

ISSN: 2413-9610  
E-ISSN: 2663-2365

Харківський національний економічний університет імені Семена Кузнеця

# УПРАВЛІННЯ РОЗВИТКОМ

Міжнародний економічний журнал

Заснований у 2002 році  
Періодичність випуску: 4 рази на рік

**Том 22, № 2**

Харків – 2023

ISSN: 2413-9610  
E-ISSN: 2663-2365

Simon Kuznets Kharkiv National University of Economics

# **DEVELOPMENT MANAGEMENT**

International Economic Journal

Founded in 2002  
Frequency of issue: Four times per year

**Volume 22, No. 2**

Kharkiv – 2023

ISSN:2413-9610  
E-ISSN: 2663-2365

**Засновник:**

Харківський національний економічний університет імені Семена Кузнеця

**Рік заснування: 2002**

*Рекомендовано до друку та поширення  
через мережу Інтернет Вченою радою  
Харківського національного економічного університету імені Семена Кузнеця  
(протокол № 6 від 23 травня 2023 р.)*

**Свідоцтво про державну реєстрацію  
друкованого засобу масової інформації  
серії KB № 25197-15137 ПР**

**Журнал входить до переліку наукових фахових видань України**  
Категорія «Б». Спеціальності: 051 «Економіка»,  
072 «Фінанси, банківська справа та страхування», 073 «Менеджмент»,  
126 «Інформаційні системи та технології», 281 «Публічне управління та адміністрування»  
(Наказ Міністерства освіти і науки України від 28 грудня 2019 р.  
№ 1643 та від 17 березня 2020 р. № 409)

**Журнал представлено у міжнародних наукометричних базах даних,  
репозитаріях та пошукових системах:** Index Copernicus International, Фахові видання України,  
Національна бібліотека України імені В. І. Вернадського, Crossref, Polska Bibliografia Naukowa,  
Universitts Bibliothek Leipzig, BASE

Управління розвитком : міжнар. екон. журн. / [редкол.: Т. В. Шталь (голов. ред.) та ін.]. – Харків :  
Харківський національний економічний університет імені Семена Кузнеця, 2023. – Т. 22, № 2. – 58 с.

**Адреса редакції:**

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61166, пров. Інженерний, 1-А, м. Харків, Україна  
E-mail: [info@devma.com.ua](mailto:info@devma.com.ua)  
www: <https://devma.com.ua/uk>

ISSN:2413-9610  
E-ISSN: 2663-2365

**Founder:**  
Simon Kuznets Kharkiv National University of Economics

**Year of foundation: 2002**

*Recommended for printing and distribution  
via the Internet by the Academic Council  
of Simon Kuznets Kharkiv National University of Economics  
(Minutes No. 6 of May 23, 2023)*

**Certificate of state registration  
of the print media**

Series KV No. 25197-15137 PR

**The journal is included in the List of scientific professional publications of Ukraine**  
Category “B”. Specialties: 051 “Economics”,  
072 “Finance, Banking and Insurance”, 073 “Management”,  
126 “Information Systems and Technologies”, 281 “Public Management and Administration”  
(Order of the Ministry of Education and Science of Ukraine of December 28, 2019, No. 1643  
and of March 17, 2020, No. 409)

**The journal is presented international scientometric databases, repositories  
and scientific systems:** Index Copernicus International, Professional Publications of Ukraine,  
Vernadsky National Library of Ukraine, Crossref, Polska Bibliografia Naukowa,  
Universitäts Bibliothek Leipzig, BASE

Development Management / Ed. by T. Shtal (Editor-in-Chief) et al. Kharkiv: Simon Kuznets Kharkiv  
National University of Economics, 2023. Vol. 22, No. 2. 58 p.

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## Conceptual basics of managing the development of relations with stakeholders in the field of medical services

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**Abstract.** The relevance of the research topic lies in the need to find effective ways to optimize the activities of enterprises in the field of medical services based on improving their interaction with all stakeholders, organizations and institutions in the health care industry, which is a critical infrastructure. The main goal of the study was to substantiate the conceptual foundations of managing relationships with stakeholders at medical enterprises. At the same time, the state of the social and economic sphere of Ukraine in 2022-2023 and the main goals of sustainable development were taken into account. The following methods of acquiring scientific knowledge were used in the work: logical generalization, comparative analysis, content analysis, desk research. The list of problems and contradictions in the health care system of Ukraine which require improvement of approaches to managing interaction with stakeholders in the field of medical services, is substantiated. The principles of managing interaction with stakeholders at medical service enterprises are defined. Three groups of principles are proposed, which take into account, firstly, the need to manage the quality of medical services, secondly, the current political and socio-economic situation in Ukraine, and, thirdly, the goals of sustainable development. An improved list of functions of managing relations with stakeholders of enterprises in the field of medical services is proposed, which includes both justification of the specifics of general functions and justification of the list of specific functions. The list and interrelationships between the elements of the concept of managing relationships with stakeholders in the medical services industry are substantiated, including a set of hypotheses and basic provisions of the concept. The developed concept of managing relationships with stakeholders of enterprises in the field of medical services allows to implement a comprehensive and systematic approach to improving interaction between all participants and representatives of this industry and increasing the efficiency of its functioning in modern conditions

**Keywords:** stakeholder theory; healthcare industry; principles of stakeholder management; functions of stakeholder management; sustainable development

Article's History: Received: 02.02.2023; Revised: 24.04.2023; Accepted: 23.05.2023

### Suggested Citation:

Merkulova, T., Martynenko, M., & Potii, O. (2023). Conceptual basics of managing the development of relations with stakeholders in the field of medical services. *Development Management*, 22(2), 8-19. doi: 10.57111/devt/2.2023.08.

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## ● INTRODUCTION

An important role in the process of managing the adaptation of the healthcare industry to functioning in crisis conditions is played by the effective and coordinated interaction of enterprises with all participants in this industry, and first of all, with stakeholders. It is the speed and effectiveness of such interaction, as well as the established logistics, that are crucial today for patients, enterprises and the country as a whole. Problems of relations with stakeholders were considered in many classic and modern scientific works. In a number of studies, special attention is paid to the descriptive, instrumental and normative approaches of stakeholder theory. Modern studies focus on various aspects of interaction with stakeholders. Ethical and social aspects of doing business, based on interaction with stakeholders, were considered by K.J.P. Quintelier *et al.* (2021). This work highlighted the problems of humanizing business stakeholders and provided evidence that by treating them with respect and taking into account not only financial, but also moral obligations to them, business will receive additional benefits. However, the authors of this study note that it has certain limitations, since the experiments conducted in it do not cover all possible options for the reactions of the respondents to the attitude of business to stakeholders, and therefore, further systematization and deepening of similar studies is necessary. C. D'Souza *et al.* (2022) studied the influence of primary and secondary stakeholders on social and environmental responsibility of enterprises. The advantage of this work is that structural equation modelling, that is, specific quantitative methods were used to substantiate the results. The results detail the prospects for the development of the stakeholder theory, but the problem of clear understanding of the principles of assigning stakeholders to one or another group, and therefore, more systematic understanding of the general algorithm of such classification, remain partly unresolved.

In recent years, scientists have significantly deepened and expanded research within the framework of stakeholder theory and these studies touched various fields of activity, including the health care industry. The work of L. Kaporiri & D.S. Razavi (2021) substantiated the influence of stakeholders on determining the priorities of health care policy and highlighted the most priority and significant stakeholders for this industry. The limitation of the proposed approach is the lack of a strong theoretical foundation. The authors emphasize that the conclusions are not universal and cannot be widely applied to different levels of management. It is appropriate to develop fundamental principles for managing interaction with stakeholders, which is provided by this research. A certain impetus for an in-depth study of the problems of interaction with stakeholders in the medical field was due to the coronavirus pandemic in 2020-2022. This has not gone unnoticed by modern researchers. G. Bel & M. Esteve (2020) highlighted the question of whether private medical institutions can surpass the system of public medical institutions in the provision of medical services. The authors note that the advantage of the public health care sector is the possibility of providing cheaper medical services, which, in the long run, ensures a higher level of efficiency. The evidence presented in this work once again proves the importance of

public and private partnerships between stakeholders in the field of health services.

The principles of management and involvement of stakeholders in the field of medical services are covered in the recommendations and standards of the Patient-Centered Outcomes Research Institute (2022) and Principles and guidelines for governance in hospitals (2014). A number of modern works are dedicated to improving the quality of medical services due to co-design and co-production of medical services and creation of a common space for interaction of stakeholders. B. Ku & E. Lupton (2022) in their work emphasized the principles and methods of joint formation of an effective space for providing medical care, as well as practical applications from the health care industry. However, the authors did not pay attention to the theoretical foundations of joint construction of design thinking with stakeholders. This work is aimed at filling in such gaps and forming the conceptual basis of interaction with stakeholders in medicine. The works of M.A. Sujana *et al.* (2022), A. Garcia-Perez *et al.* (2023) devoted to the issues of connection of the quality of medical information and successful interaction of enterprises in the field of medical services with stakeholders, mainly consider the role of stakeholder management in the organization of information flows in health care. Each new wave of research actualizes various issues that are urgent for certain conditions and trends in the development of enterprises, industries, countries, etc.

Despite the presence of certain developments regarding relations with stakeholders of enterprises in the field of medical services, this direction remains insufficiently widely covered, and the works require systematization and generalization in the form of the development of a conceptual basis. The purpose of the study was to develop the concept of managing relations with stakeholders of medical services enterprises, taking into account the goals of sustainable development and the situation in Ukraine as of 2023. To achieve this goal, the following tasks were set in the work: to identify problems and contradictions in the field of providing medical services in Ukraine in modern conditions in connection with the types of stakeholders affected by these or other problems; to systematize theoretical approaches to managing relationships with stakeholders and to develop relevant management principles and functions; to substantiate the elements of the concept of managing relationships with stakeholders, including the hypotheses and provisions of this concept.

## ● MATERIALS AND METHODS

The development of the concept of managing relationships with stakeholders at enterprises in the field of medical services was carried out in several stages. At each of them, certain methods of scientific research were used, which together make up the general methodology of this work. In general, the method of desk research, methods of logical generalization, comparative analysis and content analysis were applied. At the first stage of the research, the reports of the State Statistics Service of Ukraine (2023), Project of the strategy for the development of the health care system in Ukraine until 2030 (2023), as well as the current data on the emergency state of the health care system in Ukraine, were used as initial data, which are given in regular reports

and reports of the World Health Organization (Ukraine emergency..., 2023). To analyse and systematize information and data regarding the most acute problems faced by enterprises in the field of medical services and their stakeholders, which affect the management of relations with them, the method of logical generalization was used, which made it possible to compare the list of problems and contradictions with the list of key stakeholders who are most affected by these problems. At the second stage of the research, methods of comparative analysis and content analysis were used in order to substantiate the theoretical basis of the concept of managing relationships with stakeholders in the medical services industry and to find common provisions and areas of intersection of the theory of stakeholders with the concepts of socially responsible management and P4 medicine and with the theories of organizational behaviour, knowledge management, decision-making, sustainable development, intellectual capital, self-developing systems (by the theory of synergy). The main results regarding the development of a theoretical basis for managing relations with stakeholders of enterprises in the field of medical services were published in the work of O. Potii (2022). At the third stage of the research, normative documents and international recommendations on the principles and standards of stakeholder engagement, namely, the AA1000 stakeholder engagement standard (2015) and Principles to guide health system recovery and transformation in Ukraine (2022), were used as initial information materials. In order to substantiate the main principles of managing relations with stakeholders, the method of desk research and the method of logical generalization were used. At the fourth stage, the methods of desk research and comparative analysis were used to systematize scientific approaches to the interpretation of the function of managing relationships with stakeholders. The information

base of the study was made up of modern scientific works of researchers N.J.E van Vooren *et al.* (2020) and B. Ku & E. Lupton (2022). At the fifth stage, the methods of logical generalization, comparative analysis, and content analysis were used to build hypotheses and justify the concept of managing relationships with stakeholders in the medical services industry.

## ● RESULTS AND DISCUSSION

The development of the concept of managing relationships with stakeholders at enterprises in the field of medical services involves the need to formulate its purpose and theoretical provisions on the basis of proposed and tested hypotheses, as well as to determine the key principles and functions of such management together with the justification of the theoretical basis of the concept. An important component of this concept is the development of a methodological basis for managing relationships with stakeholders as a tool for its implementation. It is advisable to sequentially consider all the listed elements of this concept. When considering the purpose of this concept, it should be noted that it consists in substantiating the theoretical and methodological foundations, as well as a practical toolkit for managing relationships with stakeholders of enterprises in the field of medical services in order to solve the problems and contradictions faced by the latter in crisis conditions of uncertainty and taking into account the goals of sustainable development. The list of problems faced by enterprises in the field of medical services when interacting with stakeholders was formed, based on the analysis of sources (Principles to guide health system..., 2022; Ukraine emergency..., 2023). Table 1 systematizes the indicated problems and contradictions affecting the management of relationships with stakeholders and their connection with the types of the latter.

**Table 1.** The main problems and contradictions affecting the management of relations with stakeholders of enterprises in the field of medical services

The essence of the problem	Which stakeholders are most affected by this problem
A significant lack of the material and technical base due to destruction and military operations with a sharp increase in the need for medical assistance, especially for certain types of it (emergency, urgent, etc.).	Management, medical staff, shareholders and owners, patients, local authorities, Ministry of Health.
A decrease in the investment attractiveness of projects related to the reconstruction of structures and buildings in connection with increased risks due to military actions and the growing need for such projects.	Shareholders and owners of medical businesses, local authorities, patients.
Imperfect legislative and regulatory basis for working in wartime conditions and for rapid interaction with humanitarian organizations. The mechanisms of control over the movement of humanitarian aid need to be refined. At the same time, the number of humanitarian organizations of various formats has increased.	Heads of enterprises in the field of medical services, humanitarian headquarters and volunteer organizations, public organizations, the Ministry of Health, local authorities and communities.
Shortage of medical personnel as a result of their outflow from medical institutions with increased demand for qualified medical specialists of a certain specialty.	Managers of enterprises in the field of medical services, owners of medical businesses, patients.
A sharp reduction in non-medical staff, especially in private health care facilities, which leads to a decrease in the efficiency of business processes as a whole.	Patients, managers of enterprises in the field of medical services, employees of enterprises in the field of medical services (doctors, middle and junior medical staff, administrative staff).
The ties between medical educational institutions and practice bases, which formally remained, were de facto severed due to the impossibility of conducting practical classes in some regions of Ukraine because of military actions and the impossibility for students to be in these regions. Many classes that used to be held in clinics are now held online.	Medical educational institutions, students and entrants of medical educational institutions, enterprises in the field of medical services, patients.

Table 1, Continued

The essence of the problem	Which stakeholders are most affected by this problem
The change in the priority of medical services necessitates the revision of medical guarantees programs. A sharp shift in emphasis from planned to emergency medical care requires a review of funding priorities.	The Ministry of Health, central and local authorities, insurance companies, patients and their relatives, companies in the field of medical services.
Uneven load on institutions of the health care system in the regions of Ukraine.	The Ministry of Health, central and local authorities, territorial communities, patients, enterprises in the field of medical services.
As a result of the hostilities, many businesses that before the war implemented health insurance programs and other social packages to support the health of employees, at the moment do not finance such programs or have ceased operations altogether, which has led to a sharp reduction in customer service within health insurance programs.	Insurance companies, patients and their relatives, companies in the field of medical services.
Limited technical capabilities for the urgent entry of patient data into the electronic health care system due to the lack of light, communication and other circumstances.	The Ministry of Health, central and local authorities, territorial communities, patients, enterprises in the field of medical services.
Failure of outsourcing companies to fulfil their obligations to hospitals regarding the provision of catering services, transportation, etc.	Patients, companies in the field of medical services.

**Source:** developed by the authors based on the data of Principles to guide health system recovery and transformation in Ukraine (2022), Ukraine emergency – Situation reports (2023)

To solve most of these problems and contradictions, some issues have been settled at the macroeconomic level by the Ministry of Health and approved by the relevant regulatory acts (Resolution of the Cabinet of Ministers..., 2022), but new problems arise every day. The adopted and updated Program of Medical Guarantees envisaged both new packages of medical services, taking into account the state of war, which include rehabilitation services and the expansion of psychological support for the population (The Ministry of Health..., 2022). International organizations also play a significant role in solving these problems. An example of such joint work is the priorities in the restoration of the Ukrainian health care system developed by the Ministry of Health together with the World Bank within the framework of the project “Strengthening the health care system and saving life (HEAL Ukraine)”, including: professional training of specialists to expand services to support the mental health of the population, improving the work of multi-functional teams for the organization of aid and rehabilitation, including the de-occupied territories, increasing the number and quality of equipment for rehabilitation centres, reconstruction of medical facilities, and others (The Ministry of Health..., 2022).

The most important issue today is not only the solution of the problems which arise, but also the development

of a proactive system of managing relationships with stakeholders, which will allow to quickly rearrange priorities and flexibly respond to constant changes in the external environment in crisis conditions. For this, it is important to take into account the theoretical and practical aspects of interaction with stakeholders. The theoretical basis of such interaction is the theory of stakeholders. In addition to this theory, the following theories and concepts play a significant role: theories of intellectual capital, knowledge management, organizational behaviour, decision-making, sustainable development, strategic management, synergistic theory, as well as concepts of socially responsible management and P4 medicine. The relationship between all these theories and their importance as a basis for the concept of managing relationships with stakeholders are carefully explained in the work of O. Potii (2022). To further define the components of the concept, it is advisable to consider the main principles of management, involvement and interaction with stakeholders. These principles in a general form, without taking into account the specifics of the field, are given in various works of academic economists, as well as in guidelines offered by research centres, practically oriented standards, etc. Table 2 shows the results of logical generalization of scientific approaches to distinguish the principles of stakeholder involvement in the field of medical services.

**Table 2.** Principles of involvement and management of relationships with stakeholders in the field of medical services

Author or source	The essence of the principles
Patient-Centered Outcomes Research Institute (2022)	Mutual relations and clarity of roles and powers of stakeholders. Coeducation. Trust, honesty and transparency. Partnership.
Principles and guidelines for governance in hospitals (2014)	Coordination of clinical process management practices and corporate management practices. Effective structure of the board of directors of a medical institution for the possibility of making coordinated management decisions. Systematic audit, control and risk management with appropriate policies, structures and procedures. Compliance with responsibility, ethics and exclusivity, taking into account the specifics of the enterprise and the environment. Transparency and prevention of unethical practices when interacting with stakeholders.

Table 2, Continued

Author or source	The essence of the principles
N.J.E. van Vooren <i>et al.</i> (2020)	A shared vision of public health management. Mutual understanding of norms, values and roles of all system participants and building trust between them. Accountability and shared responsibility for both successes and risks. Political support for regional agreements in the field of health care. Alignment of financial incentives with system goals. Training at organizational and regional levels. Involvement of communities and study of their needs regarding medical services. Representation of stakeholders and management to promote the development of the health system and the well-being of the population.
B. Ku & E. Lupton (2022)	Human-centeredness: empathy, co-development and social factors. Creative worldview: correct questioning, visualization, prototyping and storytelling.

**Source:** systematized by the authors

Based on the above table, it is advisable to focus on those principles which correspond to the field of medical services as much as possible. An important role in determining the principles of managing relations with stakeholders in modern conditions is played by the goals of sustainable development and recommendations developed by international organizations regarding the restoration of the health care system in Ukraine. The goals of sustainable development, adopted at the summit of the 70<sup>th</sup> session of the UN General Assembly in 2015 (Transforming our world..., 2015), should be taken into account when determining the principles of managing relationships with stakeholders. Within the scope of this study, the following goals deserve special attention: No. 3 (good health and well-being), No. 4 (quality education), No. 9 (industry, innovations and infrastructure), No. 10 (reduction of inequality), No. 16 (peace, justice and strong institutions) and No. 17 (partnership for sustainable development). Other objectives are also relevant to the development of partnerships in the process of managing interactions with stakeholders in the field of health services, but the ones listed are directly related to this problem. Taking into account the goals of sustainable development and the current situation, the WHO (World Health Organization) developed Principles to guide health system recovery and transformation in Ukraine (2022), the list of which is as follows: patient-centricity (orientation on people); equality and financial protection; resilience (stability); efficiency and stability; accountability. The basis for choosing a list of principles for managing relationships with stakeholders of medical services enterprises in modern conditions in Ukraine is: firstly, the specificity and state of this industry in Ukraine, taking into account the impact of the consequences of the corona virus pandemic and military operations; secondly, the general principles of managing interaction with stakeholders and their involvement, as well as existing developments regarding the principles of stakeholder involvement in the medical field; thirdly, the goals of sustainable development approved at the global level and the recommendations of international organizations (WHO and others) regarding the reconstruction of the Ukrainian health care system.

In this work, it is proposed to single out three groups of such principles, taking into account the urgent and most important directions of managing relations with stakeholders: the first group are principles that support ensuring the quality of medical services, which is the main priority of any enterprise in this industry; the second group are

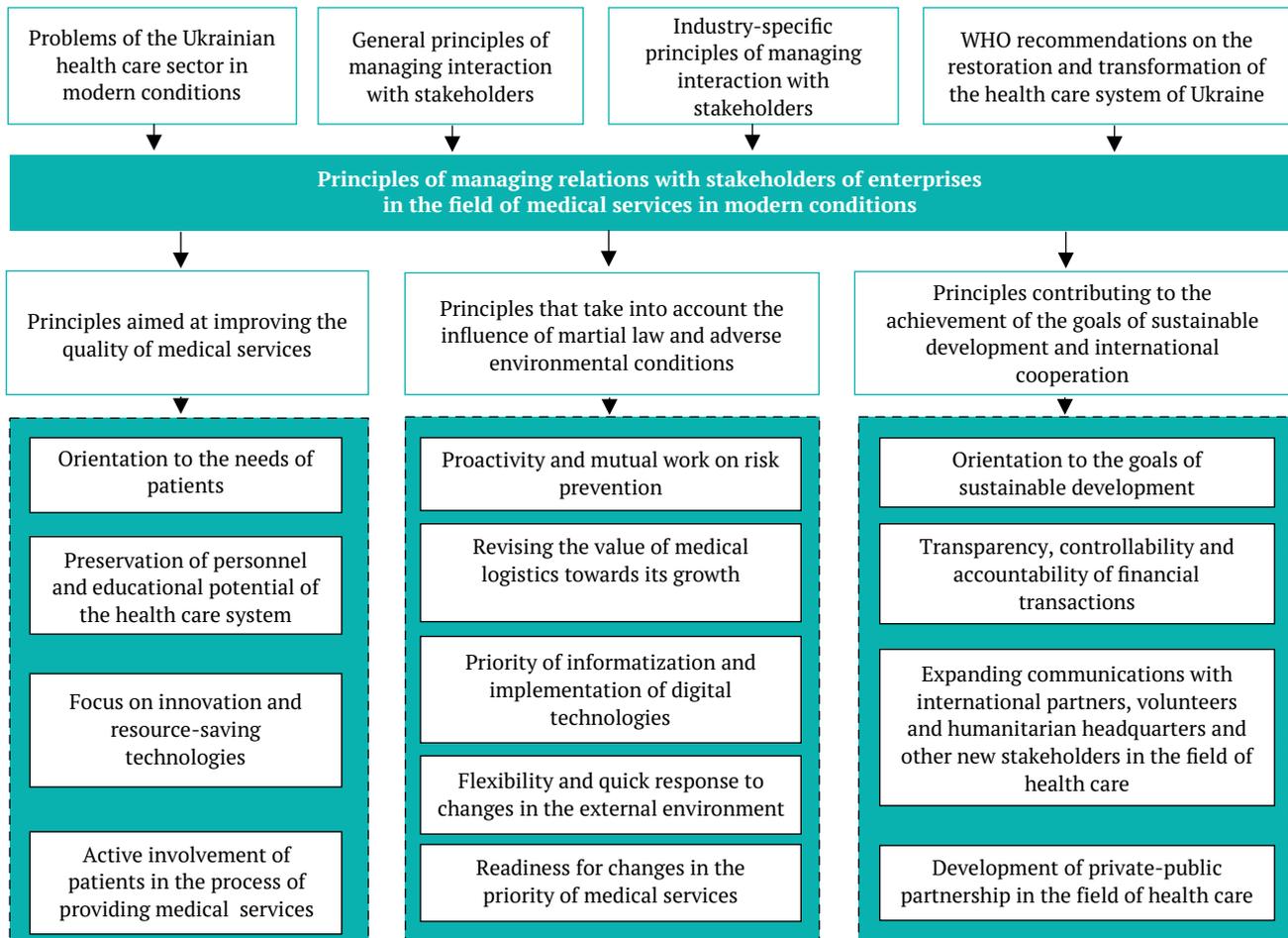
principles aimed at restructuring approaches to managing relationships with stakeholders, taking into account modern conditions and martial law, in which enterprises in the field of medical services have to work; the third group are principles that ensure the achievement of the goals of sustainable development and focus on international cooperation in the field of medical service, since for Ukraine, at the moment, it is extremely important to get support from international partners, stakeholders who take an active part in the reconstruction of the entire health care system, both through direct humanitarian aid and by developing recommendations for enterprises in the field of medical services. Figure 1 shows the main principles of managing interaction with stakeholders of enterprises in the field of medical services in modern conditions.

In addition to the proposed principles for substantiating the concept of managing relations with stakeholders, it is advisable to consider the functions of the latter for enterprises in the field of medical services. Such functions include: firstly, the general functions of management, which are widely known, namely, the functions of organization, motivation, planning and control. At the same time, it is advisable to consider these functions precisely in connection with stakeholder management and its features; secondly, functions determined by the specifics of enterprises in the field of medical services. These functions relate to the quality and process of providing medical services, they are partially reflected in various scientific works, but require further generalization and systematization. The stakeholder approach in the field of medical services within the framework of the considered concept transforms the essence of general management functions.

The content of the planning function is the need to form the goal and strategy of the enterprise in the field of medical services, taking into account the interests of stakeholders in health care, planning measures for the active involvement of stakeholders to promote the activities of enterprises and measures to influence internal and external stakeholders in order to achieve the goals of the enterprise. The function of the organization is embodied in the coordination of the actions of the company's stakeholders in the field of medical services, the coordination of their meetings and the fair distribution of both benefits and risks from the company's activities among stakeholders, generalization and search for common areas of intersection of stakeholders' interests. The motivation function is implemented in influencing internal and external stakeholders

in order to attract them to participate in the activities of the enterprise in the field of medical services. Control as a general function of management is embodied in the measurement of the influence of stakeholders on the results of the enterprise in the field of medical services, the assessment of various types of influence from the point of view of social, economic, psychological, environmental and other types of effects, the implementation of constant feedback

with stakeholders and the assessment of their attitude to the company's activities. In addition to the listed general functions, it is advisable to consider the specific functions of managing relations with stakeholders in the field of medical services, which are due to the peculiarities of the latter. Such functions were considered in various works of researchers, but their list needs systematization, which is given in Table 3.



**Figure 1.** Principles of managing relationships with stakeholders of enterprises in the field of medical services in modern conditions

Source: compiled by the authors

**Table 3.** Specific functions of managing relationships with stakeholders at enterprises in the medical services industry

Description of the essence of a specific function	Authors of works that mentioned the function
<b>Improving the quality of medical services</b>	
The active participation of patients in the process of production of medical services helps to take into account their needs and improve both the clinical and service components (co-design and co-production of medical services), a common space is created to take into account differences in the perception of the quality of medical services by different types of stakeholders.	S.J. Williams & L. Caley (2020) S.M. Kearney et al. (2021) A.C. Stolk-Vos et al. (2022)
<b>Promoting the development of innovations at an enterprise and in the medical field</b>	
Joint participation in the organization of the provision of medical services together with medical workers of such stakeholders as IT specialists and companies, pharmaceutical companies, manufacturers of medical equipment and medical goods and other representatives of business closely related or related to the field of health care contributes to the development of these businesses and to the emergence of new solutions that clinics, hospitals, and medical centres need.	C. Gjellebæk et al. (2020) M. Segarra-Oña et al. (2020) G.J. Miller (2022) F. Santarsiero et al. (2023)
<b>Increasing the added value of medical services</b>	

Table 3, Continued

Description of the essence of a specific function	Authors of works that mentioned the function
The direct or indirect participation of stakeholders in the organization of internal business processes at an enterprise in the field of medical services will contribute to increasing the added value of these services due to the experience of both external and internal stakeholders.	F. Schiavone <i>et al.</i> (2021) R. Spanò <i>et al.</i> (2023)
<b>Increasing intellectual potential both at the level of an enterprise and at the level of the medical field</b>	
Interaction with medical educational institutions, as well as with institutions, organizations and other stakeholders that ensure the improvement of the qualifications of medical workers, contributes to the increase of intellectual capital, the formation of a personnel professional reserve and the training of medical specialists of a new generation.	J.L. Newlon <i>et al.</i> (2023)
<b>Increasing the efficiency of the process of providing medical services</b>	
Based on the involvement of stakeholders in the analysis of the process of providing medical services, it is possible to significantly reduce unnecessary costs and obtain a synergistic effect from the joint participation of stakeholders in improving management approaches in the medical services industry, to optimize the use of resources, and to invent more effective ways of organizing activities.	M. Dionisio <i>et al.</i> (2023)
<b>Ensuring the quality of medical information and the efficiency of its use</b>	
The involvement of IT specialists and specialists in the processing of large databases as stakeholders, the use of modern information technologies, the coordination of the exchange of relevant information between stakeholders, including other medical institutions and diagnostic laboratories, provides an opportunity to make a diagnosis in a timely manner and to guarantee the safety of storing personal data of patients.	M.A. Sujan <i>et al.</i> (2022) A. Garcia-Perez <i>et al.</i> (2023)
<b>Promotion of sustainable development of enterprises in the field of medical services</b>	
Orientation to the principles of social responsibility, along with other principles presented in this work, contributes to sustainable development, which, in the conditions of military operations and the unpredictable influence of external factors, is becoming even more important today for Ukrainian enterprises in the field of medical services.	A. Pereno & D. Eriksson (2020) L.D. Breeman <i>et al.</i> (2021) O.A. Chukwu & C.C. Nnogo (2022)

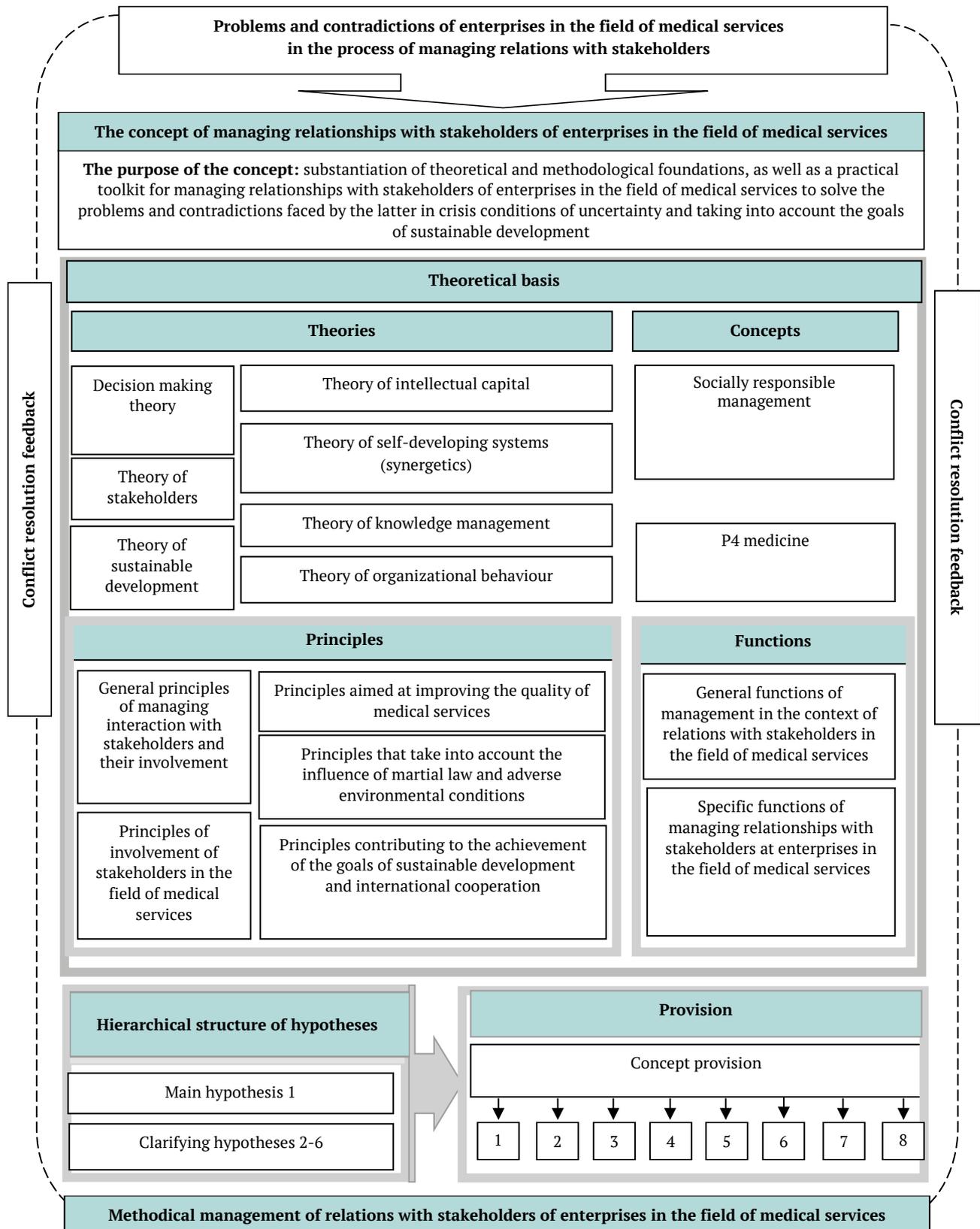
Source: developed by the authors

After defining the key principles and functions of managing relations with stakeholders of medical services enterprises, it is advisable to consider the set of hypotheses and theoretical propositions that form the basis of the above concept, and to single out the main and clarifying hypotheses. Hypothesis 1 (main): about the integration of relations with stakeholders into the general management system of enterprises in the field of medical services on an ongoing basis, which will contribute to ensuring the quality of the latter, a proactive and flexible approach to strategic planning and sustainable development in conditions of uncertainty, global changes and military actions. Hypothesis 2 (clarifying): about the impact of socio-psychological factors, the pandemic and military operations in Ukraine on the transformation of approaches to managing relationships with stakeholders in the medical services industry, taking into account the goals of sustainable development. Hypothesis 3 (clarifying): on the increase of intellectual capital and the level of qualification of employees of the medical services industry as a result of improving the management of relationships with stakeholders. Hypothesis 4 (clarifying) about the influence of information and communication technologies and partnership relations with IT companies on the improvement of management business processes at enterprises in the field of medical services. Hypothesis 5 (clarifying): about improving the quality of medical services of enterprises due to the service component, patient orientation and partnership relations with stakeholders in the field of health care. Hypothesis 6 (clarifying): about increasing the flexibility and proactivity of management and the emergence of synergistic effects as a result of a systemic approach to relations with stakeholders of medical services enterprises. The presented hypotheses, in turn, form the

basis for the formulation of the key provisions of the concept of managing relationships with stakeholders of enterprises in the field of medical services. To justify these provisions, it is advisable to take into account both the theoretical and practical basis on which the management of relations with stakeholders is based, and which makes it possible to formulate the provisions of the concept which are given below.

Provisions: (1) regarding the need to involve stakeholders and develop approaches to managing relationships with them at enterprises in the field of medical services to ensure the sustainable development of the latter in modern conditions; (2) regarding the peculiarities of the principles and functions of managing relations with stakeholders in the field of medical services; (3) regarding the formation of intellectual capital of enterprises in the field of medical services, based on integration relations with stakeholders and management of mutual relations with them; (4) regarding the development of business processes of an enterprise in the field of medical services based on the management of relationships with stakeholders; (5) regarding the improvement of the quality of medical services based on the involvement of stakeholders; (6) regarding the role and structure of stakeholders in the medical services industry in conditions of uncertainty; (7) regarding the synergistic effect of proactive management of relations with stakeholders on the activities of the enterprise in the field of medical services and directions for its improvement; (8) regarding the improvement of the management of relations with stakeholders of the medical services industry based on a comprehensive methodological approach, which is based on the methodological foundations of the theories of stakeholders and sustainable development, as well as specific methods and approaches

to the management of enterprises of the medical services industry. Figure 2 shows the structural elements of the concept of managing relationships with stakeholders at enterprises in the field of medical services.



**Figure 2.** Constituent elements of the concept of managing relationships with stakeholders of enterprises in the field of medical services

Source: developed by the authors

The features of the proposed concept are the combination of the principles of stakeholder theory with the specifics of management of enterprises in the field of medical services based on a systemic approach and taking into account the state of the Ukrainian health care system and the goals of sustainable development. As points of discussion, the approaches to distinguishing the principles discussed above should be compared. A number of scientists consider the principles of stakeholder involvement while other works highlight the principles of management of stakeholders or the principles of stakeholder management, and the principles of interaction with stakeholders. For this study, it is important to determine the difference between these groups of principles. In addition to scientific developments, the practical and internationally approved AA1000 stakeholder engagement standard (2015) lists the principles of stakeholder engagement. A separate group of studies is made up of those that highlight the peculiarities of the principles of involvement of stakeholders in the medical services industry, including N.J.E. van Vooren *et al.* (2020), B. Ku & E. Lupton (2022).

The principles developed in this study differ, firstly, in that they summarize existing approaches under the category of principles of managing relationships with stakeholders in the field of medical services, and, secondly, they are combined into three groups that reflect the most relevant trends in this industry, namely: improving the quality of medical services, the influence of martial law and adverse environmental conditions on health care enterprises, and achieving the goals of sustainable development and international cooperation. An active discussion in the scientific literature is also observed, regarding the functions of managing relations with stakeholders in the field of medical services. The problem is that in many works these or other functions are not clearly called functions, but are considered as control elements or additional effects, etc., although they are specific functions of managing relations with stakeholders. Among such works, it is appropriate to single out the work of S.J. Williams & L. Caley (2020), which explores the role of co-production and co-design in improving the quality of healthcare services. In essence, the basis of co-production and co-design is precisely the involvement of stakeholders in the process of management and decision-making regarding the provision of medical services. A similar question, but from the other side, was revealed by A.C. Stolk-Vos *et al.* (2022), who investigated whether patients and other stakeholders perceive the quality of medical services in the same way. Research by S.M. Kearney *et al.* (2021) is dedicated to the role of stakeholders in ensuring transparency and quantitative and qualitative performance of enterprises in the field of medical services, as well as in the implementation of integrated patient-oriented medical care. The cited works, in one way or another, raise the issue of the influence of interaction with stakeholders on improving the quality of medical services, and therefore confirm the feasibility of allocating the appropriate specific management function, which was done in this scientific study.

In his work, F. Santarsiero *et al.* (2023) considered the interaction with stakeholders in medicine through the lens of creating innovation laboratories. As a conclusion, scientists emphasize the positive impact of such laboratories on the development of digital innovations. However, the role

of different categories of stakeholders in the creation of such laboratories is not given special attention. Therefore, the issue of defining key stakeholders in this process is debatable. M. Segarra-Oña *et al.* (2020) provide arguments for the promotion of stakeholders in the development of innovations in medical enterprises. In this work, the influence of stakeholders on the development of innovations in the enterprises of the medical industry is determined, and also the emphasis is placed on the implementation of interaction models aimed at the joint creation of value. The authors of the study acknowledge as a limitation that it was not possible to examine the relationship between innovation and satisfaction of the end user of healthcare services. Integration of the results obtained in their research with the concept of P4 medicine and other related theories would allow to solve this issue. The works of F. Schiavone *et al.* (2021), R. Spanò *et al.* (2023) testify in favour of increasing the added value of medical services due to the interaction of the enterprise with stakeholders.

A discussion of the role of such stakeholders as medical educational institutions in increasing the intellectual potential of healthcare enterprises is given in the study of J.L. Newlon *et al.* (2023). M. Dionisio *et al.* (2023) in their work provide evidence regarding the expediency of isolating such functions of managing relations with stakeholders as improvement of the efficiency of the process of providing medical services, and A. Garcia-Perez *et al.* (2023) and M.A. Sujan *et al.* (2022) also provide evidence regarding the quality assurance of medical information. A. Pereno & D. Eriksson (2020), considered a systemic approach to the organization of health care on the basis of sustainable development in the context of three main directions, such as sustaining, disruptive and transformational innovations. This work also highlights strategies for the transition to sustainable development in the field of health care, which are based on cooperation, innovation and information. The conclusions of the mentioned work contain recommendations for the involvement of stakeholders outside the health care system. However, a limitation to the implementation of the results is that they can be applied only to countries that pay the necessary attention to the problems of sustainable development in health care. The authors note that without this condition, the implementation of the results is debatable.

The question of whether all the listed impacts and effects that are the result of interaction with stakeholders can be called functions is debatable. According to the generally accepted interpretation of functions as stable and regular actions of the management subject, which lead to the achievement of management goals, this paper maintains the point of view that the listed aspects can be systematized and classified as specific functions of managing relations with stakeholders of the medical services industry. Thus, the problems of managing relations with stakeholders in the field of medical services are considered in modern works, but they are covered mainly in fragments and require systematization and the development of a comprehensive conceptual approach.

## ● CONCLUSION

The peculiarity of the approach proposed in the work consists in the systematization of different points of view not only of economists, but also of specialists in the medical

field and the substantiation of the theoretical background and a clear list of principles and functions of managing relationships with stakeholders of medical service enterprises. The hypotheses and theoretical propositions formulated in the article are linked into a single system and aimed at achieving the main goal of the concept. The main results of the study are: a list of problems and contradictions relevant for the Ukrainian health care system as of 2023, which determine the need to improve the conceptual principles of managing relationships with stakeholders of medical services enterprises. The principles of managing relationships with stakeholders at enterprises in the field of medical services are substantiated and three groups of such principles are proposed: those aimed at improving the quality of medical services, those that take into account the influence of martial law and adverse environmental conditions and those that contribute to the achievement of the goals of sustainable development and international cooperation. The system of hypotheses and provisions of the concept of managing relationships with stakeholders of medical services enterprises was also substantiated. The article systematizes approaches to defining the functions of managing relations with stakeholders at enterprises in the field of medical services and distinguishes two types of such functions – general and specific.

The scientific novelty of the research lies in the fact that for the first time the concept of managing relationships with stakeholders of medical services enterprises is proposed, taking into account the current state of the healthcare system in Ukraine, the specifics of this industry, the recommendations of international organizations regarding its restoration, as well as the goals of sustainable development. The main achievement of the work is that, for the first time, a holistic concept of managing relations with stakeholders in the field of medical services has been developed, based on the generalization and systematization of various scientific works which only partially reflect certain aspects of this problem. Prospective areas of further research are the systematization of methodological approaches to the management of relationships with stakeholders in the medical services industry and the substantiation of the methodological basis of the developed concept, taking into account modern standards and goals of sustainable development.

#### ● ACKNOWLEDGEMENTS

None.

#### ● CONFLICT OF INTEREST

None.

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## Концептуальні засади управління розвитком взаємовідносин зі стейкхолдерами в галузі медичних послуг

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**Анотація.** Актуальність теми дослідження полягає в необхідності пошуку ефективних шляхів оптимізації діяльності підприємств галузі медичних послуг на основі удосконалення їх взаємодії з усіма зацікавленими сторонами, організаціями та установами галузі охорони здоров'я, яка відноситься до критичної інфраструктури. Головною метою дослідження було обґрунтування концептуальних основ управління взаємовідносинами зі стейкхолдерами на підприємствах медичної галузі. При цьому було враховано стан соціальної та економічної сфери України у 2022-2023 роках та основні цілі сталого розвитку. У роботі використано такі методи наукового пізнання: логічного узагальнення, порівняльний аналіз, контент-аналіз, кабінетні дослідження. Обґрунтовано перелік проблем та суперечностей у системі охорони здоров'я України, що вимагають удосконалення підходів до управління взаємодією зі стейкхолдерами в галузі медичних послуг. Визначено принципи управління взаємодією зі стейкхолдерами на підприємствах медичних послуг. Запропоновано три групи принципів, які враховують, по-перше, необхідність управління якістю медичних послуг, по-друге, поточну політичну та соціально-економічну ситуацію в Україні, і, по-третє, цілі стійкого розвитку. Запропоновано удосконалений перелік функцій управління взаємовідносинами зі стейкхолдерами підприємств галузі медичних послуг, що включає як обґрунтування специфіки загальних функцій, так і обґрунтування переліку специфічних функцій. Обґрунтовано перелік та взаємозв'язки між елементами концепції управління взаємовідносинами зі стейкхолдерами підприємств галузі медичних послуг, включаючи сукупність гіпотез та основних положень концепції. Розроблена концепція управління взаємовідносинами зі стейкхолдерами підприємств галузі медичних послуг дозволяє впровадити комплексний і системний підхід до удосконалення взаємодії між всіма учасниками та представниками даної галузі і підвищити ефективність її функціонування в сучасних умовах

**Ключові слова:** теорія зацікавлених сторін; охорона здоров'я; принципи стейкхолдер-менеджменту; функції стейкхолдер-менеджменту; сталий розвиток

## Customs and tax aspects of the economic integration of Ukraine into the EU

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**Abstract.** The economic integration of Ukraine primarily involves the implementation of the measures of the Association Agreement with the EU, which covers various sectors. The key sectors of the Association Agreement include Customs Matters and Trade Facilitation as well as Taxation. The aim of the article was to study the impact of customs and taxation aspects on the integration processes of Ukraine and the EU in the context of globalization processes in the economy. The tasks set in the study are solved using scientific methods of analysis and synthesis, historical and chronological, statistical, economic and graphical methods as well as the abstract-logical method. The genesis of the implementation of the activities of the Association Agreement with the EU in the sectors of Customs Matters and Taxation are examined. The problematic aspects of the implementation of the integration of Ukraine with the EU are summarized. The state of foreign economic activities is analysed and it is noted that the Association Agreement has had a positive impact on the volume of foreign economic activities, but has not resulted in a positive foreign trade balance. It is noted that customs payments account for the largest part of the revenues of the consolidated budget of Ukraine and that the main share of budget revenues is value added tax. The structure of exports and imports (by commodity and country) is analysed and it is noted that Ukraine is gradually moving away from the production of engineering products and focusing its efforts on the agro-industrial sector. The sectors of the Association Agreement that negatively affect the processes of customs and tax regulation are identified and ways to resolve problematic issues are proposed. The practical significance of the results obtained lies in the generalization of measures for the implementation of the Association Agreement by Ukraine, the identification of existing problems, and the development of proposals for their solution

**Keywords:** foreign economic activity; export; import; budget revenues; Globalization Index

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Article's History: Received: 06.02.2023; Revised: 19.04.2023; Accepted: 23.05.2023

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**Suggested Citation:**

Ivanov, Yu., Tyshchenko, V., & Naidenko, O. (2023). Customs and tax aspects of the economic integration of Ukraine into the EU. *Development Management*, 22(2), 20-29. doi: 10.57111/devt/2.2023.20.

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## ● INTRODUCTION

Customs and tax policies are among the most important components of the state's foreign economic policy. Within the framework of customs policy, both tariff and non-tariff regulatory measures may be envisaged, which may, on the one hand, accelerate the processes of customs clearance and, on the other hand, include additional customs control measures. Tax policy affects the processes of foreign economic activity (FEA) through the collection of payments laid down in tax legislation for exports and imports. Both policies are directly related to the processes of economic integration of Ukraine. The integration processes in Ukraine started after independence, as since 1991 the state has had to independently ensure the development of economic, political and other types of relations with other states. The first framework agreement between Ukraine and the EU was the Agreement on Partnership and Cooperation between Ukraine and the European Communities and their Member States (1994), which was signed in 1994, provisionally applied since 1996, and fully entered into force in 1998. In 2014, the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part (2014), was signed, some provisions of which have been provisionally applied since November 1, 2014, and the provisions on the free trade area have been applied since January 1, 2016. The Association Agreement fully entered into force on September 1, 2017, whereas the Agreement on Partnership and Cooperation between Ukraine and the European Communities and their Member States expired.

General approaches and economic integration have been considered in papers by various modern-day scholars, some of whom have focused on the customs and taxation aspects of such economic integration. Particularly, O.O. Borzenko (2021) in her monograph states that "the decisive direction of Ukraine's foreign economic policy remains cooperation with the EU countries, which is due to the indispensable need to adapt to the modern system of a globalized society". The paper focuses on various aspects of the economic integration of Ukraine, highlights sectoral problems and draws conclusions on the need to accelerate Ukraine's implementation of the Association Agreement objectives. However, the block of customs and tariff regulation is not considered in detail. O. Kvasha & A. Sinyakova (2019) identified the main goals of Ukraine's economic integration with the EU, analysed the strengths and weaknesses of Ukraine's integration with the EU, and identified the expected opportunities and threats. The researchers consider financial instruments as the most important in the integration processes, while they do not consider such a crucial component as tax benefits. Researcher O. Moroz (2019) highlighted the principles of building international economic integration, which should ensure its efficiency and effectiveness. The author focuses on the competitive advantages of Ukraine, which allow to implement the integration processes at a rapid pace. However, the author hardly examined the impact of customs and tax regulations on the economic integration.

O. Popko (2019) identified integration processes at different levels and drew a conclusion regarding the risks of the economic integration for Ukraine. However, the author's study targets the issue of globalization without focusing on

specific areas of integration processes. Ye. Redziuk (2021) analysed Ukraine's implementation of the objectives of the Association Agreement. He concluded that it is useful to stimulate investment programs for the development of priority areas of the economy. Yet, the author mentions the customs and tax aspects of the implementation of the Association Agreement only in some theses. The paper by V.V. Chaikovska (2020) proves the necessity of coordinated implementation of the Association Agreement objectives in various sectors in order to effectively fulfil and implement them in Ukraine. The author also considers it useful to protect intellectual property right and emphasizes the significant role of customs authorities in this process. While studying the issue of customs regulation, the author did not pay enough attention to the peculiarities of Ukraine's fulfilment of objectives in the sector of Taxation (value-added tax and excise tax).

A. Semenets *et al.* (2020) studied the effectiveness of Ukraine's cooperation with the EU and also proved the feasibility of implementing European integration processes in general. They concluded that the objectives of the Association Agreement have a negative impact on the development of industry and innovation activity of enterprises. At the same time, the authors did not generalize the problems in the implementation of the Association Agreement in the sectors of Customs Matters and Taxation. The impact of tax policy on the integration processes between Ukraine and the EU is analysed by I. Halushchak *et al.* (2021). They also identified the main problems of the tax policy of Ukraine and proposed ways to solve them. However, the issue of customs and tariff regulation remained beyond the authors' attention. O. Melnyk *et al.* (2018) consider the customs system as an important component of the European integration of Ukraine. But the authors did not fully examine the issue of Ukraine's implementation of the objectives in the sector of Customs Matters (in terms of amendments to the legislation related to the common transit procedure and authorized economic operators) and left aside the issue of taxation.

As can be seen, the subject of most recent studies has been mainly reduced to general issues of European integration. Occasionally, researchers' papers mentioned the sectoral features of the Association Agreement, which prompted the authors of this article to pay attention to the customs and taxation aspect of the European integration of Ukraine. The aim of the article was to study the impact of the customs and tax sectors of the Association Agreement on the integration processes of Ukraine and the EU. In order to achieve this aim the following objectives of the study were set: to examine the dynamics of Ukraine's implementation of the objectives of the Association Agreement in the sectors of Customs Matters and Taxation; to develop recommendations for further economic integration of Ukraine and the EU.

## ● MATERIALS AND METHODS

The theoretical foundation of the study was formed by the fundamental provisions of financial and economic sciences, the results of scientific developments, papers by Ukrainian and other scholars. The paper is largely based on the regulatory framework defining the objectives to be performed

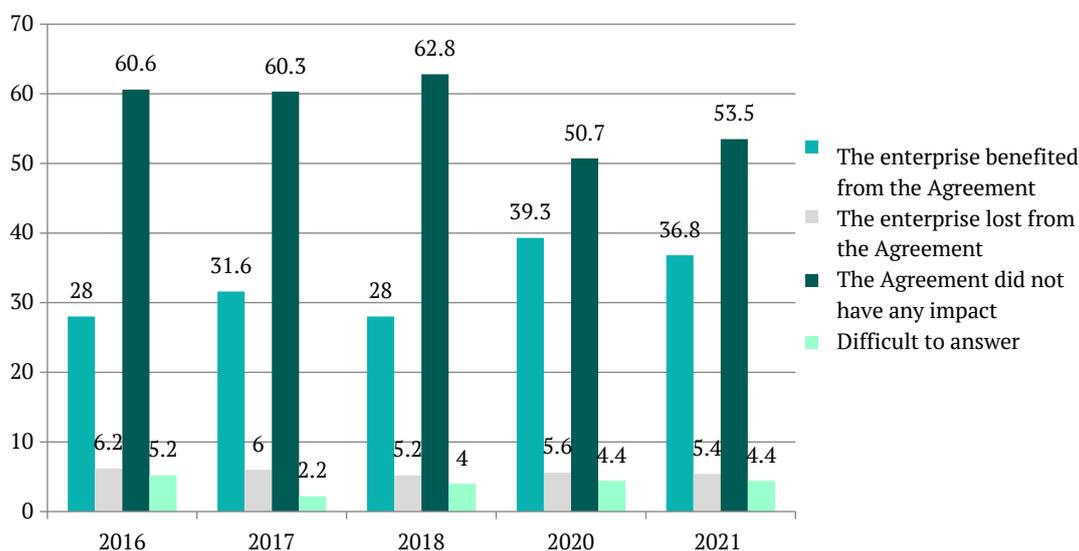
by Ukraine under the Association Agreement as well as on the reporting documentation of the executive authorities of Ukraine (Reports of the Cabinet of Ministers..., 2022), which reflects the state of implementation of the Association Agreement between Ukraine and the EU in various sectors.

The methods of analysis and synthesis were used to analyse the opinions of scholars on the implementation of the Association Agreement by Ukraine, its advantages and disadvantages for Ukraine as well as the sectoral characteristics of the implementation of the Association Agreement by Ukraine. Historical and chronological methods were used to analyse the implementation of the Association Agreement objectives by Ukraine in the sectors of Customs Matters and Taxation, highlighting solved and unsolved problems. Statistical and economic methods were used to collect, process and analyse in dynamics the indicators characterizing the state of implementation of the consolidated budget of Ukraine for customs payments; indicators reflecting the general trends of Ukraine's foreign trade within the implementation of the Association Agreement; assessment of Ukraine's place in international indices related to customs and taxation aspects (Logistics Performance Index..., 2018; Paying taxes, 2020); determination of the consequences of the Association Agreement for Ukraine's foreign trade. Based on the results of the pre-war expert survey Simplification of Trade Procedures in Ukraine: Assessments and Expectations of Business (2021) expert survey, the impact of the Association Agreement on the activities of companies and barriers for exporters and importers are assessed. This survey is conducted annually by the Institute for Economic Research and Policy Consulting and involves obtaining opinions of subjects of foreign

economic activity on the main problems of their development, the quality of work of customs authorities, simplification of customs procedures, the impact of smuggling on the economy, the impact of the Association Agreement on the activities of exporters and importers. The graphical method was used to visualize the results of the study and increase its perceptibility; the information on tax revenues, the state of foreign trade, the impact of the Association Agreement on FEA entities, and existing barriers for exporters and importers is presented in the form of tables and figures. The abstract-logical method was used to summarize the recommendations for Ukraine's further economic integration with the EU and to formulate conclusions.

## ● RESULTS AND DISCUSSION

Despite the long existence of the Association Agreement, Ukraine remains in low positions in some rankings. The latest Logistics Performance Index and its indicators (2018) showed an improvement in Ukraine's rating from the 80<sup>th</sup> to the 66<sup>th</sup> position in the overall rating, whereas Ukraine moved up from the 116<sup>th</sup> to the 89<sup>th</sup> position in the rating of customs control effectiveness. The latest Paying taxes (2020) rating showed that Ukraine is gradually losing its position, ranking 65<sup>th</sup> according to the 2020 results (in 2019 it ranked 54<sup>th</sup>), which is a consequence of the lack of strategic guidelines for the development of the state tax policy. According to the results of the survey by the Institute for Economic Research and Policy Consulting, the share of those who experienced the positive impact of the Association Agreement between Ukraine and the EU on their enterprise activities decreased among businesses by the end of 2021 (Fig. 1).

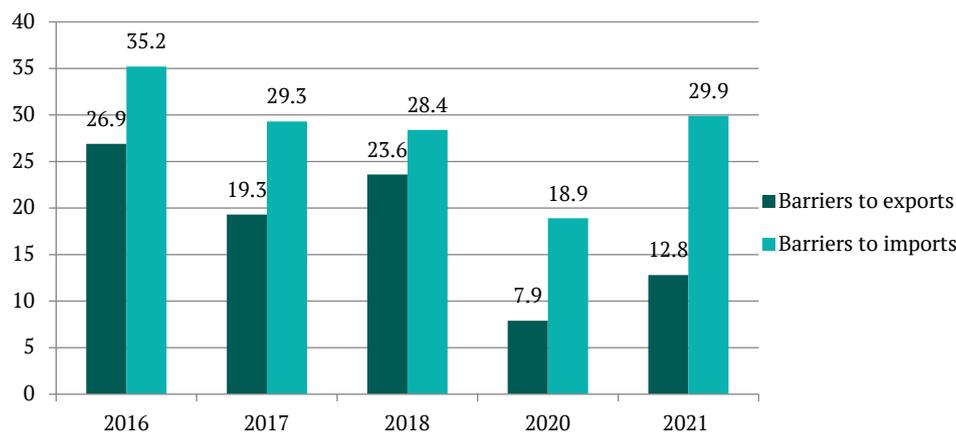


**Figure 1.** Assessment of the impact of the Association Agreement between Ukraine and the EU

**Source:** compiled by the authors according to the Simplification of trade procedures in Ukraine: Assessments and expectations of business (2021)

The data in Figure 1 show a gradual increase in the share of business entities on which the Association Agreement had a positive effect (an increase from 28% to 36.8%) and a decrease in the number of individuals who evaluated the Agreement negatively (from 6.2% to 5.4%). For the

most part, the Association Agreement did not affect business entities, as the percentage of such entities exceeded 50% in 2021. According to the 2020 results, the share of enterprises that reported the presence of export and import barriers also increased (Fig. 2).



**Figure 2.** Barriers to exports and imports

**Source:** compiled by the authors according to the Simplification of trade procedures in Ukraine: Assessments and expectations of business (2021)

The share of importers who noted the presence of such barriers ranges from 18.9% to 35.2%. In 2020, there was a significant decrease in these individuals, but in 2021, the share of dissatisfied importers increased. The share of exporters who reported the presence of the barriers decreased to 7.9% in 2020, but it again slightly

increased to 12.8% in 2021. Overall, the survey results show fewer barriers to exports than to imports. The Association Agreement has been implemented for more than a year, and the degree of its implementation varies across sectors, with 40% of unmet objectives in the sector of Customs Matters (Table 1).

**Table 1.** Implementation of the Association Agreement between Ukraine and the EU, % of the envisaged measures

Sector	2017	2018	2019	2020	2021	2022
General indicator	41	42	43	54	63	72
Customs matters	33	36	39	44	52	60
Taxation	44	49	54	60	84	88

**Source:** compiled by the authors on the basis of Reports of the Cabinet of Ministers of Ukraine on implementation of the Association Agreement between Ukraine and the European Union (2022)

The Association Agreement involves the annual fulfilment of objectives related to amendments to the legislation for the implementation of EU legislation in Ukraine. Chapter 4 of the document (Association Agreement..., 2014) deals with taxation matters (mainly value added tax and excise tax). Chapter 5 is devoted to customs matters and envisages simplification of customs procedures: introduction of the institution of an authorized economic

operator, accession of Ukraine to the EU common transit system, gradual harmonization of Ukrainian customs legislation with EU customs legislation. Table 2 analyses how the measures of the Association Agreement were implemented in the sectors of Customs Matters and Taxation sectors. According to the Table 2, Ukraine is gradually fulfilling the customs procedures of the international integration, but not meeting the deadlines altogether.

**Table 2.** Chronology of the implementation of the Association Agreement measures in the sectors of Customs Matters and Taxation

Year	Customs Matters	Taxation
2017	The obligation to accede to the Convention on Common Transit was not fulfilled.	The classification of alcoholic beverages was updated in accordance with the EU legislation, the excise tax rates on these products were increased by 20%.
2018	The obligation to accede to the Convention on Common Transit was not fulfilled. The obligation to establish the institute of authorized economic operators was not fulfilled.	An annual increase in excise tax rates on tobacco products (by 20%) was introduced.
2019	The obligation to accede to the Convention on Common Transit was not fulfilled. A common transit regime was established. The issue of customs regulations for the protection of intellectual property rights was settled. The institute of authorized economic operators was established.	The condition for Ukraine's accession to the Multilateral Convention on the Implementation of Measures Relating to Tax Treaties was fulfilled in order to counteract the tax base erosion and the withdrawal of profits from taxation.

Table 2, Continued

Year	Customs Matters	Taxation
2020	The obligation to accede to the Convention on Common Transit was not fulfilled.	The liquid for electronic cigarettes was included in the list of excisable goods. The procedure for budgetary VAT (value added tax) refund was not improved.
2021	The obligation to accede to the Convention on Common Transit was not fulfilled. A national electronic transit system was introduced.	An excise tax rate was imposed on beer, based on its strength. The procedure for budgetary VAT refund was not improved.
2022	Ukraine acceded to the Convention on Common Transit. A new version of the Customs Tariff of Ukraine was adopted with amendments to the UCG FEA (Ukrainian Classification of Goods for Foreign Economic Activity) codes in accordance with the EU customs legislation.	A reporting form for controlled foreign transfer pricing companies was developed. The condition for accession to the Agreement for the automatic exchange of Country-by-Country Reporting was fulfilled. The procedure for budgetary VAT refund was not improved.

Source: created by the authors

Despite the introduction of a system of authorized economic operators, as of 2022, only one such authorized economic operator was officially registered in Ukraine, which indicates complex criteria for selecting business entities, making it difficult for them to obtain this status. The integration within the sector of Taxation takes place in Ukraine mainly in the field of indirect taxation. Ukraine is gradually approximating the rules of indirect taxation to those of the EU.

As of 2022, Ukraine has unified the list of excisable goods in accordance with the EU legislation, introduced an annual increase in excise tax rates on tobacco products (until 2024), revised the rules for taxation of beer (which slightly affected the tax burden of beer producers and, accordingly, the price of beer), and included the liquid for electronic cigarettes in excisable goods. However, the issue of implementation of the rules for energy taxation in Ukrainian legislation has not yet been fully resolved, which may significantly affect the price of electricity in Ukraine.

One of the most problematic aspects of indirect taxation is the issue of timely VAT refund. As of December 31, 2022, the state owed UAH 28.7 billion to business entities (Information on the amount of VAT..., 2022). The existing VAT refund mechanism is imperfect. Generally, VAT refunds can be made for transactions within the country as well as for export transactions.

Fulfilling the objectives of the Association Agreement, Ukraine should not restrict the rights of its producers. Assistance (by means of tax and customs regulation inclusive) should be provided to strategically important production enterprises, which bring most of the tax revenues to the budget, including those generated through export operations. Customs payments (VAT, excise tax, customs duty), which perform the function of regulating foreign economic activity, have a significant impact on the integration process. At the same time, the leading role of VAT in budget revenues should be noted (the first position in the share of tax revenues) (Table 3).

Table 3. Customs payments in the revenues of the consolidated budget of Ukraine, billion UAH

Tax	2017	2018	2019	2020	2021	2022
Import VAT	250.5	295.4	289.8	274.1	380.7	253.1
Excise tax on imports	47.7	54.1	59.4	64.4	87.0	44.1
Import duty	23.9	26.6	29.9	30.2	36.9	23.3
Export duty	0.6	0.5	0.2	0.3	1.3	0.7

Source: calculated according to the statistics of the Information of Ministry of Finance of Ukraine on the execution of the state and consolidated budgets of Ukraine (2022)

The data indicate an increase in all customs duties during 2017-2021 (except for a slight decrease in import VAT in 2018-2019). The martial law and a decrease in the entrepreneurial activity of business entities led to a significant decrease in tax revenues from customs payments.

The next step in the study of the economic integration of Ukraine with the EU is the analysis of the dynamics of foreign economic activity. In recent years, there has been a clear trend toward the predominance of imports over exports (Table 4).

Table 4. Volumes of foreign trade of Ukraine, million USD

Indicator	2016	2017	2018	2019	2020	2021	2022
Exports of goods and services	45112.7	52579.5	57280.9	64082.3	59394.0	79326.1	52 434.2
Imports of goods and services	44571.1	55080.6	63493.7	67824.6	60209.7	80810.3	58 347.3
Balance	541.6	-2501.1	-6212.8	-3742.3	-815.7	-1484.2	-5913.1

Source: compiled by the authors on the basis of Foreign trade of Ukraine (2021), Foreign trade. Analytics (2022)

As can be seen, only at the end of 2016 exports of goods and services exceeded imports. This means that Ukraine spent more foreign currency than it received. However, it should be noted that the volume of export and import operations increased by more than one and a half times, which is a positive moment in the implementation of the Association Agreement. The Association Agreement and martial law have changed the structure of export and import supplies. According to the 2022 results, the main export goods are products of the agro-industrial complex and the food industry (40% of exports of goods), metallurgical products and mineral products. Transport services (35% of services exports), IT services (Information Technology) and processing services dominate services exports. In goods imports, mechanical engineering products and mineral products predominate (slightly more than 20% each), and in services imports, transport services predominate in almost all years with a share of more than 22%. After signing of the Association Agreement, Ukraine has started to gradually realign the markets for goods and services. According to the 2021 results (at the time of the study, the Ministry of Economy had not yet published information on the geographical structure of foreign trade for 2022), Ukraine mainly exported goods to China and Turkey and services – to the EU and the United States. Goods were imported to Ukraine mainly from China, and services – from EU countries (Foreign Trade of Ukraine, 2021).

The authors believe that it is also worth mentioning other aspects of Ukraine's implementation of the Association Agreement, which are indirectly related to the sectors of Customs Matters and Taxation. Corruption in the customs and taxation spheres. According to the 2021 results, Ukraine ranked 116<sup>th</sup> among 180 countries in terms of the Corruption Perception Index (2022). The presence of the shadow sector, low wages, the imperfection of tax and customs legislation should be indicated as the main causes of corruption. Corruption is the main reason for the increase in the smuggling of excisable goods. In 2022, the volume of the shadow sector of tobacco was more than 20% and

that of alcoholic beverages was 12% (Illicit Trade..., 2022). In this case, the main scheme for the illegal sale of alcoholic beverages involves duty-free stores. Let us note the low level of penalties for such violations. Under Article 204 of the Criminal Code of Ukraine (2001), the illegal sale of alcoholic beverages and tobacco products is punishable by a fine in the amount of 5 000 to 10 000 of tax-exempt minimum incomes of citizens (85 000 to 170 000 UAH).

Intellectual Property. Despite the adoption of relevant legislative and regulatory acts on the protection of intellectual property rights in Ukraine, violations continue to occur in this area. In the overall rating of property rights protection for 2022, Ukraine ranks 105<sup>th</sup> out of 129 possible rank positions (International Property Rights Index, 2022).

Environmental issues. Despite the adoption of the Strategy for Environmental Security and Adaptation to 2030 Climate Change, the authors believe that Ukraine does not sufficiently regulate the processes of environmental security. In the 2022 environmental performance rating Ukraine ranked 52<sup>nd</sup> with an index of 49.60, falling behind most countries of the European Union (Environmental Performance Index, 2022). In particular, the problem lies in the low environmental tax rates. One of the key environmental tax rates in the EU is the carbon tax. In Sweden, Switzerland, and Liechtenstein, the tax rate on carbon dioxide emissions is 117 euros per ton, in Norway – 79 euros, and in Finland – 76 euros (Bray, 2022). In Ukraine, the environmental tax rate on carbon dioxide emissions is 30 UAH per ton.

Lack of real tax incentives for innovative development. According to the 2022 results, Ukraine ranked 57<sup>th</sup> in the Global Innovation Index (Global Innovation Index, 2022). It should be noted that the value of this index is gradually decreasing. While the vast majority of countries worldwide provide a tax discount or tax credit when conducting innovative research, the tax legislation in Ukraine does not contain the corresponding norms. In order to solve the existing problems, the authors of the study suggest the following recommendations (Table 5.)

**Table 5.** Recommendations for the implementation of the objectives of the Association Agreement

Area	Recommendations
Authorized economic operators	The system of obtaining the Authorized Economic Operator status should be simplified by reducing the number of eligibility criteria. This should increase the number of individuals obtaining this status and improve the image of Ukrainian companies in the international market. Additionally, the information campaign on the benefits of this status needs to be enhanced, especially for exporters.
Common transit system	The common transit system should not only take into account existing EU requirements, but also contribute to the protection of exporters. This may be facilitated by reducing the amounts of financial guarantees imposed on business entities in transit.
Budgetary VAT refund	It is necessary to abolish VAT refunds for operations within Ukraine and leave it exclusively to exporters, as they lose 20% of the profit when exporting products. The abolition of VAT refund for transactions within Ukraine will simplify the activity of regulatory authorities regarding the audit of reporting. Moreover, it will also save budget funds allocated for VAT refund.
Reduced VAT rates on social categories of goods	Introduction of reduced VAT rates on socially important goods with mandatory control over the prices of these goods to assist low-income groups of the population.
Excise tax rates on energy	A transition period should be established for the implementation of the EU legislation on excise tax rates on energy, as the introduction of the European tax rules in this segment under the martial law will lead to an increase in prices for all types of goods.

Table 5, Continued

Area	Recommendations
Development of strategic directions of taxation	Of particular importance today is the development and implementation of the Tax Policy Strategy of Ukraine, which will determine the vectors of tax development in Ukraine taking into account the objectives of the Association Agreement. This should allow business entities to effectively implement strategic and tax planning processes throughout the year.
Environmental issues	The solution of environmental problems should be done by introducing amendments to the norms of environmental taxation. In this direction, the state should provide regions with a greater autonomy regarding rates and corrective coefficients of environmental tax, limits of emissions and discharges.
Innovative development	In order to strengthen the interest of business entities in innovative development, it is advisable to reduce the tax burden on corporate tax and channel the freed-up funds into research and development to develop innovative products that will be competitive in the foreign market.

**Source:** created by the authors

This topic has been studied by other scholars who have considered certain aspects of taxation, customs and tariff regulation as well as other areas that indirectly affect the issues under consideration. Although the authorized economic operator system has been in existence for three and a half years, its condition should still be assessed as unsatisfactory, which is due to the complex authorization requirements and the lack of a state information campaign for business entities. As noted by S. Kanygin *et al.* (2022), the EU has more flexible requirements for applicants for the Authorized Economic Operator status, which results in a significant number of authorized economic operators with more than 20 000 individuals. According to T. Karavayev *et al.* (2022), a significant disadvantage in Ukraine is the lack of information provided to businesses about the requirements for obtaining the status of an authorized economic operator and the benefits that such status offers.

A. Torello (2021) believes that the application of the Authorized Economic Operator institution has contributed to the development of trade relations between Vietnam and EU countries and has also enabled the simplification of customs procedures for individuals who have obtained the status of an Authorized Economic Operator. The experience of Turkey shows some problems in applying for the status of an authorized economic operator (Sağlam *et al.*, 2019). However, these problems are constantly discussed (through a national survey) and solved by amending the national legislation.

Despite the introduction of the common transit system, it has its advantages and disadvantages. T.V. Ruda (2022) believes that the common transit system will improve control over the movement of goods, contribute to the reduction of customs violations and ensure the formation of a single information space for transit traffic. According to R. Kril (2021), the common transit system not only brings benefits to business entities, but also ensures the coordination of actions of customs authorities, which as a result simplifies the procedure of customs clearance of transit operations. J. Carballo *et al.* (2022) in their study proved that the use of the common transit system leads to a reduction in trade costs of business entities and increases their exports. At the same time, as T. Zaiats *et al.* (2022) note, it is also possible to increase the value of exports by applying the financial guarantee mechanism in transit traffic.

The sector of Taxation may also be subject to changes aimed at implementing the objectives of the Association Agreement. According to A. Sokolovska & L. Rainova

(2020), the VAT refund procedure poses significant risks of abuse and involves substantial budgetary expenditures. R. De La Feria & A. Schoeman (2019) consider VAT fraud schemes as one of the most problematic aspects in taxation. Generally, the scheme of procuring goods that are not used in economic activity is applied. And on this basis the individual declares the amount of VAT refund. According to T. Iefymenko *et al.* (2021), Ukraine almost does not apply the EU approach regarding reduced VAT tax rates on socially important goods, which has allowed to slightly reduce the prices of these goods. A. Nipers *et al.* (2019) proved that reduced VAT rates in the short term leads to a significant decrease in retail prices for social goods, provided that the state controls prices.

In order to fulfil the objectives of the Association Agreement in the sectors of Customs Matters and Taxation, scholars have also emphasized the following measures: tightening criminal liability for smuggling based on the experience of the Netherlands, Switzerland, France and Turkey (Nalutsyshyn, 2022); improving customs regulations to protect intellectual property by equipping customs authorities with modern means of customs control (Voloshchenko, 2020). Moreover, M. Husovec (2019) believes that the EU pays great attention to the problem of intellectual property rights protection, which is enshrined in the relevant provisions of the EU Charter. V. Bulavynets (2020) emphasized the importance of energy taxation in ensuring environmental security. F.J. Delgado *et al.* (2022), in their study on environmental taxation in the EU, also proved the importance of the energy cluster of environmental taxation. It is also important to introduce a differentiated approach to environmental taxation that takes into account the regional aspect and sectoral specifics of the taxpayer (Zakharkina & Novikov, 2020) and the regulation of tax instruments to stimulate innovative development of business entities, taking into account the experience of EU countries (Krysovatyty *et al.*, 2019). J. Mitchell *et al.* (2020) prove the need for tax incentives for innovative development of new business entities in order to ensure employment, increase production and sales, and enhance the competitiveness of products.

According to the authors of the study, the measures for further economic integration of Ukraine under the Association Agreement should allow for all the above-mentioned opinions of the scientific community. Thus, the achievement of the objectives of the Association Agreement by Ukraine has its advantages and disadvantages. The state should strengthen the areas of its development that are

prioritized and related to the achievement of the Association Agreement objectives. At the same time, measures should be developed to support those business entities for which the Association Agreement has not brought positive changes.

## ● CONCLUSION

The results of the research prove that Ukraine is gradually introducing measures to implement the Association Agreement with the aim of economic integration into the norms and rules of the EU. In general, the economic integration contributes to overcoming technical and economic barriers and ensures the implementation of common interests of business entities of different countries. The martial law has a significant impact on the dynamics of integration processes. One of these consequences is the reduction of the balance of foreign trade and the inability of the state to protect national producers from the regulatory influence of other states.

It is determined that Ukraine has not fully succeeded in introducing customs and tax regulation measures allowing for the EU requirements (common transit, authorized economic operators, budgetary VAT refund, excise tax rates on energy). Customs payments are a significant factor in the impact on economic integration, as together they account for more than 50%. Within these payments, Ukraine should continue to implement the main measures of the Association Agreement. Ukraine should gradually revise both the

commodity and geographic structure of foreign economic activity. The state should provide assistance to business entities, primarily through the conclusion of international agreements to find new markets for export products. The issues of corruption and prevention of smuggling, which are raised every year by taxpayers participating in expert surveys, must be addressed. The state should also promote the protection of intellectual property rights, improve environmental security, and enhance the interest of business entities in introducing innovations.

Prospects for further research should focus on the issues of the protecting Ukrainian producers in both internal and external markets through measures of tariff and non-tariff regulation of foreign economic activity. This should be done by actual measures of the state introducing import restrictions on certain categories of goods to prevent them from entering the Ukrainian market. Furthermore, discussions should be held with the EU executive bodies on the abolition of quotas on Ukrainian goods, which will allow Ukraine to increase the volume of export operations.

## ● ACKNOWLEDGEMENTS

None.

## ● CONFLICT OF INTEREST

None.

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## Митно-податкові аспекти економічної інтеграції України до ЄС

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**Анотація.** Економічна інтеграція України насамперед передбачає імплементацію заходів Угоди про асоціацію з ЄС, яка включає в себе різні сектори. Одними з ключових секторів Угоди про асоціацію є «Митні питання та сприяння торгівлі» та «Оподаткування». Метою статті було дослідження впливу митних та податкових аспектів на інтеграційні процеси України та ЄС в умовах глобалізаційних процесів в економіці. Вирішення поставлених в дослідженні завдань виконано з використанням наукових методів аналізу та синтезу, історичного та хронологічного методів, статистичних, економічних та графічних методів, а також абстрактно-логічного методу. Досліджено генезис реалізації заходів Угоди про асоціацію з ЄС за секторами «Митні питання» та «Оподаткування». Узагальнено проблемні аспекти щодо реалізації заходів інтеграції України до ЄС. Проаналізовано стан зовнішньоекономічної діяльності та встановлено, що Угода про асоціацію позитивним чином вплинула на обсяг операцій зовнішньоекономічної діяльності, але не призвела до позитивного сальдо зовнішньої торгівлі. Встановлено, що митні платежі складають більшу частину доходів Зведеного бюджету України, а основну питому вагу в доходах бюджету складає податок на додану вартість. Проаналізована структура експорту та імпорту (за товарами та країнами) та встановлено, що Україна поступово відходить від виробництва продукції машинобудування та акцентує зусилля на секторі агропромислового комплексу. Виокремлено сектори Угоди про асоціацію, які негативним чином впливають на процеси митного та податкового регулювання, запропоновано шляхи вирішення проблемних питань. Практичне значення одержаних результатів полягає в узагальненні заходів реалізації Україною Угоди про асоціацію, виокремленні існуючих проблем та розробці пропозицій щодо їх вирішення

**Ключові слова:** зовнішньоекономічна діяльність; експорт; імпорт; надходження до бюджету; Індекс глобалізації

## Mechanisms of achieving sustainable micrologistics system functioning

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**Abstract.** At the current stage of development of the world and Ukrainian economy, which is characterized by a high level of instability of economic processes, the development of a scientific basis for preventing a negative impact on the sustainable functioning of micrologistics systems becomes an urgent task. The purpose of the study was to generalize the factors influencing the sustainable functioning of the micrologistic system and mechanisms to prevent the instability of its functioning in the future. The main research methods were: bibliometric analysis, generalization, analysis and synthesis. It was established that the sustainable functioning of the micrologistic system is the preservation and improvement of the main indicators of economic, organizational, managerial, production, logistic, technical and financial activities using a systematic approach to the management of the logistics system and under the influence of macroenvironmental factors. The system of factors for assessing the sustainability of the functioning of the micrologistics system is typified by such types of sustainability as managerial, production, market, financial and economic, innovative, investment, personnel, ecological ones. The value of the work consists in determining the factors of the internal environment that depend on the strategy of the logistics system itself; they include: management, financial, personnel, marketing, technological, innovation and logistics factors. In order to prevent the instability of the functioning of micrologistics systems, it is proposed to carry out a general comprehensive diagnosis of the entire system, namely the analysis of all business processes, the analysis of the main financial and economic performance indicators, the determination of negative factors and indicators and their sources of occurrence. The results of the research can be implemented in the activities of micrologistics systems, namely manufacturing enterprises, trading companies, logistics centres and companies engaged in logistics activities

**Keywords:** management; microeconomics; logistics; enterprise economy; finance

Article's History: Received: 31.01.2023; Revised: 10.04.2023; Accepted: 23.05.2023

### ● INTRODUCTION

Micrologistics systems in Ukraine from 2019 to 2023 work under the influence of negative factors, such as the pandemic, the war, and are constantly at risk of being in a difficult situation and losing their economic stability, so they very often need the development of a new micro-level management system focused on sustainable development and overcoming crisis phenomena. Since micrologistics systems are subjects of economic relations, the stable functioning of individual branches of the economy, regions and countries as a whole depends on their stable functioning. The relevance of the selected issues is due to the need to create modern conditions for the stable

functioning of enterprises and companies for their development as part of meso- and macrologistics systems. The investigated problem is complex and multifaceted, which requires a more in-depth analysis, the formulation of proposals for an effective management system for the economic sustainability of micrologistics systems. The question of achieving sustainable functioning of micrologistics systems has not been studied sufficiently and requires further research.

N.G. Kalyuzhna & A.S. Sheremet (2022) studied the problems of the logistics systems of Ukraine. It is substantiated that the use of the proposed country logistics risk

### Suggested Citation:

Melnykova, K. (2023). Mechanisms of achieving sustainable micrologistics system functioning. *Development Management*, 22(2), 30-38. doi: 10.57111/devt/2.2023.30.

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index will help enterprises and logistics companies to operate in the international market in order to maintain their competitive positions. The authors investigated only the logistics component, not taking into account other areas of activity of micrologistics systems and the influence of negative factors of the external environment. Researchers T. Kolodzieva *et al.* (2022) investigated the problems of logistics service as a component of the functional field of logistics: it is established that improving the quality of logistics service requires its assessment to identify relevant reserves; the indicators of the operation of logistics systems in terms of efficiency and return for consumers are determined. The study is of practical interest, but it does not indicate the extent to which indicators of the level of logistics service affect the sustainable functioning of logistics systems. It is also not determined what level of logistics service is the minimum for a micrologistics system and can be an indicator of the critical state of its competitiveness in the market.

L. Kurbatska *et al.* (2021) concluded that the main directions for improving the logistics system of enterprises will be the principles of the system approach, which are developed in the integration and clear interplay of all elements of the logistics systems. It is determined in the work that with the help of the method of synthesis of the logistics system, it is possible to adjust the goal, tasks and models of making and implementing management decisions in a timely manner. The author did not investigate the influence of internal factors on the sustainable functioning of the system, but this is a circle of factors that the company can independently control and look for ways to further optimization. O.A. Lisnichuk & T.A. Nesterchuk (2018) within the framework of the study summarized the external and internal factors that influence the financial stability of the enterprise. The author has developed a methodical approach to assessing the financial stability of modern enterprises, but the role of other economic factors that may affect the sustainable functioning of enterprises in Ukraine is not defined. Scientists O. Levkovich & Yu. Kalashnikova (2021) investigated the essence of the financial stability of the enterprise, determined the main factors influencing it and substantiated the indicators of the assessment of financial stability of the enterprise. However, the authors did not systematize and designate any possible indicators for assessing the stability of the functioning of enterprises. O.Yu. Kravets & O.V. Trifonova (2019) studied the features of the functioning of micro-, meso- and macrologistic systems. The authors developed the classification of micrologistic systems, identified their functional areas and main indicators of activity.

However, the above studies did not fully generalize the factors of internal and external influence on the stable sustainable functioning of enterprises. The purpose of the study was a theoretical generalization of the factors of influence on the sustainable development of the micrologistics system and the mechanisms that can contribute to preventing this influence in the future. The tasks of the study were to generalize the essence of the concept stability of micrologistics system functioning, methods of its evaluation, and determination of factors that have a greater influence on the stability and performance of micrologistics systems.

## ● MATERIALS AND METHODS

The scientific research includes the study of the mechanisms of sustainable functioning of micrologistic systems. The basis of the methodological approach in this work is a combination of the dialectical method of cognition, the systemic approach, bibliometric analysis, generalization, analysis, observation, and synthesis. The application of the dialectical method of cognition made it possible to study different scientific points of view regarding approaches to the sustainability of the functioning of micrologistics systems. The use of a systemic approach allows considering objects as systems, namely micrologistics systems from the point of view of their place in the structure of the macrologistics chain, on the one hand, and the existence of their functional internal subsystems, on the other hand. All these factors create a general impact on the productivity of enterprises and the sustainability of their functioning. With the help of bibliometric analysis, an analysis of modern scientific publications was carried out according to the research direction, namely, in relation to the problems of establishing the sustainability of the functioning of economic systems at the micro level. Based on the analysis of literary sources and the generalization of trends in the development of modern logistics systems, a definition of the concept of sustainability of the functioning is proposed. To generalize the factors influencing the sustainability of the micrologistics system functioning of micrologistics systems and factors for assessing the sustainability of the functioning of the micrologistics system, methods of analysis and synthesis were used.

The research was based on the use of the methodology of analysis of theoretical approaches and practical aspects of the implementation of various types of information and communication technologies, which was achieved through the use of methods: generalization – to formulate the basis of the concept of sustainability of the micrologistics system functioning; analysis – to learn about the influence of internal and external factors on the performance of micrologistics systems, to summarize the influence and form of assessment of factors of various groups of enterprise sustainability, as well as to determine the trends of their influence on the sustainability of the micrologistics system functioning. The methods of generalization and synthesis made it possible to combine the system of factors for assessing the stability of functioning and management of micrologistics systems, which consists of such types of sustainability as economic, market management, production, personnel, investment, innovation, environmental logistics, technical, financial and is constantly under the influence macroenvironmental factors. The use of the generalization method made it possible to typify the system of factors for assessing the stability of the functioning of the micrologistics system according to such types of stability as managerial, production, market, financial and economic, innovative, investment, personnel, and environmental. To form conclusions and proposals for increasing the stability of the functioning of micrologistics systems, the method of synthesis was used. It allowed to combine the opinions of different authors and draw conclusions based on their own observations regarding the improvement of the stability of the functioning of micrologistics systems.

## ● RESULTS AND DISCUSSION

### Determination of indicators for assessing the stability of micrologistics system functioning

At the beginning, it is necessary to determine what a logistics system is in general and a micrologistics system in particular. The term “logistics system” has a slightly different definition in modern scientific works of economists. Consider the most well-known of these definitions. The logistics system includes the integration of logistics elements within the framework of a certain economic system to optimize the processes of material flows (Krykavskiy & Chornopyska, 2009). The logistics system is a multi-level system that includes material and technical, organizational and economic, social – psychological and legal subsystems. The activity of logistics systems is based on such principles as flexibility, adaptability, compatibility and interconnection of all its links, etc. The subsystems that make up the logistics system integrated into the management process of an industrial enterprise have direct and feedback links with the external environment (Zhovtyi, 2016). The logistics system is considered as: a set of its constituent functional elements; an adaptive system with feedback; as an ordered structure; a set of material and related flows; unification of logistics operations; a set of enterprises, their structural subdivisions; a management system or an organizational-management coordination mechanism, etc. (Boldyreva, 2014). The logistics system is presented as a universal optimal set of management of the corresponding moving and stationary flows due to the optimal ratio of costs and results. The micrologistics system functions within the industrial complex to ensure the proper efficiency of both individual divisions and facilities as a whole (Tserkovna, 2019).

According to the institutional approach, logistics systems are divided into: macro-, meso-, and micrologistics systems. Achieving sustainable functioning is a priority area of research in the modern conditions of existence of logistics systems. The research of many scientists does not fully reflect all spectrums of logistics activities due to

the variability of external and internal factors influencing the functioning of logistics systems, the need for constant analysis and synthesis in order to improve the performance of micrologistics systems. Micrologistics systems are separate links of supply chains (Tserkovna, 2019; Gandia & Parmentier, 2020). Not only the results of their work depend on the stable functioning of micrologistics systems, but also the stable functioning of meso- and macrologistics systems as a whole. The concept of sustainability of the micrologistics system functioning is multifaceted. The essence of sustainability is determined by the effective supply, distribution, and use of material, financial, and informational resources in the process of managing the logistics activities of micrologistics systems (Melnikova, 2017; Khvishtun & Kovalchuk, 2018; Kalyuzhna & Sheremet, 2022).

Based on the synthesis of literary sources, the existing varieties of system sustainability are summarized and it is proposed to use a systematic approach and the principle of integration for them. The definition proposed by the author of this study has the following interpretation: “sustainable functioning of the micrologistics system is the preservation and improvement of the main indicators of economic, organizational, management, production, logistics, technical and financial activities under the condition of the existence of a systematic approach to the management of the logistics system and under the influence of macroenvironmental factors”.

The concept of sustainability of the functioning of micrologistics systems is expressed in the balance of all economic indicators of micrologistics system activity (Busse & Wallenburg, 2011; Boldyreva, 2014; Zhovtyi, 2016). They must adapt to the factors of variability in the external environment and have a flexible management structure inside. The stable operation of the micrologistics system is primarily ensured by the internal management structure and the quality of its management by top managers. Table 1 shows the system of factors (indicators) for assessing the stability of its operation.

**Table 1.** System of factors for assessing the stability of the operation of the micrologistics system

Type of sustainability	Factors	Characteristics of the micrologistic system functioning factor	
		non sustainable	sustainable
Management	The share of management personnel in the total number of personnel of the system	High	Optimal
	Timeliness and efficiency of decision-making	Untimely	Timely
	Performance	Low	High
	Use of modern methods of exchanging information flows	None	Present
	Clear distribution of powers and responsibilities	None	Present
Production	Volume of production	Low	High
	Productivity	Low	High
	Capital-labour ratio	Low	High
	The duration of the production cycle	Increased	Decreased
Market	Market share	Low	High
	Entering new markets	None	Present
	Sales level	Low	High
	Product range	Narrow	Varied
	Image on the market	Negative	Positive

Table 1, Continued

Type of sustainability	Factors	Characteristics of the micrologistic system functioning factor	
		non sustainable	sustainable
Financial and economic	Gross profit	Low	High
	Cost level	Low	High
	Solvency	Low	High
	Profitability	Reduced	High
	Capitalization	Decreases	Increases
Innovative	Strive to implement innovations	Low	High
	Rate of profitability of innovative projects	Low	High
	Number of innovative products	Small	Large
	The share of innovative technologies implemented in the analysed period	Small	Large
	Discounted income from the implementation of innovative projects	Low	High
Investment	Enterprise value	Decreases	Increases
	Inflow of investments	Decreases	Increases
	The difference between inflows and outflows of funds	Negative	Positive
Personnel	The number of personnel	Changing	Optimal
	Salary level	Decreases	Increases
	Level of social protection	Low	High
Ecological	Use of energy-saving technologies	Slow	Present
	Amount of waste	Large	Small
	Negative impact on the natural environment	Significant	Insignificant
	Implementation of recycling	Slow	Present

Source: created by the author

The methods that can be used to assess the sustainability of micrologistics system functioning include: the comparison method, the normative method, the method of developing a system of indicators, horizontal analysis, the method of the sum of points, the method of absolute (relative, average) indicators of systems (Zimon, 2015; Ali *et al.*, 2022) In the functioning of the micrologistics system, it is necessary to constantly analyse the factors that affect it and their dynamics. Depending on the scale of the logistics system of the enterprise, the life cycle of existence, sales markets, competition, external and internal influencing factors, it is necessary to monitor these factors. A significant influence on this process is the presence of an effective logistics management system.

The systemic instability of the functioning of the micrologistics system is associated with the negative operation of the subsystems, the lack of an effective management system, the imbalance in the performance of the main functions, the lack of optimal information exchange, the unsatisfactory use of modern technologies and innovations, which in turn will lead to the deterioration of the stability of the system's existence. Deterioration of the stability of the functioning of the micrologistics system is caused by the influence of factors of the external and internal environment. Each individual logistics system has its own industry specifics, infrastructure and individual characteristics. L. Kurbatska *et al.* (2021) suggests using the following components to ensure the principles of sustainable development of logistics systems: economic (direction of development: commercially sustainable, financially sustainable,

organizationally sustainable, production-technically sustainable and innovatively sustainable); social (direction of development: personnel-sustainable and income-sustainable); ecological (direction of development: resource-sustainable and environmentally-sustainable). Improving the strategic directions of enterprise activity requires stable development and functioning of the enterprise, increasing the efficiency of management functions.

#### Generalization of influencing factors on the stability of the functioning of the micrologistics system

The effectiveness of micrologistics systems in most cases depends on the implemented modern corporate information systems that allow experts to manage functional subsystems, business processes and adjust them in real time and space. At the same time, the main indicators are indicators of the reliability and importance of information related to integrated flows. For successful management of financial stability, a clear understanding of one of the main components of its provision is considered necessary, namely, stable solvency, having a large part of equity capital as a source of financing. This approach ensures that the enterprise does not attract financial flows from the outside and does not depend on creditors (Levkovich & Kalashnikova, 2021). The factors of the external environment that affect the stability of the micrologistics system functioning include: market, political, technological and financial ones. It is impossible to influence these factors, but they must be taken into account in order to prevent risks. The external factors that form the financial stability of the enterprise

and are vital for the stable functioning of the enterprise are determined by: economic performance indicators, solvent consumer demand, the economic, social and political situation in the country (Lisnichuk & Nesterchuk, 2018).

Factors of the internal environment depend on the strategy of operation of the logistics system itself, they include managerial, financial, personnel, marketing, technological, innovative and logistical factors (Table 2).

**Table 2.** Internal environmental factors that influence sustainability of the micrologistics system functioning

Management factors
Changing of owners and heads of divisions Irrational management system Duplication of management functions Lack of cross-functional connections Failure to use a systematic approach
Financial factors
Insolvency Imbalance in the time and volumes of inflow and outflow of funds Deficit of working capital Large volumes of loans Financial obligations to investors and creditors
Personnel factors
Low qualification of employees Lack of training programs, internships and additional education of employees Low motivation of personnel to improve the results of the logistics system Lack of material and moral encouragement of employees
Marketing factors
Lack of marketing strategy Insufficient studying of the needs of the market and its segmentation Lack of interconnection of marketing with supply, production, warehousing, transportation, etc.
Technological factors
Depreciation of fixed assets Incomplete loading of production facilities and infrastructure High energy intensity of production
Innovation factors
Lack of research and development Absence of innovations Insufficient usage of modern innovative technologies
Logistics factors
Underdeveloped logistics infrastructure Wear and tear of vehicles and warehouses Absence of a single control centre for flow processes Lack of qualified personnel performing logistics operations Failure to use modern information technologies and software products for managing information flows in logistics systems Large logistics costs

**Source:** created by the author

There is a need to form methodical regulations regarding the construction of a system of indicators for analysing and evaluating the level of development of enterprises. This can be, in particular: measuring the key indicators of the logistics system of an industrial enterprise; performing a comprehensive assessment of the efficiency of logistics management based on the criteria entered into the system; monitoring of negative phenomena during management decision-making in the logistics sphere (Martynova & Sharko, 2020).

In order to prevent the instability of micrologistics system functioning and analyse violations, it is necessary to carry out the following actions: financial diagnostics with the identification of processes and violations in the functional and financial sphere, forecasting possible insolvency; analysis of the risk management system associated with the functioning of micrologistics systems; management accounting, in order to determine the places that most add problems and violations of stability of functioning;

operational control in various functional areas of logistics activity; control and monitoring of key performance indicators of micrologistics systems. It is necessary to monitor and analyse the indicators and factors that cause disruptions in the work of micrologistics systems, affect its efficiency, effectiveness and profitability; they should be identified and eliminated in a timely manner. In addition, logistics managers should constantly work to determine the factors influencing the sustainable functioning of micrologistics systems in order to strengthen their positions on the market and further develop the system.

It is important to prevent the instability of the functioning of micrologistics systems by conducting a general comprehensive diagnosis of the entire system, namely the analysis of all business processes, the analysis of the main financial and economic performance indicators, the determination of negative factors and indicators and their sources of occurrence. On the basis of studies of the current state of the enterprise, carried out by specialists of

these enterprises, it is necessary to formulate directions for reengineering business processes; to eliminate “bottlenecks” and carry out measures that will contribute to improving the stability of the functioning of micrologistics systems. An important factor in increasing the effectiveness and efficiency of work is the interest of the staff in achieving a synergistic effect. This can be achieved only in teamwork, cross-functional integration and effective management of the system as a whole.

One of the tasks of ensuring the stability of the functioning of micrologistics systems is the generalization of the entire spectrum of problems, threats and risks that arise in the process of functioning of logistics systems. The operating conditions of micrologistics systems in Ukraine starting from 2022 cannot properly ensure economic stability due to the negative influence of external factors. The list of threats and their generalization enables management staff to take these factors into account and try to change the strategy and tactics of management decision-making in a timely manner. In order to maximally avoid a negative impact on the stability of micrologistics system operation, it is necessary to have: a clearly defined mission and strategy of the logistics system; flexible planning system; creative approaches to management decision-making, especially in conditions of uncertainty; flexible marketing policy; adequate reaction to the appearance of competitors; established system of cross-functional relations, intergroup and interpersonal relations in the team; a clear innovation strategy and its implementation policy; modern approaches to the organization of production and sales; system of budgeting and planning of financial flows; risk neutralization mechanisms; reservation system.

The main stages of the management process during the functioning of micrologistics systems, which will avoid the loss of stability, are: planning the main indicators of micrologistics system activity, carrying out a comprehensive analysis of the economic state; determination of reserves for increasing the stability of functioning, development of reference indicators, research of risk-oriented strategies of functioning, control and correction of tactical and operational tasks, evaluation of the effectiveness of measures. In order to prevent the instability of micrologistics system functioning, it is necessary to carry out a general comprehensive diagnosis of the entire system, namely the analysis of all business processes, the analysis of the main financial and economic performance indicators, the determination of negative factors and indicators and their sources of occurrence. A systematic approach to consideration of factors affecting the sustainability of micrologistics systems and the development of measures that will prevent it from being lost in the conditions of activity is an indicator of adequate logistics management.

The author of the study proposed the use of a systemic approach to the identification, assessment and optimization of factors influencing the sustainable functioning of micrologistics systems with the subsequent obtaining of a synergistic effect. R. Gandia & G. Parmentier (2020), N. Reznik *et al.* (2021), A. Ali *et al.* (2022) and other researchers considered individual components of the functional activity of micrologistics systems without taking into account integrative properties and the use of a system approach. E. Krykavskiy *et al.* (2019) investigated the essence of

micrologistics systems, their relationship with macro- and meso-logistics systems, but indicators of the sustainability of logistics systems were not determined. Logistics service and its influence on the results of the company's work were reflected in the studies of many scientists – T. Kolodizieva *et al.* (2022), H. Balouei Jamkhaneh *et al.* (2022) and A. Ali *et al.* (2022). The impact of the level of logistics customer service on the performance and competitiveness of the enterprise cannot be reduced, however, for most enterprises, especially manufacturing ones, the service is an additional accompanying type of activity. The service only helps to retain or interest customers, so it should be considered in connection with other functional areas of the enterprise. In this article, it is proposed not to separate the logistics service, but to consider it together with other spheres of activity of micrologistics systems (purchasing, production, sales), which in the process of their integration can show the actual impact on the performance of the enterprise.

L.A. Tavasszy (2020) and L. Kurbatska *et al.* (2021) investigate that with the help of various methods of synthesis of the logistics system, it is possible to timely adjust the goal, tasks and models of making and implementing management decisions. But precisely those management decisions that most affect the stability of functioning of micrologistics systems remain undefined and ungrouped. Scientists N. Reznik *et al.* (2022) consider the essence of logistics and investigate the factors that affect the quality of logistics transportation from the point of view of the impact on the result of logistics activity. The timeliness of transportation and transportation costs are of significant importance in the logistics activities of micrologistics systems, but it is necessary to consider the total costs from all functional areas of activity, to determine ways to optimize costs using a systemic approach and factors affecting the performance of micrologistics systems as a whole. In their work L. Martynova & V. Sharko (2020) studied indicators and estimates of logistics technologies of an industrial enterprise. But the ranking of technology in the article was not carried out: their use can affect the stability of the operation of the logistics system. I. Troshani *et al.* (2018) investigate the experience of European countries and means of optimizing accounting and cost accounting of enterprises. However, the work does not specify how exactly it is necessary to keep records of logistics costs, at the expense of which it is possible to investigate the state of logistics activity of the micrologistics system. The study of M. Tu (2018) is interesting, where the researcher determines the factors that affect the implementation of micrologistics systems and management in logistics supply chains (Internet of things) using qualitative and quantitative methods. A mixed-methods approach provides a better understanding of the incentives that influence companies' decisions to adopt the Internet of things and how these technologies can affect the performance of micrologistics systems.

M. Faccio *et al.* (2018) investigate in their work the interrelationship of logistics operations in macro- and micrologistics systems, determine the impact of the most important logistics systems on the overall productivity of enterprises; and in the work of A. Zając *et al.* (2023) they investigate the peculiarities of influence of the financial component of sustainability on the functioning of the energy complex enterprises. Microeconomic factors that de-

termine the financial security of energy enterprises, including internal and external factors that affect the functioning of these entities, have been identified. D.V. Sedikov (2019), L.A. Tavasszy (2020), N.G. Kalyuzhna & A.S. Sheremet (2022) consider the problems of functioning of micrologistics systems from the point of view of the current state of development of the country's economy in the conditions in which they function, or under the influence of global economic processes. In our opinion, it is necessary to group the factors that affect the stability of operation of all micrologistics systems, that is, to standardize the list of factors that, under the conditions of operation, will be indicators and factors that should always be paid attention to in the process of analysing the state of micrologistics systems and development prospects. In addition to that, the internal factors of influence on the sustainable functioning of the logistics system in the course of their functioning remained undefined. The author H. ElMaraghy (2019) did not define the role of economic factors on the sustainable functioning of logistics systems. Instead, this article summarizes the factors of influence of smart logistics on the logistics system functioning. In this study, the author developed and generalized a system of factors and indicators for assessing the sustainability of the functioning of the micrologistics system, which had not been done before. This system is universal for various sectors of the economy and can be used by any micrologistics system.

In the process of research, it was found that most authors have the same opinion that sustainability is the most important indicator of enterprise activity, but each of them differently evaluates the factors of internal and external influence on it and the degree of their importance. The issues to which the article is devoted have been studied by many scientists from different perspectives of the functioning of enterprise subsystems and from different spheres of influence, external and internal, micro- and macroeconomic relations. The most widespread topic of research is devoted to the economic and financial stability of the functioning of enterprises. This article differs from the existing ones in that it takes into account a systemic approach, includes the logistics component, as a weighted element of the component of economic stability specifically for micrologistics systems.

## ● CONCLUSION

The current operating conditions of micrologistics systems in Ukraine cannot properly ensure economic stability due to the negative influence of external factors, but it is necessary to constantly look for solutions that will minimize the influence of these factors and increase the positive dynamics of their development and functioning. The

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sustainability of micrologistics system functioning is its ability to function under the influence of external factors, to achieve the goal, to perform tasks and duties based on the effective formation, distribution and use of material, financial, information and personnel resources. Preservation and improvement of the main indicators of economic, organizational, management, production, logistics, technical and financial activities under the condition of the existence of a systematic approach to the management of the logistics system and under the influence of macro-environmental factors is the basis for the successful functioning of enterprises.

The work typifies the system of factors for assessing the sustainability of micrologistics system functioning according to such types of sustainability as managerial, production, market, financial and economic, innovative, investment, personnel, environmental ones. It is recommended to consider all factors from the point of view of their integrative properties in order to obtain a synergistic effect. The stability of the functioning of micrologistics systems determines their competitive positions on the market, creates conditions for the effective execution of business processes. At the same time, it is necessary to take into account the entire spectrum of both external and internal factors that directly affect the stability of the functioning of micrologistics systems. In most cases, it is not possible to influence factors of the external environment, such as macroeconomic, legal, and industry factors, but it is possible to minimize the risks and consequences of their negative impact. On the contrary, special attention should be paid to internal factors, using a systematic approach to managing the main performance indicators of micrologistics systems. The dynamics of changes occurring in the economy of Ukraine since 2019, the increase of negative factors affecting the stability of the functioning of all systems require using of a balanced, complex and systematic approach to the management of micrologistics systems. It is recommended that all factors that affect the stability of micrologistics system functioning should be considered, analysed and optimize taking into account their integrative properties in order to obtain a synergistic effect. The conducted research indicates the expediency of further analysis of factors and trends of positive and negative influence on the sustainable functioning of micrologistics system.

## ● ACKNOWLEDGEMENTS

None.

## ● CONFLICT OF INTEREST

None.

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## Механізми досягнення стійкого функціонування мікрологістичної системи

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**Анотація.** На сучасному етапі розвитку світової та української економіки, який характеризується високим рівнем нестабільності економічних процесів, актуальним завданням стає розробка наукового підґрунтя до недопущення негативного впливу на стійке функціонування мікрологістичних систем. Метою дослідження було узагальнення факторів впливу на стійке функціонування мікрологістичної системи та механізмів недопущення нестійкості її функціонування в майбутньому. Основними методами дослідження були: бібліометричний аналіз, узагальнення, аналіз та синтез. Встановлено, що стійке функціонування мікрологістичної системи – це збереження та поліпшення основних показників економічної, організаційної, управлінської, виробничої, логістичної, технічної та фінансової діяльності, використовуючи системний підхід до управління логістичною системою та під впливом факторів макросередовища. Типізовано систему факторів оцінки стійкості функціонування мікрологістичної системи за такими різновидами стійкості, як управлінська, виробнича, ринкова, фінансово-економічна, інноваційна, інвестиційна, кадрова, екологічна. Цінність роботи полягає у визначенні факторів внутрішнього середовища, які залежать від стратегії функціонування самої логістичної системи, до них відносять: управлінські, фінансові, кадрові, маркетингові, технологічні, інноваційні та логістичні. Задля недопущення нестійкості функціонування мікрологістичних систем запропоновано проведення загальної комплексної діагностики роботи всієї системи, а саме аналіз усіх бізнес-процесів, аналіз основних фінансових та економічних показників роботи, визначення негативних факторів й показників та джерел їх виникнення. Результати дослідження можуть бути впроваджені в діяльність мікрологістичних систем, а саме виробничих підприємств, торгових компаній, логістичних центрів та компаній, які займаються логістичною діяльністю

**Ключові слова:** менеджмент; мікроекономіка; логістика; економіка підприємства; фінанси

## Management and functional approaches to local economic development of communities

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**Abstract.** Local economies are key factors for ensuring the sustainable development of regional economies and countries in general, so there is a need to use effective approaches to managing local economies. The purpose of the article was to analyse the use of managerial and functional approaches to manage local economies in Ukraine, Germany, the USA, Poland and China, and to make recommendations for improving the local economy in Ukraine based on this information. The research was carried out using the methods of analysis, synthesis, specification, comparison and generalisation. It was found that the use of a joint management and functional approach to determine the key functions of the local economy and create strategies for their development is the most effective approach. The importance of understanding the peculiarities of the local economy and accounting for local resources, infrastructure and potential for the development of effective development strategies was highlighted. The need to involve local communities and stakeholders in the process of developing and implementing such strategies was emphasised. It was determined that the following things will help improve the economic climate of communities: ensuring sustainable and long-term financing of local economic development programs and projects, active participation and support of local communities and business representatives, development of public-private partnership mechanisms, increasing the level of competence and qualifications local personnel, application of innovative technologies and approaches, development of the system of monitoring and evaluation of results, strengthening of international cooperation. The results of this study can be useful for participants of the local economy, and can also be the basis for future research in the field of local economic development

**Keywords:** evaluation of strategies; use of data; attraction of investments; socio-economic growth; development of regional economies

Article's History: Received: 15.02.2023; Revised: 18.04.2023; Accepted: 23.05.2023

### ● INTRODUCTION

Local economic development is important in ensuring sustainable economic growth and well-being in regions and countries. Local communities play a significant role in developing the local economy, as they can create favourable conditions for attracting investment, setting up local enterprises, creating new jobs, etc. Communities face various challenges, such as demographic change, climate change, and others, that require effective management and development of local economic development strategies. On the other hand, due to globalization and technological developments, they face new opportunities, such as using digital technologies to improve the local economy.

The topic of management and functional approaches to the local economic development of communities is relevant worldwide, as it is related to the effective management of local economies and communities in general. In Ukraine, managerial and functional approaches are actively used in the context of the regional economic development of communities. Specific mechanisms and policies vary by region and local conditions. Studies show that introducing these approaches can improve the socio-economic development of territories, so Ukraine is actively studying various aspects of these approaches. For example, in the article by V. Marhasova *et al.* (2021), the authors examine

#### Suggested Citation:

Fedorenko, T. (2023). Management and functional approaches to local economic development of communities. *Development Management*, 22(2), 39-47. doi: 10.57111/devt/2.2023.39.

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public finance management in Ukraine and discuss current issues in this area. They consider different approaches to budget management and discuss the effectiveness of these managerial and functional approaches. The authors conclude that public finance management in Ukraine requires further modernization and improvement. To achieve sustainable economic development, it is necessary to ensure effective management of budget resources and develop managerial and functional approaches in the local economic development of communities in Ukraine.

A. Samoiloivych (2022) examines a functional model for forming an innovation infrastructure to ensure the sustainable development of cities in Ukraine. The authors analyse the current state of innovation infrastructure and conclude that developing innovation infrastructure in Ukrainian cities is a prerequisite for sustainable development. The authors also emphasize the effectiveness of using functional methods to ensure sustainable economic growth. In the article by M. Getzner & S. Moroz (2022) on the economic development of regions of Ukraine, the authors draw attention to the importance of managing the economic development of regions, especially in a market economy and an unstable political situation in Ukraine. They emphasize that management and functional approaches can effectively achieve sustainable economic development of regions and communities. The work also highlights those obstacles in implementing managerial and operational strategies may be encountered in practice, such as lack of funding, limited resources, and difficulties coordinating between different stakeholders. I.H. Tkachuk *et al.* (2020), in their work on mechanisms for managing strategic community development, emphasize the need to use functional and managerial methods in Ukraine. The authors talk about the importance of effective management of financial resources at the local community level and the need to develop approaches to using these resources to support sustainable economic growth and development of local communities. The work of R. Khirivskiy *et al.* (2020) on the sustainability of the socio-economic development of amalgamated territorial communities considers various aspects of management and functional approaches, as well as features of management of amalgamated territorial communities, in particular the issue of coordination between different levels of government and local governments. It is related to managerial approaches to local economic development, which include not only evaluation of economic efficiency but also coordination and cooperation between different stakeholders.

Scientific research in Ukraine confirms the relevance of using a managerial and functional approach in various fields, including local economic development. It is necessary to continue research in this area because the problem of the effectiveness of these approaches and their application in Ukrainian conditions still needs to be fully considered. The study of managerial and functional procedures for the local economic development of communities will help to understand what tools and approaches can be effective for achieving sustainable economic growth in a particular region. This work aimed to analyse the use of management and functional approaches in different countries and suggest ways to improve the efficiency of using these approaches in Ukraine.

## ● MATERIALS AND METHODS

The basis of this research work was the following methods: analysis, system analysis, synthesis, specification, comparison, and generalization. The analysis helped to decompose the study topic into components, understand the complexity of phenomena, and identify patterns and causal relationships. Synthesis made it possible to create a picture of the subject under study, uniting its parts into one. Concretization was used to clarify and detail concepts, definitions, and other elements of the topic under investigation; it allowed to focus on specific examples and examine them in detail. The comparison made it possible to identify common and distinctive features between different approaches to managing local economies and generalizations – to formulate conclusions considering the collected data. The study is based on the research and analysis of strengths and weaknesses in the economic development of communities and the use of managerial and functional approaches to managing local economies in Ukraine, Germany, the USA, Poland, and China. While conducting this scientific study, various aspects of creating strategies for developing local economies in Ukraine were summarized using method generalization. It was examined to identify peculiarities of economic development in the country and the region. Existing strategies for development, management, control, and requirements for various aspects of managing local economies of communities were considered and studied. The method of comparison determined which factors are the most important, as well as what tools and approaches exist. With the help of the technique in system analysis, statistical data, reports, and studies, reports of other scientists on the need to develop new strategies for managing the local economy, the presence of these strategies as such, their differences in different countries and regions, the key factors on which their effectiveness depends, were considered and analysed. With the help of the systematization method, a large number of information resources devoted to various tools and approaches in the field of regional economic development were considered, filtered, and subsequently structured; information on existing strategies and instruments in other countries and Ukraine was collected, the key and most effective tools and strategies were identified with which the regional economy of Ukraine can be developed at the moment. Using the comparison method, recommendations on how to implement these approaches and tools were developed. Next, data on experiments of other researchers on this topic were summarized and systematized. The conclusions obtained as a result of the research were analysed and clarified.

## ● RESULTS

Despite the progress over the past five years, some regions of Ukraine still have economic problems, such as high unemployment, low investment, and low profitability of enterprises. For example, in several regions, such as Lviv, Odesa, and Dnipropetrovsk regions, there is a positive dynamic: innovative projects are being actively implemented in these regions, and new industries, such as IT and tourism, are developing. In the other areas, such as Vinnytsia and Kherson regions, classical approaches to economic development, such as agriculture and industry, are more actively used. However, the north-eastern regions of Ukraine,

such as Chernihiv, Sumy, and Poltava regions, suffer from high unemployment and low wages, which leads to an outflow of the population and complicates the economic development of the regions (Yemets, 2022). These challenges exist against the backdrop of strong potential opportunities development of regional economies in Ukraine, such as the availability of natural resources, access to trading partners and technologies, and availability of skilled labour force in some regions (Marhasova *et al.*, 2021).

In Ukraine, there are certain measures for the development of the regional economy, such as the creation of regional policy mechanisms, infrastructure development and support for small and medium-sized businesses, local self-government reforms, and the creation of new institutions of economic management and investment promotion. In particular, economic development zones such as Kalynovo-Berezhnyatska, Slavuta-Ovruch, and Lvivska appeared in Ukraine (Yemets, 2022), which were created to attract investment and develop the economy in regions where it is needed. Ukraine also uses public-private partnership (PPP) tools to build the regional economy. For example, the National Agency for Regional Development has been established, coordinating and supporting public-private investment projects in the regions.

Based on the analysis of the development of the regional economy of Ukraine, it can be concluded that today the most effective ways to stimulate economic growth in the region are managerial and functional approaches and to solve existing problems and further develop the economy of communities, further development and improvement of these approaches is necessary (Samoilovych, 2022). They allow to create and implement comprehensive programs to support and develop local enterprises, strengthen infrastructure, and improve workforce skills. Effective management of regional development in Ukraine is an important task that requires a balanced approach. It is necessary to take into account local peculiarities and needs to develop regional development strategies. Not all regions have a sufficiently developed infrastructure and access to investment resources, which complicates the application of managerial and functional approaches (Melnyk *et al.*, 2021; Yemets, 2022). As a result of this study, it was found that in Ukraine, the application of managerial and functional approaches to local economic development is quite diverse and depends on the specific conditions and tasks of each region or city.

The functional approach to developing the community economy is carried out through specific activities and projects to develop particular areas of the economy. It stipulates that the community's economy should focus primarily on meeting the population's needs rather than maximizing profits. Within this approach, the main task of the community economy is to ensure sustainable development and improve the population's quality of life through the development of industrial and social infrastructure, increasing the availability of education and healthcare, promoting the development of local entrepreneurship, etc. Functional approaches in the development of community economy include, for example, using public-private partnership mechanisms to develop local infrastructure, organizing cooperative forms of management to strengthen the local economy, establishing employment centres, and providing subsidies to local businesses to stimulate pro-

duction and employment growth in the region (Melnyk *et al.*, 2021). One example of a functional approach to managing the economy of regions is the creation of infrastructure to attract tourists. This is observed in the different areas of Ukraine, such as Lviv, Odesa, and Carpathians. Tourism is actively developing in these regions, and the government is directing resources to create new infrastructure facilities such as hotels, restaurants, and various entertainment venues. In addition, investment projects are underway in many regions of Ukraine, such as Kharkiv, Dnipropetrovsk, and Zaporizhzhia regions, to develop local economies (Tkachuk *et al.*, 2020). This may include supporting local industries, assisting in creating new businesses and infrastructure, and developing small and medium-sized enterprises. A functional approach can be useful in many regions of Ukraine, especially in those with the potential for creating certain industries and sectors. For example, in the Transcarpathian region, it can be used for the development of tourism and agriculture; in the Donetsk region – for the development of the mining industry; in the Kherson region – for the development of agriculture and food production; in the Lviv region – for the development of tourism and furniture industry.

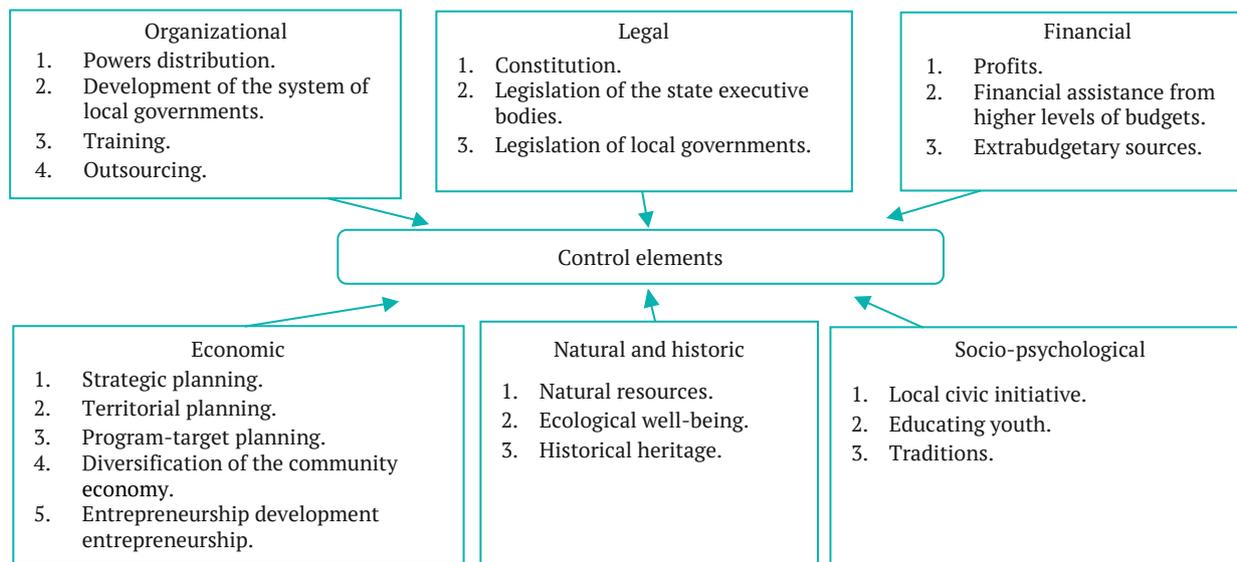
Management approaches include methods, techniques, and tools that help regional managers optimize their activities and achieve their goals. Management processes are carried out in the interactions between management objects and governing bodies of different levels. Depending on the direction of a particular interaction, certain social instruments are formed, with the help of which a management decision is implemented. Such tools are, in fact, structural elements of the sustainable development of community management systems. The main structural aspects of territory management can be represented as follows scheme (Fig. 1).

In Ukraine, different management approaches are used depending on the industry and region. For example, for developing tourism in the Transcarpathian region, the practice of managing territorial and wine tourism routes is used. In the Kharkiv region, a management approach based on developing technology parks and innovation centres is applied to stimulate economic growth and create new jobs (Khirivskiy *et al.*, 2020; Yemets, 2022). A managerial approach to developing small and medium-sized businesses through state support programs and infrastructure projects has been introduced in the Lviv region. As in the case of the functional approach, there are regions in Ukraine where it is necessary to improve the management approach. For example, Zaporizhzhia, Kherson, and Khmelnytskyi regions have low business development and little innovative economy (Melnyk *et al.*, 2021). These regions require more effective management decisions that would help attract investment and support economic growth. Also, in Ukraine, it is necessary to strengthen the managerial approach to environmental safety and the efficient use of natural resources.

Ensuring sustainable and long-term financing of local economic development programs and projects is a key factor in successfully implementing management and functional approaches in the community. The experience of Germany, the Netherlands, the USA, and other countries (Burger *et al.*, 2014; Person *et al.*, 2021; Boddupalli *et al.*, 2021) shows

that different public and private funding sources can be used for this. For example, A. Boddupalli *et al.* (2021) show the effectiveness of the Community Development Block Grants program and note that it is an important source of funding for local programs and economic development projects. To use public and private sources of financing, it is possible to develop public and private investment funds that can finance local economic development projects and attract private investors by creating specialized investment

platforms or local funds. It is also possible to create state support mechanisms, such as tax breaks or grants for local businesses and organizations working in economic development, and to develop local credit cooperatives and microfinance organizations to provide financial support to local entrepreneurs and economic development initiatives. All this, thanks to multiple sources of funding, will ensure stable and reliable funding for local programs and projects (Reese & Rosenfeld, 2004).



**Figure 1.** Structural elements of the mechanism for managing sustainable development of territories

**Source:** developed by the author

The involvement of the general population in the development and implementation of local economic programs and projects will allow to consider all stakeholders' interests and increase the efficiency of their implementation. To do this, it is possible to create local committees for economic development and investment, which include representatives of local authorities, entrepreneurs, experts, and public activists. These committees can develop and implement regional economic programs and projects, providing broad participation and feedback from the population and business (Tyminiński, 2022). It is also effective to organize public hearings and consultations with the population and business representatives in the development and implementation of local economic programs and projects (Goodman *et al.*, 2020). At the same time, it is important to ensure that information on local economic programs and projects is accessible to a wide audience, for example, through organizing public presentations, disseminating information on social networks, local websites, etc.

This approach allows using the benefits of both the public and private sectors to achieve common goals of developing local economic potential. To develop public-private partnership mechanisms in Ukraine, reforms and creating an appropriate legislative and institutional framework are necessary (Getzner & Moroz, 2022). In other countries, PPP mechanisms are already actively used, for example, in the United States, through the Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) program (Cecire, 2019), governments,

local communities, and private companies work together to strengthen the economic development of low-employment, high-level poverty regions. This program provides financial support for projects to create new jobs, develop small businesses, and improve infrastructure. To further develop PPP mechanisms in Ukraine, it is necessary to conduct information work among the business community and local authorities, promote the creation of platforms to exchange experience and discuss possible PPP scenarios. For example, specialized agencies that coordinate cooperation between public and private structures can be created. Such agencies can develop and implement specific projects and attract investors and sponsors. It is also important to establish transparency and equity in the distribution of resources between the public and private sectors to convince local business people of the appropriateness of participating in PPPs (Chang, 2011).

It is important to ensure a sufficient number of highly qualified specialists capable of developing and implementing local economic programs and projects. To do this, training programs and courses for local officials and professionals can be organized. Such programs may include the study of modern management methods, the development and implementation of economic programs and projects, and the use of contemporary information technologies. It is also a good option to attract leading international experts to train local personnel. Such an approach can provide access to modern knowledge and management techniques and exchange of experience between local experts and foreign

colleagues. At the same time, it is necessary to create support and counselling centres for local entrepreneurs and startups. Such centres can provide advice on business development, assist in the preparation of documents, and provide access to financial and legal resources; M. Alawamleh *et al.* (2023) speaks about the effectiveness of these methods in their work. Another good approach is to conduct training and master classes for local entrepreneurs and startups. Such events can raise the level of knowledge and skills of local entrepreneurs, as well as stimulate the development of innovations and new business ideas. This may include learning the basics of business, marketing, project management, financial planning, and other skills needed to run a successful business. In addition, such events can be held with the support of local business associations and chambers of commerce, which can act as partners and sponsors. This will help create a favourable environment for business development and investment in the region.

Introducing modern information technologies and data analysis methods can significantly improve the efficiency of local economic development management and decision-making. For example, techniques and technologies that have proven effective in many countries, including the United States and Germany: big data, artificial intelligence, Internet of things, cloud technologies, and cybersecurity (Johnson *et al.*, 2021). To do this, digital platforms can be created for the exchange of information and cooperation between local entrepreneurs, investors, and authorities. For example, it is possible to develop online portals where information on local projects and investment opportunities would be presented and where entrepreneurs could exchange experiences and find new partners. It is also necessary to implement a system of monitoring and analysis of data to assess the effectiveness of local programs and projects and identify problems and opportunities for the development of the local economy. This allows to make informed decisions based on data and predict development trends. It is important to remember to train local authorities and entrepreneurs to use new information technologies and data analysis tools. This will help improve specialists' skills and decision-making processes in local authorities. As with other approaches, it is important to attract investment in creating and developing innovative enterprises and startups in local communities. To do this, it is necessary to create conditions for attracting investors and provide local entrepreneurs with access to new technologies and knowledge (Johnson *et al.*, 2021). It is important to support local initiative groups and communities involved in developing innovative projects. This may include providing financial and expert support, organizing training and consultations, and establishing links with other local and international organizations and businesses.

Evaluating the effectiveness of implemented programs and projects allows identifying problem areas and adjusting the strategy for developing local economic potential. To establish a system for monitoring and evaluating results in Ukraine, it is necessary to create clear criteria and indicators for evaluating the effectiveness of programs and projects. This will help objectively assess the results and compare them with pre-set goals. It is also necessary to develop monitoring and evaluation techniques. This includes determining the frequency of monitoring and

evaluation, methods for collecting data and analysing results, and reporting standards, and then establishing institutions and mechanisms for monitoring and evaluation. This can be both state bodies and independent expert organizations. They must be sufficiently qualified and have access to the necessary resources. In creating and developing a system for monitoring and evaluating results, it is essential to pay attention to methods and technologies that have proven themselves in other countries, including China and the United States, namely microdata methodology, methodological approaches to measuring entrepreneurial activity, the use of databases, methods of analysis (such as a set regression model), cluster analysis methods, the use of geographical information systems; economic valuation methods (Feldman *et al.*, 2022). It is important to ensure the availability and transparency of monitoring and evaluation results. To do this, it is necessary to provide free access to others. Based on these data, formation on the results of monitoring and evaluation, as well as on possible adjustments to the strategy for the development of local economic potential. After that, a system of punishments and rewards based on monitoring and evaluation results should be created (Feldman *et al.*, 2022). This will help stimulate regional authorities and the business community to work more efficiently and improve local economic development indicators.

The exchange of experience and knowledge with foreign partners can significantly expand opportunities for improving managerial and functional approaches to the local economic development of communities in Ukraine. To do this, it is crucial to establish contacts and develop partnerships with international organizations and funds, such as the European Bank for Reconstruction and Development, the International Monetary Fund (IMF), the World Bank, and others (Lozynskyy *et al.*, 2021; Acic & Grujic, 2022). These organizations can provide financial and technical support for implementing local economic development projects. It is also important to hold international forums, conferences, and seminars on local economic development. Participation in such events allows to strengthen ties, work with international partners, exchange experience and knowledge, and learn about best practices and approaches in this field. In addition, it is possible to participate in international program projects, such as European Union projects aimed at supporting local economic development. Participation in such projects allows access to modern methods and tools for managing local economic development and strengthening international relations. In parallel with this, international cooperation should be developed at the level of local authorities (Lozynskyy *et al.*, 2021; Acic & Grujic, 2022).

Municipalities and city councils can establish contacts with sister cities and other cities abroad to exchange experience and knowledge in local economic development. Such agreements may include exchanging knowledge, experience, technology, and joint development and implementation of projects. An example of such international cooperation can be the agreement between the cities of Gdansk (Poland) and Slupsk (Poland) on the one hand and the city of Kyiv (Ukraine) on the other (Lozynskyy *et al.*, 2021). Within the framework of this agreement, joint activities are being held to exchange experience and knowledge

in the field of local economic development, as well as joint projects are being developed to improve infrastructure and business conditions. Since Ukraine already has experience in successful cooperation of this type, it can be taken as an example and, on its basis, similar projects in regions and

communities with prospects for economic development can be created. In the course of the study, recommendations were developed for the development of managerial and functional approaches to local economic development of communities in Ukraine (Fig. 2).



**Figure 2.** Recommendations for improving the local economy in Ukraine

**Source:** created by the authors

Figure 2 presents the basic principles and strategies that should be considered when developing local economies in the regions of Ukraine. Recommendations for improving the local economy in Ukraine are based on analysing successful practices from other countries and taking into account the specific features of the Ukrainian context.

## ● DISCUSSION

This article studied the application of managerial and functional approaches to local economic development of communities. Considering these approaches allowed to analyse how different countries of the world apply these approaches for the development of their territories and how to increase the effectiveness of their application. A.M. Bekmirzaev (2022) proposes to analyse economic activity at the functions such as production, innovation, marketing, etc. The work needs to be more detailed about issues related to the implementation of the functional approach in practice and examples of its successful implementation in different countries of the world. However, the article is a useful study that can help local communities and organizations better understand the principles of the functional approach and its capabilities in the context of regional economic development.

Other authors also explored functional approaches to local economic development. E. Malizia *et al.* (2020) examine how the UK has used a functional policy approach to stimulate regional economic growth. The authors propose the concept of “local economic zones” – territories where

authorities are focused on the development of certain functions of the local economy, such as small business, industry, science and technology, etc. They also argue that using a functional approach in policies to stimulate local economic development can lead to more efficient use of resources and increased economic productivity. The study analyses the UK’s experience in this area. It suggests some recommendations for other countries on local economic development that overlap with the results of this study. Still, the article does not reveal much about the state’s role in applying the functional approach. Another paper discussing a functional approach to local economic development is by A. Ascani *et al.* (2020). The authors explore how a functional approach can be used in Italy to create regional economic zones and stimulate local economic development. They look at the economies of different regions of Italy and propose different strategies and tools that can be used to promote different functions of the local economy in each area. The paper contains useful conclusions and recommendations that can be used to improve regional policy economic development in Italy and other regions, the main ones overlap with the suggestions in this study, but this paper needs to discuss the impact of these recommendations on tourism and agriculture.

One of the most interesting studies on managerial approaches to local economic development is the work by B. Williams & Z. Nedović-Budić (2020). The authors discuss the role of local governments in stimulating regional economic growth and offer several recommendations for

improving local governments' efficiency. The paper is a useful overview of the different models of local economic development management in Ireland and their advantages and disadvantages. Still, it requires more research to evaluate these models' effectiveness and applicability in other countries. Another interesting study is by M. Godlewska & S. Morawska (2020). This paper analyses the mechanisms of local economic development management in Poland and proposes an institutional governance model that takes into account the peculiarities of the regional economic environment. The emphasis was on the managerial approach to local economic development and the description of best management practices. However, analysis of practical examples of regional economic development management in Poland was carried out insufficiently. J.A. Nukpezah (2020) paper examines the role of entrepreneurship in local economic development in the example of Ghana and talks about the importance of local governments in supporting entrepreneurial activity. The author uses many sources and conducts an extensive analysis to identify the main factors influencing the local economy and entrepreneurship development. Still, this work can be irrelevant in more developed countries since the study was conducted only in the context of Ghana.

The combination of management and functional approaches allows to consider both local resources and potential, as well as local governance and community participation. This can be especially useful for developing local economies under limited budgets and limited resources when it is necessary to optimize the use of existing opportunities and resources. C. Person *et al.* (2021) aimed to study the impact of management and functional approaches on the economic development of German municipalities. The study analysed data on implementing these approaches at the municipal level and their impact on the development of territories. The results of the study showed that the introduction of managerial and functional approaches in German municipalities leads to an improvement in the economic development of regions. Particularly effective was using an integrated approach that includes elements of both approaches and considers local characteristics and needs. The study's author emphasizes that to implement managerial and functional approaches successfully, it is necessary to consider regional factors and conditions. It is also important to ensure interaction between municipal authorities, business representatives, and the community to ensure the effectiveness and sustainability of the developed strategies. The author presents a clear and substantiated methodological approach for successfully implementing managerial and functional approaches in municipalities, the essence of which is similar to this study. The study also contains interesting practical examples of implementing these approaches at the municipal level in Germany. However, the author needs to discuss the limitations and shortcomings of managerial and functional approaches, which is an important aspect of fully understanding these approaches.

L.A. Reese & R.A. Rosenfeld (2004) conducted a comparative analysis of local economic development practices in the United States, the Netherlands, and Canada and identified similarities and differences in management and functional approaches. The authors emphasize that

successfully implementing these approaches depends on competent management, community participation, and partnerships between sectors. The work builds on extensive research and provides a detailed analysis of the differences and similarities in policies and practices in these countries. The authors provide a clear and concise overview of local economic development practices in the three countries and the factors contributing to their success. In addition, the study provides a useful basis for understanding different approaches to local economic development and the role of local authorities and stakeholders in this process. The work of the authors R. Agranoff & M. McGuire (2003) suggests using a collaborative approach to identify the key functions of the local economy and create effective strategies for their development. The authors point out the importance of understanding the peculiarities of the local economy and accounting for local resources, infrastructure, and potential to develop effective development strategies. They also stress the need for local communities and stakeholders to participate in developing and implementing such strategies. This work can highlight its integrated approach to analysing local economic development issues and considering key factors influencing the successful integration of different approaches. Among the shortcomings, it can be noted that it needs to contain a detailed analysis of specific cases of integration of management approaches and functional approaches to local economic development.

It can be concluded that current trends in local economic development indicate the need for an integrated and balanced approach, including both managerial and functional aspects. However, to effectively implement this approach, it is important to consider the peculiarities of a particular region and consider the local resources, potential, and interests of the population.

## ● CONCLUSION

The success of local economic development strategies depends on integrating managerial and functional approaches. As of 2023, it was found that there is no unified approach to managing local economic development in Ukraine; depending on the region, functional, managerial, and classical approaches to developing the local economy are used. Economic problems exist in many areas of Ukraine: some regions show more positive dynamics, while others continue to suffer from high unemployment and low wages. However, Ukraine has strong potential for regional economic development, such as the availability of natural resources, access to technology, and skilled labour in many regions. The management approach provides planning and coordination, and the functional approach focuses on implementing specific tasks and goals. Local conditions and peculiarities should be considered in developing strategies, as they can significantly affect the effectiveness of regional economic development strategies. While some cities or regions have greater potential for technology or services, others may have better conditions for tourism, agriculture, or other industries. The participation of local communities and stakeholders in planning and implementing local economic development strategies is a key success factor. This allows for taking into account local needs and priorities, as well as increasing the level of local support and

involvement in the process. Public-private partnership can be an effective tool for improving local economic conditions, but local needs and peculiarities must be considered.

As a result of the study, recommendations were formulated for further development of managerial and functional approaches to local economic development of communities in Ukraine, based on the analysis of best practices of other countries. Ensuring stable and long-term financing of regional economic development programs and projects, active participation, and support of local communities and enterprises play a significant role in community development. The development of public-private partnership mechanisms, raising the competence of local staff, and introducing innovative technologies and approaches are also important aspects. To achieve sustainable development of the local economy, attention should be paid to an environmentally sustainable approach, the development of the necessary infrastructure, and an effective system for

monitoring and evaluating results. It is equally important to strengthen international cooperation to exchange experience and use best practices in local economic development management. Taking into account these recommendations, Ukrainian communities will be able to realize their potential and achieve sustainable economic growth. Further research in this area should focus on exploring tools and practices to help achieve balanced community development, considering the needs and interests of different communities and interested parties, differences in culture, legal system, and economic conditions of different countries and regions.

#### ● ACKNOWLEDGEMENTS

None.

#### ● CONFLICT OF INTEREST

None.

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## Управлінські та функціональні підходи місцевого економічного розвитку громад

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**Анотація.** Місцеві економіки є ключовими факторами для забезпечення сталого розвитку регіональних економік та країн загалом, тому виникає необхідність використання ефективних підходів до управління ними. Метою статті було провести аналіз використання управлінських та функціональних підходів для управління місцевими економіками в Україні, Німеччині, США, Польщі, Китаї та скласти на основі цієї інформації рекомендації для покращення місцевої економіки на території України. Дослідження проводилося за допомогою методів аналізу, синтезу, конкретизації, порівняння та узагальнення, за допомогою яких виділено найбільш дієві інструменти розвитку української регіональної економіки. З'ясовано, що використання спільного управлінського та функціонального підходу для визначення ключових функцій місцевої економіки та створення стратегій їх розвитку є найефективнішим підходом. Виділено важливість розуміння особливостей місцевої економіки та обліку місцевих ресурсів, інфраструктури та потенціалу для розробки ефективних стратегій розвитку. Наголошено на необхідності участі місцевих спільнот та зацікавлених сторін у процесі розробки та реалізації таких стратегій. Визначено, що покращити економічний клімат громад допоможуть такі речі: забезпечення сталого та довгострокового фінансування програм та проектів місцевого економічного розвитку, активна участь та підтримка місцевих спільнот та представників бізнесу, розвиток механізмів державно-приватного партнерства, підвищення рівня компетенції та кваліфікації місцевих кадрів, застосування інноваційних технологій та підходів, розвиток системи моніторингу та оцінки результатів, зміцнення міжнародного співробітництва. Результати даного дослідження будуть корисними для учасників місцевої економіки, а також можуть бути основою для майбутніх досліджень у галузі місцевого економічного розвитку

**Ключові слова:** оцінка стратегій; використання даних; залучення інвестицій; соціально-економічне зростання; розвиток регіональних економік

## Study on the impact of incentives for enterprise personnel on labour productivity

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**Abstract.** The conditions of market economy bring about the problem of how to increase labour productivity at enterprises. As of 2023, this is one of the most pressing and common issues that arise in competition. The article is aimed at studying the importance of existing motivation systems and their impact on employee performance. The following methods were used: historical, logical, observation, analysis of documents and literature research, expert assessment, study of statistical data, application of a systems approach, methods of comparison, specification and grouping, modelling methods and cause-and-effect relationship. In the process of scientific research, theoretical issues on staff motivation have been analysed. The researches are considered, and the analysis of tools that affect the efficiency of team work by stimulating successful work have been carried out. Tools that increase staff motivation, their types and the way they are used in foreign practice have been studied. The influence of motivational tools on labour productivity of enterprise personnel has been considered, efficiency evaluation of the proposed conceptual model and its impact on commercial awareness has been provided. The tools, mechanisms, methods and innovations in personnel management and the development of its responsible attitude to the goals of enterprise have been determined, the impact of corporate culture on the increase of staff motivation has been investigated. The practical significance lies in the study of tools for increasing staff motivation and their impact on the enterprise personnel productivity, which will help in the development of conceptual models and methods of increasing staff motivation and contribute to the improvement of enterprise productivity

**Keywords:** motivation; staff management; plans; strategies; structure; improvement; competences

Article's History: Received: 08.02.2023; Revised: 19.04.2023; Accepted: 23.05.2023

### ● INTRODUCTION

Effective organization management requires a system of positive incentives, since staff motivation is a key factor to ensure the sustainable development of enterprises. Incentives help strengthen the enterprise position on the market and increase employee efficiency. The study of the problem of stimulation in the management of motivational factors is an important task for Ukrainian economists, especially in the conditions of complicated market

relations, and arouses interest among economists for a more detailed study of this problem.

Taking into account market peculiarities, to improve the quality of enterprise human resource management, various methods are involved in stimulating employee interest in labour results, increasing staff motivation, their creative activity, building harmonious relations between employees and management, improving labour efficiency

### Suggested Citation:

Pasko, M., & Samoilenko, V. (2023). Study on the impact of incentives for enterprise personnel on labour productivity. *Development Management*, 22(2), 48-56. doi: 10.57111/devt/2.2023.48.

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and service quality. O. Sikun (2019) conducted a study on motivation as the main factor in increasing the employee efficiency at an enterprise and presented his own interpretation of “staff motivation” concept. A.V. Zerkal (2022) examines innovative areas of personnel management based on the formation of corporate culture and commercial awareness of employees and identifies their development trends. V. Ihnatiuk & H. Tunina (2023) noted that non-material motivation is an important component of staff motivation system and its use can help increase the efficiency of employees at an enterprise, so it is important for managers to know the methods and assessments of staff motivation. L.I. Zastavniuk (2022) paid special attention to the topical issues of staff motivation at enterprises, since the efficiency of the enterprise depends on the efficiency of the staff, the need to improve the system of staff motivation, which consists in increasing the efficiency of employee performance and ensuring the growth of the overall efficiency of the enterprise.

I. Dashko (2021) reveals the relationship between remuneration, the stimulating role of money and the use of labour resources, as well as the process of evaluating the work of staff, the formation of a motivation strategy in modern production, in particular the use of labour resources as an important element of the enterprise. K.A.B.P. Pratame & I.W.G. Supartha (2022) highlight the study which shows that in order to improve employee productivity, enterprise management should reduce work-family conflict, as this can increase employee motivation in their work, resulting in increased employee productivity both in terms of quantity and by quality, timeliness. C. Fahriana & S. Sopiah (2022) believe that the development of human resources is necessary to achieve the organizational goals, which can be done through improving the quality of employee work. To improve the employee productivity, it is necessary to have organized and effective management. Economists G.A. Riak & D.B.A. Bill (2022) argue that motivation plays an important role in achieving organizational success, and the positive effect of motivation on service quality contributes to the improvement of employee performance, and employee competence has a positive effect on service quality and their productivity. E.Y. Iis *et al.* (2022) proved that work motivation partially mediates the effect of career development and work environment on performance and recommended that career development be improved to create a favourable work environment and improve performance. However, the above studies do not fully reveal the specific content of staff incentives to increase business awareness and productivity. One of the main problems in this direction is the search for effective methods of applying the activation of the human factor through the use of such a component as motivation. Therefore, the development of methods and ways to improve staff motivation at enterprises in any sector of the economy is considered an important direction of research in modern theoretical science, which determines the relevance of the proposed research topic.

The research used general scientific and special methods, such as dialectical, historical and logical, which made it possible to study the issue of staff incentives in different contexts, including comparison with the practice of foreign countries. A systems approach was also used to consider

the general processes of staff motivation, i.e. an analysis and study of the incentive system as a complex system has been carried out, which takes into account not only individual methods and tools of staff motivation, but also their interaction and interdependence. The methods of analysis and synthesis were used to compare different approaches to motivating staff, as well as to evaluate their effectiveness in different situations. Methods of comparison, specification and grouping were used to more thoroughly identify the problem areas of the studied systems. The methods of modelling and cause-and-effect relationship were used in determining the factors that affect the effectiveness of staff incentives and studying the causes of difficulties associated with the search for effective strategies to overcome them. The purpose of the article was to study the additional possibilities of the existing systems of stimulating activity of Ukrainian enterprises, to analyse their direct and indirect influence on employee performance.

#### ● ANALYSIS OF THE ACHIEVEMENTS OF OTHER SPECIALISTS ON THE STUDIED ISSUES

Stimulating enterprise employees is an important success factor in human resource management. A literature review in this field includes various theories, approaches and techniques that can be used to stimulate work and increase productivity. Recent studies and publications show that enterprises are increasingly paying attention to the development of individual approaches to motivating their employees (Savchenko, 2021; Shevchenko, 2021; Melenchuk & Yaremko, 2022). V. Savchenko (2021) emphasizes the fact that one of the main trends in this regard is the transition from traditional compensation systems, in particular wages, to more flexible and individual approaches. For example, some enterprises use systems of various bonuses that are given to employees for achieving specific goals, such as project success or increasing customer satisfaction. Another important area is the development of employee training and development systems. A study by V. Shevchenko (2021) shows that employees who have the opportunity to learn and develop are more satisfied with their work and achieve better results. Many enterprises use such systems to preserve and develop their own expertise and knowledge. I.I. Melenchuk & I.I. Yaremko (2022) note the growing popularity of flexible work schedules and remote work, which enable employees to plan their time more flexibly and balance work and personal life. However, such approaches require additional attention to the interaction between colleagues and the organization of communication. These studies show that enterprises use a wide range of strategies to increase the motivation of their employees.

In a broad sense, the term “stimulation” is used to describe the process of increasing human action or behaviour in accordance with a specific goal. In the context of human resource management, “incentive” refers to the use of various forms of motivation (e.g., material bonuses, salary increases, promotions, praise, professional development, etc.) to increase employee productivity. Scientists define stimulation as a process of increasing the level of activity of an employee, which is ensured by the use of motivation tools and technologies that contribute to the achievement of goals and satisfaction of employee needs at work (Al-kharabsheh *et al.*, 2023). Accordingly, the incentive

system should be well suited to a specific organization and provide the most effective results depending on the type of work performed in the company and the needs of employees (Table 1).

**Table 1.** Definition of staff incentives

Author	Definition of staff incentives
A.V. Zerkal (2022)	“a system of rewards and privileges in which management prioritizes its staff (in behaviour, compliance with the rules or productivity) and stimulates the achievement of goals”
V. Ihnatiuk & H. Tunina (2023)	“ability of a person to satisfy his/her needs (material and spiritual) through work”
S. Nevmerzhytska & T. Kozir (2021)	“helps employees achieve goals; get a positive perspective; create the power of change; build self-esteem and abilities; manage their own development and help others, etc., contributes to the achievement of employee personal goals and, accordingly, will contribute to the self-development of a person”
M. Vedernikov <i>et al.</i> (2022)	“development of employees and rational use of their competence, optimization of the results of labour activity of employees by increasing their desire for highly productive work”
I.I. Melenchuk & I.I. Yaremko (2022)	“incentives are aimed at forming internal motivation of an employee or team through the introduction into practice of various elements of labour activity organization (social conditions, conditions for calculating wages, organization and content of work, etc.)”
I. Chernysh & M. Kozik (2022)	“these are incentives that encourage a person to perform a certain action. This understanding underlies various motivational systems used in business and stimulating staff to increase labour productivity and reduce costs of the enterprise”
L.I. Zastavniuk (2022)	“this concept should be understood as a qualitative symbiosis of internal and external factors, the use of which is aimed at self-motivation, as well as the stimulation of the enterprise staff to increase efficiency indicators and the level of labour productivity in organizations”

**Source:** made by the authors

The variety of theories of motivation is due to the fact that a person is a complex and multifaceted individual, and motivation is the result of interaction of various factors, such as biological, psychological, social and cultural. Theorists have viewed this process from different perspectives and focused on different aspects of motivation. Different theories of motivation differ in their approach to the description of the motivational process, focus on different aspects of motivation, and the influence of various factors on motivation.

**● STAFF MOTIVATION AS A KEY FACTOR IN ENSURING ENTERPRISE SUCCESS**

The productivity and efficiency of employees is a key factor in the success of any enterprise. Motivation is one of the main factors influencing employee productivity and can be critical to the success of an enterprise. A well-organized system of staff motivation can help increase the efficiency of employees, stimulate them to be more involved in work and achieve better results. Motivation should be not only material, but also non-material, in particular, it can include career development, recognition of achievements, the opportunity to influence decision-making, development of skills and competences, etc. Personnel management is one of the key functions of a manager, so he/she must know how to properly motivate their employees to ensure the success of the enterprise.

Many organizations have a poor understanding and practice of employee motivation, resulting in more employees looking for work elsewhere. It is difficult to understand the motivational factor of each employee due to the multifacetedness of human nature. To effectively stimulate employees, you need to study human nature and use a well-defined approach to communicating with people. The direct result of the employee stimulation depends on the interaction with his/her manager. Stimulation is a skill that needs to be learned and practiced by any enterprise in order to be

successful. It is important to take into account such factors as the needs of employees, their personal qualities, as well as interaction with other elements of the personnel management system. To achieve maximum effect, it is worth using various incentive tools, such as material and non-material incentives, opportunities for professional development and self-realization, social guarantees and bonus programs. The application of an incentive system in accordance with the specific needs of employees helps to increase their productivity and ensure job satisfaction, which in turn positively affects the performance of an enterprise as a whole. The problem of stimulation lies in the difficulty of establishing incentives for an individual employee of the organization. Each employee has their own motivational factors, which can be very different. For example, one employee may be motivated by money, while another may be motivated by a challenge and opportunity to grow. Stimulation factors can change over time, depending on the individual needs and goals of the worker. The problem is that many enterprises use common approaches to staff incentives, which may not be effective for each employee individually. For example, an enterprise may offer bonuses to all employees for achieving certain goals, but for some employees this may not be motivating enough. It is hard to find ways to motivate employees who have different goals and interests. One employee may be interested in career development, while another may be more interested in a balanced life and family. In such cases, enterprises must find individual approaches to motivation, which can be a costly process.

Stimulation contributes to the achievement of personal goals of employees and promotes their self-development. When an employee achieves his/her initial goals and understands the relationship between effort and results, it motivates them to continue to perform at a high level. The presence of motivated employees in the organization is extremely important and correlates with the success of the

enterprise. Stimulating highly qualified and talented employees is an extremely important factor for increasing the efficiency of any organization. It is impossible to succeed ignoring the problem of staff incentives, however, it should be noted that staff incentive system at the enterprise consists of two main areas of material and non-material incentives. Material incentives include wages and bonuses, they are one of the most effective forms of motivating employees. However, other factors must be taken into account in order to achieve a high level of productivity. Wages can only satisfy the physical needs of employees, but it should be noted that the effect of improving productivity is short-term. As the employee gets used to wages, they lose their stimulating properties. There is a likelihood of such an important aspect as the competitiveness of wages. To achieve maximum productivity, it is necessary to create a system of non-material incentives that will satisfy the internal needs of employees. Non-material incentives include opportunities for career growth, professional development, business trips, flexible work schedule, sale of enterprise products at lower prices, favourable working conditions, gratitude from management, clear and understandable goals, as well as the transfer of certain managerial powers to employees. Therefore, in order to achieve an effective system of employee motivation, it is necessary to combine material and non-material incentives.

#### ● IMPLEMENTATION OF COMPONENT SYSTEMS OF STAFF INCENTIVES AT ENTERPRISES: A LOOK AT CLASSIFICATION AND DIFFERENT FORMS OF INCENTIVES

The management of enterprises should focus on the development and implementation of component systems of non-material staff incentives, such as recognition of proactive employees with certificates and thanks for their work during the month, quarter and year, promotion of employees up the career ladder, ensuring staff development through training programs, trainings, refresher courses, conducting activities to create a favourable microclimate, etc. Although for most enterprises a general-oriented system of staff incentives is the most acceptable, foreign practice shows that it is worth considering the implementation of group (for certain categories of employees) and individual (for valuable employees) incentive systems. The most effective is the staff incentive system, which includes various forms of incentives that meet the needs of employees and the capabilities of the enterprise.

One of the main characteristics of classification is the method of influence, which is based on the feeling of fear of punishment and the system of economic and non-economic incentives. It contributes to the formation of values and goals that are close to organizational ones. Classification according to the subject of staff stimulation includes intra-personal methods aimed at self-knowledge and the influence of the subject on the object of stimulation. Signs of the direction of influence help to create positive emotions that stimulate the desire to succeed in professional activities and avoid various types of punishments. The main goal of management at any enterprise is to reduce staff turnover, attract highly-skilled workers and increase productivity. Therefore, it is important for the enterprise to ensure a harmonious correlation of internal and external motivational components in order to improve the efficiency of staff. To increase the productivity of stimulating employees of the enterprise, it is advisable to study their needs and level of satisfaction with the existing incentive mechanism. Based on the results of the analysis, management will be able to determine the most effective forms and methods of motivating employees. Most enterprises base their employee incentive system on material incentives, with non-material incentives being at a low level. The use of ineffective forms and methods of stimulating employees can lead to a decrease in labour activity and productivity indicators of employees, which affects the quality of work and hinders the achievement of better results compared to previous periods and competitors.

When developing the staff incentive system of an enterprise, it is advisable to apply the following principles: ensuring the possibility of developing professional skills and experience of employees for the benefit of the organization; the motivational incentive mechanism of employees must meet modern requirements and be competitive. The development of professional skills and experience of employees is a key success factor of any enterprise. In order to apply opportunities for the development of professional skills and experience of employees for the benefit of the enterprise, the following approaches can be used: development planning, training and support, division of responsibilities, use of new technologies. Modern requirements for the employee incentive mechanism consist in the use of more individualized and flexible approaches to employee motivation. The basic requirements may include: focus on the needs of employees, flexibility, individualization, increased autonomy, use of technology (Table 2).

**Table 2.** Requirements for the employee incentive mechanism

Requirements	Recommendations
Focus on employee needs	Enterprises should create programs that provide opportunities for personal and professional development of employees, which contributes to increased productivity; programs should be designed taking into account the needs and values of employees.
Flexibility	Enterprises should provide the opportunity to choose between different types of incentives, such as material and non-material incentives. Programs must be flexible and adaptable so that they can take into account the different needs and interests of employees at different times.
Individualization	Enterprises must create individual approaches to employee motivation, since each employee has their own unique needs and motivational factors.
Increased autonomy	Motivation programs should help increase the autonomy and self-management of employees. Programs can give employees greater responsibility for their work and allow them to participate in important decision-making.

Table 2, Continued

Requirements	Recommendations
Use of technology	Businesses must use modern technology and tools to improve work efficiency and productivity, facilitate communication and increase data accuracy.

Source: made by the authors

It is important to ensure fairness and transparency in the incentive mechanism for employees. To do this, it is possible to use such tools as a system for evaluating employees' work, transparency in setting remuneration criteria, involving employees in the decision-making process on incentive issues. This approach allows maintaining the trust and motivation of employees, as well as creates a positive reputation of the enterprise in the labour market. As a result, an effective staff incentive system helps to ensure the stability and development of the enterprise, as well as meeting the needs and expectations of employees.

**● THE IMPORTANCE OF EFFECTIVE STAFF MOTIVATION FOR THE SUCCESS OF THE ENTERPRISE**

Low staff motivation at an enterprise can have serious negative consequences, such as a drop in labour productivity, a decrease in product quality, high staff turnover, reduced job satisfaction and overall motivation of employees, which can threaten the stability of the enterprise. All this can affect the stability of the enterprise and its profitability. An effective staff motivation program is not an expense, but an investment in the success of the enterprise (Fig. 1).

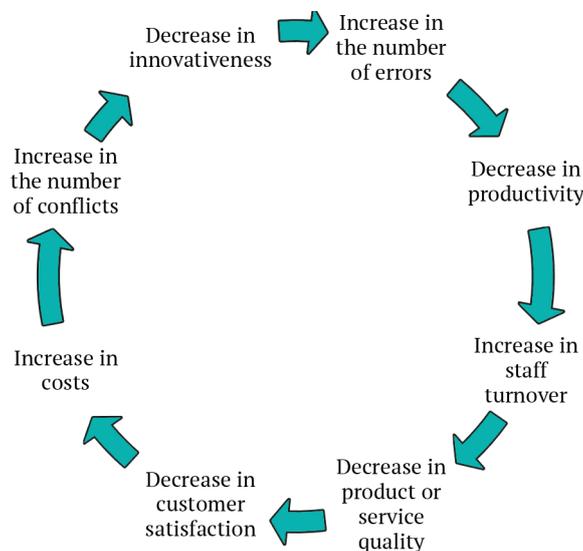


Figure 1. The negative impact of low staff stimulation on the enterprise

Source: created by the authors

It is important to ensure an adequate level of motivation for employees through the use of effective motivation mechanisms, such as the development of incentive programs, the use of various forms of material and non-material motivation, and take into account the individual needs and interests of employees. Let us consider the factors of negative influence, which are complex and in practice can cause a negative series of events.

Decrease in productivity: if workers do not have sufficient motivation, they may not work at full capacity, which can lead to decreased productivity of the enterprise. Increase in staff turnover: if employees are not satisfied with their jobs or lack sufficient motivation, they may look for other jobs, which can lead to increased staff turnover. Decrease in product or service quality: inadequate staff motivation can lead to a decrease in product or service quality, which can tarnish the enterprise reputation and lead to losses. Decrease in customer satisfaction: if the quality of a product or service deteriorates due to a low level of staff motivation, this can lead to customer dissatisfaction and reduced sales. Increase in costs: insufficient motiva-

tion can lead to increased costs for replacing employees, raising wages, or conducting training and other activities to increase staff motivation. This can lead to an increase in the overall costs of the enterprise. Increase in the number of conflicts: A lack of motivation can lead to an increased number of conflicts between employees and management, which can lead to an overall negative impact on the atmosphere in the workplace. Decrease in innovativeness: if employees lack sufficient motivation, they may be less inclined to innovate and come up with new ideas, which can lead to a decrease in the competitiveness of the enterprise. Increase in the number of errors: if workers are not motivated enough, they may be less attentive, which can lead to increased number of errors and can have a negative impact on product or service quality.

The economic conditions of the enterprise may affect the determination of priorities, since the enterprise may be forced to focus on ensuring its financial stability and performing urgent tasks in order to survive. This can lead to less attention to staff needs and less investment in employee development. It is important to ensure a balance

between the financial needs of the enterprise and the needs of employees, since insufficient funding for employee development can lead to a decrease in productivity and quality of work, as well as to the loss of skilled workers. Consequently, a low level of staff motivation can have a negative impact on the business processes and financial indicators of the enterprise. Enterprises must take care to have effective staff motivation strategies to ensure optimal levels of productivity, product and service quality, as well as employee satisfaction and loyalty. For example, in a period of economic instability, when an enterprise faces a reduction in orders and a decrease in profits, incentive programs may be limited. At the same time, it is necessary to take into account the fact that a drop in economic activity can lead to a decrease in staff motivation and, accordingly, a decrease in work productivity and the quality of manufactured products. On the other hand, in the period of economic growth and business expansion, the enterprise can increase production and profit, which makes it possible to attract more resources to motivate staff. In such circumstances, it may be advisable to use various types of incentives for employees, such as bonuses for achieving certain results, bonuses for successful implementation of projects, etc.

So, enterprises must take into account the economic situation and other factors in order to effectively use various methods and programs to motivate staff. It is important to ensure stability and a long-term perspective in the management of enterprise resources, in particular, providing the adequate level of staff motivation to ensure the successful operation and development of the enterprise as a whole.

### ● FOREIGN EXPERIENCE IN STIMULATING STAFF

Almost every enterprise has an employee incentive system adapted to its own needs. Each of the applied systems has its pros and cons. Studying different types of staff incentives, using foreign experience can allow organizations to minimize the deficit of their own incentive systems and work to improve them. It is this combination of factors that leads to the efficient functioning of the enterprise resulted in an increase in profit. In the 21<sup>st</sup> century, there is a situation when improving labour efficiency through financial incentives for employees has lost its relevance, so enterprises need to introduce various methods of motivation, which include not only material but also non-material satisfaction of employees' needs (Labor motivation ..., 2017).

X. Niu *et al.* (2021) examine the impact of different types of rewards on productivity in the Chinese banking industry. The study is based on the analysis of survey data from bank employees, which included questions about their motivation and rewards. The authors compare the effectiveness of different types of rewards, such as financial incentives, moral incentives, and career development opportunities. They conclude that different types of rewards have different effects on performance and recommend that enterprises focus on developing integrated incentives that include financial, moral and career aspects. In their article, I. Chernysh & M. Kozyk (2021) explore a variety of staff incentive strategies in the context of effective management in the service sector. Different types of staff incentives are described, such as material and non-material incentives, including wages, bonuses, salary increases, opportunities

for professional growth, training and development. The authors draw attention to the fact that effective staff incentives are one of the key factors in building effective management in the service sector. The authors of the article analysed the factors that affect the effectiveness of staff incentive strategies. Among these factors, they name management style, communication and others. An important aspect is also to take into account the individual characteristics of employees, such as motivation, needs and interests, when choosing certain strategies to stimulate staff. As a result of the study, the authors conclude that successful strategies for stimulating staff should be focused on achieving specific goals of the organization, taking into account the individual characteristics of employees, etc.

A study by J. Kisang Asongwe (2023) deals with understanding the relationship between employment contract and employee motivation. The author uses several research methods, including descriptive, correlational, intersection, causal in order to establish cause-effect relationship. As a result, the author indicates a positive relationship between the employment contract and employee motivation. The study recommends that the employment contract should be motivational for the employee to increase productivity. Y. Qhurani & H. Ubaidillah (2023) conducted a study aimed to determine the impact of leadership style, communication and motivation on employee productivity at Pabrik Gula Candi Baru in Surabaya, Indonesia. To achieve the goal, several methods were used, in particular, multiple linear regression analysis. The results of the study showed that leadership style, communication and motivation have both partial and cumulative effects on employee productivity. The article by S. Alanizan (2023) is dedicated to analysing the relationship between satisfaction and motivation of employees and productivity of the organization. It showed that a high level of satisfaction and motivation of employees has a positive effect on productivity. The author emphasizes the importance of involving employees in reaching organizational goals by ensuring their satisfaction and motivation. The work contains information about the relationship between satisfaction, motivation and productivity of the organization.

A. Waghe *et al.* (2023) stated the goal of studying the impact of rewards and recognition on employee motivation, identified the most practical of them and compared monetary and non-monetary methods and their impact on staff motivation. The authors used a descriptive design in which employees of various companies were interviewed. As a result, it was found that various factors affect employee motivation and satisfaction. Moreover, a direct and positive relationship exists between rewards and recognition, employee motivation and satisfaction, and the success of an organization if it offers a variety of reward and recognition tools. The results of the study suggest that high-level needs of employees can be met only if their low-level needs, such as wages, fringe benefits, etc., are met. Different reward and recognition strategies can have different motivational impacts on different employees, so managers must understand problems of their employees and take into account their personal and professional problems in order to achieve optimal results.

S.M. Galli (2022) compares the concepts of "employee motivation" and "employee engagement" and points out

that these two concepts are often mistakenly perceived as identical. The author claims that before taking an action, it is necessary to understand whether the cause of the problem is a lack of motivation or a lack of involvement. C. Fahriana & S. Sopiah (2022) conducted a systematic literature review on the impact of motivation on employee performance. The study proves that organized and effective activities are necessary to achieve high performance of employees. However, Y. Fedorova *et al.* (2020) came to the conclusion that the enterprise needs to involve employees in discussing and solving problems in order to prevent the risks of abusing certain types of motivation. A. Volkivska *et al.* (2021) talk about the importance of employee motivation for the successful operation of enterprises in a market economy. It is emphasized that in order to succeed, enterprises must activate their human resources. This can be done through effective motivation mechanisms that will help provide motivated staff with the necessary level of qualification. Also, the authors emphasize the importance of understanding the motivational factors of each employee, his/her natural potential and current needs in order to manage the employee, combining the goals of the enterprise with employee interests. The results of the study by H. Hastuti *et al.* (2023) showed that knowledge management and work on employee engagement have a direct positive and significant impact on work performance and that motivation mediates the interaction between knowledge management and employee performance.

V. Kolesnyk (2022) draws attention to the problems associated with the level of innovative managerial competence of functional managers and proposes an approach to solving the problems of motivation and incentives for staff, which involves the organization of professional training system for managerial personnel. This will help ensure the maximum level of managerial competence in the areas of innovative and motivational functions of management and guarantee effective change management in staff motivation system. N. Stolbunenko & V. Ivancho (2019) analysed modern theories of motivation, especially procedural theories, and proposed rules for effective staff motivation. The authors considered typical incentives that are relevant for a modern Ukrainian enterprise, and carried out the search for the most effective methods of stimulation. Also, they paid special attention to the social policy of an enterprise as a tool of economic stimulation and investigated the main problems of staff stimulation and motivation at a modern enterprise.

A.S. Tutova (2020) argues that for the successful development of Ukraine's economy and its integration into the world economy, it is necessary to create a system that will stimulate the labour activity of population and make an enterprise efficient and competitive on the world market. The success of an enterprise depends on the quality of work of a senior manager who must be motivated to achieve high efficiency and profitability. A system of economic incentives for top managers is a necessary and objective need to achieve these goals. D.R. Nikulitas (2019) considers key success factors in enterprise management and work performance (work motivation, interaction with people, etc.). Conclusions were made on the insufficiency of material incentives in the motivational system, so, the system of labour incentives at Ukrainian enterprises should be clearly defined and

include goals, establish types of incentives in accordance with the achieved results, evaluate work, determine the period and terms of remuneration payments. I. Zahars (2023) identified theoretical studies of the concepts of "employee motivation" and "employee loyalty", gave their interpretation in real life and scientific literature and generalized the meaning of these terms from various scientific aspects.

The study of scientific publications made it possible to conclude that both internal and external work motivation significantly affect the productivity of employees. As a result of the study, it was concluded that effective staff stimulation is an important factor for increasing labour productivity and achieving success of an enterprise. The study found that successful enterprises use a combination of strategies to motivate their staff, such as financial incentives, professional development, career opportunities and social programs. It is important to ensure an equal and fair approach to the stimulation of all employees at an enterprise. To be successful, enterprises must regularly evaluate the effectiveness of their staff incentive strategies and make necessary adjustments. Comparing the results of this article with the results of other studies, it is possible to conclude that there is a wide range of tools and strategies that can be used to stimulate workers at enterprises. For example, financial incentives, opportunities for professional development and advanced training, bonus systems, reward systems, social packages, proper working conditions, etc. However, there is no one-size-fits-all approach that will work for all organizations, as each organization has its own unique characteristics and the needs of its staff. Therefore, before applying any staff incentive strategies, it is necessary to carefully analyse the specific conditions and needs of the organization. It is necessary to remember the importance of monitoring and evaluating the effectiveness of staff incentive strategies that will allow making timely adjustments and improvements to the existing incentive system.

## ● CONCLUSION

In the course of the research, a critical analysis of the most significant works of foreign and Ukrainian scientists concerning the influence of enterprise staff stimulation on labour productivity has been carried out. It has been established that effective staff stimulation consists in finding individual approaches to employee motivation, since each employee has their own motivational factors that can change over time, so material and non-material incentives should be combined. Strategies for stimulating staff while building effective planning have been developed, from which a conclusion was made about the need to use a wide range of tools that take into account individual needs and values of employees. Such tools may include financial incentives, opportunities for professional development and advanced training, bonus systems, social packages, proper working conditions, etc. An important element of effective stimulation has been traced: it is constant monitoring and evaluation of the effectiveness of staff incentive strategy, which allows making timely corrections and improvements in the existing incentive system. This approach has been found to create an optimal work environment, retain and attract talented employees, and achieve market success.

Staff incentives are necessary to increase productivity, but the success of any incentive program depends on many

factors, such as employee motivation, quality of management, and others. When establishing the course of development, it should be noted that it is important for commercial enterprises to pay attention to Western management practices that can be effective for the Ukrainian labour economy. However, when borrowing these practices, it is necessary to take into account national traditions, mentality and other features of society. For example, a general motivation program for all employees at the same time is unrealistic, so it is necessary to develop appropriate methods and practices for a certain period, taking into account corporate culture and the characteristics of the workforce. This approach will make it possible to effectively motivate staff and ensure the optimal level of productivity and prod-

uct quality. One of the possible areas of research may be to study the effectiveness of stimulating workers in various sectors of the economy and its impact on labour productivity. Also, possible directions may include the study of the impact of incentives on reducing staff turnover, the development of individual incentive programs for employees, the introduction of new incentive methods that have been successful abroad.

#### ● ACKNOWLEDGEMENTS

None.

#### ● CONFLICT OF INTEREST

None.

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## Дослідження впливу стимулювання персоналу підприємства на продуктивність праці

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**Анотація.** В умовах ринкової економіки постає проблема підвищення продуктивності праці на підприємствах. Станом на 2023 рік, це одне з найбільш актуальних та розповсюджених питань, які виникають у конкурентній боротьбі. Метою статті було дослідження важливості існуючих систем мотивації та їх впливу на результати праці персоналу підприємств. Було використано методи: історичний, логічний, спостереження, аналіз документів та дослідження літератури, експертна оцінка, вивчення статистичних даних, застосування системного підходу, методи порівняння, конкретизації та групування, методи моделювання та причинно-наслідкового зв'язку. В процесі наукового дослідження було проаналізовано теоретичні питання з мотивації персоналу організації. Розглянуто дослідження та проведено аналіз інструментів, які впливають на ефективність праці колективу шляхом стимулювання до успішної праці. Вивчено інструменти підвищення мотивації працівників, їх види та особливості використання в іноземному досвіді. Розглянуто вплив мотиваційних інструментів на продуктивність праці персоналу підприємства, надано оцінки ефективності запропонованої концептуальної моделі та впливу на комерційну свідомість. Визначено інструменти, механізми, методи та інновації в управлінні персоналом та розвитку його відповідального відношення до цілей підприємства, досліджено вплив корпоративної культури на підвищення мотивації працівників. Практичне значення полягає у вивченні інструментів підвищення мотивації працівників та їх впливу на продуктивність персоналу підприємства, що допоможе в розробці концептуальних моделей та методик підвищення мотивації працівників та сприятиме покращенню продуктивності підприємства

**Ключові слова:** мотивація; кадровий менеджмент; плани; стратегії; структура; удосконалення; компетенції

**УПРАВЛІННЯ РОЗВИТКОМ**  
**Міжнародний економічний журнал**

**Том 22, №2**  
**2023**

**Відповідальний редактор:**  
К. Нікітішина

**Редагування бібліографічних списків:**  
К. Нікітішина

**Комп'ютерна верстка:**  
О. Глінченко

Підписано до друку 23 травня 2023  
Формат 60\*84/8  
Ум. друк. арк. 6,8  
Наклад 50 прим.

Видавництво: Харківський національний економічний університет імені Семена Кузнеця  
61166, пров. Інженерний, 1-А, м. Харків, Україна  
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**DEVELOPMENT MANAGEMENT**  
**International Economic Journal**

**Volume 22, No. 2**  
**2023**

**Managing Editor:**  
K. Nikitishyna

**Editing bibliographic lists:**  
K. Nikitishyna

**Desktop publishing:**  
O. Glinchenko

Signed to the print May 23, 2023  
Format 60\*84/8  
Conventional Printed Sheet 6.8  
Circulation 50 copies

Publisher: Simon Kuznets Kharkiv National University of Economics  
61166, 1-A Inzhenerny Ln., Kharkiv, Ukraine  
E-mail: [info@devma.com.ua](mailto:info@devma.com.ua)  
www: <https://devma.com.ua/en>