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ЗМІСТ

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FORECAST OF THE POSSIBLE AMOUNT OF INVESTMENT ATTRACTION USING MONTE CARLO IMITATION MODELING

N. O. FARION [1]
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Introduction and objective of the study. Computer program The system of remote corporate governance (SRCG) is aimed at increasing the efficiency of the conduct of general meetings of shareholders by identifying the issues and their level of real support by shareholders. Building internal communications between shareholders, SRCG allows increasing the influence of small shareholders in making important management decisions, which in turn can increase the level of protection of their rights.
Research hypothesis. It is expected that SRCG will improve the investment attractiveness of public companies. To assess the potential investment resources it is necessary to make forecasts. Modeling of future based on construction scenarios was chosen among the various methods of forecast of the possible amount of capital raising. Developed scenarios (optimistic, pessimistic and average) were refined through the use of the Monte Carlo simulation modeling method.
Objective: making forecasts about possible amount of investment attraction by building scenarios using the Monte Carlo simulation modeling method.

Research methods:
- modeling the future on the basis of building scenarios. This forecasting method was used to compile alternative economic forecasts;
- Monte Carlo simulation modeling method was used to refine the forecast values of attracting investment resources.

Results: three scenarios of the possible amount of capital raising were developed: optimistic, pessimistic and average; composed forecast for PC "Volodarka" of the estimated amount of issue of the shares and their price; adapted the Monte Carlo simulation modeling method to calculate the probability of involvement of different amounts of investment resources; probability to attract investment in the amount from 1 to 7 mln UAH is about 71%; calculated the most likely (probability is about 22%) the amount of which may reduce the authorized capital – from 5 to 7 mln UAH; developed measures for reducing (neutralizing) the risk of depreciation of the shares.
Conclusions: based on the calculations, we can conclude that SRCG can be implemented in real-world economic conditions and provide significant attraction of investment resources into public companies.
Keywords: SRCG, Monte Carlo method, method of scenarios, price of the shares, attraction of investment resources.

A problem statement. Computer program "The system of remote corporate governance" (SRCG) is a new software product that was developed by an author (certificate of registration of copyright № 66939) [1]. SRCG involves maintaining the register of shareholders, giving them an opportunity to nominate their own initiative proposals on corporate governance and the implementation of the previous vote on these proposals shares [2].

SRCG, promoting partnership between shareholders, improves the protection of the rights of shareholders, including owners of small blocks of shares [2]. It is expected that the introduction of SRCG will help improve the reputation of public companies. That is, they will form the reputation of those who honestly support the interests of investors, and this will improve the investment attractiveness.

Relevance of the research is determined by the fact that the full use of SRCG on existing enterprises does not seem possible without an in-depth research on the real usefulness for public companies. Enterprises need to know exactly what they can benefit from the program to make a decision. These issues are particularly important in low investment attractiveness of domestic enterprises.

Analysis of the recent researches and unsolved part of the problem. Corporate governance issues were researched by many Ukrainian scientists, among which should be mentioned achievements of L. A. Wenger [3], O. V. Yevtushevska [4], O. V. Moroz [5], L. A. Ptashchenko [6], D. M. Rusak [7] and others. Formation of the system of corporate governance is described in the works of O. E. Popova [8], L. M. Prokopchuk [9] and others.

However, noting a significant contribution that scientists made to the development of the system of corporate governance, most aspects of this multifaceted problem remain relevant and require constant attention. The dynamic development of information technology identifies objective areas for improvement for the system of corporate governance. In addition, the constant change of the economic environment, preferably towards its worsening, is leading to a need to find new theoretical and practical approaches to improve (develop) the system of corporate governance.

The aim of the research is the adaptation of the Monte Carlo simulation modeling method for forecasting possible amount of investment attraction by building scenarios.

Research results. Implementation of SRCG will promote [2]:

- increasing the efficiency of the general meeting of shareholders by identifying the range of pressing issues and their level of real support by the shareholders;

- partnership between shareholders, resulting in forming a community of shareholders that effectively cooperate with each other;

- harmonization of relations between different groups of shareholders through the balance of interests of owners of small and large packages of shares;

- the growth of the real impact of minority shareholders.

All the above gives some assurance to shareholders that their rights will be considered. Respect the rights of shareholders will improve the investment attractiveness of public companies, which in turn will help to attract additional financial resources.

Of course, all the above-mentioned improvements will remain only assumptions, if they are not backed by appropriate calculations in the form of specific forecasts for the enterprise development. Among the various methods of forecasting, it is advisable to choose a modeling of the future based on constructing scenarios. As previously revealed, SRCG promotes investments, that is, it can give a very quick and noticeable effect, drive growth of capitalization of the public company. Therefore, we will evaluate the SRCG for this indicator, as a possible amount of the capital raising. The following is a description of three possible scenarios:

1st optimistic scenario: introduction SRCG will be extremely useful for the development of public companies and allow them to attract additional investments in the planned amount.

2nd base scenario (average, realistic, most likely): program (SRCG) will be useful for the development of public companies and positively influence their activity by attracting some amount of investments.

3rd pessimistic scenario: program (SRCG) will not bring any benefit to public companies, or even would be harmful for them. In this scenario, the implementation of SRCG will not help to attract investments. Moreover, the system may cause additional damage to the public company as a result of reduce (fall) of the share prices.

Then we will use the developed scenarios (optimistic, pessimistic, and most likely) to plan the amount of investments and the growth of an the own capital.

We will predict possible amount of attracting investments through the issue of shares on the example of PC "Volodarka". The quantity of public shares of PC "Volodarka" is 213,078 units. Each shareholder can be proposed instead of two shares of the previous issue buy one share of the new issue. For this purpose, on the general meeting of shareholders must be decided to issue additional shares amounting to 50% of the previous subscription (in this case issuing shares at the base of a public company). Thus the quantity of newly issued shares will be 106,539 units.

It is assumed that subscriptions to newly issued shares should be conducted among shareholders, and in case of failure, possible sale of shares on the stock exchange. The result of such subscriptions may be an additional issue of shares in the range from 0 to 106,539 units.

An important element of the additional issue of shares is pricing. Price of share is a monetary expression of the value that is paid per share. The share has the following price forms: nominal, currency (market), issuing and balanced [10, p. 260; 11, p. 115].

Balanced (book) price of a share is the amount of the own capital of the enterprise that is attributable to one share [11, p. 116]. If there were only issued ordinary shares, their value is determined by dividing the own capital on quantity of shares. If also issued preferred shares, then the own capital should be reduced on the total cost of preferred shares at par or redemption price (for recall shares).

Indicator of the balanced (calculated) rate of corporate rights characterizes the own capital structure of the company. It measures the amount of net assets attributable to one share (proportion, part) and is expressed as a percentage relation between the own capital (OC) and authorized capital (AC) [11, p. 115–116]:

$$\text{Balance course (BC)} = \frac{\text{OC}}{\text{AC}} \times 100\%, \tag{1}$$

where OC – the own capital; AC – authorized capital.

The estimated value of the share is determined by dividing the total net asset value (the own capital) on quantity of shares is kept in circulation on the date of calculation [12, p. 2–3]:

$$\text{The cost of share (CS)} = \frac{\text{The own capital}}{\text{Quantity of shares}} \tag{2}$$

or

$$\text{The cost of share (CS)} = \frac{\text{Total assets on the balance} - \text{Total obligations}}{\text{Quantity of ordinary issued shares}}. \tag{3}$$

Let us calculate the balance rate of a share according to the formula (1):

Balance rate (BR) = – (24519000 / 4005866.4) x 100% = 612.08%.

Book value of shares = (Nominal value of shares x Balance rate) / 100% = (18.8 x 612.08) / 100 = 115.07 UAH.

Let us calculate the value of a share according to the formula (2):

The value of shares = 24519000 / 213078 = 115.07 UAH.

Let us calculate the value of shares by the formula (3):

The value of a share = (39674 – (2509 + 12646)) / 213078 = 24519000 / 213078 = 115.07 UAH.

As we can see, different formulas give the balance rate of the shares equal to 115.07 UAH.

Since quantification of the future is complicated (yes, it is difficult to accurately determine the demand for shares), in the preparation of scenarios most commonly is used interval forecasts of indicators. The lower limit of the forecast level of price of the share will be considered their face value, and the top – the balance rate of the share. In the Table 1 are shown interval forecasts for the price of shares of PC "Volodarka", it will be in the range from 18.8 UAH to 115.07 UAH.

As we can see from Table 1, we have very large interval forecast of the price of share. The reason is that the nominal value of the shares does not fit us, which is not fully comparable with the current value of the shares. The nominal value is important only when establishing the public company, and later more relevant is only the market value.

Table 1

Interval forecasts for the price of shares of PC "Volodarka"

Title of PC	Authorized capital (total nominal value), UAH.	Year of shares issue (Issue date of registration).	Nominal share value, UAH.	The the own capital of the enterprise (calculated net asset value) thousands of UAH.	Share quantity, units.	Balanced value of shares, UAH.	Expected threshold per share, UAH.
1	2	3	4	5	6	7	8
PC "Volodarka"	4005866.4	15.12. 2010	18.8	24519	213078	115.07	18.8 – 115.07

* compiled and calculated by the author according to the published information on the website www.smida.gov.ua [13].

The market price or the stock prices is the price at which the shares are bought and sold on the market [14]. Thus, share nominal does not matter, and the share of smaller nominal may be sold at a higher price. For an investor is important, which income gives the share at the moment and what are the prospects for profit in the future.

The actual market price of the shares is determined by their supply and demand and may differ from the calculated [15, p. 267]. The most important deviation factor of the market price in either direction is correlation between supply and demand on a securities market [15, p. 267]. The price of shares on the market at any given time formed under the influence of such factors [14, 16]:

1) amounts of paid and expected dividends in the prospect;

2) the size of bank interest rate (lending rate);

3) profitability level of operations in alternative markets, including the bond market;

4) price of precious metals, fuel, commodities and real estate provided that investing money in them is becoming an alternative to investing in shares;

5) level of liquidity of shares is the possibility of converting them into cash without much loss;

6) exchange speculation, expected trends in market conditions securities;

7) inflation and trends of expected changes in the course of the inflationary process.

The difficulty of measuring and forecasting make evaluation process very difficult. One of the simplest is the method of calculating the share price based on the amount of paid dividends. The market price of the share (Ma) can be calculated according to the formula [17]:

$$\mathrm{Ma} = (\mathrm{Sn} \times \mathrm{Sp})/100\%, \quad (4)$$

where Sn – the nominal value of the share; Sp – stock price.

In turn, stock price (Sa) is calculated [17; 18, p. 369]:

$$\mathrm{Sa} = \left(\frac{\mathrm{Ds}}{\mathrm{Ib}}\right) \times 100\%, \quad (5)$$

where Ds – dividend on shares in %; Ib – bank lending rate in %.

For the bank lending rate we take the NBU discount rate [19]. The average discount rate of NBU = 10.625 %.

Let us calculate dividends on shares in % for PC "Volodarka." Shareholder dividends (D), UAH:

D = Anv x Ds x Qs, where Ds = D / (Anv x Qs),

where D – earned dividends per share, UAH (D = 5.74 UAH); Anv – nominal value per share, UAH; Qs – quantity of shares owned by the shareholder, units.

Ds = 5.74 / (18.8 x 1) = 0.3053 x 100% = 30.53%.

Let us calculate the stock price Sp = (30.53 / 10.625) x 100% = 287.34%.

The market value of shares for PC "Volodarka" will be:

Ma = (18.8 x 287.34) / 100% = 54.02 UAH.

As a result, for PC "Volodarka" we received the following intervals of values of share prices and the estimated amount of additional issue of shares (Table 2).

Table 2

Forecast of possible amount of the issue of shares and their price for the public company "Volodarka"

Indicator title	Acronym name of the indicator (abbreviation)	Indicator measurement	Interval values of the indicator
1	2	3	4
Price of ordinary shares	$P_{ord.\ shr}$	UAH	from 54.02 to 115.07
The amount of shares issued	Q_{shr}	units	from 0 to 106539

* calculated by the author according to the published information on the website www.smida.gov.ua [13].

The amount of increasing of authorized capital based on additional issue shares can be found according to the simple formula $P_{ord.\ shr}$ x Q_{shr}.

If we take the median (average value) in each of the intervals, we get a possible increase in authorized capital: 84,545 x 53,270 = 4,503,670 UAH. The result 4,503,670 is a median interval.

Due to such circumstances as:

we cannot know what will be the demand for the new share issue;

market price of shares depends on many factors.

The market rate depends on correlation between supply and demand for securities. In turn, buyers and sellers of shares in making appropriate decisions take into account the following factors [14; 16]:

1) information on current and projected dividend payments;

2) size of bank interest rate (lending rate);

3) level of profitability of operations in alternative markets, including the bond market;

4) the price of precious metals, fuel, commodities and real estate, provided that investing money in them is becoming an alternative to investing in shares;

5) level of liquidity of shares, that is, the possibility of converting them into cash without much loss;

6) expected trends in market conditions securities;

7) inflation and trends of expected changes in the course of the inflationary process.

8) conclusions of analysts regarding the quality of the financial condition of the issuer;

9) assessment of the prospects in the field of industrial and economic enterprise;

10) general economic situation in the country and trends of its development (conjuncture, growth, stagnation etc.);

11) prospects of development of the relevant industry;

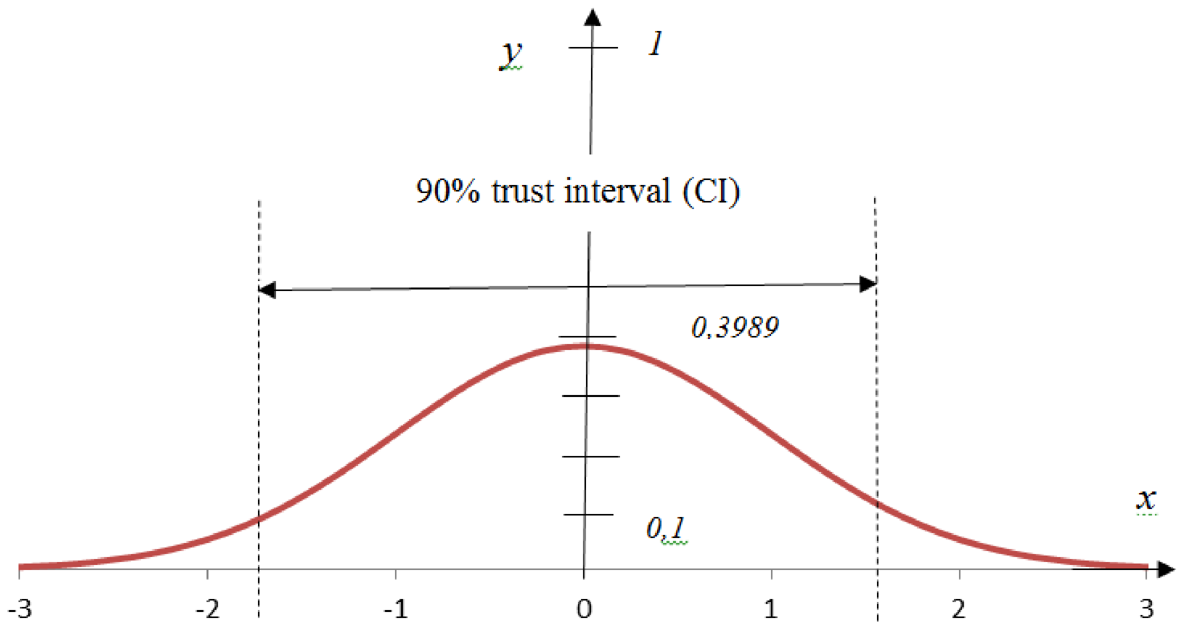
12) political influence through political and economic decisions and public financial policy;

13) psychological and speculative factors.

Impact of these factors complicates forecasting of demand for shares. Given the impact of these factors is not possible to perform simple calculations to answer the question: how much investment we could attract.

There are methods that allow under certain conditions find interval values of the resulting parameter for a range of values of the source data, including the Monte Carlo simulation modeling method [20, p. 77]. The Monte Carlo method is a method of direct selection of possible options [20, p. 77]. From the available intervals we select at random a lot of (thousands) the exact output parameters and calculate a lot of the exact values of an indicator of what we are looking for [20, p. 77].

Simulation by the Monte Carlo method will be performed on a personal computer using the Excel program. For our task, we take 90% trust intervals [20, p. 78]. Then we need to determine the shape of the distribution curve. If 90% trust intervals is commonly used a curve of normal (Gaussian) distribution [20, p. 78]. It looks like a bell curve, where most of the possible values of the results are grouped in the center of the chart and only a few, less likely, distributed, going down to zero on its edges (Figure 1) [20, p. 78].



* on the horizontal line there are numbers of sigmas.
** average (μ) equals to 0, standard deviation (σ2) equals to 1.
**** compiled by the author.*

Figure 1. **Gaussian curve (normal distribution curve)** [20, p. 78]

Features of the normal distribution [20, p. 78]:

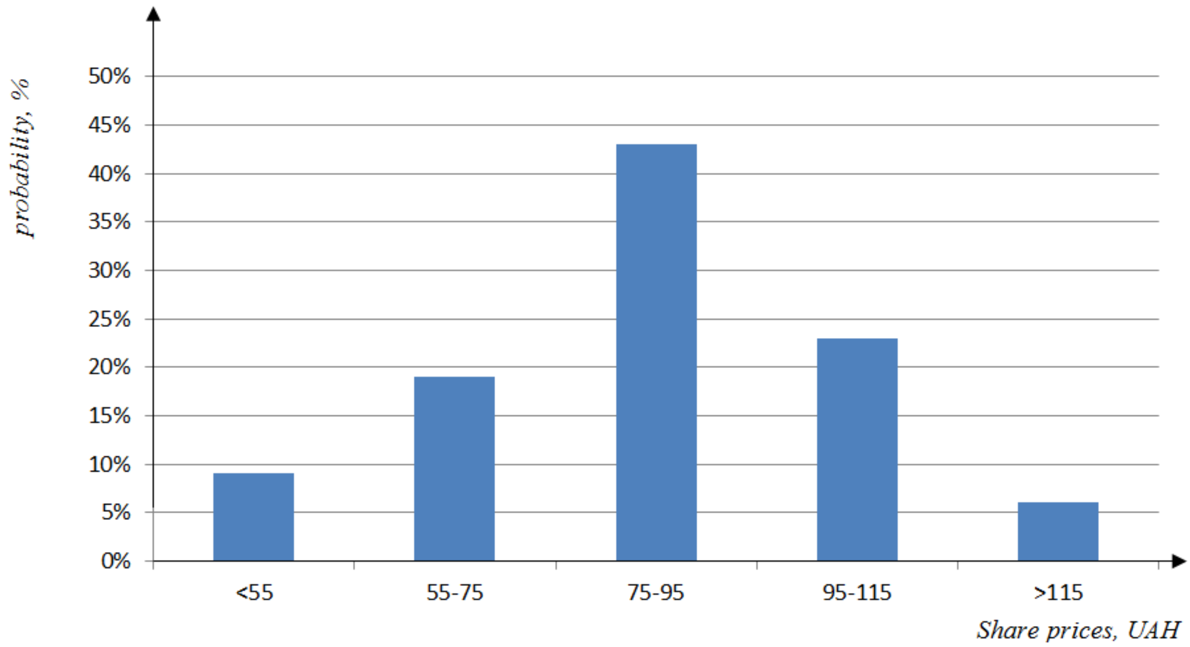
values that are located in the central part of the schedule, are more likely than the values on the edges;

symmetrical distribution, the median is located exactly in the middle between the upper and lower limits of 90% trust interval (CI);

schedule "tails" are endless; values outside the 90% trust interval are unlikely, but still possible.

Speaking of normal distribution, it is necessary to mention an associated thing as a standard deviation [20, p. 79]. In a 90% trust interval there are 3.29 standard deviation [20, p. 79].

In our case, in the spreadsheet there should be created a generator of random numbers for each range of values [20, p. 79]. We start, for example, from the price of ordinary shares ($P_{ord.\ shr}$). Distribution of price size of ordinary shares for 100 normally distributed values (Figure 2).



* on the horizontal line there are deferred size ranges of share price, and on the vertical axis there is a part of share scenarios that occur in the specified range.
*** compiled by the author.*

Figure 2. **Probability of distribution $P_{ord.\ shr}$ for the range of values**

When calculating the 100 random values, distribution is not perfectly symmetrical. However, 85% of values fell in the price range of ordinary shares Pord. shr from 55 UAH to 115 UAH.

Let us construct a table based on trust interval parameters $P_{ord.\ shr}$ and Q_{shr} (Table 3). Calculations of the Q_{shr} distribution probability for the range of values are conducted similarly as for $_{Pord.\ shr}$. We will not use 100 random values now, but create in Excel 10000 line-scenarios.

The last column shows the results of calculations based on data from two previous columns. In the column "The value of capital increase" is shown the possible value of capital increase (possibly attracting investments), in each line is calculated one of the possible 10,000 scenarios. For example, in the case of scenario 2 the value of capital increase will be: 58.1 x 37,823 = 2,197,320.6 UAH.

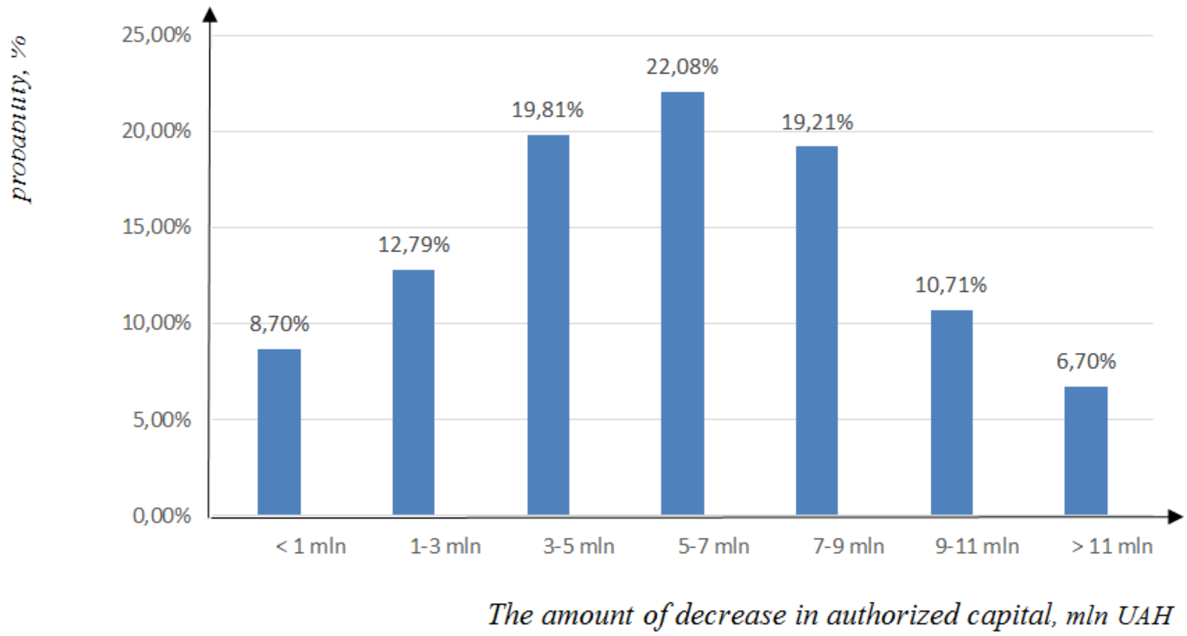
In order to evaluate the results, we build a summary table that will allows to calculate the number of scenarios in each 2-million range. Then we build a graph that shows the calculation results (Figure 3).

Table 3

Calculation of possible scenarios of increasing the value of the authorized capital of the Monte Carlo method in Excel

Scenario №	Ordinary share prices (UAH)	The amount of shares issued (units)	The amount of capital increase (UAH)
1	69,52679	19167,03050	1332622,05568
2	58,09446	37823,23980	2197320,55781
3	58,14521	49136,50265	2857052,37417
4	82,25140	17106,39333	1407024,77445
5	82,02296	79431,60974	6515215,55950
6	87,67378	27321,90569	2395414,79325
7	94,00078	25188,79628	2367766,37310
…			
9999	60,43956	27765,26726	1678120,53944
10000	73,46286	18747,40819	1377238,23330

* *author calculations.*



* on the horizontal line there are deferred 2 million size ranges of increasing of authorized capital, and on the vertical axis there is a part of share scenarios that occur in the specified range.
*** compiled by the author.*

Figure 3. **Distribution of value of authorized capital increase by the range of values**

This graph shows what proportion of the 10,000 scenarios designed for our rate (the amount of capital increase) falls in a particular range of values. For example, about 7.43% of scenarios will attract investment of more than 9 mln UAH.

From all obtained value measures of authorized capital increase approximately 11% would be less than 1 mln UAH. This means that the probability of attracting minimum investments is 11%. The given number represents an assessment of meaningful risk. However, the complete lack of investment is virtually impossible. The probability to attract investment in the amount of 1 to 7 mln is about 71%. The probability of attracting significant investment (more than 7 mln UAH) ss quite high and is about 19%.

Thus, we calculated the most likely (probability is 27.65%) value of which will increase the authorized capital – from 3 mln UAH to 5 ml. UAH.

Increase in authorized capital (the own capital) allows [14]:

Implement a new investment project. Private (authorized) capital is the financial basis for launching new projects to expand its activities.

Additionally increase capital raising through credit resources. Authorized capital is a kind of loan collateral for creditors of the company. The bigger the own capital of a company, especially authorized capital, the more losses the company may suffer without the threat of creditors' interests, therefore, the higher is its creditworthiness.

Improve liquidity and solvency of the enterprise. Contributions to the own capital, together with facilities, equipment, securities and other material assets can be money. They can be used to finance operating and investment activities of the enterprise, and for repayment of loans. This in turn increases the liquidity of the enterprise, on the one hand, and the potential of long-term funding on the other.

Improve the reputation of the enterprise. Solid authorized capital (the own capital) of the enterprise forms the basis for credibility not only among investors, but also from input suppliers and consumers of finished products. In addition, the enterprise with a solid own capital is much easier to attract qualified personnel.

In addition, the increase the own capital (authorized capital) is of great importance not only for creditors, but also for the enterprise and its owners. The higher the own capital, the better the enterprise is protected from effects of threatening to its existence factors [14].

In addition to the optimistic scenario, must be also considered the development of the pessimistic scenario. Under this scenario, as mentioned above, SRCG may harm the company. For example, PC "Volodarka" let us forecast a possible amount of losses in the case of the pessimistic scenario. Under this scenario, the enterprise may incur losses due to lower stock prices (Table 4).

Table 4

Intervals of possible falling of share prices for the public company "Volodarka"

Indicator title	Acronym name of the indicator (abbreviation)	Indicator measurement	Interval values of the indicator
1	2	3	4
Price of ordinary shares	$P_{ord.\ shr}$	UAH	from 0 to 54.02
The amount of shares issued	Q_{shr}	units	213078

* *calculations of the author.*

The amount of reduce of the own capital due to falling stock prices can be found can be found according to the simple formula $P_{ord.\ shr}$ x Q_{shr} – $P^{\downarrow}_{ord.\ shr}$ x Q_{shr}.

If we take the median (average) falling stock prices on shares, we will get a possible reduce of own capital:

Δ The own capital = 54.02 x 213078 – 27.01 x 213078 =11510473.56 – 5755236.78 = 5755236.78 (UAH.).

The result 5,755,236.78 is a median of the interval.

Given that we cannot know the exact falling in stock prices on shares, to forecast possible reduce of the own capital we will use also the Monte Carlo simulation modeling method.

Let us construct a table based on trust interval parameters $P_{ord.\ shr}$, Q_{shr} we take as equal 213,078 units. Calculations will be conducted in Excel by creating 10,000 line-scenarios (Table 5).

Table 5

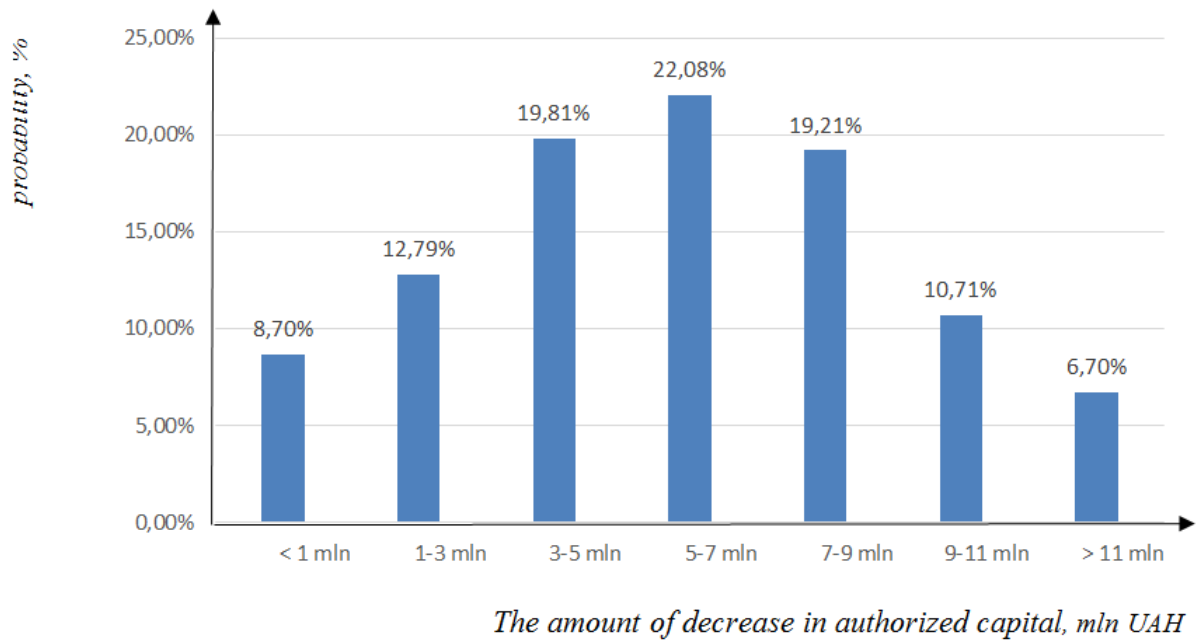
Calculation of scenarios by the Monte Carlo method in Excel

Scenario №	Ordinary share prices	The estimated level of price reduction of common stock (UAH)	Quantity of placed shares (units)	The amount of reduce of the own capital (UAH)
1	54,02	23,1	213078,0	6 582 459
2	54,02	18,2	213078,0	7 638 663
3	54,02	26,0	213078,0	5 960 379
4	54,02	28,9	213078,0	5 357 695
5	54,02	24,2	213078,0	6 364 202
6	54,02	27,8	213078,0	5 587 601
7	54,02	32,2	213078,0	4 653 430
8	54,02	14,6	213078,0	8 396 765
9	54,02	20,3	213078,0	7 182 324
10	54,02	25,1	213078,0	6 153 570
…	…	…	…	…
9999	54,02	42,6	213078,0	2 432 379
10000	54,02	31,0	213078,0	4 907 843

* compiled by the author.

The last column shows the results of calculations based on data from the previous columns. In the column "The amount of reduce of the own capital" is shown the possible value reduction of the own capital (possible losses of the enterprise), in each line is calculated one of the possible 10,000 scenarios. For example, in the case of scenario 2 the value of capital increase will be: 54.02 x 213,078 – 18.2 x 213,078 = 7,638,663 UAH.

In order to evaluate the obtained results, we build a summary table that allows to calculate the number of scenarios in each 2-million range. Then build a graph that shows the calculation results (Figure 4). This graph shows what proportion of the 10,000 scenarios designed for our rate (the amount of reduce of the own capital) falls in a particular range of values.



* on the horizontal line there are deferred 2 million size ranges of decreasing of the own capital, and on the vertical axis there is a part of share scenarios that occur in the specified range.
*** compiled by the author.*

Figure 4. **Distribution of value of authorized capital reduced by the range of values**

From all obtained value measures of reduce of the own capital is approximately 7% that will be more than 11 mln UAH. This means that the possibility of maximum reduction of the own capital is 11%. The given number represents the assessment of meaningful risk.

Thus, we calculated the most likely (probability is about 22%) amount on which the own capital can reduce from 5 mln UAH to 7 mln UAH. The probability of reducing of the own capital in the amount from 3 to 9 mln is about 61%.

Reducing of the own capital leads to:

• increased risk of bankruptcy;
• deteriorating liquidity and solvency of the enterprise;
• reduced profitability;
• damage to the reputation of the company.

The less its own capital has the enterprise, the lower is its creditworthiness; worse enterprise is protected from effects of threatening to its existence factors [14]. In addition, the potential for long-term financing is reduced. Thus, the reducing of the own capital has a negative influence for the enterprise and its owners.

For increasing the likelihood of successful implementation of SRCG it is necessary to identify in detail all significant risks, collect and analyze information about them. For reducing the level of risk it is necessary to develop measures for its neutralization.

Risk assessment we will produce according to the following pattern: determination of risk; risk assessment and identification of measures for its prevention. The experts stated that SRCG may harm the enterprise through the identification of such factors affecting as:

1. Risk: a leak from the register of shareholders, which is expected to conduct by SRCG. Shareholder information (personal data) may fall into the hands of raiders who can use it to their advantage.

Measures to prevent the risk: this risk can be neutralized by not disclosing the real data of shareholders of the enterprise.

2. Risk: the majority shareholders can use the system for buying missing votes of the shareholders.

Measures: registration of shareholders under pseudonyms.

3. Risk: the majority shareholders may use information about the results of the previous vote in their favor, as SRCG shows the number of votes that can redeem for promoting the necessary decisions.

To avoid this risk or weaken its negative impact there should be taken the following measures: to publish information on critical issues advisable shortly before the general meeting. That is, to enabled the option when the results of voting on individual initiative proposals will be published shortly before the general meeting of shareholders.

4. Risk: during the introduction of the program product and during its maintenance is often manifested its weaknesses and shortcomings.

Risk management: an important role in the effective development takes extensive testing and debugging the system (application).

5. In the process of implementation of the system must be taken into account the risk of non-viability of the project: the lack of interest of the shareholders to the new system. As a result, it may cause an insufficient number of shareholders who registered in the system. As a result, it reduces the effectiveness of the implemented system, it does not give accurate results. D.M. Rusak said that the reasons for the rejection of innovations at the level of public companies are rooted in objective features of the system of corporate governance, a relatively high concentration of ownership, the actual closure of the bulk of public companies, self-financing, "pocket" supervisory councils [7, p. 10–11].

A way to reduce risk is promoting SRCG among shareholders, as well as encouraging participation in the system. The best measures to attract shareholders to the system are: constant work with them, and help to study the program. In addition, it is necessary to improve corporate culture and corporate consciousness in shareholders.

If we take all possible measures to reduce the risk, we can expect an optimistic scenario in which is expected to attract from 1 to 7 mln UAH with the probability of 71%. It should be noted, that measures to reduce risk are to be conducted in advance for the entire duration while working with SRCG.

Conclusions and suggestions for further research. Based on calculations, we can conclude that the effect from the implementation of SRCG will be quite noticeable for the enterprise. Implementation of SRCG, as confirmed by the relevant calculations will increase the own capital of the company. PC "Volodarka" can attract investment in the amount of 1 to 7 mln UAH with a probability of 71%. This in turn will improve the financial stability of the company.

In addition, SRCG will: improve the performance of the general meeting of shareholders; ensure adequate protection of the minority of shareholders; prevent the emergence of new corporate conflicts and facilitate the settlement of corporate conflicts existing between the minority and majority of shareholders; strengthen corporate social partnership between the shareholders; and improve the image of the enterprise. Based on the above said, SRCG can be implemented in the public companies in order to improve corporate governance.

Thus, today it is appropriate to intensify the implementation of SRCG in practice of public companies. Designed the system of remote corporate governance may be useful also for the enterprises that are not public companies.

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JEL Classification: G21

UDC: 339.138:659.127.6 (043.3)

SINERGETIC AND COMPLEX EFFECTS OF BRANDING OF INTEGRATED BUSINESS STRUCTURES AND PROBLEMS OF MANAGEMENT

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Introduction and goal of the research. The main strategic goals of the integration of business structures is the formation of the values of the business unit, which is realized through the growth and capitalization of intangible assets, a special place among which is the brand. In the process of integration interaction there are effects of synergy and complementarity, which are caused by the principles of uncertainty, unpredictability and unbalance.
Research hypothesis. Branding, acting as an integral part of the integrated structure and the potential for complementary and synergistic effects, requires a scientific substantiation of the methodological foundations in the approaches to disclosing the essence of the effects of the merger as a whole.
The lack of fundamental and applied research on the sources of synergy in the process of branding in the integrated business structures system leads to a reassessment of the motives and cost of merger transactions.
The purpose of this article is to reveal the nature of the origin of the components of the overall effect of the merger of brands, in particular, the main ones: the effect of complementarity and synergy effect.
During preparing of the article, **methods** of scientific synthesis, synthesis, method of formalization and a systematic approach were used.
Results of the research. The article is devoted to the scientific substantiation of the methodological foundations in the approaches to disclosing the essence of synergistic and complementary effects that arise in the process of brand integration in the system of integrated business structures.
Conclusions. The basis for choosing a strategy for integrating business-style brands after mergers or acquisitions as an open and non-equilibrium system is the assessment of the integration phase, in which all brands of the integrated business structure are located. Such an estimation will allow using both qualitative and quantitative indicators of integration in statics and dynamics, allowing to take into account the correlation between the types of complementary and synergistic effects depending on the types of structure of the integrated brand.
Keywords: Branding, integrated business structure, complementary effect, synergistic effect, bifurcation.

Statement of the problem and its relevance. Globalization processes of world production and the development of large private property in Ukraine, form a new wave of activation of mergers and acquisitions. The main strategic goals of the integration of business structures is the formation of the value of the business unit, which is realized through the growth and capitalization of intangible assets, a special place among which occupies the brand.

In the process of integration interaction there are effects of synergy and complementarity, which are caused by the principles of uncertainty, unpredictability and non-equilibrium. The greatest potential of synergy is internal subsystems of the integrated business structure, because it is through them that the transition of the system to the state of bifurcation occurs. Thus, branding, acting as an integral part of the integrated system and the potential for complementary and synergistic effects, requires a scientific substantiation of the methodological foundations in the approaches to disclosing the essence of the effects of the merger as a whole.

Analysis of research and publications. In the scientific literature, separate questions of research on the sources of synergy and complementarity are considered from the point of view of mergers and acquisitions of corporations (D. Depamfilis [2], S. M. Ishchenko [3], I. P. Lapshin [5], V. M. Marchenko [6], A. A. Myasnikov [8] and others).

Unresolved earlier parts of the overall problem. Issues of synergy and complementarity in the process of brand integration are poorly understood, and require further research.

The goal of the research. The lack of fundamental and applied research of the sources of synergy in the process of branding in the integrated business structures system leads to a reassessment of the motives and cost of merger transactions. The purpose of this article is to reveal the nature of the origin of the components of the overall effect of the merger of brands, in particular, the main ones: the effect of complementarity and synergy effect.

The main results of the research. Approaching the consideration of the essence of the effects that arise in the process of integration, attention should be paid to the synergistic and complementary effects of branding of integrated business structures. In accordance with the synergetic concept, the synergetic effect is considered through the prism of two postulates:

1) Probability of internal self-organization of system elements;

2) The probability of self-organization of this system with other systems (consumers, society, competitors etc.).

The development of an integrated business structure is a model of long-term actions, the development and implementation of which is aimed at achieving the goals. Thus, the development of the structure that is in the process of association is described in three ways: either the integrated business structure is considered as a complex mechanistic system, or as a system that can evolve through integration, or as a system based on the operation of which the concept of self-organization (synergetics).

Characteristic features are: cooperative action of components (including branding), forming a system; Unbalanced state supported by internal factors; the nonlinearity of the process that occurs during development and is described by the levels of the second and third degrees; the presence of certain restrictions on the process of self-organization. It should be noted that from the standpoint of the synergetic approach to the integrated business structure, as an open economic system, characteristics such as the possibility of self-regulation, openness and non-equilibrium are characteristic.

With such a vision of the essence of synergy, self-organization acts as a new form, structure, the likelihood of interaction between elements of a structure that arose as a result of the integration of two or more business units and which could not be created by the efforts of only one business unit. So, in our opinion, the main idea of branding of integrated business structures is that business entities can not achieve the relevant (maximum) results unless they are participants in the system of integrated business structures. Synergistic effect, the initiation of which is due to the very essence of the integration of brands mathematically can be defined as follows:

$$f\,(x1, ..., xn) = f\,(x1) + ... + f\,(xn) + S\,(x1, ..., xn), \qquad (1)$$

f – Integral function, which is an indicator of the business activities of the brands as a whole;

x1, ..., xn – Independent business entities (brands) as part of the integrated business structures;

S (x1, ..., xn) – Synergistic effect of joint activity *x1, ..., xn.*

In this regard, the problem of branding in the system of integrated business structures is defined as finding $f\,(x1, ..., xn) \rightarrow max$ by selecting components of an integrated business structure *x1, ..., xn* dnd build between them such interconnections that can be achieved by $S\,(x1, ..., xn) \rightarrow max.$

The synergistic effect of S on branding in the system of integrated business structures arises precisely as a result of the joint activity of individual brands of business structures *x1, ..., xn,* and part of it belongs directly to the subjects (separate brands), and the other part – the branding of the integrated business structures in general. You can consider this *S (x1, ..., xn)* through:

$$S\,(x1, ..., xn) = s\,(x1) + ... + s\,(xn) + s\,(x1, ..., xn), \qquad (2)$$

S (x1) + ... + S (xn) – Parts of the synergistic effect that arise in subjects (brands) *x1, ..., xn*;

S (x1, ..., xn) – Part of the synergistic effect that is achieved in general.

Thus, we can assume that the effect is distributed appropriately between business participants and allows them (and the structure as a whole) to achieve indicators that are not achievable in self-employment. This effect is more attractive than relative independence of brands outside the system of integrated business structures, since the consolidation of the resource base, including, generates a positive balance of transaction costs. When evaluating the effect and its distribution, the indicator of the subject's activity becomes a new function *f(xi)*, which takes into account the share of synergistic effect:

$$f'(xi) = f(xi) + s(xi). \qquad (3)$$

The overall assessment of the activity then looks as follows:

$$\begin{aligned} f(x1, ..., xn) &= f(x1) + ... + f(xn) + S(x1, ..., xn) = \\ &= F(x1) + ... + f(xn) + s(x1) + ... + s(xn) + s(x1, ..., xn) = \\ &= F'(x1) + ... + f'(xn) + s(x1, ..., xn). \end{aligned} \qquad (4)$$

Thus, if an integrated business structure exists as a set of entities (brands) with different owners (or shares of owners), then the question arises about the mechanisms for fair separation of the synergistic effect between the parties. If the integrated business structure is a product of restructuring a single company, then the entire synergistic effect belongs to one owner or a group of owners regardless of which brands themselves have been able to obtain a synergistic effect. Thus, branding in the system of integrated business structures creates opportunities for the emergence of a systemic effect and its use.

The complementary effect, unlike synergy, is the predictable result of an organized process, which manifests itself mainly through savings and acquired benefits as a result of volume changes, production structure, management structure, etc. Savings serves as the expected result of combining and complementing the resources of business units as a result of their consolidation. In particular, speaking about the complementary effect of integration, it is possible to distinguish several levels of its occurrence: the effect of pooling resources, the effect of the combination of capacities, the effect of combining financial flows, the effect of marketing, the effect of substitution (investment), the effect of centralization etc. [6, 7].

The complementary effect of branding of integrated business structures is manifested through the savings of marketing costs, changing market share, changing competitive positions, the effect of complementarity, diversification, and changing the size of brand equity.

At each of the levels of the emergence of the complementary effect is possible, but not guaranteed appearance and synergistic effect. In the study of the essence of manifestations of complementary and synergistic types of branding effects of integrated business structures, the type of structure of an integrated brand should also be taken into account. The correlation between the types of complementary and synergistic effects, with taking into account the types of structure of the integrated brand is presented in Table 1.

Table 1

Value of types of complementary and synergistic effect, with taking into account the types of structure of the integrated brand

Type of structure of the integrated brand	Complementary effect: the one that is predetermined, predicted, accurately measured	Synergistic effect (attractor): unpredictable, poorly measurable, result of randomness
Matrix structure of the integrated brand	Savings in marketing expenses	New terms of cooperation New knowledge Change in market conditions Branding innovations
Cluster structure of the integrated brand	Savings in marketing expenses	Competitive-integration benchmarking New knowledge New corporate culture
Circular structure of the integrated brand	Change the market share Change in competitive positions	Change the market value of the integrated structure Image
Holding structure of the integrated brand	The effect of complementarity Diversification Change in the size of the brand equity	Change in market conditions New development opportunities Getting a new experience New brand management quality
Linear structure of the integrated brand	Savings in marketing expenses Change of the organizational structure of brand management	Change in market conditions Competitive integration benchmarking
Integrated brand integration structure	The effect of complementarity Change in the size of the brand equity	Change the market value of the integrated structure Image

Hence, effective branding in the integrated structures system is a perfect state to which each group of interacting brands of business units should seek, regardless of their scope and scale. In practice, this is achieved by the independence of each of the subjects responsible for the indicators of their branding activities and capable of independent development. This means that each business unit is able to effectively use within itself a centralized brand management model.

At the same time, the integrated business structure generally follows the decentralized brand management system in terms of strategic brand development, brand value assessment, customer loyalty, marketing budget definition, resource allocation, brand portfolio assessment and optimization, and periodicity of brand equity management research.

In general, the process of developing an integrated business structure as an open economic system can be regarded as an unlimited sequence of self-organization processes. The dynamics are such that, under the influence of changes occurring in the internal environment and the actions of destabilizing factors of the environment, there is a loss of stability of the system, which until then was in an unbalanced state [3]. These changes "trigger" the spiral process, where each turn of this spiral represents a new high-quality self-organized economic system that generates a new ordered structure. Upon completion of this process of self-organization, the system again becomes a new equilibrium state.

Such evolutionary spiral cycles of the development of economic systems, at first glance, may look relatively similar, but by their nature, they qualitatively differ. Each of the large cycles of self-organization of the system is a partial (that is, disproportionate) sum of small cycles. Moreover, in their size, they differ not only in terms of the effect of changes occurring, but also on the criteria of qualitative and quantitative transformations, which allows to find out (instability) from any position, and each of these leads to a new cycle of self-organization. Therefore, each large cycle thanks to its spiral structure raises the system to a new, in a sense, higher, evolutionary plane, characterized by a new level of integration of the business structure. Major cycles of the spiral process of integration of business structures as an economic system are characterized by such basic characteristics as irreversibility, randomness, nonlinearity and uncertainty, embodied in the corresponding principles of management.

According to the phases of integration of brands of business units, these principles need to be clarified:

1. The irreversibility in the integration process is explained by the existence of the so-called point of bifurcation (the critical point), to which the effect of destabilizing factors of the environment does not cause significant changes in the state of equilibrium of the system, after which there may be several directions (possibilities) of further evolution.

2. At the bifurcation point, the control variable reaches a critical value, after which the system proceeds from the state of equilibrium [5]. From this moment in the system there is a "choice" in which there is an element of chance, which leads to the impossibility of predicting the further development of the system. Bifurcation – the term comes from lats. Bifurcus – "bifurcated" and is used in the sense that there are qualitative alterations or metamorphoses of integration components when changing the parameters on which they depend.

3. "Point of bifurcation" means a crisis moment when it is necessary to choose a principal managerial decision. After making this decision, a process that has a nonlinear character can go towards a "crisis", then in this phase of the life cycle, the business unit will be unable to independently move into the "life-cycle" of growth through internal capacity resources, without additional resources outside or reorganization. The brand management of the integrated business structure is a cascade of bifurcations (period doubling scenario) as one of the typical transition scenarios from a simple periodic regime to a complex aperiodic period with an infinite doubling period. Such a sequence of transition from one phase of integration to another has a self-similar, fractal structure – an increase in any region reveals the similarity of the selected area in the entire structure. Fractal (lat. Fractus – crushed, broken) – the term, which means the system (in our case, the segment is understood as a component of the stabilization phase), which has the property of self-similarity, that consists of several parts, each of which is similar to the entire system. In the study of the integration of brands under fractals, we must understand the set of points in the Euclidean space having a fractional metric dimension. The change of the possible dynamic regimes of the brand management system of the integrated structure of the equilibrium states of stationary points occurs when the value of the bifurcation parameter is changed. In the proposed model (Figure 1), the "Brand Capital" parameter (OZ axis) is chosen as a bifurcation parameter. Typically, steady modes display a solid line, and unstable – dotted.

4. The analysis of the mechanisms of transition to a new state of integration in real systems and different models has shown the universality of relatively few transition scenarios. The transition to a new state of integration can be represented as a bifurcation diagram, which reflects the uncertainty of qualitative system rearrangements with the emergence of a new mode of its behavior. The introduction of a brand management system for integrated business structures in an unpredictable mode is described by a cascade of bifurcations, following one after another. The cascade of bifurcations leads consistently until the choice between two solutions, then four, and so on.

The system begins to hesitate in the mode of successive doubling (quantity) of possible values. To enable such a process of self-organization, the system must be open. If the system during the study turns out to be closed, it eventually would have come to a state with maximum entropy and stopped any evolution [1, 9].

An open system is always far enough away from the point of integration equilibrium, in which the complex system has the maximum entropy and is not capable of any self-organization. In a position close to equilibrium, any system will be over time even more close to equilibrium and be able to change its state. This interval corresponds to the phase of the complementary effect of the branding of the integrated business structures. A schematic diagram of a synergistic and complementary approach to the brand management process of integrated business structures as an open and non-equilibrium system is given in Figure 1.

By the criterion of choosing a managerial decision to achieve the target level of complementary and synergistic effects, it is suggested to use an indicator of the ability to achieve the planned level of brand integration (IB).

The model of the ability to achieve the planned level of integration of brands IB business structure for a certain period of time is as follows:

$$\frac{\sum(\sum(BC_t \cdot P_{внедр.} \cdot P_{рес.})}{\Delta_{IB} + \Delta_{цi}} = 1, \tag{5}$$

BCt – need to increase the level of management activity (integral indicator of the efficiency of brand equity in time); $P_{впров}$ – the probability of introducing the proposed strategy of brand integration; $P_{рес.}$ – the security needed to implement the proposed strategy of integration with resources; Δ_{IB} – The difference between the initial level of brand integration and the target; $\Delta цi$ – the opportunity to change for achieving the target (i) level of integration.

The provision of the necessary resources for the implementation of the proposed strategy is calculated as follows:

$$P_{рес.} = \frac{P_{фак.}}{P_{н}}, \tag{6}$$

$P_{фак.}$ – Actual provision of resources; $P_{н}$ – Normative or desirable amount of resources.

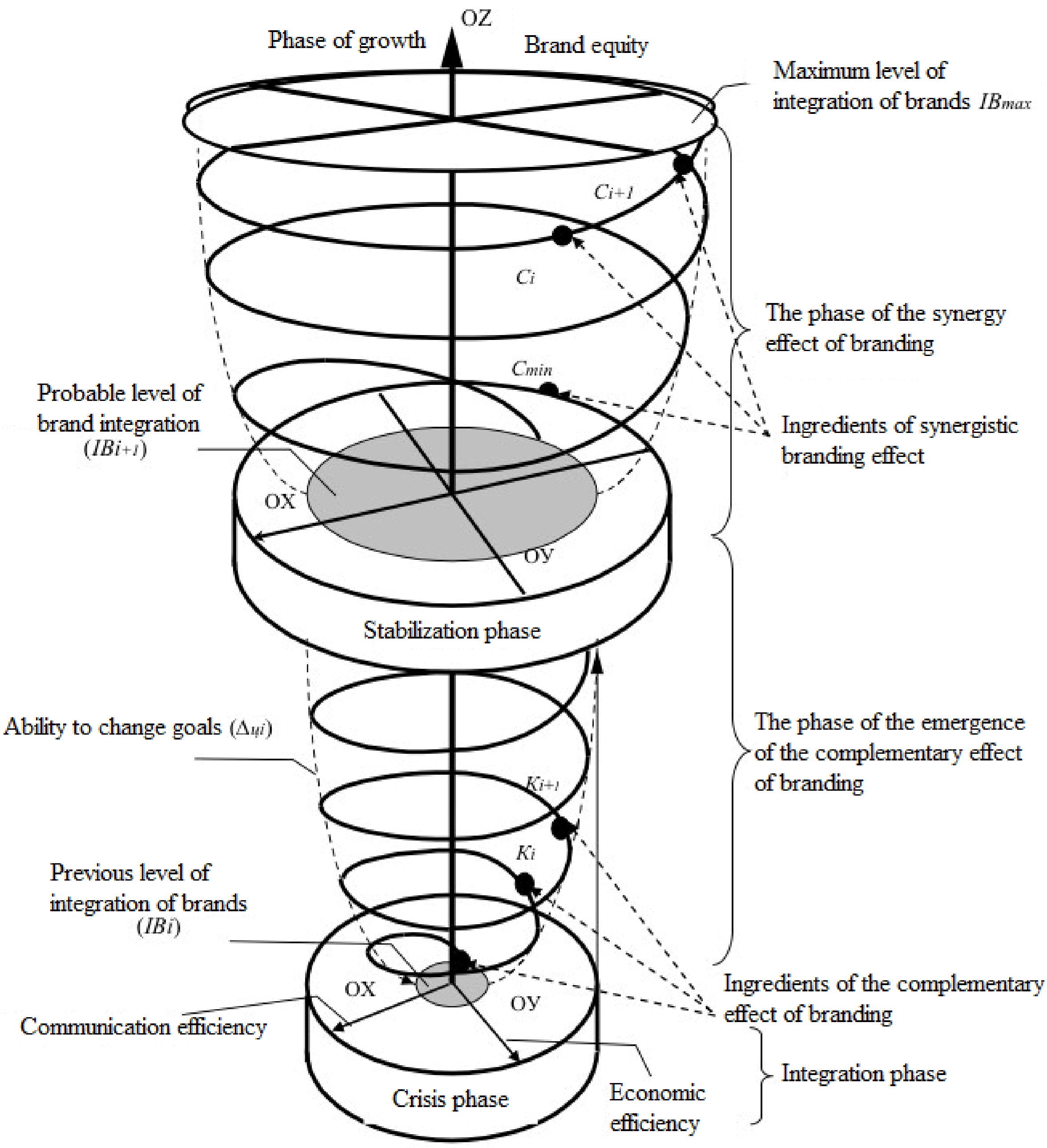

Figure 1. **Principal scheme of synergistic and complementary approach to increase the level of integration of brands of business structures**

Symbols on Figure 1:

Ki and *Ki+1* – Components of the complementary effect of the n brand in this phase of integration in t and t + 1 moment of time;

Ci and *Ci+1* – Components of the synergistic effect of the n brand in this phase of integration in t and t + 1 moment of time;

IBmax – The maximum possible level of brand integration;

OX (Communication efficiency (KE)), *OУ* (economic efficiency (EE)), *OZ* (Brand equity (БК) – Coordinates of the volume matrix of the integration of brands of the business structure.

The difference between the initial level of integration of brands and the target is equal to:

$$\Delta_{IB} = \text{IB ц.} - \text{IB нач.} \tag{7}$$

IB ц. – The target value of the integration of brands of the business structure;

IB нач. – The initial value of the indicator of brands of the business structure integration.

According to formula (5): if the equation of the unit is achieved – it is possible to achieve the goal, if more than one – the achievement of the target level of brand integration is highly probable, if below one – it is not possible.

By the same method, trajectories of components and components of the integration of brands of the business structure are constructed.

The basis for choosing a strategy for integrating business-style brands after mergers or acquisitions as an open and non-equilibrium system is the assessment of the integration phase, in which all brands of the integrated business structure are located. Such an assessment is carried out using both qualitative and quantitative indicators of integration in statics and dynamics. Similar matrices are constructed as follows: based on the existing sample of a group of brands of the business structure under investigation, average values are determined based on indicators that comprehensively assess their integration – KE, EE, and БК. Then, the brands of the integrated business structures are divided into three groups: 1) those having the mentioned values above the average (KE, EE and БК), 2) those with averages (KE, EE, and БК), and 3) below the average (KE, EE, and БК).

Brands of the integrated business structure, which are important for all indicators above the average, are assigned the value of "1", the average – "0.5", and lower than the average – "0".

At the intersection of three scales (horizontal and vertical) values are written corresponding to the values of complex indicators "1", "0,5" or "0". At KE, EE and БК, which are equal to "1", a qualitative assessment of the IB is considered as a "high" level. If at least one of the values of the complex indicators of the KC, KE, EE and БК is equal to "0", the qualitative assessment is considered "normal", with two estimates, which are "0" – "average", and with three – "low".

Conclusions. Based on the above conclusions, depending on the phase of integration of the brands identified at the previous stage (low level of integration – the phase of crisis, the average level of integration – the stabilization phase (confirmed by the presence of a complementary effect of internal and external interaction), high level of integration – the phase of growth (confirmed by the presence of synergistic effect of internal and external self-organization)), integrated business structures can be divided into two groups: adaptive and dissipative.

Dissipative – it is such a stable state that arises in a non-equilibrium environment under the condition of dissipation (scattering) of resources coming from outside. A dissipative system can be called a stationary open system or a non-equilibrium open system. Therefore, in our opinion, a system that has an average level of brand integration should be considered dissipative.

Adaptability of the brand management system of the integrated business structure is determined by its ability to perform specified functions effectively in a certain range of changing conditions. The wider this range, the more adaptive the system is. The stage of internal and external self-organization occurs only in the case of the predominance of positive feedback, operating in an open system, over negative feedback. Therefore, a system that has a low level of brand integration should be classified as an adaptive group with a predominance of negative feedback; A system with a high level of brand integration – to adaptive with the prevalence of positive feedback. The division into three areas of the predominant influence on the level of brand integration by the means of adaptability – dissipative forces to offer for each of the zones a portfolio of appropriate measures to achieve a potential attractor of development in order to increase the level of integration of brands business structure.

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DEVELOPMENT OF INSTITUTES OF SOCIAL INFRASTRUCTURE IN ACCORDANCE WITH STRUCTURAL AND INNOVATION TRANSFORMATIONS

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Introduction of the research. Institutes of social infrastructure form the basis for confirming the possibility of increasing the impact of social infrastructure in future periods on overcoming the economic crisis and creating conditions for economic growth.
Research hypothesis. Institutions of social infrastructure play an important role in the redistribution of employment of labor resources while reducing the number of jobs in the field of material production.
The purpose of this article is to determine the directions of development of the social infrastructure of the national economy in the conditions of socio-economic transformations.
In the process of solving the tasks we have applied the following **methods**: simulation, literary, comparative, system, statistical methods.
Results of the research. This research is devoted to development of regional social policy model evaluation of the state. The key elements of social policy for formulation of social development measuring indexes were found out. The analysis of tool, social development and evaluation of social policy applied for measuring is carried out, the special role of methods which are based on the study of the state of public opinion is proved.Realization of the directions of development of social infrastructure is possible under conditions of development and functioning of civil society institutions, comprehensive control of civil society by the state, effective budget and social policy, formation of a system of moral values and patriotism, equality of all starting with the laws and adherence finishing with the rule of law by all citizens of the state.
Conclusions. State regulation of social infrastructure should be carried out on the scale of the national economy. Responsibility for the implementation of state programs lies with the territorial authorities and local self-government bodies that direct the work of economic structures, take part in the formation of social programs aimed at the systematic development of social infrastructure and improving the living conditions of the population
Keywords: social infrastructure, transformation processes, national economy, social infrastructure institutions, standard of living.

Problem statement and its connection with important scientific and practical tasks. Social infrastructure is a combination of industries and objects of various spheres of economic activity with its own organizational structure, functioning of which is aimed at servicing the population and creating favorable conditions for the development of the individual.

The development of social infrastructure in the context of economic reform influences the level of education, the level of qualification of labor resources, culture, public health, the level of consumer services, the environment improving.

The social infrastructure of the national economy during the economic crisis has suffered significant losses, both material and image due to lack of financing by the state and a number of other reasons. But a significant reduction in the number of services provided did not take place, in contrast to the reduction of production in the areas of basic production and industrial infrastructure. The extraordinary significance of this component of the national economy and the growth of the role of the service sector forms the basis for confirming the possibility of increasing the impact of social infrastructure in future periods on overcoming the economic crisis and creating conditions for economic growth.

Analysis of research and publications on the problem. The study of the problems of the development of the social infrastructure on the level of national economy and the directions of the formation of social infrastructure institutes is devoted to the scientific works of modern scientists such as: M. K. Orlaty, V. M. Vakulenko, A. G. Yagodka, V. M. Novikov, L. M. Ganushchak-Efimenko, V. G. Shcherbak, O. V. Makarova, A. A. Khalecka, L. Vitte, V. A. Rebkalo, V. A. Shakhov and others.

The purpose of the article is to study the factors of the formation of social infrastructure institutes and to determine the directions of development of the social infrastructure of the national economy in the conditions of socio-economic transformations.

Main results and their discussion. The branches of social infrastructure played an important role in the redistribution of employment of labor resources while reducing the number of jobs in the field of material production. Such a model for changing the structure of employment is characteristic not only for the national economy of Ukraine, but also for economically developed countries with a socially oriented economy and countries with a transitional type of economy. The growth in the number of goods that are being created in the social infrastructure area needs to be intensified to bring the market economy countries closer to the per capita production and consumption.

M. K. Orlaty proves that under conditions of economic reform there are extremely complex and diverse problems of the development of social infrastructure, and the results of its industries affect the level of general and professional education of the population, respectively, qualifications of labor resources, culture and population health, life duration, terms of free time and quality of its use in terms of conditions for a healthy lifestyle.

The main functions of the sectoral structure of social infrastructure are: distribution and exchange provided by a network of wholesale and retail trade and restaurant enterprises, as well as institutions of the credit and insurance system; provision of consumer services, carried out by housing and communal services, enterprises of consumer services, passenger transport and communications; health care is provided by the institutions of the health care system, sanatorium and resort services, physical culture and sports organizations, social security organizations of the population; the formation of social consciousness and scientific outlook is carried out by the systems of cultural and educational institutions, art and religion; management and protection of public order are provided by public administration bodies, public organizations, public order bodies [6].

The level of development of branches of social infrastructure is a decisive indicator of the social efficiency of the country's economy. Social efficiency is the correspondence of the results of economic activity to the basic social needs and goals of society, the interests of an individual. The integral indicator of social efficiency is the production of consumer goods in the total volume of production for a certain period, usually in a year. In developed countries with a socially-oriented market economy, the share of consumer goods in the gross national product is almost 70%, and production of means of production is about 30% [8].

The activities of social infrastructure should be aimed at satisfying the personal needs of a person. In turn, the main production and production infrastructure operate to meet human needs, but the products created in these areas of social production are not consumer goods that can be directly used for individual needs. Sectors of social infrastructure operate to ensure the proportionality of material production and consumption of goods. The special role of social infrastructure in the national economy is expressed by the fact that it is a basis that creates the social and economic conditions for the formation of a new outlook of the individual and, accordingly, a new economic way of thinking of the individual. Efficiency, proportionality and compliance with modern requirements of social infrastructure affect the quality of life of the population, the level of well-being and is an important indicator of economic progress / decline of society and living standards of the population. The condition of efficiency and compliance is the formation and efficient functioning of modern institutions of social infrastructure. The formation of institutions of social infrastructure takes place in conditions of complex socio-economic transformations, which reflect the complexity of social economic and political problems, the dynamics and prospects of the country's future development.

Rational and effective actions of the state are aimed at improving the system of education, health care, culture and art, social services, ensuring efficient employment of the population, state social security and legal protection of citizens, environmental protection of citizens, etc., contributes to qualitative changes in the socio-humanitarian development of the country. Transformation processes in the social sphere have a positive influence on the field of human capital reproduction.

Social infrastructure is classified by the following elements: 1. By level of management: national; regional; sectoral; enterprises 2. According to the types of human activity: the infrastructure of labor activity – the main task of which is to create favorable conditions for effective work; social and domestic infrastructure creates conditions and provides solvent demand and consumption of domestic services; the health and environment infrastructure is aimed at ensuring equal opportunities in obtaining medical care and creating healthy lifestyles in favorable environmental conditions for all members of society who have equal rights to health care, rehabilitation, medical rehabilitation and disease prevention; The infrastructure of education and culture functions in the direction of developing the abilities of labor resources to work by means of raising the level of education, the culture of entrepreneurship, entrepreneurial abilities etc.; The infrastructure of socio-political activity creates conditions for participation in the management of socio-political processes. 3. According to the term of validity: temporary; constant. 4. Depending on satisfaction of needs: the infrastructure connected with satisfaction of everyday needs (elements are not interchangeable); infrastructure related to the satisfaction of the needs that arise during certain periods of life.

Material goods and services are provided to the population in three forms: paid – services provided by enterprises and institutions of housing and communal services, consumer services, passenger transport, legal services, communication services etc.; Free of charge health care services, education, some cultural services and social assistance; on preferential terms, services to certain groups of citizens are provided by the specified legislation [2, p. 247–250]. Institutions of social infrastructure operate and develop in three main directions: social and legal, which involves the development of the necessary legal acts, the harmonization of new legal acts with the current ones, and consists of state social norms of consumption, provision and income, determination of the mechanism of realization of social rights and state social guarantees for citizens; Socio-cultural, which reveals fair distribution of income, employment, education and level of qualification as the most important indicator of the effectiveness of social development of society and the problems of human-state relations in the context of the development of a social state; Social-household, which creates conditions for human life and the maintenance of the physiological and social minimum when interacting with monopolies (Figure 1).

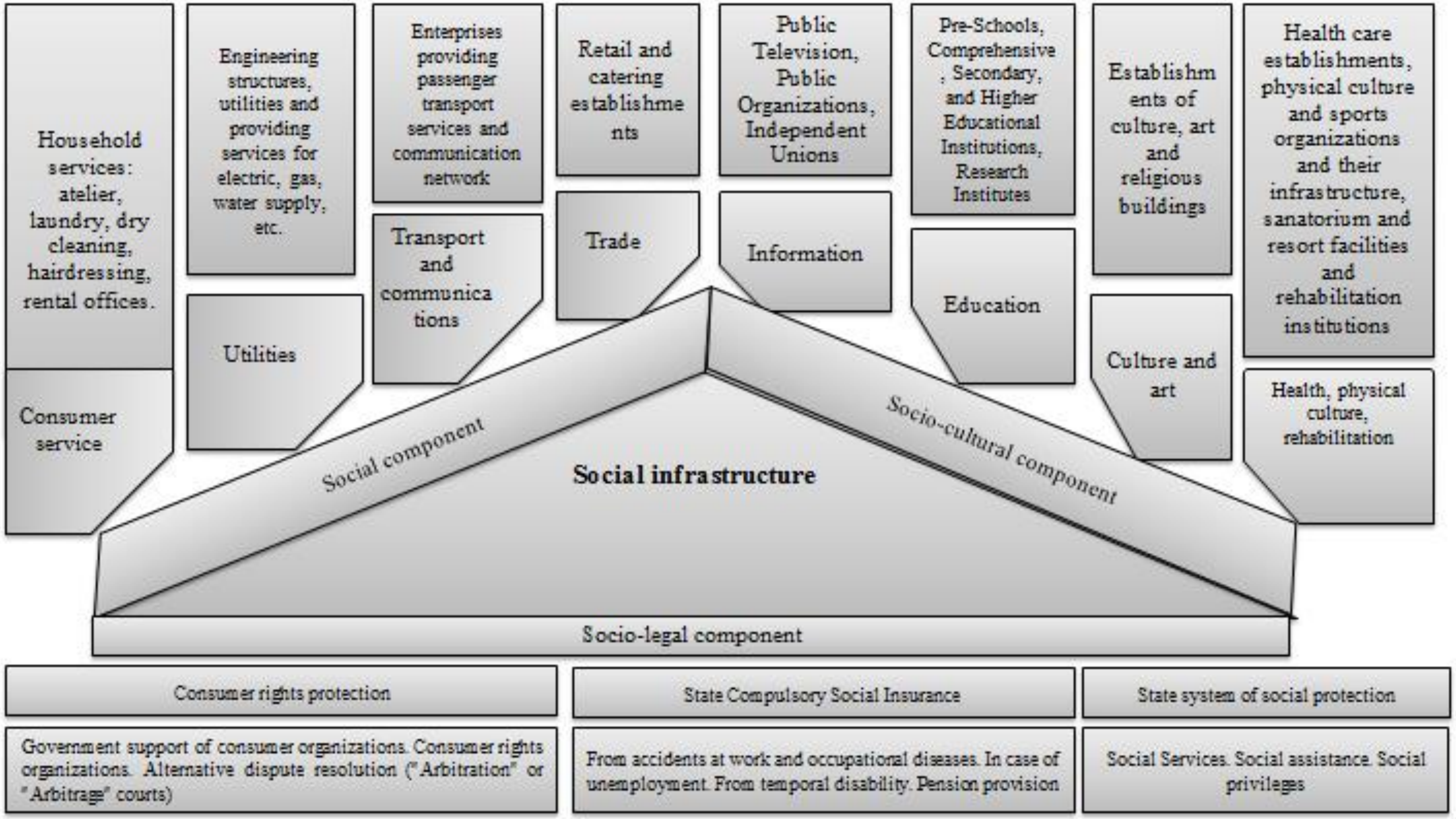

Figure 1. **Classification of components of the development of social infrastructure of the national economy**
[1, p. 78–79; 7, 77, 80; 5, p. 141–142; 11, p. 10–11]

V. N. Novikov characterizes the social infrastructure and the corresponding institutional formations as a set of specific spheres of social production that form the conditions for the spatial and temporal socialization of the economy in the context of the social purpose of the state. Respectively, social infrastructure is divided into productive and social. Industrial infrastructure is actively forming, i.e., it creates material and real objects of the national economy. Social infrastructure performs a conglomerate of functions on the primary socialization of man and its component, which is related to maintaining the social status of citizens at different stages of their life cycle. Thus, today in the conditions of economic integration, strengthening the integrity and unity of the world economy, the confrontation between market and planned ideology has shifted to the plane of the strategy of ensuring the development of the strategy of a particular person [9, p. 49].

Ingredients of the social infrastructure provide services of individual consumption, provide conditions for consumption of goods created by the branches of material production of goods and produce their own services and material goods. In the general range of functions of social infrastructure, special attention is paid to those aimed at improving the demographic situation, that is, reducing mortality and increasing the birth rate; improvement of the structure of labor resources, increase of competitiveness and efficiency of use of labor potential; improvement of the public health system; improvement of housing and communal services; improvement of living standards of the population; raising employment, creating new jobs in non-industrial areas and in the country as a whole etc.

In today's conditions of the economic crisis and the absence of effective institutions of a socially oriented market economy, it is very important to correctly assess and determine the role and functions of social infrastructure institutes in social reproduction, their transformation with taking into account the peculiarities and interests of the national economy. The fundamental changes in the structure and functions of the institutions of social infrastructure determine the transformational processes of socio-economic development and the formation of new structural elements and modern approaches to overcoming the problems associated with the economic crisis.

The main components of socioeconomic development that considered basic to the present time and constituted the fundamental basis and determine the goals and objectives of social infrastructure institutions, at present time do not meet the requirements of a market economy and national interests. Modern development of Ukraine's economy needs transformation in all spheres of social production (primary production, industrial infrastructure, social infrastructure), to create favorable conditions for self-organization and self-regulation of social and economic systems based on the functioning of modern institutions of social market economy into a single space under conditions of implementation of new principles of their work to improve the socio-economic development with a mix of individual subjects and interests of national economy without violating the principles of market ideology.

Components of the fundamentals of social infrastructure should include and reflect the concept and system components which express the essential features of reality, is a set of values, beliefs, ideologies, ways of thinking, methods, approaches, technologies and applications in the corresponding period.

The decision of the transformation of the institutional component of social infrastructure through the reorganization of its main components, creation of a system for implementing its work efficiency, based on the introduction of innovative models aimed at economic growth, and involves developing the directions of infrastructure development through the introduction of conceptual foundations and methodological applied aspects of work with consideration of actions of objective economic laws.

The realities of the current economic situation in the country are driven by transformational processes on a national scale, and in particular in the social sphere. It promotes acceleration of the processes of formation of the systems of social orientation of the interregional level and necessitates of the development of a new paradigm that would combine / harmonize the interests and priorities of individual subjects of the national economy with the general economic interests of the state.

The modern model of state regulation in Ukraine should be based on the principles of a socially oriented economy, the main components of which must be European norms and standards of life in which a person receives all the necessary benefits to meet his own needs not only at the physiological level which takes into account the costs of meeting the most significant physiological and physical needs, including expenses for basic services for a short time, practically excluding the purchase of clothes, footwear and other non-food items goods, and at the level of the social minimum, which, apart from physical, includes expenses for satisfying the minimum spiritual and social needs that society considers necessary to maintain an acceptable standard of living. It is understood that the poor have more or less normal living conditions.

When building social institutions, the state must take into account the conditions and peculiarities of national, ideological, spiritual, cultural, ecological and political life, and to formulate social policies on these principles. The creation of new institutes of social orientation promotes the unification of different social strata of the population for the realization of the goal of social welfare. Achievement of the set goal involves solving a number of tasks, the essence of which is realized in creating the necessary number of workplaces, accessibility in accordance with human rights and citizen's educational services, free medical care in certain limits and in case of life threatening, opportunities for obtaining the necessary occupations, qualification improvement, and appropriate conditions and wages, rest, rehabilitation, etc.

State structures of social orientation should provide targeted assistance to the poorest people who cannot exist without appropriate assistance. European norms of social policy of the state are based on good economic achievements, a high level of social protection, a high level of education and social dialogue, and include the combination of citizen's freedom with his responsibility to the state, and the state in turn protects the interests of its citizens [3, p. 12]. Social justice is the basis of solidarity of citizens and the state, which creates for citizens level of starting opportunities that promotes social consensus, interaction of people with state institutions to overcome economic crises and other challenges facing each person and society as a whole.

The existence of inequality in a market economy is objectively due to the fact that the market system is a rigid mechanism that does not know philanthropy and rewards people only for the ultimate efficiency of their activities. But people are significantly different in terms of work capacity, activity, qualifications, education, abilities, ownership of the property, etc. Accordingly, they cannot work and earn the same. In turn, the state must mitigate the inequality in people's incomes, in order to avoid excessive social dislocation and tension in society. Equality in society is determined by the quality and quantity of tangible and intangible benefits that people receive every day. The essence of equality is the just gain and accessibility of the benefits to each individual, in accordance with the volume of useful actions committed by a particular person, regardless of gender, social origin, nationality. An important element of social justice and a mandatory component of social infrastructure should be the mechanism to overcome the significant differences in living standards in rural and urban areas, as well as to ensure the same level of development of social infrastructure in different economic regions of the country, based on the implementation of the innovation and investment policy of rural regions [12, p. 6–7; 4, p. 100–101].

Effective combination of branches of social infrastructure contributes the meeting of needs of society as a whole and every person in particular, as well as increasing the impact on social production, through the creation of favorable conditions for the reproduction and development of human resources of society. The determining role is played by social infrastructure and in the increase of productivity of human capital. Social infrastructure begins to affect the life of a person from the very beginning of his birth through the health care system, continues in preschool institutions, institutions of secondary, special and higher education, while working for the rest of the able-bodied age and after retirement to reach retirement age and for life through the pension system.

Labor productivity under the influence of social infrastructure varies depending on: the favorable living and living conditions created by the relevant branches; availability and efficiency of medical care, disease prevention and opportunities for sanatorium treatment and medical rehabilitation; opportunities for obtaining high-quality general education, vocational training, qualified higher education, retraining and advanced training, etc.

The state, as a public institution, operates in all spheres of public life, applies political, administrative, economic, legal, propaganda, cultural-ethical, informational and other forms of accentuated influence. Such a systemic nature of the state's influence allows it to regulate the complex relationships and relationships of man (Figure 2).

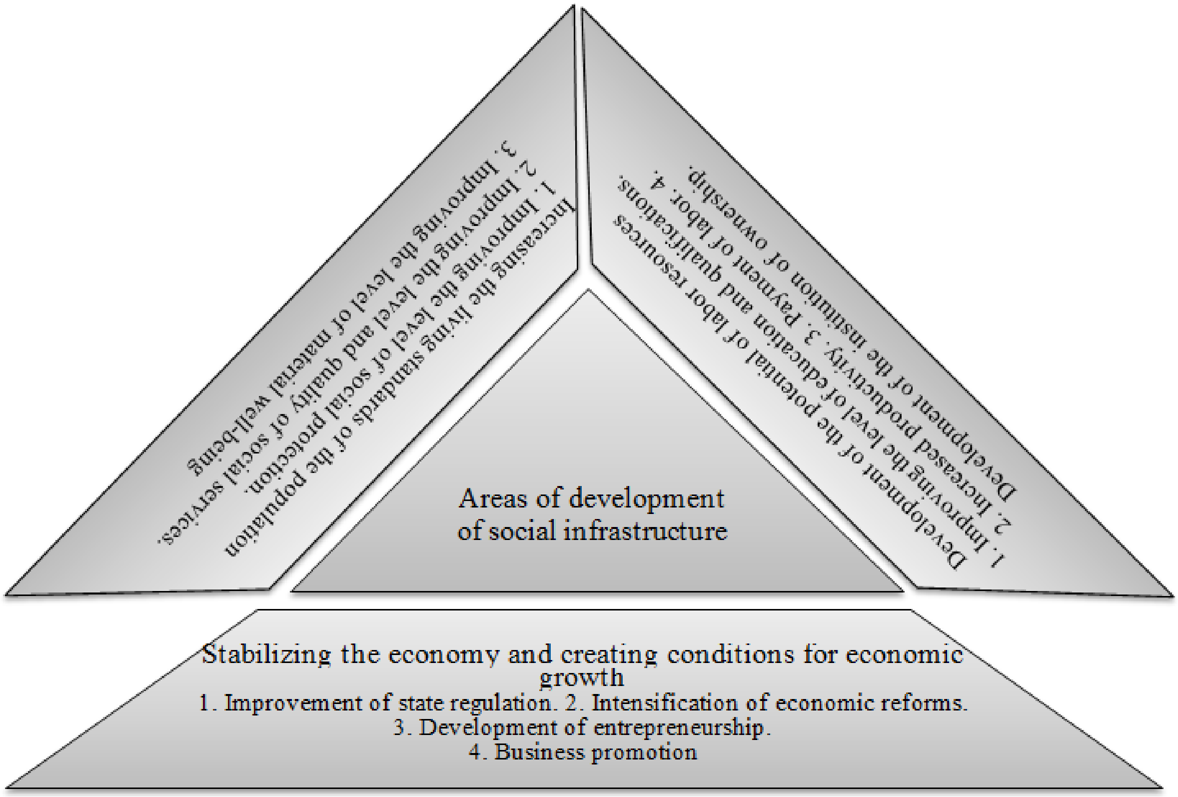

Figure 2. **Directions of development of social infrastructure of the national economy of Ukraine**

Taking into account the complexly of nature of the state's activity and considering it as a special social player, it is expedient to consider the administrative activity of this institute as a specific form of influence on the object in order to implement strategic directions of development of the national economy [10, p. 5].

The economic crisis and a significant deficit of the state budget prompts the improvement of the economic mechanism of regulation of the development and functioning of social infrastructure. State regulation of social infrastructure should be carried out on the scale of the national economy. Responsibility for the implementation of state programs lies with the territorial authorities and local self-government bodies that direct the work of economic structures, take part in the formation of social programs aimed at the systematic development of social infrastructure and improving the living conditions of the population.

Conclusions and perspectives of further research. Taking into account these factors, conscious management of socioeconomic processes cannot be considered an exogenous factor in relation to the economic system. Thus, the mechanism of state regulation of social infrastructure, the action of which is realized through the adoption of political and legal decisions by real people must be performed on the scale of the national economy, cannot be divided at regional and district levels and must be part of the system of targeted integrated programs (TIP) for socio-economic development of the country.

Realization of the directions of development of social infrastructure is possible under conditions of development and functioning of civil society institutions, comprehensive control of civil society by the state, effective budget and social policy, formation of a system of moral values and patriotism, equality of all starting with the laws and adherence finishing with the rule of law by all citizens of the state.

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CLIENT-CONSULTANT RELATIONSHIP IN THE EUROPEAN CONSULTING SERVICES MARKET

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Introduction and goal of the research. This article demonstrates the requirement for customers' professionalization and distinguishes key markers which recommend an expert management concerning consulting. Against this foundation, this article creates three non specific methodologies for overseeing consultants, and gives exact bits of knowledge from European customers' organizations which can help managers to create or enhance their own particular systems when managing consultants.

Research hypothesis. Consulting, and client-consulting relations require a scientific substantiation of the methodological foundations in the approaches to disclosing the essence of the effects of consulting project. The lack of fundamental and applied research on the sources of client-consulting relations in consulting leads to a reevaluation of the approaches to consulting projects.

The purpose of this article is to reveal the nature of client-consultant relations in the overall effect of consulting project. During prepation of the article, methods of scientific synthesis, synthesis, method of formalization and a systematic approach were used.

Results of the research. The article is devoted to scientific substantiation of the methodological foundations in the approaches to disclosing the essence of client-consultant relations and particularities that arise in the process of consulting projects.

Conclusions. Since the theme of customers' professionalization is a generally new one, it can be assumed that an ever increasing number of companies will hop on the temporary fad. Today specifically there are just a couple of huge scale companies managing professionally with consultants, yet as the domino impact regularly appears, other extensive scale companies and maybe much littler companies will take after. It can be watched that customers will enhance their endeavourers to professionalize when taking care of management consultants. The customer's part will transform from the "feeble casualty" or "puppet" to a complex customer.

Keywords: Clients, consulting, consultants, relationship, market.

Introduction. Basic explanations behind basic emergency in consulting industry are crucial improvements in customers' companies. Because of their carelessness to draw in management consultants, numerous customers are stood up to with an uncontrolled development of consulting companies and take measures to bargain professionally with consultants (Mohe, 2003) [8]. A few customers professionalize by working up databases for consulting projects or by actualizing required authoritative tenets for purchasing consulting services. A few companies have set up focal project workplaces for purchasing and controlling consulting projects, while other work with interior project mentors who regulate consulting projects. Infineon has built up a consulting handbook which manages the workers through the consulting procedure. Numerous customers are presently additionally more delicate about consulting charges, cutting their financial plans for outside consulting services and spending this rather on their in-house consulting division.

The Need for Clients' Professionalization. Much research has been finished concerning demonstrable skill in management consulting (e.g. Alvesson and Johansson, 2002) [1], however there is just restricted research concerning polished methodology for customers. The explanation behind this might be that the connection amongst consultants and customers is accepted as an unbalanced one for the consultant. At the end of the day: the consultant is the unrivaled critical thinking proficient who gives the customer his recommendation, while the customer plays the part of an aloof buyer. From this point of view, there is no requirement for customers to professionalize. So the inquiry emerges of why customers ought to professionalize when managing consultants. The accompanying contentions investigate the genuine practice and show the requirement for an expert presentation with consulting.

Unverifiable Estimation and Mis-estimation of Consulting Demands. Consultants have frequently gotten acclaim, particularly in extensive scale companies. Ordinarily the interest for consulting is not characterized. In these cases there is no examination of whether there is any genuine need to connect with consultants. In an extraordinary case this conduct prompts an uncontrolled development of consulting projects and consultants.

Unsystematized Selection of Consultants. The non-straightforward structure of the consulting market makes it hard to choose the correct consultant for the correct issue. For reasons of time and funds, customers disregard drawing up market investigations. Rather than this they utilize worldwide criteria for their choice, for example, individual connections to consultants, proposals from an outsider, the notoriety of the consulting company, or previous encounters with certain consulting companies – regardless of the possibility that this company has no references for the present issue. Also, a few customers who already worked with a specific consulting company feel so committed to them that they bring in these previous partners (Byrne and McWilliams, 1993) [3]. Clearly, this has little connection with the real choice procedures.

Permission of Problem Reinterpretation of the Consultant. Their own vulnerability about the issue definition offers the consultants numerous conceivable outcomes to reinterpret the issue in a way that will fit existing consultant arrangements and methodologies. The genuine reason for the issue however keeps on remaining.

Task of Inexperienced Employees in Consulting Projects. Customers make contracts to consultants from the earlier, without pre-examination of the capability and limit of the considered workers. Unpracticed workers go out on a limb of going about as a sort of 'prompt ball' for prepared consultants;

representatives with no limit are not exceptionally roused to add to project changes.

No Utilization of Synergy Potentials. In view of uncontrolled appointing, diverse consulting firms work in similar customers' company on similar issues. In these cases customers squander bund-ling possibilities. The inward consulting scene in customers' companies is regularly rough and divided also. Customers don't know with which consultants they have worked before, for which charges and for what benefits. In view of an association's wide learning about various consulting projects' inadequacies, consultants could offer a similar project to various divisions in the company.

Breakoffs in Case of Personal Conflicts. The accomplishment of consulting projects depends vigorously on the connection between the customer and the consultant. Frequently, if there should be an occurrence of individual clashes customers cross out those consulting contracts and draw in another consulting firm. The result is that the new consulting firm needs cost concentrated time to end up noticeably familiar with the issue.

No Verification of Consulting Fees. Customers who internationally finish up consulting orders hazard being twofold charged, e.g. at the point when a consulting team pioneer furthermore deals with another inside project as a consistent staff part, so one single consultant could be twofold charged. Troubles in observing this emerge, on the grounds that 'bills for proficient services are frequently so amassed, obscure and uninformative that they are of little use for controlling costs' (Mitchell, 1994, p. 328) [7, p. 328].

No Evaluation of Consulting Projects. Any assessment of consulting projects is extremely dangerous on the grounds that the outcomes are aggregated agreeably between the consultant and the customer. Obviously, this makes it hard to allocate single consultants' exhibitions. Be that as it may, even the couple of conceivable outcomes for assessment are just infrequently utilized. An examination concerning traded on an open market companies in Europe shows that two out of three don't assess their consulting projects efficiently (Mohe and Kolbeck, 2003, p. 17) [9, p. 17]. Customers regularly call for consultants without characterizing at any rate the fundamental goals of the project. This counteracts both the likelihood to consider fruitful or unsuccessful consulting projects, and any sort of era of the lessons learned.

To condense the previously mentioned contentions, there is prove that an expert consulting management in customers' organizations is not extremely far reaching. From one perspective, customers don't convey their consultants productively, and then again, they themselves clearly do not have the required know-how to oversee consultants. A gander at the genuine practice demonstrates that the primary acknowledge are being made by management. Customers should hence get expertise in managing consultants.

Strategies of customer professionalization expect to develop expertise about overseeing consultants and consulting projects. Three non specific strategies could be recognized:

- Strategies to develop a discussion expertise.
- Strategies to develop a claim consulting expertise.
- Strategies to develop an administration expertise.

Strategies for Building Up a Consultation Expertise. Strategies to develop an interview expertise concentrated on the period of the consultant's determination. These strategies accept that there is an associated connection between the chose consultant and the later project achievement. There are numerous potential outcomes to develop interview expertise. For instance, customers could create distinctive strategies for acquiring consulting services. Here, Baker and Faulkner (1991) [2] recognized the two key segments of expert services: "item" and "exchange". With "item" they mean the solid result of an expert service (e.g. licenses or a crusade to enhance the picture of the company). "Exchange" alludes to the usage, execution or initiation of items (e.g. contracting). Customers could create included an incentive through various linkages amongst "item" and "exchange".

"Item linkage" can make an incentive by obtaining at least two items from one provider. In this sense, it is effective to utilize a bookkeeping firm for the yearly review and assessment investigations, in light of the fact that the data required for both are nearly the same. "Exchange linkage" ought to make an incentive by preparing at least two exchanges for a similar item with one provider. For instance, travelers could expand their individual esteem on the off chance that they procedure a few exchanges with one aircraft bearer (e.g. redesigns or free tickets). Against this foundation, Baker and Faulkner recognize four strategies for overseeing providers of expert services [2].

The social strategy has been the conventional approach to buy proficient services. Clients interface both items and exchanges to one provider. This prompts elite long haul connections amongst client and provider. In consulting, the way that a few customers' companies just work with one consulting firm is a case of this.

In the partial strategy, esteem ought to be made by linkage exchanges. For this situation, for each and every item, the client utilizes an alternate provider. By this implies, exchanges are connected after some time for specific items. In delegate ting, the partial strategy implies that customers pick a consulting firm as indicated by the particular project sort (e.g. IT-Consulting with IBM; strategy consulting with the Boston Consulting Group; outsourcing with Accenture). A case of a company leaving on this strategy is Siemens. They have created inside waitlists with 10 favored management consultancies which are brought in for projects.

Rather than the partial strategy, the serial strategy makes an incentive by item linkage. Here, clients buy various items from a solitary provider inside a specific period and with another provider in the following time frame. In consulting, setting out the serial strategy is similar with customers who work for one period just with one consulting firm for a wide range of projects. For instance, customers work through one time stage just with McKinsey and the following time frame with Bain and Company.

In value-based strategy, esteem is made by not connecting items and trans-activities. Consulting firms are viewed as an unknown provider on a spot market. The cost is the fundamental criteria for picking a consulting company. The value-based strategy can be seen in e.g. the general population division, where counseling projects are detail-offered in light of the fact that the financial plan for consulting services is restricted.

Strategies for Building Up an Own Consulting Expertise. Strategies of customer professionalization that mean to develop a claim consulting expertise relate with the expanding production of in-house consulting divisions. Contrasted with the USA, in-house consulting in the European market advanced late.

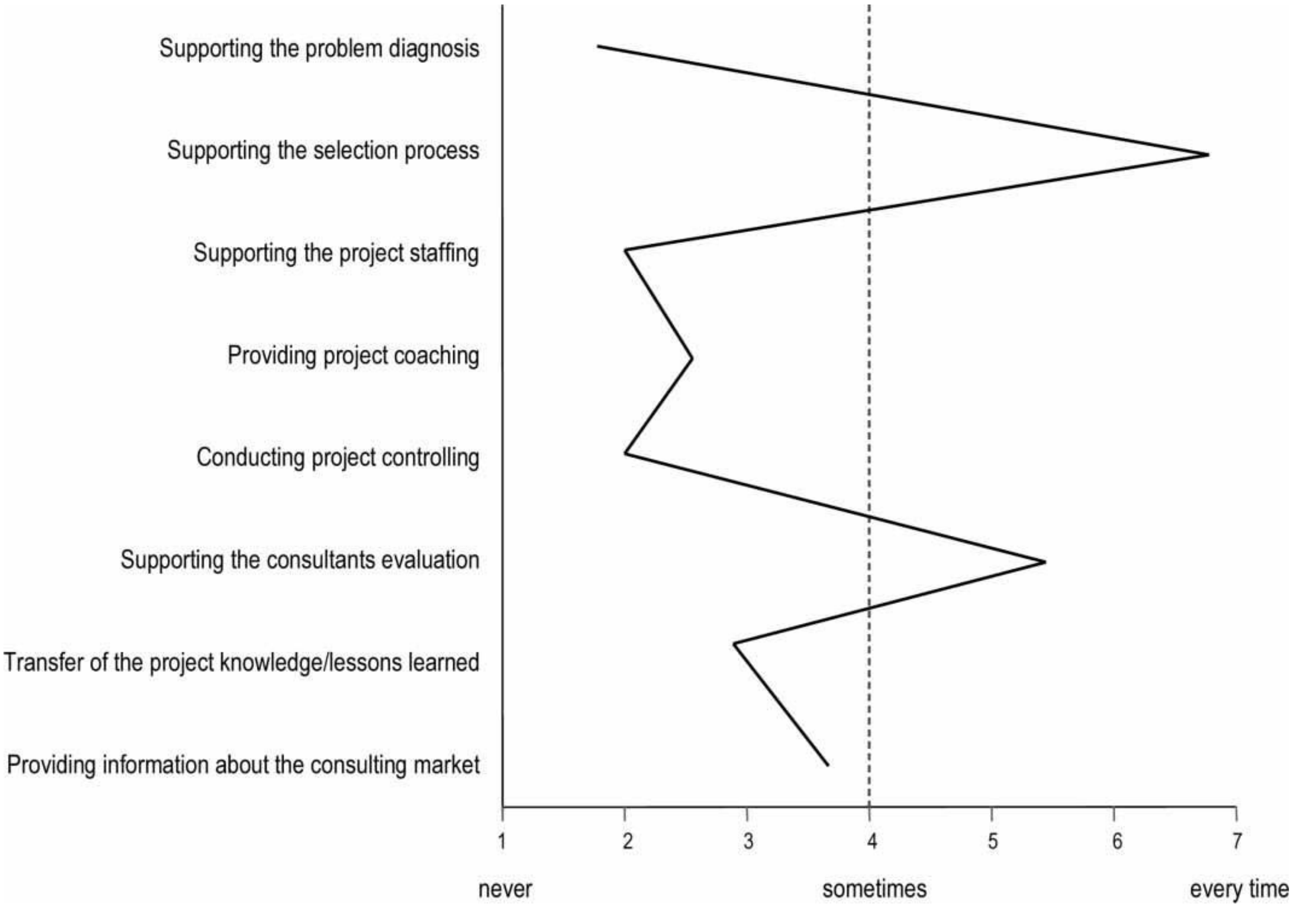
Giving inside consulting expertise guarantees that inward know-how is not wildly diffused by means of outer consultants. Thus, in many customers' companies, outer consultants were progressively substituted, and in-house consulting divisions report better than expected yearly development rates (as opposed to outside consulting firms).

In-house consulting assets ought not be curiously large, so in bigger projects it is as yet important to bring in outside consultants. Strangely, in these cases the inner consultants play a guardian part and lead the determination of their outside accomplices also. To give a case, the in-house consulting division of the Deutsche Telekom today participates in each choice procedure of outer consultants.

This demonstrates in-house consultants give consulting expertise, as well as discussion expertise for their company. In these two parts they create essential included an incentive for companies' consulting management: in joined projects they pick up and coming ability by cooperating with the outer consultants, they upgrade consulting forms, substitute charges for outside consultants, and enhance the determination of their outside partners.

Strategies for Building Up a Governance Expertise. The third strategy plans to develop a particular expertise to oversee and control consulting projects. One case here is the constitution of a focal project office that controls and arranges all consulting projects expansive. Furthermore, the project office bolsters the inner project pioneers in overseeing consulting projects.

European companies have nearly started to introduce such project workplaces. Be that as it may, the profiles of such project workplaces could contrast. An examination concerning traded on an open market companies in Europe demonstrates that the project office bolsters essentially the determination procedure of outside consultants and the project assessment (see Figure 1).



Source: (Mohe and Kolbeck, 2003, p. 28) [9, p. 28].

Figure 1. **Profiles of project offices of publicly traded companies in Europe**

Companies with focal project workplaces sort out the choice of the outer consultants thoroughly and give diverse devices to checking and handling consulting projects. Cases here are compulsory authoritative standards that characterize duties regarding each period of the consulting project. Another case is a consulting database, which plans to compose and clean up the interior consulting scene. Completed the process of consulting projects were recorded by project subjects, key aim, or project volume. As a rule project workplaces likewise record the execution of the consultants, showing them in inside rankings of the conveyed consulting firms. Additionally instruments a project office could give are a consulting handbook which directs the interior workers through consulting forms, or a Consultant's Scorecard (Phillips, 2000) [11], which means to screen and assess single consulting projects.

Conclusion. What's next? Since the theme of customers' professionalization is a generally new one, it can be assumed that an ever increasing number of companies will hop on the temporary fad. Today specifically there are just a couple of huge scale companies managing professionally with consultants, yet as the domino impact regularly appears, other extensive scale companies and maybe much littler companies will take after. It can be watched that customers will enhance their endeavourers to professionalize when taking care of management consultants. The customer's part will transform from the 'feeble casualty' (Sturdy, 1997, p. 393) [14, p. 393] or "puppet" (Kieser, 2002) [4] to a complex customer.

Changing acquiring strategies of customers will characterize consulting services increasingly as an item (Kipping, 2002, p. 275) [6, p. 275]. Subsequently, for consultants it will be harder to set up them-selves as a favored consulting provider and keep up their high rate of rehash business.

This will give crucial shots on the consulting market for the customers (Niewiem and Richter, 2004) [10]. It is in this manner no big surprise that a few researchers as of now anticipate an indeterminate future for management consultants (Ringland and Shaukat, 2004) [12]. Truly, 'consultancies must adjust to new client necessities', as Schwenker (2004, p. 80) [13, p. 80], the representative of the official board of Roland Berger Strategy Consultants, states. Along these lines consultants need to grow new strategies as indicated by the new improvements in customers' companies, e.g. for securing new customers, cooperating with in-house consultants, keeping up customers' unwaveringness, and in addition being checked and assessed by project workplaces. It will be intriguing to watch these methodologies in the coming months and years.

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JEL Classification: O180

UDC 334:732:631.115.8

VENTURE BUSINESS, ITS TYPES AND PROBLEMS OF DEVELOPMENT IN UKRAINE

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Introduction and aim of the research: The need to create an effective system of innovation development of venture business makes it especially important issues of theory and methodology, with taking into account the peculiarities of this sphere and the specifics of the services provided. Scientific support of solutions to these problems will contribute the creation of a well-functioning venture business, which primarily depends on its successful development and increasing demands from consumers, creating a successful business project.
Research hypothesis. It is expected that the use of innovations in the venture business will create an effective quality management systems that are adapted to further development of the venture industry and suggested ways to improve venture business in Ukraine.
The aim of this research is to develop the method of realization of the process of selection of companies-applicants of venture projects.
Methodology: systematic analysis has been used to support the strategic system of balanced indicators for calculating the effectiveness of a venture project to build the model of the feasibility of innovative behavior of business.
Results: proposed ways of improving of venture business is revealed; the basic content of this concept is revealed; defined the main functions of such a business, as well as the role in modern conditions; the necessity and expediency of venture activities in Europe and Ukraine in particular has been proved; the role of the state in support of venture enterprises is determined; risks are identified in the course of venture investment; proposed the method of realization of the process of selection of companies-applicants of venture projects.
Conclusions: proposed approach to the use of a system of the activity of venture business in Ukraine is researched as well as the influence of the activity of European venture enterprises on the Ukrainian economy; made own forecasts for further development of the venture industry and suggested ways to improve venture business in Ukraine.
Keywords: innovations, business, venture business, venture investors, business angels, venture management companies.

Problem statement. In modern conditions, entrepreneurs, who are directly the initiators of new projects, large industrial companies, and the state are clearly aware that refusing to invest in the development of innovations would mean much financial loss in practice. Therefore, they are on the path to creating economic mechanisms that, on the one hand, would contribute to the introduction of the latest developments in STP, and, on the other hand, would help in minimizing the financial risk of individual investors. One of such mechanisms is risk (venture) financing of innovations. The venture mechanism has played an important role in implementing many of the major innovations in various fields of activity.

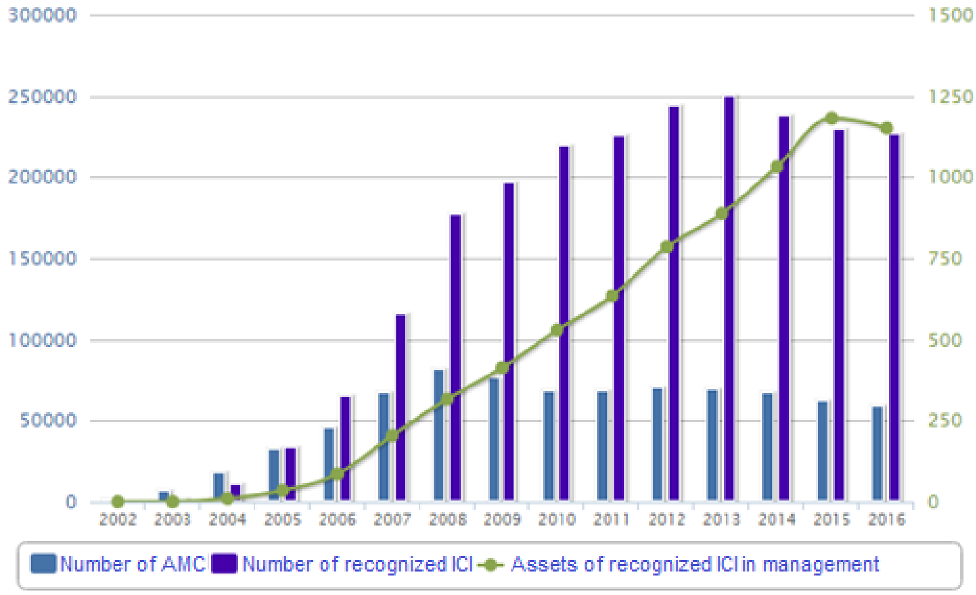
The current level of development in the theory of entrepreneurship is very limited, does not cover the visible set of factors affecting the most important indicators of entrepreneurial activity – profit and efficiency. In connection with this, both from the scientific and theoretical as well as from the practical point of view, there is a need for research that develops the theory and practice of venture business, which are modern and actual, which determined the choice of the topic of this study.

An analysis of recent publications and an unresolved part of the problem. The analysis of theoretical foundations and practical experience of entrepreneurship in the field of venture business shows that solving problems in the venture sector is impossible without developing new theoretical positions, tools and methodological support for the assessment and analysis of the efficiency of the functioning of venture capital business, state support for entrepreneurship through venture capital with taking into account foreign and national experience . These and similar questions are actual and have not yet received a sufficiently complete and systematic reflection in the scientific literature, which has led to a tendency to increase demand for their solution. The scientific aspects of the research were formed on the basis of study, critical analysis, rethinking of theoretical and methodological, methodological and practical developments related to the activity of venture business and reflected in the works of scientists and practitioners such as G. Hamilton, D. Gladstone, O. Gothsman, M Justman, E. J. Dolan, P. Drucker, C. Cumbell, A. Marshall, M. Maul, J. C. Pearce, M. Porter, B. Santo, J. Singer, P. Sliufer, W. Stevens, S. Tanaka, B. Tvisse, I. Schumpeter, W. Engler, etc. Recognizing the importance of research in the area under consideration, we note that scientific works devoted to the complex and varied problems of theory, practice, evaluation and analysis of the efficiency of venture business activity, proposals and recommendations for its improvement obviously not enough.

Goals. To reveal the essence of venture business, to determine its place in the national innovation infrastructure of the country, to consider the current situation and the main obstacles for the establishment of venture capital business in Ukraine, as well as the main advantages gained by the participants of the economic process from the development of the mechanism of venture financing, to analyze the prospects for the development of venture business in terms of analyzing contemporary macroeconomic circumstances, outline the mechanism for supporting venture business in Ukraine.

Research results. Risk (venture) business is a peculiar form of small and medium innovation entrepreneurship. In the market economy, it is represented mainly by private investment companies, whose activities are supported by public funds. Retrieving funds from various financial institutions for the creation of risky enterprises, venture business is engaged in approbation, updating and bringing to the industrial realization the "risk" innovations.

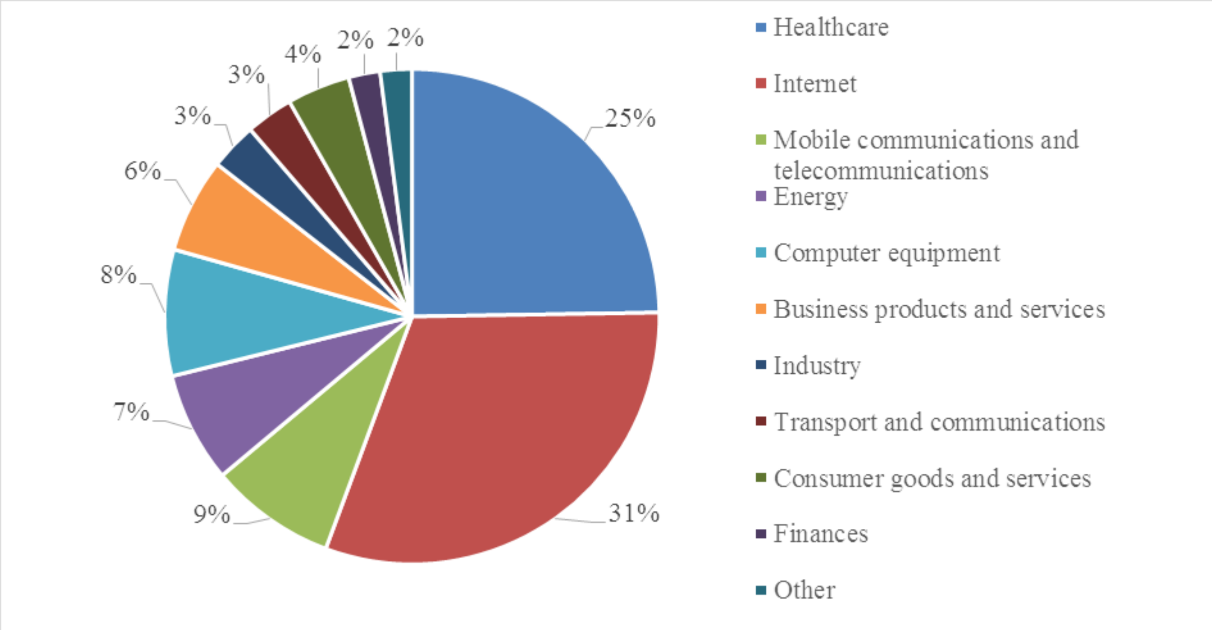
Venture business plays an important role in innovation, promoting, on the one hand, the implementation of the latest achievements of the STP, and, on the other hand, minimizing the financial risks of individual investors. A positive example of using this type of long-term investment is accumulated by the United States and European countries. Thus, over the past 30 years, hundreds of thousands of new jobs have been created in the United States through the efforts of venture capital and billions of dollars have been earned. In the venture business of Europe over the past decade, accumulated long-term capital worth of 102.8 billion euros. In the 20 countries of Western Europe there are now 500 venture funds. It is the venture business that allowed developed countries, including Ukraine, during the last quarter of the last century to qualitatively change the structure of productive forces and significantly affect industrial relations (Fig. 1).



Source: http://www.uaib.com.ua/analituaib/publ_ici_quart.html.

Fig. 1. **Assets of recognized institutions of cooperative investment (ICI)**

Among the objects of venture financing the leading is taken by high-tech companies, but the structure of investment is constantly changing. At present, the bulk of venture capital is directed to sectors such as software, biotechnologies, telecommunications, medical care, retail, computers and peripherals tools, Internet technologies, semi-finished products, energy, healthcare, financial services, electronics, business services (Fig. 2).



Source: [11].

Fig. 2. **The number of venture capitalist transactions by sectors**

Venture companies are very flexible and efficient, their active activity ensures increased competitiveness of manufactured products, rapid and successful introduction of new technologies, re-equipment and reconstruction of production on a modern scientific and technical basis, and increase of employment of the population. Their significance lies in the fact that they:

- lead to the creation of new viable business units that affect the entire traditional structure of scientific research, and cause structural changes in the social production of countries;
- increase employment of highly skilled specialists;
- encourage large corporations to improve the principles of governance and organizational structures;
- show that targeting long-term goals requires the creation of a special credit and financial system in the form of "risk" capital.

Venture business is represented by three types of companies:

- independent small venture companies specializing in research, development and production of new products;
- venture firms that are affiliated with large firms;
- joint ventures that combine small science-intensive firms and large companies (within the framework of such an association, a small firm usually develops a new product, and a large company finances research, provides research equipment for it, provides sales channels, organizes a service and after-sales customer service).

For the creation of a venture company the following conditions are required: the idea of innovation (new production, technology, services); Public demand for this innovative idea; An entrepreneur capable of realizing this idea by creating a new firm; "Risk" capital to finance this company.

The venture company undergoes several stages during its development (Fig. 3).

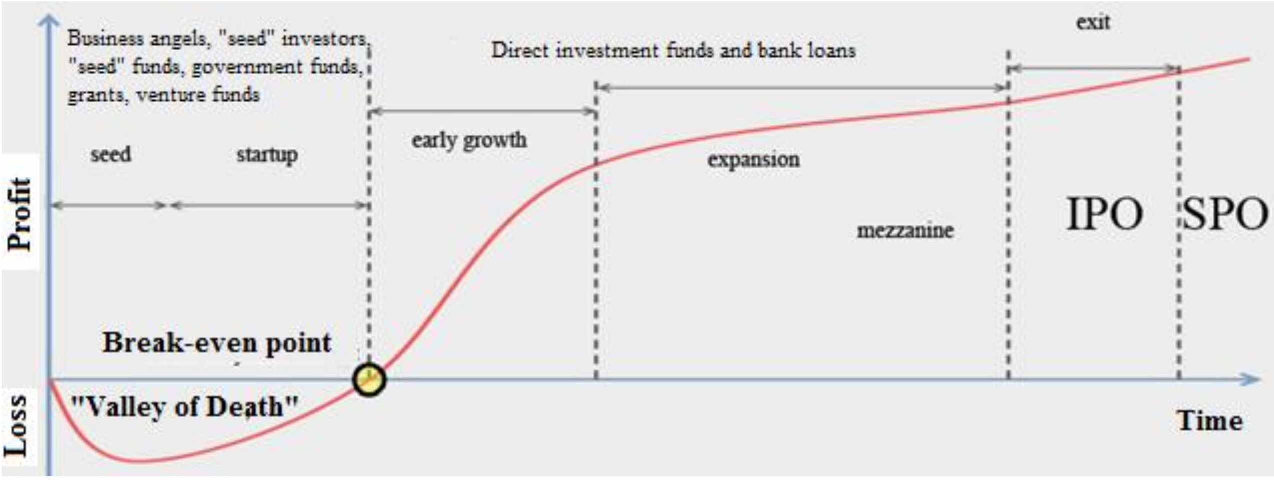


Fig. 3. **Stages of innovation company development**

Fig. 3 shows the main stages of the creation and development of an innovative venture company:

- At the "seed" stage, a project or an innovative business idea is allocated, a company is created, a team is selected, a concept is being developed, R&D is carried out;

- At the stage of launch, prototypes are created and tested, production is being arranged, marketing activities are carried out, and market entry is prepared;

- At the early stage of growth, commercial realization is launched; here it is natural: the break-even point and the beginning of profit growth;

- At the stage of expansion, a steady market presence takes place, and significant financial investments are required for further development;

- In an exit or a steady stage of capital investment are beginning to bring high stable profits, the company holds a strong position on the market.

At the first stage, when selecting the best innovative idea, on the basis of which a "risky" high-tech project will be created, the company's management must take into account the following points:

Firstly, the objectives of this innovation project should not coincide with the traditional sphere of interests of the "parent" company, since the goal of the internal venture is to find new ideas, technologies, objects, inventions;

And secondly, when selecting ideas to be implemented within national ventures, experts should make sure that there is the necessary commercial potential for innovation.

The system of information support for the search process of venture capital projects and potential investors is a collection of elements and processes for selecting, storing and systematizing information about potential venture capital investors and projects, as well as informational and methodological organization of interaction between entrepreneurs and venture capital investors (Fig. 4).

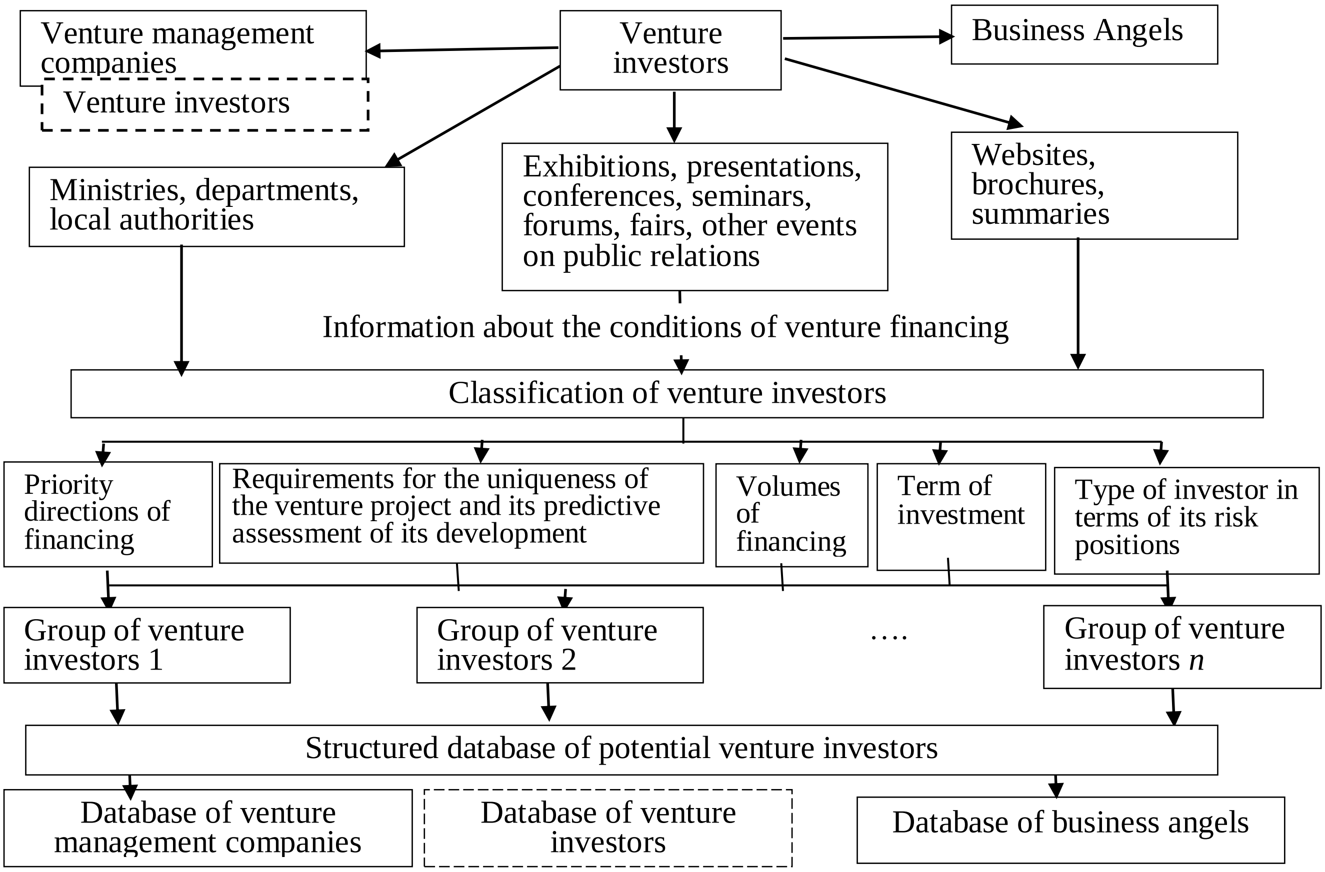


Fig. 4. **Methodology for implementing the selection process for venture capital companies**

The initial stage of the methodology is the analysis by the venture investor of the basic characteristics of the projects proposed for financing. These are: the focus of the venture project; The purpose of the venture project; Justification of the need to achieve the goal of the venture project; Term of venture project realization; The schedule for the implementation of the project; The main technical characteristics of the venture project; Justification of the budget of the venture project.

In the process of analyzing the main characteristics of a venture project, its financial elements are identified. They serve as the basis for drawing up the starting balance of the venture project. Thus, the result of the first stage for developing a methodology for assessing the effectiveness of a venture project is to compile the initial balance sheet of a venture project.

The second stage of the methodology for assessing the effectiveness of the venture project is the calculation of the economic efficiency of the venture project. This stage is reduced to the calculation of the following forecast indicators: annual revenue from the venture project in terms of periods; Annual total costs (cost price) in the context of periods. The calculation of these indicators should have an informative basis. The corresponding base will be formed by a venture investor by forecasting all possible indicators, the magnitude and dynamics of which will affect the amount of annual revenue and annual aggregate costs in terms of periods.

The third stage is the preparation of the forecasted profit-loss statement of the venture project. The calculated indicators determined by the venture investor in the second stage are the basis for drawing up such a report. The result of drawing up the profit and loss statement of the venture project is to determine the net cash flow from its realization. To visualize the information on the dynamics of the value of net profit, a graph of the dynamics of the profit / loss of the venture project is prepared.

At the fourth stage of the methodology for assessing the effectiveness of a venture project, an integral investment indicator is calculated. The basis for their calculation are the net cash flows (net profit) calculated for the third stage for the periods, terms of these periods and the size of the venture investments, the terms of their investment. This stage is reduced to a simple criterion evaluation of venture projects. Analysis of various sources [3–6] suggests the following group of integrated investment indicators (see Table 1).

In addition to calculating integral investment indicators of the venture project efficiency, it is necessary to draw up a payback schedule, based on the difference between the discounted amounts of incomes and expenses (investments) for the periods from the implementation of the venture project. The venture project is selected for investment, the integral indicators of which correspond to the optimal values and exceed the indicators of another (or group) venture project. Graphically, the proposed methodology for assessing the effectiveness of a venture project and choosing the most effective is shown in Fig. 5.

This methodology can be used both separately from the methodology for selecting companies that are recipients of venture investments, and jointly. The joint use of the two methods is recommended for particularly risky venture investors.

Table 1

Group of integrated investment indicators for calculating the effectiveness of a venture project

Indicators	Designation	Formula for calculation	Elements of the formula
Indicators based on discount estimates			
Net present value	$NPV \rangle 0$	$\sum_{k=1}^{n}\frac{P_k}{(1+r)^k}-\sum_{k=1}^{m}\frac{IC_k}{(1+r)^k}$	P_k – income (cash flow) in the k-th period; IC_k – investment in the k-th period; k - period of discounting; r – discount rate; n – number of periods of estimated cash flows; m – number of investment periods.
Index return on investment	$PI \rangle 0$	$\frac{\sum_{k=1}^{n}\frac{P_k}{(1+r)^k}}{\sum_{k=1}^{m}\frac{IC_k}{(1+r)^k}}$	
Internal rate of return	$IRR \rangle r$	$\sum_{k=1}^{m}\frac{IC_k}{(1+IRR)^k}-\sum_{k=1}^{n}\frac{P_k}{(1+IRR)^k}=0$	
Discounted payback period	$DPP \to min$	$\sum_{k=1}^{n}\frac{P_k}{(1+r)^k} \geq IC$	
The coefficient of investment efficiency, taking into account the time components of cash flows	$ARR_o \rangle 0$	$\frac{PN_o}{1/2\times(IC_o+RV)}$	PN_o – average annual profit; IC_o – discounted value of investments; RV – residual or liquidation value of the project.
Indicators based on accounting estimates			
Payback period of investments	$PP \to min$	$\sum_{k=1}^{n}P_k \geq IC$	PN – average annual profit
Coefficient of investment efficiency	ARR	$\frac{PN}{1/2\times(IC+RV)}$	

Conclusions and suggestions. The study of advanced foreign experience of institutional provision of venture financing of innovative development of domestic industry allowed to offer possible directions for its development and improvement: attracting large foreign and domestic companies to the development of innovative technologies; Ensuring the close interaction of all the links of the innovation chain; The development of a system of expertise and services based on the use of the proposed methodology for assessing the effectiveness of a venture project and justifying the choice of the most effective.

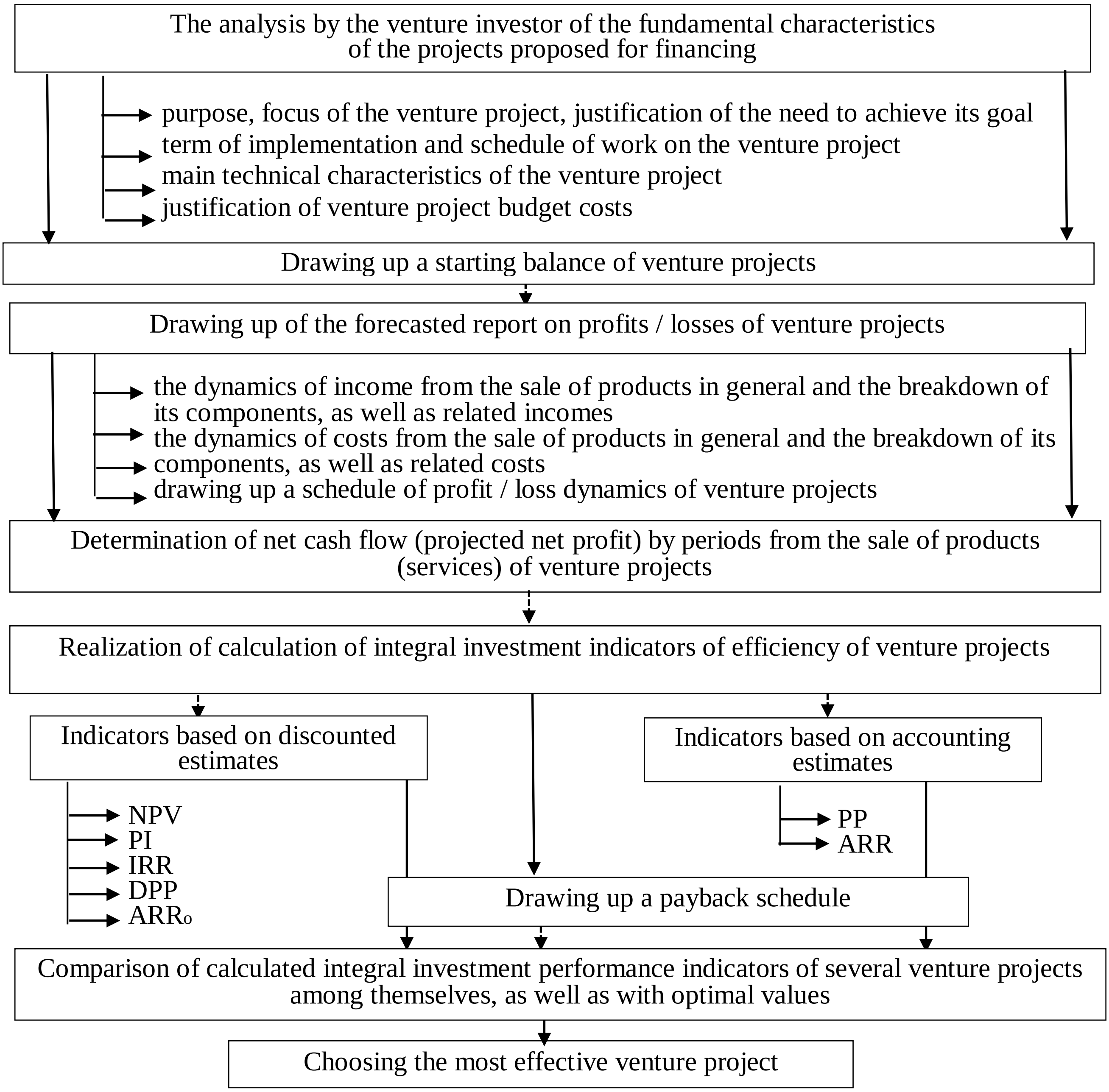


Fig. 5. **Methodology for evaluating the effectiveness of a venture project and selecting the most effective**

Government support for venture financing of innovation projects in Ukraine may include: legislative and regulatory regulation of scientific and technological, innovation and venture activities. Solving legal problems of intellectual property, benefits system and labor motivation.

Creation and support of economic conditions and incentives for the development of venture business on the system of state procurement, improvement of planning of scientific and technical development, effective financial and credit levers.

Organizational and managerial conditions of the venture industry in the management of state property. Conditions for attracting private venture capital into the development of innovative entrepreneurship. Formation and development of institutional and sectoral venture infrastructure on the basis of public-private partnership. The above measures should be carried out in accordance with the strategy of the state policy in the field of venture business, which should be part of a single concept of development of innovation and investment activity in Ukraine.

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JEL Classification: O300

UDC: 338

ANALYSIS OF MANAGEMENT EFFICIENCY AND ASSESSMENT OF MANAGEMENT RESOURCES IN THE CONTEXT OF THE COMPETITIVENESS OF HIGHER EDUCATIONAL INSTITUTIONS DEVELOPMENT

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Introduction and aim of the research: The article deals with aspects of the management resources of the management system of higher education institutions in Ukraine. The analysis of internal and external factors influencing the effectiveness of management decisions is carried out. The basic principles of formation of managerial resources focused on the achievement of competitive advantages in the market of educational services are singled out.

Research hypothesis: The new approaches to the management of higher education institutions are creating a stable competitive structure adapted to work in modern conditions is assumed.

The aim of this is to research of management resources of universities and the process of making managerial decisions by the higher educational institutions management as one of the main factors of an effective system of management aimed at increasing competitiveness.

Results: The scheme of interconnected competition aspects of higher education management and competitiveness towards effective educational services is developed.

Conclusions: An integrated approach to assessing the competitiveness of a higher education institution based on an integrated assessment of the management efficiency of existing potential and resources has been proposed.

Keywords: management, leading, leadership, management efficiency, higher education, competitiveness.

Problem statement and its connection with important scientific and practical tasks. The national education system is in the process of reforming. As one of the most important components of socio-economic development, it should become an attractive and open for investment of all levels. Of course, this is a cost field, the return from which is expected in the future. However, from the point of view of reproductive processes, when in the economy as a whole, due to the involvement of new and new specialists in the production process, creates a multiplicative effect, for employers, the sphere of education is a sphere of investment of capital with returns in the form of future profits.

The current state of socio-economic reforms in the country requires the establishment of an effective system of personnel management in a higher educational institution and the development of human resources.

The gradual implementation of innovative principles and approaches to the organization of an adequate level of quality assurance of educational programs requires radical changes in the existing systems of management of processes by educational activities aimed at satisfying the needs of the customer-student. Insufficient experience of professional training of managing personnel of higher educational institutions against the background of post-Soviet methods complicates their adaptation to the modern requirements of creating an effective personnel management system. Particularly relevant is the question of the theoretical elaboration of social and economic mechanisms for the preparation and reproduction of highly skilled management personnel who have a high level of general and specialized leadership level and are able to form a motivated team of reformers for changes.

It should be noted that at present, the most acute problem facing the management is the modern requirements, their own effective systems of training, retraining and staff development, including leadership skills development.

Prospects and trends of higher education require the development of a new, systematic concept of managing the competitiveness of universities in a dynamic competitive environment.

The status of a higher educational institution should change, giving that the university becomes the subject of market relations and acts as the producer of educational services. The causal and consequential change in the status of higher education is a change in the methods of its management as an enterprise. This requires the abandonment of existing models of non-economic behavior in favor of the development of modern management concepts.

In these conditions, scientific research is needed on a new coherent approach to managing the competitiveness of universities, which will increase the contribution of universities to the socio-economic development of the state. The need to solve the problems identified causes the relevance of this study.

Analysis of recent publications on the problem. A large number of researches of foreign and domestic scientists is devoted to the problems of effective activity of higher educational institutions and the competitiveness of educational services and universities. Among them are the works of such scholars as S. Ablameiko, O. Belash, I. Gryshchenko [3, 5], Y. Ivanov, V. Lazarev, E. Pesotka, T. Ekshikeev, V. Shcherbak [14] and others. Some problems of the justification of the system of indicators and the choice of criteria for assessing the competitiveness of HEIs are presented in works of T. Milguy, T. Ryabchenko, N. Kilchevskaya, and T. Krykunova. One of the most important tools for making managerial decisions in the area of competitiveness management is the comprehensive monitoring of the activities of universities.

In this direction were performed works of D. Istrakhanova, I. Gryshchenko [4], I. Egorov, M. Pugacheva and others. However, despite of the results, there are still a number of under-researched problems in this area. In particular: problems of evaluation and organization of competitive management of educational process in higher educational institutions in the current market conditions, developing on the basis of modern information systems and technologies; Problems of optimal management and financial monitoring of higher educational institutions by criteria of improving the quality of educational process and an objective assessment of the level of knowledge received by students in universities. The above circumstances and defined the purpose, objects and direction of this study.

Presentation of the main results and their justification. Reduction of the volume of scientific activity, the manifestation of crisis phenomena in scientific and educational organizations and its individual spheres and fields of science and technologies are caused by the difficult economic situation in Ukraine. In its turn, the limited material, labor, financial and other kinds of resources predetermine the need for urgent reform aimed at preserving and developing the managerial and competitive potential of higher educational institutions in Ukraine. Many authors have recently devoted their work to this topic, but more often the researchers focus on finding new forms of education management. At the same time, there are quite a few works that are researching the problem of managing the competitive potential of a higher school in conditions of limited state support. In many respects this is due to the fact that the mentioned problem with state resources of education was not a priority. And only in recent years, when public funding in support of the entire education system has declined significantly, this problem has proven to be quite critical. At the time, there is the question of survival of the scientific and educational branch of Ukraine in general and every single university in particular.

In the well-known bestseller "Re-imagine!" of Thomas J. Peters, an American writer on business management practices, says that in the 21st century, will reign organizations of the new type, fast, flexible and stable ones. He suggests that managers understand a lot more changes than could have been imagined before. Exploring changes not so much in managerial technology, but in the very principles of doing business, in the picture of the world of people, Peters highlights key characteristics – creativity, customer orientation, maximization of added value, participation in "crazy projects", acceleration of change [10, p. 352]. In our opinion, such objective management strategy should radically cover the system of higher education.

Universities, like other business structures, find themselves in a market economy when it comes to solving the issue of attracting money rather than waiting for financial mercy of the state. In this sense, it is expedient to study and implement managerial approaches based on the ideas of so-called "academic capitalism".

The reason for the spread of "academic capitalism" is very well described by the expert in the field of university management Karel Tavernier: "Worldwide, governments are no longer able to pay full higher education bills: compared with other priorities, modern universities have become too expensive to exist for the money of society. Moreover, governments not only fail to, but also do not want to do so, for the simple reason that in today's knowledge society a wide range of university products brings substantial dividends to those who buy it. Anyone who benefits should pay at least some of the cost. As a result, universities become some hybrids: semi-state, semi-private" [12].

At the same time, Ukraine, as an equal participant in the Bologna process, can not stand aside the criticism of European countries regarding the intensive formation of "academic capitalism" in the system of higher education. European governments are actively trying to resist the transformation of European education into an ordinary service or entrepreneurial activity. But now the realities of the functioning of higher education in Ukraine require the need to maintain a managerial balance that would allow to combine education with science and business. A selective approach to the commercialization of certain scientific achievements and the preservation of the quality of higher education is needed, without turning it into a "utilitarian craft", in the context of the spread of crisis and competitive situation.

Institutions of higher education are forced to carry out part of their activities in a global market with strong competitors emerging from unexpected parties. An example is the practice of creating integrated business structures (for example, “System Capital Management”) of accredited corporate universities based on their own training centers.

It should be noted that the crisis of higher education has a global growing character. The Canadian scientist Bill Readings, pointing out that the idea of the university has a great historical path: from the idea of reason (from Kant) through the idea of culture (from the German idealists) to the present idea of perfection or quality. But today the universities are in a "ruin", because none of the historical ideas can serve as the foundation for its existence. He also gave his assessment to the head of the scientific and educational institution: "The central figure of the University is no longer a professor, performing both the role of a scientist and a teacher, but a rector, to whom must report both managers and professors".

There are three classical tasks assigned to management staff (equally important but fundamentally different), which should be addressed to the managers, including the heads of the university, so that the team entrusted with its care has successfully functioned and contributed to the development of society, for this it is necessary:

- Formulate the specific purpose and mission of your institution.
- Ensure that the work of the institution is productive, and the actions of the employees are effective.
- Adjust the social impact and social responsibility of the organization.

"The effectiveness of any subsystem is determined by its contribution to the achievement of organizational goals. Personnel management is effective insofar as employees successfully use their potential to realize the goals that stand before it" [13, p. 313]. The assertion of this provision, as the indisputable postulate of one of the fundamental values of the organization, is the most important condition for the establishment of an effective system of personnel management and ensuring competitiveness.

Obviously, the definition and evaluation of the system of performance indicators for managing the competitiveness of higher educational institutions largely determines the complexity of the analysis of the activity of a higher educational institution at all stages of the adoption and implementation of management decisions.

In the first place, the competitiveness of the university is determined by the quality of education, the competitiveness of educational services, the effectiveness of marketing activities, the efficiency of management of investment activities and aggregate potential. Therefore, the overall effectiveness of managing the competitiveness of a higher educational establishment of EU can be presented in the form of an integrated assessment of the management efficiency of the above-mentioned potentials (1).

$$\mathbf{Ec = (E_{ed} + E_{m} + E_{cp} + E_{inv} + E_{q}) \times 100\%,} \tag{1}$$

Ec – The effectiveness of managing the competitiveness of universities;
E_{ed} *– The effectiveness of managing the competitiveness of educational services;*
E_{m} *– Effectiveness of management of marketing activities of universities;*
E_{cp} *– The efficiency of management of the aggregate potential of the university;*
E_{inv} *– Efficiency of management of investment activity of higher educational institutions;*
E_{q} *–Effectiveness of quality management in higher education.*

Certain types of management efficiency competitiveness of universities are rated as the ratio of change in the complex indicator for each module of competitiveness (competitiveness management of educational services, management of marketing activities of universities, management of combined potential of universities, management of investment activities of universities, quality management of institutions educaion) in each subsequent period, compared from the previous to the value of the complex index in the previous comparison period.

Such a development of the competitiveness of an educational institution, from our point of view, can be represented as a pyramid structure consisting of 4 consecutive interrelated levels: "Competitiveness – Competitive stability – Competitive Mobility – Competitive Status / Image" (Fig. 1).

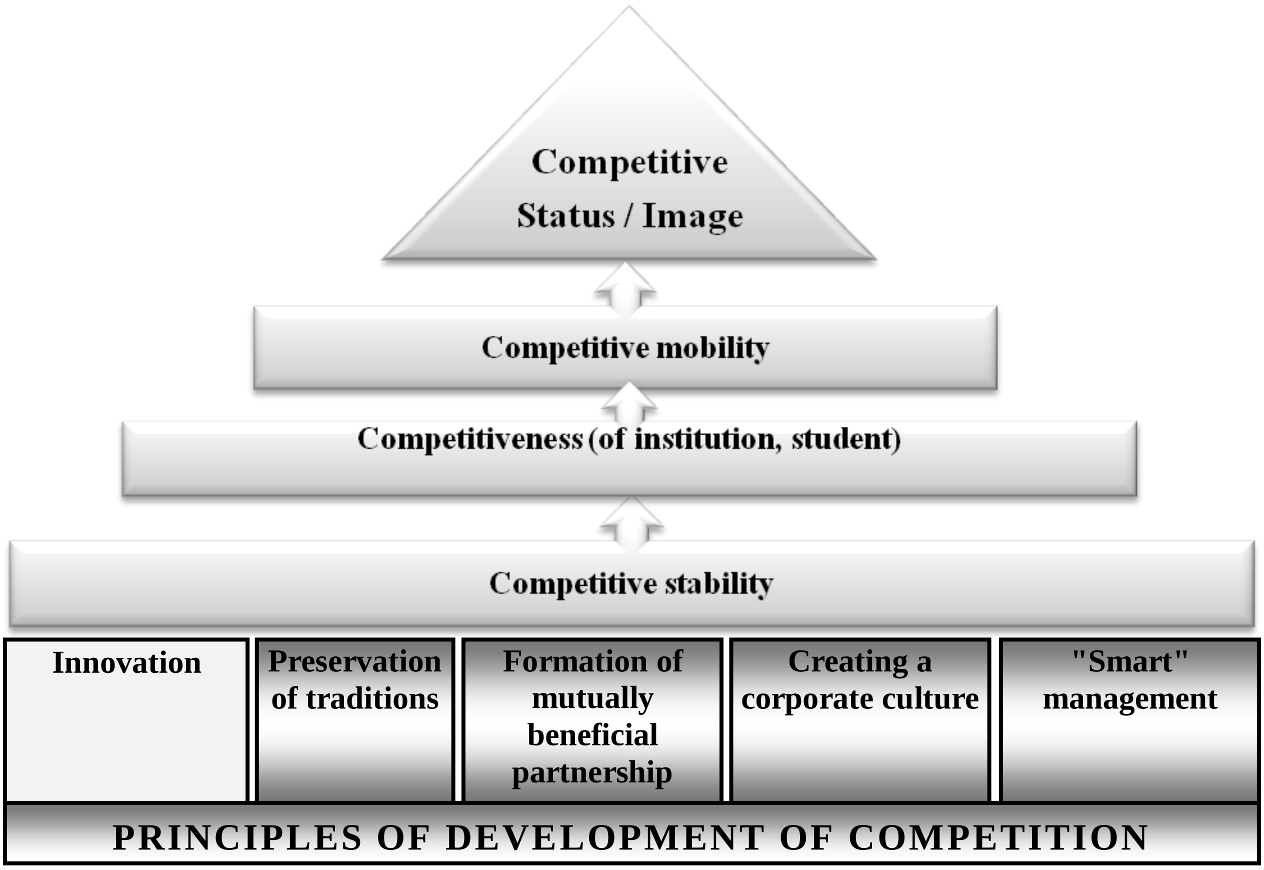

Fig. 1. **Scheme of interconnected competitive aspects of university management**

Achieving the appropriate level of management efficiency is possible with implementation and compliance with certain control algorithm that defines the essence of competitiveness of universities planning system and includes a sequence of actions such as analysis that tracks the dependence of the level of competitiveness of university performance of various aspects of its operation; Building on this basis the relevant models and their application for calculations; The development of measures aimed at increasing the competitiveness of universities and raising the image of the competition.

In the basis of the proposed pyramid, let's call its pyramid "4C" lay the following basic principles of successful construction:

1. The principle of "smart" management: sustainable management of the quality of educational services and monitoring of the existing market; Effective savings management of resources; Development of intellectual resources of universities; Thought-out strategic mission, dynamic development program of higher educational institutions, continuous improvement of professional skills, etc.
2. The principle of innovation: competitiveness of the university will be ensured when the educational institution uses innovative methods and approaches, both in the educational process and in scientific work, which, in turn, allows to train specialists at the world level, integrating the achievements of science and technologies.
3. The principle of traditionalism: the preservation of academic and university traditions, in conjunction with adaptability to the requirements of the modern educational market.
4. Principle of mutually beneficial partnership: interaction of higher education institutions with all interested parties (business structures, state bodies, other universities, public organizations, scientific communities, etc.).
5. The principle of identity: the formation of a corporate culture that combines innovation and tradition.

It should be noted that the assessment of the effectiveness of the university management system, in addition to the assessment of competitiveness, is necessary for the improvement of the whole system, its continuous development and periodic self-examination, in order to optimize its activities. The important aspect here is compliance with external normative requirements - accreditation indicators, availability of professional accreditation, lack of regulations of external controlling organizations, availability of international certificates, financial state support, etc.

Key factors are also internal factors. Conditional indicators of the internal efficiency of the management system of higher educational institutions can be divided into two directions: the performance of the heads of universities, which are expressed in an active position in relation to the improvement of the system of management of universities (intent-intentions) and performance indicators, which were achieved over a certain period of time.

In the paper [4, p. 156] it is noted that the important task of the university is not only the creation and maintenance of competitive advantages, but also their profitable capitalization, the transformation into money that can be invested in the further development of the university. It is the economic situation of the environment encourages the University to create a market-oriented development strategy aimed at ensuring economic sustainability as one of the key factors in ensuring the competitive status of universities.

In the manifestation of the multifactorial influence of external and internal factors of the competitiveness of universities, with all similarities in the formation of a competitive image in the sphere of industry (the availability of educational and scientific product), it should be taken into account that the competitive result of educational activity is possible only under the condition of the student's ability and desire. Consequently, a market-oriented strategy for managing the development of universities should be based on the paradigm of student-centered educational activity [7].

It should be noted that during the analyzation of the competitiveness of universities, along with the quality of the service itself, the assessment of the financial status of the company and the level of resource efficiency are of great importance. The factors that determine its position in the social environment (such as the location of the institution, etc.) are also important in comparison with the organizations providing services in the market of educational services.

In view of this, the issue of managing the competitiveness of educational services of higher educational institutions should be considered at three levels: organizational, economic and consumer.

Organizational level is the level of management of the process of creating competitive educational services in the institution itself.

Economic - the level of competitiveness of an educational institution as an educational service provider for future employers.

Consumer level is the level of production and consumption of educational services, which is considered from the standpoint of the competitiveness of the national education system.

The solution of the problem of increasing the competitiveness of educational services is considered in two dimensions: as a result of the educational process ensuring that the level of competence of graduates corresponds to the requirements of the labor market and the competitiveness of educational services in the labor market (Fig. 2).

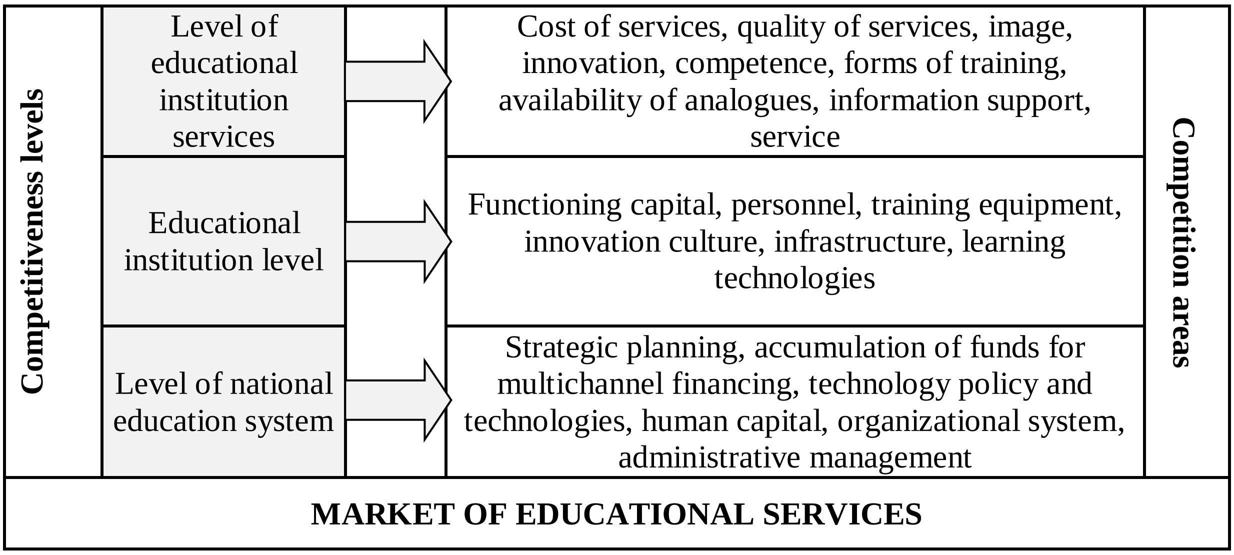

Fig. 2. **Scheme of connections of levels of competitiveness and areas of competition in the market of educational services**

Competitive advantages of the national education system depend on strategic planning, from the formation of a system of accumulation of funds for multi-channel financing, technological policy and technologies, and an organizational management system. At the level of services of an educational institution, the management of its competitiveness is considered in a certain logical sequence: the mission of higher educational institutions; Its connection with the external environment; Tools of innovation economy; Principles, functions and methods of management.

After formulating a mission, studying consumer inquiries, analyzing the external environment, forecasting the competitiveness of the elements of the input, it is necessary to develop the structure of specialties, innovative curricula and form requirements for the quality of the processes involved, economic, social, provisioning, educational, innovation, etc. The main condition for improving the competitiveness of an educational institution based on a competent approach is the integration of schools, universities, science, production and market mechanism.

As Ukraine is a member of the Bologna Process, the competitiveness of the national education system is set within the framework of institutional transformations, both the national education system and educational institutions.

These can be attributed to:

- the formation of a two-tier system of educational programs of higher education in such a way that they can provide not only a variety of individual and academic needs, but also the needs of the labor market;
- improvement of the system of compatibility of national educational systems by improving the procedures for recognition of degrees and periods of study, developing a common definition of qualifications, with taking into account the indicators of the academic load, the level and results of the educational process, competences and profile of educational programs;
- ensuring the quality of higher education through the development of effective quality control systems at the level of universities, at national and European levels, the rational combination of academic quality and the applied nature of educational programs;
- development of the system of transferable and accumulated loans and its consistent application in the framework of the growing pan-European space of higher education.

Management decisions on their implementation proceed from the goals tree and the need to address specific tasks in the following priority areas:

- the mission of an educational institution (what do we want to do and what we have?);
- "exit" (what consumer market is waiting from us?)
- the external environment (who and how does it affect us from the side?);
- "entrance" (with what the supplier market can provide an education institution?);
- strategy and structure (what should be the strategy of the functioning and development of an educational institution, which subdivisions it should have?)
- processes for the processing of "input" into "output" (what processes and how should be managed the educational institution?).

Conclusions and perspectives of further research. According to the results of the study, it can be concluded that in order to create a proper competitive status, there is a need for innovative activation of the management resources at the organizational, economic and consumer level, aimed at increasing the number of talented students. A comprehensive approach to create the necessary conditions for meeting the needs and expectations of students (during training) is a key factor in creating a competitive image of higher education institutions and the basis for ensuring its consistent competitive advantages in the educational services market.

Thus the development of competitiveness of higher education institution in the context of creating a new mechanism for managing the operation of universities can be formed by reorganizing the old management approach, using the accumulated positive experience and adding to it new organizational elements that increase the adaptability while retaining the traditional high school positive specificity. Although one goal of reorganization of the old mechanism, "management" aspect of solving this problem can not be defined uniquely for all schools because it depends on many factors and operating conditions of a particular institution. Among them are innovative and creative managers of all levels of government and their commitment to radical change of internal relations, a new organizational culture, creativity and commitment of each employee. Optimization of management through timely changes, flexible regulation, corresponding to the challenges of the present, will allow not only to seek competitive advantages, but also to survive and develop in the long run, on the basis of achieving the balance of the micro and macro environment, ensuring the strategic task of the quality of the scientific and educational process. Further research should be aimed at increasing the effective functioning of universities, stimulating employees, and creating a resource-saving policy aimed at meeting the needs of consumers at all levels.

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INSTITUTIONAL IMPLEMENTATION OF SOCIO-ECONOMIC DEVELOPMENT TO REGIONS IN UKRAINE

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Introduction and purpose of the research: An important stage in the preparation of measures to improve the institutional environment in the region is the assessment of the relationship between the establishedi institutions and economic effects derived from their implementation and functioning.
Hypothesis of scientific research. Understanding the importance of the development of small and medium-sized businesses by the country's leadership has attracted the formation of goals and principles of state policy in the field of small and medium-sized businesses. Development of the Institute entrepreneurship is one of the priority directions of development of the Ukrainian economy, in particular its regions.
The purpose of the study. It is the development of methodological tools for assessing the impact of entrepreneurs on socio-economic development of the region and its testing.
Research methods: during the research used retrospective, logical, systemic and complex analysis, the method of typology construction, classification, as well as specific methods. Research in the field of institutional analysis and regional economics.
Results: development of methodological evaluation tools influence of institutions on the socio-economic development of regions, allowed to conclude that the Dnipropetrovsk, Transcarpathian, Zhytomyr and Lviv regions in the pre-crisis period were identical in status institutional environment and socio-economic development. But due to different institutional policies of the regions, they become more alternative to each other.
Conclusions: using the proposed methodology in the regions showed that, despite the high degree of similarity institutional environment and the dynamics of socio-economic development, the economy of the regions in different ways reacted to the negative impact caused by the crisis. It found reflection in the change in the values of the similarity coefficients institutional environment and the dynamics of socio-economic development regions. This technique allows us to determine the dependence of dynamics socio-economic development of the region from its institutional environment.
Keywords: institute of entrepreneurial activity, entrepreneurial environment, entrepreneurial coefficient of similarity, entrepreneurial activity, crisis.

Statement of the problem and its connection with important scientific and practical tasks. The transition of the economy of Ukraine from business as usual, to modernization on the innovative basis is impossible without creation of the institutional environment. Ensuring high level of social and economic development of the regions and increasing their competitiveness.

It is obvious that the outdated technological base, a shortage of staff, poor condition of infrastructure, the lack of competitive projects does not allow Ukrainian regions to achieve economical growth without improving the entrepreneurial environment of economic development. At the same time, such modernization is not adequately reflects interest in the development strategies of the regions because of the poorly developed theoretical and methodological foundations, approaches, and lack of practical recommendations.

Analysis of the recent publications. For the formation of the author's approaches, to the study of the entrepreneurial environment, updates, additions, and specification of the main categories and concepts in this area. Author studied the fundamental work of the founders of economic thoughts of P. A. Brusser [5], A. S. Galchinsky [6], S. A. Yerokhin [10], L. I. Vorotina [11], Y. A. Shumpeter [12] and others.

Unresolved parts of the study. However, despite the significant number of developments in this field of study, many aspects of the problem are far from their solution. Issues associated with the development and justification of the directions and ways of modernizing the regional entrepreneurial environment.

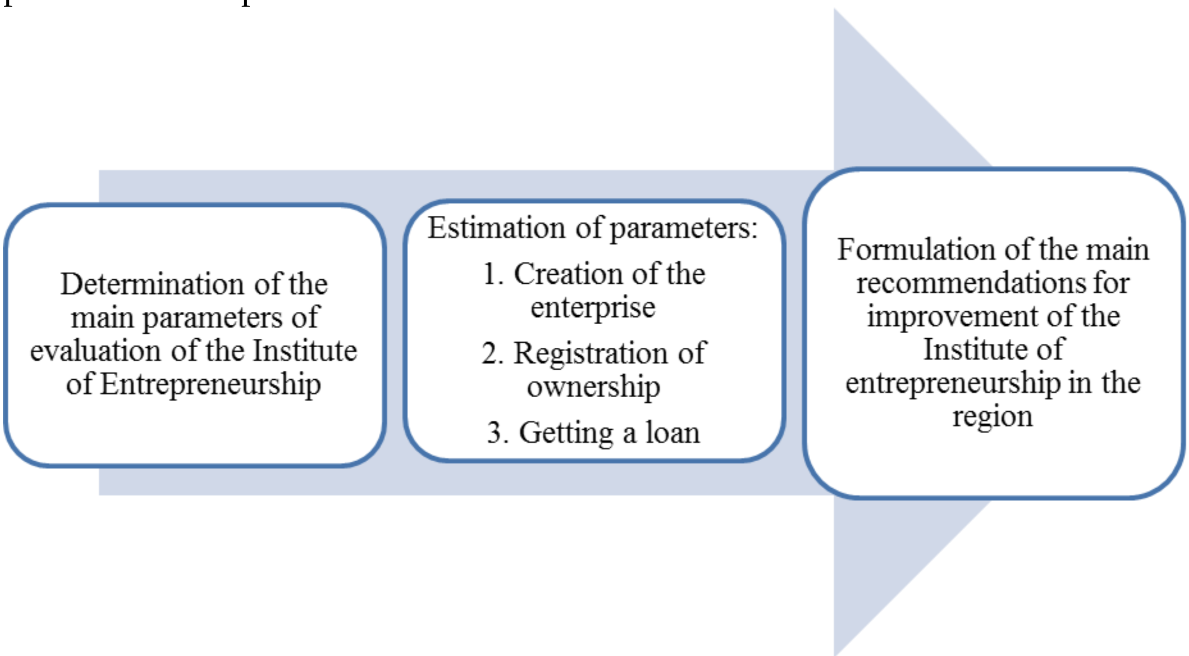
The purpose of the study. It is the development of methodological tools for assessing the impact of entrepreneurs on socio-economic development of the region and its testing.

The summary of the main results and their justification. The differences in economic and social development of the Ukrainian regions depend on established institutions and entrepreneurs. Today the importance and necessity of institutional reforms is not in doubt. The problem of assessing the impact of institutions on various social and economic indicators of the region development is of particular relevance for the development of entrepreneurship in Ukraine.

From how much effectively will be developed and implemented such transformation, largely depends economic and social development of the regions. An important step, in the development of measures to improve the institutional and entrepreneurial environment in the region, is to assess the relationship of existing institutions with the economic effects obtained as a result of their functioning.

In the study, we propose to assess the impact of institutional and entrepreneurial environment on the socio-economic development of the region by the algorithm presented in Fig. 1.

As a tool for assessing the impact of the institutional environment on the socio-economic development of the region, we propose to calculate the following coefficients: the coefficient of similarity of the institutional environment (K_1), the coefficient of similarity of the dynamics of socio-economic development of the region (K_2) and the coefficient of interconnection of the institutional environment and dynamics Socio-economic development of the region (K_3); While using the following indicators that reflect the institutional characteristics of the economy of the regions of Ukraine. The share of private sector in the economy (reflecting the depth of privatization processes), this indicator is used in the World Bank's "Doing Business" project and in the calculation of the Business Competitiveness Index. The ratio of total government revenue to GDP (characterizing the degree of direct participation of the state in regulating the economy of the region) is used when calculating the "Economic Freedom of the World" index by the Fraser Institute (Canada) and when calculating the Business Competitiveness Index. The share of unprofitable enterprises (reflecting the rigidity of budget constraints, the effectiveness of the institution of bankruptcy, the tendency (or the lack of commitment of economic agents to fulfill obligations) - is used when calculating the Fraser Institute of the Index "Economic Freedom of Peace", the World Bank in measuring the performance of public administration.



Source: *calculated and constructed by the author.*

Fig. 1. **The system for assessing the impact of institutional environment on the socio-economic development of the region**

The share of small enterprises (describes involvement of population in entrepreneurial activity and the institutional conditions for development of entrepreneurship) - was used in calculating Inst Frédéric of the Index "Economic Freedom of Peace", in the World Bank's Doing Business project, when calculating the Business Competitiveness Index.

The coefficient of similarity of the institutional environment is calculated by the formula:

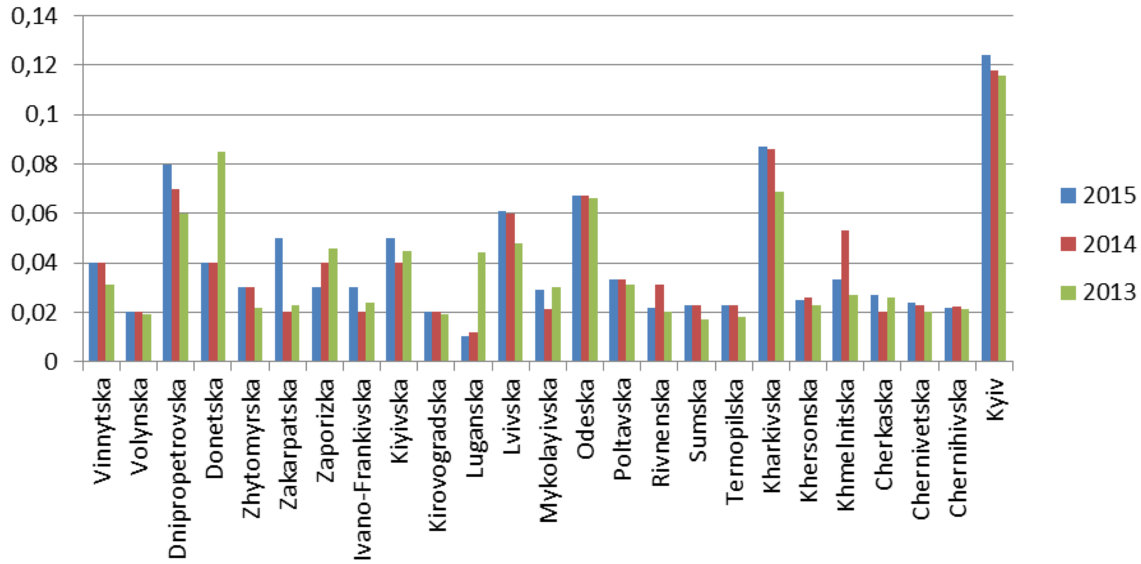
$$K_1 = 1 - \frac{2 * \sum_{i-1}^{n} \frac{|x_{i1} - x_{i2}|}{I_i}}{n}, \qquad (1)$$

where x_{i1} – value of *i*-th parameter of the economy of the first region; x_{i2} – value of *i*-th parameter of the economy of the second region; I_i – an indicator that performs the normalization function, calculated as the difference between the maximum and minimum values of the i-th parameter among the two regions for the period under study; *n* – number of parameters.

The value of the coefficient K1 varies from +1 to -1. The maximum (+1) corresponds to the identical institutional environment in two regions, the minimum (-1) – for alternative (example, decentralized market system and centralized). The proximity of the value of K_1 to zero indicates that the data structure can't be attributed to similar or alternative ones.

Let's calculate the coefficient of similarity of the institutional environment for the regions of Ukraine. The values of the parameters x1 and x2 for the regions are taken according to the State Statistical Service [5].

For the calculation of indicators of similarity factors, we identified 2013 – as the pre-crisis period, 2014 – as the crisis period, and 2015 – as the post-crisis period. It was during these years that there were profound changes in the socio-economic system of the country, which led to the fundamental change in vector, conditions and mechanisms for the further functioning of the regional economy (Fig. 2). During this period, in many regions of Ukraine arise the need to adjust social and economic development to strategies. The essence of these needs is now denoted by the notion of "European integration".

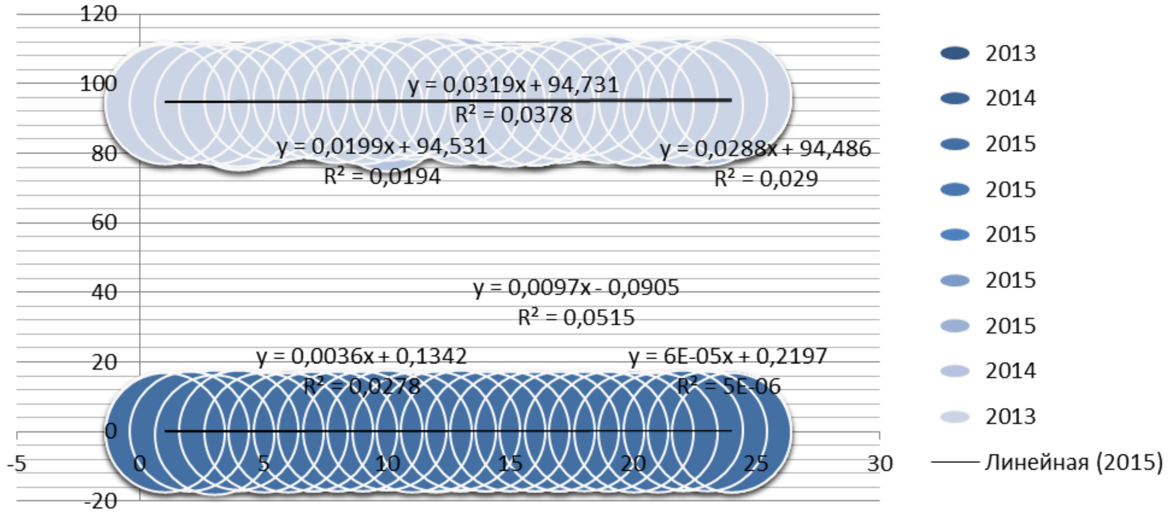


Source: *calculated and constructed by the author based on* [8].

Fig. 2. **Dynamics of indicators of the share of economic entities in the economy of regions of Ukraine in 2013-2015**

In Fig. 2 it is clearly seen that in the so-called post-crisis period, the share of the non-governmental sector has decreased in such areas as Donetsk, Luhansk and Zaporozhye regions, which in turn is associated with the loss of the territories and the conduct of the anti-terrorist operation (ATO). The most positive dynamics are in Kyiv, Transcarpathian, Kharkiv, Lviv and Dnipropetrovsk regions.

In the calculation of the coefficient of similarity of the institutional environment is also an indicator of the ratio of all incomes of the region to the GRP, whose dynamics for the analyzed period is presented in Fig. 3.



Source: *calculated and constructed by the author based on* [8].

Fig. 3. **Dynamics of the ratio of the total income of the population of the region to the GRP for 2013-2015**

The analysis of the dynamics of the ratio of all incomes to the GRP, as well as the share of the non-state sector in the economy, reflects the nature (degree) of the institutional environment in the regions of Ukraine for the analyzed period. In all regions there was a decline in performance.

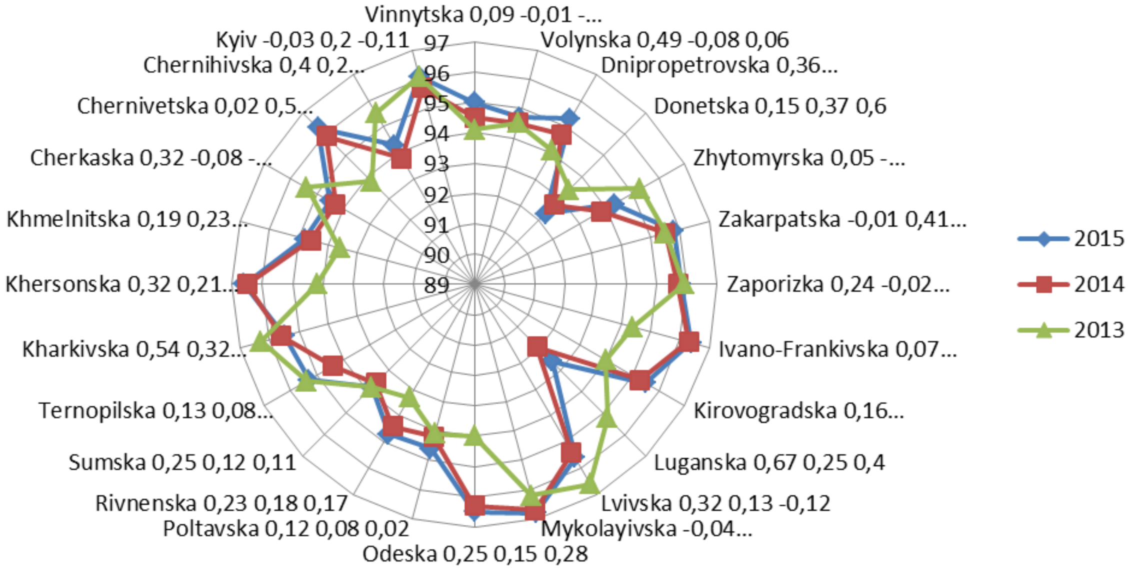
In Fig. 3 shows that the value of the analyzed indicator for 2013 and 2014, significantly exceeds the indicators for 2015.

The institutional environment in the region reflects the percentage of small enterprises in the total number of enterprises in the region, which we also propose to include in the similarity factor of the institutional environment. The dynamics of the indicator is presented in Fig. 4.

From Fig. 4 it is evident that in 2015 has been sharp increase in the share of small enterprises in all regions of Ukraine, except Donetsk and Luhansk regions.

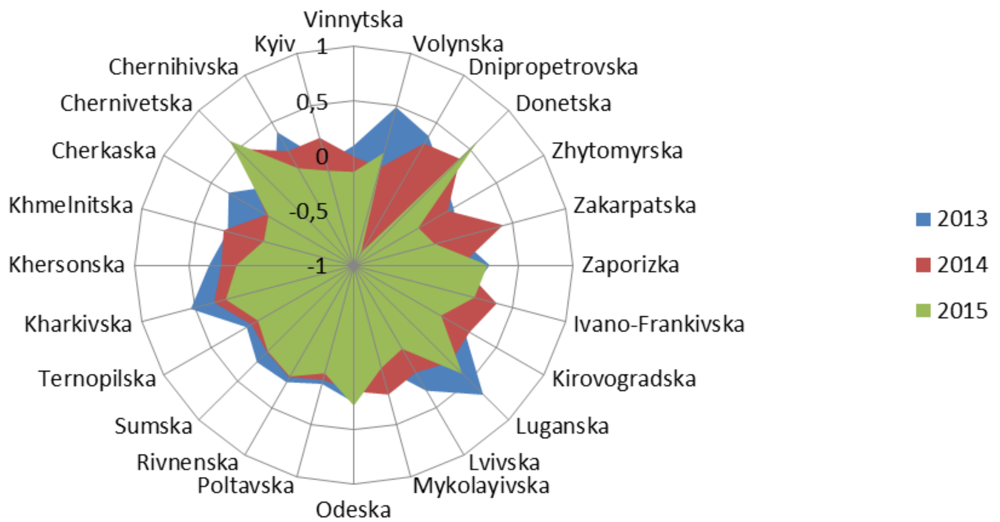
Substituting the data obtained in formula (1), calculate the coefficient of similarity of the institutional environment K_1 in 2015. For further analysis X_1 – will be the first region, X_2 - will be the economic parameters of the Kyiv region.

Take into account the importance of the *i* parameter of the economy of other regions of Ukraine. *I* - will be calculated as the difference between the maximum and the minimum values of the *i* parameter. The dynamics of indicators is presented in Fig. 5.



Source: *calculated and constructed by the author based on* [8].

Fig. 4. **Dynamics of the share of small enterprises in the total number of regional enterprises in 2013-2015, *%***



Source: *calculated and constructed by the author based on* [8].

Fig. 5. **The dynamics of similarity coefficient K1 of the institutional environment in the regions of Ukraine for 2013-2015**

Any sudden adverse change in external or internal conditions can be seen as a kind of test for the economy. From this point of view, the crisis is testing the stability of the regional economy and efficiency of its institutional environment. Despite the high degree of similarity of the institutional environment and the dynamics of socio-economic development, the economy of Ukrainian regions responded differently to the negative impact caused by the crisis. Regional authorities have implemented their own special program for tackling the crisis, but not all have proven successful. This was reflected in the change in the values of the coefficients of similarity of the institutional environment and the dynamics of socio-economic development of the regions. These techniques allow determine the dependence of the dynamics of socio-economic development of the region from its institutional environment.

The analysis shows that Dnipropetrovsk, Transcarpathian, Zhytomyr and Lviv regions witnessed significant decline in the value of K_1. This means that in these areas have grown institutional differences, due to the development of small business and entrepreneurs in the post-crisis period.

Conclusions. The Institute of Entrepreneurship plays the key role in the socio-economic development of the region. It establishes one of the most important areas of economic reforms and promotes to develop the competitive market environment. It fills up the consumer markets with goods and services, creates new jobs, forms wide range of owners, helps to grow Small and Medium Businesses. The Institute of Entrepreneurship is an integral part of a market economy. It consistently maintains the achieved positions, increases its influence on the formation of general economic indicators every year in various branches of the economy. It is the small and medium sized businesses that are capable of generating the most effective and innovative projects. They react more rapidly to changing market conditions, and work on those markets niches, where the large companies are disadvantageous or even have weak positions. Small businesses have the higher turnover rate of capital, economic maneuverability, decision-making flexibility, and territorial-spatial mobility, everything that is necessary for the regional economic development.

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JEL Classification: O310

UDC: 334:732:631.115.8

BASIC DETERMINANTS FOR FORMING CONSUMER VALUE OF KNOWLEDGE OF INNOVATIVE ECOSYSTEM

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Introduction and objective: The problems of the country's innovation development are of particular importance during the economic downturn that is currently observed in the global economy. Over time, the crisis will somewhat be weakening, the economy will start to grow and large-scale innovation changes will become even more urgent. It is clear that solving problems of activating innovation activity of enterprises is the main guarantee of economic stability and growth.
The aim of the study – the substantiate of main determinants of the formation of the consumer value of knowledge in the innovation ecosystem.
Research methods: systems analysis was used to study the system of indicators of rural development; Cluster analysis - analysis of rural development
Results: Identifying the motives that determine the buyer's choice is extremely important in the marketing of scientific products. Taking into account all technological conditions and features and forming them in strategic goals with high quality of conducting of marketing researches allow to reveal factors influencing the competitiveness of the created technologies; to study the needs of the market in innovations; to forecast trends of development as for a certain region, industry as a whole, as well as separate scientific directions.
Conclusions: In this case, marketing tools should be used at all stages of the technology marketing complex – from its development to the promotion strategy for the end user.
Keywords: basic determinants, knowledge, innovative ecosystem.

Problem statement and its connection with important scientific and practical tasks. The current stage of development of market relations is characterized by the rigidity of the competition, the variability of macro indicators, the growth of the need for differentiation and the change in the position of consumers, the development of information networks, which makes possible the instantaneous dissemination and receipt of information, the wide availability of modern technologies, the change in the role of labor resources, as well as a number of other factors that led to a significant increase of the value of marketing innovation.

The changing macroeconomic conditions, the tendencies of strengthening the power of consumers and the pressure of counterparties, the rapidly growing competitive activity and the gradual interactivity of domestic society determine the significance and necessity of implementing the tools of the methodology of "consumer orientation" management.

Analysis of recent publications. Various aspects of the formation and development of the concept of the innovation ecosystem were researched by such scholars as: A. A. Dinkin and N. I. Ivanova [3], S. M. Ilyashenko [7], Z. O. Koval [4], O. M. Lyashenko [6], D. V. Rayko [8], A. Yu. Yakovleva [11] and many others.

Unsolved issues. For most production facilities, innovation is becoming a major factor in development. This thesis is proved by the current activity of domestic enterprises, most of which are currently suspended: without the introduction of the latest technologies adapted to the requirements of consumers, the quality of domestic products and its cost does not meet the world standards.

Formulation of research objectives. The purpose of this study is to substantiate the main determinants of the formation of the consumer value of knowledge in the innovation ecosystem.

Presentation of the main results and their justification. Today it is assumed that a high-tech business can not exist outside of the "ecosystem", which is built by all those who participate in the innovation process [5].

We are accustomed to understanding under the notion of "ecosystem" some biological essence – a set of biosubjects that interact with each other and with the physical environment in such a way that the energy flow creates a clearly defined structure, species diversity and the circulation of substances within the system. According to the environmental dictionary, the term "ecosystem" defines a relatively stable system of dynamic equilibrium in which organisms and inorganic factors are equal components [1].

At the same time, abroad, the term "ecosystem" refers to the totality of institutions that effectively interact in the economic system. The term "ecosystem" from this point of view began to be used recently, but it is now a well-established term used by actors in the innovation market. They are a set of enterprises, organizations, institutions, their associations or any other form of ownership, providing services for the provision of innovation activities (consulting, marketing, informational and communicative, legal, educational, etc.).

Some researchers believe that the innovative ecosystem is characterized by its functions (exchange and critique of ideas, search for investors, commercialization of innovations or the creation of structures that will implement these innovations) and purpose – the kind of innovative community [11, p. 24].

Innovative ecosystem – an energy exchange system, mutually beneficial links between its participants. Accordingly, the main participants in the innovation ecosystem should be universities and research institutions (as carriers of education and science), government bodies (including local authorities), enterprises as investors and consumers of innovations.

The experience of practical research within the framework of the TEMPUS IV-5 project "Innovative Laboratories: Using Open Innovative Learning Platforms and Research Activities in Education for Enterprises to Increase Participation and Innovation Capacity of Universities in Post-Socialist Societies" (INNLAB) suggests that subjects of the innovation ecosystem in different countries have different conditions for the development of innovation market (Table 1).

Table 1

Analysis of the factors of the innovation ecosystem in some countries

Criteria for comparison	United Kingdom	Estonia	Greece	Ukraine
Initiators and executors of research / creation of innovations	Initiators – enterprises, performers – universities	Initiators – enterprises, performers – universities	Initiators – enterprises, performers – universities	Initiators and performers – scientific-research institutions (SRI); sometimes – universities. Links between SRI and universities are weak
Types of research	Applied (70–90%)	Mostly applied (up to 80%)	Mostly applied (80–95%)	Predominantly fundamental (up to 70%)
Legislative field	Formed	Formed	Formed	Forming
Financing	Government finances 50–70% of scientific developments	Partial state support of the funds "Enterprise Estonia" and "Estonian Development Fund"	The government is funding 25% of the research	The Government finances SRI activities, as well as individual studies in state universities
Infrastructure (technology parks, incubators, venture companies)	Developed	Developed	Sufficiently developed	Not developed
Efficiency	High	Very high	Medium	Low

Source: author's development.

One of the University's tasks in the innovation ecosystem is the development of opportunities for the functioning of the technology transfer mechanism of the higher educational institution – promotion of the project from the idea to the creation of a successful enterprise. Any university is interested in obtaining the maximum additional cost from the commercialization of their own technologies.

So, the University of Aristotle (city of Saloniki, Greece) has a Research and Technopark Center. Similar research centers have good results. For example, the repository of the Research Center currently has 850 research and development results, as well as 1800 partners and 250 research projects implemented over the last three years.

The notion of commercialization and valorisation of scientific and technological developments is closely associated with the notion of innovation ecosystem.

Commercialization of innovations, technologies (R&D results) is any activity aimed at generating revenue from the use of research results, skills and abilities [6, p. 75].

Under the notion of "valorisation" (from french Valorisation; valoir – "appreciate, fit") most often understood the planned, organized by the state increase in commodity prices, exchange rate of securities, currency [2, p. 136]. It can be said that valorisation is a measure taken by the state to re-evaluate or increase the value of various types of assets and capital.

In fact, valorisation reflects the processes of creating and increasing value, usefulness or significance as a result of targeted actions or measures. In our opinion, the key point in valorisation of innovations is the creation of consumer value, which is expressed in consumer value.

Consumer value is the basis for recognizing the effectiveness of scientific developments, since it is the customer's permissiveness and willingness to pay for scientific development for further use and determines the consumer value of such development.

On the readiness of the consumer to innovate and the pace of such implementation is influenced by some characteristics. This, in the opinion of the founder and researcher of the theory of diffusion of innovations E. Rogers [9, p. 36], the following determinants:

1. Relative advantage is the perception of innovation as an idea that surpasses previous ideas and solutions. Here, social prestige, convenience and pleasure play an extremely important role.

2. Compatibility is the perception of innovation as of meeting the existing values derived from past experience and the needs of potential actors who want and can implement it.

3. Difficulty is the perception of innovation in terms of clarity and ease of use.

4. Verifiability or ease of testing is the suitability of innovation for limited experimentation, which reduces the degree of uncertainty for the consumer.

5. Observance or communicative innovation – the degree of visibility of the results of innovation for others.

The presented properties of innovation explain the pace of innovation, while the most important are the first two characteristics – relative superiority and compatibility. These characteristics are in fact the basis of marketing of innovations, which are defined as activities aimed at finding new spheres and ways to use the potential of the enterprise, developing on this basis new products and technologies and their promotion on the market in order to meet the needs and requests [7, p. 7].

Note that human needs are dynamic – appear, develop, disappear during living, that is, they have some cycles, as well as economic life of society. Consumer needs are based on processes that shape the human's vital functions: processes of biological nature (nutrition, sleep etc.) and processes of social nature (acquisition and application of knowledge, self-realization etc.) [10, p. 2].

Studies have shown that the decision-making process on purchasing innovative goods, especially "social nature", is influenced mainly by the way of promotion and consumer attractiveness. They must, above all, be taken into account in order to intensify the innovation activity of producers and increase consumer demand [8, p. 5]. Consumer attractiveness in this case means the perception of the potential consumer of a set of parameters that satisfy the most important needs of consumers embodied in the main constructive, technological, environmental, ergonomic characteristics of the new product. In terms of the consumer, the new product sells the same need as the old one, but it has competitive advantages over price, quality or any other important consumer indicator.

Creating an effective mechanism for sharing knowledge between higher education institutions and state, public and business organizations involves taking into account the relevant expectations of such an exchange between all these entities. Enterprises from different fields of activity that are involved in this project are waiting for new ideas, new knowledge and new opportunities for cooperation with universities. It is important for the University to evaluate the innovative activity (innovation points) of enterprises and find out what new knowledge they need for further development and what role all participants of knowledge sharing do (Table 2).

It should be noted that the market for scientific research is more related to the market of consumer organizations – B2B, since the technology developed is secondary to the final product. In this case, it is actually necessary to conduct two marketing research: marketing of the final product and marketing of the actual technology (development).

Table 2

The role of the subjects of the innovation ecosystem in creating the consumer value of innovation

Subjects of the innovation ecosystem	United Kingdom	Estonia	Greece	Ukraine
State	High	Very high, the state stimulates the considerable consumer value	Medium	Low
Universities	High, based on enterprise requests			Low, based on institutions vision
Enterprises	Are customers, and hence consumers of innovations			Mostly, they are not customers, and therefore consumers of innovations

Source: author's development.

The main goal of the study of consumers of innovations in the framework of integrated market research of the market is to find out the specific incentive factors that will be guided by the consumer when deciding on the acquisition of scientific development (technologies).

Conclusions and perspectives for further research. The growth of the role of individual subjects of the innovation ecosystem, the need for their purposeful interaction with each other and the external environment is the problem of management of the ecosystem. Effective management should include orientation of marketing, and through it, innovative, investment and production activities of economic entities to identify and make full use of existing and prospective market opportunities, supporting a certain balance of external and internal reserves of innovation development, in order to achieve success in competition, maximizing current and promising revenues, but with the obligatory consideration of consumers' needs.

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INVESTMENT CLIMATE AND METHODS OF ITS EVALUATION

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Introduction and objective of the research. Creating a favorable investment climate in Ukraine is one of the most important conditions for attracting investment. Investments play a central role in the country's economic development, and determine the overall growth of its economy. The effectiveness of investment policy depends on the state of production, the level of technical equipment of enterprises, the possibility of structural adjustment of the economy, the solution of social and environmental problems. Investments are a powerful incentive to re-equip and modernize the technical base of the enterprise, increase the volume of production, improve product quality and increase the competitiveness of the company in the market, which leads to increased economic benefits.

The aim – justify the priorities of Ukraine's investment policy regarding the enhancement of foreign investment and increase of its efficiency.

Results: it thus becomes clear that an effective investment policy cannot be without a stable development of the country's economy as a whole. We get a closed circle of interconnected processes: investments contribute to the country's economic development, and the country's stable economic development provides an inflow of investment resources. The fundamental role in breaking these interdependencies belongs to the state, which should create the prerequisites for intensifying the attraction of investments to the country for the rather unfavorable overall economic development of the country and assure investors the expediency and utility of investing.

Conclusions: the most important tasks for improvement of the investment climate in Ukraine in the short-term perspective are the following: preparation of the necessary legal and organizational framework for increasing the capacity of the mechanisms for ensuring the investment climate; formation of the basis for maintaining and increasing the competitiveness of the domestic economy; creating conditions for the interest of national investors to invest and use profits domestically without exporting them abroad..

Keywords: investment climate, credit and equity ratings.

Formulation of the problem. Creating a favorable investment climate in Ukraine is one of the most important conditions for attracting investment. Investments play a central role in the country's economic development, and determine the overall growth of its economy. The effectiveness of investment policy depends on the state of production, the level of technical equipment of enterprises, the possibility of structural adjustment of the economy, the solution of social and environmental problems. Investments are a powerful incentive to re-equip and modernize the technical base of the enterprise, increase the volume of production, improve product quality and increase the competitiveness of the company in the market, which leads to increased economic benefits.

Activation of attracting foreign capital into the country's economy is significantly influenced by its investment climate. Today, in countries with a developed market economy, rating and index systems that offer information on the specifics of doing business in different countries are already established and function effectively. However, assessments of foreign experts without the participation of their Ukrainian counterparts are not correct or perhaps biased. In addition, Ukraine's economy is characterized by dynamic changes, which necessitates constant monitoring of real business conditions in order to prevent threats in a timely manner and to promote the potential of investment possibilities.

Analysis of recent research and unsolved part of the problem. The issue of attracting foreign investment, as an important factor in economic growth, has always been one of the main research objects for the scientists. Domestic scientists such as A. Blank [1], M. Borsch, P. Budyuk, M. Vasilchenko, D. Vovchak, M. Heyets, P. Duka, G. Lukyanenko, M. Pakhomov, A. Peresada, I. Petrenko, V. Prohoda, I. Rogach, I. Sukhorukov, S. Filippchenko and others. [2]. The theoretical aspects of the assessment of the investment climate in the state are reflected in the works of domestic economists, in particular O. Vovchak, V. Balabanov, O. Kirichenko, V. Kovalev, L. Neykova, A. Peresad and others [3]. At the same time, it can be stated that the national system of assessing the investment climate is only forming, so the issue of its methodological and instrumental support remains open.

The purpose of the study is to determine the country's investment climate and methodological approaches to its evaluation.

Research results. Investment climate is a generalized characteristic of a set of social, economic, organizational, legal, political, socio-cultural prerequisites that determines the attractiveness and feasibility of investing in a particular economic system (the economy of a country, region, corporation) [2].

Ensuring a favorable investment climate in Ukraine remains a matter of strategic importance, the implementation of which depends on the socio-economic dynamics, the effectiveness of the involvement in the world division of labor, the possibility of modernization on this basis of the national economy. The attraction of foreign capital is one of the most important tools for the recovery of Ukraine's economy. The prospects for structural adjustment of the economy, the development of priority sectors of the economy, private business, the conquest of international markets by national commodity producers depend on effective investment policy. An important role in solving the tasks of stimulating investment processes belongs to the tax system of the country.

The issue facing Ukraine as a potential recipient in the globalization market of investment flows is the choice of effective tax burden instruments for businesses with foreign capital. After all, the investor, first of all, is not interested in the development of the state or in raising the standard of living of the population, but in the level of protection of his rights and the possibility of increasing the invested capital. Therefore, it is important to identify the threats and opportunities of the domestic taxation mechanism in terms of competing with other tax systems in the world.

The system of the main factors shaping the investment climate of the state, includes the following features, shown in Table 1.

Table 1

The main factors shaping the investment climate of the state

Signs	Factors
By the organization of the legal field	- level of investment activity management at the level of executive bodies; - an effective legislative base
By political stability	- stable political situation in the country; - level of public confidence in the government
By economic development	- the state of the economy of the country; - dynamics of GDP growth; - the size of internal and external debts; - the level of the shadow economy
In the presence of potential	- availability of labor, land, energy, scientific and technical resources
By financial stability	- Budget Revenue; - the interest rate on loans; - the amount of deposits per capita
By socio-cultural development	- level of population security; - living conditions; - level of health care and medical care; - crime rate; - social protection of the population; - respect for human rights
By international position	- international rating of the country; - cooperation with international organizations; - observance of norms and rules of conventions and agreements
By the state of the market economy development	- availability of free competition; - inflation rate; - presence of the sales market; - level of development of free competition among enterprises
Under the general conditions of management	- ecological safety; - development of branches of material production; - the degree of wear and tear of the main productive assets

Source: [4].

The transformational processes taking place in the Ukrainian economy cannot be realized without the attraction of foreign capital. First, foreign investment allows us to shape the dynamics and vectors of the development of the national economy.

In a high level of global competition, the process of attracting foreign capital is aimed at improving the structure of the economy of the state, its institutions, increasing the competitiveness of the national producer and the standard of living of the population. Secondly, investments play an important role in shaping the financial equilibrium of the economy.Without the attraction of foreign investments, it is impossible to cover the deficit of Ukraine's financial resources. So, as of the end of 2016, Ukraine is obliged to pay more than 10.3 billion USD in external debt, which exceeds 60% of GDP [55]. In foreign countries, there are various approaches to the methods of assessing the investment climate of countries, which vary according to the research objectives, the number of indicators being analyzed, and their characteristics, by choosing the indicators themselves. Main indicators in the world are: the index of economic freedom; methodology for evaluating the investment climate of the magazine "Euromoney"; Methodology for assessing the Institute in Lausanne (Switzerland); BERI (Business Environmental Risk Index); Economist Intelligence Unit; Political Risk Services; Standard & Poor's Rating Group; Pricewaterhouse Coopers and others. In general, these ratings measure the macroeconomic investment climate of the country, and primarily determine credit and stock ratings (indices) and economic indices.

The most commonly used credit and equity ratings in different countries of the world include:

1) USA: Dow Jones Industrial Average, Dow Jones Transportation Average, Dow Jones Utilities Average, AMEX (Composite, Russell Index (Russell 1000 Index, etc.)), Standard & Poor's (Standard & Poor's Composite 500 Index, Standard & Poor's 400 Index (S&P Midcap);

2) France: CAC-40 and CAC General;

3) Germany: DAX 30, Xetra DAX, DAX 100, CDAX;

4) United Kingdom: FT-SE 30 Share Index (Financial Times Industrial Ordinary Share Index), FT-SE 100 (Footsie 100), FT-SE Mid 250%;

5) Japan: Nikkei (nihon keizai), Topix, JPN;

6) Canada: TSE 300;

7) Hong Kong: Hang Seng Index.

Economic indices are defined by such world-known international organizations as the UN, the World Bank, the European Bank for Reconstruction and Development (EBRD), and so on. The main indicators for evaluating economic indices are usually the following: the state and trends of economic development; political stability in the country; socio-demographic situation; monetary policy and inflation; legislative provision of entrepreneurial activity; infrastructure development; corruption and offenses; the level of state regulation of the economy, etc.

At the present stage, the economies of many countries are characterized by the presence of large external and internal government debts. No state can do without money borrowing in financial markets through government domestic loans, which is an effective tool for overcoming the limited tax revenues and effective monetary policy implementation.

Economic indices and ratings of the investment climate of countries, unlike stock and credit indices, are defined by various rating and analytical agencies as well as by international organizations such as the UN, the World Bank, the European Bank for Reconstruction and Development, and others. This testifies to the impartiality of the indicated subjects regarding the received assessments and points to the objectivity of the results obtained.

The rating agencies are the main independent entities capable of analyzing the situation on the world investment market. Table 2 shows the most influential of them and indicates the forecast for Ukraine.

Table 2

Results of evaluation of economic and social development of Ukraine by rating agencies

Rating agency	Main rating (index)	Place of Ukraine, over the years					
		2011	2012	2013	2014	2015	2016
Moody's	Sovereign rating of the country	Baa	Baa	Baa	Ca	Caa	Caa3
Standard & Poor's	Long-term rating on liabilities in national currency	B+	B	CCC	CC	C	B-
Fitch Ratings	Long-term default rating of the issuer in the national currency	B	B	CCC	CC	C	CCC
Japan Rating and Investment Information, Inc.	Obligations in national currency	BB–	BB–	B+	CCC	CC	CCC

Source: [5].

Moody is one of the world's largest rating agencies. This agency operates 32 rating systems. The company evaluates the borrower's credit rating on a standardized scale, and provides grades corresponding to 12 levels that are used to make investment and speculative decisions. Today, the company's share in the world market of credit ratings is about 40% [5].

Another influential financial analytical company is *Standard & Poor's*. The company is also known as the author and editor of the American stock index *S&P 500* and the Australian *S&P 200*. Long-term credit ratings of *Standard & Poor's* assess the issuer's ability to meet its debt obligations. Ratings are indicated by letters: from the highest – AAA (exceptionally reliable issuers) to rating D (issuers declaring default) [5]. In addition, the company makes short-term credit ratings, as well as corporate governance ratings and information transparency ratings for enterprises.

Particular attention is needed to information about the investment climate of individual countries, which is provided by *information agencies* (Table 3).

Table 3

Results of evaluation of economic and social development of Ukraine by information agencies

Information agency	Main rating (index)	Place of Ukraine, over the years					
		2011	2012	2013	2014	2015	2016
Magazine «Euromoney» (UK)	Country risk rating	89 out of 186	90	91	92	94	95
Magazine «Newsweek» (USA)	Ranking of the best countries *(Newsweek's The World's Best Countries)*	49 out of 100	64	67	72	74	73
Magazine «Forbes» (USA)	Ranking of countries with the most favorable conditions for business *(Best Countries for Business)*	105 out of 134	112	114	115	120	121
Magazine «The Economist» (UK)	Rating of entrepreneurial attractiveness	70 out of 82	72	76	74	76	76
Magazine «Foreign Policy Journal» (USA)	Globalization Index	42 out of 72	48	53	54	56	41
	Index of incapable countries *(Failed States Index)*	110 out of 177	140	138	154	142	145
Magazine «International Living» (USA)	The ranking of countries by the standard of living *(Quality of Life Index)*	73 out of 192	120	135	140	148	131
Magazine «Business Insider» (USA)	The rating of countries with a threat of default	6 out of 18	10	8	12	8	7
Magazine «Institutional Investor» (USA)	Assessing the creditworthiness of countries	90 out of 178	121	126	130	135	138

Source: [6; 7].

One of the influential ratings of this group is *the country risk rating*, which is compiled twice a year by «*Euromoney»* magazine. Published by this magazine results are a list of countries placed according to the value of the integral reliability index. The indicator itself is in the range of 0 to 100 and is the sum of the estimates obtained by the expert estimation method or the calculation of nine indicators. The value of an indicator equal to 0 means the highest risk; respectively, the score of 100 means the lowest level of risk. Numerical values are translated into ten letters: from AAA to N/R [6].

The original methodology is the basis of the ranking of the top 100 countries of the world, compiled by «*Newsweek*» magazine. The team of developers combined data that has already been prepared by other international organizations that form world rankings in different areas. According to this method, the countries of the world are estimated at five commonly accepted indicators of national welfare, including: education, state of health care, quality of life, dynamics of economic development and the political environment [8]. Another ranking for information agencies is the *ranking of Best Countries for Business*, which is compiled by *«Forbes»* Magazine, one of the world's most famous business publications. This rating assesses business conditions in 134 countries, focusing on such factors as business activity such as innovation, technological development, tax system, property rights protection, corruption, personal and economic freedom, bureaucracy and investor protection [7; 8].

Equally well-known are the ratings made by *research organizations* (Table 4).

Table 4

Results of evaluation of economic and social development of Ukraine by foreign research organizations

Organization	Main rating (index)	Place of Ukraine, over the years					
		2011	2012	2013	2014	2015	2016
Institute for Management Development *(IMD)*	Competitiveness rating	57 out of 144	73	84	76	79	85
«The Heritage Foundation» fund and *«The Wall Street Journal» newspaper*	Rating by the index of economic freedom (Index of Economic Freedom)	125 out of 157	72	161	155	160	162
Research center Brookings Institution	The rating of weaknesses of developing countries	118 out of 141	112	107	105	101	103
Hamburg Institute of World Economy (*HWWA*) and *BDO*	Rating of investment attractiveness of the countries of the world (International Business Compass)	145 out of 174	134	112	109	89	130

Source: based on [6; 7; 8].

One of the most influential ratings is the Index of Economic Freedom (Index of Economic Freedom), which is calculated by the American Fund «The Heritage Foundation» and the «The Wall Street Journal» newspaper.

In the ranking of investment attractiveness of the world (International Business Compass) of 2015, published by BDO, Ukraine, in comparison with the previous year, rose by 20 positions. Now our country is ranked 89th and is among the countries that showed the best growth in the year, along with Belarus and Latvia.

The indicated indices are formed by BDO together with the Hamburg Institute of World Economy and characterize the economic and financial attractiveness of different countries on the basis of three main indicators: economic, political and sociocultural.

The next ranking groups are the ones that comprise *international organizations for economic and social development*. Table 5 shows the list of these organizations and the place that Ukraine holds in the respective ratings.

Table 5

International organizations assessing the economic and social development of countries

Organization	Main rating (index)	Place of Ukraine, over the years					
		2011	2012	2013	2014	2015	2016
The World Bank	Business Ranking (Doing Business)	149 out of 183	152	137	87	85	83
World Economic Forum in Davos (Switzerland)	Competitiveness Index of Economic Growth	87 out of 142	82	86	88	92	79
	Country Engagement Index in international trade	76 out of 121	71	68	67	67	67
UN Human Development Program	Human Development Index	75 out of 169	79	77	79	81	84
Conference UNO on trade and the development of UNCTAD	Trading and development index	43 out of 123	37	35	37	37	38
Audit firm *Pricewaterhouse Coopers*	Ranking of countries by the level of complexity of the tax system	177 out of 178	177	176	173	173	172
Center for Anti-Corruption Studies *Transparency International*	Corruption Perceptions Index	152 out of 175	144	144	142	140	130

Source: based on [9; 10].

The information base for such ratings is macroeconomic indicators and statistics, as well as in some cases, indicators calculated using specially developed methods that summarize the most significant indicators and formulate a final value, which makes it possible to compare country-specific data with other countries. At the same time, in Doing Business 2017, Ukraine improved its position by 3 points and rose from 83-d to 80-th place compared to the previous 2016 (Table 6) [6].

Table 6

Ukraine's indexes in the Doing Business rating

Index name \ Years	2012	2013	2014	2015	2016	2017
Starting a business	69	76	30	30	30	20
Obtaining building permits	68	70	140	139	139	139
Connecting to a power supply network	182	185	137	138	137	130
Ownership registration	88	59	61	64	61	63
Getting a loan	14	17	19	17	19	20
Protection of investors' rights	107	109	88	87	101	70
Taxation	157	108	107	106	107	84
Foreign trade	153	154	109	109	109	115
Performance of contractual obligations	44	43	98	98	93	81
Bankruptcy	141	142	141	141	141	150
General index	142	136	112	87	83	80

Source:[6].

The said rating is being investigated by the International Finance Corporation, which is part of the World Bank. The rating estimates the conditions for starting, running and closing business in most countries around the world, based on a survey of more than 9600 reputable experts from evaluated countries. As shown in Table 6, the ranking index consists of 10 sub-indices that reflect regulatory, fiscal and market constraints that complicate or facilitate business conduct in the country.

In the 2017 study by the World Bank has somewhat modified the ranking methodology. In particular, gender aspects are taken into account for some indicators of the index. In addition, the indicator "Taxation" is expanded. Now it covers the processes after filing and paying taxes, including tax refunds, tax audits and administrative tax appeals. It should also be noted that in order to ensure consistency of data, researchers have made changes to the data of last year's rating Doing Business-2016.

Thus, taking into account the retrospective changes, Ukraine for one year has improved its position in the rating of ease of doing business only on 1 position, rising from 81-st to 80-th place. Positive shifts in the experts were noted only in 2 out of 10 major components of the study – "Protection of the rights of minority investors" and "Enforcement of contracts".

All other shifts have actually occurred due to changes in the methodology and dynamics of other countries. It is interesting to compare the main indicators of Ukraine's rating with the indicators of Poland, Kazakhstan, Belarus, Russia, Moldova, Kyrgyzstan and Georgia. First of all, it should be noted that these countries significantly outstripped Ukraine in the Doing Business-2017 rating. For example, in 2017, Georgia ranked 16th in the ranking of ease of doing business and is in the top ten for a number of indicators. Therefore, in comparison with regulatory processes in other countries, Ukraine has much to strive for. In particular, in Georgia, for registration of property, the company must carry out one procedure, and the process takes one day. In Belarus – 2 procedures and 3 days; in Moldova respectively – 5 and 5.5; in Russia 3 and 15; in Kyrgyzstan and Kazakhstan – 3 procedures and 3.5 days. In Ukraine, as in 2016, the business has to undergo 7 formal procedures and expect the registration to be 23 days [6; 7; 9].

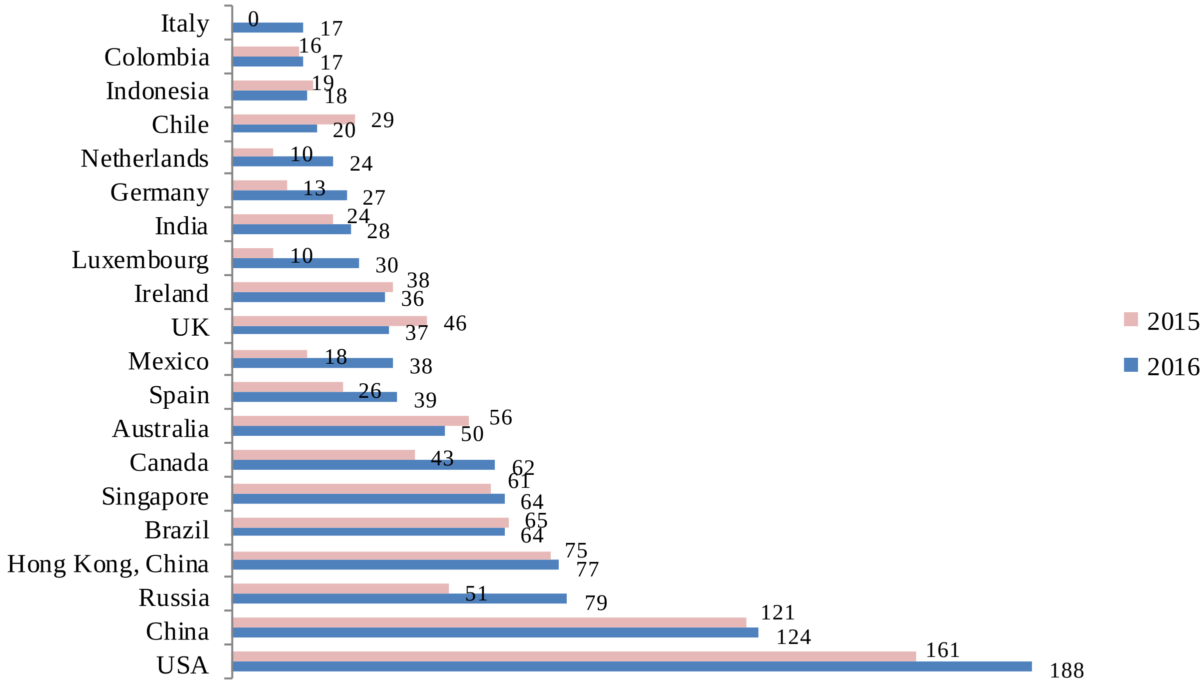
Particular attention is required for the ranking of Ukraine, which took the worst places, and judging by the data of the study, there were no particular changes to achieve the best results for the year. In particular, in terms of obtaining construction permits, the country occupies 140-th position among 190 countries. The study takes into account all official procedures that a construction company must carry out for the construction of a warehouse, including the time and cost of passing procedures. In Ukraine, in order to obtain a permit for such construction, 10 procedures should be carried out, which will last for more than 2 months – 67 days and will require official expenses in the amount of 15.2% of the cost of construction itself. In Georgia (8-th position for this indicator), the same actions require 7 procedures, which will last 48 days and will cost 0.2% of the construction cost. According to the indicator of the connection of warehouse space to power supply systems, Ukraine took 130-th place, which is due in particular to the need to pass 5 procedures, the cost of time for practical passing one year (281 days). Belarus (24-th place) – 4 procedures and 105 days, Russia (30-th) – 3 procedures and 161 days, Georgia (39-th place) – 4 procedures for 71 days, Moldova (73-rd) – 6 procedures and 87 days respectively [6; 7; 9].

In terms of international trade, Ukraine ranked 150-th and is considerably inferior to Poland (1-st place), Belarus (30-th) and Moldova (34-th). It measures temporal and financial costs (with the exception of customs duties) during the stages required for export or import of goods: compliance with established requirements for the execution of documents and compliance with border and customs controls. Ukraine's worst rating, as in 2016, is solving insolvency problems (150-th place), which examines time and financial costs, as well as the final outcome of the process of resolving insolvency issues of the enterprise.

Stimulating investment in the economy is a complex problem, since it depends both on the tools and on the state of the external environment of the country as a whole, and on the economic situation of a separate region. However, one of the important reasons still remains a significant fiscal orientation of the tax system of Ukraine. Despite the fact that the tax system of Ukraine according to certain indicators corresponds to the recognized world standards, it appears only in the names of taxes.

Another influential rating of this group is the ranking according to the index of competitiveness of economic growth, which is calculated by the World Economic Forum (Davos, Switzerland). The peculiarity of this rating is that it assesses the ability of the economy to maintain stable economic growth in the medium and long term. During the rating process, three groups of factors are analyzed: 1) basic requirements, which include institutions, infrastructure, macroeconomic indicators, health care and basic education; 2) performance indicators that assess the state of higher education, the functioning of commodity markets, the efficiency of the labor market, the state of the financial market, technological development; 3) Innovative factors, including simplification of business procedures and application of innovations [7]. The competitiveness index of economic growth allows us to determine both the competitor's advantages of the country under study and its characteristic weaknesses.

It should be noted that the external conditions of globalization predetermine the high level of competition between countries in international investment capital markets. The report of the United Nations Conference on Trade and Development for 2014 lists the TOP-20 countries of the world with the most favorable investment climate (Figure 1).



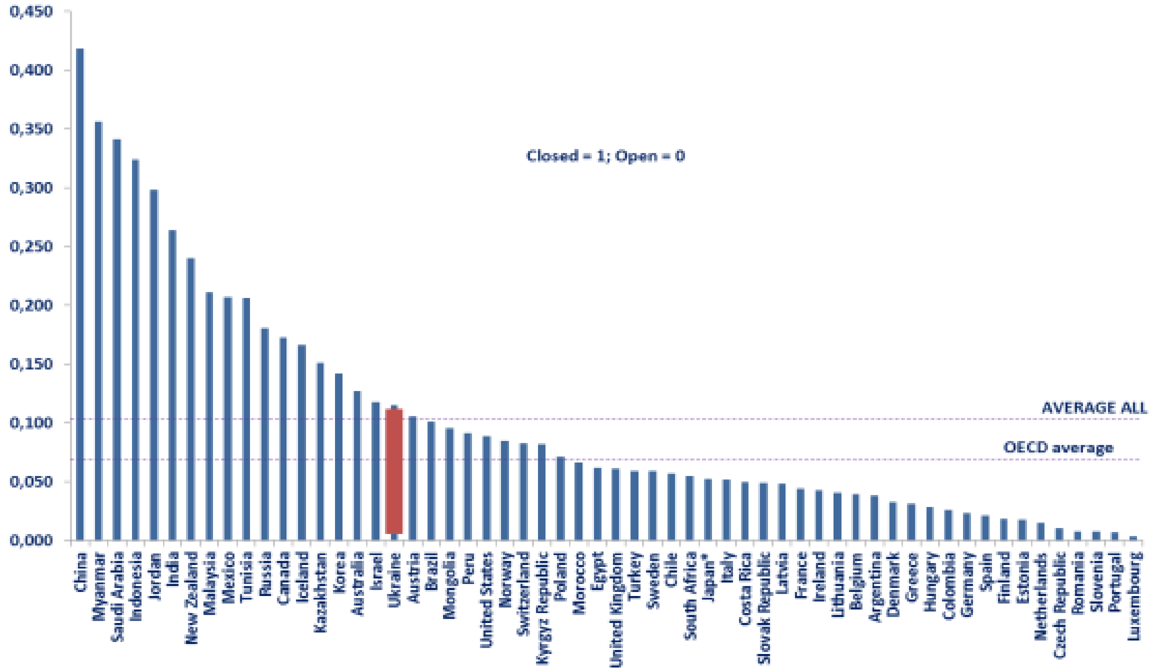
Source: [6; 7; 9].

Fig. 1. **Top 20 countries of the world with the most favorable investment climate in attracting foreign capital,** *billion dollars*

In the first place are the United States, followed by China and Russia. At the same time, these countries are not only the most attractive for investing, but they themselves are the largest investors. The investment outflow from these countries over the past six years has tripled, and in 2016 it has reached record levels (USA – 338 billion dollars, China – 101 billion dollars, Russia – 49 billion dollars) [9]. Unfortunately, in this rating Ukraine did not occupy a prominent place.

In 2016, with a total value of 0,116 Ukraine ranked above the average among the member countries of the Organization for Economic Cooperation and Development (OECD) by the FDI index, which was prepared by the OECD (Figure 2).

FDI Index – is a tool for evaluation and comparison (benchmarking) by measuring levels of reform and determine their impact (analysis of restrictions established by law), which is the most important factor that shapes Ukraine's attractiveness for foreign investors. This index, which is used in combination with other indicators that also measure various aspects of FDI climate, contributes to the assessment of Ukraine's international investment policy regarding FDI.



Source: [8].

Fig. 2. **Index of FDI Limit in Ukraine**

Conclusions and suggestions for further research. To further improve the investment climate in Ukraine, the current issue is the improvement of the legal and organizational framework for improving the capacity of mechanisms to ensure a favorable investment climate and the formation of a basis for the preservation and enhancement of the competitiveness of the domestic economy. As the analysis shows, Ukraine occupies the last position in the ratings, which is a sign of unfavorable investment climate. According to experts, the following main reasons for the slowdown of the reform process in Ukraine in terms of improving the investment climate can be singled out, in particular: the slow pace of adoption of legislative changes, poor implementation of the adopted laws, and the political situation in Ukraine (the war in the east of Ukraine, the Crimea, Donbas).

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EVALUATION OF THE STATE OF SOCIAL-LABOR RELATIONS AT THE ENTERPRISE

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Introduction and purpose of the study include key issues that reflect general state of social and labor relations at enterprises and require state regulation and intervention: unemployment, reduction of the number of educational institutions, collective labor disputes, strikes and their consequences, salary level, work conditions, sanitary standards' compliance. Therefore, the development of proposals for the establishment and implementation of the monitoring system and, according to its results, the development of a program for regulating social and labor relations at enterprises is immediate and urgent.

The purpose is to develop a comprehensive system of analysis and regulation of social and labor relations at an enterprise.

Research methods applied:
- method of analysis and synthesis, system analysis, process and situational approach, method of analogies (by the definition of the system of social and labor relations, its key elements and interrelations);
- comparative analysis (by the comparison of regulation categories, monitoring, control, as well as of institutions of personnel adaptation);
- expert assessments and Expert Choice (to identify key problems for employees in the SLR system at the enterprise);
- economic-mathematical modeling (for the assessment of the state of social and labor relations in Kharkiv region, analysis of the correlation between indicators at industrial enterprises in Kharkiv).

Results: the system of assessment of social and labor relations at the enterprise was proposed. It contains regulatory, quantitative and qualitative components, and allows to comprehensively assess the state of social and labor relations, and work satisfaction of all labor participants in the industry. The conducted assessment enabled the development of the system of social and labor relationships regulation.

Conclusions: the proposed approach to the comprehensive assessment of the state of social and labor relations at the industrial enterprise will enable loss reduction, improve personnel retention, work performance and socio-psychological climate in the enterprise.

Keywords: social-labor relations, state and work conditions, monitoring, industrial enterprises.

Problem statement. Social-labor relations (SLR) is an integral element that arises between employees during work process. Since labor is one of the key forms of human activity that ensures the development of human society, it is necessary to develop an effective mechanism to regulate social and labor relations. Modern regulating methods and mechanisms are in the need of certain improvement. It is first of all conditioned by the innovation development, the change of certain elements of the labor market functionality, the emergence of new types of activities, etc. Thus, in order to ensure sustainable development of the enterprise, to reduce the level of conflicts, to involve employees in the labor process, to form their commitment to the enterprise, to increase the labor motivation, it is required to develop a program for the assessment and regulation of social and labor relations at the enterprise.

Social-labor relations comprise a complex system of correlations and consist of the following elements: social relationships (include questions on employment, unemployment, the formation of labor force, social protection and guarantees, etc.), and labor relationships (contain such segments as system of compensation, working conditions, labor efficiency, qualification improvement etc.). Consequently, the state of social and labor relations condition the standards of living of the population, labor satisfaction, indicators of workers' safety and health, labor productivity etc.

Analysis of recent research and an undisclosed part of the problem. The foundations of modern scientific ideas about social and labor relations and ways of their improvement are founded at various times by such researchers as F. Taylor, E. Mayo, A. Maslow, D. McGregor, F. Hertzberg, D. Miller, P. Friesen, H. Tosi, J. Rizzo, S. Carrol [1, 2]. Significant contribution to the development of theoretical and practical approaches on the regulation of social and labor relations were made by: O. Amosha [3], D. Godina [4], B.Genkin [5], O. Grishnova [6], O. Kolot [7] , E. Libanova [8], G. Nazarova [9], V. Scherbak [10] and others.

However modern science has not yet proposed a unified methodology for assessing the state of social and labor relations at the enterprise with the further goal to identify key issues, directions of SLR regulation, to develop a set of actions for the normalization of the state of the SLR at an enterprise. The following problems have not been yet comprehensively studied by the scientists: adaptation and on-boarding of employees in the new work place; adaptation institutes and their impact on the employee and on the work efficiency of the organization. The relevance and insufficient development at the same time of the above mentioned issues have conditioned the choice of the topic, the formulation of the purpose and objectives of the study, the logic of the presentation of the main material.

Purpose of the study is theoretical substantiation and generalization of existing scientific regulations in the field of social and labor relations, development of practical recommendations targeted at improving the STR regulation system.

Research results. A number of problems were identified in the system of social and labor relations in Ukraine during research conduction. The following problems should be especially noted: high unemployment rate and its increase among young people, strong differentiation of the population by income, low wages, low costs of training and development of personnel, working conditions that do not meet sanitary and hygienic standards, low level of social protection (Figure 1).

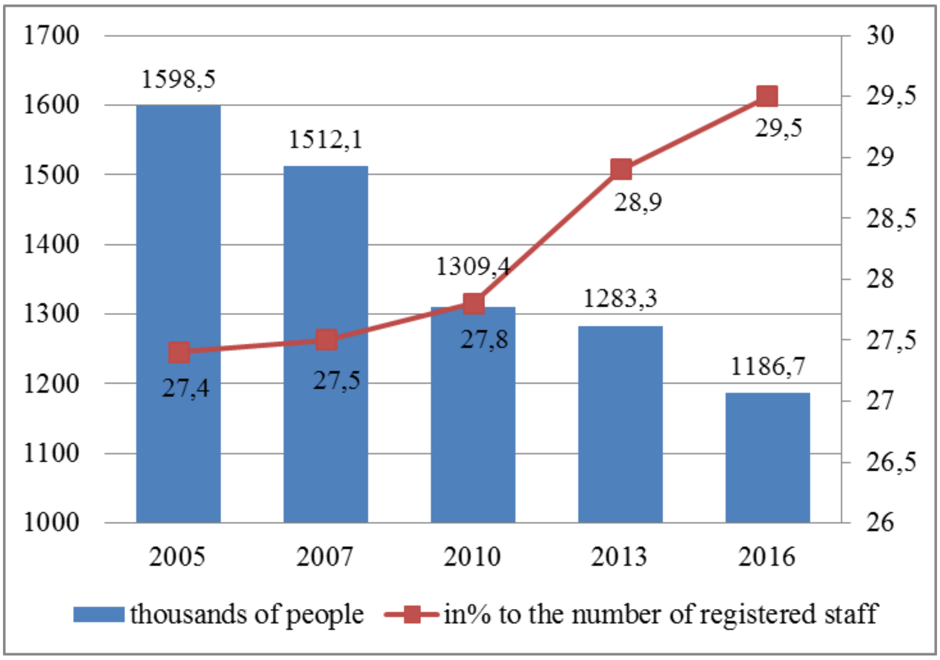

Figure 1. **Dynamics of the number of employees working in conditions that do not meet sanitary and hygienic standards**

In order to determine the state of social and labor relations at the enterprise and to further develop measures for its regulation, it is necessary to conduct a comprehensive assessment of the SLR at the organizational level. Scoring is a way to determine the value and its relevance to the defined criteria. While assessing the state of the SLR, a number of methods were used to obtain the integrated value of the indicators (qualitative and quantitative values). The main purpose of the assessment of SLR is to determine the state of the SLR at the enterprise, its key issues in the organization; as well as program development in the area of SLR regulation at the enterprise of such quality that should enable its sustainable development and ensure realization of the basic labor rights for its employees.

The following regulatory method can be applied depending on the state position: paternalism includes high level of regulation or social partnership, which is used in order to improve relationships and under the conditions of equality and consent between all parties. That is, paternalism is a method that includes the control and supervision of the use of cascading instructions from a higher level to the lower one. Social partnership aims at harmonizing the interests of all subjects of the SLR in the course of negotiations and consultations with all participants.

Building social partnership within the state is a complicated process, achieving social cohesion is only possible under certain social and economic conditions, building social partnership at all levels of the state system is possible only with a high level of social consciousness of the population, when a strategic move to agreement is in place.

The Consultative Body under the President of Ukraine on Social Partnership issues is the National Tripartite Social and Economic Council. The purpose of this body is to develop a consolidated position of the sides of the social dialogue on the strategy of economic and social development of Ukraine and ways of solving existing problems in this area; as well as making proposals for the regulation of economic, social and labor relations. Among the priorities of the activities of the National Tripartite Social and Economic Council for 2016–2018, among others, are the following: improving the effectiveness of social dialogue, improving its institutions at all levels; further reformation of the remuneration system and the introduction of modern state and contractual guarantees in wages; preservation of national labor resources and regulation of labor migration processes; modernization of labor legislation, increase of the role of collective-contractual regulation of labor relations, including at the sectoral level [11]. Consideration of these priority issues is important for improving the quality of life of Ukrainians, increasing the level of their satisfaction with labor.

The basis for assessing the state of social and labor relations for each employee is the quality and level of SLR at the enterprise. Key indicators of SLR status should also be monitored at the enterprise. In particular, the organization is responsible for installing wages, ensuring decent working conditions, training employees, organizing work and rest time, establishing criteria for compensation system and motivation of employees, forming a staff reserve, and others.

Employees survey results at industrial enterprises, as well as heads of human resource departments or enterprise management, indicate the following problems: 1) the difference between the socio-occupational expectations of employees and the real state of production and social infrastructure; 2) the declarative nature of actions on the normalization of the state of the SLR; 3) view of SLR as a minor importance, meaning having no effect on production and work results; 4) in the event of conflict situations, conducting "rescue" actions, however no regular monitoring and support of the state exists; 5) low level of bonus payments and incentive measures for employees; 6) employees unawareness of collective agreement, lack of understanding by employees of the corporate culture or brand image of an enterprise; 7) low level of additional measures in the area of employees' training and development after hiring date; 8) low understanding of employees about their career opportunities, i.e. which knowledge and skills will be necessary for further career advancement (both horizontal movement and vertical growth); 9) absence of systemic on-boarding measures and adaptation programs in the workplace; 10) absence of measures for team formation; 11) the bureaucracy of the structure, lowering employees participation in managerial decisions (Fig. 2, 3).

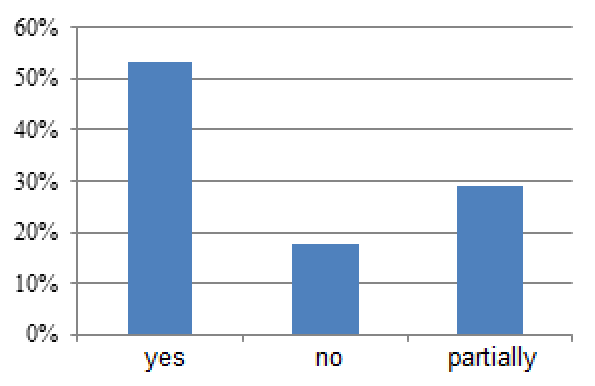

Figure 2. **Assessment by employees of the possibility of employee participation in managerial decisions,** *%*

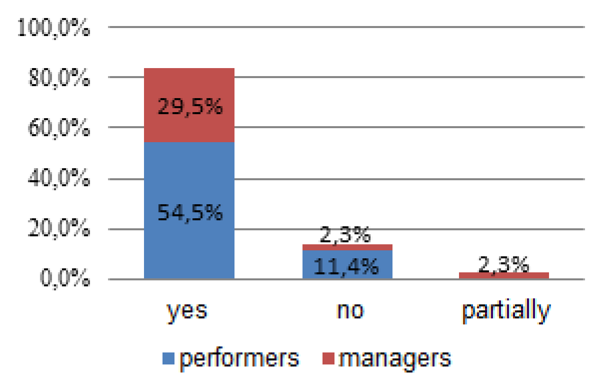

Figure 3. **Assessment of employees involvement in training of their colleagues in case of material incentives**

Thus, for most industrial enterprises of Kharkiv region, modernization of the system for regulating social and labor relations is extremely necessary. It is important to conduct a preliminary analysis of the SLR in the enterprise to assess the its state and to identify the main problem elements. In order to do this, an estimate is carried out of the quantitative (expressed in absolute or relative terms) and qualitative (can not be quantified but affects the results of the evaluation; examples can include expert assessments, information data that helps with conclusions in the existing circumstances) indicators.

Basic quantitative indicators of SLR assessment are: staff turnover; salary level compared to the industry average and to the relative national minimum; share of additional salary of its total size; percentage of employees working in uncompliant sanitary and hygienic conditions; indicators of profitability and cost-efficiency of the enterprise; its productivity; annual training budget for the staff; % of employees who received a new profession or improved their qualification within reported period; % of promoted employees; indicators of the efficiency of the working time usage. The following qualitative indicators can be outlined: the existence of a collective agreement and the state of its implementation; the availability and state of activities in additional personnel training and development, institutions for career planning at the enterprise; presence of corporate culture, developed enterprise brand, and employees awareness about this; motivational programs operating at the enterprise; possibility of employees to participate in strategic decisions; the level of work content satisfaction, the interest of employees to perform their duties; work relationships evaluation (with colleagues or supervisors) conducted by employees and management. The psychological climate and the level of comfort are important factors of human labor life, and only qualitative indicators enable the determination and evaluation of their state.

Monitoring and evaluation of quantitative indicators will help to identify the main problems that appear in the workplace at the enterprise. On the basis of quantitative assessment, it is possible to carry out the next qualitative component of the SLR at the enterprise, taking into account the results of the quantitative assessment, the possible emphasis and details of the qualitative assessment of the most problematic issues.

The organizational structure and interconnections between the units are generally evaluated at the first stage of the analysis of the state of social and labor relations, using the LEAN or economical production methodology. Based on the received structure, the effectiveness of processes, as well as types of possibly existing losses that negatively impact both general results of the company and the state of social and labor relations are analyzed, since they bring dissatisfaction among the employees. Examples might include unnecessary waiting time or movement in the production area conditioned by the incorrect placement of machines; unrealized creativity potential, ineffective communications, etc. Carrying out such analysis allows to identify the main types of losses, expressed in material measurements (frozen funds, excess costs, damage), and non-material measurements (time, dissatisfaction with work, extra load).

The second stage is a self assessment of the state of social and labor relations. First, it is expedient to check the compliance of all norms, regulations and standards with state laws and industry provisions. The working conditions, wages, rest periods, benefits for certain categories of workers must be no less than those established by the state. In assessing the condition of the SLR, the following ligislation should be used: the Code of Labor Law, the Civil Code, the laws of Ukraine: "On Work leave", "On Employment of the Population", "On Remuneration of Labor", "On Collective Contracts and Agreements" "On Trade Unions, Their Rights and Guarantees of Their Activities", "On the Procedure for the Resolution of Collective Labor Disputes", "On Labor Protection", "On Mandatory State Pension Insurance", "On State Social Standards and State Social Guarantees", "On compulsory state social insurance against Unemployment", "On compulsory state social insurance against accidents at work and occupational diseases causing disability. "

When evaluating the dynamics of the personnel turnover at an enterprise it makes sense to monitor the rate of new hires turnover in addition to such overall indicators as the coefficients of the dynamics of acceptance, retirement and total turnover ratio. A new hire is an employee who has been working at an enterprise for less than 1 year. The coefficient of turnover among new hires will reveal the percentage of employees who voluntarily decide to change their place of work compared to the total number of employees hired during the year. A significant value of this indicator, that is, more than 15% of employees leave the company during the first year of work, shows that there are reasons at the enterprise stimulating employees to quit the job. Such reasons can include: the lack of on-boarding programs at an enterprise, poor salary level or working conditions, lack of motivation at work, lack of corporate culture and insufficient level of loyalty to the company, the last can be influenced by the internal environment, management, company's brand image, meaningful work, mutual respect and friendly relations in the team.

The percentage of promoted employees creates a transparent and understandable structure of the company and is a motivating factor for other employees. It is also necessary to inform other employees about such changes at the enterprise via information boards, at general meetings or by e-mails. To assess the dynamics of the state of social and labor relations, monitoring of quantitative indicators is important, since it characterizes the` level of SLR at the enterprise. It is advisable to compare the values of the quantitative indicators at the enterprise with the values of similar indicators in the industry (medium-scale level) and other enterprises. Based on the received results, key problems and indices are identified and comprehensive improvement actions developed. Quantitative analysis is based on enterprise reporting, and, in order to track individual indicators, additional changes in the personnel structure should be recorded.

The evaluation of quantitative indicators is an important element in the regulation of social and labor relations at the enterprise, however not all components and disadvantages of the SLR management system can be verified by quantitative approach. In order to provide an integrated and comprehensive evaluation, it is also necessary to investigate qualitative indicators.

In order to analyze the state of social and labor relations at the enterprises of Kharkiv region, eleven industrial enterprises were selected. The criteria for selecting companies were the following: presence in the city of Kharkiv for over 5 years; goods production at place during the same period; more than 50 employees recruited; availability of separate property; conducting statistical reporting in accordance with the requirements of the State Statistics Committee of Ukraine (Fig. 4).

In order to evaluate the state of social and labor relations at the enterprises of Kharkiv region, an expert survey among companies' managers and heads of human resources departments was conducted. With the help of Expert Choice software, a comparative analysis of expert responses was created. Issues analyzed were factors influencing the speed of adaptation of new employee at work place. We can distinguish key five factors: internship; professional orientation; the presence of corporate culture, the brand image of an enterprise, mentoring. The answers of experts are illustrated in Fig. 5.

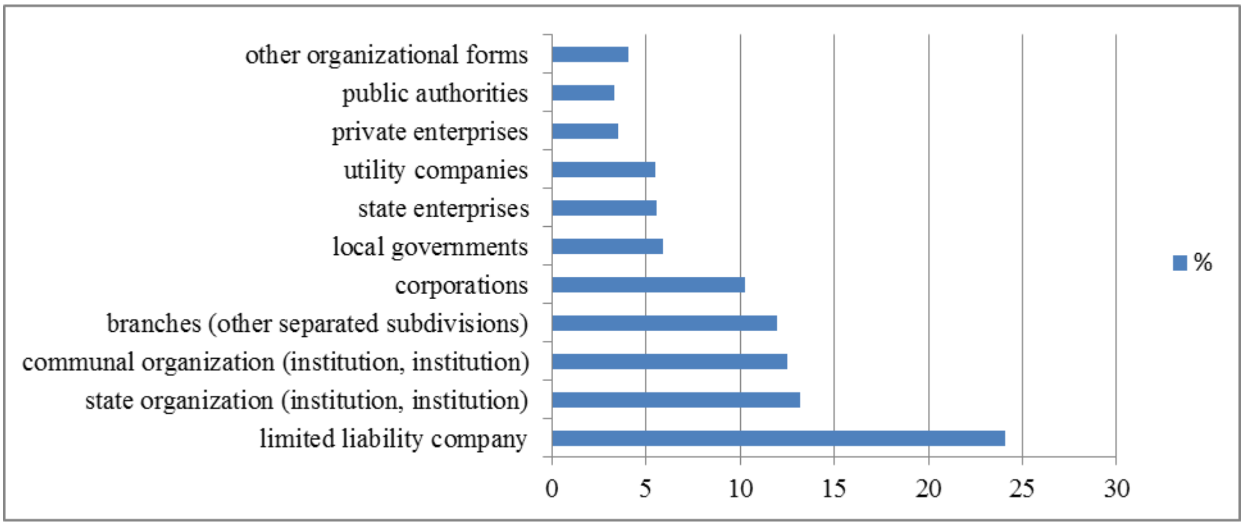

Figure 4. **Number of employees by organizational and legal forms of management in Kharkiv region in 2016, *%***

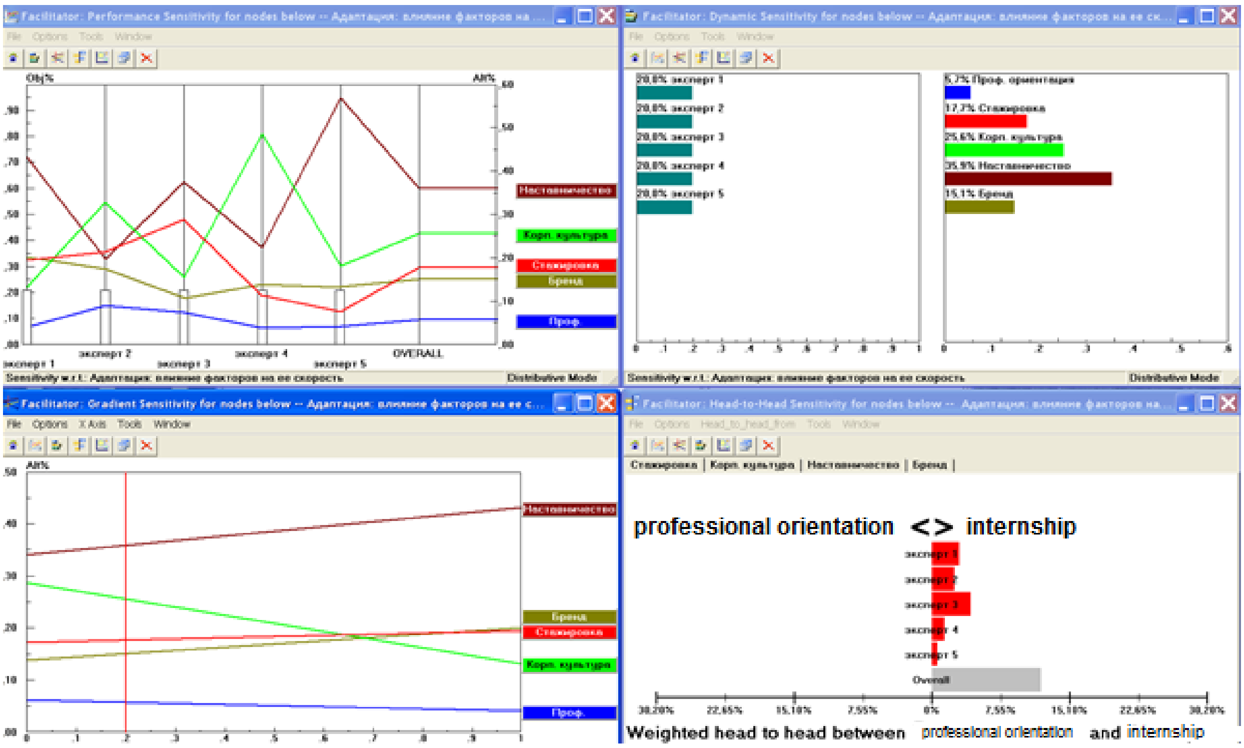

Figure 5. **Expert ranking of the factors effectiveness influencing adaptation**

According to the results achieved, availability of mentorship programs at an enterprise has the highest impact on the speed of employee adaptation. The evaluation of the results shows that each of the experts gave a score of 3 or higher to this criteria. The second-place criteria is the presence of corporate culture at an enterprise, which includes awareness of internal rules and values as factors that accelerate adaptation of new hires to working conditions in their positions. The third factor of influence, according to experts, is the completion of an internship before full-time employment. An internship helps to get acquainted of potential employee with his manager; gives an intern an opportunity to gain practical experience, to get to know the structure of the company, its corporate values and, as a result, to work out a joint decision of the trainee and his supervisor on the possibility of further employment.

When considering motivation programs operating in the company, the emphasis should be on non-material incentives. Especially when it comes to high results or role model behavior that should be an example for other employees. Examples of such encouragement are gratitude messages or some internal company awards at general employee meetings or personal messages/joint activities with company management. The development of non-material incentive program will provide additional motivation to show break-through results for young, highly-potential employees, as well as among experienced workers who have lost their motivation in routine operations and through time.

The third stage of the SLR program regulation is to identify key issues and develop according actions to properly address them. Based on the analysis of the structure of an enterprise, its compliance with legislation, quantitative and qualitative indicators key most significant issues with the biggest current negative implication are identified. In order to solve identified problems, it is necessary to rank them according to the status they are being addressed. Prioritization criteria: 1. Safety related issues, unsatisfactory working conditions, which might cause significant negative impact on the health of employees. 2. Wage related issues (basic salary) and the quality of working life. 3. Issues influencing more employees vs others. 4. Issues according to the available budget for their resolution.

According to the plan of the normalization of SLR at an enterprise, work on the fourth stage begins, which includes introduction of measurement system aimed at improving the state of social and labor relations. In order to achieve meaningful results, it is required to: a) carefully plan actions and their implementation according to the existing priorities (planning includes goals and objectives setting, identifying indicators that measure goals, action plan development to achieve them); b) inform all employees to ensure they correctly understand the changes and their benefits; c) create an action plan that should include: time for implementation, responsible person at each stage, current work status, expected results; d) organize regular meetings to discuss and monitore implementation of the action plan; e) ensure achieved results have a permanent nature.

The fifth stage includes an assessment of the achieved results. To conduct this assessment, it is necessary to compare three groups of indicators: 1. Starting indicators before program implementation. 2. Expected results at the stage of action plan implementation. 3. Actual results obtained. The ideal situation is when the actual results are better or equal to the planned KPIs. If there are deviations from the initial plan, it is important to identify the causes that prevented expected benefits. Upon comparison of the starting and actual KPIs, the effect of each action should be evaluated. When positive results are achieved, it is important to inform employees about the improvements and how in that way thy are cared about.

The sixth stage is an implementation of regular monitoring of indicators measuring SLR. Since regulation of the SLR is a continuous process, it is impossible to achieve a one-time result, which will be automatically maintained in the future. Therefore, it is required to ensure continuous monitoring (at least once every six months) of quantitative and qualitative indicators. The latter ones can be obtained through questionnaires and surveys. On the other hand, structure and possible losses at each stage of production and in each department should be tracked on a permanent basis. In order to achieve continuous improvement, it is required to compare with the previous KPIs and analyze the reasons of deviation and based on this create appropriate action plan.

Regular SLR monitoring, open dialogue between management and employees, work towards common goals, as well as overall improvement of working conditions are all important elements to improve social and labor relations at an enterprise.

Conclusion and proposals. The state of labor relations at industrial enterprises of Kharkiv region were evaluated and key influencing factors identified. Five main groups of indicators impacting the state of the SLR were reviewed: a) KPIs on staff time use; b) KPIs on enterprise efficiency; c) KPIs on personnel quality and development; d) compensation indices and social security; e) staff turnover. Each group includes a number of indicators that enable assessment of the efficiency of the enterprise, its overall condition, staffing status, the effectiveness of training methods, etc.

According to the results of questionnaires and interviews with experts at Kharkiv enterprises, main instruments to improve the status of the SLR were identified. Among the reasons that negatively impact the state of social and labor relations at an enterprise, according to employees' and managers' survey results the following should be mentioned: a) full or partial unawareness by the personnel of the content of collective agreement (which means employees unawareness of their rights and responsibilities, possibilities, corporate rules etc.); b) absence of an on-boarding system of personnel at an enterprise; c) lack of career planning and mentoring institutions; d) absence or non-systematic nature of training activities; e) absence of a corporate culture or personnel unawareness about it (which means that corporate norms exist formally only and not used in practice); e) lack of work motivation (both material and nonmaterial incentives). Only highly qualified personnel enables an enterprise to achieve strong business results and sustain competitiveness in the market. Therefore, reaching high qualification of personnel is possible only through its constant development, education, comfortable working conditions and positive psychological climate at an enterprise.

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