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# EASTERN EUROPE:

## ECONOMY, BUSINESS AND ADMINISTRATION



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# **EASTERN EUROPE:**

**ECONOMY, BUSINESS AND ADMINISTRATION**

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## ECONOMIC THEORY AND HISTORY OF ECONOMIC THOUGHT

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### CRONY CAPITALISM IN THE CONTEXT OF NEW INSTITUTIONAL CONTRACT THEORY

Crony capitalism describes an economic system, in which the profitability of firms in a market economy is dependent on political connections. The criteria of nature of interaction between economic agents and capital concentration allow identifying several levels of the economic system. The lowest level of any system forms the informal economy where relational contracts play a primary role in the transaction. Classical and neo-classical arrangements generally applied at the market level with a large number of firms and low concentration of market power. Large firms that are significantly less in quantity interact with each other mainly on the basis of relational contract. Unlike firms that are small and with limited ability to influence the external conditions on which their success depends, large firms

can and do seek to shape those conditions to suit their interests, and the competition between them only reinforces this tendency. Since the state, what it does or does not do, necessarily has an important role in determining those external conditions where they have to use their strengths and to include, active intervention in the process of public decision-making is a part of the normal mode of doing business for large firms. Key element of relational contract is a local trust, which exists in the general system of institutional trust. When the institutional trust and formal rules are poorly developed, the state can interfere as a third party in the relational contract as well. This mutual influence allows selecting a few basic models of interaction that can be described as crony capitalism.

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## **INFLUENCE OF MOTIVES OF PARTICIPANTS IN INVESTMENT PROCESS ON EFFICIENCY OF FOREIGN DIRECT INVESTMENT**

Providing of accurate estimation of foreign direct investment envisages a comprehensive consideration of the main directions of the efficiency of this process. The author's method of calculating the integral index allows managers to comprehensively take into account the main directions of efficiency of foreign direct investment in industrial enterprises. Author's method of integrated assessment consists of nine stages.

In this article the method of integrated assessment of efficiency of foreign direct investment in industrial enterprises is practically applied. A number of urgent problematic tasks for five selected business entities of light industry in the Podillya is revealed.

The results of carried integrated assessment indicate a number of problematic tasks and integrated approach to improve the efficiency investment, which managers have to implement. This process requires the implementation of adequate effective instruments of management.

Important advantages of application reveal the methods of integrated assess-

ment of the effectiveness of foreign direct investment in industrial enterprises such as:

1) unbiased determination of importance of key performance indicators of foreign direct investment;

2) simple and handy algorithm for calculating the integral index, which allows getting reliable results of estimation;

3) known and convenient estimation scale of values of integral indicator for reliable determination of the current level of foreign direct investment efficiency at industrial enterprises;

4) ability to determine comprehensive indicators in the context of the main directions of foreign direct investment efficiency and carrying out of adequate assessment;

5) providing of accurate integrated assessment and detection of the main reserves, which increase the efficiency of foreign direct investment in general and in the context of the key directions of efficiency of this process for optimization of foreign direct investment management at the industrial enterprise.

## WORLD ECONOMY AND INTERNATIONAL ECONOMIC RELATIONS

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### **ANALYSIS OF FACTORS OF IMPACT ON CORPORATE GOVERNANCE IN POST-SOCIALIST ECONOMY OF UKRAINE AND POLAND**

The article deals with corporate management in a post-socialist economy through the prism of the impact of four factors (from majority shareholders, from outside minority shareholders, pressure from internationalization/ globalization, by the state). It is not possible to predict the impact of various factors on productivity because of the complexity and diversity of the system of corporate governance and corporate culture in different countries. If all factors have an impact on corporate governance, their interaction should be analyzed to study the performance of corporate governance in post-socialist economy of Ukraine.

The development of post-socialist economy is characterized by poor corporate

governance and a low level of internationalization, lack of operating rules of corporate governance and state control. As a result, inadequate corporate governance mechanisms hinder the development of domestic enterprises and limit the development of business in the domestic market.

So, first, the effectiveness of corporate governance provides for regulation at the appropriate level, i.e. the quality of the relevant laws and the extent of their use are high. Second, corporate governance increases if the majority shareholder strategy focused on long-term profitability and there is no conflict with powerful minority shareholders in a highly internationalized.

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## **INTEGRATION OF UKRAINE IN WORLD TRADE SYSTEM: ISSUES OF PRIORITY CHOICE**

The import dependence of Ukraine is determined in the article. The import component of exports is analysed. These calculations showed high import dependence of most economic activity in the export of their products. In particular, the high import dependence of export has chemical and petrochemical industry, electric equipment. The high dependence of the domestic market on the state of international trade poses a potential threat to economic development.

Export potential of these industries is developed mainly through imports (raw materials, some individual elements). Especially it should be made selected production of computers, electronic and computer technics. Almost all the material base of production of these products (as intermediate consumption, as capital accumulation) is formed by importing. Thus, if export (of goods) is 1 hryvnias, than import should be increased on 1,54 hryvnias. Among these sectors agriculture has the lowest import dependency.

However, recent years there is seen a rapid increase in imports in the formation of productive resources in the industry. Thus, the development strategy of international development in the future Ukraine should take into account the import component of exports. This will help predict the effects of stimulating the development of an industry and its impact on trade and balance of payments. Ultimately it will be more effective to choose priority areas for export promotion, which will provide more efficient specialization Ukraine in foreign trade.

It is proposed to develop strategy of the main directions of international development of Ukraine to take into account the role of foreign trade and formation of export and domestic market. It gives the opportunity to prove the priorities of foreign policy, which promote the sustainable economic growth, increasing of country's competitiveness, reducing external threats of external economic security of the country.

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## **ANALYSIS OF INTERNATIONAL TOURISM MARKET**

The article explored the dynamics of global tourism market revenue growth. Established that despite numerous crises, terrorist attacks and military conflicts in recent years there has been a gradual development of the world tourism market. The structure of the world regions by revenue from tourism is investigated and the reasons of leadership in Europe for this indicator are shown. The basic features of the functioning of the tourism industry in Asia and the Pacific are presented.

Analyzed the arrival of tourists for cities around the world and set localities with the largest arrivals of foreign citizens in 2015. Leading positions is in London due to the fact that the city is one of the best in the world for educational and business tourism, since it has very attractive to tourism infrastructure, has advantageous geographical and geopolitical location, and is one of the biggest world's financial centers.

Revealed the consequences of China's economic growth for the global tourism industry. There is a clear trend in changing cost structures of Chinese tourists: we can

see the reorientation of buying jewellery and other stuff overseas in the direction of visiting various cultural and historical attractions. In order to increase the number of tourists from China travel agencies and hotel and restaurant hire employees with the knowledge of the Chinese language, create Chinese versions of their websites, make Chinese signs and other informational documentation.

The direct and total tourism contribution to the world's GDP in 2014-2015 is analyzed. The causes of differences between the share of tourism in GDP of large and small countries are shown. The foreign tourists are a significant source of income for exotic island countries.

Such negative phenomena are investigated as social instability and terrorism that destructively impact on the image of individual regions and countries. The influence of these effects on the tourist flows' reduction to France, Germany and Turkey is shown.

Examples of innovative technologies in the tourism sector are shown. The prospects of the global tourism market based on innovations are revealed.

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## EUROPEAN EXPERIENCE OF LEGAL REFORM

Today in the domestic scientific literature, public policy is seen as stable organized and purposeful activities of the government in respect of a problem. This activity directly affects government and society. The main role in the implementation of public policies plays a legislative and executive bodies and public associations and organizations.

Public policy is a strategic course that aims to develop the state and its separate spheres, which follow state authorities and the public. Overall, based on the comparison and detailed analysis of the European experience with legal reform, Ukraine needs, first of all, turn to the experience of other countries.

Thus, the mechanisms of government – a "way of resolving contradictions phenomenon or process in public administration, consistent implementation of actions that are based on fundamental principles, target orientation, functional activity using appropriate forms and methods of control" according to the "Encyclopedia of Public Administration", which was prepared by scientists of the National Academy of Public Administration under the President of Ukraine. In addition, our scientists provide a definition of the term. For example, the mechanism of public administration in any sphere of activity – "a system of coordinated instruments by which the specific activities are carried out and through which the government influences the social activities of people to achieve these objectives".

In 1991 the CEE states, including Poland, Hungary, Czechoslovakia, began to sign the so-called European agreements (or Associate Agreement) with the European Community. Doctor of Law V. Vorobyev said that the "European Association Agreement countries of Central and Eastern Europe and the EU out of the fact that harmonization is a major prerequisite for economic integration in the Community". According to the candidate of political sciences L. Kitsyla, these agreements "lifted up their relations with the EEC to a new level, they opened the way for the gradual liberalization of trade in adoption of European legislation laid the legal basis to assist in special programs within the Community."

Similarly to the integration of 2004 happened and integration of 2007 – Bulgaria and Romania. It used similar mechanisms of integration, but accession process was longer than the other CEE countries through slower execution of Bulgaria and Romania to the requirements of the EU membership. It should be borne in mind that at the time of joining the EU in 2007 these two countries of CEE region were not ready for formal membership in associations according to the results of the membership criteria, but nonetheless been accepted into the EU provided to carry out the necessary reforms to successful adaptation to European standards in various areas.

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## **GENESIS OF THE DRIVING FORCES OF ECOLOGIZATION OF INTERNATIONAL TRADE RELATIONS**

Global processes that characterize the current stage of the world economy development have a significant influence on its dynamics, structural diversification. Deep foundation for these changes is the evolution of the driving forces behind the formation of the global economy. They are formed under the influence of objectively conditioned, natural factors associated with common historical stages of social production. Taking into consideration the intensification of international trade cooperation, due, in particular, to trends in globalization of the world economy, an important question is the forming of the driving ecologization forces of international trade relations.

The article investigates the driving ecologization forces of international trade relations in the world community transition to the functioning based on the concept of sustainable development. It is proved that the driving forces of the world economy are the production conditions, economic needs, economic interests and economic contradictions that arise at the national, regional

and international functioning levels of the world economic complex. On the one hand, a complex of these factors changes internal and external structure of global economic interaction, on the other – depends on it. Evolution of the driving ecologization forces of the international trade relations and its periodization are defined as an important aspect for the analysis of this process. The evolution stages of the driving ecologization forces of the world trade include the impact of environmental factors, the development of human civilization and the interaction of a human and the nature, the Age of Discovery, appearance and development of transport facilities, the scientific and technical development, development of the international trade forms and methods, development of the innovative production technologies, expanding influence of international organizations over the ecological problem-solving. It is substantiated their peculiar influence on the development of ecologization aspects of the international trade cooperation.

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## **EU FINANCIAL SUPPORT FOR THE EASTERN PARTNERSHIP COUTRIES**

Eastern Partnership hallmark is its constant updating to reflect changes of current period, the short and long term, which necessitates adequate reflection of these processes in the scientific literature and practice of public administration at all levels. So this article analyzes the changes in the financial part of the EU foreign policy initiative "Eastern Partnership" and the content of a wide range of instruments of financial support in this area.

Allocation of funds – is one of the most effective ways, by which the EU can contribute to the development of local and regional authorities of Eastern Europe countries. To improve the quality of local management the EU structural funds operate in three areas: (1) better strategic planning and quality policy developed by the government; (2) strengthening of institutional and administrative capacity; (3) improving cohesion, partnerships in development policy. There are three types of financial instruments

under the "Eastern Partnership": thematic, bilateral, regional. Their content confirms the scale of the Eastern Partnership Initiative and its multidimensionality.

The article highlights the role and importance of financial support for regional development provided by the EU on a bilateral and multilateral basis. Conducted brief analysis of the content of the EU financial instruments to support the development of the Eastern Partnership shows that they reveal the ways of efficient resources use through the deployment policy cohesion in achieving the strategic goals of common Europe identified by 2020. This approach from the side of supranational bodies of the EU to finance regional development, aiming to carry out reform of national economies, brings the prospect of full economic integration of partner countries, thus forms the basis for further future expansion of the European economic and monetary union.

## ECONOMY AND OPERATION OF NATIONAL ECONOMY

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### ENSURING COMPETITIVE STABILITY OF SOCIO-ECONOMIC SYSTEMS ON THE BASIS OF INFORMATION AND KNOWLEDGE PARADIGM OF INNOVATIVE DEVELOPMENT

In the article the possibility of ensuring competitive-stability of socio-economic systems based on information and knowledge paradigm of innovation development is considered. The role of innovation in the modern economy is investigated. It is found that the innovation can rightly be considered as the engines of the development of socio-economic systems of macro, meso and micro level.

The main goal of this paper is to study the problem of ensuring competitive stability of socio-economic systems of macro level (national economy), meso level (sector, region) and micro level (enterprise, organization) based on information and knowledge paradigm of innovation development.

In the article the essence of innovative development of a socio-economic system as a fundamental principle to ensure its competitiveness is explored. It is found that the innovative development is the key to ensure and sustain preservation of the competitive advantages of a socio-economic system,

defined by scientists as its competitive-stability.

The concepts of "post-industrial economy" and "knowledge economy" are studied, their main features are found. In the conditions of "post-industrial economy" knowledge, information and ways of their processing are the decisive factor of development, including innovation. In the knowledge economy or post-industrial economy a driving force is accumulation of further development, use of information and knowledge, which are concentrated in intellectual capital.

The components of information and knowledge paradigm of innovation development of socio-economic systems in post-industrial economy are studied. The basic characteristics of information and knowledge paradigm of innovation, which is a fundamental principle to ensure the competitive-stability of the socio-economic systems, are identified. It is found that innovative development, based on information and knowledge, contributes to ensuring of competitive-stability of socio-economic systems.

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## **MECHANISM OF COMPETITIVENESS PROVISION OF CONSTRUCTION SECTOR OF UKRAINE ON THE BASIS OF PREVENTIVE PRINCIPLES**

Practical observations prove: if competitive environment provides the system of competition of business entities and relations between them, as the objective basis of which is the competitive consumer's behavior, which is reflected in the volume of competitive financially reliable demand, thus this environment for market segments covering the building complex is in the state of origin.

The results showed that the reserves on internal factors forming competitive producers who make up the branches of the building complex should be formed on the basis of development for network communications, transport provision, sales channels of construction materials; formation of marketing measures to minimize the effects of seasonal demand; stimulate the demand for new construction materials that speed up the process of construction and so on.

We have established that under the conditions of economic globalization to succeed in the competitive fight between micro and macro business entities, manufacturers have to use not only their existing knowledge, skills and competence, but also to produce new,

innovative knowledge obtained in the process of constant search. Hence, in order not only to adapt to new market conditions, but also prevent crisis phenomena we have offered the tools of concept of preventive marketing-integrated marketing communications, including branding, public relations, advertising, etc., which are used even in the sustainable development and operation of the company in order to create a so-called reserve that is a safety margin (competitiveness).

Based on the results of conducted researches we have proposed an author's approach to form a mechanism to ensure the competitiveness of the building complex on precautionary principles.

The proposed mechanism for ensuring competitiveness covers strategic and tactical levels that allows you to create the conditions to prevent imbalances and dysfunctions of management and production activities of industries complex, positive dynamics of economic growth of which has a direct impact on the economic development of the national economy and serves as a powerful factor to prevent crisis phenomena.

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## **NATIONAL HIGHER EDUCATION SYSTEM COMPETITIVENESS SUPPORT AS PRECONDITION FOR TRANSITION TO A KNOWLEDGE ECONOMY**

Among the factors of economic modernization, providing its transition to an innovative path of development and formation of the basis of knowledge economy, education occupies a crucial place, since it provides qualitative state of human potential, realization of which provides continuous technological, organizational, institutional and other changes. The importance of education and educational spheres as guidelines for the development of intellectual potential of the country has never appealed.

Education is particularly important as a factor in economic development. It contributes to improving the economic and social level of life of the individual. Education is a major factor in improving the welfare of society to ensure national competitiveness and sustainable economic development.

The competitiveness of higher education system is the ability to effectively provide the needs of the state in intellectual capital, research and forming humanistic values and ideology in society, while there are successfully integrating into the global educational environment and contributing to both economic and social development of the nation and in scientific technological progress of mankind.

The efficiency of higher education in the national economy determines its ability to provide not only the necessary intellectual capital in the economy, but also perform a wider social effects, in particular to reduce the gap between the segments of the population, to diminish social disparities and solve social problems, promoting culture.

According to Universitas 21, in 2015 as

the most competitive higher education is determined the higher education system of the USA, Switzerland and the Scandinavian countries, Canada etc., as well as those countries that over a relatively short period of time could significantly boost their educational systems, these are Singapore, Taiwan, South Korea.

Analyzing the US higher education system as the best in the world, it is necessary to consider:

- the availability of higher education and increasing number of American education;
- continued public support of research activities, development and constant upgrading of the information infrastructure;
- the policy of "open door" (except for several periods) in relation to immigration, therefore, the US economy is constantly replenished by highly qualified employees;
- implementation of state regulation of the private sector, including the creation of a favourable investment climate, which makes it attractive for researchers and scientists (e.g. by introducing a reliable system of intellectual property protection), stimulates small business development and venture enterprises.

The trend of reducing public funding costs in many countries forces higher education institutions to independently raise funds for existence. To this end, the University should become "entrepreneurial", i.e. create business incubators, technology parks, subsidiaries, etc., and attract students and graduates in business by providing them not only information and advice but also resource assistance.

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## **FORMATION OF MECHANISM OF PUBLIC MANAGEMENT AND ADMINISTRATION IN UKRAINE**

The necessity is determined to form a new, technologically perfect state management, a new system of public administration, able to provide effective management impact on social development through timely and adequate response to the transformation of socio-economic relations in the country and the world, update deeper study of the components of the mechanism of public management and administration in Ukraine.

In the article is defined the necessity of formation of a new, technologically perfect mechanism of state management, a new system of public administration, able to provide effective management impact on social development.

Public administration is the form of the public administration, which is carried by representative organs of democratic governance through their executive structure.

An effective mechanism of public management and administration includes all components of the overall management mechanism: the subject of management, which has the authority and responsibilities of management, object of management that must respond at the subject's deeds, socially significant fact that brings the need in public administration, directed actions of the subject and actions of the object in response to management.

The main characteristic features of the public management are determined:

- Paying attention to achieving results and the personal responsibility of managers;
- Presence of desire of classical bureaucracy abandonment, focus on creating more flexible organizations;
- Clear definition of organizational and personal goals, establishing indicators for measuring the quality and effectiveness of activities;
- Focus on the use of certain market methods in the public authorities, public organizations in general;
- Tendency to reduce the degree and the sphere of government influence through privatization, widespread use of external contractors and subcontractors, tenders, etc.

For further European orientation of national public management it is necessary to distinguish the following principles, which complement the paradigm of local government by the European Charter of Local Self-Government and meet results-based management.

The above principles and features lead to the conclusion that two trends should dominate in a new public management reforms: economic – marketisation and organizational – less bureaucratic. Elimination of bureaucracy is organizational support of economic principles guiding the efficiency of the public sector as a whole.

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## **STATE CONTROL OVER LAND USE AND PROTECTION IN UKRAINE**

State control over land use and protection is an essential element of organizational and legal providing preservation and rational use of agricultural land. In recent years the system of authorities to control over land use and protection has been subjected to various changes in Ukraine. But a perfect mechanism for controlling functions in part to provide preservation and rational land use has not been formed.

The state control over land use and protection is carried out according to the Land Code, the Law "On State Control over Land Use and Protection", "On Land Protection" and is regulated by other legal acts in Ukraine. Analysis of the functional responsibilities of central executive bodies in the sphere of state control over land use and protection makes it possible to argue that

separation of their powers is not clear and confusing. In practice, the lack of a clear and transparent system of state control over land use and protection leads to more violations of land legislation, especially in the area of land protection, that it has a negative impact on soil fertility and efficient use of agricultural land in general.

In our opinion, special attention should be paid to agricultural land in carrying out of the state control over land use and protection, which should be enshrined in law. The unsettled question of state control over land use and protection is important for further research and it enables the search for directions to solve existing problems in this area. Specifically, one of these directions can be strengthening of self-development and public control over land use and protection.

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## **GLOBALIZATION PROCESS AND ITS INFLUENCE ON ECONOMY OF UKRAINE**

Investigation of globalization is of particular importance in the present conditions where individual national economies are moving faster pace that creates the need to establish inter-economic relations globally. Ukraine needs to determine the advantages and disadvantages of possible integration in the global environment to reduce the negative impact of the economy and potential.

In terms of technological-information stage post-industrial economic sphere is the most striking example of globality. Ended a long period of internationalization that, firstly, led to the unity of the global economic system and, secondly, clearly put the problem of behaviour strategy in this situation at all levels of economic life.

The article gives characteristics of globalization processes and determines the advantages and disadvantages of this phenomenon for Ukraine.

During the study are used such methods as the method of analysis and synthesis, abstract and logical method of comparison and synthesis.

Economic globalization – is a new level of internationalization and international economic integration, characterized by intensification and new quality of international relations in the internal planetary scale. National economy and its agents become an integral part of the productive process of the world, become part of the planetary economy. This process has begun in the 80-ies of the XX century and still continuing.

Such dynamics shows that Ukraine is an integral part of the global environment and strengthening the processes of globalization has on our country both direct and indirect influence, and deeper integration of Ukraine is inevitable in today's global realities.

Thus, we can conclude that globalization is a complex and multifaceted process that requires attention and research. There are many disadvantages of globalization, which are impossible or extremely difficult to surmount. In this situation it is necessary to focus on the positive effects and all the forces trying to reduce negative.

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## **PRINCIPLES AND MECHANISMS OF RURAL DEVELOPMENT**

The article deals with essence of development. As the title implies the article describes the principles and mechanisms of rural development. The paper is concerned with methods of the rural territories development program. It is known that socio-economic methods and models of sustainable rural development have been based by system-innovation. It should be noted about prospects of growth qualitative and quantitative characteristics of rural areas, which expense by increasing the volume of organic production, providing principles of non-waste life, outlook method formation of the noospheric education and the investment attractiveness provision of the territories by increasing its natural and human potential in the context of powers decentralization. The article reveals the essence and function of public institutions form the basis of rural development. It also identifies mechanisms for achieving sustainability. The author illustrates the ways and mechanisms of steady development of rural territories in the conditions of globalization. The author illustrates the direction of society and prerequisites for individual effects. It also shows the mechanism of dissemination of information by the word – a key tool for creating vivid perception and

system management. The article defines the priorities of local government and the public in the process of decentralization of power in Ukraine. The author identifies features of the activity and direction of national policymaking rural revival with the participation of public organizations. It also provides the experience and tools of international regulation of social development, creating global networks. The author describes the mission, functions, goals and objectives of international organizations in the field of environmental development. The article illustrates the activities and experience of management and livelihoods in ecological settlements in Ukraine and worldwide. The author considers ecological settlement as a model for future society. The main component of their development is a sustainable approach to business and life activities. The article emphasizes the need for public participation in environmental settlements from the standpoint of land relations regulation private initiatives. It also notes the need for state and private partnership in addressing the issues of organic farming, waste-free life, education and upbringing. The author presents the experience of the Ukraine patrimony as one of the directions of rural territories development.

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## **FORMATION OF INNOVATION STRATEGY OF AGROINDUSTRIAL COMPLEX OF UKRAINE**

Problem of innovative restoring agriculture is especially acute because the agroindustrial complex largely determines the socio-economic situation. This article focuses on such important for Ukraine problem as the development framework for the development strategy of innovation in the agroindustrial complex. It is determined that the development of innovative strategies of agroindustrial complex should be based on successive stages, allowing to take into account the specific market conditions. The study identified and structured sequence of development of innovative strategies of agroindustrial complex. The prescribed procedure, the formation of innovative leadership strategies involves determining the "poles" of growth, i.e. areas with high attractiveness for potential investors: agriculture and processing industry. These industries with the greatest potential and therefore are attrac-

tive to investors. It is proved that the proposed procedure for the formation of innovative strategies for agroindustrial complex and directions for their implementation will allow participants of innovative market to focus in selecting areas for development, increase agricultural market transparency and increase susceptibility to innovation. Also in the article the mechanism of innovation policy in the agroindustrial complex as the most active element management system that provides impact of factors on which depends the state of innovation managed object. In economic mechanism the ensuring priority of agroindustrial complex development the choice of the ratio of specific instruments of this mechanism is of fundamental importance. International experience suggests this choice for the overwhelming support and guarantee of agricultural prices as a decisive instrument regulating agricultural markets.

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## **ECONOMETRIC MODELING OF DEVELOPMENT OF INNOVATION COMPONENT OF THE INDUSTRIAL POTENTIAL**

Taking into account strategic priorities of the country development, innovation component should become the dominant basis for national industrial potential. Therefore, it is necessary to identify factors that create conditions for the development of innovative industrial potential aimed at the effective state management.

Factors that have the greatest impact on the development of innovative component of the industrial potential are identified in the article with the help of correlative-regression models. The basis of econometric modelling is the following economic hypotheses. The first hypothesis: the innovative component is estimated by a set of indicators, which are the criteria of technological development and innovation activity of enterprises. The second hypothesis: the development of innovative component has cause-and-effect connection with social and economic factors that are the results of human activity. Indicators that characterize scientific potential, government funding of scientific and tech-

nical work, investment climate in the country, development of international economic activity, the financial condition of enterprises are taken as independent variables. The resulting indicators are the number of new technological processes implemented in industry, total innovation expenditures and sales volume of innovative products. The calculations of the first model determined that scientific potential has significant impact on the development of innovative technological component. According to the second and third models, foreign investment and development of international economic activity have the greatest impact on the innovative development of industrial potential. Carried out econometric modelling shows that the main destabilize factor of the development is a poor financial state of industrial enterprises.

Consideration of the obtained results will allow creating the most favourable conditions for the development of innovative component of the industrial potential.

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## **EVOLUTIONARY-HISTORICAL APPROACH TO THE RESEARCH OF STRUCTURE OF SOCIO-ECONOMIC SYSTEMS**

The article is devoted to the analysis of trends in the study of structural change, on the basis of historical-evolutionary approach, which allows tracing the genesis of theoretical and methodological concepts of socio-economic systems.

In the first part of the article defined the nature and content of the category "structure of the socio-economic system," which integrated development paradigm is not possible without a substantial axiomatic synthesis of the concepts of "social system", "economic system."

It is proved that in the historical perspective, the economic theory of the structuring of the economy steadily develops accumulation and, naturally following the stages of the genesis of general scientific doctrines of the study and its unity as a separate scientific field provides the total linear real paradigm and methodological generalizations on the basis of a systemic approach to the use of economic and mathematical modelling.

In the second part are retrospectively analyzed and systematized the basic concepts of domestic and foreign scientists and economists to study the structure of the economy. The basic stages of development are considered and a system block diagram of the national economy structuring theory evolution is built.

It is found that the main objective of structural modernization of the economy is not associated with the acceleration of the growth rate due to the fact that any restructuring leads to disorganization and slows its momentum, and with the expansion of the limits of growth and increasing system capacity in a single cycle, with the transition to the next level of evolution.

In the third part of the article it is proved that the convergence of these approaches allows concentrating the potential of structural reforms as one of the fundamental factors of socio-economic development. Complex theory to the study of structuring socio-economic systems as part of an evolutionary-historical approach allowed studying the genesis and identifying the relationship and interdependence of reviewed doctrines can be represented in the form of a cube, whose axes are methodological paradigms, and each private concept is the backbone and generating system's cube in it.

An important aspect of the substantive nature of the evolutionary-historical approach in further studies is the definition of the conceptual, methodological foundations of structuring processes of socio-economic systems that reflect the time-tested classic position and perspective of the theory, thus avoiding simplistic, unidirectional interpretation of the process.

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## FOREIGN SECURITY OF UKRAINE: ESSENCE AND KEY THREATS

The integration of Ukraine into the world economic system and the new challenges caused by the military, political and social opposition exacerbate the issue of foreign security as a component of economic security.

In domestic and foreign scientific literature the term "foreign security" exists in various interpretations that differ significantly. Defined three major approaches to understanding the term "foreign security": as a component of economic security; implementation of the protective function of the state; ensuring the development of the state as a socio-economic system.

Despite some differences in the interpretation of all scientists noted is the growing importance of foreign security in the economic security of Ukraine at the present stage of its development.

Ensuring necessity to meet the economic interests of every citizen and the country in general, the level of foreign security requires continuous monitoring of socio-economic processes in terms of their impact on the economic security, assessment of strategic programs, regulations in these positions and analysis of the effectiveness of current decisions in the field of economic policy.

Today integration processes, social, economic and political disturbance and military operations require substantial revision set of threats to economic security and a more thorough formation of methodical principles of foreign security providing.

Based on the analytical study concluded that today's threats to the foreign security of Ukraine are:

- Irrational structure of exports, the bulk of which is occupied by raw materials and products with low processing;
- Import dependency and loss of domestic markets, resulting from delivery of complex technological products, the passive policy of its own high-tech production development.

Irrational structure of export, import dependence and loss of domestic market, identified as a threat to the security of foreign Ukraine, require the development and adoption of integrated solutions regarding state regulation of commercial activities, placing the fore achieving public interests in strategic terms.

In further researches should focus on identifying the totality of foreign security threats to Ukraine, their hierarchical organizing and developing mechanisms for the protection and effective response.

## ECONOMY AND ENTERPRISE MANAGEMENT

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### **ANALYSIS OF COMPONENTS OF THE PRICING POLICY OF INDUSTRIAL ENTERPRISES REGARDING INNOVATIVE PRODUCTS**

Pricing in the innovation sphere should ensure the interest of all participants of the innovation process in the development of new techniques and technologies in a timely manner with a rational expenditure of funds. Therefore, special importance is the formation of a price policy of enterprise regarding the innovation of products, which should be based, on the one hand, on the provisions of the economic theory, the well-known principles and methods of pricing and, on the other hand, take into account the significant factors of external and internal environment, market conditions, characteristics of the innovative product.

The purpose of this article is research and systematization of factors of external and internal environment of the enterprise, market conditions, characteristics of innovative goods and creation of innovation with the purpose of analysis, prediction and improvement of methods and principles of price formation for innovative products.

Pricing policy regarding the innovative products should meet the strategic goals of the enterprise incarnated in the corporate, competitive and functional strategies of the enterprise. When determining the price the degree of the product innovativeness should also be considered.

The type of market in terms of competition will also affect the pricing of innovative goods. Usually it depends on the degree of novelty, uniqueness, differentiation of product, with the magnification, which increases the degree of being monopolized market and the possibility of variation of the price size.

Selecting a pricing method from the list of well-known methods – expenditure, market and regulatory-parametric, depends on influence of factors such as degree of innovation, type of market, strategic purposeful installations of the enterprise, phases of product life cycle and some others.

To the components of the price of an innovative product, which is calculated by using the cost approach, should be included except for production costs and sales costs research and development work, designed the planned profitability, determined by the value of the planned profit. In turn, the level of profitability will depend on the method of financing the process of creating an innovative product.

A significant factor in pricing in relation to innovative products can be further the diffusion of innovations application in other products at other companies, industries, etc. An important factor in the pricing of innovative goods also is the elasticity of demand at a price.

For the further development of analytical ensuring of the pricing policy of the enterprise in the article proposed the variants of the status of factors of influence on the price of innovative goods, which

can be taken into account when determining the upper and lower boundary prices, comparative several price options, the formation of the price profile of the innovative product.

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## **PUBLIC SERVICE HUMAN RESOURCES DEVELOPMENT**

The paper studies the development of public service staff potential as a systematic set of activities that carried out for a certain time and intended for maintenance, extension and improvement of knowledge, skills, abilities, competencies and capabilities of public servants.

The study provides a scheme of development of public service staff potential that is characterized by such activities as: staff analysis, human resources evaluation, employment management through professional adaptation, motivation, professional advancement, professional and qualification growth of public servants.

The staff analysis involves the implementation of successive steps: goals and objectives setting of staff formation; collection, processing and analysis of information; determining of staffing requirements; development and implementation of staff formation plan.

The human resources evaluation of public service should be directed to determining the structural elements of human resources and competencies of public servants.

The employment management includes adaptation of new workers for disclosing

their potential through competencies identifying, analysis purposes and requirements of public servants, imposed in the workplace, conflicts prevention and work dissatisfaction.

One of the targets is motivation of public servants. This motivates public servants to improve productivity, determines in which direction to develop their competencies and forms the necessary measures of staff potential development.

The professional advancement is based on career growth of public servants through their goals, needs, opportunities, competencies, capabilities and socio-economic conditions of public institution.

The professional and qualification growth of public servants involves training and retraining aimed at development and enrichment of competencies.

It is necessary to implement measures to develop public service staff potential. In order to ensure the necessary conditions for staff potential development, the author provides to improve the organizational structure, working conditions, legal, documentary, informational, technical, normative and methodological support.

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## **ESTIMATION OF EFFECTIVE USE OF WORKING CAPITAL OF UKRAINIAN AGROHOLDINGS WITHING THE FRAMEWORK OF V. H. KOHDENKO MODEL**

The article estimates the research of the working capital using efficiency by means of three-factor model of V.H. Kohdenko. The main objectives of our research are: 1. analysis of profitability of working capital of the leading Ukrainian agriholdings; 2. selection of the most meaningful factors of influence on profitability of working capital; 3. development of the author's scheme of performance management of working capital within the framework of factor approach.

The author's structural-logic scheme of influence of factors and their elements on return on working capital according to the model by V.H. Kohdenko is designed. It includes such factors as multiplier of working capital, return on sale and turnover ratio of current assets.

The return on working capital of leading Ukrainian agriholdings due to three-factor model of V.H. Kohdenko is analyzed during 2011-2014 years. The recommendations on definition of meaningful fac-

tors of influence on profitability of working capital are evaluated. We consider that factor is meaningful, if it makes a change of return on working capital accounted to more than 8%. The factors of influence on efficiency of working capital use by leading Ukrainian agriholdings are investigated. The most significant factors became turnover ratio of current assets and return on sale.

The author's scheme of performance management of working capital within factors approach is proposed. It makes up the following steps: 1. calculation the effect of influence factors on the profitability of working capital; 2. selection of the most meaningful factors; 3. development of management decisions to improve the situation; 4. taking into account the functional aspects of the formation and use of working capital; 5. repeated calculation of profitability of working capital and influence of factors on it and checking the objectives.

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## **NATURE AND ROLE OF MARKETING PRICE POLICY AT ENTERPRISES UNDER CRISIS**

During the development of market economy, the role of pricing policy has increased due to increased competition. This increases the importance of management decisions on pricing, because price is an important factor influencing the final financial results and market position of the company respectively. In Ukraine the market economy growing value price. It is watching by the constant growth of competition in the market, which forces enterprises to constantly lower prices for their products by not reducing, but mostly for the improvement of quality of products produced by the company.

Preferably, the method is used when the price is determined on the basis of

supply and demand prevailing in the market. This is done without the determination and account of other factors and the changes that occur in the environment. Also, companies are using cost approach to pricing; price is used without regard to other elements of the marketing mix; prices are not adjusted to changes in market conditions. This necessitates the transition from a traditional to a qualitatively new approach in the pricing policy of enterprises – an approach based on the concept of marketing. Some measures of the commercial policy are highlighted, with the emphasis on the quality competitiveness of the product.

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## **METHODICAL BASES OF ENTERPRISE TRANSPARENCY COEFFICIENT ESTIMATION**

The economic activity is unpredictable and associated with different unforeseeable consequences. So, the topicality of the research is the definition of methods of transparency coefficient estimation. It consists of three methods such as method of associated indicators, fines analyses and estimation of fictitious bankruptcy signs.

In accordance with the article the main researchers of researchers of this problem are Mochernyi S.V., Fandel H., Zahorskyi V.S., Vovchak O.D., Blahun I.H., Chui I.R., Miller L.G., Coase R., Williamson O., Tadelisi S., North D., Demsetz H., Arrow K., Barthel J. etc. The investigation stresses three criteria of enterprises' shadowization. These are balance between associated indicators, conclusion of contracts for small amounts and signs of fictitious bankruptcy.

The main point of research is based on shadow costs' structures. The structure presents two kinds of shadow transformation costs and shadow transaction costs.

This paper shows the analyses of the main methods of shadow costs' estimation. The crucial point of investigation is improving the method of estimation of enterprises' transparency coefficient. This coefficient is the quality index, it is necessary to estimate on a binary system. The result of estimation is ranges from zero to three. A zero is a company without shadow processes. If result of estimation is three, the company has shadow processes.

To draw the conclusion, one can say that the improving method only partially meets the needs of the research so the author proposes to estimate the second part of costs' structure. These are shadow transaction costs.

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## **DIRECTIONS OF MARKETING POLICY OF ORGANIC BUSINESSES**

Organic is for nearly three decades gaining food markets in the world and becoming a popular alternative to traditional consumption products. Organic products are quite popular in the economically developed countries of Western Europe and the USA. The leader in consumption of organic food is Germany, which began to implement a policy of healthy nutrition in the 80-ies. Since the 90-ies of the XX century in other countries are also markets for organic products, the volume of which today are rapidly increasing. Now Ukraine has about 290 thousand hectares of land under organic farming, but in the domestic market the organic products intended for consumers is virtually absent. Organic agricultural production in our country mainly focused on the export of grain to the countries of the European Union.

The slow development of markets for organic products is caused by many factors. First and foremost, it is the incompleteness of the establishment of a legal and regulatory framework, which would clearly outline the state policy in the field of organic production, create the conditions for the legal recognition and protection of organic prod-

ucts, formation of national certification system, adoption of rules, standards and clear, effective system of state support and stimulation of development of organic production. This and factors such as economic instability, low income of the population (because the price of organic products higher), the lack of consumption culture of organic products, low level of consciousness of consumers about their future and children's future. It is also can be mentioned the lack of support for organic production from the state and development of market infrastructure for organic products.

Organic production method is regarded as an innovative technology for the agricultural development in the region aimed at meeting the needs of the target consumers in environmentally friendly products. Under these conditions an important marketing component of organic production is the timely identification of these needs and aligning them with the existing potential of the region. An effective instrument for ensuring producers about the motives and motivations of target consumers is the implementation of marketing research.

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## **ACTUALITY AND POSSIBILITIES OF CHANGES MANAGEMENT MODEL IMPLEMENTATION IN ACTIVITY OF SMALL-SCALE ADVERTISING ENTERPRISES OF UKRAINE**

Today the sphere of changes management occupies a considerable place in the enterprises management of different activity spheres, ownership patterns and sizes. Development also has a large value for advertising enterprises.

Before determination of actuality of that or other changes model for a concrete enterprise it is necessary to estimate its readiness to introduction of changes on the whole and directly by a select model. For today such researches are important for any enterprises, but not so much of them are conducted in Ukraine, especially in relation to small-scale advertising enterprises.

In the management system of the modern Ukrainian small-scale advertising enterprises on results of authorial research of activity of 27 similar enterprises of the Dnipropetrovsk and Zaporizhzhia regions of Ukraine can be established a presence of separate unsystematic elements of changes management, such as realization of periodic necessity of changes realization, diagnostics of activity on the necessity of changes, stowage of changes plan, partial structural changes, economic evaluation of the realized changes. It is set that during 2014-2015 on these enterprises behaviour ambivalence of initiators and customers of changes – directors-proprietors – is observed.

Among all known changes model today one of most widely applied, simplest for understanding and the cheapest in the use

is a model ADKAR. By authors the analysis of readiness of 27 small-scale advertising enterprises of the Dnipropetrovsk and Zaporizhzhia regions of Ukraine to the changes by the model ADKAR is conducted.

It is set that awareness and desire are at the high level, fixing – at middle level, and knowledge and capabilities are at low one. Thus, for today the workers of these enterprises know about the model ADKAR, have a desire to implement it, but their knowledge and capabilities are insufficient yet for changes introduction by the model ADKAR and fixing of the got results.

For the small-scale advertising enterprises of Ukraine, where a repressing amount of workers is creative personalities, authors suggest not to use such methods to overcome resistance to the changes as manipulations and co-optations, and also obvious and non-obvious compulsion.

For the estimation of input efficiency of management changes model ADKAR in activity of small-scale advertising enterprises it is suggested to compare the charges of time on the enterprise reaction on external changes in the modern state and subject to condition of model ADKAR implementation. The authors of the article sees that in the conditions of dynamic business-environment the model ADKAR provides the greater degree of management proactivity and winning in time of reaction on changes.

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## **METHODICAL APPROACH TO MATERIAL SUPPLY MANAGEMENT IN THE DEVELOPMENT PROCESS OF INDUSTRIAL ENTERPRISES**

In terms of implementation of strategic projects of the company that could handle industrial or technological sphere and product innovation management system must respond flexibly to the changes taking place in these areas. These changes primarily affecting the supply of financial security of industrial enterprises related to the adjustment of the quality of procured resources and volume purchases. Depending on the depth of development projects implementation can occur adjusting supply system at the enterprise (existing or newly created).

Brief review of scientific work to address problems of material supply management at industrial enterprises showed that the most common method is the logistics and some of its divergent aspects. However, scientists have not resolved the issue of supply management directly in the implementation

of development projects at enterprise, thus highlighted approaches cannot be universal and need scientific achievements, which makes the subject of research relevant.

The aim of the article is to develop methodical approach to managing material supply in the development process of industrial enterprises. Underlying this approach is the method of choice of material supply strategies depending on the novelty of the technology and manufacturing resources necessary for its maintenance. Depending on the depth of implementation of development projects, causing qualitative and quantitative changes in the existing or newly established system of material supply, the method of firms vendors evaluation is proposed in order to determine the best vendor among potential or acceptable and to establish the strengths and weaknesses of interaction with the chosen supplier firms.

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## **ANALYSIS OF TRADE ACCOUNTS PAYABLE IN THE CONTEXT OF FINANCIAL SUPPORT**

During the research of the issues of financial support of trading environment, there emerged the necessity to conduct the analysis of payables in terms of external sources of non-proprietary financial assets. Trade-related payables have a special condition – they are considered to be alternative to short-term financing of trade enterprises activity. This research article is aimed at finding the peculiarities of this condition, structure and payables change trends in the sphere of trade, i.e. the things we usually consider to be important financial sources of trade sphere on condition of financial support implemented.

Investigation of the structure of trade enterprises structure helped to find out that non-proprietary (borrowed and involved) is prevail by more than 90% in the structure of equity. The share of current liabilities in the sphere of trade significantly exceeds the share of long-term liabilities (about 5 times) manifesting the widespread use of short-term bank credits and payables for goods, work and services. The payables mainly consist of goods-specific payables – about 85%

of total current liabilities and support (about 65% of total equity). Short-term bank credits are less applied, with the share of about 14% in the structure of current liabilities (and about 10% in the financial structure of total equity of trade sphere). For the purposes of evaluation of payables, there have been analysed the dynamics of the indices of payables turnover and the duration of a payable turnover, the receivables to payables ratio, which helped to find out the trends of deterioration during the period between 2008 and 2014. Under conditions of high inflation, price instability, so-called “trade wars” when goods-specific payables cannot be used completely as financial support tool, it is necessary to make payables from various sources and in various forms, in accordance with the trade enterprise need in loan capital at different stages of its development.

For the purposes of efficient financial support of trade sphere enterprises and their sustainable development, it is necessary to provide constant monitoring on the basis of modern evaluation methods, as well as clear arrangement of payables management.

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## **METHODS OF PERSONNEL INNOVATIVE ACTIVITY MOTIVATION AT DIFFERENT STAGES OF THE ORGANIZATION LIFE CYCLE**

Innovative activity is a complex, targeted for the future and costly activity with not predictable enough result for any entity. Motivation is one of the necessary elements for the activation of innovation activity of the organization. Regulation of the employee motivational structure depending on the organization's goals is one of the main results of the functioning of motivation. Goals majorly depend on the stage of life cycle of the organization. The analysis showed that the main stages of the development of organization, which require excessive attention to the innovation activity, are stages of growth and maturity. Each stage is characterized by certain directions of innovative activity that are paramount during the development of strategic plans. Classification of methods of motivation of labour activity was further developed, which allows differentiation of rewards systems in order to create competitive advantage for attraction and efficient use of specialists. They are to be based on the following principles: ensuring the relationship between productivity, wage level and the

quality of work; increasing the importance of indirect forms of incentives; combining the results of work and remuneration systems into a single unit to achieve the objectives of innovation development. A set of criteria that determine the effectiveness of personnel management is provided, and methods of motivation for each stage of development are recommended. The sole set of indicators developed for the entire organization will allow the head of the organization to track the dynamics and quality of personnel management. It is important for the heads of organizations to pay special attention to the implementation of intangible and non-standard methods of motivation, develop their motivation technique within the organization, adapted to the stage of the life cycle that will help to achieve high efficiency innovation activity. The combination of management actions concerning innovation activity of the company results in a competitive advantages in varied states of external and internal environment of the organization, which in turn leads to ensuring its competitiveness.

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## **IMPROVEMENT OF METHODOLOGICAL SUPPORT OF SOCIAL ACTIVITY EVALUATION OF SUBJECTS OF AGRIBUSINESS**

The article is devoted to the theoretical generalization of the main approaches to evaluation of the social activity of agricultural enterprises. The problematic aspects and features of introduction of the practices of social accounting, auditing and non-financial reporting in the activities subjects of agribusiness are investigated.

The introduction of the social accounting concept associated with the need to extend the performance of the financial statements for users (stakeholders) and with an emphasis on social spending account is determined.

It is established, that the key principle of the accounting is the accrual and matching of revenues and expenses. Social accounting and reporting are discovered the social and environmental effects of the business activity.

Social reporting enables businesses to present information on the implementation of its policies in a systematic way, demon-

strate and secure for them the right to conduct business.

The main problems of agricultural enterprises in the preparation of non-financial (social) reporting are analyzed.

The use of social audit in Ukraine is a relatively new and less common, but important innovative project, which could be an effective instrument for regulation social and economic relationships, has been determined.

The main factors that negatively affect the implementation of the social audit in the practical activities of agricultural enterprises are analyzed.

It is established that the social activity of the agricultural businesses has a significant impact on their business reputation, competitiveness, investment appeal, staff productivity, sales volume and relationships with stakeholders.

The basic directions of increase of social activity of the agricultural businesses are determined.

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## **ESSENCE OF ANALYTICAL WORK AND INSTRUMENTS OF BUSINESS ANALYTICS IN MANAGEMENT**

The authors of the article determines that the management process is based on the development, reasoning and making rational, efficient and adequate management decisions that are possible in changeable and complex business environment only due to using current and full information. Collecting, systematizing and processing of information are to be performed within the analytical work, which is defined by the authors as actions based on the concepts, methods, ways, methodological materials for collecting, accumulating, processing and analyzing information for the purpose of reasoning and making decisions.

It is proved that the analytical activity is a prerequisite for the development of the successful management process, the main competitive advantage. Business analysis is used as the basis of evaluation of the current state of research subjects and further identification of business requirements.

The article summarizes the main stages of the analytical work. It is defined that the efficiency of the analytical work directly depends on the array of instruments used in the process of the development of the research subjects' models that is the final analytical

product. At the same time it is determined the thesis about the limits of the opportunities of the use of standard analytical instruments (analysis, comparison, content-analysis, grouping, etc) in the contemporary business environment. The article provides the list of specific business analysis instruments that have proved their efficiency (monitoring, force field analysis, optimization modelling). The efficiency of the use of the above mentioned instruments depends on the expertise level of analysts, which possess the competencies in the sphere of IT-systems and understands business requirements.

Special attention is to be paid to the thesis of the authors that the important role in the process of the analytical work is paid by the collection and processing of information, which is innovative for making decisions, reengineering business processes, their new differentiation, creating innovations, and is accompanied with revolutionary changes in the economic activity.

Based on the conducted research the authors define the main rule of the analytical work "The rule of 4Cs" – providing the correct information to the correct people to make the correct decision in the correct time.

## DEVELOPMENT OF PRODUCTIVE POTENTIAL AND REGIONAL ECONOMY

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### PROBLEMS AND CONDITIONS OF REALIZATION OF THE HOSPITALITY INDUSTRY POTENTIAL IN UKRAINE AND KHMELNYTSKYI REGION

In the article the causes of inconsistencies of hotel industry of Khmelnytsky region to the international requirements are determined. Analyzed the state of collective means of accommodation in Khmelnytskyi region and Ukraine. Allocated the conditions, under which a domestic hotel industry will become a highly competitive sector of the national economy.

The hotel market of Ukraine in its formation encountered a number of problems. Internal competition is weak; this is over the lack of available funds and the availability of high tax rates. Following the reduction in income, households spend them to meet the primary needs that do not include the services of hotel and restaurant business. Therefore to ensure stability, profit maximizing, increasing competitiveness of enterprises of hospitality industry in the market of hotel services is difficult.

Despite the revival of tourism in Ukraine and Khmelnytskyi region existing infrastructure of tourism does not meet the requirements of international standards. Low investment activity in the field of hospitality, discrepancy to international quality standards of services, lack of coordination price

and quality do not allow to fully unleash the hotel potential in the country.

Conditions of potential realization of the hospitality industry in Ukraine and Khmelnytskyi region are:

- 1) effective policy of mass tourism development;
- 2) development of strategies of hotel industry in Ukraine and Khmelnytskyi region;
- 3) changes in legislation on land use;
- 4) changes in rules granting permits to enterprises of related industries to attract investments in opening new facilities of mass tourism;
- 5) facilitating the creation of new jobs;
- 6) improving the state of attractions;
- 7) promoting attracting investments and stimulation of the construction and reconstruction of collective means of accommodation;
- 8) harmonization of national standards and their concordance with international;
- 9) strengthening the positive image of Ukraine and formation of an effective marketing strategy in the global market;
- 10) comfort and safety of tourists during the journey and stay in Ukraine.

Creating these conditions will transform the domestic hotel industry into highly competitive sector of economy.

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## **THEORETICAL ASPECTS OF REGIONAL POLICY RESEARCH AS THE BASIS OF SOCIO-ECONOMIC SECURITY OF REGION**

In the article theoretical approaches to the essence of modern interpretations of regional policy and its impact on the state of economic security are analyzed. It is noted that the vast majority of experts that explore and develop the theoretical foundations of regional policy believe that interaction of public authorities at various levels, above all, is the essence of this term.

It is underlined that any regional policy, especially active, foresees the process of formation of favourable conditions for improving the competitiveness of regions. Just this aspect is a key strategic priority of regional socio-economic policy and economic security.

It is emphasized that regional policy must promote rational use of natural resources, human, industrial, investment and innovation and other potentials, create conditions for taking into account characteristics of each territory (natural and geographical, historical, resource, industrial, social, demographic, etc.) in the context of national interests of economic security.

Development of scientific-methodical provisions as for developing components of regional economic policy to ensure economic security of the region is investigated.

It is proved that it is incorrectly to narrow regional processes to purely economic, as

regional processes are significantly many-sided and cover all aspects of social life. It is proposed along with economic criteria of success of the regions to take into account the social, namely – rising of population welfare, increasing of the length of a full life. Therefore, the social component of the region development should be recognized as dominant over the economic. At the same time, regional policy should be formed and implemented exclusively by regional subjects with supporting and advisory role of the state.

Proposed system approach and developed structural logical scheme of forming of social-economic mechanism of modern effective regional policy realization in order to ensure the economic security of the region.

It is proved that only through complex integration of economic and social mechanisms of regional economic policy it is possible to overcome existing imbalances of social and economic development of the regions, create conditions for encouraging the development of less developed areas, structural adjustment and implementation of investment and innovative model of development of the national economy in order to ensure the regional economic security.

## ECONOMY OF NATURAL RESOURCES MANAGEMENT AND ENVIRONMENT PROTECTION

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### MACROECONOMIC ASSESSMENT OF THE OIL MARKET IN UKRAINE

The article analyzes the main macroeconomic trends of modern oil market in Ukraine in the context of the global energy market. It is found that the major oil exporters of oil are Russia, Algeria, Libya, Nigeria, Venezuela and others, while importers – Japan, Western Europe and the USA. We noted that the current stage of development of the oil market has begun in 2014. It characterizes by falling oil prices. The main reasons for this are slowdown of global economic growth, increase in oil production in the United States and others. In the article it is noted that there are 26 opened oil fields in Ukraine. There are some factors, which negatively affect the development of oil in Ukraine such as the annexation of the Crimea and the war with Russia. It is established that during the years of independence Ukraine has turned from an exporter to an importer of petroleum products. This was facilitated by short-sighted public policies and high levels of corruption. The article analyzes the features of the two companies, which legally produce oil, Kremenchuk and Shebelynka's compa-

nies. It is found that the national oil market uses the model of maximum diversification. The essence of this strategy is the diversification of number of supply chains. It is found that oil market is different from the gas market. The main reasons for the deterioration of the oil market in Ukraine are the reduction of exploration, depletion of many oil fields, decreasing efficiency and reduced drilling of oil fields, high cost of Ukrainian oil, devaluation of the currency. The main cause of price hike of petroleum products in Ukraine is the devaluation, because of which the Ukrainians did not feel the benefits of global trends reduce oil prices. It is established that the refining industry in Ukraine is energy dependent on imported raw materials. Before 2014 processing plants used mainly Russian raw materials. In the 2015-2016 the main importers of petroleum products in Ukraine became Belarus, Lithuania and Poland. In the article it is proposed to expand the use of alternative energy sources to reduce the share of oil in the energy sector of industry in Ukraine.

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## **BENCHMARKS AND PERFORMANCE INDICATORS OF ELECTRIC POWER GREENING IN THE CONTEXT OF GLOBALIZATION**

Considering processes of globalization and liberalization of the world energy there is a necessity to adapt subjects of electric energy sector (energy companies, power consumers, state and regional authorities, investors and public organization) of Ukraine to new economic conditions. However, liberalization of electric energy market of Ukraine leads to appearance of new threats of environmentally safe development of electric-power industry as a consequence of conflict of ecological and economic interests of many subjects of energy market. Owing to existence of many subjects of relations there is a difference between ecological and economic criteria and management efficiency indicators at all hierarchical levels. Based on interests of subjects of electric energy market the generalized aims of their economic activity are achieving of integration result, which combines achievement of the biggest economic, financial, social, scientific and technical, environmental and energetic effects.

Formation of electrical energy complex ecologization mechanism supposes a creation of integration system of stabilization solutions, which includes technological, organizational-economic, informational and socio-economic measures, which are implemented at macro-, meso- and microlevel (or in which implementations should be interested all subjects of energy market) and coordinated performance of which is directed to meet the country demands in electric energy by undoubted meeting the requirements concerning rational natural resources use, minimization of negative impact on environ-

ment taking into account international natural-oriented responsibilities of Ukraine.

Since the results of mechanism implementation becoming apparent at the different levels of economic activity (micro-, meso- and macro-), which effects are in appropriate interference and also in different areas of activity (economic, social, environmental etc.), creation of methodological approaches to the assessment of ecologization mechanism effectiveness needs a determination of certain areas of their manifestations as well as criteria (indicators), using which it is possible to analyse quantitatively a dynamics of changes in appropriate areas from the point of view of different management levels.

Accordingly, macrolevel is analyzed from the point of view of technical and production, economic, environmental, social indicators of competitiveness of energy providers and their financial security.

Mesolevel is supplemented with analysis of intersectoral effect of implementation of integration measures of energy providers' ecologization. Also in the sphere of effectiveness assessment of energy saving programs realization in Ukraine there is a monitoring of regional energy saving programs execution and rating of regional energy saving state.

At the macrolevel, based on theoretical bases of grounding of necessity to consider energy ecologization as a system-ecological approach to the ecological modernization of energy production, mechanism effectiveness is proposed to be assessed by means of system of non-economic and economic criteria, which characterise ecological and

economic effectiveness of entities' activities (ecological costs, in particular, damage done and ecological results (damage and social losses, which were successfully prevented)), production ecologization level and energetic security of state and enterprises.

The work proposes a system of criteria and indicators that allows on the basis of

systematic approach to determine the most important ecological and economic aims of all entities of electric energy market, in particular, providing of electric energy systems' reliability and state energetic security level; acceptable level of investment activity ecologization; acceptable level of production ecologization and social stability.

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## CONCEPTUAL ASPECTS OF SUSTAINABLE DEVELOPMENT STRATEGY

The article examines the nature, causes and prerequisites of sustainable development, the importance of sustainable development for economic, social and environmental development, implementation of sustainable development. Directions for future improvement of legislation and sustainable development regulation practices in Ukraine and other countries of the world are determined. The objective of the article consists in generalizing domestic and foreign experience of introducing the sustainable development concept into laws and regulations of the country and its regions. In the scientific article the formation of the conceptual framework of sustainable development is considered. Relevance of the article is determined by the necessity of finding solutions to global and national issues within the context of transition to a balanced economic, social, and ecological development. Outlined the main principles

of sustainable development of the region in modern Ukrainian realities.

The interpretation of the essence and components of sustainable development of the territory is given. Outlined the main principles of sustainable development of the region in modern Ukrainian realities. The Vernadsky's doctrine on noosphere is considered as the theoretical and methodological base of sustainable development. The transitions to the sustainable development principles in Ukraine are revealed.

The theoretical principles of sustainable development of economic systems are highlighted in the article by analyzing scientific publications. We specified on the importance of introducing the concept of sustainable development and the potential benefits of its use. It is indicated that for most small and medium enterprises strategy of sustainable development is not a priority in a competitive environment.

## DEMOGRAPHY, LABOR ECONOMY, SOCIAL ECONOMY AND POLITICS

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### CYBERNETIC APPROACH TO STUDY OF SOCIAL SYSTEMS SECURITY

Continuous development of the social environment under the influence of rapid and not always predictable process of social integration and rapid development of new technologies creates new relationships in society that can lead to an imbalance in the social security system. It creates preconditions for searching new approaches to create effective security mechanisms of social systems.

The goal of this article is an attempt to demonstrate the application of cybernetic approach to the study of social systems security, based on the energy potential and consciousness of the individual.

The study of human nature concerning the social system security provision is a key aspect that unites all its elements, since human nature is an energy potential that forms the striving for those actions. The functioning of any social system is based on that aspiration, which often is the result of certain motives and incentives that come from the outside to the person, but influence the formation of particular wish or its lack to do certain actions.

According the complex and multi-faceted structure of the social system and the

availability of existing energy potential of a person that creates multi-information links between elements of the system, thereby ensuring its continuous dynamism, it is necessary to choose an effective management model to ensure the security of the system. One of the types of complex systems management of different nature is cybernetics, which we believe is the best suited to meet the requirements for management of social systems security.

Considering the social systems as a cyber, we have to take into account the impact of each individual item or a set of them and the entire system in general. In other words, using a mathematical method of cybernetics it is possible to calculate the probability of cybernetics action development in a particular social system in a way to ensure its safety.

The main point of cybernetic approach is to manage individuals through their minds using certain instruments that primarily have to satisfy all the needs and interests of a person in order to create a new level of consciousness, which turn changes the motivation of their activities and encourage to influence others people and the system in general in order to improve its functioning.

## MONEY, FINANCES AND CREDIT

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### **ABOUT INTERACTION BETWEEN BANK RESOURCE POTENTIAL AND BANK LENDING CAPACITY IN THE PERIOD OF OUTPUT FROM THE FINANCIAL CRISIS**

The article deals with the differences and interaction between bank lending capacity and resource potential of the banks. Undoubtedly, the bank lending capacity mainly depends on its resource potential. It is indicated that, firstly, the funds that can be potentially involved by the bank, are rather difficult to evaluate. Secondly, not all the funds that are held by the bank can be used for the credit transactions. To assess the amount of bank resources that could be considered as a starting point in determining the lending capacity more suitable is the term “loans”, used in the banking statistics, which include funds at the customer accounts, funds from the public and banks' own capital. However, although the dynamics of the volume of credit resources reflects the changes in the lending capacity, there are not identical concepts.

Not all the funds raised by banks are used for lending transactions. So, part of raised funds is invested in fixed assets, is used for internal transactions and other purposes necessary for the normal functioning of banks. In addition, some of the funds invested in highly liquid assets in accordance with the reserve requirements of the National Bank of Ukraine cannot be used for lending.

Output of Ukraine's economy from the crisis and further modernization of the economy is quite possible not due to the new issue of money, but due to better usage of available resources in the banking sector. The volume and dynamics of bank resources directly depend on effective management and affect the supply of domestic credit, confirming the existence of the interaction of bank resource potential and bank lending capacity.

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## **FEATURES OF FINANCIAL RESOURCES MANAGEMENT IN THE HOUSING REAL ESTATE MARKET OF UKRAINE IN 2010-2015 YEARS**

The article is devoted to the factors influencing on financial resources management in the housing real estate market, dynamics of housing fund of Ukraine and analysis of purchasing power of population are represented. Also it is shown the correlation of cost-of-living index with purchasing possibility of population of Ukraine in 2010-2015 years.

Today the housing real estate is examined not only as a specific commodity, i.e. as housing, but also as a financial asset. It is conditioned that the real estate is created by insetting of capital and human labour, and its development takes place with high charges, as a result there is a necessity of bringing in of loans etc. In the leading housings markets of the world the real estate as the object of investments offers not only attractive profits for the proper level of risk,

but also gives possibility for achievement of super profit due to the use of their special properties.

By financial resources management on the market of the housing real estate certain factors influence strongly: place of housing location, type of construction and year of construction, planning of apartment and apartment size, domestic comforts. It is marked that purchasing power of population of Ukraine in accordance with a cost-of-living-index and index of increase in earnings during 2010-2015 years is reduced and accordingly began to be carried out less of operations from the purchase-sale of the housing real estate.

Factors are found out, which will have a substantial influence on financial resources management in the housing real estate market of Ukraine.

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## **THEORETICAL PRINCIPLES OF FORMATION OF FINANCIAL COMPONENTS OF ENTERPRISES ECONOMIC SECURITY**

An integral part of successful business is the appropriate level of financial security, which guarantees independence of the enterprises, main precondition for stable operations and development, promotes economic growth, competitiveness and formation of preconditions for investment activity. The company's ability to consistently develop and implement effective economic activity is determined by the stability of its financial condition, financial efficiency and ability to resist internal and external negative factors that generally characterize the level of its financial security.

With the aim of ensuring sustainable and effective economic development, increase in capacity and achieving the desired results of financial and economic activities, the company needs to take care to the proper level of

its security, especially financial. It predetermines the relevance of the study of the problems of ensuring financial security company, which guarantees its stable and successful development. A review of the scientific literature has allowed establishing that the term "financial security of an enterprise" as a separate economic category is relatively recent.

In Ukraine the concept of "financial security" is comprehensively and in sufficient detail discussed by modern researchers at the macro level in the system of more general categories of "national security" or "economic security". However, in recent years, scientists and researchers have paid more attention to focus on the issue of ensuring the financial security of business enterprises. The article analyzes the content and main characteristics of financial security.

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## **DIRECTIONS OF ACTIVATION OF BANK LENDING TO SMALL AND MEDIUM BUSINESS IN UKRAINE**

The problems that hinder development of bank lending to SMEs in Ukraine can be grouped as follows: the problem of instability of the environment; imperfection of legal framework; lack of cheap bank resources for lending to SMEs; opacity of SMEs activity. Solution of these problems is possible only by joint efforts of the state, the National Bank of Ukraine, banks and SME representatives based on the formation of the institutional system of bank lending to SMEs.

The foreground state directions for improvement of the business environment, in our view, should be:

1. Improvement of business environment and investment climate, increase of transparency in doing business, development of information support as credit component; development of infrastructure in lending to small and medium enterprises support system (insurance system, development of credit cooperation).

2. Improvement of legal framework in terms of mortgage law (registration pledge,

speed up the registration of property pledged by mortgage) and creation a centralized state-level institution providing guarantees for loans to small businesses, development of venture financing (primarily, solution of the problem pledge on intangible assets of entrepreneur).

3. Development of public-private partnerships by increasing the participation of SMEs in major infrastructure projects in cooperation with large enterprises, providing development and support of public credit programs.

4. Gradual adaptation of positive international experience in government small business lending programs.

5. Possibility of bank stimulation in state SME lending.

In order to improve information support in SME lending by enhancement of data collection about the financial position of SMEs it is advisable to create and implement a special program promoted to small and medium-sized enterprises lending.

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## **DEVELOPMENT OF MORTGAGE LENDING IN UKRAINE**

Mortgage lending plays an important role in housing construction funding. Mortgage lending for housing construction includes the following three types: commercial housing loans, individual housing construction loans, and loans for share participation in housing construction.

Mortgage lending for commercial housing construction is characterized by the following features:

Borrowers are developers, i.e. business entities are involved in the implementation of construction projects and management thereof rather than individuals who want to improve their living conditions;

A residential building is constructed for its further sale, i.e. generation of profit rather than residence;

Loan term in mortgage lending for commercial housing construction is usually 1-3 years, which is less than the loan term in classical mortgage.

In Ukraine, the condition of mortgage lending in the years 2013-2016 is characterized by reduced growth of loans granted, rising interest rates, reduction in loan term, and reduction in the number of banks offering mortgage lending. Key macroeconomic factors of the demoralized mortgage lending market was a sharp deterioration of the banking system, in particular the fall in the loans to the economy, rising cost of deposits, reduction of bank capitals, income, and GDP. If in 2006 in Ukraine the share of mortgage loans to GDP amounted to 1.9%, in 2012 – 7.9%, and at the end of 2015 – 6.1%,

thus characterizing the Ukrainian mortgage market as undeveloped. To compare, the volume of mortgage loans in the US and the EU is equal to almost 50.0% of GDP, in the UK – 60.0%, in the Netherlands and Denmark – 70.0%.

The mortgage market research in Ukraine shows that its volume, dynamics, and development trends have not recently met the needs of either people or developers. At a time when the dynamics of macroeconomic indicators does not give hope for a quick exit from the crisis and high political risks increase the uncertainty of social development, long-term mortgage lending is risky for both the banking sector and the borrowers.

The development of mortgage lending for housing construction needs government assistance through the development of preferential programs with partial compensation of property value, stability of the hryvnia rate, and reduced cost of deposits, on which the value of bank resources depends. First of all, its risks should be reduced through the development and adoption of statutory lending rules and toughening the requirements both for the borrowers and the banks refinanced by a state mortgage institution. We should consider the introduction and legislative adoption of such type of mortgage loan as mortgage construction loan with the characteristics maximally adapted for developers. Such a standard loan product offered by banks will simplify and accelerate the developers' obtainment of mortgage construction loans.

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## **TRANSFORMATION OF APPROACHES TO ASSESSMENT AND REGULATION OF LIQUIDITY RISK IN BANKS**

The main methods for assessing bank liquidity are identified in the article. All these methods (apart from the funding matrix) are based on calculations the assets liability ratios, which are grouped by its terms. The funding matrix is based on matching asset and liability items. Using funding matrix as a liquidity assessment tool defines the source of the asset funding.

The liquidity of banks in Ukraine is analyzed. Shortcomings of modern management practices based on banks' liquidity ratios are defined. The first one is that current practices do not meet modern requirements and financial market conditions in the short term perspective. The second one is that liquidity ratios provided by the National Bank of Ukraine do not limit using the risky strategies in funding long-term assets.

The gradual implementation approaches to the regulation of bank liquidity based on the principles of Basel III are suggested. The Basel III regulation approach is based on principles for sound liquidity risk management and supervision and calculation the liquidity coverage ratio and the net stable funding ratio. These improvements will reduce the likelihood of systemic instability in the banking system of Ukraine. The main benefits of the implementation Basel III regulation approach are defined. Firstly, it will provide short-term stability of the liquidity risk profile by ensuring that it has sufficient liquid assets of high quality to survive a significant stress scenario lasting for one month. Secondly, it will facilitate the formation of financial resilience over a longer time horizon by creating additional incentives for banks to fund their activities with more stable sources of funding on an ongoing basis.

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## **DEVELOPMENT OF NEW TOOLS OF MONETARY POLICY AND THEIR IMPLEMENTATION IN UKRAINE**

Development of the credit market of Ukraine at the present stage is influenced by the protracted financial crisis. In such economic conditions it is extremely important to realize state regulatory policies on economic and financial stabilization and stimulation of the credit market. An important role in this respect is given to the development of a functioning monetary policy on the use of modernized instruments and measures, because traditional not meet the requirements of today.

Today, the main tool of monetary policy of NBU is a discount rate that has primarily a monetary effect on the money market and almost no effect or has a negative impact on the credit market development. Therefore it is important to develop new tools that will encourage the development of credit and ensure economic recovery in the state.

To overcome the existing problems and activation of regulatory impact of monetary policy NBU on the credit market development is suggested a mechanism of credit targeting, implementation of which is carried through the new instruments: target credit, credit limits and quotas. The auxiliary tools suggest using direct lending NBU of the real

sector and specific NBU loans to banks for lending needs of industrial policy.

Credit targeting can provide the successful implementation of innovative mechanisms of structural modernization of the state economy through targeted lending priorities of economic activity.

The ultimate aim of the credit targeting is to establish credit target, which is the specific dimension of the abstract value of the loan. Credit targeting should be defined by state credit policy, whose main objective should be to activate crediting of the economy and the saturation of money, which is a necessary precondition for economic recovery of the state.

The main creditors for implementation target credit should be banks of Ukraine, Ukrainian Bank for Reconstruction and Development, non-bank financial institutions.

The mechanism of credit targeting realization should provide implementation of financial institutions established target and monitoring their implementation by economic activity for the national economy development. The main credit targeting tools are credit quotas and limits.

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## **MODERN TRENDS IN BANKING M&A MARKET**

Motives of M & A banks agreements can be different and vary depending on economic conditions in certain markets. Thus, in times of crisis or recession, banks are guided by the motive of financial stability (and in some cases at the request of the regulatory authority or government); at a time when economic growth and laying of M & A ambitions shareholders caused banks to increase their profits. In the near future the main trends in the banking market are M & A agreements. Analyzed periods of the banking system of Ukraine in terms of M & A agreements. Systematized M & A agreements in the national banking market over the last two years and the ways of its recovery. These data indicate the low

quality of realized transactions, since 54% of the purchase objects were troubled financial institutions that the conclusion of such agreements was an exceptional event, and could not be undertaken for the classic benefits of deals M & A. Given the downward trend of the market for M & A in the banking sector in recent years in Ukraine, it could be argued that for the further development of market needs substantial improvement and simplification of the regulatory, organizational and methodological support. In the financial crisis, to stimulate mergers and acquisitions, in which troubled banks are included to the financial-resistant and strong banks, is the way to minimize the social and economic costs of bank failure.

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## **ASSISTANCE IN INSURANCE: GIST, MODERN FEATURES OF DEVELOPMENT AND FUNCTIONING**

Requirements of the existing market environment require insurers to constant search for and application of modern tools, techniques and technologies of improving the quality and competitiveness of insurance products. One of the mechanisms that correspond to given criteria in domestic and international insurance markets is assistance.

In view of this, the research of theoretical-methodological and practical aspects of using the assistance in the insurance is relevant.

The purpose of this article is to study the gist, modern features of development and functioning of assistance in the insurance.

In the article revealed the modern understanding of the nature of assistance in insurance, defining the basic services offered. On this basis, are described 7 types of assistance: medical, technical, transport, service, housing, legal and travel assistance.

The features of the development and functioning of the internal and external assistance are researched.

Defined problem aspects of external assistance for the domestic insurers and insureds.

Highlighted the practical advantages of using of internal assistance for domestic insurers, the high level of specialized service provision of services to clients of the insurer, cost optimization, savings on the use of financial, human and technological resources for conducting analytical work, the quality of the operator's work, additional services.

Described quality characteristics of key assistants functioning in Ukraine.

Conducted researches indicate the need and considerable potential for the development of assistance in insurance, especially for medium and small insurers.

Argued that the use of innovative information and communication technologies is a powerful basis for the forming of competitive advantages of assistance services.

Prospects for further research are in substantiating the financial aspects of improving the competitiveness of insurance companies at the expense of assistance services.

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## **PROBLEMS OF PENSION PROVISION DEVELOPMENT IN UKRAINE**

The point of pensions' provision and its introduction in Ukraine is investigated in this article. Generalization, both historical and logical, along with abstraction and analysis are used in the research. Furthermore it is determined that the problem of pension providing is to be solved by means of the system solution of the economic and social issues at all levels. The article gives reference of the main problems of pension system introducing, which are founded in the publications of Ukrainian scientists. The purpose of this article is the main problems faced by the state in the process of implementation of the pension reform in the Ukraine. In this article the international experience of formation of state pension insurance systems is examined, statistical data, that confirm the tendency of population aging and increasing of pressure on the

government concerning pension providing issues, are analyzed. The examples of the realization of state pension insurance in the different countries are given, their description is presented and some peculiarities are emphasized. The main features of the solidary and accumulative pension insurance systems are emphasized. The international experience of state pension insurance in the context of the distribution of obligations between its participants, concerning the insurance payments, is generalized. The ways of improving state pension insurance in Ukraine on the basis of international experience in pension systems reformation are propounded. It also reveals that the recommended package of measures will give an opportunity to considerably strengthen the Ukrainian system of pension provision and insurance.

## ACCOUNTING, ANALYSIS AND AUDIT

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### **CONCEPTUAL APPROACHES TO INTERNAL CONTROL OF SPECIAL PARTNERSHIP ACTIVITY**

The article is devoted to the issue of internal control of business transactions arising in the implementation of joint activities without establishing a legal entity. A detailed methodology for control of special partnership operating is proposed: monitoring of contributions, calculations control, control of business processes, special partnership profit determining accuracy control. The expediency of drawing up specific control information for contributions that will lead to accurate and timely information on their condition is grounded.

The control of joint activities without a legal entity management is an important element that ensures the reliability and clarity of indicators of financial statements. The issues related to the methodology, organization and control of the development of joint activities without a legal entity in the current economic conditions, not received adequate coverage in the scientific and practical literature in Ukraine.

For introduction of joint activities control without a legal entity into the practice of domestic enterprises and its development, it is reasonable to study foreign experience and its adaptation to the Ukrainian entities in a market study ways of further development of this system in our country.

Taking into account the results of the achievements of predecessors, a detailed methodology of control has been studied and developed as a part of implementation of partnership.

The stages and methods of control will help avoid abuses of authority in the company, preventing wasteful and ineffective implementation of partnership.

Obtaining knowledge as a result of consideration of internal control issues and its conduct in the exercise of partnership, identifying characteristics, in particular in terms of contributions forms the knowledge base for future monitoring of the results of such activities.

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## ESSENCE AND CLASSIFICATION OF TAXES

The article is dedicated to a problem of state regulation of the economy, as international economic relations are essential for economic and social development. With this aim the state uses a wide range of means and methods of influence on the economy such as the budget, monetary policy, economic legislation and taxes. The definitions of the tax system are analyzed in detail. The authors pay attention to the methodological basis of taxation system, define the category "tax", and address the specific features of this phenomenon. Principles of the tax system are described in detail in the article. The term "tax" is presented from two sides. First, the tax – is an objective economic category, its inner essence. Secondly, it is a specific legal form used in real economic life. The author emphasized that taxes are an import-

ant economic category what is determined by their main, essential features. The objective nature of tax does not depend on specific economic reality; it is determined by the factors giving rise to this category. The tax is an economic category expressing monetary relations between the state, on the one hand, and natural and legal persons on the other side. They are formed in the secondary distribution of newly created GDP value. The part of its value switches to the disposal of the state. The subjective aspects of taxes are types, levels and rates. It is determined by the system in which they operate. Of particular importance here are: level of socio-economic development, type of government, traditions and so on. Socio-economic nature and internal content through taxes manifest their functions.

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## **INTELLECTUAL PROPERTY: FINANCIAL ACCOUNTING AND LEGAL ASPECTS**

Intellectual property for enterprises, on one hand, is the main resource for additional revenue increase in the value of the enterprise, and on the other hand, the object of fraud (misuse of intellectual property rights), which leads to considerable losses and loss of profits, not produces the expected economic benefits. The main forms of fighting fraud at the company and one of the main means of proof of the circumstances of intellectual property rights violation cases, or the recognition of the results of intellectual activity subject to intellectual property are legal expertise, including forensic accounting, if it becomes necessary to determine the damage, loss of profits of misconduct in relation to intellectual property. The essence of forensic accounting is revealed through the object, the subject, objects, and methods of expert research.

Forensic accounting appointed by the court in connection with the violation of intellectual property rights, or the recognition of results of intellectual activity protected by

intellectual property is considered. There is the problem of assessing the real damage caused by unlawful acts relating to intellectual property, method of determining, which is not developed. The article states that at the legislative level, there is no definition of accounting expertise; accounting expertise is therefore proposed to consider any study accounting data, including audit, inspection, forensic accounting and auditing. This conclusion is based on the following: Forensic accounting is a form of control, and business owners are also interested in attracting expert accountants to monitor the activities of the enterprise management and decision-making. The article points out that accountant consider intellectual property as an intangible asset of the entity. In order to reflect the intellectual property in accounting it is necessary to identify and evaluate it. However, the problems of assessment of intellectual property rights still remain unresolved and require further research and development.

## MATHEMATICAL METHODS, MODELS AND INFORMATIONAL TECHNOLOGIES IN ECONOMICS

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### INTERNET-TRADE AS A WAY TO ATTRACT PUBLIC TO STOCK TRADING

The role of online trading in general and exchange trading in particular is absolute and indisputable in modern society. Given the total automation of all financial market processes, public access to high-speed Internet, a good opportunity to attract a large number of private investors directly to the exchange through the Internet was opened. In spite of the organization of trading through the Internet, the involvement of the public remains understudied.

The aim of the article is to study the role of e-commerce in network of exchange trading expanding.

Objective of the article: 1) analysis and assessment of the current state of exchange trading via the Internet; 2) search for effective methods of bringing to exchange trading via the Internet for domestic and foreign private investors.

The advantages of stock exchange trading via the Internet are: efficiency, ability to track the status of your finances at any time and in any place, the possibility of online reporting, accessibility, election of own investment strategy etc.

However, today the picture is not so optimistic, especially in terms of brokerage firms,

which provide online trading. To attract a large number of private investors, operators of Internet trading significantly reduced the amount of fees, and some services have generally free. With the economic crisis, such approach has led to losses towards online trading.

Last years, brokerage companies do not carry out active advertising campaign to attract customers to online trading. Therefore, the number of users is stable and has approximately 11-12 thousand.

Variants of revitalization in the segment of online trading for existing and potential clients are considered.

To activate existing customers there are offered tools to increase the number of trading tools and changing customer interactions with brokerage companies.

Regarding to new customers attracting the following set of measures is offered: advertising on specialized resources to attract solvent audiences; access to trading via mobile devices; access to education compulsory bidding involving sales managers with a view to transferring a client to a paid account; popularization of trading in high schools and universities (work for the future).

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## **MODERN STATE OF INFORMATION AND COMMUNICATION TECHNOLOGIES MARKET OF UKRAINE**

A problem of market of information and communication technologies development is extraordinarily actual in modern terms both in the world and in Ukraine. It is related to aspiring of the states to innovative development. A necessity of this industry analysis increases with development sphere of information technologies.

In the article the concept of «market of information and communication technologies» gets its definition. The market of information and communication technologies of Ukraine is analyzed. The features of development and mechanism of this industry functioning are investigated. The dynamics of index IDI for Ukraine is educed. The

analysis of positions of Ukraine after the international rating of development of information and communication technologies is conducted.

SWOT analysis is conducted and basic contradictions and problems that arise up in the process of functioning of informative market are defined. These problems have objective (stage of life cycle of market, inequality of development of economy of the world countries) and subjective (absence of coordination between the different branches of power, monopolization of communication market by state companies, unstable external economic politics) reasons. The ways of improving these problems are suggested.

## HUMAN CAPITAL MANAGEMENT

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### PECULIARITIES OF HUMAN CAPITAL FORMATION MEANS ITS INTELLECTUALIZATION

The article presents the etymology of the definitions of "human capital", "intellectual capital", "intellectualization of human capital". The authors identified factors external and internal environment that affect the processes of formation of human capital. In a separate study, the legal factor into account which gives impetus to accelerate the intellectualization of human capital. The article recommendations regarding initiation processes intellectualization of human capital, Worms directly affect the process of its formation.

Globalization and integration into the world economic system led to the emergence of new approaches in the implementation of process control and start the transition to znaniyebazovanoyi economy. Availability of qualified human resources is a crucial factor as the micro and meso and macro level. Only a person with regard to their personal qualities can control the means of production. This new approach is determined on creating innovative technologies, failing which the process will be negated Ukraine joining the European Union. Intellectual capital is given the role of chair, because the people - the native intellectual capital – are the main competitive advantage of developed society. Thus, the formation, accumulation and effective use of

the intellectual capital of the country – one of the priorities of its further development and improving human capital intellectualization – urgent task managers at all levels of government.

Formation of human capital means its intellectualization is the key to the development of society, especially domestic, which is the integration of the economically developed world community. Processes of intellectualization possible when determining the priority role that person should be considered a carrier of human and intellectual capital. But the availability of capital does not solve all the problems associated with the impact factors of macro and micro environment, negativity is determined imperfect legal framework in society, further increasing transaction costs, lack of favorable conditions for patenting and licensing, and so on. This is accompanied by low activity subjects of intellectual property, the reluctance of leaders to solve problems intellectualization of labor, limited motivation to maximize the human capital of workers.

Ways of solving the existing problems must be sought at the level of state administration in the form of improved control over the protection of intellectual property and the level of organization of providing guidance as to cre-

ate conditions znaniyebazovanoho company. Only the joint efforts of the management and control subsystems subordinate able to create space for human capital formation means

its intellectualization that will provide further opportunities and competitive advantages of the country in implementing the strategic goals of innovation.

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