

Current trends of bankruptcy Ukraine and measures insolvency to prevent domestic enterprises

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In the article explores the basic problems of the Ukrainian enterprises bankruptcy and suggests the ways of their decision. The analysis and statistical estimation are carried out bankruptcy and liquidation of Ukrainian enterprises for 2014-2016 years. Basic directions and measures for warning and overcoming of the crisis phenomena on an enterprise in the modern terms of development of economy were proposed.

Keywords: bankruptcy, reorganization of enterprises, crisis management, resolution mechanism, liquidation of enterprises, crisis phenomena.

Ковальчук Н.А., Павлюк А.О. СУЧАСНІ ТЕНДЕНЦІЇ БАНКРУТСТВА В УКРАЇНІ ТА ЗАХОДИ ЗАПОБИГАННЯ НЕПЛАТОСПРОМОЖНОСТІ ВІТЧИЗНЯНИХ ПІДПРИЄМСТВ

У статті досліджено основні проблеми банкрутства українських підприємств та запропоновано способи їх вирішення. Проведено аналіз та статистичну оцінку банкрутства і ліквідації українських підприємств за 2014-2016 роки. Визначено основні напрямки та заходи з попередження та подолання кризових явищ на підприємстві в сучасних умовах розвитку економіки.

Ключові слова: банкрутство, санація підприємства, антикризове управління, механізм санації, ліквідація підприємства, кризові явища.

Ковальчук Н.А., Павлюк А.А. СОВРЕМЕННЫЕ ТЕНДЕНЦИИ БАНКРОТСТВА В УКРАИНЕ И МЕРОПРИЯТИЯ ПО ПРЕДОТВРАЩЕНИЮ НЕПЛАТЕЖЕСПОСОБНОСТИ ОТЕЧЕСТВЕННЫХ ПРЕДПРИЯТИЙ

В статье исследованы основные проблемы банкротства украинских предприятий и предложены способы их решения. Проведен анализ и статистическую оценку банкротства и ликвидации украинских предприятий по 2014-2016 годы. Определены основные направления и меры по предупреждению и преодолению кризисных явлений на предприятии в современных условиях развития экономики.

Ключевые слова: банкротство, санация предприятия, антикризисное управление, механизм санации, ликвидация предприятия, кризисные явления.

Formulation of the problem in general.

Today, the problem of bankruptcy of enterprises is one of the key to the Ukrainian economy. The rapid growth of the number of bankrupt and liquidated enterprises stimulates the search for solutions to the problem not only at the level of an individual enterprise or industry, but also at the state level. In this connection, the study of the main problems and the primary sources of the emergence and growth of the level of bankruptcy of Ukrainian enterprises is relevant.

Analysis of recent research and publications. The problems of bankruptcy of enterprises are devoted to the work of many scholars. Among them, it is worth noting the works of such scholars as: O.O. Tereshchenko, A.V. Cherep, O.M. Skibitsky, A.V. Matviychuk, S.M. Ivanyuty, O.V. Guk, O.O. Shapurova and others. How-

ever, despite considerable scientific research on this subject, the problem of bankruptcy remains unresolved and requires further, more in-depth research.

Selection of previously unsettled parts of the general problem. A considerable amount of scientific work on the problem of bankruptcy of enterprises indicates the magnitude of the problem and the need for its urgent solution. It is worth noting that insufficient attention has been paid to the statistical assessment and determination of the level of bankruptcy of Ukrainian enterprises under current conditions of management.

Setting objectives. The level of study of the problem of bankruptcy of enterprises and the degree of their decision led to the choice of the topic of research and its purpose.

The purpose of the article is to determine the level and statistical assessment of the problem

of bankruptcy of Ukrainian enterprises at the national level of the economy. To achieve this goal, the following tasks need to be addressed: to outline the main problems of forecasting and preventing bankruptcy in Ukraine; to investigate the dynamics of the level of bankruptcy of Ukrainian enterprises for 2014-2016; to identify and characterize the main directions and ways of preventing, overcoming and preventing bankruptcy of enterprises in crisis conditions of development.

Presentation of the main research material. In today's conditions, there is an increase in negative trends that affect the performance of the enterprise and cause an increase in the number of bankrupt enterprises. The aforesaid negatively affects the level of economic security of the state and may jeopardize the very existence of the socio-economic system of the country, which is the main component of its sovereignty.

All economic entities in one or another period of their activities are in a crisis situation. Large enterprises usually retain their own positions, and small and medium-sized enterprises often find themselves on the verge of bankruptcy. In this regard, the state loses taxpayers, workers – jobs, and lenders do not receive full repayment of funds.

Modern dynamic conditions of economic development dictate to enterprises quite strict conditions of economic activity, in connection with which enterprises and organizations are forced to react quickly and adapt to radical changes of the environment in order to preserve competitive positions, conduct further successful activity and receive profits. In the opposite case – the growth of indebtedness, insolvency, loss-making results of the enterprise's activities result in the final result of its bankruptcy.

The general causes of insolvency and bankruptcy of Ukrainian enterprises are caused by the influence of both external and internal environment.

The factors that reflect the influence of the environment should be attributed to:

- forced liberalization of economic activity in the absence of competition;
- insufficient development of market infrastructure;
- unpredictable changes in the regulatory framework;
- the inappropriateness of Ukrainian enterprises to exist in a market economy conditional on the above-mentioned reasons;
- a significant decrease in aggregate demand for domestic production in connection with the

decline in purchasing power of the population and consumers of other categories;

- absence of protectionist policy by the state [11].

Internal factors determining the crisis state of the enterprise can be divided into two main groups [11]:

- lack of market requirements (for the assortment offered, price, quality, etc.);

– unsatisfactory financial management of the enterprise. The analysis of external and internal factors of the enterprises in a crisis situation made it possible to distinguish two main categories:

- periodically insolvent enterprises, that is, enterprises temporarily in a crisis situation and have potential opportunities to leave it;
- enterprises-bankrupt.

The Law of Ukraine "On restoring the debtor's solvency or defining it as a bankrupt" defines bankruptcy as an insolvency of a legal entity of a business entity to meet the requirements of creditors submitted to it for the time period established for this purpose and to fulfill obligations to the connected budget with a lack of assets in liquid form [2].

The legal aspect of bankruptcy lies primarily in the fact that the subject has lenders, that is, persons who have documented property claims to him as a debtor. This is a property legal relationship of bankruptcy, the implementation of which in accordance with the procedure established by law may lead to the elimination of the subject of entrepreneurship.

As a result of a bankruptcy case, a complex of procedural legal relations arises: proceedings in the case, recognition of the debtor by a bankrupt, bankruptcy, satisfaction of claims of creditors, termination of bankruptcy proceedings, etc. The set of such procedural legal relationships can be considered as a liquidation legal process in respect of the subject of entrepreneurship.

Entities of bankruptcy law recognizes only legal entities, and persons of one category – entrepreneurs who fail to timely fulfill their obligations to creditors or before the budget.

Until recently, for most business entities, bankruptcy proceedings were little known. Only in the period of the reformation of the economy such economic phenomena as unprofitableness, insolvency of enterprises became tangible.

It is worth noting that in a crisis the enterprise is not immediately, and the movement towards it begins with the deterioration of certain indicators that characterize its external and internal envi-

ronment, that is, there are symptoms of bankruptcy [12].

Characteristic features of the financial crisis of the enterprise are the reduction of demand for its products, and, consequently, the decrease in production volumes; the growth of arrears to suppliers, the state budget and banks; delays in payment of wages to employees.

The number of such enterprises in the Ukrainian economy is steadily increasing. Moreover, the bankruptcy tendencies extend not only to individual economic entities but also to the entire economy (for example, agriculture, which for many years is in deep financial crisis and where more than 85% of economic entities end their activities annually with losses ; in the industry, every second enterprise is loss-making) [1].

Today, for most Ukrainian enterprises, more or less the same range of problems is typical:

- 1) change in the economic environment in which they exist;
- 2) loss of traditional markets for own products;

3) change in the planning system and, as a result, violation of the rhythm of the production activity;

4) the instability of the legal field.

However, the nature of bankruptcy may vary, depending on its types, which are presented in table 1.

In order to prevent a financial crisis in the enterprise and to identify the reasons for it, it is necessary to develop a system of preliminary regulation of the threat of bankruptcy and a set of preventive measures.

The issue of diagnosing bankruptcy of the enterprise today is one of the central issues in economic science [13]. This is due to the fact that:

- firstly, the bankruptcy of a particular economic entity has significant negative consequences not only for its owners but also for a wide range of economic partners (suppliers, contractors), workers and the state as a whole in connection with the violation (or further imbalance) of the macro -economic equilibrium;

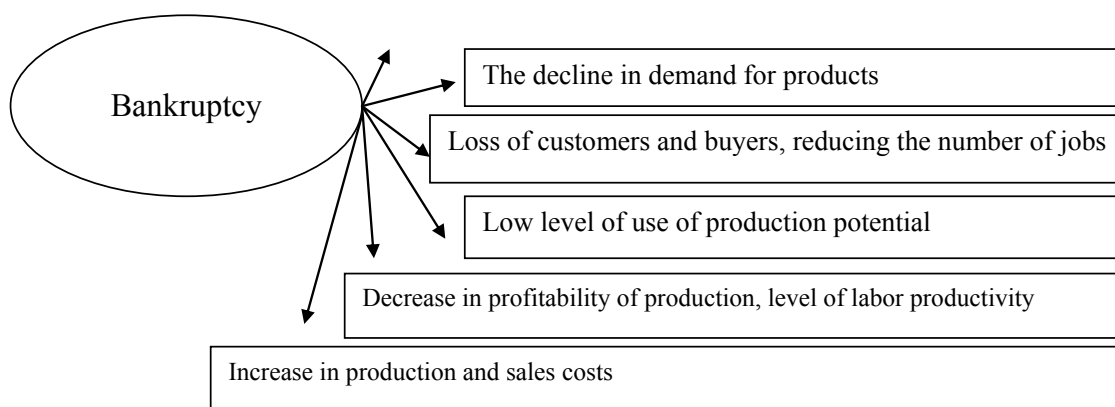


Figure 1. Types of possible symptoms of bankruptcy of the enterprise

Table 1

Types of bankruptcies of business entities

Types	Characteristic
Real	It characterizes the complete inability of the enterprise in the coming period to restore its financial stability and solvency through a real loss of capital uses is supposed, therefore it is declared legally bankrupt
Technical	The amount of assets of the enterprise significantly exceeds the amount of its borrowed capital. In the presence of such a situation characterized by temporary insolvency of the enterprise, which is caused by a significant delay in its receivables, the amount of which exceeds the amount of payables. That is, such a bankruptcy is caused by the mismatch of cash flows in time.
Intentionally	Characterizes the planned creation by the head of the company or the owner of insolvency, causing these persons economic loss of the enterprise in the personal interest or in the interests of other persons
Fictitious	Now characterizes the early revelations about his failure with the aim false informing creditors to get them suspended their loan obligations or discount from the amount payable

– secondly, on the objectivity of assessing the degree of probability of bankruptcy of an enterprise depends on its investment attractiveness, the value of the enterprise, which also negatively affects the economic interests of the state;

– third, the development of an effective methodology for diagnosing the probability of bankruptcy will contribute to a more objective assessment of the viability of enterprises, the feasibility of their sanitation to restore normal life in the interests of both the enterprise itself and the state as a whole.

In terms of the present institution of bankruptcy is subject to government regulation, since a large number of the enterprises in the bankrupt has negative impact on the economy and the state as a whole.

The negative impact is on certain consequences of bankruptcy [11]:

– financially failing company may cause serious financial risks of firms operating successfully – its partners. Thus harms their business partners, and therefore reduced overall any potential economic growth;

– failing financial firm in the revenue complicates a slime state budget and off budget funds;

– such enterprises contribute to the reduction of the general rate of return on capital, because inefficiently use the resources provided to it in commodity and money form;

– enterprises roll out their activities and contribute to reducing the number of jobs and the number employed in social production.

Consequently, it is objectively necessary to find ways to prevent insolvency of domestic enterprises and methods for determining the company's propensity to bankruptcy.

Note that a certain part of Ukrainian enterprises are potential bankruptcies, and that individual enterprises and entire branches of the economy can be bankrupted. The statistical data on bankruptcy cases and the dynamics of their consideration are given in table 2 [5].

Table 2 provides an analysis of the number of cases concerning the restoration of solvency of debtors or their bankruptcy. On the basis of Table 2, it can be concluded that at the end of 2016 the number of cases closed by the proceedings decreased to 2101, which is less than in 2015, by 14,5%, and if compared with 2016 from 2013, the number of cases was lower in almost four times.

The total number of cases in which ordered the bankruptcy, in the period at the end of 2016 was 1,385, which is 29,9% less than at the end of 2015 as compared to 2013 the number of such cases is less at almost 3 times.

The process of bankruptcy is strongly stretched in time. It can take more than one year (as evidenced by the number of unfinished cases by the end of the year), and sometimes extend over more than two years. In this regard, the efficiency of the bankruptcy process is significantly reduced, as delays in the issuance of funds to creditors, and the amount of funds received after the bankruptcy case can be significantly devalued.

The number of enterprises in which the bankruptcy case was suspended as a result of the implementation of sanitization measures is very small compared to the enterprises subject to liquidation. This number in 2014 was 0,14%, in 2015 – 0,13%, and in 2016 – 0,07% [5].

This is explained by the fact that the implementation of sanitation measures requires much more time and effort than the liquidation procedure, and for most lenders it is important to get their money with less risk and in a shorter time interval, then the preferred option for the termination of the bankruptcy case is the liquidation procedure. The low value of this indicator is also due to the fact that there are great difficulties in finding a sanatorium. Thus, the search term can be approximated to 3 years, which is much longer than the procedural deadlines prescribed by law.

Table 2

**The number of cases on the restoration of solvency of debtors
or for determining their bankrupt 2013-2016 years**

Period	Number of cases completed proceedings	% of enterprises for which the case was stopped as a result of reorganization measures	Pace increment %	Total number of cases in which Decisions on recognition	Pace increment %
2013 year	5697	0,13	-33,1	3359	-37,9
2014 year	3324	0,14	-71,4	2095	-60,3
2015 year	2406	0,13	-38,1	1799	-16,4
2016 year	2101	0,07	-14,5	1385	-29,9

The growing level of bankruptcy of Ukrainian enterprises suggests that there are problems in forecasting and determining the probability of bankruptcy. Thus, it should be noted that today the main problems of bankruptcy of Ukrainian enterprises are as follows:

- imperfect legislative base on the regulation of the bankruptcy of enterprises, which, despite reforms, requires revision;

- absence of any open statistical and analytical data on the dynamics of bankruptcy of enterprises in Ukraine (except for paid sources of information) for real estimation of the magnitude of the phenomenon and understanding of the urgency of the solution of the problem;

- insufficient state control over the level of bankruptcy of enterprises in Ukraine and implementation of measures to reduce it;

- lack of methodology for determining and preventing bankruptcy of enterprises by types of economic activity;

- lack of support from the state of insolvent enterprises of private ownership;

- lack of counseling centers for insolvent enterprises;

- lack of funds and qualified specialists for the formation of separate anti-crisis units at the enterprise [3, c. 65].

In connection with the above, we offer the following solutions to the following problems:

- improvement of the Ukrainian legislation on insolvency of enterprises with the help of participants of the management system;

- introduction of a single open and accessible (free) information system for analyzing and assessing the dynamics of bankruptcy of Ukrainian enterprises in order to track the improvement or deterioration of the situation in connection with the latest political, economic and legislative changes;

- creation of a separate supervisory state body, which will monitor the situation regarding bankruptcy and will deal with the problems of its solution;

- development and definition of a single legislative methodology for determining the probability of bankruptcy of enterprises based on sectoral division of enterprises and is adapted directly to the Ukrainian economy taking into account all regulatory risk factors;

- enhancing the participation of the state in regulating and monitoring the level of bankruptcy of enterprises not only in the state but also in the private sector, as well as its interest in preserving the enterprise as an economic entity, and not

its owner, and taking measures to reduce the level of bankruptcy of enterprises;

- creation of possibilities of using out-of-court methods of solving the problem of restoration of solvency of the enterprise as a means of debt recovery;

- providing consulting assistance to insolvent enterprises through the creation of special consultative centers on the field of entrepreneurship. In addition, it is very important to allocate among insolvent business entities those temporarily stranded and have some potential for further successful operation.

Since bankruptcy is not interested any entity macroeconomic system, it necessitates the creation of a state system of control, diagnosis and protect businesses from financial ruin [6, p. 257].

Bankruptcy domestic enterprises greatly affects the socio-economic situation of the state, since reduced the number of jobs increased unemployment, reduced tax revenues to budgets of all levels, increasing social tension in society. It is therefore necessary to clearly identify the causes of bankruptcy and in time to prevent its occurrence.

Conclusions and prospects for further development. Thus, according to the research the following conclusions:

- 1) under the current conditions of economic development, the level of bankrupt enterprises is steadily increasing. Insolvency, loss-making, crisis of payments and, as a consequence, bankruptcy are currently characteristic of most Ukrainian enterprises;

- 2) the presence of a number of problems regarding the bankruptcy of enterprises in Ukraine needs an immediate solution taking into account the proposed recommendations;

- 3) the crisis conditions of economic activity predetermine the need to develop, formulate and implement in the enterprise systems of prevention, forecasting and overcoming of bankruptcy, which is designed to create conditions for the effective operation of the enterprise and, as a result, the achievement of business objectives in conditions of competition and economic risk, by timely detection and relaxation actions of various dangers and threats.

Consequently, preventive measures can protect an enterprise from bankruptcy by first detecting the crisis conditions of development and applying all necessary countermeasures to stabilize its situation and improve the conditions for further development.

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