheaper selection are important, and this matter is usually kept silent on;

– the second archived issue is the establishment of a social climate in the legislative field of the country, which contributes to the creation and survival of unicorns. Admittedly, there is also the problem of stealing ideas and "brain drain";

– the third point is the failure and reanimation of unicorns and potential unicorns.

It has become simply necessary to propose some alternative solutions to the issues of assessing the viability, creating a climate for the survival and elimination of the causes of failure of unicorns in the post-Soviet space in accordance with the current economic changes. Unfortunately, such proposals in Ukraine are not paid in any way and, moreover, are even hardly perceived by the authorities.

Although researchers of recent years are certain that the world is moving from the economy of the Iron Age to the economy of the information age, and the information sector of the economy is the main field of creation and habitation of unicorns, it is still more appropriate to interpret the habitat of unicorns more broadly. The importance of ideas of the intellectual component of production was covered in the studies by Edward de Bono [3], H.R. Kaufman [4], G.S. Altshuller [5], Thomas Stewart [6], Annie Brooking [7], E.E. Starobinsky [8], E. Chamas, A.A. Caldart [9] et al.

The neglect of intellectual capital and the inability to discover and use intellectual assets come at a prohibitively high cost in absolutely any industry from agriculture and metallurgy to space and information technology. Knowledge in the information age has become both the main raw material and an important result of economic activity [6].

Analysis of Recent Research and Publications

At the 50th Anniversary World Economic Forum in Davos, Ukrainian President Volodymyr Zelinsky stated: "We settle ourselves for positive thinking. We settle ourselves for ambitious goals or becoming the leader of Eastern and Central Europe. Many of the world's unicorns started with crazy ideas with several employees and an office in one's own garage...We took a distance for a run-up and a decisive economic jump. We have everything to become a successful country – benign climatic conditions, very favourable geographical location, non-depleted agricultural and industrial potential, and the most valuable Ukrainian resource – incredibly creative and very talented people who are in the top 50 according to the Human Capital Index rating. The global economy, which is on the verge of a new global crisis, requires an economic miracle. Ukraine is the place where miracles happen. And my goal is that in the training manuals, along with the cases of Japan, South Korea, Singapore, Ukraine appears... Ukraine should become the investment Mecca of Eastern and Central Europe. Ukraine is one of the few countries that allow one to earn high income on invested capital."

Admittedly, investors are looking for opportunities to get a high income at an acceptable level of risk. Therewith, most entrepreneurs are certain that growth is vital, and all efforts and funds should be allocated specifically to it. However, for the organisation, as follows from the textbook on the basics of management by the American authors M.H. Mescon, M. Albert, and F. Hedouri [10], the main thing is not profit, but survival. Accordingly, venture capitalists are confident that retention is important in the long term: whether the product provides a high level of user engagement and incessant interest. If a company has a slow growth rate and a low retention rate, it will not succeed (sloth). If a company has a fast growth rate, but a low retention rate, it will lose its strength very quickly (hare). If a company has a high retention rate, but slow growth, it will slowly but surely reach its goal (tortoise). Finally, if, miraculously, a company has a high retention rate and fast growth at once, it has every chance to become a unicorn [11].

Any politician is interested in creating such rapidly developing companies in the country because they stimulate the growth of the national economy. Any investor or sponsor strives to get as many unicorns as possible in their investment portfolio. Admittedly, the founder of any startup dreams of such success. What is its formula? Upon carefully studying the history of existing unicorn companies, it becomes obvious that they, as a rule, create markets using new, innovative combinations that experienced entrepreneurs have left without attention for some reasons [2].

In the creation of a unicorn (an operational organisation, in fact, the one that repeats the success of conveyor lines and continuous production at the modern level of technology), the following steps are distinguished [12]:

1) find a mass transforming goal (MTG).
2) find or create a community that meets the goal.
3) assemble a team of founders (the optimal composition is 4 people).
4) choose a breakthrough idea that improves the current situation at least 10 times.

5) build a diagram of a business model (considering Lean Startup methodology).

6) develop an individual business model – namely, understand how the money will be made.

7) create a minimum viable product (or MVP – also refers to the Lean Startup methodology).

8) check marketing and sales channels.

9) organise the process in such a way that critical functions for the main organisation are not implemented by it.

10) attempt to become a platform.

Thus, there is a set of wishes and advice regarding unicorns. However, it is quite obvious that these wishes and advice can be expanded, deepened, and also emphasised to a specific situation.

Setting the Objectives

The purpose of the study is to formulate the main stages of assessing the competitiveness of unicorns and create conditions for improving its level in the post-Soviet space.

Main research objectives: to substantiate an economically grounded selection of potential unicorn startups; to offer a practical approach to creating a social climate in the legislative field of the post-Soviet space, contributing to the emergence and reproduction of unicorns; to consider the issues of failure, reanimation, and revival of unicorns in the post-Soviet space.

Results and Discussion

The author of this study offers three solutions to the objectives set.

The first decision – is an economically substantiated selection of potential unicorn startups. Innovations and startups are a kind of activity that requires not only more knowledge but also a specific talent sharpened for this type of activity. Commonly, in this environment, the appeal from the authors of ideas and proposals generally goes hierarchically along the chains of commands and is directed to management structures, from which the appeals expect a creative approach and understanding, yet come across bureaucratic mechanistic bone dead thinking. This is typical of the post-Soviet space. For the survival of intellectual, industrial, and even agricultural and tourism areas of the economy, it is advisable to adjust the processes of working with intellectual capital. In Ukraine, the operation of the corresponding system has reached the lowest point, beyond which a sharp rise is possible. Once again, attention should be paid to the speech of Ukrainian President Volodymyr Zelensky at the World Economic Forum in Davos, concerning the scenario of the future and new economic vision for Ukraine: "What does it mean not to invest in Ukraine today? It is to become George Bell, who in 1999 refused to buy Google for a million dollars..."

Potential startups are based on the ability to see something new in the environment, invent, and offer customers new solutions. Therewith, considering the weak financial opportunities of Ukraine, which may allow Ukrainian startups to by pass financially more secure market entities, it will be better to protect the ability of the startup to spread to the sales markets by patenting. Incorrect patenting turns Ukrainian inventions into a generally accessible "flea market". The fact is that the patent of Ukraine is valid only on its territory, while other countries can use the invention for free if products with their application are not imported to the territory of Ukraine. On the other hand, patenting and paying duties for patent retention, especially foreign patenting, are rather expensive. If one patents everything, there will not be enough money. There are approximately 7 million patents in the world, and the term of validity of a patent varies from country to country, amounting to an average of 20 years. Considering the repetition of the same ideas by different people, there probably can be two times more ideas. Thus, it is necessary to statistically discard 999 patents or 100.000 ideas to indicate the offer that will form the basis of the unicorn and will not be erroneous. This calculation statistically and indirectly shows that 1-2 unicorns should be created on the territory of Ukraine per year, yet their detection and support are not provided.

To summarise the author's suggestions, a classification of inventions is described [13], which allows quickly and economically evaluating them. It was proposed to classify, evaluate, and sort ideas and patents in the following way – star, new invention, know-how, flea market, and dust. The invention is new before the convention priority is granted (mostly for the first 12 months). After the expiration of the convention priority (1-3 years), it is no longer possible to file a patent for this invention in a country where the patent has not been filed (the invention becomes a flea market or dust). Star is a rare variety of new invention. Stars are usually the first in their kind, so-called pioneer inventions that are expected to be widely used in the future. Thus, if one desires a unicorn to be created in the peculiar market from the flash of a new "star", it is required to prepare for its creation in advance…

Historically captured in the post-Soviet space, the image of the Kulibinsky "mirror lantern", as an example of an invention, cannot be considered a "star" in any way due to the small commercial potential and other reasons. The cotton gin of Eli Whitney, a man who is considered the father of the American industrial method of production, was the invention that had star potential for several days, until planters broke into the door of his home and copied the machine, making it a flea market. Whitney sued in many states with varying success in this regard. The introduction of the cotton gin increased the productivity of slave labour, which had already become almost economically inefficient, and it extended slavery in the United States for 70 years. Stars have a huge consumer and commercial potential. They usually have an ingenious simplicity due to their proximity to the ideal end result – when the function is performed, and the object of technology is absent.

If the star invention is promoted as the sale of patent licenses for it, it is still just a star and the chances of reaching capitalisation of a billion dollars will not be great. Edison did not become a billionaire with 1000 inventions and the fate of Rudolf Diesel, who simply disappeared from the ship, indicate that the sale of licenses does not lead to financial success and is associated with greater risks for the author of the idea. There is no higher chance of achieving capitalisation of a billion dollars than organising star-based production. With proper management of the process and successful concatenation of circumstances, the stars create unicorns. These are Ford factories, McDonald's restaurants; as for the more modern ones – the unicorns of the decades of semiconductor and integrated circuits of the 1960s, the decades of rapid development of computers and software in the 1980s, the decades of the rapid growth of information networks and the Internet in the 1990s and 2000s, and, finally, modern unicorns holders of social networks. Notably, when Saudi Arabia and the UAE achieved their oil financial and technological success, the term unicorn did not yet exist in its venture understanding, but those who created "oil unicorns" almost immediately thought about how and why unicorns are created, established, operate, become obsolete, and fail! There are some stars in Ukraine, but this is not enough – they need to be perceived as unicorns and the life cycles of the latter need to be considered.

The second solution – is the creation of a favourable climate for the growth and prosperity of selected startups.

The Japan Productivity Center, an organisation established in 1955, introduced three principles to the activities of industrial enterprises: the practice of lifelong hiring, joint consultations with the management of companies, and the distribution of the effect among all participants. The implementation of these principles brought Japan to a leading place in world production [14, p. 407].

Currently, China is beginning to economically outpace the United States. The Chinese assert that they choose the best of all social systems. From the market, socialist, and other systems, they take the best and combine it with their own.

The economy can produce both wealth and poverty. If society does not counteract this, the old stagers appear that make a fortune in the environment of general misery [15]. The father of modern economic theory, Adam Smith, in the book "An Inquiry into the Nature and Causes of the Wealth of Nations" [16], wrote that for the wealth of any nation, peace, soft taxes, and proper laws are necessary. Unicorns are a social phenomenon. They can not operate in poor countries. Even if capital is actually produced in a poor country, it is usually withdrawn to the offshore company or the general office will be located in a country with a high level of life. It is a quite well understood and known process, and the unicorn will be considered there!

Openness, honesty, and the ability to advise and choose the most effective development option for everyone is the key to creating the necessary climate for the development of unicorns [17]. Unfortunately, the Ukrainian innovation system is mostly idle. The old economy, if civilisation desires to survive, should be replaced in the future by the economy of intellectual capital, culture, and love [18]. Admittedly, the president of Ukraine Volodymyr Zelensky is right, stating in a speech in Davos that many unicorns began with "crazy" ideas.

Third solution – issues regarding reanimation or failure of unicorns.

What is new and in-demand today is likely to be replaced by more innovative products. If a company is valued at a billion dollars today, it does not mean that this evaluation will last long enough. The essence of things is not in numbers, but in their understanding. When something ceases to be valuable to the consumer, it depreciates.

The competition involves not only the creation, accumulation, and use of intellectual capital, but also measures to reduce the intellectual capital of competitors. If one's product becomes cheaper than its competitors while having a higher quality, the capitalisation of such a company will grow. Therewith, many methods of negotiation, deception, and other unfair competitions are known in the competitive struggle. It is necessary to clearly distinguish cooperation and fair trading from partly honest statements that one's startup and enterprise are worthless, and they should be grateful for the fact that they were paid at least some attention! Unicorns are associated with the success of personnel and their failure can be caused by the approach to people as to staff [19].

The company's market value consists of the sum of fixed assets, working capital, and intellectual capital. Intellectual capital can be either positive or negative. As mentioned earlier, Microsoft was estimated in November 1996 at 85.5 billion dollars. Microsoft's property, including depreciation, was 0.93 billion. That is, intellectual capital increased the value of Microsoft by 92 times. Zaporizhzhia plant "Dneprospetsstal", whose share in the production in the global market of special steel was 2.5%, was privatised for 5 million dollars. If the Zaporizhzhia analogy is continued, all enterprises of the world's special steel industry could be estimated at 200 million dollars. While the cost of special steel plants at the time of Dneprospetsstal's privatisation was higher than that of the software market, i.e., instead of 200 million dollars, it should have been at least 100 billion dollars. Thus, negative intellectual capital reduced the market value of Dneprospetsstal by 500 times.

Another analogue is Krivorozhstal. Yulia Tymoshenko created the unicorn in record terms. And there are many similar unicorns in the post-Soviet space. Many enterprises have failed so that some competitors could become not unicorns, but more competitive and valuable companies. To understand how to earn billions of dollars on intellectual capital, in particular, on the failure, reanimation, and creation of unicorns, it is necessary to carefully consider and assess all the components of both white and black intellectual capital. Therewith, for white intellectual capital, only positive values of human, structural, and consumer capital increase the capitalisation of the enterprise. If at least one of these components is negative, then the company will be rated by the market below the value of its fixed assets. Old companies can literally be rejuvenated and given huge capitalisation if the work with intellectual capital is organised correctly. The habitat of unicorns is not exactly software, but all areas where intellectual capital can be increased.

Conclusions

1. Unicorn construction base – is a breakthrough idea that provides an improvement in the current situation by at least 10 times.

2. According to the results of the study, it was established that 1-2 unicorns should be created on the territory of Ukraine per year. For that purpose, it is required to work hard and focus on the practice of European countries and the United States.

3. Innovations and startups are a kind of activity that requires not only more knowledge but also a specific talent sharpened for this type of activity. The ability to offer new solutions is the source of renewal, implementing the principles of intellectual capital, which is becoming dominant in the 21st century.

4. The habitat of unicorns is all areas where intellectual capital can be increased. Old companies can be rejuvenated and given huge capitalisation if they work properly with intellectual capital.

Further research will be aimed at clarifying and improving the proposed options for creating conditions for increasing the level and number of unicorns in Ukraine.

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Пошук «єдинорогів» в Україні

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Анотація. На початку 2000 років в економічній літературі з'являється новий термін «Єдинороги», який об'єднує стартап-компанії з ринковою капіталізацією вище 1 млрд дол за п'ять років. В умовах сучасного, високо глобалізованого ринку, державний менеджмент зацікавлений у забезпеченні стрімкого розвитку потужних, конкурентоспроможних компаній, які стимулюють зростання внутрішньої економіки. Викликають зацікавленість потужні стартап-компанії у інвесторів з різних країн світу. Метою статті є формулювання основних етапів оцінки конкурентоспроможності «єдинорогів» та створення умов для підвищення її рівня на пострадянському просторі. Застосовано загальнонаукові методи аналогії та порівняння, індукції і дедукції, моделювання, гіпотетичний, історичний та логічний методи. У науковій роботі економічно обґрунтовані підходи щодо відбору потенційних стартап-проектів «єдинорогів»; запропоновано зручний у практичному використанні підхід до створення соціального клімату та законодавчої основи, який сприятиме появленню та розмноженню «єдинорогів»; сформульовано підходи до визначення етапів «смерті», «реанімації» та «воскресіння» «єдинорогів». Практичне значення отриманих результатів полягає у формуванні пропозицій прикладного характеру, спрямованих на розвиток стартап-компаній в Україні. Зроблено висновок, що для народження та ефективного функціонування «єдинорогів» необхідно об'єднувати людський, структурний і споживчий капітал, що забезпечить підвищення капіталізації підприємства. Визначено, що середовище виникнення та функціонування «єдинорогів» не обмежується програмним забезпеченням, а охоплює всі сфери, де інтелектуальний капітал може бути збільшений. Також зроблено висновок, що інновації та стартапи – це своєрідний вид діяльності, що вимагає не тільки великих знань, а ще й заточеного під цей вид діяльності специфічного таланту. Здатність пропонувати нові рішення є джерелом оновлення, реалізуючи принципи інтелектуального капіталу, що стає домінуючим у XXI столітті. Подальші дослідження будуть спрямовані на уточнення та удосконалення запропонованих варіантів формування умов для підвищення рівня та кількості «єдинорогів» в Україні

Ключові слова: соціально-економічні відносини, інтелектуальний капітал, розвиток цивілізації, економічна ефективність

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Outlines of Changing the Tax Policy Paradigm of Ukraine

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Abstract. The relevance of the research topic is due to the absence in Ukraine of an institute of tax, which should have a philosophy of creation, formation of a new paradigm of tax policy development considering the consequences of the current global crisis. The purpose of the study is to clarify the question regarding what analog tax policy model and with which type should be chosen for Ukraine in order to build a tax institute in the context of a further development paradigm. The general philosophical method, deductive method, method of comparative analysis, analogies, generalisation have been used to obtain the results of the study. Analog models of tax policy have been considered in the article: maximum tax policy model (fiscal and fiscal-redistributive type), the result of the application is the increase in the tax burden on economy and population; model of the minimum tax policy (regulatory and fiscal-competitive type), the result of which is a decrease in budget revenues, a reduction in public investment, and a significant reduction in social expenditures; model of a reasonable tax policy (fiscal-regulatory type), the result of the application is finding a compromise between the implementation of fiscal, regulatory and distributive (social) functions of taxes, a significant amount of social spending. It has been determined which countries in which economic situations used an analog model. It has been established that events in the world and in Ukraine will force the latter to look for a new model of tax policy and to build a new tax system based on it. Likewise, it has been substantiated that Ukraine for the period of overcoming the consequences of the crisis should build the tax system based on an analog model of maximum taxes with the use of the fiscal and redistributive type of tax policy, which will provide a high level of social expenditures and significant public investment in the economy, will provide significant social leveling in society, which in turn will entail high progressive income and property taxes. The practical implications of the findings are that they can be used to set up a tax institute in Ukraine and develop an effective state tax policy. This topic has the prospect of research on improving the taxation mechanism to provide the citizens of the country with the necessary public goods

Keywords: tax institution, public goods, analog model of tax policy, maximum tax policy model, minimum tax policy model, reasonable tax policy model, type of tax policy

Introduction

For almost 30 years, independent Ukraine has been looking for a model of tax policy based on which an ideal tax system can be built. During this period, 16 prime ministers and 18 governments changed. Each government was characterised by the originality and uniqueness of tax policy. The uniqueness was that the result of the application of similar policies by different governments was not reproducible with absolute accuracy. Some prime ministers have formulated the tax policy of the state and formalised it with relevant documents: Strategies, Concepts, etc. In Ukraine, there is a "Strategy for Reforming the Public Financial Management System for 2017-2020" [1], which was approved by the order of the Cabinet of Ministers of Ukraine of February 8, 2017, No 142-r, it provides for "reducing the deficit of operations of the general government sector and reducing the growth rate of public debt in the medium term and keeping them at an acceptable level", as well as "ensuring the consistency and predictability of fiscal and

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tax policies" [1]. The Strategy also states that "the Ministry of Finance will develop a Strategy for the development of the tax system in the medium term, which should be consistent with the strategy of economic development, reform of the budget process and pension system" [1]. Approval of this Strategy by the Cabinet of Ministers of Ukraine was scheduled for 2017.

Currently, there is no legislative document in Ukraine that would formulate the main goals, objectives, principles, directions of tax policy. After all, these formulations should be based on the analog model of tax policy using the appropriate type that the state wants to take as a basis. The website of the Ministry of Finance of Ukraine in the section "Tax Policy" states that "state tax policy is the activity of the state in the field of establishing, legal regulation and organisation of collection of taxes and tax payments to centralised funds of state resources" [2]. However, the definition does not reflect on what basis the state tax policy should be formed and on what scientific basis.

In previous studies on the paradigm of tax policy in Ukraine, the authors formulated the essence of the concept of "state tax policy", which consists in the fact that it is "…a component of socio-economic policy of the state aimed at forming such a tax system that takes into account personal interest of the taxpayer, stimulates the accumulation and rational use of national wealth, promotes the harmonisation of interests of the state and society, as well as ensures their progressive development" [3]. The authors believe that the state tax policy formulated above should be focused on creating a tax system that takes into account the individual interests of the taxpayer, based on his interest in maintaining health, increasing welfare; will stimulate the accumulation and rational use of the national wealth of the country, promote the harmonisation of the interests of the state and society, thereby ensuring its socio-economic progress.

Now the world in general and Ukraine in particular, are facing great challenges, and according to Branko Milanovich, an American economist, "the economic consequences of the new coronavirus pandemic should not be seen as an ordinary problem that macroeconomics can solve or mitigate". Most likely, the world will witness a fundamental change in the very nature of the global economy [4]. At the same time, the rapid development of events in the world brings significant changes in the development of the country's economy. The authors believe that it is necessary to continue the study of the state of tax policy of the country, the formation of a new paradigm of development, considering the consequences of the current global crisis.

The purpose of the study is to clarify the question of which analog model of tax policy, using which type, Ukraine should choose to build a tax institution on in the context of the paradigm of further development.

Literature Review

Many works of Ukrainian scholars are devoted to the formation of Ukraine's tax policy, its complex formation, and development. The issues of the tax policy of Ukraine in connection with globalisation and European integration were studied in the works of I.Y. Halushchak, I.V. Kokhan, V.S. Dmytrovska [5], I. Kovova et al [6], A. Sokolovska et al [7], V.V. Chaika et al [8], P.V. Kolomiiets [9]. Thus, L. Zadorozhnya, A. Kapelyush, M. Karmalita, O. Pizhuk, P. Selezen, K. Shvabii, in their scientific work [10] aptly noted that "one of the urgent problems in the field of tax policy of the state in Ukraine is the lack of institutional mechanism of its formation and implementation. So far, Ukraine has not formed a tradition, an institutional mechanism through which public policy should be developed. Each time different approaches are used and because of this, there is an impression of manipulation of public opinion, the conjuncture of the obtained solutions to certain tasks" [10, p. 31]. M. Shvajko in his work [11] analysed the statistical data that allowed him to formulate the main characteristics of modern tax policy of Ukraine, in particular, "the lack of a clearly defined goal of tax policy". Scholars such as O. Drigha and A. Makurin [12] in considering the impact of European integration processes on tax policy and the tax system in general exacerbate the issue of balancing the interests of the state and taxpayers and raise, in the authors' opinion, a new ethical issue such as lack of tax culture. In particular, the paper [12] states: "Unfortunately, we now lack a high tax culture that would give impetus to the development and rise of the national economy and the rise of domestic producers". S. Majstro, R. Majstro, D. Majstro in their work [13], in considering the issue of improving the state tax policy in the context of economic transformations, in particular noted that such international institution as the International Monetary Fund "…considers the tax system in Ukraine complex and such that makes it possible to interpret laws in different ways and evade taxes. This creates a favorable ground for antagonism between taxpayers and the State Fiscal Service of Ukraine, and the lack of effective mechanisms for resolving disputes – administrative or judicial – it only exacerbates them" [13]. Therefore, according to the International Monetary Fund, "significant changes need to be made in state tax policy" [13]. Agreeing with the views of Ukrainian scholars, it can be concluded that Ukraine has not created a tax institution, which, above all, should have a philosophy of its creation. As was noted in the work [14], "a tax is an institution that regulates the relations of economic agents regarding the financing of state activities to ensure public goods and determines the restrictions within which their activities should be carried out". Based on the definition, in order to build a tax institution, it is necessary to clearly define the quantity and quality of public goods that, in the opinion of the citizens of the country, should be provided by the state.

Results and Discussion

As noted by many scholars, the non-reproducibility of the results of any state's application of a similar tax policy is due to the national peculiarities of each country and tax systems that are different and have significant national specifics. The diversity of tax policies determines a range of objective and subjective factors. Ukraine's tax policy will be fundamentally different, for example, from the policy of Switzerland, Russia, or Germany, primarily due to different federal systems. In addition, tax policy objectively has a context that differs at different stages of socio-economic development: for example, policy in a post-industrial society will have entirely different tasks than the policy of the period of forced industrialisation. But most often, policies differ even at the same stage of socio-economic development within one country. Thus, a new president or government comes to power and changes the state tax policy [14]. With such diversity and uniqueness of tax policies of different countries, it is all the more important to identify models and types of policies that are applied. A careful comparison of different policies in their focus reveals some clichés or patterns that are steadily reproduced by whole groups of countries.

The authors of the article will not argue about the terminology of the concepts of "model of tax policy" and "type of tax policy", which is used in various scientific papers, as all these terms are mixed. Let's take as a basis the concepts outlined in the paper [14]. Thus, the model of tax policy will be understood as "a sample tested in the practice of some countries and which has proven its effectiveness, the type of tax policy that can be used by other countries as an analog" [14]. The type of tax policy – "a certain image that has its own characteristics (features), the objective manifestation of which can clearly distinguish one type of policy from another" [14]. Thus, a type is a theoretical model of tax policy, and a model is a type of policy that has practical reproducibility. Let's consider analog models of tax policy that exist in the world (Table 1).

Table 1. Models and types of tax policy

Models of tax policy				
Maximum taxes		**Minimum taxes**		**Smart taxes**
Model conditions: 1) maximum amount of taxes; 2) high progressive stakes; 3) broad tax bases; 4) reduction of benefits		***Model conditions:*** 1) minimum amount of taxes; 2) high stakes; 3) minimum tax burden on the economy		***Model conditions:*** 1) balanced level of tax burden; 2) discouraging the further development of obsolete industries and stimulating the development of new industries
Result: increasing the tax burden on the economy and the population		***Result:*** reduction of budget revenues, reduction of public investment, significant reduction of social expenditures		***Result:*** finding a compromise between the implementation of fiscal, regulatory and distributive (social) functions of taxes, a significant amount of social spending
Types of tax policy				
Fiscal	Fiscal-redistributive	Regulatory	Fiscal-competitive	Fiscal-regulatory
Advantages				
– High share of the state in the economy and high level of state investments	– High level of social spending and significant public investment in the economy – Provides a significant social leveling in society	– Stimulates national economic development – Increasing the investment opportunities of economic agents of society	– Relocation of jurisdiction of foreign economic agents	– Maintaining a sufficient level of social security – Reasonable taxes on production and consumption
Disadvantages				
– Low social spending – Excess savings of the population are withdrawn	– High progressive income and property taxes	– Tax losses of the budget – The state performs only the basic functions: defense and law enforcement	– Atrophy of principles and norms of taxation – Significant reduction in social spending	– Rather high income and property taxes, insurance payments

Source: built by the authors on the basis of [14]

The model of maximum tax policy is characterised by the establishment of the maximum number of taxes, high progressive stakes, broad tax bases, reducing the benefits that together lead to an increase in the tax burden on the economy and the population. This model is formed by two types of tax policy: fiscal and fiscal-redistributive. The effectiveness of the fiscal mobilisation process was substantiated by J. Keynes. In particular, in his opinion, it is expedient to withdraw with the help of increased taxes the excess savings of the population, which are not transformed into private investment, being a passive source of income, into a public investment, thus turning it into an active source of income. Fiscal type of tax policy is especially in demand during the emergency periods (for example, during the war), when it is necessary to significantly increase the mobilisation of financial resources in the state budget, increase public procurement and investment in certain sectors of the economy (military sector in particular) while reducing social spending. The fiscal-redistributive type of tax policy was developed by the founders of the Freiburg School of Neoliberalism, W. Oiken and L. Erhard. This policy is most vividly applied in the Scandinavian countries, where a high level of the tax burden is accompanied by an unprecedented level of social responsibility of the state to its citizens.

The model of minimum tax policy is characterised by the practice of establishing a minimum tax burden on the economy. The reduction in tax revenues is accompanied by a reduction in public investment and a significant reduction in social spending. This model is also formed by two types of tax policy: regulatory and fiscal-competitive. The regulatory type was developed within the framework of the theory of supply-side economics by A. Laffer. In his opinion, tax rates should be significantly reduced, especially regarding to direct taxation of factors of production: labor and capital. Reducing taxes on workers' wages will stimulate their employment, in particular secondary employment. As a result, the labor supply will increase. Reducing taxes on entrepreneurs will lead to an increase in their income and savings. As a result, their own investment opportunities will increase. The overall result of the reduction in tax rates will be a significant stimulating effect on the economic activity of these factors. A similar model was followed by Japan during the postwar economic recovery.

In the 1980s, this model of tax policy was effectively used in the United States by the Reagan administration and was therefore called "Reaganomics". In recent decades, it has been successfully implemented by countries expanding into world markets, including China, India, Brazil, Mexico and others. The priority in this policy are economic goals.

The fiscal-competitive type, in the first place, stimulates not the national development of production, although this is also present, but the relocation of the jurisdiction of foreign economic agents. Such agents include, first and foremost, transnational corporations, for the placement of their administration and ultimately for the transformation of them into national tax residents, a number of fiscal jurisdictions compete. These jurisdictions create highly attractive preferential tax regimes with significantly lower tax and administrative burdens, which are usually accompanied by the secrecy of any information about taxpayers and the nature of their transactions. In this regard, the competition is not for the transfer of actual production activities in competing jurisdictions, but for the transfer of financial flow management. It is for such financial intermediation that this type of policy creates the most favorable conditions and appropriate infrastructure. This type of tax policy remains in demand among so-called offshore or tax havens countries, although the financial crisis of 2008-2009 significantly changed the attitude of world economic centers (especially the United States and Europe) to such countries.

Smart tax policy model. This model is a fiscal-regulatory type of tax policy, aimed at finding a compromise between the implementation of highly contradictory tax functions. The use of such policies is typical mainly for highly developed countries (USA, UK, Canada, etc.), which have already reached the limits of traditional economic growth. Such countries are forced to maintain a sufficient level of social security, so income and property taxes, insurance payments are quite high. Smart taxes on production and consumption are necessary for them, first of all, for the preservation of competitive positions of the goods in the existing world markets and capture of a priority position in newly formed markets of high-tech products. Increasing the targeting of tax preferences and regulating the sectoral tax burden allows them to restructure the economy in accordance with the future needs of the world market. Note that at the stage of tax policy formation, an analog model is chosen, and then a specific national content is given to the abstract (general conceptual) model.

The authors described analog models of tax policies, from which Ukraine should choose one of the most acceptable. The events in the world and in Ukraine will force governments to look for a new model of tax policy and build a new tax system on its basis.

A coronavirus pandemic will change the world forever [15]. How will the world change, what will happen to national economies, what are the consequences for Ukraine's economy? Let's analyse the opinions of economic experts. For example, Stephen Walt, a professor of international relations at Harvard University, noted that "a pandemic will strengthen the state and strengthen nationalism" [15]. Shivshankar Menon, a researcher at Brookings India, said that "…even libertarians are asking for help from the government today". Robin Niblett, director of Britain's Royal Institute of International Affairs, noted that "…the coronavirus will force governments, companies, and societies to strengthen their ability to survive in economic isolation". Richard Haas, president of the Council on Foreign Relations, believes that "the coronavirus pandemic will force states to focus on what is happening inside their borders for at least a few years. A move towards self-sufficiency, even greater opposition to mass migration, and a decline in readiness to address common regional and global issues, such as climate change, are expected. This will be due to the need to allocate resources to restore the usual way of life at home and deal with the effects of the economic crisis within their own country" [15]. Natalia Mykolska, former Deputy Minister of Economy, says that now Ukraine has every opportunity to become one of the key production hubs for the EU, following the example of Mexico and the United States. It can be assumed that the disruptions in the logistics chain caused by the coronavirus pandemic will intensify the already noticeable trend of returning once globalised industries to developed countries. Or, at least, to geographically close markets with cheap labor. But for such a possibility to become a reality, the government will have to develop a new strategy of economic development as soon as possible and understand what Ukraine has to offer to the world. And then begin to implement it promptly [16].

Conclusions

Ukraine, as an independent state with almost 30 years of history, given the institutional paradigm of functioning and economic development, needs to create a tax institution that would regulate the relations of economic agents of society on state funding for public goods and would determine the limits within which their activities must be carried out. To build it, the citizens of society, first of all, should determine the public goods, their list, quality, which should be provided by the state and financed by taxes. The current situation in the country and the world has shown that the role of the state will be strengthened and nationalism will be strengthened as well, and the countries will gradually come to economic self-isolation. In order to substantiate the quantity and quality of public goods in society, broad discussions must take place, during which the range of public goods provided by the state in exchange for taxes paid by citizens will be determined.

After analysing the opinions of leading economists, it can be argued that for the period of overcoming the effects of the crisis, Ukraine should build a tax system based on an analog model of maximum taxes using a fiscal-redistributive type of tax policy. The result of applying this type of model will be an increase in the tax burden on the economy and the population. This will allow the state to ensure a high level of social spending and significant public investment in the economy, to ensure significant social leveling in society, i.e., equalisation of incomes of the richest and poorest sections of the population after taxation. This policy is most vividly applied in the Scandinavian countries, where a high level of the tax burden is accompanied by an unprecedented level of social responsibility of the state to its citizens. The Scandinavian socially-oriented market economy is characterised by a high degree of centralisation and strict control over the payment of taxes, especially from activities involving the use of national resources. However, high taxes do not burden the population of these countries, they are returned to citizens in the form of high social guarantees.

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Обриси зміни парадигми податкової політики України

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Анотація. Актуальність теми дослідження обумовлена відсутністю в Україні інституту податку, який повинен мати філософію створення, формуванням нової парадигми розвитку податкової політики з урахуванням наслідків сучасної всесвітньої кризи. Метою дослідження є з'ясування питання, яку аналогову модель податкової політики із застосуванням якого типу слід обрати Україні для побудови інституту податку в контексті парадигми подальшого розвитку. Для отримання результатів дослідження використано загальнофілософський метод, дедуктивний метод, метод порівняльного аналізу, аналогій, узагальнення. У статті розглянуто аналогові моделі податкової політики: модель політики максимальних податків (фіскальний і фіскально-перерозподільчий тип), результатом застосування є збільшення податкового тягаря на економіку та населення; модель політики мінімальних податків (регулюючий і фіскально-конкуруючий тип), результатом застосування є зниження доходів бюджету, скорочення державних інвестицій, значне зменшення соціальних видатків; модель політики розумних податків (фіскально-регулюючий тип), результатом застосування є знаходження компромісу між реалізацією фіскальної, регулюючої та розподільної (соціальної) функціями податків, значущий обсяг соціальних витрат. Визначено, які країни в яких економічних ситуаціях застосовували ту чи іншу аналогову модель. Встановлено, що події, які розвиваються у світі та Україні змусять останню шукати нову модель податкової політики і вибудовувати на її основі нову податкову систему. Також обґрунтовано, що Україна на період подолання наслідків кризи повинна будувати податкову систему на основі аналогової моделі максимальних податків із застосуванням фіскально-перерозподільчого типу податкової політики, що забезпечить високий рівень соціальних видатків і значні державні інвестиції в економіку, забезпечить суттєве соціальне нівелювання в суспільстві, що, зі свого боку, потягне за собою високі прогресивні прибуткові і майнові податки. Практичне значення отриманих результатів полягає в тому, що вони можуть бути використані при створенні інституту податку в Україні та розробці ефективної державної податкової політики. Ця тематика має перспективу дослідження з напрямку удосконалення механізму оподаткування щодо забезпечення громадян країни необхідними суспільними благами

Ключові слова: інститут податку, суспільні блага, аналогова модель податкової політики, модель політики максимальних податків, модель політики мінімальних податків, модель політики розумних податків, тип податкової політики

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