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## ECONOMIC THEORY AND HISTORY OF ECONOMIC THOUGHT

**THEORETICAL AND PRACTICAL ASPECTS  
OF INDUSTRY'S RESILIENCE TO SHOCKS****Lebedeva L.V.**Candidate of Economic Sciences,  
Kyiv National University of Trade and Economics

The direction of this study is particularly relevant today, after the global economic crisis of 2008–2009 and a general unstable situation that has spread in Ukraine nowadays and endangers the stability, competitiveness and long-term growth of the economy. Questions of the resilience of the economy to shocks are of interest to many foreign scientists. These include, in particular, D. Grenouilleau, M. Ratto, W. Roeger, R. Duval, J. Elmeskov, L. Vogel., J. Pelkmans, L. Acedo, A. Maravalle, O. Blanchard, J. Wolfers, and others. In Ukraine, researchers of the Institute of Natural Resources Economics and Sustainable Development of the National Academy of Sciences of Ukraine, Boyko A., Tyshchuk T. and others have devoted their work to the problem of economic resilience to shocks and economic security of the state. However, the issue of specific sectors' resilience, in particular, industry, has been poorly studied that led to the need for this research.

The purpose of this study is to identify factors that affect the resilience of economy and industry and to find subsectors of an industry that are the most and the least resilient to shock influences in Ukraine.

According to our analysis, the main factors affecting the resilience of an economy to shocks are: liberalization of commodity markets through increased production efficiency and resource allocation in the economy; financial development of the country and openness to international trade; state support for certain sectors of the economy; the level of public debt.

As the analysis showed, the most resilient sectors in Ukraine are: food industry and pharmaceuticals. The least resilient sectors are: machine building, including the manufacture of motor vehicles and other vehicles; metallurgical production, metal processing; production of chemicals.

Recommendations of the state policy to minimize the impact of shocks on industrial development include market liberalization and the conduct of a demand-side policy focused, in particular, on isolated sectors with low residence in times of severe economic upheaval. These could include policies, which help boost demand directly, for example through subsidies to purchase vehicles for households or enterprises or for investments in modernization of fixed assets that help to compensate for the sharp drop in demand.

# THE NATURE OF SOCIAL SPHERE RESILIENCE TO SHOCKS

**Shtunder I.O.**

Candidate of Economic Sciences, Associate Professor,  
Kyiv National University of Trade and Economics

Instability in the social sphere negatively affects the welfare of society, the degree of its social security, the processes taking place in the labour market, employment of the population, generating the mood of social dependence, degradation of labour potential. At the same time, there is a threat to social and economic resilience in general. The urgency of the problem under study is also due to the fact that the social sphere is rather specific in comparison with others since within it functions human capital, problems of formation of which nullify the process of transition to innovative development, modern scientific and technological changes. The social sphere is one of the most vulnerable in the conditions of systemic shock influences, as society needs time to adapt to them. This explains the need to study resilience of the social sphere to work out preventive measures in order not to allow its destabilization, which can have a devastating impact on other spheres of society.

To the problems of the resilience of social sphere in economic science, such well-known researchers as A. Boyko, I. Hnybidenko, A. Kolot, V. Kutsenko, E. Libanova, O. Novikova, O. Palii, A. Pryiatelchuk, V. Skurativskiy, V. Troshchynskiy have devoted their works. However, these researchers mostly devote attention to the general theoretical issues of the social sphere, the social policy of the state, the problems of formation of social security in conditions of economic instability. Problems of ensuring the resilience of the social sphere, its indicators, factors influencing it in the conditions of permanent shocks, as well as measures of the state to strengthen the stability of the social sphere, remain unsolved.

The objectives of this article are: identification of the nature of social sphere resilience in conditions of economic upheaval; systematization of the social sphere's resilience indicators; formulation of the ways to set the social sphere's resilience in the conditions of uncertainty.

The resilience of the social sphere is such a state of existence of man and society as a whole, characterized by a stable system of social security to provide decent living conditions, a high degree of social and individual security. The resilience of social sphere is an integral concept that includes socio-economic, political, legal and spiritual components, demonstrates various aspects that affect human life and attitude to work. It expresses the quality of human life, makes society socially and economically stable, capable to generate new ideas and to develop further.

Indicators of social resilience are effective employment, high incomes, development of the health care system and social insurance, lack of shadow employment, the high welfare of the working population, the possibility of obtaining a quality education, lack of discrimination and asocial manifestations.

In our opinion, the directions of forming the social sphere resilience should be: identification and elimination of the reasons that lead to a sharp differentiation of society; introduction of measures to counter crisis demographic phenomena; creation of an effective system of social protection; provision of physical and spiritual health of the population; formation of educational and cultural potential of the country; restriction of unemployment; promotion of effective

employment and self-employment of the population.

The study of the nature of social sphere resilience provides possibilities of its implementation in the aspects of economic, social, labour relations, demographic processes, social protection of the population and pension's provision. The formation of a resilient

social sphere requires the development and improvement of a regulatory framework and a system for assessing the degree of its resilience. The indication of social sphere resilience is an absence of social destruction, destructive manifestations in the social sphere, which require the time and significant efforts of whole society to restore.

## WORLD ECONOMY AND INTERNATIONAL ECONOMIC RELATIONS

### THE USE OF ROBO-ADVISORS FOR FINANCIAL ASSETS MANAGEMENT IN THE STOCK MARKET

**Kukhtyn O.B.**

Degree Seeking Applicant,  
Lecturer at Department of International Management and Marketing,  
Ternopil National Economic University

One of the types of innovations in the field of financial technologies is robo-advising. Robo-advisors are a financial service designed for the personal use by unprofessional users. They actually perform functions of the portfolio manager, working strictly in the interests of the client. For today, it is a very convenient, profitable, and inexpensive instrument for managing financial assets in the stock market. Software platforms and remote servicing reduce costs and, accordingly, allow people, who have not previously been considered as clients, capital management services.

The purpose of the paper is to determine the peculiarities and prospects of the use of robo-advisors for financial assets management in the stock market.

The main thing in creating an investment portfolio is the choice of optimal placement of client assets depending on the investment

objectives and the investment horizon and the client's attitude to risk. A robo-advisor, unlike an investment consultant, can simultaneously serve hundreds of clients. It uses the optimal investment products for the client, works strictly in the interests of the client and with a clear algorithm.

In the coming years, the industry of robo-advising will grow at an accelerated pace. This is also due to the high interest of banks and financial institutions in the technology of artificial intelligence, and the low cost of robo-advisors for brokers and financial service providers.

The size of assets that are in the management of robo-advisors is increasing year by year. In the future, consultants will serve not only small but also large customers. The most promising combination is a combination of robo-advisors and a professional team of investment advisers.

# OFFSHORE SCHEMES IN EUROPEAN TAXATION

**Maksymenko A.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of International Accounting and Audit,  
Kyiv National Economic University named after Vadym Hetman

The methods of tax planning using offshore arrangements are researched. It is substantiated that in the classical sense, almost no pure offshore zones exist in Europe. Therefore, complex schemes are used when an offshore company receives a “residence” in the legal jurisdiction in order to obtain tax optimization or, in other words, find loopholes in the barriers not protected by the legislation imposed by the tax control structure.

It is proved that the problems associated with offshore areas in Europe are solved in a comprehensive manner, based on the current rules of the participating states. The regulation of offshore business can be shown

in two independent directions: internal and external institutional control. To optimize its activities, the operation of both the parent company and its branches under the influence of tax regulation in different countries is investigated; schemes are developed and implemented in relation to their activities.

The directions of Ireland’s tax planning are specified. The tax strategy, known as “Double Irish with a Dutch Sandwich”, is analysed in detail and ambiguous consequences of its use are identified. The effects arising from the use of tax preferences in the context of tax planning on real-world examples are evaluated.

# INTERNATIONAL FINANCIAL INSTITUTIONS' ROLE IN PROVIDING INTERNATIONAL CURRENCY LIQUIDITY

**Oliinyk A.A.**

Postgraduate Student at Department of International Economic Relations,  
Kyiv National University of Trade and Economics

Providing international liquidity became a central issue in countries' currency system effectiveness due to the fact of world economic system's globalization. International financial institutions (IFI), like the IMF, are aimed at financing and investing to ensure financial stability through pouring assets into member countries' monetary system. Although these actions make positive effects on countries' international reserves, it becomes more difficult to achieve high results because of some institutional problems.

The analysis of the IFIs' financial policy and countries' international reserves formation is performed. It is proved that there is an increased sensitivity of the foreign exchange reserves growth comparatively to the international trade growth. The problem of the IMF functioning as a lender of last resort is highlighted. The issue stems from the international community's critics in Fund's macroeconomic policies conducting in developing countries. Another one refers to the conflict between interests of advanced economies and developing economies in raising IMF's funds. As a result, the regional structure of the countries, the Fund works with at the

present stage, has changed dramatically in favour of European advanced economies.

The empirical evidence also suggests that the share of IFIs' financial activity has dropped compared to countries' foreign economic activity. As an alternative to "Bretton-Woods sisters" and regional development banks, the Asian Infrastructure Investment Bank (AIIB) provides additional financing to the Asian region, which is predicted to change the SDR currency composite basket. IFIs like European Investment Bank and International Financial Corporation are gaining significant importance, which ensures the growth of the investment potential of the countries and form the preconditions for the strengthening of international currency liquidity.

In order to improve the cooperation of countries with IFIs, it is proposed to develop a specific assessment system that takes into account the negative impact of such cooperation. It is also highlighted the need for the IMF to focus more on regulatory policy over European Central Bank and Federal Reserve System in order to avoid monetary policy manipulation.

## FEATURES OF DOMESTIC FOOD INDUSTRY PRODUCTS EXPORT TO THE EU

**Tunitska J.M.**

Candidate of Economic Sciences, Senior Instructor  
at Department of International Economic Relations,  
Kyiv National University of Trade and Economics

The commodity structure of Ukraine's food industry exports is diversified into the EU today. The share of food products in the total exports to the EU in 2007–2016 has almost doubled and is 14.5%. The positive balance of foreign trade operations has increased 7 times and equals 871 million dollars of the USA.

The main export food products groups are milk and dairy products, fats and oils of animal or vegetable origin, sugar and sugar confectionery, vegetable processing products, residues and food products.

Ukrainian exporters have benefited from the free trade regime with the EU advantages: a significant reduction or a gradual abolition of import duty rates for products that are not limited by tariff quotas; duty-free access on European markets within the established tariff quotas for certain types of products.

The EU market has a high capacity, a low degree of risk and corrupt business conduct,

and high reliability of concluded transactions. But it is characterized by high saturation and non-tariff barriers that require from domestic enterprises significant investments in the modernization of production, the introduction of quality control systems and product safety, the activation of innovation activities due to the limited internal resources and foreign investment.

An alternative to developing the European market by domestic food businesses is the geographical diversification of the export to fast-growing markets in Asia and Africa or an orientation towards the domestic market. It is advisable to carry out appropriate state measures for its strengthening and development by increasing real incomes of citizens, applying an effective system of food subsidies on the basis of the best world experience, protecting domestic producers, and defending national interests at the future stages of European integration.

# **MODERN TENDENCIES OF THE WORLD EXCHANGE-TRADED DERIVATIVES MARKET DEVELOPMENT**

**Yavorska V.O.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Exchange Activities and Trade,  
National University of Life and Environmental Sciences of Ukraine

The article is devoted to the relevant issues of determining the directions of derivatives trade development in the world exchange market. The main tendencies of commodity and financial derivatives trading in the world through geographic regions and classification of exchange assets are analysed. The consequences of results of exchange consolidation processes in the context of globalization influence are discussed. The main ideas of study are determining new tendencies of the world exchange-traded derivatives market development. The modern situation of the world derivatives trading showed a dynamic development in the last years. A special attention is paid to increasing commodity derivatives trading in recent ten years. It is indicated that the main ways of development of exchange-traded derivatives trading are: the annual growth of the volume of derivatives trading, including the

group of commodity assets; continuation of the processes of mergers of commodity and stock exchanges from different geographical regions; the continuation of "financialization" of commodity derivatives trade in the global stock exchange market.

A low level of the domestic commodity derivatives market development needs an implementation of the global practice in this field. It is noted that in conditions of studying the trends of the global exchange-traded derivatives market in today's globalization, the development of domestic commodity and financial derivatives trade is becoming a topical issue in order to further reform the economic system on the path to European integration. Exchange-traded derivatives market will be a central part of a market economy in Ukraine, which ensures its effective functioning and promotes the development of other elements of the market infrastructure.

## ECONOMY AND OPERATION OF NATIONAL ECONOMY

### METHODOLOGICAL TOOL FOR THE FORMATION OF A MARKETING STRATEGY FOR GREENING AGRARIAN PRODUCTION

**Bahorka M.O.**

Candidate of Agricultural Sciences, Associate Professor,  
Senior Lecturer at Department of Marketing,  
Dnipropetrovsk State Agrarian and Economic University

The formation of an effective marketing strategy for the environmentalization of agrarian production, first of all, is necessary for a full supply of food security of the country, as well as the transformation of the agrarian complex into a highly productive branch of the national economy, therefore, the study of methodological approaches to the development of this strategy is relevant and practically significant.

The purpose of the article is to substantiate the methodological approaches and to study the main stages, tools, mechanisms of formation and implementation of marketing strategy for the ecologization of agrarian production.

The basis of the formation of a marketing strategy for greening agricultural production are the main strategic categories that are considered as the basis of strategic marketing.

When forming a marketing strategy for environmentalizing agrarian production, it is necessary to organize marketing researches in order to solve the following issues:

1. Research of the main environmental problems of the agrarian sector and assessment of the ecological situation in different regions of Ukraine. It is the concern of consumers that environmental problems form their potential demand for environmental goods.

2. Provision of ecological characteristics of products of agrarian production.

3. Research needs in new products. At the same time, the following methods are used: forecasting of future needs and demands of consumers, changes in the motivation of their behaviour (in accordance with the market transformation of the economy); situational and simulation modelling of consumer behaviour.

4. Determination of trends in the development and change of environmental, technological, economic, legal, political, social and cultural components of the environment.

5. Analysis of the factors of the attractiveness of the market for environmental goods: market capacity, demand growth rate, the intensity of competition, inflation rate, technological requirements, energy intensity, the effect of social and political factors.

6. Diagnostics of ecological consciousness of consumers and needs in environmental goods.

7. Development of environmental innovations.

It is established that marketing strategy of ecologization of agrarian production is a strategy of innovative development that can solve problems of economic growth, increase the competitiveness of the agrarian industry, provide a high quality of life, national security, environmental protection, and high technical level of agricultural production in Ukraine.

When forming a marketing strategy for environmentalizing agrarian production, the main strategic categories are used: Definition of mission, goals, and objectives; Strategic analysis of factors of macro- and micro-environment; The choice of priority strategic directions, the formation of tools for implementing this strategy; Evaluation and control over its implementation.

When implementing the marketing strategy of ecologization of agrarian production, a combination of ecological and eco-

nomic instruments at the state regulation of ecological and economic components is important.

When forming this strategy, it is necessary to understand that it is not just about the one-time use of innovations to achieve instant advantages but about a continuous, detailed planned strategic innovation development that forms new methods and controls, transforming the intensive introduction of innovation processes into the factor of economic growth in the industry.

## **TOURIST SYSTEM: THE GENESIS AND PRIORITIES OF THE DEVELOPMENT**

**Boiko M.H.**

Doctor of Economic Sciences,  
Professor at Department of Hotel and Restaurant Business,  
Kyiv National University of Trade and Economics

**Bosovska M.V.**

Doctor of Economic Sciences,  
Professor at Department of Hotel and Restaurant Business,  
Kyiv National University of Trade and Economics

**Okhrimenko A.H.**

Candidate of Economic Sciences,  
Associate Professor of Department of Hotel and Restaurant Business,  
Kyiv National University of Trade and Economics

The article is devoted to the substantiation of the development priorities of tourist systems on the basis of analysis of the evolution of their development.

Considered the approaches to the periodization of tourism. An attention is focused on the characteristics of tourist systems in the late XX – early XIX century. Determined the influence of postmodernism on tourist systems. Described the current state of tourist systems. Determined the orientation of the main priorities of tourist systems development.

Based on the review of the past and modern tourist systems, the following key priorities for their further development are identified: 1) the continuation of the implementation of ideas of sustainable development; 2) creativity in different spheres, actions, reflections; 3) dominance of digital technologies and their further improvement; 4) deepening globalization; 6) desire for

authenticity; 7) cooperation and implementation of the idea of a reflexive approach to tourism; 8) network cooperation in the management of tourism systems (public-private-public); 9) dissemination of “informal component” (provision of tourist services organized in the form of freelance, tourism of civic organizations, amateur tourism) and processes of “sharing economy”; 10) “blurring”, the destruction of borders and other obstacles to travel and, accordingly, attracting more and more people into these processes; 11) search for the personal identity through tourism; 12) understanding of the dynamics and speed of processes.

It is concluded that taking into account evolutionary tendencies will contribute to a deeper understanding of the current state and better opportunities for the development of effective managerial decisions for tourists systems.

# **THE FINANCIAL CONDITION OF DOMESTIC BUSINESS ENTITIES IN MODERN CONDITIONS AND THE MAIN DIRECTIONS OF IMPROVING ITS EFFICIENCY**

**Breus S.V.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Business Economics,  
Kyiv National University of Technologies and Design

**Osetrova Yu.H.**

Graduate Student,  
Kyiv National University of Technology and Design

The article considered the main external and internal factors, which influence the deterioration of the financial state of domestic business entities. Found out that as a result, the negative influence of internal factors contributes to the unbalanced economic mechanism of reproduction of capital of enterprises, contributes to the deterioration of their financial condition, increases the risk of bankruptcy, and reduces the level of economic security.

It is researched that in the scientific literature, authors quite widely revealed the essence of the category "financial state of the enterprise". Determined that the above requires a comprehensive consideration of this category and the formation of measures to increase the efficiency of the financial condition of domestic business entities.

The analysis of financial results of activity of domestic enterprises is carried out according to State Statistics Service of

Ukraine, which indicates a significant deterioration of financial results of enterprises by type of economic activity as a whole and in industry. However, it should be considered as positive that there was an increase in the share of enterprises in the total number of profit-making enterprises and decreased the share of enterprises that have suffered losses.

Conclusions are made that indicate that in general, the development of measures to improve the financial situation on the basis of the proposed directions will contribute to increasing the volume of production and sales of products, will increase the level of adaptability of managers to the harsh realities of the formation of the market, will reduce the likelihood of bankruptcy and increase the competitiveness of domestic enterprises and, in the future, will contribute to ensuring the economic security of the state and the national security in general.

## STATE SUPPORT FOR DOMESTIC SMALL BUSINESS: STATUS AND PROSPECTS

### **Hevlych L.L.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Accounting, Analysis and Audit,  
Vasyl Stus Donetsk National University

### **Hevlych I.H.**

Candidate of Technical Sciences, Associate Professor,  
Senior Lecturer at Department of Business Statistics  
and Economic Cybernetics,  
Vasyl Stus Donetsk National University

The problems of the small business sector's development and the role of the state in its support were researched in the works of many domestic scientists but the dynamics of economic processes in the country requires the actualization of research, verification of their application in the realities of the present.

The purpose of the study is to determine the current status of small business entities' state support in Ukraine in terms of finding its optimal forms and directions.

The development of small business is a prerequisite for a stable functioning of the economy. It opens for the country great prospects: the formation of the middle class, the growth of the share of the economically active population, the creation of new jobs and a competitive environment, etc. At the same time, small firms are losing a lot in the struggle for cheap loans, they are less able to deal with complex unusual operations, they often lack the highly skilled personnel, and they are more sensitive to the state of the economic environment. Their support from the state is expedient and necessary. This is proved by developed economies and is fair for Ukraine.

Ukraine declared the state policy in the field of small business development. The article examines in detail the purpose, principles, and forms of such a support, in particular, in the field of accounting and reporting.

The main areas of small business sector's state support can be: educational – state projects for training those who want to organize a small business; financial – preferential lending, taxation, investment; permission – simplification of organization, doing business, reporting; coordination – creation of sites for attracting grants, consulting and legal support for small business entities.

Today, the level of declaration and implementation of these areas is insufficient for the effective development of the domestic small business. The solution to this problem may be the implementation of regional targeted programs for supporting small business but only in the context of changing its methodology to address targeted motivation and end results.

The search for concrete trends of domestic small business' state support will be the direction of further research.

## **AN ANALYSIS OF THE CURRENT STATE AND PROBLEMS OF INNOVATION DEVELOPMENT IN THE ZAPORIZHZHIA REGION**

**Holomb V.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Enterprise Economics,  
Zaporizhzhia State Engineering Academy

The purpose of the article is to analyse the current state and problems of the development of innovation activity in the Zaporizhzhia region. In 2015, Zaporizhzhia region is not the region-leaders in the innovation activity but it has a significant innovative potential.

In the article, we analysed the innovation activity of enterprises in the Zaporizhzhia region and discovered that the number of enterprises engaged in innovation activity has increased but the level of innovation of the products that they produce remains at a low level. This situation is a result of systemic problems that exist in the region. Among them are the following:

- financing of innovation activity of enterprises is carried out mainly at the expense of own resources. The process of developing and implementing innovations requires significant financial infusions, that is, they need to divert resources from direct production. Only large enterprises can afford it;

- there is a critically low level of technology upgrading and depreciation of the main productive assets at the enterprises of Zaporizhzhia region;

- lack of support for enterprises engaged in innovation activities, both at the state and regional levels (financial, informational);

- rapid moral aging of intellectual resources in the industry, especially in comparison with the foreign practice of constant and active updating of knowledge and technologies;

- lack of consolidation between scientific organizations and enterprises that are ready to be engaged in innovations, for carrying out joint researches.

In the absence of state support, it is difficult for enterprises to develop and implement innovative projects independently. Therefore, the creation of a unified system of state and regional support for the development of innovation processes will be a significant impulse for the innovative development. To replace only their own resources, enterprises should seek alternative sources of financing for innovations and attract foreign capital for the development of innovative technologies. In addition, it will be useful to establish cooperation with domestic and foreign partners for the implementation of joint innovation projects in the region.

It is also necessary to intensify innovation activities through the creation of innovative infrastructure objects that will create conditions for the cooperation between universities, scientific organizations, enterprises of the financial and real sectors of the economy and public organizations.

## STATE AND DEVELOPMENT TRENDS OF SMALL AND MEDIUM ENTERPRISES IN UKRAINE

**Kolisnichenko P.T.**

Candidate of Economic Sciences, Associate Professor,  
Research Scholar,  
Pavlo Tychyna Uman State Pedagogical University

The article analyses the place and role of small and medium enterprises, the state and trends of their development. The advantages of forming and developing small- and medium-sized businesses are identified. Several stages of formation of the small and medium enterprises sector during the years of Ukrainian independence, including the process of drafting and implementing the legislative framework, are highlighted.

The main structural and functional indicators of small and medium enterprises development are analysed. This includes the number of small and medium enterprises, the number of employed workers, the volume of sales, financial results before taxation by types of economic activity, the profitability of small and medium enterprises. The dynamics of changes in capital investments of small and medium enterprises are analysed. The analysis of these

indicators showed a small social benefit from the functioning of small and medium enterprises, despite the large share of these economic units.

The main areas and directions of small and medium enterprises activity and the structure of small- and medium-sized enterprises by branches are presented. Research of innovation activity of industrial enterprises is conducted. The main reasons for the low innovation activity of small and medium enterprises, the inhibitory factors of the functioning of SMEs are identified. It is important to develop preventive measures to enhance the activities of small- and medium-sized enterprises, to identify the main strategic and tactical guidelines for SME development at the state, regional, and local levels, to implement clear, real, and effective ways to effectively and efficiently support their functioning.

## SCIENTIFIC BASIS OF THE TOURISM DEVELOPMENT IN MODERN CONDITIONS

**Komelina O.V.**

Doctor of Economic Sciences, Professor,  
Professor at Department of Management and Logistics,  
Poltava National Technical Yuri Kondratyuk University

**Shamila Hassan Ismail**

Postgraduate Student,  
Poltava National Technical Yuri Kondratyuk University

The article examined scientific approaches to the definition of basic concepts in the field of tourism. The interrelation between concepts “tourism”, “recreation”, “tourist resources” is revealed.

The content of the category “recreation” is uncovered. The interbranch and interdisciplinary nature of this category is established. The economic role of tourism in the development of territories is justified. The role of the tourist infrastructure that determines the quality, accessibility, attractiveness, and comfort of tourist services is justified. The main groups of tourism resources (natural, cultural, historical, socio-economic) are identified.

The content of competitive relations between the tourism industry and other branches of the economy regarding the provision of resources is disclosed. In the work, factors that influence the development and functioning of the tourism industry are investigated and identified. An attention

is focused on the innovative nature of the development of the tourism industry.

The factors of safety of development of the tourist industry (military and political safety, ecological safety, epidemiological safety, natural disasters and catastrophes, criminal safety) are established. It is emphasized that the level of crime in the country significantly affects the development of the tourism industry. These are not only isolated cases of incidents involving tourists but also planned terrorist acts.

The current realities of the functioning of the tourism industry determine the need for the rapid response to constant changes in the demographic situation, changes in the vital values of society, the rapid development of technology. Increasing the requirements of consumers for the quality and level of tourist services in general sets high rates of development of the tourism industry and raising world standards for the quality of tourist services.

# THEORETICAL APPROACHES TO THE FORMATION OF INNOVATIVE DEVELOPMENT INDUSTRIAL POLICY

**Lekhovitser V.O.**

Postgraduate Student at Department of Economic Theory  
and Entrepreneurship,  
Zaporizhzhia National Technical University

The approaches to industrial policy models are analysed and its peculiarities in terms of the level of selectivity with respect to economic entities are revealed in the article. The content of industrial policy of innovation development and criteria for priority selection for machine building are determined.

In the article, the methodical approaches to the evaluation of the innovative development of machine building at the national level are considered. The algorithm of calculation of the integral index of innovative engineering is considered, which has a hierarchical system where level I is a generalized integral index, level II is for group integral indexes; level III is for indicators that characterize some aspects of group integrated indexes.

On the basis of the proposed method, cumulative index of innovative development of mechanical engineering in the national economy is offered and an assessment of

its dynamics for 2013–2015 is made. It is determined that in 2015 the highest level of innovative development belonged to the small industrial sector of production of motor vehicles, trailers and semi-trailers and other vehicles, and the lowest level was for electrical equipment.

The main problems of innovative development of machine-building industry are identified and priority measures of the state industrial policy on a particular level are proposed, i.e. criteria of the priority selection and their content are defined.

Specific measures to develop a mechanism for industrial selective support of priority industries based on criteria such as entrepreneurial activity, innovation activity orientation, financial activity, introduction of innovative processes, market innovation “leap” of enterprises, export orientation of innovations are proposed.

## **DETERMINATION OF SOCIO-ECONOMIC FACTORS OF ENTERPRISES ACCORDING TO THE LEVEL OF SUFFICIENCY OF REGIONAL RESOURCES**

**Likhonosova H.S.**

Candidate of Economic Sciences, Associate Professor,  
Senior Research Scholar,  
Volodymyr Dahl East Ukrainian National University

The article presents the author's vision of the process of determination of social and economic factors influencing the level of sufficiency of regional resources. Based on the analysis of the current socio-economic state of the regions of Ukraine, the distribution of social and economic factors into two groups is proposed, "hard" and "soft" in terms of their impact on the level of resource sufficiency. "Hard" factors can be understood as factors that are measured quantitatively (land, labour, capital, the proximity of cooperation partners, infrastructure, structure, and consumption, taxes, management systems, subsidies and support programs). "Soft" factors are those factors that are quantitatively very difficult to measure (stability of the political situation and the public climate, qualification of employed, regional structure of the economy and individual enterprises, the quality of the education system and professional training of personnel, etc.).

It is characterized that for some specific regions, the factors that are characteristic for the specialization sectors, factors such as the level of concentration of production in this industry, the level of current competitiveness of the industry, the level of availability of raw materials of the operating industries, the level of availability of agricultural raw materials of the food industry, are of higher importance. The level of availability of skilled personnel of high-tech industries, comparative cost of labour for labour-intensive industries, comparative level of concentration of consumer demand in the region (for sectors oriented to regional markets)

It is summed up that any region cannot have an advantage over all factors. Each region has its own specific set of advantages, which makes it both economically and socially developed.

## THE EVOLUTION OF THE WELFARE STATE AND GREENING OF ITS DEVELOPMENT

**Martyniuk V.P.**

Doctor of Economic Sciences, Professor,  
Professor at Department of Economic Security  
and Financial Investigations,  
Ternopil National Economic University

**Dluhopolskyi O.V.**

Doctor of Economic Sciences, Professor,  
Professor at Department of Economic Theory,  
Ternopil National Economic University

**Dluhopolska T.I.**

Postgraduate Student at Department of Economic Security  
and Financial Investigations,  
Ternopil National Economic University

The article deals with the relevant problem of the formation and development of the welfare state focused on an ecological component of the socio-economic systems' progress. The basic approaches to the welfare state formation are analysed in economic, ecological, and welfare policies' points of view.

We discussed peculiarities of G. Esping-Andersen approach and his vision of three welfare regimes: liberal (an example of the USA), conservative (an example of Germany), and socio-democratic (an example of Nordic countries) models. Also, we analysed structural, political-economic, and ecological approaches to welfare state development.

In the article, we summarized key indicators of welfare state (social, economic, and ecological). We proposed new indicators of evaluation of the welfare state regimes (like Social Justice Index, Social Progress Index, Legatum Prosperity Index, Global AgeWatch Index, Good Country Index, etc.). The key

stages of the welfare state evolution are investigated from the beginning of its formation in 1880 and up to now. We argued that welfare state development can be divided into five periods:

- 1) "take-off" of embryonic welfare state (1880–1914);
- 2) welfare state expansion (1918–1950);
- 3) acceleration of the welfare state (1960–1975);
- 4) neoliberal restructuring of the welfare state (1975–2008);
- 5) welfare state after the financial crisis (2008 – up today).

The ecological component in welfare studies rises up in the beginning of the XXI century. We summarized and discussed the main instruments of ecological policy.

The conclusions about prospects for the welfare state development in the XXI century are formulated in the context of greening. They are based on innovative invests, ecological standards, and taxes.

## **DEVELOPMENT OF RURAL GREEN TOURISM IN PROTECTED AREAS: DOMESTIC AND FOREIGN EXPERIENCE**

**Pecheniuk A.P.**

Lecturer at Department of Accounting and Audit,  
Marketing and Management,  
Kyiv University of Tourism, Economics and Law

In today's conditions, the issue of combining nature conservation with recreational activities, which is known to have no effect on protected areas and on the state of the environment, is particularly relevant.

Analysing the experience of the interaction of rural green tourism communities with national natural parks, it should be noted that except the ecological component, a major problem is solving the issue of economic efficiency from such cooperation. Sometimes, due to the imperfection of the legislation, there are certain conflicts between the locals – the owners of rural green farms, which are territorially related to the nature reserves, and administrations of such areas regarding the conduct of economic activity. It worsens the situation of people, slows down the development of rural green tourism, and negatively affects the image of Ukraine.

National natural parks have to become centres of the sustainable development of their territories and spread these principles among the local population, motivating them to entrepreneurial activity. The success of such an approach has been proven by the international experience, which convinces that the implementation of such strategy has a positive effect on the development of the local community, and for parks it is a chance to gain greater autonomy, as well as new directions for development, especially in the condition of financial limits.

For owners of rural green farms, development of a national program for the development of rural green tourism within the protected areas would be appropriate, which should determine the principles of behaviour, doing business, implementation of environmental technologies, and the formation of ecological culture in the territories of natural parks. The development and implementation of the program will contribute to solving many socio-economic problems of rural green tourism development within protected areas and will have long-term consequences.

Taking into account international experience, it should be noted that Ukrainian natural parks and protected areas have significant opportunities for the development of sustainable tourism. Despite the fact that rural green tourism is not yet a stable and profitable sector of the economy, its distribution in protected areas will help to solve a number of socio-economic problems of the region and, with its proper organization, will contribute to the protection of the natural environment. This requires the establishment of effective cooperation between the state and the private sector. An important condition is also the improvement of communication processes between the territorial communities of rural green tourism with the leadership of national natural parks.

# STATE STRATEGY OF INVESTMENT SUPPORT FOR THE CREDIT-COOPERATIVE SECTOR OF THE NATIONAL ECONOMY

**Serzhanov V.V.**

Candidate of Economic Sciences, Associate Professor,  
Dean of Faculty of Economics,  
Uzhhorod National University

The article investigates problems hindering the implementation of the state strategy of investment support for the credit-cooperative sector in Ukraine. In the course of the research, the contradictions in the development of the credit-cooperatives sector of the national economy are identified and structured, their interdependence, their compliance with the established conditions, and the possibility of adapting to the changes are taking place. It is proved that one of the main tasks that need to be solved is the need for the state investment support for the credit-cooperative sector of the national economy. After all, those institutions of credit cooperatives that conducted a sound financial policy and focused on ensuring their security overcome the negative effects.

The study shows that investment flows, tax incentives, lending, and government guarantees are the main regulators of the development of investment support for the

credit-cooperative sector. The institutions of the credit-cooperative sector operate in an investment climate, the creation of which to a certain extent assumes and undertakes to provide the state by means of legal regulation, provision of measures of guarantee and insurance of investment risks, direct state financing, etc.

The priority directions in the credit-cooperative sector should be state policy directed not to interfere with the financial activities of the institutions of the credit-cooperatives sector of the national economy but to stimulate and support it. The state should actively promote the development of the credit-cooperatives sector, which will accelerate the recovery of the economy and launch its internal financial mechanisms. Thus, in order to intensify investment activity, it is necessary to form a qualitatively new investment state strategy for the investment support for the credit-cooperatives sector of the national economy.

# SHADOW ECONOMY: THE NATURE, CAUSES OF OCCURRENCE, AND WAYS TO OVERCOME IT

**Skoruk O.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Economics,  
Security and Innovative Activity of Enterprise,  
Lesya Ukrainka Eastern European National University

The article explores the essence, components, and features of the shadow economy in Ukraine. A comparative analysis of Ukraine's shadow economy with other countries is carried out. The main reasons for the emergence of the shadow economy and its manifestations are substantiated, the consequences of the shadow economy for the economic security of the state are determined. The ways for overcoming the shadow economy for strengthening the economic security of Ukraine are proposed.

For the sustainable development of Ukraine's economy and its accession to the world community, the spread of the shadow economy is a significant obstacle. It negatively affects all economic processes and is one of the significant threats to the national security of the state in the economic sphere.

The shadow economy exists in any country, regardless of the level of development of the national economy. However, in some countries, the shadow economy is at a level that does not have a significant impact on the economy (5–12% of GDP), while in others, it has a detrimental effect on all socioeconomic processes (over 30% of GDP). Unfortunately, Ukraine belongs to the second category of countries, the volume of the shadow economy of which, according to the Ministry

of Economic Development and Trade data for 2010–2016, fluctuated between 34–43%.

We believe that the shadow economy is a concealed and/or non-concealed economic activity whose purpose is to deliberately or involuntarily obtain extra profits as a result of uncontrolled socio-economic relations.

Having reviewed various views on the definition of shadow activity and its components, we believe that for a thorough analysis of the shadow economy, it is necessary to classify it by the nature of the activities of the entities:

- “hidden” (“grey”) shadow economy – fully allowed economic activity associated with the manufacture of legal goods and the provision of legal services (construction, assembly, household, medical, lease services, etc.), which are partly not accounted for by official statistics and, consequently, hidden from taxation;

- “underground” (“dark grey”) shadow economy – illegal production and sale of legal goods without their documentary registration and/or registration of entrepreneurial activity;

- “criminal” (“black”) shadow economy – the law prohibits economic activities related to the production and sale of prohibited goods and services (e.g., corruption, drug trafficking, etc.).

## MODERNIZATION OF SECTORAL STRUCTURE OF INDUSTRIAL POTENTIAL OF UKRAINE

**Stanasiuk N.S.**

Candidate of Economic Sciences, Associate Professor,  
Doctoral Student at Department of Management  
and International Business,  
Lviv Polytechnic National University

An increase in the growth rate of industrial potential occurs largely due to the efficiency of its sectoral structure. Successful economic development in the overwhelming majority of the developed countries of the world was achieved thanks to carrying out certain structural transformations in the national economy. Therefore, the formation of a cost-effective sectoral structure of industrial potential is an extremely important task.

The purpose of the study is to assess the level of the industrial potential development in the sectoral view, to identify the trends of the change, and define the ways of modernization of the sectoral structure by a generalization of the world experience.

The estimation of the level of the industrial potential development of Ukraine in branch view is conducted by the author's methodology in the article. It is defined that by the development level of both reproductive and realized potential, the processing

industry occupies a leading position. A comparison of the obtained results in dynamics allowed us to make a conclusion as for the gradual increase of the processing industry potential and the reduction of the role of the raw material and energy-consuming industries.

On the basis of generalization of the international experience and taking into account the current trends of the world economy development, the main strategic ways of modernization of the sectoral structure of the industrial potential are the following: the increase in the share of the processing industry due to the development of high and medium technological industries, that will contribute to the growth of an innovative development model; the reduction of the share of resource and energy-consuming industries in order to preserve the natural environment and make industrial production eco-friendly.

## **ASSESSMENT OF THREATS TO UKRAINE'S ECONOMIC SECURITY AS A COMPOSITION OF NATIONAL SECURITY**

**Tanasiienko N.P.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Economic Theory,  
Khmelnyskyi National University

National security characterizes the ability of the economy to withstand the various internal and external threats, to ensure sustainable economic development, to strengthen the competitive position in the international market.

The economic security of the country is an important component of the national security system.

Especially important becomes the strengthening national economic security in the conditions of strengthening external threats from the Russian Federation, the economic crisis, and inflation.

The essence of economic security is implemented in the system indicators – indexes of economic security. The most important indexes of economic security are: the level of the shadow economy; Gross Domestic Product (GDP); budget deficit; state debt; the level of labour productivity; volume and dynamics of investments, competitiveness of the economy,

level of population employment; uncontrolled migration processes.

The main threats to Ukraine's economic security are: high level of shadowing the economic activity; high level of external debt; low level of labour productivity; unfavourable investment climate; deterioration of the competitiveness the economy; rising unemployment and so on.

In order to ensure economic security in Ukraine, in our opinion, it is necessary: continue the process of reforming the economy and deepen cooperation with the European Union; to strengthen the investment activity of private persons; encourage innovative activity of business entities; to optimize the structure and volume of external debt; to improve the state migration policy and so on.

The use of the proposed protective mechanisms of economic security will affect the competitiveness of the national economy and ensure the standard of living and well-being of the population.

# INSTITUTIONAL SUPPORT FOR INNOVATION AND INVESTMENT ACTIVITY IN THE AGRARIAN SECTOR OF THE UKRAINIAN ECONOMY

**Fedun I.L.**

Doctor of Economic Sciences, Associate Professor,  
Professor at Department of International Economic Relations,  
Kyiv National University of Trade and Economics

**Sokoliu K.Yu.**

Candidate of Economic Sciences,  
Assistant Lecturer at Department of Marketing and Advertising,  
Vinnytsia Institute of Trade and Economics of  
Kyiv National University of Trade and Economics

The object of the article is researching the institutional provision of innovation and investment activity in Ukraine on the example of the agrarian sector in the context of globalization processes and the development of the market of investment resources.

The article studies peculiarities of the institutional provision of innovation and investment activity in the agrarian sector of Ukraine, formation of institutional criteria, and ways of innovation and investment development of agro-industrial production, as well as institutions, which ensure this development and correspond to the current stage of transformation of the market environment in terms of ensuring provisions of food security.

The main problems of financing of agrarian-industrial production and other key industries on the innovation-investment basis and the role of shadow economy for the formation and development of the market of investment resources are determined. As a conclusion, the financing of innovative activities in the agrarian sector at the expense of the state budget is on a low level. The present state of the government financing of innovation and investment activity, in particular, in the agrarian sector of economy of Ukraine and in other countries of the world, the priority sectors for investments and innovation-investment development, is explored. The level of state support for innovation development is determined, as well as it is forecasted its nec-

essary volume for the future, taking into consideration the requirements of the current legislation. State support for the agro-industrial complex should be based, first of all, on the financial provision of the most basic industries. In our opinion, it is advisable to ensure the development of agricultural enterprises and territories. As socio-economic development of rural areas is a key to creating favourable conditions for further development of the investment environment and improvement of the investment climate in particular.

In addition, the main emphasis must be done on the formation of intellectual capital on the basis of financing of human development and the main components of its capital: physical, spiritual, intellectual.

It is highlighted that the overcoming of such a negative factor as corruption, which is the root cause of the emergence of the shadow economy and an obstacle for the provision of an adequate investment climate, is one of the strategic directions of the reforming of domestic economy in the framework of developing a new strategy for the socio-economic development. It is necessary to significantly accelerate the movement in this direction, especially given that the interaction of state, science, investors, and agribusiness contributes to strengthening of the motivational activity of the parties in the implementation of socially useful activities in the aspect of the innovative development of agro-industrial production.

## ECONOMIC SECURITY IN THE SYSTEM OF NATIONAL SECURITY OF UKRAINE

**Tsvihun T.V.**

Candidate of Economic Sciences, Senior Instructor,  
Khmelnyskyi National University

The article is dedicated to the study of the economic security place in the system of the national security of Ukraine. In Ukraine, the priority of national interests in the field of economic security is the creation of the competitive, socially oriented market economy, and ensuring a constant growth of living standards and welfare of the population.

Economic security implies the ability of the national economy to ensure its independent development, the stability of civil society institutions, sufficient defensive potential of the state under various adverse conditions and events, as well as the country's ability to protect its own interests from external and internal threats.

In order to provide the economic security, it is important to monitor and assess the level of threats. The main threats to economic security are identified: reduction of the gross domestic product, decrease of investment and innovation activity, scientific and technical, as well as technological potential; critical condition of the main productive funds in the leading industries; critical amounts of state external and internal debts; critical situation with food provision of the population; inefficient use of fuel and energy resources, insufficient rates of diversification of their supply sources, and lack of

active energy preservation policy; "shadowing" of the national economy, etc.

The main components of the economic security of Ukraine are analysed: macro-economic, demographic, social, food, productive, financial, investment, scientific and technological, energy. The main indicators of economic security are: GDP amount, birth and mortality rate, rate of labour migration of the population, welfare (poverty) and unemployment level, level of food provision, profitability of operational activities of industrial enterprises, the level of depreciation of basic means of production, share in the industrial production of the processing industry and machine building, the amount of state debt, level of science and education financing, amount of investments, share of own fuel and energy resources.

Shadowing of the national economy in the system of threats to Ukrainian economic security, which leads to an imbalance in certain spheres of the economy, takes a significant place.

The main directions of the state policy in the field of economic security of the country are determined. One of the most important tasks of our state is a creation of a reliable system of economic security ensuring as an integral part of the national security guaranteeing system of Ukraine.

# ORGANIZATION OF CLUSTER ACTIVITIES FOR THE PRODUCTION RESOURCES MANAGEMENT IMPROVEMENT

**Yurynets Z.V.**

Doctor of Economic Sciences,  
Senior Lecturer at Department of Management,  
Ivan Franko National University of Lviv

The article is devoted to the study of features of the clusters' formation to ensure economic processes. In order to increase the efficiency of the cluster activity organization, it is expedient to optimize the processes of resource potential creation, the formation of the production resources management system. The formation of a production resources management system for the cluster involves identifying and managing the resource potential of cluster participants, strategic capabilities. This gives an opportunity to increase the cluster competitiveness and establish the production reserves of development. The formation of this system depends on the creation of resource strategies, justification of the permissible levels of risk for the use of resources, taking into account the maximum possible profit. In the article, an informational model of the process of providing and organizing the cluster activity in the context of the production resources management system is proposed.

Stages of the process of providing development and cluster's activity organization at the macro level and meso level: formation of scientific and methodological foundations, the system-forming basis of cluster development; creation of production resources management system; formation and improvement of the cluster development structure. An important aspect is the definition of research tools, indicators, criteria, and approaches to assessing resource support.

In the article, the task for the formation of resource strategies is highlighted. The advantage of cluster model is a unique opportunity to accelerate innovation at all hierarchical levels, attract investment, develop new technologies and new products, enhance the competitiveness of the territories, and increase the expansion of opportunities on international markets. The list of priority tasks for the development of clusters is outlined.

## ECONOMY AND ENTERPRISE MANAGEMENT

### DEVELOPMENT OF SOCIAL MARKETING IN MODERN CONDITIONS OF ENTERPRISE ACTIVITIES

**Bezuhla L.S.**

Candidate of Public Administration, Associate Professor,  
Senior Lecturer at Department of Marketing,  
Dnipropetrovsk State Agrarian and Economics University

The present dictates new principles and conditions of entrepreneurship, where the use of social marketing and social responsibility as a determinant character becomes some of the aspects of competitiveness.

The urgency of the research expressed that the phenomenon of social marketing – a relatively new trend that can not only strengthen the position of marketing in today's world but also expand the range of problems that can be solved by using the marketing approach to building a balanced and sustainable development.

The modern concept of social marketing is the most important, fundamentally new, creative approach to the regulation of social change and social processes in a democratic, informational society.

Analysing the activities of many enterprises, we can conclude that social principles promote business development, and vice versa, their avoidance limits the opportunities for enterprises to succeed.

Social marketing can be considered as a social institution, which is represented by a set of formal and informal rules, principles, norms governing the innovative and social sphere of human activity, and organizes them in the system of roles and statuses, which defines purposeful means of solving practical problems in innovation

development and innovative satisfaction of social needs of people and society as a whole.

Professional importance for the social marketing has an understanding of the social importance of respondents' behaviour, including consumer behavioural risk responses, social compromises; active adoption by the authorities of humanitarian recommendations, promotion of socially beneficial proposals; public authorities' support for social marketing agencies.

No one will be able to deal with the problems of all members of society without exception. No matter how big and secure it was, it still has limited human and material resources. Social marketing allows you to focus and provide effective assistance to specific groups of the population, so through the implementation of programs aimed at meeting the needs of specific people, the organization becomes more sustainable and effective.

Social-ethical marketing is useful not only in terms of social effect but also in terms of profitability. Measures to apply the concept of social and ethical marketing require significant costs, for example, for improving technology, conducting charitable actions, etc. But these costs are strategically important and promote economic growth.

## FORMATION OF THE STRATEGY OF CORPORATE SOCIAL RESPONSIBILITY

**Bilan O.S.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Economics  
of Enterprises and Corporations,  
Ternopil National Economic University

The article substantiates that under current conditions, the socially responsible behaviour is an essential element of successful entrepreneurship, and leading international and domestic companies transform the concept of social responsibility into the most effective tool for ensuring its competitive advantage. It is investigated that the current state of corporate social responsibility in Ukraine in most cases does not meet international standards.

On the basis of generalization of the positions of leading domestic and foreign scientists, the stages of the formation of the strategy of corporate social responsibility (CSR) are proposed: creation of a working group; analysis of the internal and external environment of the enterprise operation; definition of strategic alternatives for the development; construction of a system of balanced indicators; formation of a strategic business card; organizational and administrative transformations; development and approval of a plan for the implementation of CSR strategy measures and control system for their implementation. It is concluded that the implementation of the strategy of corporate social responsibility is a cyclical process, which involves continuous, continuous modernization of the enterprise management system taking into account

changes and requirements of the internal and external environment.

The main directions for the improvement of the relationship between strategic management and corporate social responsibility are outlined: development of cost-effective links between business and local authorities; formation of a clear representation of business representatives regarding the content of social responsibility as a social phenomenon; improving the quality of business culture at every domestic enterprise; establishment of close interconnection of enterprises with non-profit organizations; raising the level of information openness, developing new channels of communication with various social groups; development of special documents containing the main directions of development of social relations within the enterprise and in its external environment; monitoring the fulfilment of obligations and the response of stakeholders to the company's activities in the social sphere.

It is summarized that every enterprise, which plans to work long and successfully and cares about its business reputation, must form effective CSR strategies with a certain consistency and taking into account the establishment and development of relationships with the main groups of stakeholder group (stakeholders).

## **MANAGEMENT OF INVESTMENT ACTIVITY AS AN IMPORTANT COMPONENT OF THE ENTERPRISE ECONOMIC SECURITY**

**Bushovska L.B.**

Candidate of Economic Sciences,  
Department of Economic Theory,  
Khmelnyskyi National University

The article is devoted to the substantiation of scientific and methodical approaches to the management of investment activity of enterprises. It is proved that investment activity is influenced by many factors, which in its estimation and acceptance of well-founded decisions requires a consideration of multicriteria approaches.

The purpose of the study is to provide theoretical substantiation and development of practical recommendations on the management of investment activities of enterprises as an integral part of economic security. To achieve this goal, the following tasks were set: to study the theoretical and methodological principles of management of investment activity of enterprises at the present stage of development of society, to determine its economic essence; determine the role of the state in the development of investment activity.

When organizing the management of investment activities, it is necessary to con-

sider that it is an economic category and reflects, in the author's opinion, the implementation of the most effective forms of capital investment. It is aimed at increasing the economic potential of the enterprise and is an important form of realization of its economic interests, in this connection, its following features are manifested: investment activity is one of the forms of realization of the economic strategy of the enterprise and it is aimed at ensuring growth and improvement of its current activity; volumes of investment activity of the enterprise in the vast majority of cases determine the pace of its economic growth.

Attracting investment resources, optimizing their structure, serve as a starting point in the implementation of management of investment activities of the enterprise. In the process of investment activity, the company not only attracts investment resources but also solves the tasks for their placement – by choosing investment projects.

## RISKS IN SMALL BUSINESS

**Vinnikova I.I.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Management,  
Kyiv National Economic University named after Vadym Hetman

**Marchuk S.V.**

Assistant Lecturer at Department of Management,  
Kyiv National Economic University named after Vadym Hetman

The article is devoted to the relevant questions of determining the risks of the small business. The importance of small business in Ukraine is substantiated that should become the basis of socio-economic development of our state.

The main problems and reasons of braking development of small business in Ukraine are outlined in this article such as the absence of effective mechanism of the state policy implementation in support of small business, low temps in the process of property reforming, and absence of legal and regulatory framework of small business development as far as entrepreneurship in general, restriction or complete absence of material financial resources.

The authors pay attention to the fact that economic activity of small businesses in Ukraine is accompanied by numerous risks: unfavourable trends in the development of

an industry in which a small business operates; possible price reduction; cyclical sales volumes; excess production delays over planned; difficulties in obtaining raw materials, materials, components; difficulties in obtaining loans; cycle of cash flows and taxes.

It is defined that there are the following risks that influence the activity of small enterprises: commercial risks, cyber incidents, investment and innovation risk, loss of reputation, personnel risks, financial risks, changes in legislation, market development.

The overview of dynamics of the position of Ukraine in the rating of conditions created for doing business is done.

In Ukraine, it is necessary to implement a policy of supporting small businesses at the expense of state programs.

As a result, small businesses in Ukraine will start to occupy niches that are not interesting to large organizations.

# MODERN ASPECTS OF MANAGEMENT OF ENTREPRENEURIAL ACTIVITY OF AGRICULTURAL PRODUCERS IN THE GLOBALIZED MARKET

**Hohulia O.P.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Management named  
after Prof. J.S. Zavadskyi,  
National University of Life and Environmental Sciences of Ukraine

Entrepreneurship in the agrarian sector of the economy is important for the development of domestic commodity production, intensification of competition, increase of employment of rural population. Agriculture is one of the priority sectors of the Ukrainian economy but the financial and economic condition of agricultural producers tends to deteriorate. This leads to the search for tools that would ensure the development of entrepreneurship and the improvement of the business activity of organizational formations.

The purpose of the article is to formulate proposals for creating favourable conditions for the development of entrepreneurship in Ukraine, in particular, in the agrarian sector of the economy, and increase the competitiveness of agricultural producers.

The dynamic development of agriculture in Ukraine and the improvement of the quality of life in rural areas depend to a large extent on entrepreneurial activity and the initiative of the inhabitants of rural areas, owners, and leaders of organizational formations.

We support the opinion of specialists that only a quantitative increase in enterprises, with the actual level of their business perfection, is not enough. This will not ensure the necessary increase of the competitiveness of the domestic economy.

The development of entrepreneurship involves rationalization of the economy, a complete realization of human potential.

There needs to be a clear awareness and adequate response to new challenges and threats that are reorientating to a rich global market and the likely consequences of the fourth industrial revolution.

In a globalized market, entrepreneurship in the agrarian sector is characterized by a number of specific features associated with the nature of agricultural production. Many researchers, the category "entrepreneurship in the agrarian sector" is identified with the category "agribusiness".

The key factors that hamper the development of small- and medium-sized businesses are: the imperfection of the legislative framework; limited access to financial resources; insufficient level of professional knowledge and experience of persons engaged in entrepreneurial activity.

The development of entrepreneurial activity in Ukraine, first and foremost, depends on the nature of the environment. In the agrarian sector with the aim of forming a comprehensive system of business management, we consider the main areas of research:

1. In-depth analysis and assessment of the weak and strong sides of organizational formation for the purpose of compliance with existing opportunities and threats to the environment in order to develop a socially-oriented strategy for the development, optimization of managerial decisions regarding the formation of a strategic set;

2. Development of a mechanism for managing market priorities on the basis of balancing supply and demand for agricultural products;

3. Search for ways of effective use of resource potential, forecasting of the life

cycle of products, expansion of financial possibilities of production activity;

4. Complex analysis of production and economic activity of the enterprise in order to determine the development prospects.

# IMPROVING THE EFFICIENCY OF COMMERCIAL ENTERPRISES' CASH FLOWS FORECAST CONTROL

**Holovko T.V.**

Postgraduate Student at Department of Economics  
and Finances of Enterprise,  
Kyiv National University of Trade and Economics

As at present, the market conditions are characterized by instability and volatility, control plays an important role in the measures, which may be performed in order to ensure the stable functioning and development of the enterprise.

It should be noted that control is highly connected with the forecast because without control the planning process would not make sense since it would not be possible to evaluate the results of the plans and compare the expected financial results of the enterprise with the actual ones.

Control is an important prerequisite for the cash flows forecast process, effective implementation of control contributes to more effective future forecast, identifies potential opportunities, strengths and weaknesses of the enterprise development.

Thus, at present among the scholars, there is no wide consideration of the cash flows forecast control issue. The most com-

mon methods, which are described, include comparison, control observation, ABC analysis, and XYZ analysis.

We suggest the system of control cash flows indicators formed according to the main forms of control implementation: strategic, current, and operational.

We formed the generalized system of basic methods of cash flows forecast control for commercial enterprises. This system includes both existing methods of cash flows forecast control and new additional methods, which are not considered by scholars concerning cash flows. These methods include QRS analysis, XML analysis, FSN analysis, SOS analysis. They are adopted according to the needs of cash flow forecast.

Implementation of control of cash flows forecast using such methods will allow increasing the efficiency of corporate cash flow management and cash flow forecast.

## DIAGNOSTICS OF INVESTMENT ATTRACTIVENESS OF THE ENTERPRISE

**Horodnia T.A.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Economics,  
Lviv University of Trade and Economics

**Hodunko R.B.**

Graduate Student, Department of Economics,  
Lviv University of Trade and Economics

The article analyses and diagnoses the investment attractiveness of enterprises as potential investment objects. The first step of the decision is to determine the existing level of investment attractiveness of an object, which necessitates a skilled assessment of the multi-level structure of this indicator: international, domestic, inter-branch, intra-industry, concrete enterprise, and project.

The essence of the concept of investment attractiveness of the enterprise from the point of view of various scientists is analysed and the purpose of determination is formed. Problems of methodological approaches concerning diagnostics of investment attractiveness of the enterprise are investigated.

The article describes the essence of the complex diagnostics of the enterprise and explores its components that are: analysis of the investment climate of the state, research

of investment attractiveness of the industry and analysis of the investment attractiveness of the enterprise.

The article shows the research of a system of indicators of investment attractiveness of a selected enterprise for five years.

Thus, the first step in the study of investment attractiveness was the diagnosis of indicators of financial soundness of the enterprise. The next step to research investment attractiveness by rating an enterprise was to use the five most frequently used indicators that most fully describe the financial condition. The last stage of the study of investment attractiveness we conducted using the models of valuation of fixed assets.

Thus, having studied the system of indicators of investment attractiveness of an individual company, we found its investment attractiveness for five years.

## MODERN ASPECTS OF DEVELOPING AND MAKING MANAGERIAL DECISIONS

**Hrubiak S.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Economics  
of Enterprises and Corporations,  
Ternopil National Economic University

It is impossible to imagine an enterprise that operates without managerial decisions in the modern economic conditions. The competitiveness of the enterprise and the possibility of its further development depend on their efficiency. Therefore, the issue of improving the process of developing and making managerial decisions is one of the priority directions of modern science and practice research.

Management decision is the result of the analysis, forecasting, optimization, economic feasibility, and choice of an alternative from the set of options for achieving the management system specific goal. Decision-making is the process of analysing, forecasting, and assessing the situation, choosing and approving on the best alternative option for achieving the goal.

Decision-making is complex and multifaceted, thereby, the preparation of management decisions can be called technology of development and decision-making, which is a consistent set of repetitive actions, consisting of individual steps, procedures, and operations.

There are many approaches to the selection of different stages of decision-making processes.

Examining the different approaches to technology adoption and implementation of management decisions, the following stages

of development and decision-making may be listed:

- collection of information about possible problems;
- identification of the problem situation and the reasons for its development;
- development of evaluation system;
- diagnostics of the situation;
- development of the forecast of the situation development;
- generating the alternative solutions;
- selection of main variants of managerial decisions;
- development of scenarios for the development of the situation;
- expert assessment of the main variants of administrative actions;
- collective expert evaluation;
- decision-making;
- control and evaluation of the decision implementation.

Hence, the process of making managerial decisions is the main prerequisite for the effective operation of each domestic enterprise. Therefore, in order to improve the activities of enterprises, it is necessary to pay more attention to the well-grounded stage-by-stage process of preparation and approving of managerial decisions. This is, primarily, the development of the set of action options, choice of option, its adoption, (approval) and implementation.

# PRINCIPLES OF THE VENTURE CAPITAL FINANCING IN DIFFERENT COUNTRIES

**Huk O.V.**

Candidate of Economic Sciences, Associate Professor,  
National Technical University of Ukraine  
“Igor Sikorsky Kyiv Polytechnic Institute”

**Mokhonko H.A.**

Candidate of Economic Sciences, Associate Professor,  
National Technical University of Ukraine  
“Igor Sikorsky Kyiv Polytechnic Institute”

The article examines the basic principles of venture capital financing in the United States, South Korea, Japan, Israel, and Ukraine. Considered the practical operation of venture capital funds as components of collective investment institutions, the experience of foreign countries on the operation of venture capital funds.

Revealed challenges concerning the practice of involving, implementing venture financial instruments for innovative enterprises. The authors analysed and identified factors of dynamic development of the venture activity in different countries.

The main factors that assisted in the development of venture to business in different countries are determined: assistance to the creation of innovative enterprises, development of a legislative base in relation to a venture enterprise, high development of fund markets. Experience of the developed countries and the introduction of these factors will assist to development of venture business in Ukraine. It is a basic condition of including Ukraine in the world economic system and forming an innovative model of development of the economy of Ukraine.

The authors carried out a comparative description of principles of the venture capital financing for providing innovative development of different countries. The theoretical-applied approach is used for forming the effective system of the venture capital financing and search for new mechanisms of stimulation of innovations' introduction.

In the article, the authors considered features of origin of the venture capital financing, legislative base in relation to venture business, creation and functioning of structures that carry out direct public investments at small enterprises, features of the creation of venture funds in the USA, South Korea, Japan, Israel, and Ukraine.

The domestic market for venture capital has certain differences from foreign markets: another area of venture capital investment (abroad it is the production of electronic novelties, computer technology, biotechnology, information security, genetic engineering, and in Ukraine – construction, processing of agricultural products, food industry, retail trade) predominance of an investment loan, imperfection of the legal framework and insufficient state support in the field of venture enterprise.

While acknowledging the importance of scientific developments of domestic and foreign scientists in the field of the theory and practice of venture capital business and the construction of a financial support system, it is worth pointing out that further research requires the study of the peculiarities of venture financing of different countries of the world, in particular, the principles of their formation, which confirms the relevance of the research topic. Perfection is needed by the row of questions in relation to the application of additional instruments of stimulation of introduction of innovative developments.

## **MECHANISM OF PROACTIVE MANAGEMENT OF STRATEGIC MARKETING STABILITY OF COMMERCIAL ENTERPRISES**

**Hurzhii N.M.**

Doctor of Economic Sciences, Associate Professor,  
Professor at Department of Entrepreneurship,  
Management of Organizations and Logistics,  
Zaporizhzhya National University

**Kosiak V.V.**

Student,  
Zaporizhzhya National University

In the article, the authors examined the theoretical aspects of the category of strategic stability. Proved that using proactive management of marketing activities to ensure the sustainability of strategic marketing company develops its own vector of development and marketing regardless of operating conditions in the selected direction.

Its development is based on the simultaneous development of marketing activities in accordance with the objectives for the strategic development and marketing adjustments have developed marketing plans and programs with a view to minimize risks of their implementation and to advance competition.

The authors described in detail the proposed mechanism for the proactive management of strategic marketing resistance, covering four important processes: proactive analysis; proactive diagnosis; proactive forecast and proactive improvement.

The proactive analysis provides a comprehensive analysis of the marketing environment factors to assess the degree of instability.

At this stage, advisable companies focus on improving the quality of information provision process of strategic marketing.

Proactive diagnosis aims to identify causal relationships between identified risks and the marketing results of marketing activities of enterprises.

Proactive forecast aims to design a marketing strategy based on behaviour generation and selection of the most efficient marketing scenario of strengthening strategic stability.

Based on specified in the previous step scenario of strengthening strategic stability marketing company is developing a set of relevant marketing strategies that will promote the best achievement of strategic marketing goals.

Selecting the most appropriate scenario of strengthening strategic stability proposed marketing made using the economic and mathematical model of fuzzy reasoning. At the first stage, it is necessary to analyse multiobjective fuzzy version of the script, which will set criteria for choosing the best scenario for the implementation of activities in a particular company.

## DIAGNOSTICS OF THE STRATEGIC ENVIRONMENT OF THE ROAD BUILDING ENTERPRISE

**Dedilova T.V.**

Candidate of Economic Science, Associate Professor,  
Senior Lecturer at Department of Economics and Entrepreneurship,  
Kharkiv National Automobile and Highway University

**Tokar I.I.**

Assistant Lecturer at Department of Economics and Entrepreneurship,  
Kharkiv National Automobile and Highway University

**Kobzyiev V.Ye.**

Master of Business Economics  
Department of Economics and Entrepreneurship,  
Kharkiv National Automobile and Highway University

The article offers a diagnostic of the strategic environment of the road building enterprise that is carried out on the basis of evaluation of its internal and external components. These components allow identifying internal factors by separate strategic positions, and external ones – by factors of direct and indirect influence. The strategic strength of the road building enterprise in relation to its key success factors is separately assessed.

The article proposes a consideration of a development strategy of a road building enterprise on the example of PrAT “Spetsrembudmontazh-4”.

According to the results of the analysis of the internal environment, it is established that the strong position of the company includes: availability of road-building machinery, experience and good leadership, a positive image in the market of road construction. At the same time, the level of staff development is a weakness of the enterprise in combination

with partially outdated machinery and low volumes of working capital.

PEST-analysis of the enterprise’s activity is carried out for detailed analysis of the external environment of PrAT “Spetsrembudmontazh-4”. It allows identifying the impact of economic, social, political, and technological factors on the development strategy of the enterprise. PEST analysis has allowed obtaining the following conclusions: the most threatening impact is the group of economic factors in connection with the crisis in the country; political factors also significantly affect the activity of the enterprise, since the state determines the rules of the game in the market of road construction services; technological and social factors give the enterprise moderate opportunities for strengthening their weaknesses.

Also, the key factors of the company’s success, which are the basis of its competitiveness and development strategy for 2016–2020, are identified in the article.

# **MECHANISM OF MANAGEMENT OF THE CONVERGENT-ORIENTED DEVELOPMENT OF TELECOMMUNICATIONS ENTERPRISES**

**Yevtushenko N.O.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Marketing,  
State University of Telecommunications, Kyiv

**Honcharenko S.V.**

Postgraduate Student at Department of Marketing,  
State University of Telecommunications, Kyiv

The article is devoted to the relevant issues of forming a mechanism for managing the convergent-oriented development of telecommunications enterprises. In the article, the substantive description of the definition of “mechanism” is considered. The most widespread category of the mechanism is considered – “economic mechanism”, which is presented as a set of organizational-administrative structures and state institutions.

The economic mechanism is defined as the systematic organization of production in relation to the distribution, exchange, and consumption of its results, taking into account management methods, legal norms, opportunities, and threats. The place of convergent-oriented development in the economic mechanism is proposed, which is offered to be considered in the plan of state regulation as a development policy. Taking into account the peculiarities of the telecommunication industry, a model for ensuring the convergent-oriented development of telecommunications enterprises is built.

It is established that in its essence the definition of “organizational and economic mechanism” is an integral part of the general concept – “economic mechanism”, which is accompanied by processes of

system management. It is established that the mechanism of management of convergent-oriented development will be treated as a complex system for organizing the production of telecommunication services, the basis of which is the process of convergence in time of the level of development of telecommunication enterprise with other enterprises through the implementation of a set of management measures, through economic levers, methods (tools) and incentives with the purpose of realization of the set strategic tasks aimed at ensuring a high level of competitiveness of the telecommunication enterprise.

The organizational and economic mechanism of management of convergent-oriented development as a complex system for organizing the production of telecommunication services, the implementation of which takes place through economic levers, methods, and incentives, is formed. We believe that the introduction of a convergent-oriented development mechanism in the activity of telecommunication enterprises will help create conditions for the expansion of the network of high-quality information and telecommunication services at all levels of the Ukrainian economy.

## CONCEPTUAL BASES OF THE FARMS' BIOENERGY POTENTIAL DEVELOPMENT

**Yeremenko D.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Accounting and Taxation,  
Tavria State Agrotechnological University

The aim of the study is to assess the prospects of realization of development concepts for bioenergy production based on farming. In the article, the directions of development of bioenergy production on the basis of farms are studied. The importance of the research topic in modern conditions is highlighted. The existence of bioenergy potential of domestic farming as a part of the agricultural production is proved.

The author identifies the following aspects of the development of bioenergy production on the farms' basis.

1. The need to create a self-sufficient non-volatile system of Ukraine at the national and regional levels, justified by the realities of today.

2. Features of economic activities of domestic farmers, particularly grain and sunflower industry direction of agricultural production. This direction is focused exclusively on exports, due to the dominance of traders. It contains in itself a potential danger to farmers in the case of negative fluctuations of the world conjuncture of the markets concerned.

3. The establishment of regional energy centres of subjects of small agrarian enter-

prises able to exercise a significant positive influence on the process of socio-economic development of rural areas. The necessity of a systematic approach in the process of development of bioenergy potential of farms as integral to their competitiveness is substantiated. Analysed socio-economic factors that affect the prospects for the effective use of farms' bioenergy potential.

The article reflects results of the SWOT analysis of the development of bioenergy production on the farms' basis. According to the analysis, the realization of existing potential possibilities of farmers as the subject of bio-energy relations requires proper resources. It is necessary to integrate separate business structures in a single formation across the region and nationally. A prerequisite for this process is the availability of appropriate scientific substantiation of the activities of farmers and their associations in the field of power generation and power supply. In this aspect, it is necessary to indicate the mandatory nature of cooperation of subjects of agrarian entrepreneurship with representatives of the regional scientific centres of the agrarian profile.

## THE ROLE OF MOTIVATION AND STIMULATION OF PERSONNEL IN THE SYSTEM OF PROVIDING ENTERPRISE DEVELOPMENT

**Kvasnii L.H.**

Candidate of Economic Sciences, Associate Professor,  
Drohobych Ivan Franko State Pedagogical University

**Soltysyk O.O.**

Candidate of Economic Sciences, Associate Professor,  
Drohobych Ivan Franko State Pedagogical University

**Fedyshyn V.V.**

Postgraduate Student,  
Drohobych Ivan Franko State Pedagogical University

The article is devoted to a complex of issues related to the role of the motivation of labour activities of the personnel of an enterprise and the promotion of personnel to work. The purpose of the article is to study the role of motivation and stimulation of personnel in ensuring the development of the enterprise.

It is established that the probability of manifestation of a person's motive directly depends on the conditions of his work, which creates him a guide.

The essence and types of the motivation of work are revealed. The study of the motivational process is conducted. The necessity of the complex use of material and moral incentives during stimulation of work activity of workers is substantiated.

It is substantiated that in the conditions of the enterprise, the organization of effective work is carried out on the basis of a hierarchical structure, in which information from

the control subsystems about the achievement of the necessary level of efficiency is transmitted.

Taking into account the principles of the ratio of received results and costs, it follows that for the effective operation of the enterprise as a whole and its individual units, as well as individual employees, it is necessary to define:

- goals of enterprise development;
- concrete results of activity;
- the limits of economic independence in relation to the range of products, methods of its production, organization of wages, etc.;
- required labour and material resources, in accordance with the norms of the cost of resources per unit of output and the volume of its release;
- forms and conditions for stimulating the growth of efficiency;
- a system of mutual responsibility for fulfilling accepted obligations.

## **INCREASE IN INNOVATIVE AND INVESTMENT ACTIVITY OF ENTERPRISES OF METALLURGICAL INDUSTRY OF UKRAINE**

**Koval V.V.**

Odessa Trade and Economic Institute  
Kyiv National University of Trade and Economics

**Kryvonogova I.G., Muzhailo V.D.**

Odessa National Academy of Food Technologies

The article analyzes the current status of innovative-investment development of metallurgical enterprises of Ukraine. The use of modern technologies of steel production and of resource-saving is investigated. The properties of the innovative-investment processes in the metallurgical industry are determined. The methods of stimulation of innovative-investment development of metallurgical enterprises by the state are proposed.

From the analyzed material we can conclude that despite for some positive develop-

ments in the implementation innovative technologies to the most successful metallurgical enterprises of Ukraine, for the industry as a whole is characterized by high the stage of technological lag, through that metallurgical production is very sensitive to the fluctuation of demand at the international level the market – in terms of its reduction and release manufacturing capacities in more competitive market participants, Ukrainian enterprises risk getting unprofitable the result of economic activity.

## ARRANGEMENT OF MARKETING MANAGEMENT AT THE ENTERPRISE

**Kovshova I.O.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Marketing  
and Business Management,  
National University of Kyiv-Mohyla Academy

The goal of the article is the definition of theoretical and methodical regulations of marketing management at a company taking into account the main objectives, principles, and tasks.

Marketing management is a modern innovation approach to the company management for the simultaneous achievement of commercial effectiveness and receipt of a social effect. Realization of the first goal allows the company to maintain balanced development, to provide an optimal level of incomes and profitability from the economic activity or maintain the volumes of realizing products, services, and ideas at the definite levels. Realization of the second goal allows achieving the definite social effect, namely: to create a definite need or destroy it, to train consumers how to use products in all possible cases and in an optimal volume, to grant the product a definite status or fashion.

The mentioned goals of marketing management at a company need a significant adjustment in compliance with specific requirements of the main participants of the process that forms five levels of coordination. To the first level refers a dilemma of company owners and hired managers regarding the achievement of a definite level of effectiveness. To the second level – coordination in accordance with partner agree-

ments. To the third level – coordination in accordance with the customer requirements and wishes. To the fourth level – coordination with objectives of company employees. To the fifth level – correction according to society's requirements and expectations.

The author defined eight marketing management organization principles, such as: 1) scientific approach to the arrangement of marketing management; 2) prompt adequate response to the market needs; 3) social and ethical focus on consumers; 4) complex approach to the organization of marketing management; 5) legality, honesty, and propriety of marketing management; 6) marketing management organization competence; 7) commercial effectiveness of marketing management; 8) correctness and reasonableness of marketing management.

Having investigated the marketing management objectives and principles, the author formulated the main tasks, i.e. the defined planned business processes or specific delegated responsibilities. It is proved that objectives characterize a desire to reach a definite result in conditions of uncertainty. The principles define specific rules and regulations of process operation in compliance with objectives and cannot find the definite solution. Tasks are specified, achievable, are more numerous, and require fulfilment.

# EFFECTS OF THE USE OF OPEN INNOVATIONS IN THE ENTERPRISE INNOVATION SYSTEM ACTIVITY AND LEVEL OF ITS INNOVATION ATTRACTIVENESS ON THE COST OF INNOVATIVE PRODUCTS

**Kopishynska K.O.**

Candidate of Economic Sciences,  
Senior Instructor at Department of Management,  
National Technical University of Ukraine  
“Igor Sikorsky Kyiv Polytechnic Institute”

The article considers the directions for using open innovations in the activity of enterprises innovation systems. The purpose of the research is to explore the use of open innovation in the activity of enterprise innovation system, to determine its influence and the impact of the level of enterprise innovation attractiveness on the final result of the enterprise innovation activity – the cost of innovative products and services.

The enterprise innovation system (EIS) creates the conditions and provides the realization of innovation activity of the enterprise. It integrates the following subsystem: R&D, production, patent-licensed maintenance, financial-investment maintenance, commercialization, and communication. The main results of the EIS activity are the implementation of innovative products, the commercialization of scientific and technological knowledge acquired as a result of R&D, increasing the level of investment and innovation attractiveness of the enterprise. The use of open innovations in EIS activity may take various forms, such as attraction of knowledge from outside, knowledge transfer, partnerships, venture business, innovations on the users' initiative. The author of the article proposed to use a set of indicators, which determine the nature of the use of open innovations in the EIS activity: the share of income from open innovations, the share of costs on open innovations, the share of transferred technologies, the coefficient of attracting foreign knowledge, the

coefficient of attracting investments, the coefficient of international orientation, the unit cost of partners in joint innovation projects. In order to regularize these indicators, there is proposed an integrated index of the use of open innovations in the EIS activity and the method of its calculation.

Innovation attractiveness is one of the main results of the enterprise innovation system activity. In fact, it reflects the efficiency of its operation, the ability to attract not only new customers but also new investors; innovation attractiveness creates an enterprise image as such, which creates innovative products and is open to new ideas. The innovation attractiveness index integrates four groups of indicators: property condition, financial condition, business activity, and innovation activity. There is also proposed a method of its calculation and the way the results should be interpreted.

To determine the impact of the use of open innovations in the activity of enterprises innovation systems and the level of enterprise innovation attractiveness on the results of its operations it is necessary to identify the characteristics that would be able to reflect this in the complex influences. For this purpose, the cost of innovative products is used. There was built a model of the dependence of the cost of innovative products, as the resulting index, from indicators of the intensity of use of open innovation in the EIS activity and the level of its innovation attractiveness.

The results showed a direct impact of the use of open innovation in the activity of enterprises' innovation system and innovation attractiveness to the cost of innovative products. The increase in the use of open innovation and the growth of innovation attractiveness level reduces the cost of innovation products, ultimately,

may increase the profit of the enterprise, improve its image as an innovatively active, and increase the interest of new customers and investors. Further studies may relate to peculiarities of the use of open innovations in a variety of industries, directions, and ways of increasing the level of enterprise innovation attractiveness.

# INNOVATIVE ECOSYSTEM: ESSENCE AND PRINCIPLES

**Lanovska H.I.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Economics  
and Business Finance,  
Kyiv National University of Trade and Economics

Innovation is a strategic factor in the growth and has a significant impact on the structure of production and the organization of economic activity. It should be emphasized that they become a source of development only if they are actively and efficiently used, as well as the presence of a favourable environment for their implementation, namely, innovative ecosystems.

Under the ecosystem, one understood a certain biological nature – a set of bio-subjects that interact with each other and with the physical environment creating a clearly defined structure, species diversity, and circulation of substances within the system. At the same time, abroad, increasingly under the ecosystem, means a set of institutions that effectively interact in the economic system. The first of the researchers who applied the term “ecosystem” in the economic context was the American economist Michael Rothschild. In his work, *Bionomics: “Economy as Ecosystem”*, he focuses on the nature of the interactions of economic agents, models of their innova-

tion activity and their interactions with the functioning environment.

The innovation ecosystem is distinguished by its versatility and integration among the established types of innovation systems based on specific networks.

The innovation ecosystem is the synergy of the state, entrepreneurial and research environment with the use of organizational, normative, educational, methodological and financial resources, and the introduction of a mechanism for the transfer of knowledge for the purpose of transformation into innovative products.

At the present stage of development for Ukraine, one of the main reasons for the inhibition of the development of the innovation ecosystem is the lack of proper state regulation and evaluation of the innovation environment.

Ukraine has enough opportunities for a technological breakthrough in the future because the development of high technologies is a prospect for the country to take a worthy place in the global economic space.

## RESEARCH OF INTERNAL-CORPORATE SOCIAL RESPONSIBILITY INDICATORS

**Levchenko O.V.**

Candidate of Economic Sciences  
Senior Lecturer at Department of Economics  
and Entrepreneurship,  
State Economy and Technology University of Transport

**Moroz T.V.**

Master,  
State Economy and Technology University of Transport

The article researches the modern approach to the implementation of internal indicators of corporate social responsibility (CSR) and the labour practices of their implementation in Ukrainian companies to improve the effectiveness of personnel management. According to the definition of European Alliance for Corporate Social Responsibility, corporate social responsibility is the concept of engagement of social and ecological directions in business activities on the basis of volunteering and cooperation among all interested sides.

An important area of CSR is the relationship of the company with the most important stakeholder – the personnel. The professional and social competence of employees, the motivation to work and creativity are the source of the unique competitive advantages of any company. Unlike individual measures of personnel policy, corporate social responsibility contains long-term social projects, with the definition of perspective for human resources progress.

To be socially responsible means not only to perform legal obligations but also to go out the bounds of the law and invest

more in the staff, the environment and relationships with stakeholders. Experience has shown that companies that do more than required by law can improve their competitiveness. Corporate social responsibility should not be seen as a replacement for normative acts but focuses on the formation of regulatory and legal grounds, on which socially responsible practices can be developed.

From the point of view of the company's internal processes, social responsibility is seen as investing in human resources, health and safety, and changes in management. The article researches the main activities of the company that are related to internal social responsibility, indicators and criteria of internal CSR, the international standard for its realization and, on the example of domestic companies, proves priorities of using the policy of internal CSR.

As a result of the conducted researches, it is suggested to introduce reviewed internal indicators of CSR into the system of corporate social responsibility as much as a possible number of companies, enterprises, and organizations of Ukraine.

# TOOLKIT FOR ASSESSING THE INTELLECTUAL CAPITAL OF ENTERPRISES AS A KEY IMPERATIVE OF THEIR COMPETITIVE ADVANTAGES

**Lehominova S.V.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Economics  
of Enterprises and Social Technologies,  
State University of Telecommunications

Modern orientation to the innovative development path requires economic entities of the economic space to review development strategies and find optimal solutions for doing business. The main problem that arises is the problem of timely implementation of innovations, full use of intellectual capital and prediction of future challenges, readiness to react quickly and correct further actions in order to minimize losses, applying the intellectual-creative approach of management.

The author defines tools for assessing the intellectual capital of enterprises based on the introduction of innovations, the use of intellectual and creative management approaches, the expected response of consumers, in the system pattern it forms the imperative of competitive advantages of enterprises. A new definition is proposed –

intellectual and creative capital. The integrative approach to innovation management is improved and the main components that are to ensure optimal efficiency of development and achievement of the enterprise goals are seen.

Indicators of the intellectual-creative and innovative level of the enterprise are developed. The key imperative of the company's competitive advantages in modern conditions is the intellectual and creative capital of enterprises and the need for its effective application, continuous improvement of its quality level and, as a result, the timely development and implementation of innovative product, process, organization, and marketing activities. Development of a model of indicative monitoring of innovative and creative activity of enterprises is the author's further plans.

# THE ROLE OF FINANCIAL PLANNING AND FORECASTING IN ENSURING THE FINANCIAL SUSTAINABILITY OF THE ENTERPRISE

**Serdiukov K.H.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Finance and Credit,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

**Velykyi Yu.M.**

Candidate of Economic Sciences,  
Professor at Department of Finance and Credit,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

**Liesnikova K.S.**

Student,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

The important prerequisite for a successful business is financial stability, forming the image of the entity is its calling card in the market today. So, that is why companies need to constantly worry about their financial stability and use comprehensive measures to strengthen it. It should be noted that financial stability is achieved by establishing smooth and efficient operation of the enterprise, by the skilful management of productive assets and sources of their formation.

In the conditions of transformation of the economy of Ukraine, financial planning and forecasting activities of business entities are of particular importance. Without these mechanisms, the level of management of production and economic activity of the enterprise cannot be achieved, which ensures its success in the market, constant updating of the material-technical base and social development staff.

The article considers the role of financial planning and forecasting to ensure the financial sustainability of the enterprise. Described the main objectives of financial planning and forecasting enterprise. The article is devoted to topical issues of finan-

cial planning and forecasting activities of the enterprise in the aspect of theoretical justification. Investigated the characteristic features and principles of financial planning and financial forecasting. Outlined the importance and usefulness of financial planning and forecasting as one of the alternative financial instruments that ensure the financial sustainability of the enterprise.

A study of the influence of the process of planning and forecasting the stability of the company enables us to conclude that the effective activity of the enterprise cannot be achieved without these two mechanisms. Note that the process of planning and forecasting should use all modern methods to take into account the set of indicators of economic, industrial and social activities, and to ensure the effective development strategy of the enterprise as the main unifier of sustainability and the mechanism of the process of planning and forecasting in a unified whole.

Summing up our study, it can be argued that today's financial planning and forecasting are financial instruments used by businesses to establish a financial activity and

improve their own profitability and solvency as one of the most important indicators of the strong financial condition of the entity. Paying more attention to financial planning and forecasting, it is possible to achieve strengthening of the financial stability of the

enterprise under the condition that the projected budget amounts the operating and investment activities on the basis of financial stability, the prerequisites for obtaining a net profit, sufficient for the enterprise self-support and self-financing.

## INNOVATION AS A FACTOR OF PROVIDING COMPETITIVENESS OF ENTERPRISES FOR THE CULTIVATION OF GRAIN CEREALS

**Niskhodovska O.Yu.**

Assistant Lecturer at Department of Electrical Machinery  
and Electrical Equipment Operating in Agriculture,  
Podillia State Agricultural and Technical University

The use of innovations and investments are prerequisites required to ensure the efficient development of the farming industry as they help to improve the competitiveness of the products. Innovative development of the Ukrainian farming industry and its conversion to environmentally clean production should drive the development strategy of each farming company. Therefore, we can make a statement saying that the higher the quality and the price of a product, the better the competitiveness of such product and efficiency of the production as a whole.

For the efficient introduction of the latest achievements of Science and Technology into the production process, it is necessary to have highly qualified personnel who are capable not just of implementing the ideas proposed by the management but also taking a direct part in initiating the change. Proactive and qualified employees are one of the most important economic resources in the case of farming companies, which allow the production to enter a new level of development.

In order to cover the potential demand of buckwheat market (both domestic and export), it is necessary to increase the gross area under buckwheat slightly. It is about introducing new varieties with high and stable yields, reaching specified yield levels and exceeding them, that realize the genetic potential of intensive technologies, as well as locating buckwheat crops across the regions of Ukraine in the efficient and scientifically justified way.

The application of innovative technologies by the companies significantly improves the efficiency of the business, while the competitiveness of capital in many respects depends on readiness for the introduction of innovations. In a situation where the cost of supplies and energy resources have increased significantly, unlike the prices of farming products, the issue of energy and resources saving became a priority.

Overcoming the technology backwardness of the Food & Farming industry in the short-term perspective requires an integral system of new approaches to business development in the areas of Science and Technology, introducing innovations into production, that is establishment of management and financial mechanism for the development of innovation processes in the industry

In our opinion, the innovation drivers in the cultivation of cereal crops are as follows:

- Raising the level of product quality, aiming at global standards;
- Higher production volumes with lower production costs, better profitability, improving attractiveness for investors and improvement of other production and financial indicators of company performance;
- Expansion of the market share, gaining competitive advantages;
- Raising the scientific and technical level of production;
- Better efficiency of production and sales;
- Better employee's performance.

Finally, one of the main objectives of a company operating in a market economy is not just ensuring the competitiveness of its

products but also improving the processes of their design and production. Such a goal can be achieved only by those entities with high intensity of innovative activities, as continuous updating of business processes enables fast response to a changing environment at minimum cost for a company. This leads us to the interrelation between innovative activities of a company and its competitive strength.

# THE ROLE OF FINANCIAL REHABILITATION OF AGRICULTURAL ENTERPRISES IN THE CRISIS CONDITIONS: REGIONAL ASPECT

**Nosan N.S.**

Candidate of Historical Sciences, Associate Professor,  
Senior Lecturer at Department of Economics and Business,  
Cherkasy State Technological University

The article is devoted to the study of the financial rehabilitation role in ensuring the withdrawal of agricultural enterprises from a crisis state. The differences and interrelation between the categories “bankruptcy” and “rehabilitation” are determined. Common for both categories is “failure to meet the requirements of creditors” but bankruptcy is a consequence of a steady state of crisis of the enterprise, it is recognized only by a court decision. Rehabilitation is a tool for removing a company from a crisis state (its financial rehabilitation) and preventing this in the future.

The algorithm of the procedure for the enterprise’s exit from the crisis state is presented. The level of financial stability of agricultural enterprises of Cherkasy region is analysed, signs of financial insolvency of enterprises of the branch are revealed. The calculations indicate the inefficiently formed structure of assets and sources of its forma-

tion at Cherkasy agricultural enterprises. The financial situation of enterprises is unsustainable because there is the tendency of decreasing coefficients of autonomy, financial stability, and solvency.

The main task for enterprises in the state of financial crisis is the search for and accumulation of resources necessary for the repayment of losses. The implementation of balance-sheet rehabilitation is a fairly common method of financial rehabilitation, which focuses on overcoming the company’s loss-making and increasing liquidity and solvency. The internal and external sources of financial rehabilitation are determined. Features of its application by Cherkasy agricultural enterprises are considered. Making financial recovery and providing justified state support should help to overcome the financial destabilization of agricultural producers.

## CHARACTERISTICS AND ANALYSIS OF THE DEVELOPMENT OF UKRAINE'S AIRLINES

**Oleshko T.I.**

Doctor of Technical Sciences,  
Professor at Department of Economic Cybernetics,  
National Aviation University

**Kvitko A.V.**

Graduate Student,  
National Aviation University

Air transport plays an important role in the provision of passenger transportation, and the transportation of especially urgent cargoes in Ukraine. It is out of competition with other types of transport regarding the speed of delivery of passengers and emergency cargoes over long distances.

On May 11, 2017, the EU Council officially approved the granting of a visa-free regime to Ukraine with the European Union. This event may have an impact on the growth of air transportation, the creation of new airlines in Ukraine, particularly low-cost airlines, which provide air passenger with services at relatively lower prices compared to traditional airlines in exchange for a waiver of most traditional passenger services.

So, the issue of air transport development in Ukraine today is particularly relevant. The article gives brief information about the

main airlines of Ukraine during the period of governmental independence. The indexes of airlines' activity over the last 8 years are analysed. The dynamics of passenger and flight traffic of leading airlines are shown. The dynamics of passenger traffic of the main airports of Ukraine is considered.

The aviation industry belongs to the basic, strategically important sectors of the Ukrainian economy but today the existing potential is not used sufficiently and the aviation industry itself is under the influence of growing manifestations of the systemic crisis. This applies to almost all the most important components of the aviation industry, in particular, air transportation. Therefore, an analysis of the current state and trends in the development of Ukraine's air transport, air transport market, in particular, will reveal a plan of future actions for its further development.

## **FINANCIAL REHABILITATION OF ENTERPRISES AS A FACTOR IN ITS FINANCIAL SECURITY**

**Rudyka V.I.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Finance and Credit,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

**Kosarieva I.P.**

Candidate of Economic Sciences, Associate Professor,  
Head of Department of Finance and Credit  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

**Menkova Yu.V.**

Student,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

In difficult socio-economic conditions of domestic enterprises, one of the important issues is the formation of the organizational economic mechanism that will ensure the health of the enterprise, the restoration of effective management and competitiveness.

In this regard, becomes relevant the study of the processes and mechanisms of rehabilitation as a tool of improvement of their functioning.

In the article, the essence of the implementation of the reorganization, the main form of which is a financial-economic mechanism, is considered. A conceptual model of implementation of turnaround management is presented. Methodical recommendations on the implementation of rehabilitation taking into account the criteria of decision-making and innovation component are proposed. The essence of rehabilitation for a variety of aspects of research is revealed, among which highlighted the historical, economic, financial, functional, legal, social, and organizational aspects.

Rehabilitation is a complex and daunting concept and it can be viewed from different angles – historical, legal, financial, economic, functional, and the like.

A generalization of the theoretical developments of scientists in the field of crisis management allows you to create a system of remedial measures with organizational, legal, industrial, financial, economic, and social nature.

The main goal of rehabilitation is to mobilize financial resources for the reconstruction (improvement) of the solvency and liquidity of companies, as well as the financial capital for the implementation of remedial measures.

It is worth emphasizing that the essence of any economic category is revealed in its functions.

Summing up the analysis of the essence of the concept of rehabilitation, it can be concluded that rehabilitation of the company is:

1) by content: the process of structural transformation of the enterprise by the implementation of the measures of organizational-economic, technical-technological, financial, social, and legal nature;

2) by the form of manifestation: the economic and legal process (pre-trial or trial) to rehabilitate the company through the implementation of measures by stakeholders and authorities stipulated by the legislation;

3) by forward looking: to restore and improve the performance of the company, its financial condition (solvency, liquidity, profitability), which leads to an increase of its market value and competitiveness in the long term.

4) by conditional factors: the method of adaptation of the enterprise activities to

changes in the external and internal environments of operation;

5) by funding sources: investments rehabilitation of the insolvent debtor, providing him with financial assistance from the owner of the property, creditors, and other legal and natural persons (including foreign).

## **COMPLEX OF READJUSTMENT MEASURES OF UNPROFITABLE MACHINE-BUILDING ENTERPRISES OF UKRAINE**

**Tatar M.S.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Finance,  
M.E. Zhukovsky National Aerospace University  
“Kharkiv Aviation Institute”

The result of the crisis in Ukraine is manifested in low efficiency of the business entities and the deterioration of their financial condition, which leads to increase in the number of unprofitable enterprises, some of which is on the verge of bankruptcy. So it is relevant problem of timely and complex evaluation and prediction of the enterprises social and economic development level, determination the enterprises' bankruptcy probability in order to identify among them those, which are in the pre-crisis and crisis condition, and determination of the feasibility of rehabilitation of these enterprises.

The enterprise characteristics, which are necessary for a decision of readjustment necessity, are proposed in this article. The estimation and forecasting of social and economic development level are done.

It is proposed to identify such elements of enterprises' socio-economic development as production development, personnel development, investment and innovation development, marketing development, financial

development, and social development. Diagnostics of the level of socio-economic development of machine-building enterprises on the bases of the method of integrated taxonomic estimation is made. This diagnostic makes possible to identify enterprises with high, medium, and low levels of development. The forecasting is done using adaptive prediction method.

The remedial strategy is developed for Ukraine engineering enterprises with low social and economic development level, forecast of reducing social and economic development level in the future, net loss presence in the reporting period, increasing net loss in the dynamics, the presence of a significant amount of uncovered loss in the balance sheet, significant reduction of total assets in the balance sheet and high bankruptcy probability. The measures, which are necessary for the readjustment strategy realization, are proposed depending on the type and duration of the crisis period of unprofitable enterprises.

## MARKETING IN THE ELECTRIC ENERGY OF UKRAINE: PROBLEMS AND PROSPECTS

**Tytarenko L.M.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department  
of International Economics and Marketing,  
Poltava National Technical Yuri Kondratyuk University

Effective production and economic activity of power complex is the pledge of development of the economy of Ukraine. In addition, energy is under the influence of global innovative progress trend. The specifics of the power industry and its products determine the features of management of electric power demand. Thus marketing is called to execute the integration functions of management, indissolubly to link suggestion and demand.

But there is a row of factors, which restrain the development of power enterprises, namely a high level of monopolism, the absence of proper competition, hard of competition in the world market, wearing out of capital assets, the narrow-mindedness of own financial resources, insufficient volume of the inculcated innovative developments. Such circumstances stipulate the necessity of realization of measures directed to adjusting an effective innovative mechanism of management of the strategic development of enterprises of the power industry. Achievement of the latter will provide forming the integral system of the balanced management, which is based on the harmonization of economic interests of all interested subjects.

The purpose of the article consists of the research of the development of marketing of power industry enterprises and determination of directions on providing the maximally effective use of marketing possibilities in the power industry.

Power engineering as an industry has specific features, which impose the imprint

on marketing activity. For years of the state independence, no proper attention was paid to marketing in this sphere for diverse reasons. It is the system with the conception of a unique buyer and whole-sale supplier. A market price is determined in the limited segment, market competition is imperfect, possibilities of import and export are limited, and the environment is overregulated.

Marketing essence and purposes are the necessities of clients and interests of society. The purpose of an energy company is the satisfaction of demand by the production of own product, harmonization of interests of different groups of consumers, and receipts of income.

Marketing must be examined as a complex approach, which foresees a comprehensive study and prognostication of market, demand, and necessities of electricity users. It is vigorous activity in the market for energy and power services, an increase of competitiveness in the market, support for a steady financial position, rapid adaptation to changes in an external environment, minimization of risks at substantiating investment decisions on the cost-cutting.

Realization of marketing of power enterprise substantially depends on a marketing environment. For every enterprise, it is important to define a market type, in which it is expedient to work. Therefore, in the markets of electric power, all subjects of entrepreneurial activity must pursue a commodity, price, and communication policy oriented to the concrete segment of the market.

Adaptation of the enterprise of power engineering to the terms of changeable macroenvironment and successful reformation of the power sector of Ukraine requires the deep study of the market, based on marketing activity. Enterprises of power engineer-

ing, forecasting the activity and developing programs of the perspective development should study demand on electric power on the whole and on separate segments of the market for electric power, in particular, be oriented to concrete groups of users.

# EVOLUTION AND MODERN TRENDS IN THE DEVELOPMENT OF TECHNOLOGIES FOR MANAGING FINANCIAL AND ECONOMIC PROCESSES

**Chmutova I.M.**

Doctor of Economic Sciences, Associate Professor,  
Professor at Department of Banking,  
Simon Kuznets Kharkiv National University of Economics

**Andriichenko Zh.O.**

Candidate of Economic Sciences Associate Professor,  
Simon Kuznets Kharkiv National University of Economics

**Dovhopola Yu.S.**

Postgraduate Student,  
Simon Kuznets Kharkiv National University of Economics

The purpose of the article is to summarize the stages of the evolution of the technology of management of financial and economic processes, the definition of modern trends in their application, the allocation of essential features of management technologies.

An analysis of the evolution of technology has shown that they have become an independent resource, which is the basis of the economic system. The development of technology for managing financial and economic processes is determined by the fact that management tools have become more complex and large-scale, and there was a need for the harmonization of different elements of management. The analysis of trends in the technologisation of management has proven that today priorities shift in the direction of transition from special management technologies to complex self-reproducing ones. This is due to the fact that the availability of a wide range of separate and sometimes multi-directional technologies of special management of financial and economic processes can cause a negative effect of disunity, lack of coordination and coherence of management actions.

Integrated technology of management of financial and economic processes is defined as a set of purposeful, hierarchically organized, coordinated in time and resources,

rational management procedures that correspond to the state of the external and internal environment of an economic entity and are implemented within the complex of management functions through the application of specific tools and methods. Differences of the complex technology of management of financial and economic processes from the special one are determined: 1) strategic orientation; 2) ramified composition of procedures; 3) the dependence of the content of administrative procedures on the phase of development of an economic entity; 4) coverage of several management functions; 5) requirements for the high competence of the personnel for the use of integrated technology. The main characteristics of complex technologies of management of financial and economic processes are identified, which are: dynamism, target orientation, efficiency, orderliness in time and space of procedures and operations, divisibility, ability to be regulated, providing coordination and synchronization of procedures, focus on achievement of high-quality management, rationality, uniqueness, intellectual nature, interchangeability of influence tools, dependence of management technology on the competence of the staff who uses it, variation activity, balance, adaptability, innovative orientation.

# INTELLECTUAL PROPERTY AS THE FOUNDATION OF THE INNOVATIVE MODEL OF ENTERPRISE DEVELOPMENT

**Chuhrii H.A.**

Chief Specialist of Sector of Innovation Providing  
and Intellectual Property

**Chuhrii N.A.**

Research Scholar of Sector of Innovation Providing  
and Intellectual Property,  
Donetsk State Agricultural Experiment Station  
of NAAS of Ukraine

In modern economic conditions, intellectual property becomes an effective means of increasing the competitiveness of an enterprise. At the current stage of economic development, leading countries consider intellectual property as one of the main components of national wealth.

The object of intellectual property is the ideal product, which has intrinsic qualities, but which is reflected on the material carrier. The objects of intellectual property are unlimited in space and can be used by any number of persons. Unlimited time and space affect the inalienability of some intellectual property objects.

Analysis of the work of various scholars allowed establishing that intellectual property objects can be considered as potential sources of increasing the competitiveness of the company.

The introduction of intelligent objects into production makes it possible to receive additional profit. Commercialization of intellectual property objects is the transformation of the results of intellectual activity into market goods in order to receive profit or other market benefits. Commercialization of intellectual property in conditions of market relations requires considering the intellectual property of it as a commodity and as a capital.

Intellectual property is one of the most valuable assets of any enterprise, so proper intellectual property management helps to improve the whole process of enterprise management, which ensures maximal profit for minimal expenses. Implementation of innovations can provide monopolistic advantages over competitors.

# EVALUATION OF THE INFLUENCE OF DISCRIMINATION ADVERTISING ON CONSUMER BEHAVIOUR ON THE INTERNET

**Chukurna O.P.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Marketing,  
Odessa National Polytechnic University

**Shenheliia Ya.Yu.**

Graduate Student,  
Odessa National Polytechnic University

The article is devoted to the method of assessing the impact of discriminatory advertising on consumer behaviour on the Internet.

The object of the research is discriminatory advertising in the household goods market, and the subject – discrimination in the household goods market by gender.

Studies have shown that the greatest number of consumers who reacted to discriminatory advertising is married couples with children; the overwhelming majority of them are women. The greatest effectiveness of banner advertising on gender is received by a group of women but the number of ad views belongs to a group of men. Conducted research confirms the influence of advertising on the formation of the value system of consumers. At the same time, advertising is a kind of ideological dimension norms and consumer values: social, moral, gender, family, and others.

The target audience is characterized by gender and determined the degree of influence of discriminatory advertisements by regression analysis. The approximation coefficient of the obtained model  $R^2 = 0.84$ , which indicates that the linear function model is adequate and describes 84% of the data. The evaluation shows that the non-discriminatory nature of advertising increases the number of banner clicks.

The effectiveness of the influence of discriminatory advertising is estimated using

the CTR advertising effectiveness indicator. Defined genders with the greatest influence CTR index and a high degree of correlation between the index CTR and its discriminatory nature.

It is determined that discriminatory advertising according to CTR indicator is the least influential women, consumers, and consumers with children between the ages of 18 to 24 years. The greatest influence discriminatory advertising has on men from 35 to 54 years old without children.

The study shows that in advertising, there are certain gender stereotypes and it observes the effect of discriminatory advertising to consumers on the Internet. Indeed, in the present in the advertising production relations between man and woman are simplified to the level of ritual idioms. In order for the viewer to immediately penetrate the essence of the image, so those emotions awaken in him, the creators of advertising offer him the ideal reproduction of images that symbolize the ideal distribution of roles between them in a given social situation. Thus, advertisers sell the consumer a universally recognized version of the social world and the relationships in it, that is, they prompt what the consumers expect in a typical situation, what their actions should be so that they do not go beyond the framework of the constructed naturalness.

## **PECULIARITIES OF OPERATION AND INNOVATIVE DEVELOPMENT OF FLOUR-MILLING ENTERPRISES IN THE UKRAINIAN FOOD MARKET**

**Yurchenko A.Yu.**

Senior Instructor at Department of Economics  
and Entrepreneurship,  
Pylyp Orlyk International Classical University

The article analyses peculiarities of the operation of flour mill enterprises and the strategy of their innovative development. In order to determine the level of economic stability of flour mills, the distinction of peculiarities of their activities, socio-economic processes at the enterprise, formation of a new system of management of its development becomes important, becoming an extremely important scientific and practical task.

The present state of competitive relations in the market of flour mill products is determined. It is proved that the decline of

the competitiveness of domestic flour mills is caused by the considerable physical and moral depreciation of equipment and the use of outdated technologies of grain processing and flour production by enterprises.

The minimum and maximum intervention prices for flour, the structure of the cost of flour, the dynamics of the export and import of flour mill products are analysed.

The effective mechanisms of development of the flour-mill industry as one of the perspective branches of the agro-industrial complex of Ukraine are offered.

## DEVELOPMENT OF PRODUCTIVE POTENTIAL AND REGIONAL ECONOMY

### EVALUATION OF INFORMATION POTENTIAL OF HIGH-TECH PRODUCT IN THE AGRARIAN SPHERE

**Deineha I.O.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Management,  
Rivne State Humanitarian University

**Deineha O.V.**

Candidate of Economic Sciences, Associate Professor,  
Vice Rector for Scientific Affairs,  
Rivne State Humanitarian University

**Yakubovska N.V.**

Candidate of Economic Sciences, Senior Research Scholar,  
Institute of Agriculture of Western Polissya of the  
National Academy of Agrarian Sciences of Ukraine

The information component in the context of the activities of the National Academy of Agrarian Sciences of Ukraine and its structural subdivisions is not only an instrument for promoting innovations in the agro-sphere but also a self-sufficient market-oriented science-intensive product. The importance of information potential is due to the urgency of tasks of NAAS. The information potential of agrarian science and regional scientific institutions is rather high but modern methods of communication with potential consumers of high-tech products are not fully involved. This is evidenced by the fact that the profile of a typical producer in the agro-spheres is not differentiated. The profile of potential consumers of high-tech products is made up of specialized enterprises and farms and private households.

Both categories of producers require scientific advising and information support for their activities. Since the main object of the integration of the scientific product is the production sphere, and the actualization of the scientific needs of the adjacent spheres of production is paid less attention, it is proposed to pay more attention to the establishment of communications with this segment of the market. Taking into account the specifics of agrarian production to promote innovation in this area, it is necessary to use such means of communication that would maximally bring information to the potential consumer. From this perspective, the most priority for the formation of communicative channels with agricultural producers is exhibitions, personal sales, sales promotion and advertising in the media.

## **METHOD OF ASSESSMENT OF THE DEGREE OF TRADE AND ECONOMIC INTEGRATION BETWEEN UKRAINE AND THE EU: REGIONAL COMPARISON LEVEL**

**Zosymenko T.I.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Theoretical  
and Applied Economics,  
Chernihiv National University of Technology

The need for the independent assessment between Ukraine and the EU effectuates the development of methodical tools that allow for a comparative assessment of progress in the convergence of trade and economic systems between Ukrainian regions and the EU's economy. The economic goal of the Association Agreement between Ukraine and the European Union in the regional dimension is the promotion of modernization of Ukrainian regions' economy through the increasing of trade volume with the European Union, enhancing of the regions' attractiveness for foreign and domestic investment for further production for the export to the EU and other markets of the world, as well as reforming the economic regulation at the regional level in accordance with the best European practice. The article substantiates the method suited for conducting the assessment and inter-regional comparison of the depth of trade and economic integration of the regions of Ukraine and the European Union on the

basis of a set of indicators reflecting various aspects of the state and dynamics of their trade and financial-investment ties. The Index of the Degree of Trade and Economic Integration between Ukraine and the EU is expected to be accessible, comprehensive, practical tool that allows identifying the real situation in the field of trade and economic integration of the regions with the European Union and will reflect the ranking of regions according to selected indicators of the depth of trade and economic relations with the European Union. The practical significance of the Index is the formation of an analytical product for local and central authorities, representatives of the academic community, international institutions, business environment, non-governmental sector, and other stakeholders. The Index will also serve as an incentive and a guide for constructive changes by identifying the strengths and weaknesses of the regional economies in the process of European integration and capabilities for its management.

# THEORETICAL FOUNDATIONS OF THE CONCEPT OF STIMULATING SUSTAINABLE DEVELOPMENT OF REGIONS IN THE CONTEXT OF FINANCIAL SECURITY

**Polishchuk V.H.**

Candidate of Economic Sciences,  
Senior Instructor at Department of Finance,  
Banking and Insurance,  
Lutsk National Technical University

The theoretical aspects of the concept-category vehicle of the policy of stimulation of sustainable development of the region in the context of financial security are considered in the paper. Basic interpretations of the sustainable development of region are considered. The approaches to stimulate regional socio-ecological-economic systems through the prism of theories of motivation are discussed. The methods of estimation of stimulation of sustainable development of the region and the methods of estimation of sustainable development of region are offered. The policies to stimulate sustainable development of region are proposed.

Today, almost all countries, regardless of their socio-economic development have to make a decision, designed to overcome the socio-economic and environmental problems. The complexity of the situation, which is manifested in the social, economic, and environmental relations, threatens to become the lasting character. Economic downturn reduces employment, wealth, and consumption. At the same time, almost all countries, including Ukraine, are faced with very serious environmental challenges. In particular, climate change is an unprece-

dent environmental and economic threat that affects the security of society. Everything with greater frequency increasing conflicts in "society – economy – environment." In particular, these differences affect the whole of society on various levels of natural systems: global, national, regional, and local. Among all levels of society, the greatest threats are integral territorial entities with unique geographical and natural-resource potential, including emerging countries – regions. Under the influence of dangerous phenomena and processes regions lose internal resistance, disturbed their relatively sustained development.

A compound exit of the situation can be only in one case – the awareness of their responsibility for all processes in the region, as well as conscious impact on the region as a system to enhance regional capacity. Today, there is a need to stimulate sustainable development of the region by state and regional governments. Permanent systemic and systematic invigoration effect of various institutions (government ministries, agencies) on the situation in the regions can make the transition to sustainable regional development.

## **FACTORIAL EVALUATION OF THE ENTREPRENEURSHIP DEVELOPMENT EFFECT ON THE REGIONAL ECONOMIC DEVELOPMENT**

**Turskyi I.V.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Economics and Finance,  
Ternopil Ivan Puluj National Technical University

In the article, an econometric approach to assessing the entrepreneurship development level impact on the economic development of regions on the basis of multi-factor analysis methods is proposed. It is indicated that the level of development of entrepreneurship in the regions of Ukraine is a critical factor in their economic development in the conditions of decentralization of state administration because entrepreneurship forms the tax base of the revenue part of local budgets and provides a certain level of employment in the regions. Therefore, for the study of the relationship between the social and humanitarian development of entrepreneurship and the development of Ukraine's regions, factor analysis is based on State Statistics Service indicators, which characterize the regional development of Ukraine and entrepreneur-

ship. The resultant system of factors will describe the analysed data not worse than the original one. In addition, it is the most convenient device in terms of meaningful interpretation of the results.

By means of the STATISTICA package, the loadings of each initial variable, which reflects the extent of its contribution to the allocated factor, are analysed. Factor loadings are interpreted as correlations between the corresponding variables and factors. It is found out that for different regions, the degree of influence of the obtained factors, reflecting the system connections between the described preliminary indicators, is quite different. This fact indicates the need for further research of the degree of differentiation of factors of influence on the economic development of regions of Ukraine.

## ECONOMY OF NATURAL RESOURCES MANAGEMENT AND ENVIRONMENT PROTECTION

### MECHANISMS OF INNOVATION AND TECHNOLOGICAL MODERNIZATION OF THE WATER MANAGEMENT COMPLEX IN ACCORDANCE WITH EU REQUIREMENTS

**Koltunovych O.**

Candidate of Economic Sciences,  
Independent Ukrainian Legal Center  
Initiatives and Expertise "Legal State"

The article deals with approaches to modernization and innovative development of the water management complex of Ukraine. The foreign experience of implementation of international standards in the national legislation in the transition period is analyzed. The priority directions are proposed and effective mechanisms for innovation and technological modernization of the water management complex of Ukraine in the conditions of deepening of integration processes are developed. The expediency of establishing a Special Monitoring Center for Innovative and Technological Modernization of the Water Utility Complex of Ukraine has been proved.

In 2014, Ukraine, signing the Association Agreement with the European Union, de facto chose the European one vector of economic integration of the country. Signing up the Association Agreement is the leadership of Ukraine committed to switch to technical

regulations and standards of the European Union in the short term. In particular, Ukraine it is necessary to implement the European directives Union in terms of water use and environmental protection.

In order to continuously monitor the situation in the main cluster of water management complex of Ukraine is proposed creation Special monitoring center for water management complex of Ukraine. Creation The appropriate center will facilitate operational monitoring of the housing and communal services system farms in on-line mode, as well as quality drinking water in all regions of Ukraine. The center financial monitoring can be carried out realization of investment projects in the sphere energy efficiency and energy saving which will contribute to a comprehensive innovation-technological modernization of water management complex of Ukraine.

## DEMOGRAPHY, LABOR ECONOMY, SOCIAL ECONOMY AND POLITICS

### THE MEDICAL SERVICES MARKET DEVELOPMENT ON THE PRINCIPLES OF MARKETING IN UKRAINE

**Bilak H.H.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Management  
and Economic Process Management,  
Mukachevo State University

**Bora N.Yu.**

Postgraduate Student,  
Mukachevo State University

The article is devoted to the relevant issues of determining the medical services market and its main components, the concepts of medical service and medical aid. The prerequisites and developmental peculiarities of the medical services market in Ukraine and its transformation are analysed, as well as the role and marketing peculiarities in the medical services market are revealed. The conclusions concerning the influence of marketing tools on the medical market and the peculiarities of marketing communications usage as a necessary component of the complex of marketing for the success of medical institutions are made. The significance of newly-formed private medical institutions as important subjects of the medical market of Ukraine during the economic transformation is proven.

Today, the Ukrainian medical services market is in a state of so-called transformation. This is due to the announced process of reforming the health care system in Ukraine, which in the future will make a significant contribution to the development of the healthcare market in particular. This, in turn, will contribute to the emergence of new medical private centres, the newest medical facilities that will be able to provide a high-quality and competitive medical service

called the medical product. Thus, medical institutions will gradually turn into commercial structures with the necessary attributes of entrepreneurial activity.

The market for medical services in Ukraine is at the stage of transformation or rebirth. This is primarily related to the implementation of the medical reform announced by the Ministry of Health and the Government Program, which provides for the output of Ukrainian medicine to a higher quality through the formation of insurance funds. The medical reform in Ukraine will involve the introduction of the concept of “state guaranteed package” – a certain amount of medical services and medicines, which the state undertakes to pay at predetermined rates, which will be approved annually by the government.

Thus, the market for medical services will become a competitive environment in which different actors of market relations will operate both in organizational and legal form and in the form of ownership. One of the prerequisites for the successful functioning of the medical services market will be an assessment of the marketing orientation of these subjects. According to our research, marketing orientation is based on a real study of the needs of healthcare providers, trends in

the development of the market for medical services, as well as a pragmatic assessment of the extent to which the services provided by a medical institution meet these requirements. We are convinced that only with a clear understanding of the current state of a medical institution or establishment it is possible to determine its goals and changes

needed to achieve these goals. Today, the need for the development of the market for medical services is not only an urgent problem but, as we can say without exaggeration, it is vital. After all, today the Ukrainian medical services market is unbalanced, and indicators of the medical and demographic situation are unfavourable and hopeless.

## INNOVATIVE DEVELOPMENT OF THE ECONOMY AND SOCIAL-LABOUR RELATIONS

**Kravets I.M.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Human Resources Management  
and Labour Economics,  
Khmelnyskyi National University

Ensuring the competitiveness of the national economy is possible only through its reformation on the basis of innovative development. The development of innovative entrepreneurship, the construction of an innovative type of production activity and the provision of services is the basis for the state sustainable development, the formation of innovative employment.

The modernization of the domestic economy requires modernization of social and labour relations in Ukraine, taking necessary steps of the state, responsible business in the direction of their reform in order to reduce the level of conflict and the emergence of a practice of partnership between employers and employees.

The introduction of qualitative changes in social and labour relations is a pledge of accumulation of knowledge as a resource for development, formation of knowledge on the basis of the development of continuous education, increasing the social status of the individual, which accumulates knowledge and actively uses them in their activities.

Modern social and labour relations should focus on a person, a multifaceted subject capable of solving the most important tasks of socio-economic development of the coun-

try, among which the stabilization of the social and economic situation, the formation and development of production of a new technological level, increase of living standards of the population on the basis of cooperation and partnership of all forces of society.

Gaps in social and labour relations cause inhibition of innovation activity in Ukraine, decrease in the level and quality of life of the population, loss of Ukraine's rating positions by the Global Competitiveness Index.

The most important and effective mechanisms for modernizing the economy and social and labour relations in the modern conditions is the establishment of effective cooperation between business and science; Stimulating the development of public-private partnership; Improvement of public financing mechanisms; Increasing the motivation of employees in general, and the development and implementation of innovations in particular; Increasing the efficiency of the training system; Development of social responsibility of business.

In the social and labour relations, an important role is played by the state, which must ensure the implementation of legislative and regulatory functions, creating a field for an equal partnership.

## **INTERNAL MIGRATION POLICY OF UKRAINE: URGENT PROBLEMS AND TASKS**

**Ryndzak O.T.**

Candidate of Economic Sciences, Senior Researcher,  
Department of Social and Humanitarian Development of the Region,  
State Institution "Institute of Regional Research  
named after M.I. Dolishniy of the NAS of Ukraine"

The article is devoted to the urgent problems of the internal migration policy of Ukraine. With the help of statistical information and a number of sociological surveys conducted by various institutions, the author identified the range of the acutest problems associated with internal migration and forced displacement of the population. They are: low level of internal mobility of the Ukrainian population in comparison with the developed countries; depopulation and decline in rural areas; unregulated and inefficient placement of internally displaced persons (IDPs). Besides, problems of housing and employment of IDPs require an immediate solution.

The main tasks of the state internal migration policy are conceptualized (for example, it is important to provide the freedom of internal mobility of the population and to achieve a more rational territorial distribution of population). It is emphasized that social and economic mechanisms should be used for the regulation of internal migration of the population under modern conditions.

It is proposed a differentiated approach to solving the problems of unemployment of internally displaced persons, depending on their disposition on the future place of residence. It is found that the farther away from the conflict zone, the greater is the proportion of people who tend to stay in the host region. In the western regions, where the percentage of such people is the largest, it is advisable to provide benefits to employers for employing internally displaced persons and to create favourable conditions for their self-employment and entrepreneurship. In areas where is the predominant share of internal migrants with a clear desire to return to their home, it is important to stimulate temporary employment, to activate attracting of immigrants to public works. Given that in the structure of internally displaced persons, there are a significant proportion of women with children, it is important to encourage flexible forms of employment (work-at-home job, flexible working hours, on-call work, etc.).

## MONEY, FINANCES AND CREDIT

### THEORETICAL AND PRACTICAL ASPECTS OF DEVELOPMENT AND IMPLEMENTATION OF BANKS' CREDIT POLICY

**Baliant H.R.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Banking,  
Ternopil National Economic University

**Halitseiska Yu.M.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Banking,  
Ternopil National Economic University

The article is devoted to the problem of development of banks' credit policy. The influence of credit policy on the profitability of banking activity is analysed.

The objective of the paper is to develop the foundation for the formation of credit policy and improve its implementation mechanism in terms of the functioning of the banking system to ensure its stable and sustainable activity in the credit services market.

At the beginning of the article, the essence of credit policy is described. It is mentioned that the role of credit policy is to ensure the competitiveness of the bank credit market and its profitable activities. The external and internal factors of influence on credit policy are considered. Three types of bank's credit policy are distinguished: conservative, moderate, aggressive.

The following goals of credit policy are considered:

1. Developing an effective system for the identification, analysis, and measurement of credit risks.

2. Establishing an effective system for monitoring and controlling credit risks.

3. Establishing an effective system for making managerial decisions on credit risk management.

4. Establishing limits, introducing procedures, regulations, procedures, and regulations for individual transactions and loan portfolio.

5. Ensuring effective interaction of the bank's divisions at all organizational levels of the credit risk management process.

Also, the vision of credit monitoring is presented. Credit committee of banks should monitor credit policies in order to timely identify credit risks. This will ensure control over the implementation of the bank's strategic objectives in lending activities in order to detect deviations and contradictions and assess the bank's implementation of declared tactical tasks as well.

The article ends with the statement that the credit policy should be based on reliable analysis of the data of the current economic, social, political state of the country and forecasting of hypothetical ways of their development in the future. This will provide an opportunity to respond promptly to changes in the influence of factors of the external and internal environment.

## THE FINANCIAL COMPONENT OF HUMAN DEVELOPMENT INDEX IN UKRAINE

**Herneho Yu.O.**

Candidate of Economic Sciences,  
Associate Professor of Investment Activity Department,  
Kyiv National Economic University named after V. Hetman

The theoretical basis of the international method of human development components structuring is researched in the article. The three main components, namely life duration, education, and income, are defined. Therefore, the methodology of Human Development Index, created by UNO, represents answers to three main questions, namely about the life duration (quantitative criteria), quality of education (life quality criteria), and about the sources for further human development (financial criteria). At the same time, we observe the need for a more detailed study of human development components. Therefore, the national detailed methodology for human development structuring at the regional level is analysed. The suggestions for its application at the state level are made. In particular,

according to our research's need, the financial component is defined as the resource for other components further development. This makes it possible to determine the impact of the financial component on the state of other main components of human development in Ukraine. The appropriate indicators of human development financing in Ukraine are calculated and analysed. The ranking of human development components financing effectiveness during the last five years is given. The conclusion is that the structure of human development financing allows the saving of main human development resources but there are not enough financial sources for further development and progress. It is one of the reasons of national economies' unstable position within human development index.

## KEY TRENDS AND PRIORITIES FOR THE DEVELOPMENT OF THE INSURANCE SERVICES MARKET IN UKRAINE

**Zolotarova O.V.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Finances and Accounting,  
Dniprovsk State Technical University

The insurance services market is currently experiencing a number of significant obstacles to further development: The imperfection of the legal and regulatory framework in the insurance sector; Lack of financial resources to secure long-term commitments, especially in the field of life insurance; The absence of compulsory health insurance with the participation of insurers; Numerous cases of fraud by insurance companies, as well as numerous attempts to avoid tax evasion; Insufficient transparency of the financial reporting of the insurance sector and lack of quality strategic information.

Referring to the analysis of the current state of the insurance market, based on statistics, it is appropriate to emphasize that it is still one of the most capitalized among other non-bank financial markets. Recently, a competition between the banking and insurance business has intensified considerably, and insurance companies are often the winners in this competition. A common way to solve compromise competitive contradictions between insurance and banking institutions is a fusion of some form of bank and insurance business into a single conglomerate, which also provides banking and insurance services.

Overall, among the most acute problems of the insurance market in Ukraine stands out: its imperfect structure, weak development of reinsurance institution and uncertain financial condition of individual insurance companies, the unevenness of development, instability client base, insufficient solvency of the population, mistrust of customers to domestic insurers, low level

of insurance culture of citizens, insufficient level of introduction of information products into insurance, the use of insurance as a tool for tax optimization instead of its immediate function – protection against risks.

The outlined problems of the development of the insurance market give grounds for the development of conceptual directions of its development, implementation of which will increase the role of insurance in the financial system of Ukraine.

Given the trends review of the functioning of domestic and world insurance market, and given the most acute problems faced by the insurance market of Ukraine, priorities during its development assistance can be: stabilization of financial situation of all economic entities due to the state support of domestic business and increase of incomes and living standards of the population; development of a legal framework for insurance taking into account the current situation in the insurance market and interests of both insurers and their clients; withdrawal from the market of unstable and unreliable insurance companies, activating the role of the state in maintaining a competitive environment in the insurance market; modernization of the sectoral structure and infrastructure of the insurance market according to world requirements and leading experience of developed countries; creation of a modern model of effective management of insurance reserves; assistance in the further development of reinsurance; development of practical marketing and obligatory organization of risk management in insurance business, based on the training of relevant professionals.

## THE SYSTEM OF BODIES OF STATE FINANCIAL CONTROL OF BUDGETARY INSTITUTIONS IN UKRAINE

Ivaskevych Kh.I.

Postgraduate Student at Department of Finance,  
Money Circulation and Credit,  
Ivan Franko National University of Lviv

The European integration course of Ukraine has intensified the problem of the need for modernization and development of the public administration system, the priority element of which is the subsystem of financial control. The reform of the public finance management system provides for the development of a modern and effective public finance management system in Ukraine that can provide high-quality public services, efficiently accumulating resources and distributing them in accordance with the priorities of state development in the medium and long term. To do this, it is necessary, in particular, to ensure the effective implementation of the state budget, which requires, first and foremost, the formation of a coherent and efficient system of financial control bodies.

To the issues of financial control, the search for ways to increase its efficiency through the formation of the institutional system in Ukraine, scientific works written by I. Anhelina, T. Borovkova, T. Dniprova, S. Drebot, T. Mahurchak, A. Matviichuk, V. Pikhotskyi, Yu. Surkova, and O. Shevchuk are devoted. While appreciating the contribution of these researchers in covering theoretical and methodological principles and practical aspects of the development of the financial control institution in Ukraine and in the world, we note, however, that not all theoretical and methodological and scientific and practical problems of the systematization of functioning of authorities of financial control over the activities of budgetary institutions in Ukraine are solved.

Ensuring social and economic development, increasing the efficiency of produc-

tion, competitiveness of the basic branches of the national economy, solving the problems of the state's vital activities, reducing the level of the shadow economy and corruption are impossible without adequate to modern realities effective state financial control. Full performance by the latter of its functional purpose is possible only in the case of the real creation of its effective system. In view of this, further research needs theoretical and methodological principles of organization of state financial control in Ukraine.

One of the main conditions for a full-fledged organization of state financial control is the presence of its authorized agents, clear regulation and coordination of their activities. The system of authorities of state financial control of budget institutions in Ukraine consists of the Accounting Chamber (exercises external financial control on behalf of the Verkhovna Rada of Ukraine), the State Audit Service (carries out internal financial control and is subject to the Cabinet of Ministers of Ukraine), the State Fiscal Service and the State Treasury Service (their activities are directed and coordinated through the Minister of Finance).

The Budget Code of Ukraine determines that the control over the use of funds of the State Budget of Ukraine on behalf of the Verkhovna Rada of Ukraine is carried out by the Accounting Chamber. Activities of central executive authorities that ensure the state policy implementation in the area of control over the compliance with the budget legislation are coordinated and controlled by the Cabinet of Ministers of Ukraine.

The Accounting Chamber on behalf of the Verkhovna Rada of Ukraine controls the receipt of funds to the State Budget of Ukraine and their use.

The Cabinet of Ministers of Ukraine is the supreme body in the system of executive authorities. The main tasks of the Cabinet of Ministers of Ukraine include directing and coordinating the work of ministries and other executive bodies and exercising control over their activities.

The central body of executive power, authorized to implement state policy in the field of state financial control, is the State Audit Service of Ukraine.

In addition to the State Audit Service, the Cabinet of Ministers of Ukraine directs and coordinates, through the Minister of Finance of Ukraine, the activities of the State Fiscal Service of Ukraine, the State Treasury Service of Ukraine.

Consequently, in today's conditions of development of market relations in Ukraine, which are accompanied by processes of spreading corruption and manifestations of fraud in the budget sphere, there is an objec-

tive need to ensure the effectiveness of state financial control, which would promote the legality and rationality of the use of funds and property owned by the state.

The results of the study allow making a conclusion that an integral system of state financial control has been formed in Ukraine – as a set of control and analytical and expert actions of the authorities of external and internal state financial control on the subjects of the public sector in order to ensure legality, prevent violations of financial discipline, economic efficiency in the formation, distribution, and use of public financial resources and local authorities.

In the context of the current stage of modernization of the domestic system of state financial control, it should be noted that different authorities of the state financial control in Ukraine have the same powers and supervised objects. At the same time, potential duplication of functions of controlling bodies should be considered as a system of checks and balances, which will ensure the principle of transparency of state financial control in Ukraine.

# **INFLATION TARGETING AS A STRATEGY OF MONETARY POLICY: FOREIGN AND DOMESTIC EXPERIENCE**

**Ilchuk P.H.**

Doctor of Economic Sciences, Associate Professor,  
Head of Department of Management Technology,  
Lviv Polytechnic National University

**Kots O.O.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Finance,  
Lviv Polytechnic National University

**Danyliv I.L.**

Student at Department of Finance  
Lviv Polytechnic National University

Economic growth of any country is possible only if there is a stable and low level of inflation; therefore, ensuring price stability is a priority. In today's economic theory, there is no clear and unambiguous definition of the concept of "inflation targeting", there are different approaches to its interpretation and, therefore, it is necessary to clarify the essence of inflation targeting.

In the article, it is analysed the economic essence of inflation targeting and substantiated the advantages and disadvantages of its application. Also, the main preconditions for the introduction of inflation targeting are determined, in particular: the central bank must have legal and economic independence; the development of technical infrastructure, which involves the availability of qualified analysts and the availability of statistical basis for predicting a reliable inflation rate; developed financial system – stable banking system, developed financial market, highly liquid government securities market; a combination of perfect economy structure, a minimal level of dollarization and resistance to fluctuations of the exchange rate and world prices for raw materials.

The advantages of introducing inflation targeting are determined, in particular: ensuring transparency and flexibility of monetary policy, which involves connecting with the markets and the public; the reduction of inflationary expectations on the part of economic agents in view of the clarity of the declared central bank intentions regarding the restriction of price dynamics; expansion of the possibility of conducting an independent monetary policy with the realization of tasks for solving internal problems of the economy; increasing the level of flexibility in the process of implementing monetary regulation and the ability to respond more actively to changing the macroeconomic situation; the establishment of a clear target for the long-term perspective and the commitment of the public announcement of inflation indicators. The efficiency of inflation targeting in Ukraine in 2016 is analysed.

The experience of many countries in regard to the introduction and effective use of inflation targeting is explored, and recommendations on the implementation of successful measures in Ukraine are developed, as well as the positive effects of using inflation targeting.

## THE WAYS OF IMPROVING THE FORMATION OF FINANCIAL RESOURCES OF LOCAL SELF-GOVERNMENT BODIES

**Kozhalina N.P.**

Postgraduate Student at Department  
of International Economic Relations,  
University of Customs and Finance

The article searches for ways of improving the formation of financial resources of local self-government bodies in conditions of carrying out the appropriate reform of the tax system and administrative reform. A comparative analysis setting out of local taxes and fees is carried out at the present stage, taking into account the relevant changes introduced by the Tax Code of Ukraine. The main directions of strengthening financial resources because of proper reformation of the tax system and creation of a new institutional model of the functioning of local self-government bodies are highlighted.

The purpose of this research is to carry out an analysis of the current state of local finance formation, identify ways for improving the mechanism for the formation of local budgets through reforming the system of local taxation and the construction of a new institutional model for the functioning of local self-government.

The author of the own institutional model of local authorities – a united territorial

community, which would ensure the independence of local self-government bodies, would increase the level of responsibility, expand the range of authorities especially during decentralization, is developed. Based on this research, it is determined that the implementation of appropriate reforms in the local taxation system in recent years was quite effective but, at the present stage, there are certain aspects that need further resolution.

In the opinion of the author of the article, it is expedient to timely conduct monetary valuation of land, which will contribute to increasing revenues for land payment and timely revenue from PIT, the introduction of new fiscal enough local taxes and fees with a clear mechanism for their administration. These ways of improving the financing of local governments will promote strengthening local budgets through the implementation of appropriate reforms and raising the standard of living of a specific administrative-territorial unit.

# CURRENCY RISK HEDGING

**Kudrytska Zh.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Economic Cybernetics,  
National Aviation University

**Hnylytska A.Yu.**

Student,  
National Aviation University

Hedging of currencies is primarily a manipulation of investment instruments aimed at reducing financial risks that may arise due to non-contributing factors in the foreign exchange market. Any company whose income depends on fluctuations in exchange rates is interested in having tools for accurate prediction of change.

That is why in recent years, hedging of currency risks is becoming increasingly popular. In this paper, the analysis of financial instruments of the Ukrainian financial market, including the currency, and market regulation, including exchange rates, is done.

Any cash flows in foreign currencies have currency risks. If financial accounting is carried out in a single currency in a company, then in case of a revaluation of assets in foreign currency, losses or profit cannot be excluded.

Agreements in the foreign exchange market are based on the principles of margin trading, which has its undoubted advantages: transactions can take place at amounts that are several times higher than initial capital; Transactions are carried out without the delivery of real money, which accelerates and simplifies the implementation of transactions; Hedging does not reduce company turnover due to the diversion of significant

sums of money; On Forex and futures exchanges, it is possible to sell the currency, receipt of which is planned in the future.

The main difference between hedging currencies from other operations in foreign exchange markets is the goals it pursues. The task of this tool is not to make a profit but to reduce possible risks. That is why hedging involves costs. From the numerical choice of evaluation techniques, the assessment procedure is also considered.

Hedging does not have the ability to exclude all risks associated with adverse changes in the foreign exchange market. Neglecting a careful development of a hedging strategy can increase the company's costs.

An effective hedging program is designed not to completely eliminate risk but to achieve an optimal balance between the benefits of this tool and the cost of its implementation. When deciding on the use of hedging, it is necessary to estimate the number of possible losses that may be incurred in the event of a hedge failure. If the cost of using the instrument is reasonable and the benefits of the implementation are significant, hedging is considered appropriate, otherwise, it is not rational. Hedge effectiveness is evaluated for each specific position.

## FEATURES OF THE BUDGET FORMATION OF THE TERRITORIAL COMMUNITY

**Nezdoimynoha O.Ye.**

Candidate of Economic Sciences, Associate Professor,  
Poltava State Agrarian Academy

New associations of territorial communities, which began to emerge in Ukraine from 2015 under the Concept of Local Self-Government Reform, have already faced with the problems of budget formation and efficient allocation of its funds for the implementation of the main tasks of the territorial community in order to ensure the improvement of a certain territory.

The budget of the territorial community is a form of organization of the movement of funds and acts as the most important means of distributing and redistributing money between production and non-productive spheres.

For today, territorial communities after their creation as a legal entity form a budget of local self-government and dispose these funds on their own.

The main sources of local budget revenues include tax revenues.

The local budget is divided into the current budget and development budget.

The funds of the current budget are directed to financing institutions and facilities of industrial and social infrastructure, which are held at the expense of budget allocations, and also to the financing of measures for the social protection of the population.

The funds of the development budget are directed to realization of programs of socio-economic development of the appropriate territory, connected with investment and innovation activity, as well as for financing of subventions and other expenditures related to expanded reproduction.

One of the types of budget revenues of territorial communities is intergovernmental transfers that can be received in the form of: basic grants, educational subventions, medical subventions, reverse subsidies to the state budget.

The financial management of the united territorial communities has certain specificity. They do not cover only the finances of the territory of several settlements and concentrate them. The management of the territorial community assumes the responsibility for the effective use of these financial resources for the achievement of the main objectives – to ensure the improvement of the specified territory and the implementation of social policy.

On the whole, the budgets of the united territorial communities have inter-budgetary relations with the state budget, which give them the right to receive support from the state budget, determined by the rules of the current legislation.

## FEATURES OF INVESTMENT ACTIVITY IN THE AGRARIAN SECTOR OF THE ECONOMY

**Rybina L.O.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Finances,  
Sumy National Agrarian University

Investment activity, its intensity, and efficiency, as well as the organizational and economic mechanism, have their own specifics for different regions and industries, it requires in-depth study and research of relevant aspects. The purpose of the study is generalizing the features of investment activity in agriculture, consideration of contemporary problems of low investment activity of agricultural enterprises.

Attracting investment in agricultural production requires a review of investment policy, taking into account the specific features of investment activities of agricultural enterprises. Features of the investment activity of agricultural enterprises can be identified as follows: ensuring the continuity of production; the need for financial recovery of enterprises; the continuous need for technical re-equipment; the need to take into account the development of related industries in the process of investing in agriculture.

Features of investment agricultural activities of enterprises are directly determined by

the features of agricultural production. These include: dependence on the development of agroindustrial complex; dependence on natural and climatic conditions; the necessity of state support and regulation.

The peculiarities of investment agricultural activity make it possible to single out its specific goals: reproduction of land fertility; ensuring the normal functioning of biological organisms; providing food security to the state; social protection and maintenance of normal living conditions of the rural population.

The development of an investment agricultural policy, taking into account the specific features of the investment activity in this sector, provides for the appropriate areas of investment: increase production and increase productivity; increasing the fertility of the land; support for biological potential of plants and animals; funding of the social sphere and infrastructure; financial recovery of enterprises; integration of agricultural enterprises.

## **THE PLACE AND ROLE OF BUSINESS ENTITIES' FINANCES IN THE FINANCIAL SYSTEM OF UKRAINE**

**Seliverstova L.S.**

Doctor of Economic Sciences, Associate Professor,  
Professor at Department of Finance,  
Kyiv National University of Trade and Economics

**Yermakova O.M.**

Postgraduate Student,  
Kyiv National University of Technologies and Design

Finances of business entities are an integral part of the financial system of the country, and they form the heart of its financial resources. There cannot be a stable and healthy financial system without business subjects that function effectively.

The purpose of the study is to substantiate the place of business entities' finances in the financial system of the country and determine their role in the Ukrainian economy.

In the economic aspect, finances of business entities are public connections in relation to the circulation of financial assets in the field of management; in the material aspect, they are directly financial assets (funds, securities, debt obligations, and debt claims that are not attributed to securities) of economic entities.

The financial system of Ukraine is characterized by specific forms and methods of financial relations, which have the appropriate legislative and organizational support. Each sphere and each part of the financial system of Ukraine has its purpose and its

characteristic features. Public finances and finances of economic entities form the heart of the financial system of Ukraine because it is precisely in these links that the creation, main distribution, and redistribution of the gross domestic product are taking place.

The business entities' finances are intended to support the activities of enterprises. Their exchange-distribution relations are divided into internal and external. Internal ones characterize cash flows and reflect the formation and distribution of its income. External ones characterize the connections with other spheres and branches of the financial system.

The economic entities' finances, being the part of the financial system of the state, affect the system's stability. The problems of the finances of business entities inevitably lead to a deepening of the problems of public finances, that is why the development and provision of effective activity of economic entities is a matter of forming a stable and high-quality economic space.

# PROBLEMATIC ASPECTS REGARDING THE LEGAL STATUS OF THE DEPOSIT GUARANTEE FUND AND THE PROTECTION OF DEPOSITORS

**Skirka A.S.**

Postgraduate Student,  
Ternopil National Economic University

The development of the banking system is always a powerful tool for rapid economic development and economic growth for any nation. In the current economic crisis conditions, there is a problem of bank insolvency and bankruptcy and, as a result, the Deposit Guarantee functioning. The aim of study can be determined as to present an analysis of problematic aspects of Deposit Guarantee Fund, conscientious defence of depositors, legal status and purpose of the DGF and National Bank of Ukraine.

The article presents the existing mechanism of satisfaction claims of the creditors. As a result, the actions of depositors, with their savings by the renewal of deposits by other persons. There is emphasized the ownership of the depositor as the legal fact

of deposit funds in any bank in Ukraine. The recent changes to legislative and regulatory acts, which improve domestic deposit guarantee system, are analysed. An extremely important legal problem of the legal status of the Deposit Guarantee Fund is pointed. Indicated the problem of the crisis confidence in banks, NBU, and DGF. Also investigated and observed a comparative analysis of the goals of Deposit Guarantee Fund with the implementation of the banking supervision from the National Bank of Ukraine. It is emphasized the problem of protecting the rights of insolvent bank depositors and creditors. The results of our study present some recommendations on the importance of preventing bank bankruptcy at an early problem stage.

## **STRUCTURAL IMBALANCES OF THE BANKING SYSTEM OF UKRAINE**

**Sokolovska I.P.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Economic Theory  
and Competition Policy,  
Kyiv National Trade and Economic University, Kyiv

The reasons for the structural deterioration of the banking system of Ukraine are considered in the article. The main changes in the structure of Ukraine's banking system are analysed based on the assessment of dynamics of bank's current indicators in Ukraine during last years. The negative consequences of intensive crowding out private banks with Ukrainian capital and the monopolization of the national banking system by state and foreign banking institutions are identified in the article. These trends not only created systemic risks in the banking system but led to significant negative macroeconomic consequences for the whole economy. The statistical data on structural features of banking systems of different countries is analysed. The study of the structural features of the banking systems of different countries denies the existence of a stable connection between the number

or size of banks and their reliability indicators. Their research convinces in the lack of connection between the number or scale of activities of banks and their stability. It is determined that the structure of the banking sector should reflect the structure, scale, and level of development of the economy that it serves. The establishment of adequate requirements for the minimum level of capital of financial institutions in European countries has created conditions for the stable development of small banks, which successfully work in certain segments of the business, especially in retail. It is advisable to introduce differentiated requirements for the capital of specialized banks depending on the specifics and risks of their activities. Directions of overcoming structural imbalances by creating conditions for the functioning of competitive small- and medium-sized banks with Ukrainian capital are determined.

# SELECTION OF PROJECTS FOR THE DEVELOPMENT OF TERRITORIAL COMMUNITIES FOR CO-FINANCING FROM MUNICIPAL BUDGETS

## **Stetsenko T.V.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Public Finance,  
Kharkiv Institute of Finance  
of Kyiv National University of Trade and Economics

## **Yaremenko V.H.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Public Finance,  
Kharkiv Institute of Finance  
of Kyiv National University of Trade and Economics

## **Losieva O.M.**

Student,  
Kharkiv Institute of Finance of  
Kyiv National University of Trade and Economics

The article is devoted to the selection mechanism for mini-projects for the development of territorial communities in order to improve the municipal budget planning.

The resources cooperation of state and local authorities, territorial community (public sector), and private sector is an adequate alternative to budget financing in the case of a limited budget.

It is determined that public-private partnership and state-private-public partnership belong to a single category of socio-economic partnership and are its varieties. The differences between these two types of partnership are the duration of projects and the terms of the partnership; the fact of transfer to the management of the object; project initiation initiative; the amount of financing; investment characteristics.

The analysis of the competition of mini-projects for the development of territorial communities in the Kharkov region in

2012–2017 proved that the main contribution to co-financing of projects is made from municipal budgets – more than 93%. So, it is necessary to apply instruments of activating the public and private sector for the participation in co-financing of mini-projects for solving local socio-economic problems within the framework of a state-private-public partnership.

The analytic hierarchy process is chosen to select mini-projects. The purpose of using the selection mechanism is not so much the choice of one of the best projects but rather the ranking of all projects according to the criteria for choosing those, for which budget allocations will be enough.

Developed unified selection mechanism of mini-projects for solving local socio-economic problems for financing from municipal budgets will improve the validity of budget spending and transparency in budget planning.

## **FINANCIAL AND CREDIT SUPPORT FOR THE DEVELOPMENT OF ENTREPRENEURSHIP IN MOUNTAIN SETTLEMENTS**

**Tokar Ya.I.**

Candidate of Economic Sciences,  
Lecturer at Department of Tourism and Recreation,  
Mukachevo State University

**Hoblyk V.V.**

Doctor of Economic Sciences, Associate Professor,  
Mukachevo State University

The article analyses the problem of depressed territories and suggests practical measures to overcome it. Emphasis is placed on the entrepreneurial potential of the population in the problem areas. Empirical data on the sociological research of the mountain population on the creation of their own businesses are analysed and the problems of existing mountain business structures are examined. The foreign experience of providing direct financial support to the business as a powerful tool for addressing the problems of depression is summarized. The existing practice of financial support for the business structures of depressed territories is analysed.

The current stage of development of the Ukrainian economy is characterized by a deep differentiation in the levels of socio-economic development in the territorial view, which manifests itself in the volume of production, gross value added per person, wages and, consequently, living standards of the population. The existing differentiation of the economic space, accompanied by the economic downturn and chronic lag of a large part of the regions of the country, and especially the mountain settlements of

the Ukrainian Carpathians, is a determining factor in the formation of depressed labour markets, characterized by a high unemployment rate, which is predominantly structural, the presence of significant volumes of involuntary part-time employment, low rates of development of the sphere of application of labour, low level of entrepreneurial activity of the population, and asymmetric professional structure of the economically active population. The need to study the priority areas of financial support to stimulate economic growth and sustainable development of depressed regions is a priority task of scientists and practitioners.

The conducted analysis of financial and credit support for entrepreneurship development shows that at present the state financial support for the creation and development of the business segment in depressed territories is still insufficiently effective. In order to increase business activity, attract a wide range of people to entrepreneurial activity, it is necessary to solve the problem of expanding the base of lending to small business entities, entrepreneurs and significantly reduce interest rates on loans.

## **EVALUATING THE EFFECTIVENESS OF ASSET AND LIABILITY MANAGEMENT OF THE ENTERPRISES**

**Chemchykalenko R.A.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Finance and Credit,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

**Maiboroda O.Ye.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Finance and Credit,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

**Liutkina A.V.**

Student,  
Kharkiv Institute of Finance,  
Kyiv National University of Trade and Economics

The theoretical questions of evaluation of the efficiency of asset and liability management of an enterprise are researched. It is proved that the assessment of the efficiency of assets must be carried out simultaneously with the assessment of the efficiency of liabilities of the enterprise. It is substantiated that the use of such a criterion as "the growth of the market value of an enterprise" in the current conditions of functioning of the domestic economy is inappropriate because of the mismatch of the value of property on the balance of the amount of funds spent on their acquisition and the complete lack of nominal indicators of the value of business. At the same time, the most adequate measure of the efficiency of management of the property (capital) of an enterprise is the indicator of economic added value, which is not only interrelated with the market value of the enterprise but also has many advantages provided it is used at domestic enterprises. In turn, for a more detailed analysis of the efficiency of asset management and liabilities of the enterprise, this problem needs to be divided into two problems: the efficiency of the formation and efficiency of the use of the enterprise property (capital). At the same time, the effec-

tiveness of the formation of property (capital) should reflect not only the state of the property and the dynamics of its formation but also the effectiveness of the structure of capital/property. To this end, it is suggested to use a complex indicator that takes into account the provision: Certain conditions of the relevant property both in the current period and in the short term as only the sufficient and renewable production potential can achieve the necessary value added; Compliance with volumes and periods of turnover of such components of assets and liabilities as accounts receivable and payables; Required ratio of current and non-current assets; Sufficient level of solvency and financial stability of the enterprise; The level of implementation of strategic plans for the formation of the required volume and structure of assets of the enterprise, which, in our opinion, the most expedient to evaluate with the involvement of expert opinion. At the same time, the efficiency of the use of property and capital of an enterprise should be evaluated with the help of an appropriate complex indicator, which would take into account the profitability of the property, the turnover of aggregate and equity capital, capital productivity, labour productivity, etc.

## ACCOUNTING, ANALYSIS AND AUDIT

**FEATURES OF ACCOUNTING AND FINANCIAL REPORTING  
IN THE REPUBLIC OF BELARUS  
IN THE TRANSITION TO IFRS****Bondarenko O.M.**Assistant Lecturer at Department  
of Economic Analysis and Accounting,  
National Technical University  
“Kharkiv Polytechnic Institute”

Implementation of international financial reporting standards is taking place in the Republic of Belarus, which is connected with the growing integration of the country into the world economy. According to the Law of the Republic of Belarus “On Accounting and Reporting”, publicly important organizations must, from 2016, prepare financial statements in accordance with IFRS. Belarus adopted a system of national accounting and reporting standards, which includes standards on general accounting policies, accounting for assets, equity, liabilities, revenues, expenses, certain types of economic activity, and other issues. At the core of the development of national standards laid the principles of accounting and reporting, which the law provided with legal status.

The main forms of financial reporting in Belarus are the balance sheet and the income statement. When analysing samples of the submitted forms of financial reporting, it turned out that they are very similar to the reporting forms of Ukrainian enterprises. There are differences in the balance sheet with regard to the composition and structure of the equity and liabilities of the enterprise. In the Belarusian balance sheet, for example, is an article such as “Net profit (loss)

of the reporting period”. The income statement provides a more precise breakdown of activities into investment and financial types, more detailed types of revenues and expenses.

The process of implementing international financial reporting standards by the end of 2016 has become an active stage, and from January 1, 2017, 44 IFRSs and 26 Interpretations have been put into effect on the territory of the Republic of Belarus. This created a regulatory framework for the application of IFRS in the country. According to the calculations of the Ministry of Finance, about 300 publicly important organizations will prepare such reporting for 2016. Most of them will do so for the first time in accordance with IFRS 1 “First-time Adoption of IFRS”. In March 2017, 62 chief accountants of the leading organizations of the country received a certificate of a professional accountant confirming their high level of qualifications and giving them the right to occupy the corresponding position.

Thus, we can consider positive activation of the process of implementation of international financial reporting standards in the Republic of Belarus and introduction of professional certification of chief accountants of enterprises and organizations.

## PROTECTION OF ACCOUNTING INFORMATION AND CYBER SECURITY OF THE ENTERPRISE

**Viter S.A.**

Candidate of Pedagogical Sciences, Senior Instructor,  
Zhytomyr National Agroecological University

**Svitlyshyn I.I.**

Candidate of Economic Sciences, Associate Professor,  
Zhytomyr National Agroecological University

The article substantiates the updating of the protection of accounting information, stresses the need to change priorities in assessing the reliability of information security systems from the provision of traditional information security to cyber security. Definitions “protection of accounting information”, “security”, “cybersecurity”, “cyberspace” are considered, the difference between information and cyber security is disclosed. The categories of threats of computer information systems of accounting are distinguished. An attention is drawn to the fact that threats and risks apply equally to large companies and to representatives of middle and family businesses.

The author’s vision of the concept of “cybersecurity of accounting information” is proposed, which the author understands as a state of protection of information of management accounting, which is created, stored, changed, and used with the help of computer technology, which provides for timely detection, prevention, and neutralization of unauthorized use of accounting information, violation of its confidentiality, integrity, and availability or destruction through electronic means, which jeopardizes vital economic interests of the enterprise.

The description of the management of cybersecurity is disclosed, including the tasks of organizing the cyber defence and data security in accounting, the grouping of measures for the protection of accounting information in the context of cybersecurity is

highlighted. In addition to the protection provided by the accounting software, the author points out a number of administrative measures as an important component of information protection, as well as the competence of the accounting staff, the level of cybersecurity of accounting information depends on the correctness of the actions. Equally important is the proper response to incidents (internal or external, as the case may be) and informing the relevant authorities.

The principles and some aspects of the organization for the protection of accounting information in the context of cybersecurity are defined. The basic principles of the cybersecurity system of accounting information include: software support, protection of confidential information, personal responsibility, secrecy, integrity, and effective control over access to accounting data.

According to the author, special service for cyber security can be represented by experts in the organization of economic-information security and penetration testing, security information security inspectors, cyber security project analysts, system administrators, computer network administrators, information security system managers, cyber security systems analysts.

A systematic presentation of goals, objectives, and principles for achieving the desired level of cyber security of accounting information is proposed for the consideration in the accounting policy of the enterprise.

# STATE FINANCIAL CONTROL ON THE LOCAL LEVEL IN CONDITIONS OF FINANCIAL DECENTRALIZATION IN UKRAINE

**Danchevska I.R.**

Postgraduate Student at Department of Accounting and Audit,  
Ivan Franko National University of Lviv

Improving the system of state financial control over the flow of local self-government funds and finding reserves for their increase are extremely important problems in the current context of decentralization of state power in Ukraine. But in recent years, unfortunately, there has been a negative trend towards a decrease in the share of own revenues in the structure of local budget revenues and, as a result, an increase in the amount of subsidies. It is clear that the lack of own stable revenues does not contribute to increasing financial autonomy and significantly limits the influence of local authorities on the socio-economic development of territories. That is why the increase of sources of local budgets' filling and proper state financial control over the formation and use of budget funds is a very urgent task, the solution of which will be facilitated by both increasing the level of financial independence of local self-government bodies and qualitative fulfilment of the tasks and functions assigned to them.

The effectiveness of public financial control can be ensured if external and internal control is timely and objective, clearly reg-

ulated, focused on the final result that will ensure the fulfilment of the specified tasks and achievement of the goals of social and economic development. An important place here is occupied by the formation of institutional support, the establishment of the legal status of institutions, a clear definition of rights and responsibilities, methods and forms of control measures in the field of public finance management. In our opinion, it should be based on the principle of financial decentralization of the system of state financial control of local budgets, which would be in line with current demands and contributed to the stable growth of the Ukrainian economy and its regions. It is necessary to clearly define the role and place of the state and bodies of local self-government in this area, in particular, to differentiate competences between all levels of government simultaneously, by defining the functional powers of state and local government bodies, including oblast and rayon councils, excluding their duplication. In view of this, it is necessary to determine the strategy of the state financial control of local budgets, the stages of its implementation in the medium and long term.

## THE ECONOMIC EXPERTISE OF ENTERPRISES ACTIVITY

**Derii V.A.**

Doctor of Economic Sciences, Professor,  
Professor at Department of Accounting in Production Sphere,  
Ternopil National Economic University

**Dema D.I.**

Candidate of Economic Sciences, Professor,  
Head of Department of Finance and Credit,  
Ternopil National Economic University

In the theses, a detailed analysis of recent publications for a few ages on the topic of economical expertise is attached. It is indicated that the economical expertise solves problems that arise in the process at the economic activity at the enterprise. The expert (experts) must be qualified to achieve specific goals and to solve specific tasks and to avoid significant threats and risks.

Non-judicial (non-conflict) economic expertise is carried out when an entity is interested in conducting such an economic expertise. An economic expertise can be distinguished in an independent science. Large- and medium-sized enterprises are obliged to form a certain array of judicial economic, economic and non-judicial economic information and to develop "Regulations about the formation, storage, use, and disposal of judicial economic, economic, and non-judicial economic information".

The classification system of judicial economic, economic expertise, created by H.A. Matusovskyi, should be recognized as a basic and substantially upgraded by making corresponding changes and additions there.

To start training of bachelors and masters in the specialization "Economic expertise and audit" within the specialty 071 "Accounting and taxation" is proposed.

The objects of judicial economic and economic expertise would be more correct to identify the financial condition of enterprises, property and sources of its acquisition, circulating assets and sources of their formation, sources of own funds and results of financial and economic activity of enterprises, general and special funds, settlements with debtors and creditors, etc.

The enterprises of the restaurant business serve millions of Ukrainians annually, so they can be in the role of public experts. In the banking sector, it is advisable to carry out planned and unscheduled expertise (internal and external); beside this state and public experts should make the expertise of the actions of the National Bank of Ukraine. It is necessary to organize and control, especially making economic expertise in the state of garbage dumps that exist around large Ukrainian cities.

## VALUE OF THE FINISHED PRODUCT AND FEATURES OF ITS ACCOUNTING ORGANIZATION AT MEAT PROCESSING ENTERPRISES

**Kostyshyn N.S.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Fundamental  
and Special Disciplines,  
Chortkiv Institute of Entrepreneurship and Business,  
Ternopil National Economic University

The research confirms the importance of understanding the essence of the category “finished goods” since it occupies a significant share in the structure of working capital of enterprises. The variety of approaches to the essence of the investigated category is due to excellent interpretations of the existing P (S) A and other normative documents, the views of economists.

Since the finished meat and sausage production should provide the enterprises that produce it, obtaining economic benefits in the form of cash and cash equivalents in the future (after its realization), then it should be classified in the scope of circulation. In turn, this kind of affiliation implies a close relationship between the output volumes and the unrealized balances of finished products with the indicators of financial results presented in accounting and statistical reporting than in the case of other productive stocks. In this regard, the definition of “finished goods” is clarified.

The study of the practice of the movement of documents on the accounting of finished products made it possible to conclude that it needs to be improved, which involves streamlining the document circulation. This

is expressed in the acceleration of receipt of documents to those internal units of the enterprise, which will reflect the necessary documents in the register.

The issue of organization and methods of accounting for finished products of meat processing enterprises with a consideration of their technological features and specifics of production activity is investigated. A particular attention is paid to the study of the impact of the full (closed) technological cycle of production of meat and sausage products with the corresponding processes for the construction of accounting. Also, variants of the accounting organization at meat processing enterprises are considered: - when the finished products (sausages and smoked products) are put into a warehouse, and from there is their shipment (sale) and sale;

– when the finished product is not transferred to the warehouse and is accumulated directly from the manufacturer, from where it is shipped or passed to the buyer and sold.

The author supports the first version of the accounting organization, because it allows enterprises to develop and increase with each year the number of manufactured and sold products.

# COMPARATIVE ANALYSIS OF TRANSPORT SECTOR DEVELOPMENT TRENDS OF UKRAINE AND RIVNE REGION

**Lazaryshyn A.V.**

Postgraduate Student at Department of Economic Cybernetics,  
National University of Water and Environmental Engineering, Rivne

Transport plays an extremely important role in the economic system of Ukraine. To date, a significant number of studies on the socio-economic importance of the transport sector, its tasks, functions, the theoretical and methodological principles of its state regulation are conducted. However, issues related to the monitoring of trends in the transport sector development in Ukraine as a whole and in the Rivne region are not sufficiently studied.

Monitoring of the state and development of the transport sector is also important from the standpoint of studying the conditions for the implementation of the Transport Strategy of Ukraine until 2020. It is also logical to compare the main valuation indicators of the motor transport industry in the Rivne region with national trends, which creates the preconditions for clarifying the regional strategy for the development of motor transport.

During the processing of statistical information on Ukraine as a whole and Rivne region, using the general scientific and

special research methods, the dynamics of the main valuation indicators related to the volume of services rendered in the context of freight and passenger transportation is analysed in the article. The article described the trend in key performance indicators development of transport industry of Ukraine. The status and directions of development of transport sector of Rivne region are investigated. Realized a comparison of freight transport and passenger transportation by transport in general and vehicles in particular.

Dynamics of volumes of provided services of the transport companies are estimated. Dynamics of financial results of transport companies are analysed. Certain downward trends due to crisis phenomena in the country's economy are identified. To overcome them and in order to implement the Transport Strategy of Ukraine by 2020, in the article, it is proposed to implement a system of measures aimed at modernizing the market for transport and infrastructure services.

# ACCOUNTING AND ANALYTICAL SUPPORT FOR THE MANAGEMENT OF THE INNOVATION STRATEGY OF THE ENTERPRISE

**Melnychuk I.V.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Accounting in Production Sector,  
Ternopil National Economic University

The main source of covering innovative payments for the implementation of innovative projects and programs are capital or operating costs. Therefore, an analysis of existing accounting methods of creating special reserves to expand production, innovation, and technological development in order to rationalize the production process and marketing of products according to existing legislation and regulatory acts requires new research and ways of improvement.

An alternative variant of innovative development of an enterprise, which will provide continuous renovations and product development, would be reserve funds in special accounts for the use on innovation purposes. Provisioning of innovative development will enable the enterprise to accumulate circulating assets in order to allocate their consumption in the process of renovating production.

One of the sources of accumulation of reserve amounts for conducting innovative activities is current expenses of the enterprise. This means that all innovative payments are reflected in operating costs accounts through the gradual accumulation of a special reserve for a relevant use. Repayment of innovation expenditures is carried out by debiting the reserve amounts, for which a preliminary reservation of funds with the creation of a relevant provision (target reserves) to finance innovative projects and programs was carried out earlier.

Another alternative option is the capitalization of profit that is reinvestment with the creation of a special reserve for the inno-

vative development. This option of covering innovation expenses requires the profitable production of the enterprise because if there is no undivided profit, it is not possible to form and accumulate reserve funds for such purposes.

The problem is that according to Regulations (Standards) of Accounting of Ukraine "General Requirements for Financial Reporting" either the amount of profit, which can be directed to the payment of dividends, is displayed in the article "Undivided profit (uncovered loss)", to increase nominal capital or to increase reserve capital, or the amount of uncovered loss.

It is recommended to improve this accounting practice given that the main aim of obtaining profit is creating added value, which should be at least partly directed to the development of an enterprise and, in particular, carrying out innovative measures. We believe that in a highly competitive environment, it is advisable to reserve a portion of profits for innovative purposes. In addition, this methodical approach to accounting company profits as an additional source of funding innovative development is consistent with its economic nature.

It is necessary to make a provision for the availability of such reserve funds, the percentage of reserve amount payments and procedure for their write-off in the accounting policy of the enterprise. In addition, it is necessary to organize accounting reserve for innovative development of the enterprise. It is reasonable to distinguish accounts of the

third order for subaccount 47.4 "Coverage of other liabilities and charges": 47.41 – purchase of innovative equipment; 47.42 – creation of a new production equipment, production lines; 47.43 – improvement of production equipment; 47.44 – acquisition (creation) of innovations of intellectual nature; 47.45 – other costs related to the innovation process.

It is also necessary to develop steps for the organization of analytical accounting of

such a reserve with specifying the statement of accounting reserve amounts and the amounts of accumulation and payment.

Thus, the provision of innovative processes is carried out at the enterprise by covering innovation expenditures from current expenses and capital investment, and the alternative is to create a special reserve for innovative development by 1) allocations of current costs or 2) deductions from profits.

# IMPROVEMENT OF THE METHODOLOGY FOR ACCOUNTING FOR THE COSTS OF MAINTAINING AND OPERATING CONSTRUCTION EQUIPMENT

**Muzhevych N.V.**

Candidate of Economic Sciences,  
Senior Instructor at Department of Accounting  
in Production Sphere,  
Ternopil National Economic University

The grouping of expenses of construction enterprises according to P (S) A 16 "Expenses", P (S) A 18 "Construction contracts" and Methodical Recommendations № 573 are considered.

The practical activity of construction and mounting organizations is investigated and it is established that the method of accounting for the costs of maintaining and operating construction equipment in these enterprises varies, although, basically, such expenses of the enterprise are considered to be indirect and are accounted as overhead, or they are allocated as a separate article for the calculation of the cost of construction and erection works as a part of total production costs. This is also explained by the fact that P (S) A 16 "Expenses" is a document of a higher normative level in comparison with Methodological Recommendations № 573, so practicing accountants usually take into account its norms in organizing cost accounting. We believe that such a technique leads to an inaccurate definition of the cost of construction and installation work, and as a consequence – a financial result.

It is proposed to account for the costs of maintenance and operation of construction machinery in two directions, in particular, to allocate:

- costs directly related to the operation of construction machinery (direct);
- costs related to the maintenance of construction equipment (indirect, subject to distribution).

At the same time, it is important to establish precisely the nomenclature of direct and indirect items for calculating these costs. Taking into account the influence of certain organizational and technological peculiarities of construction and the current practice of construction enterprises, in the article, the nomenclature of items of expenses on the operation of construction equipment and the nomenclature of items of expenses for the maintenance of construction equipment are given.

The next important step in accounting for the costs of maintaining construction equipment is their allocation to construction sites. The need for their distribution arose in connection with the need to calculate the full cost of the unit of production of the construction industry. In this case, the distribution base should be in direct dependence on the performed construction and installation work.

Three main variants of accounting for the maintenance and operation of construction equipment are proposed:

- 1) within the account 91 "General Production Costs";
- 2) in the account 91 with the allocation of a separate subaccount "Costs for the maintenance and operation of construction machinery and mechanisms";
- 3) the simultaneous use of the subaccount in the account 23 "Costs of operation of construction machines and mechanisms" and sub-account 911 "Costs for the maintenance of construction machinery and mechanisms". Such a method of accounting for these costs does not contradict the current

legislation and allows accumulating during the reporting period the amount of operating costs for construction machinery and mechanisms in accordance with the direction of the use of construction equipment in construction companies, which at the end of the period, after the distribution between construction objects on the basis of calculations of the cost of machine-hour, set forth in DSTU (National Standards of Ukraine), will be credited to the account 23 “Performance

of construction and installation work” and to form the cost of a specific object of construction, one order on providing construction machinery services.

Consequently, the proposed methods of accounting for the maintenance and operation of construction equipment will provide greater justification, clearness and clarity of such a technique, and will allow more objectively taking into account such costs in determining the cost of construction objects.

## **IMPLEMENTATION OF INTERNAL CONTROL IN HIGHER EDUCATION INSTITUTIONS OF THE PUBLIC SECTOR**

**Otkalenko O.M.**

Candidate of Economic Sciences,  
Chief Accountant

Vinnitsia Institute of Trade and Economics,  
Kyiv National University of Trade and Economics

Higher educational institutions, which are held by the budget, are not only the performers of state functions but also full subjects of management both at macro and micro-economic levels, which requires their status during the control of financial resources. The modernization of internal control in the public sector is much slower than others. In this regard, the implementation of the system of internal control in higher education institutions of the public sector becomes of particular relevance.

The main tasks of the internal control of public institutions of higher education are to control the economical and targeted use of financial resources, preservation of assets, prevention of facts of mismanagement and waste.

Today the internal control system in higher education of the public sector is not organized, not structured, and not formalized.

Internal control is not a one-time event but a permanent management process that covers all operations of each structural unit of an organization. However, internal controls must provide identification and risk analysis of the organization for the purpose of preventing or limiting.

Internal control in the financial management system of the public sector higher edu-

cation institution helps the administration to manage but cannot and would not substitute managers and managers.

Analysing the place of internal control in the management system of the higher educational institution of the public sector, it can be noted that it is responsible for: the conservation of material resources and the effectiveness of their use; adequacy and efficiency of managerial decisions; observance of the norms of the current legislation, prevention and detection of the facts of their violation; sufficiency, accuracy, relevance of information that is created and transmitted for making managerial decisions; keeping confidential information.

Internal control must be built into operating processes and not imposed on them. Internal control in the university should act systematically, preventing possible shortcomings and deviations, and not be carried out as separate control measures in order to punish the perpetrators. The success of creating an effective system of internal control will depend on each employee of a higher education institution. Therefore, an effective system of internal control can only be formed with the interest of the head of the public sector higher education institution.

# ACCOUNTING SOFTWARE FOR DISPLAYING THE OUTPUT OF FINISHED PRODUCTS OF CEREAL CROPS WITHIN THE AGRARIAN ENTERPRISES' MANAGEMENT SYSTEM

**Savanchuk T.M.**

Senior Instructor,  
Dnipropetrovsk State Agrarian and Economic University

**Chernetska O.V.**

Candidate of Economic Sciences, Senior Lecturer,  
Dnipropetrovsk State Agrarian and Economic University

Currently, the largest ratio among the types of agricultural products produced in Ukraine belongs to the output of grain and leguminous crops in the field of plant cultivation. In such circumstances, the most important task of the accounting service is to provide management of the agricultural enterprise with information necessary for making decisions and controlling the finished products movement, which predetermines the need for the constant improvement of the software for displaying the output of finished products of cereal crops within the agrarian enterprises management system.

The article provides an analysis of the current legislation regarding the interpretation of the concepts "finished products", "agriculture", "agricultural products" and the views of scientists on the interpretation of these concepts. On this basis, it is determined that the products obtained by the commodity producers from growing grain crops are complex, that is, it involves the need of taking on a charge of the main, secondary, and by-products requiring special attention when managing the process of their arrival from production and reflecting this in accounting.

It is established that the allocation of the main, secondary, and by-products in the process of agricultural production management is conditioned by the target inputs, economic benefits from its use and economic value; this determines certain features in estimating the output of finished products by means of economic value types.

The authors have substantiated the need to improve the primary and current accounting of finished products in the context of its types and identified the areas for improving primary accounting for the output of finished products based on the management requirements of this process. Based on the study of the procedure for documenting the output of finished products of cereal crops and the practice of the activities of agricultural enterprises, it is proposed to detail the accounting for finished goods in the process of refinement by opening to the subaccount 271 "Finished crop production" of fourth-order accounts in terms of types of products and a separate account for reflecting finished products in bunker weight, which will increase the level of information management of the agricultural enterprise.

## **FINANCIAL REPORTING OF BUDGETS: METHODICAL APPROACHES TO BALANCING THE NATIONAL STANDARDS**

**Sushko N.I.**

Candidate of Economic Sciences, Associate Professor,  
Doctoral Student, Scientific-Research Financial Institute,  
State Educational-Scientific Establishment  
“Academy of Financial Management”

The article is devoted to the relevant issues of financial reporting on the implementation of state and local budgets in the context of the introduction of national accounting standards in the public sector (NP (S) APS), harmonized with international standards, and a new plan of accounts.

From January 1, 2017, four national standards were introduced in Ukraine (101 “Presentation of Financial Statements”, 102 “Consolidated Financial Statements”, 103 “Financial Statements by Segments”, 105 “Financial Reporting in Hyperinflationary Economies”), which determine the forms and procedure for drawing up financial reporting by public sector entities.

However, this is not enough for their implementation since the formation of financial reporting on the implementation of budgets should be carried out by the Treasury using automated information systems according to accounting data.

In order to ensure the formation by the Treasury of Form № 1 “Balance” on the implementation of state and local budgets in an automated form, based on the accounting data, for the first time, methodological approaches for the formation of the balance of budgets in accordance with NP (S) APS

101 “Presentation of Financial Statements” and the conformity of balance sheet items with subaccounts of the plan of accounts are identified.

The proposed order of formation of balance sheets will allow creating methodological support for the preparation of financial statements in accordance with NP (S) APS and the new methodology of accounting for the implementation of state and local budgets, which is the basis of the functional requirements of the information integrated automated systems of the Treasury.

The necessity of grouping information in the information database of treasury service of the state and local budgets according to the budget number within the region is proved. For this purpose, it is advisable to use a three-digit numerical code “TTT” that corresponds to the budget number within the region in accordance with the Directory of Administrative-Territorial Units (the field “id\_key”). Application of the proposed segment in the information database will allow formulating in an automated form both financial and other reports on the implementation of state and local budgets for the adoption of management decisions.

## CONCEPTUAL FOUNDATIONS OF ACCOUNTING IN TRADE UNION ORGANIZATIONS

**Tolmachova A.M.**

Postgraduate Student at Department of Accounting,  
Lviv University of Trade and Economics

**Panchenkova Yu.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Accounting,  
Lviv University of Trade and Economics

**Holovai N.M.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Accounting and Audit,  
Vinnytsia Institute of Economics,  
Ternopil National Economic University

The article examines the specifics of activity and conceptual foundations of accounting in trade unions organizations. It is established that the peculiarities of the activity of non-profit organizations cause the corresponding features of accounting in them: the limited composition of accounting objects, the presence of specific areas of accounting. The main principles of accounting in union organizations are outlined, in particular, the features of the application of principles, elements of the method and the form of accounting are disclosed, and the procedure for the registration of accounting in these institutions is specified.

Non-profit organizations are one of the important components of the socio-economic development of any modern state. Trade union organizations are referred to non-budget non-profit organizations. In this type of non-profit organizations, in the presence of many common features with commercial enterprises, there are also many fea-

tures and unresolved issues regarding the construction of an accounting system, which necessitates the development of relevant regulatory documents and instructional and methodological explanations. The basis of these developments should be the concept of accounting in trade union organizations, which would take into account the specifics of their activities, methodological and organizational features of building a comprehensive accounting system.

The concept of accounting in trade union organizations should proceed from the fact that for this type of institutions, the appropriate levels of accounting regulation should be applied; it is important to reasonably implement specific accounts for the accounting of individual objects; the composition of the financial statements should be simplified and, in the regulatory guidance documents on accounting in trade union organizations, it is necessary to take into account specific issues relating exclusively to their activities.

## **ACCOUNTING AND TAXATION IN THE ENTERPRISE MANAGEMENT SYSTEM**

**Chabaniuk O.M.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Accounting,  
Lviv University of Trade and Economics

**Medynska T.V.**

Candidate of Economic Sciences,  
Senior Lecturer at Department of Finance, Credit and Insurance  
Lviv University of Trade and Economics

The article deals with the main approaches to the construction of accounting and taxation at agricultural enterprises. An attention is drawn to the peculiarities of recognizing and accounting for the costs of agricultural enterprises. Economic operations and correspondence of accounts on accounting of expenses of agricultural enterprises are investigated.

The theoretical aspects of the procedure for determining the incomes of agricultural enterprises are presented. The components of the financial results from the main activity of agricultural enterprises are considered. Economic transactions and correspondence of accounting records of financial results from the initial recognition of agricultural products and additional biological assets are described.

Business transactions and correspondence of accounting records of financial results from the sale of agricultural products and biological assets as inventories, which valuation is carried out at fair value minus expected costs at the place of sale, are considered.

Business transactions and correspondence of financial results accounting statements from the change in the fair value of biological assets at the balance sheet date, the valuation of which is carried out at fair value, net of the expected costs at the place of sale, are outlined.

The requirements of tax legislation concerning the application of special tax regimes for agricultural commodity producers are

investigated. Conditions of stay of agricultural producers on the simplified system of taxation, accounting, and reporting are outlined. The list of restrictions on the application of the simplified taxation, accounting and reporting system for the fourth group of single taxpayers (agricultural producers) is disclosed.

It is emphasized that the subject of taxation for single taxpayers of the 4 groups is the area of agricultural land (tillage, hayfields, pastures, and perennial plantations) and/or lands of the water fund (inland water reservoirs, lakes, ponds, reservoirs) owned by the agricultural commodity producer or provided to him for use, including on a rental basis.

It is noted that the tax base for taxpayers of the single tax of 4 group for agricultural commodity producers is the normative monetary value of one hectare of agricultural land (tillage, hayfields, pastures, and perennial plantations), taking into account the indexation rate determined on January 1 of the base tax (reporting) year in accordance with the procedure established by section XII of the Tax Code.

The composition of the income of the fourth group of single taxpayers (agricultural producers) is described.

It is generalized that the choice of taxation system should be based on data on the share of agricultural commodity production. Accordingly, the chosen taxation system also determines forms of tax reporting for the calculation of agreed tax liabilities.

## MATHEMATICAL METHODS, MODELS AND INFORMATION TECHNOLOGIES IN ECONOMY

### FORECASTING THE DEVELOPMENT OF THE HIGH-TECH SECTOR OF THE UKRAINIAN ECONOMY

**Bilotserkivskiy O.B.**

Candidate of Technical Sciences, Associated Professor,  
Senior Lecturer at Department  
of International Economic Activity and Finance,  
National Technical University  
"Kharkiv Polytechnic Institute"

The article is devoted to topical issues of forecasting the development of the high-tech sector of the Ukrainian economy. The purpose of this article is the statistical research of the current state of the high-tech sector and forecasting its development using quantitative methods. For this purpose, the main tasks are solved. They include the structure analysis, constructing the pair regressive, one- and two-term autoregressive models, evaluation of their significance and adequacy, point forecasting for 2017 and 2018. First, the economic structure of different countries is analysed. It is obtained that in the developed countries, the share of high-tech industries ranges from 25 to 40%. In developing countries, this indicator is less than 10%. Then the author pays attention to the current state of the Ukrainian economy. It is shown that the relationships between constituents of high-tech production change in time and will change in the future. For example, during the period of 2011–2016, the share of production of basic pharmaceu-

tical products and preparations increased by 72% in the total industrial production, the same tendency took place for the aircraft and spacecraft, related equipment (14%), weapons and ammunition (13%). At that time, the share of chemicals and chemical products decreased by 43%, computers, electron and optical products (50%), motor vehicles, trailers and semi-trailers and other vehicles (60%). In general, the share of the high-tech sector in the Ukrainian economy decreases from 13% to 9%. Therefore, Ukraine tends to developing countries. Then the one- and two-term autoregressive models are constructed. A non-autocorrelation of random errors is tested using Neumann criteria. It is shown that the two-term autoregressive model has the minimum relative error and can be used for forecasting trends of Ukrainian high-tech sector.

On the basis of this model, the point forecasts for 2017 and 2018 are made. It is obtained that a point forecast for 2017–2018 will be 8.3% and 7.8% respectively.

## THE USE OF NEURAL NETWORKS IN THE DATA MINING (CLUSTERING) PROCESS

**Leshchynskyi O.L.**

Candidate of Physics and Mathematics,  
Senior Lecturer at Department of Economic Cybernetics,  
National Aviation University

**Ishchenko A.O.**

Graduate Student,  
National Aviation University

The article is devoted to the problems of using neural networks as a tool for cluster data analysis. A comparison of the most famous algorithms based on the main criteria gives an opportunity to make a decision of choosing an optimal solution.

In general, data mining is a process of identifying usable data in large datasets.

Clustering or natural classification is the process of merging into groups of objects that have similar features.

At the beginning, using of neural networks in the cluster data mining caused ambiguous responses due to such disadvantages as the complexity of the structure, too long periods of training and poor inter-polarity. But they were compensated by a set of positive

qualities that still make neural networks as a strong competitor to the other tools.

Summing up, we can say that the Kohonen self-organizing neural network may be one of the foundations of an adequate algorithm in comparison with other types of neural networks, which are intended for cluster data analysis. The article also includes recommendations for choosing an optimal algorithm for clustering among the most popular algorithms.

The problems of using clustering play an important role in data analysis since the results of cluster analysis significantly affect the formation of enterprise strategy. It is known that there is no single correct clustering algorithm, so this topic is still very relevant nowadays.

## AN ECONOMETRIC MODEL FOR THE ASSESSMENT OF FINANCIAL RESULTS OF THE UKRAINIAN BANKS' ACTIVITY

**Pozdniakova V.D.**  
Postgraduate Student,  
Kyiv National Economic University  
named after Vadym Hetman

The article provides a research of main factors influencing the operating efficiency of domestic commercial banks. The performed analysis of indicators influencing the efficiency and profitability of both individual banks and the banking system as a whole proves that the following aspects of the banks' activity should be taken into consideration:

- Assets and liabilities (assets, balance capital, and liabilities).
- Credit and investment portfolio (credit and investment portfolio, interbank credits, banks indebtedness provisions, credits to legal and natural persons, loan loss and customer debt provisions, securities).
- Deposits of natural and legal persons.
- The financial result (financial result, the profitability of the authorized capital, the profitability of assets).

In the study, an econometric model for the assessment of results of the banks financial activity is developed. According to the results of statistical tests, the model is valid. It is revealed, pursuant to the econometric

modelling results, that such factors as the volume of deposits attracted from natural and legal persons, the volume of securities, balance capital, etc. exert the greatest influence on the results of the banks' financial activity.

The developed econometric model for the assessment of the financial activity of a bank makes it possible to quantitatively analyse the influence of every indicator on the financial results, and it can be used subsequently for forecasting financial results of both an individual bank and the banking system as a whole.

In future, it would be appropriate to conduct a more detailed econometric analysis of factors forming the financial result of the banks activity both for separate clusters (banks with the state share, commercial banks with domestic capital, banks with foreign capital), and for different time periods, which would allow further determining trends and peculiarities of the banking system development.

## **TAX-BENEFIT MODEL: METHODOLOGICAL ASPECTS OF IMPLEMENTATION**

**Romanchuk N.M.**

Candidate of Economic Sciences,  
Ptoukha Institute for Demography and Social Studies,  
National Academy of Sciences of Ukraine

The paper deals with the applied problem of formation of cumulative microdata set to provide the construction of tax-benefits model for Ukraine. It is shown the importance of microsimulation modelling for the contemporary policymakers to provide the necessary information for the decision-making process. The purpose of this paper is to present practical approaches to the formation of Ukraine's population model within the procedure of national microsimulation model construction.

Methodologically, the implementation of the tax-benefit model is based on a model of a population with defined time and geographic characteristics. So, the first stage of the implementation of a tax-benefit model is the creation of a cumulative dataset, relying on which the analysis of the impacts of policy changes is made. The general principle of microdata set formation is to combine the

data from the sample surveys or/and administrative data. It would be useful to make high-level data analysis to provide relatively homogeneous data for a cumulative dataset. It is also needed to use the actual data of demographic statistics, aggregated by the regions and types of the area to ensure that the final estimates of the cumulative dataset are consistent with the target year population.

The evaluation of monetary indicators for the baseline is the mandatory stage of dataset formation; it needs application number of approaches. Depending on what study aims, it is possible to conduct a procedure for taking into account the standard of living of the well-offs. It requires additional information that reflects conditions of life of households/people of different income groups. The implementation of this procedure is multistage; it involves methodological data harmonization and complex statistical tool usage.

# EMPIRICAL RATING OF THE EXPEDIENCY OF MONITORING OF THE INTERNET INFORMATION SPACE IN ECONOMIC RESEARCHES

**Tverdokhlib I.P.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department  
of Information Systems in Management,  
Ivan Franko National University of Lviv

**Blonskyi N.A., Kostyuk D.V.**

Students  
Ivan Franko National University of Lviv

The article considers search automation of relevant to the analytical research goal documents on the Internet with the help of content analysis system. The reasons for using monitoring systems of Internet-space in the management of organizations are analysed. Based on analysis of typical reports structure of business analytics, there is concluded some limited scope of content analysis use in economic research. Substantiation of managerial decisions on the basis of information management marked as a major factor of implementation of such systems in the economic entities management contour. The task of the scientific research clarifies methodological aspects of Internet-space monitoring systems usage during searching required information for making management decisions and verification of the usefulness of such systems in economic researches on the examples.

Technological process of content analysis systems application in analytical researches is substantiated. It is shown that the process of searching documents on the Internet in view of management problems context cannot be implemented without the researcher. Specified technology online use of con-

tent analysis systems during the economic research described using flowcharts. For the level estimation of the problem urgency of economic research, it is suggested to use a reputational index (Net sentiment), which considers the tone of publications.

The proposed method was tested during the performance of economic research of Master's program in "Consolidated Information" specialty. By the example of InfoStream system of monitoring Internet space evaluated the feasibility of using content analysis in business intelligence. Using the system of InfoStream to search the Internet information sources on issues of economic research of students showed a higher percentage of relevant documents in the set of discovered than in the results of search engines. At the same time, the dependence of the quality of discovered sets of documents on the qualification of the user is noted. In the process of application of InfoStream system by students, there is identified the ability to adequately formalize the problem by system language query and implement specification of its options using the information portrait as critical procedures of qualitative using content analysis systems in economic research.

# MONEY AND ECONOMIC DYNAMICS IN UKRAINE: THEORY AND EMPIRICAL ASSESSMENTS OF THE RELATIONSHIP

**Shumska S.S.**

Candidate of Economic Sciences, Associate Professor,  
Leading Research Scholar,  
Institute for Economics and Forecasting,  
National Academy of Sciences of Ukraine

In the context of the impact on economic development, in economic science, for a long time, the prevailing view was that monetary policy should have a stabilizing role, rather than a structural function since monetary emission has a limited impact on fundamental factors. However, the practice has shown that today it is impossible to ignore the presence of long-term effects from monetary shocks.

The purpose of the article is to quantify the saturation of the domestic economy's money and analyse the influence of dynamics of money supply on the growth rate in order to test the hypothesis of non-neutrality of money in Ukraine in the medium and long-term.

Unlike those countries that have made significant steps towards accelerating economic development due to the active modernization of their economies, which, in turn, were supported by domestic financial resources, monetary support for economic dynamics in Ukraine is rather weak. The analysis of the dynamics of the indicator of monetization of the domestic economy in 2002–2016 indicates not only its low level in comparison with the countries of “economic miracle” but also the formation of a downward trend: the ratio of the monetary aggregate M2 and GDP decreased from

60.2% in 2014 to 46.3% in 2016. Among the reasons is that, despite the financial needs of the real sector, the National Bank of Ukraine (NBU) implements an inflation targeting policy that leads to a contraction of money in circulation.

A comparison of the actual and theoretically calculated estimates of money supply for Ukraine using the quantitative theory of money equation for the time period 2003–2016 showed that in the 2009 and 2015 crisis, the actual supply of money was less than the theory demanded (in two scenarios of calculations taking into account and ignoring changes in the velocity of money). According to the forecast of experts of the NBU, in 2018, the curve of the forecast value of the money supply will have a positive trend, indicating the expected sufficiency of money.

In order to empirically test the hypothesis of non-neutrality of money in the long-term time gap, econometric models are built in the Eviews 7.0, which testify that real money influences real GDP on the allocated 21-year interval. In the short-term, this condition is also influenced by global market factors. The conclusion about non-monetary neutrality is very important for Ukraine in the context of discussions about the role of monetary policy in supporting economic development.

## IT SOLUTIONS IN THE BUSINESS PLANNING PROCESS

**Yushchenko N.L.**

Candidate of Economic Sciences, Associate Professor,  
Senior Lecturer at Department of Accounting,  
Taxation and Audit,  
Chernihiv National University of Technology

Integration of development-oriented policy that promotes productive activities, entrepreneurship, creativity, and innovation, as well as encouragement of official recognition and development of micro-, small-, and medium-sized enterprises, including by providing access to financial services, is one of intermediate targets of Goal 8 among the global goals for sustainable development in accordance with the resolution of the General Assembly of United Nations "Transforming Our World: the 2030 Agenda for Sustainable Development", approved on September 25, 2015 (A/ RES/70/1). Given that a document describing the main aspects of future business activities for the implementation of any business idea or any investment program is a business plan, while modern IT solutions can significantly simplify the process of working out business plans and expand the possibility of analysing alternative options for managerial decisions. And also a need to develop researches in the field of business planning automation, which has been revealed on the basis of analysis of scientific and educational works, and due to the accelerated introduction of modern information and communication technologies by business entities and decisions concerning the foundation of information resources and practical application of electronic technologies, in the article, the methods and standards of business planning together with types and com-

ponents of business plans are summarized, an overview and comparative characteristics of functional capabilities and limitations of computer programs for the creation of a professional business plan, high-quality project presentation, and comprehensive financial forecast are completed. Systematized software helps to take into account all business specifics, makes it possible to simulate operational, investment, and financial activities through the description of economic environment, policy, and taxation system, to identify investment and loan needs and present different development options under various ways of funding; to complete a competent justification of a project; to conduct a quick and accurate analysis of sensitivity and calculate the break-even point; to offer statistical methods, which enable the best estimation of a business plan.

Application of modern information technologies, as well as models and methods integrated within them, can simultaneously take into account the full range of market factors and business environment of existing systems, identify common principles and characteristics, workout forecasts for the further development, and find the best alternative solutions for the benefit of the most advantageous economic entities in terms of their performance, thus improving their competitive strength, which confirms the importance of results received from the research carried out.

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Editorial E-mail: [journal@economyandsociety.in.ua](mailto:journal@economyandsociety.in.ua)