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# INTRODUCTION

The online journal is published within the Ukraine Digital project to create conditions for the development of the intellectual potential of talented young people in Ukraine, support the scientific and creative work of students and teachers during the war, and help them master the educational and scientific materials used in the educational process of Hochschule Mittweida.

Only students of Oles Honchar Dnipro National University and Odesa National Economic University who have been selected as scholarship holders for the project can publish their research papers in the journal. They are supervised by a professor from their respective university who participates in the Ukraine Digital project too.

The topics of the research papers are related to one of the subjects that have been adapted from the teaching materials provided by Hochschule Mittweida to the partner universities: International management; Diversification and internationalization; Finance; Economics and ethics; Macroeconomics; Microeconomics; Cooperative management; Techniques of scientific work; etc.

# TABLE OF CONTENTS

01

**Veronika Afanasieva**

Features of lean six sigma

11

**Yelyzaveta Balachina**

Gender equality in recruiting and selection of personnel: strategies and practices of companies as an element of professional ethics

22

**Maryna Buriak**

Strategic management of the enterprise

30

**Artem Kolosov**

Analysis of the interaction between macroeconomic factors and the real estate market in the context of ukrainian economic development

41

**Andrii Kosman**

Business model of sharing economy

50

**Anastasiia Kozhukhar**

Ecotourism development in ukraine: opportunities for promotion through social media and internet marketing, based on the examples of norway and iceland

62

**Daryna Mamedova**

Business ethics in media management: challenges and prospects

73

**Ihor Novotochynov**

Famous economists

# TABLE OF CONTENTS

85

**Anna Pavliuk**

The role of digitalization in modern society

93

**Maryna Pohorielova**

A comparative characteristic of the paradigms of behavioral economics and the neoclassical economic theory

102

**Alina Rybalko**

The influence of the central bank's discount rate on the stock market

113

**Vladyslav Stoianov**

Macroeconomic approach to the real estate market

124

**Daria Tashchi**

Unemployment, its causes and forms of occurrence in Ukraine

131

**Volodymyr Timar**

Use of matrix methods of analysis of strategic alternatives by entities of the hotel business

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## FEATURES OF LEAN SIX SIGMA

**Abstract.** It is considered the essence and features of the Lean Six Sigma as a way of improving business processes at enterprises. The aim of the study is to demonstrate the key aspects and features of the Lean Six Sigma, which is used to improve the quality and efficiency of production processes at enterprises. The methods of analysis, analogy and comparative analysis are used to achieve the formulated goals.

The approaches of quality management as the basis of this methodology are considered. Lean management, which focuses on the elimination of redundant processes and minimizing losses, and Six Sigma, which is aimed at reducing the variability of processes, improving them through the elimination of defects and improving predictability. The shortcomings of individual concepts and the advantages of their synthesis are analyzed. The advantages include a constant desire to reduce losses and improve quality, focus on customer needs, and participation of all levels of employees in process improvement. The implementation of Lean Six Sigma affects both economic growth and the improvement of the atmosphere within the team. The importance of personnel training for the successful implementation of the methodology is emphasized.

The role of Lean Six Sigma in modern business is determined. Examples of successful application of the methodology in various fields and benefits from its use are given. The practical significance of the study is to provide recommendations for companies to implement this concept to improve the quality of their processes, achieve success and competitive advantage are provided.

**Keywords:** Lean Six Sigma, Lean management, Six Sigma, processes, management, quality, improvement, enterprise.

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## ОСОБЛИВОСТІ КОНЦЕПЦІЇ LEAN SIX SIGMA

**Анотація.** У статті розглянуто сутність та особливості методики покращення бізнес-процесів на підприємствах Lean Six Sigma. Метою статті є дослідження ключових аспектів і особливостей Lean Six Sigma для покращення якості та ефективності виробничих процесів на підприємствах. Для досягнення поставленої мети використано методи аналізу, аналогії та порівняння. Розглянуто покладені в основу Lean Six Sigma підходи до управління якістю: Lean management та Six Sigma. Проаналізовано недоліки окремих концепцій та переваги їх синтезу. Визначено роль Lean Six Sigma у сучасному бізнесі. Практична значимість дослідження полягає у наданні рекомендацій для організацій щодо впровадження даної концепції з метою покращення якості своїх

процесів, досягнення успіху та конкурентних переваг.

**Ключові слова:** Lean Six Sigma, ощадливе управління, шість сигм, процеси, управління, якість, вдосконалення, підприємство.

**Problem statement.** The main goal of every enterprise is to find ways to manage their business process in the most efficient way. Also, they try to save time and resources while simultaneously increasing the level of customer satisfaction and quality. This goal is fully relevant, as the conditions of the external environment are extremely changeable and unpredictable. Therefore, even those tools that today give an excellent result must be constantly improved. They take into account changes of many factors. The Lean Six Sigma methodology is one of such relevant tools.

**Relevance of the chosen topic.** In the modern world the conditions for doing business are constantly changing. Organizations have to find effective and innovative ways to improve quality, productivity and competitiveness. Lean Six Sigma is a concept that allows to achieve these goals, so there is a need to study the feasibility of its implementation at modern enterprises.

**Analysis of recent research and publications.** Many outstanding foreign and domestic scientists were engaged in the research of this topic. According to the point of view of Inna Kuznetsova and Valentina Horbatiuk (Кузнецова & Горбатюк, 2018), Lean management is focused on reducing or eliminating unnecessary costs, as well as increasing the value of the product for consumers. According to Łucasz Dekier (Dekier, 2012), Lean management also pays important attention to aspects related to human resources in the company.

According to the vision of Iryna Fadeeva, Natalia Orlova and Victoria Makarova (Фадеева, Орлова & Макарова, 2023), Six Sigma consists in improving the productivity of business processes to reduce the number of possible defects and improve quality. In addition, according to Volodymyr Dubnytskyi, Natalia Naumenko, and Oleksandra Nefedova (Дубницький, Науменко & Нефедова, 2021), the principle of the Six Sigma concept begins precisely with the definition of consumer requirements.

Pankai M. Madhani (Madhani, 2020) and M Vijaya Sunder (Sunder M, 2013) point out that in modern market the integration of previous methodologies provides quite significant synergy, so the concept of Lean Six Sigma, with its flexible nature, is a more competitive approach. Similar views are also held by Svitlana Bondarenko (Бондаренко, 2022), Nataliya Gryshina, Larisa Gryshina (Гришина, Гришина & Звіришина, 2018) and Oksana Zelenko (Zelenko, 2018). They believe that "Six Sigma + Lean management" is the most optimal combination of concepts for improving the quality of processes and their speed.

**Purpose of the article.** The aim of the study is to demonstrate the key aspects and features of the Lean Six Sigma methodology. It is used to improve the quality and efficiency of production processes at enterprises.

To achieve the formulated goal, it is necessary to solve the following tasks, such as:

- study of the essence of the Lean Six Sigma methodology and the methods underlying it, that is, Lean management and Six Sigma;
- consideration of the main principles of the mentioned concepts;
- analysis of advantages and disadvantages of the methodologies;
- development of recommendations for the implementation of Lean Six Sigma at modern enterprises.

**Presentation of the main research material and results obtained.** Lean Six Sigma is a combination of such original systems as Lean management and Six Sigma. Lean management focuses on the elimination of redundant processes and minimizing losses. Six Sigma is aimed at reducing the variability of processes, improving them through the elimination of defects and improving predictability. These proven and well-known methods of management and optimal setting of the production process harmoniously and quite effectively complement each other. To begin with, consider these two concepts separately.

Lean management is a method of managing processes and labor organization aimed at increasing the company's efficiency, that is, increasing profitability (Баранов, 2021, p. 79). This is achieved thanks to the optimization of production and business processes, namely in the form of a reduction in the time of tasks that do not affect the cost of the product. In addition, working conditions for employees should be constantly improved.

The word "lean" is used precisely in the sense of "no frills", implying the rejection of losses and unnecessary elements of the process. They lead to errors, complicate work and reduce its efficiency.

There are 7 main types of waste within Lean management, which are shown in the Figure 1.



Fig. 1. The seven types of waste within Lean manufacturing  
Source: "7 Types of Waste in Lean Manufacturing", 2021

According to Figure 1, we can distinguish the following types of waste:

1. Excess Motion (this refers to both human activity and the aimless movement of

- machines in the company).
2. Transport (excessive transportation from place to place without a specific purpose).
  3. Unnecessary Inventory (minimizing inventory is very important, because too much inventory in the warehouse can lead to expensive disposal due to, e.g., falling sales).
  4. Waiting (functioning processes are inefficient, e.g., waiting for one's turn in a process can cause delays).
  5. Overprocessing (this can be related, e.g., to printed documents that do not create additional value for the customer).
  6. Overproduction (this is the most common waste of manufacturing companies, which refers to excessive load of machines that does not match the current demand).
  7. Defects (improperly manufactured products, e.g., under time pressure, which do not meet the customer's requirements; lack of effective communication between departments).

The idea of Lean management originated in the Japanese manufacturing industry. It was based on the concept of Lean production, which was developed by an engineer of the Toyota company in the 1950s. It was established in order to reduce defect, waste and wastage during the production of goods to solve the energy crisis in the country and the company ("A Brief History of Lean - Lean Enterprise Institute", n.d.). A loss in Lean management is a waste of resources that does not add value to the consumer. An important element of the Lean management concept is that it involved every employee in the optimization process and became as customer-oriented as possible.

It should be noted that Toyota was initially a small car manufacturer, so the specifics of its operational process quickly caught on. Subsequently, these innovations found recognition among many companies and were used by them in their activities.

Nowadays, Lean management is widely used by many of the world's leading companies, e.g., Intel and Nike. Thus, this concept is considered a more advanced business strategy. It borrowed elements of its predecessors and adapted to the demands of the modern market.

In order to successfully implement Lean management in the company, it is necessary to take into account its following principles (Dekier, 2012, p. 48):

- determination of value (quite a lot of actions have no meaning for the consumer, so it is advisable to get rid of them);
- optimization of the most important processes (it is necessary to draw up a scheme for the formation of real value in order to avoid unnecessary losses);
- ensuring a continuous production process (complex tasks should be broken down into smaller ones; communication between departments should be improved to ensure the fastest execution of operational tasks without compromising quality);
- production according to demand (it is necessary to produce only those products and precisely in those quantities in which consumers need them);
- striving for perfection (it is necessary to make sure that the other four principles operate continuously and consistently).

Implementing Lean management can be started by using the tools shown in Figure 2.



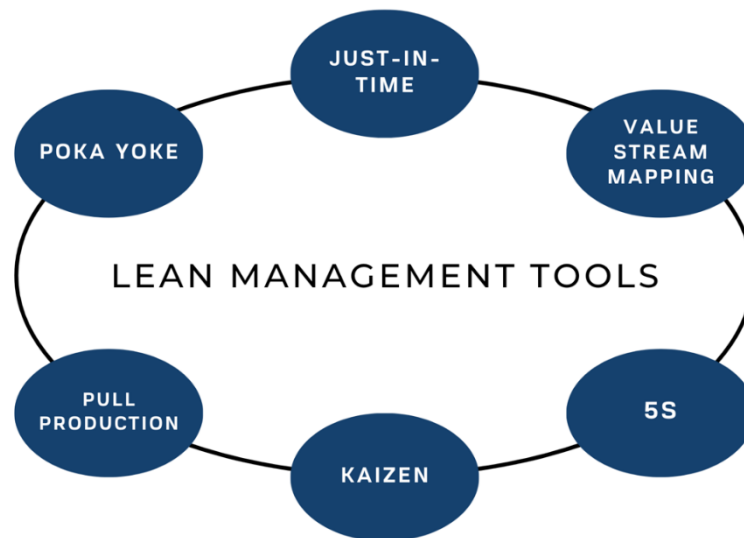


Fig. 2. The main tools of Lean management

*Source: compiled by the authors*

Six Sigma is a concept of production management that focuses on enhancing work and production processes by identifying and eliminating defects within them. The reference points are those parameters that hold the utmost significance for the consumer (Council for Six Sigma Certification & Setter, 2018, p. 8).

The inception of the Six Sigma methodology can be attributed to the Motorola Corporation in 1986 once it began to get mass complaints. They were connected with the large number of production defects found in the goods. This concept achieved its popularity after the 1990s since Jack Welch made it the principal strategy of General Electric (Фадеева, Орлова & Макарова, 2023). Today, it is widely used by companies such as Ford Motor Company, FedEx, Caterpillar Inc, etc.

In our view, in today's environment, Six Sigma has transformed into a broader business management philosophy. It emphasises the fulfillment of customer requirements, the enhancement of customer retention, and the improvement of products and services.

This approach incorporates statistical methods and quality management techniques. Also, it includes a tool for measuring results and special working groups. Their purpose is to eliminate problems and enhance business processes (Council for Six Sigma Certification & Setter, 2018, p. 8).

In contrast to Lean management, the application of Six Sigma is guided by the following principles (Лазаренко & Гарафонова, 2021, p. 304):

- to make work processes predictable (that makes it easier to control them);
- to make processes simple for analysis and modifications;
- to engage all working groups;
- to set goals using the SMART method (specific, measurable, achievable, relevant, time-bound goals);
- to make decisions only on the basis of analysis.

The rule of this concept indicates that the expense associated with an undetected

defect rises as the series of business processes progresses. As a result, rectifying a defect identified during the initial stages of production is significantly less costly than rectifying it when it is directly noticed by consumers. Therefore, Six Sigma is implemented gradually following a system "DMAIC" (Zelenko, 2018, p. 60). Its decoding is shown in the Figure 3.

In addition, Six Sigma incorporates techniques and tools that go beyond the realm of change management, e.g., business process mapping, cost-benefit analysis, brainstorming, CTQ tree, etc. During the stage of implementing changes, however, this methodology necessitates the utilization of other tools. Some of the most frequently employed ones include the Pareto curve, Shewhart control chart, regression analysis, variance analysis, and more (Fig. 4).

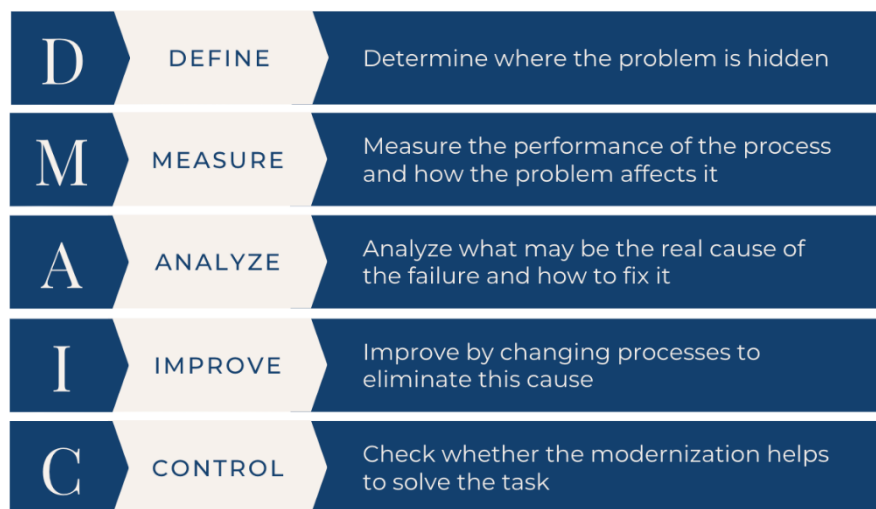


Fig. 3. The decoding of the abbreviation "DMAIC"  
Source: compiled by the authors

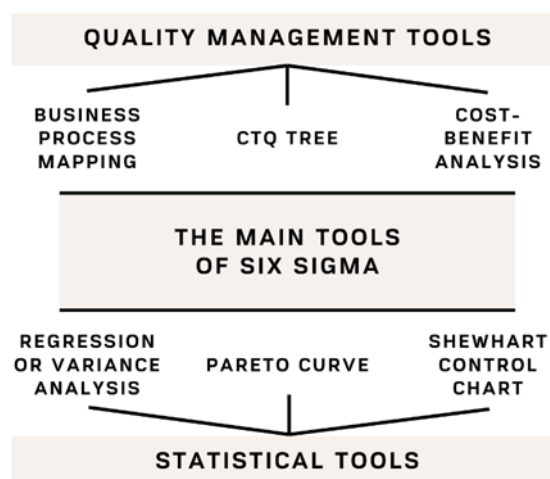


Fig. 4. The main tools of Six Sigma  
Source: compiled by the authors

The management approach of Six Sigma bears resemblance to Eastern martial arts.

The role of the performer is determined by his belt level, signifying his knowledge and skills:

1. At the apex of the hierarchy is the company's management. It allocates responsibilities and resources. Top management is responsible for eliminating internal corporate barriers and addressing staff resistance to change.
2. Champions implements Six Sigma within the organization and mentors the Black Belts.
3. Master Black Belts are responsible for supervising and guiding the implementation of Six Sigma, while also providing leadership to the regular Black Belts.
4. Black belts under the supervision of the masters are responsible for project execution and completing assigned tasks.
5. Green belts, in addition to their duties, actively participate in implementing the methodology.
6. Sometimes there are White and Yellow Belts – employees at the initial level of Six Sigma knowledge – who either partially contribute to the project or observe the actions of more experienced colleagues.

The described hierarchy is schematically depicted in Figure 5.



Fig. 5. Six Sigma belts hierarchy

*Source: compiled by the authors*

Given that each of the two approaches possesses certain drawbacks, by integrating these concepts, a system with a synergistic effect was created. That is, Lean Six Sigma mentioned at the beginning. It can be applied at any enterprises regardless of their field of activity and size.

The experience of using a complex synthesized process was first described in 2001. After 2 years several books were published with a detailed review of the theory and practice of Lean Six Sigma. As a result, it became clear that the two concepts conditionally divided all procedural diversity among themselves: Lean management defines what needs to be accomplished, and Six Sigma explains how to organize activities.

A notable aspect is that by the end of the 20th century, both of these concepts, Lean Hochschule Mittweida Ukraine Digital 2023, №1 Issue 1

management and Six Sigma, became highly sought-after areas of business consulting in quality management. They exhibited a higher success rate of their implementations compared to other methodologies. At the same time, in combination, they demonstrated even greater efficiency.

If we talk about the global advantages of using a symbiosis of Lean management and Six Sigma, then their list will look like a puzzle, where the shortcomings inherent in the Lean methodology are successfully complemented by the Six Sigma methodology (and vice versa).

To begin with, let's explore how Six Sigma enhances Lean management. Firstly, Lean management does not specify the requirements for the infrastructure needed to implement the concept. Resolving this issue depends on the initiative and organizational skills of the managers. However, when their composition is changed, difficulties with the transition may arise. Therefore, Six Sigma helps to formalize the obligations of the company's top management, to establish a plan for resource allocation and control over the absorptive capacity.

Secondly, the emphasis on customer demands is not clearly defined in the Lean management concept. The fulfillment of these requests indirectly depends on reducing production costs and non-production losses, while in Six Sigma all its key points are related to tracking the relationship between "characteristics of the production process" and "the level of satisfaction of the end user".

Thirdly, while Lean management identifies defects as the primary sources of production losses, the concept of Six Sigma provides statistical management methods for their elimination.

Now consider the reverse situation, that is, how Lean management complements Six Sigma. Firstly, Six Sigma focuses on methods for eliminating defects. However, in addition to this factor, Lean management also takes into account various non-value-added activities such as waiting, transportation, overproduction, inventory, and unnecessary movement of people.

Secondly, Six Sigma fails to address the relationship between customer satisfaction and process duration. However, Lean management introduces the crucial aspect of "time." Moreover, Lean management broadens the scope of tasks covered by Six Sigma by incorporating the elimination of non-value-added activities, workplace optimization, inventory reduction, and cost reduction in transportation, among others.

At the same time, both fundamental systems share a focus on individual processes, which remains a distinctive feature even in the combined concept.

Based on these observations, it becomes evident that the adoption of Lean Six Sigma has a dual effect, impacting both economic growth and improvement of the atmosphere within the team.

Thus, the use of an integrated concept (Madhani, 2020, p. 9-10):

- speeds up processes by 20-70%;
- improves the quality of services provided and products produced by 20-40%;
- increases the overall efficiency by 10-30% (compared to the separate use of one of the two basic concepts).

Such results can be expected if there are losses in the production process that can really be avoided. Their presence is evidenced by the fact that the company frequently expands or downsizes production, increases product variety, implements organizational innovations, etc. It is also possible to work on eliminating losses if production processes are poorly documented and employees do not fully understand their essence.

When considering the advantages of implementing Lean Six Sigma at modern enterprises, it is important to acknowledge that there can be unexpected challenges in its application. The "human factor" becomes influential, internal conflicts may arise, the statistical process becomes an end in itself, and not a method of detecting defects. Overloading with unnecessary tasks is also mentioned among the common mistakes. In such instances, it is better to focus on the customer's critical needs, selected using a list of priorities.

Therefore, in our opinion, the main principles that will help a project based on Lean Six Sigma to achieve success can be the following:

1. The main focus is the satisfaction of the client's needs.
2. There is a need to develop value in the company's product for the client, and discard what does not create value. The key to success is collecting data to identify a specific problem and combat it. The reasons for defects and customer dissatisfaction are often not obvious, but it is important not to tackle everything at once.
3. It is necessary to improve communications, monitor the results and, if necessary, adjust them. All participants in the work process have to know the basic principles of Lean Six Sigma, otherwise there will be no progress. At the same time, it is worth encouraging and motivating employees for their personal and professional growth.

In addition, skill levels in the Lean Six Sigma methodology are partially borrowed from Six Sigma (Fig. 6).

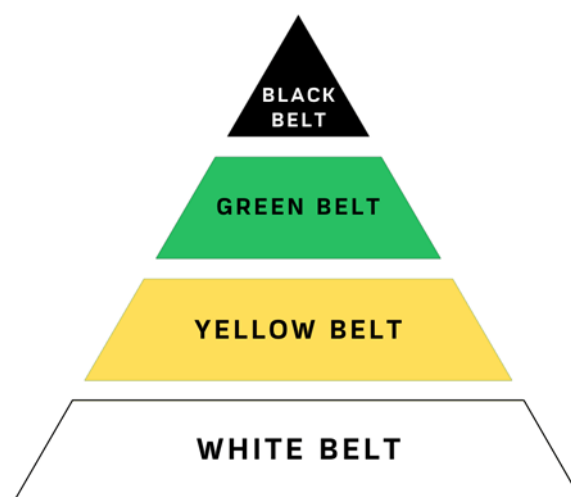


Fig. 6. Skill levels in the Lean Six Sigma methodology  
*Source: compiled by the authors*

According to Figure 6, the following 4 skill levels can be distinguished:

- "Black Belt": a person who will become a strategist in the company and will globally lead the implementation of Lean Six Sigma;
- "Green Belt": people who are the main driving force behind the implementation of the Six Sigma concept;
- "Yellow Belt": work under the authority of the "Green Belt", performing narrow specific tasks in which they can and should be real experts;
- "White Belt": a sign that a person has mastered the basic set of knowledge and understands what Six Sigma is.

It is no exaggeration to say that the use of Lean Six Sigma methodology will be useful and profitable for almost all companies. That is, not only for those who are on the verge of bankruptcy, but also for those who want to occupy leading positions in the market. Today this combination of methodologies is widely used by such companies as Starbucks, Coca-Cola, WalMart, AT&T, as well as our Ukrainian companies "Kyivstar", "ATB", etc.

Thus, this management method should be used by the companies depicted in Figure 7.

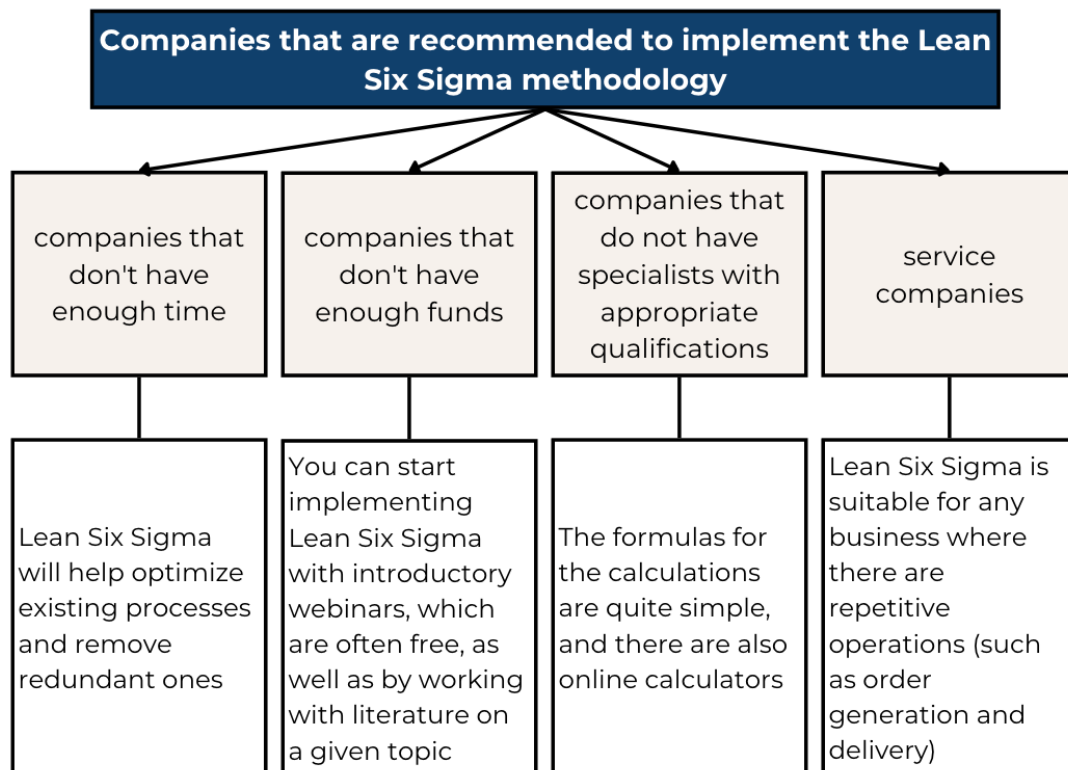


Fig. 7. Companies that are recommended to implement the Lean Six Sigma methodology  
Source: compiled by the authors

Thus, according to Figure 7, the use of Lean Six Sigma will help these companies to optimize business processes and save money.

**Conclusions.** We would like to emphasize that even the most effective and time-tested tools must eventually change, improve, adapting to the realities of the market and the companies represented on it. A clear example of this is Lean Six Sigma. It is to some extent an innovative combination of process management methods, based on the principles of Lean management and Six Sigma. It is emphasised on the fact that they can be successfully used

not only in production, but also in any area of business.

Based on the presented facts, it can be concluded that the Lean Six Sigma methodology is a solution for companies which use modern effective instruments. At the same time, they receive permanent competitive advantages even when the rest of the market participants are still hesitating about the feasibility of implementing a new methodology. As practice proves, this concept helps companies to achieve impressive growth rates, regardless of the initial operating conditions.

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## **GENDER EQUALITY IN RECRUITING AND SELECTION OF PERSONNEL: STRATEGIES AND PRACTICES OF COMPANIES AS AN ELEMENT OF PROFESSIONAL ETHICS**

**Abstract.** This article is dedicated to studying gender equality in the context of



recruitment and personnel selection, particularly focusing on strategies and practices of companies as an element of professional ethics. The research aims to highlight the relevance of gender inequality issues in these processes and identify ways to improve the situation. One of the main objectives of this work is to analyze existing strategies and practices of companies regarding gender equality in recruitment and personnel selection. Specifically, the effectiveness of different methods such as the use of smart algorithms and assessment tools, the implementation of gender-balanced decision-making committees, and the development of objective evaluation criteria for candidates are investigated.

The research is based on a systematic review methodology of scientific publications and analysis of studies related to gender equality in recruitment and personnel selection. Both quantitative and qualitative research studies were utilized, providing a comprehensive overview of the issue and enabling conclusions to be drawn regarding the effectiveness of different strategies.

The article provides a general characterization of gender inequality in recruitment and personnel selection and analyzes factors that contribute to stereotypes and biases in these processes. Additionally, various strategies that companies can employ to enhance gender equality are discussed, such as the use of objective evaluation criteria and the expansion of a multidimensional approach to recruitment and personnel training. The overall characterization of the work involves analyzing the current state of gender equality in recruitment and personnel selection, identifying problematic aspects, and offering practical recommendations for companies to achieve greater equality and objectivity. The research findings can be valuable for both researchers interested in gender equality and practitioners working in the field of human resource management and recruitment.

**Keywords:** gender bias, gender stereotypes, employment discrimination, personnel evaluation, employment decisions.

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## **ГЕНДЕРНА РІВНІСТЬ В РЕКРУТИНГУ ТА ПІДБОРІ ПЕРСОНАЛУ: СТРАТЕГІЇ ТА ПРАКТИКИ КОМПАНІЙ ЯК ЕЛЕМЕНТ ПРОФЕСІЙНОЇ ЕТИКИ**

**Анотація.** Ця стаття присвячена вивченню гендерної рівності в контексті рекрутингу та підбору персоналу, зокрема розглядаються стратегії та практики компаній як елемент професійної етики. Дослідження має на меті розкрити актуальність проблеми гендерної нерівності в цих процесах та визначити шляхи покращення ситуації. Одним з головних завдань цієї роботи є аналіз існуючих стратегій та практик компаній щодо гендерної рівності в рекрутингу та підборі персоналу. Зокрема, досліджується ефективність різних методів, таких як використання розумних алгоритмів та інструментів оцінки, впровадження гендерно збалансованих комітетів прийняття рішень та розробка об'єктивних критеріїв оцінки кандидатів.

Дослідження базується на методиці систематичного огляду наукових публікацій



та аналізу досліджень, що стосуються гендерної рівності в рекрутингу та підборі персоналу. Були використані як кількісні, так і якісні дослідження, що надали широкий огляд проблеми та дозволили зробити висновки щодо ефективності різних стратегій.

У роботі надається загальна характеристика гендерної нерівності в рекрутингу та підборі персоналу, аналізуються чинники, що сприяють стереотипам та упередженням у цих процесах. Крім того, розглядаються різні стратегії, які компанії можуть використовувати для покращення гендерної рівності, такі як використання об'єктивних критеріїв оцінки, розширення багатомірного підходу до відбору та навчання персоналу. Загальна характеристика роботи полягає в аналізі сучасного стану гендерної рівності в рекрутингу та підборі персоналу, ідентифікації проблемних аспектів та запропонуванні практичних рекомендацій для компаній з метою досягнення більшої рівності та об'єктивності. Результати дослідження можуть бути корисними як для науковців, що цікавляться гендерною рівністю, так і для практиків, які працюють у сфері управління людськими ресурсами та рекрутингу.

**Ключові слова:** гендерна нерівність, гендерні стереотипи, дискримінація при прийомі на роботу, оцінка персоналу, кадрові рішення.

**Problem statement.** The concept of "ethics" was introduced by Aristotle, who considered it both as a collection of virtues and as a science that answers the questions of what virtue is and what a person should do to be virtuous. The most important categories of ethics include "good," "evil," "justice," "goodness," "responsibility," "obligation," "conscience," "honor," and so on.

Aristotle used the term "ethics" for practical philosophy, which should provide an answer to the question, "What should we do to perform moral actions?" Over time, the topic of the unity of ethics and economics became relevant, as discussed by Adam Smith in his works. Business communication ethics is a part of general business ethics complemented by norms of behavior specific to the professional and specialized sphere of activity. Ethical reflection processes are situated at three objective levels with different degrees of aggregation of actors (individual, group, societal) [9].

Firstly, the macro-level of business ethics focuses on questions of a good and just economic system. In this sense, moral aspects of macroeconomic actions, such as income distribution, are questioned in the context of specific economic orders and/or economic constitutions. Due to this orientation, this level of business ethics is also referred to as "ethics of order." Its task is to analyze the quality of the macroeconomic order and discuss ethically justified framework conditions for economic activity. From an instrumental perspective, the ethics of order finds expression in various measures of social, financial, and economic policy.

The meso-level of business ethics concerns the actions and decisions of institutionalized economic subjects, such as companies, trade unions, or associations. At the core of this focus lies the belief that these subjects, by virtue of their nature as holistic and purposive institutions, can be attributed a certain degree of moral status or moral responsibility. Based on this, the analysis and evaluation of responsible actions of such institutions are the subject of the so-called "institutional ethics."

As an individual ethics variant, the micro-level focuses on individuals' actions in an

economic context. Accordingly, the main attention is given to the analysis and evaluation of individual behavioral expectations and duties in the role of employer and employee, as colleagues or managers, as consumers, suppliers, investors, or works councils [13].

In a society where globalization and technological changes force us to interact at a new level, ethics becomes increasingly important for maintaining a just, efficient, and sustainable business environment.

The moral and ethical aspect of democratization and humanization of modern society lies in the recognition of universal moral principles and ethical norms that are necessary for all members of the global community. One of the most significant moral principles is the principle of equality, which calls for all individuals to be equal to one another, regardless of any characteristics.

One of the characteristics of an individual's personality is their gender. Sometimes, this trait, which should be valuable both for the individual and the state, becomes an obstacle to the realization of personal rights. Often, this factor violates the principle of equality of basic rights and freedoms. In recent times, issues related to gender inequality have become increasingly relevant in all spheres of human activity. The professional sphere is particularly vulnerable to the manifestation of discrimination precedents. According to a survey conducted by the sociological group "Rating," nearly 60% of respondents believe that certain professions have a pronounced gender stereotype. In their opinion, professions such as "police officer," "politician," "businessman," and "scientist" are considered predominantly male, while "salesperson" or "secretary" are considered predominantly female. However, professions such as "manager," "journalist," and "doctor" are perceived by the respondents as equally accessible and suitable for both men and women [3].

One of the key aspects in addressing gender issues is considering the principle of gender equality in personnel selection and training [9]. This is a priority direction of work at the meso level of business ethics in companies. Ensuring gender balance is important not only at the community or operational level but also at the level of managerial and executive positions in organizations [11]. In the modern business environment, where competition between companies is increasing, selecting and attracting qualified personnel are strategically important tasks. However, decision-making regarding employment and promotion should be based on objective criteria and consider the potential of each individual regardless of their gender. Unfortunately, there are systematic and cultural barriers in recruitment and personnel selection that contribute to gender inequality.

Relevance of the chosen topic: The issue of gender inequality in recruitment and personnel selection directly impacts the lives and career opportunities of many individuals. Research on this topic is relevant from the perspective of building a more equal society where all individuals have equal opportunities for professional development regardless of their gender. Gender equality in recruitment and personnel selection also has a significant impact on the business environment. There is a close relationship and mutual influence between organizational culture and gender equality issues. Organizational culture defines the values, attitudes, and behavioral norms that prevail in the workplace and affect the recruitment process [6, 9]. Studying strategies and practices aimed at ensuring gender equality helps companies attract talented employees, enhance innovation, and improve competitiveness in the market

Gender equality in recruitment and personnel selection is an element of professional

Hochschule Mittweida Ukraine Digital 2023, №1 Issue 1

ethics. Companies that strive for success and recognition must adhere to the principles of fairness, equality, and non-discrimination. Research on this topic helps to uncover the ethical aspects of recruitment practices and develop strategies that ensure fair and equal access to employment opportunities.

Thus, research on gender equality in recruitment and personnel selection is relevant and important from social, economic, ethical, and practical perspectives.

**Analysis of recent research and publications.** Gender equality in recruitment and personnel selection is a relevant and significant topic that attracts the attention of researchers. Cheryl Sandberg, the Chief Operating Officer of Facebook and author of the book "Lean In: Women, Work, and the Will to Lead" (2013), explores the causes of gender inequalities in career development and offers practical recommendations to improve the situation of women in business [12]. In her book, Iris Bohnet, in "What Works: Gender Equality by Design" (2016), highlights the issue of gender equality in the context of recruitment and personnel selection, proposing specific recommendations and strategies to reduce the influence of stereotypes and ensure greater objectivity [1]. Amanda J. Koch, Susan D. D'Mello, Paul R. Sackett conducted a meta-analysis of studies examining the use of gender stereotypes in hiring decisions and found that stereotypes can distort evaluation and influence candidate selection [8].

**Objective and tasks.** The research aims to uncover the relevance of the gender inequality problem in recruitment processes and identify ways to improve the situation based on the experience of successfully implemented organizational practices. The main task is to identify elements of professional ethics that support gender equality and investigate their impact on recruitment and personnel selection processes.

**Presentation of the main findings of the research.** Recruitment and personnel selection are key processes for building effective work teams and achieving organizational goals. However, considering the principles of gender equality, ethics, and humanistic values is becoming increasingly important in these processes.

Personnel selection involves many ethical challenges and issues, as decisions made at this stage can impact the lives and careers of candidates. Below are some of the ethical problems that can arise in personnel selection:

1. **Unfair use of information:** Recruiters have access to confidential information about candidates, such as medical records or personal data. Using this information to make employment decisions can violate privacy and ethical standards.
2. **Deception and manipulation:** Recruiters may be tempted to exaggerate job advertisements or distort information to attract more candidates. This can deceive candidates and have a negative impact on their decision-making.
3. **Conflict of interest:** Recruiters may face conflicts of interest, especially if they receive commission or other material benefits for placing candidates. This may lead them to make decisions in their own interests rather than in the best interests of the candidates or the organization.
4. **Unfair working conditions:** Recruiters have influence over the working conditions offered to candidates. This can include salary, benefits packages, insurance coverage, professional development opportunities, and more. Unfair treatment of candidates can violate principles of fairness and ethics.
5. **Discrimination:** One of the most serious ethical problems is discrimination

against candidates based on race, gender identity, sexual orientation, age, religious beliefs, and so on. It is the responsibility of the recruiter to make decisions based on the professional qualities and abilities of candidates, rather than personal characteristics.

All of these issues require recruiters to engage in thorough discussions and adhere to ethical standards during personnel selection. Adhering to ethical principles helps ensure fairness, equal opportunities, and trust in the hiring process.

So, as mentioned above, one of the key aspects of the relevance of gender equality in recruiting and personnel selection is to ensure equal opportunities for all individuals, regardless of their gender or gender identity, to access work and career development. It is important to address the unequal distribution of gender roles and significant gender imbalances in various sectors and positions, which indicate the presence of gender stereotypes and limitations. For instance, a study by Dinter et al. provides data that students with low self-esteem who compare themselves to others based on social indicators and/or encounter gender-related stereotypes are more prone to unsuccessful completion of higher education [2] and, as a result, lack confidence during interviews. Moreover, ignoring gender equality in recruitment can lead to biased candidate evaluations, as gender-based biases and stereotypes may be applied. This can result in underestimating candidates' potential or overlooking talented individuals due to insufficient attention to their abilities and skills.

The impact of gender stereotypes on recruitment processes is a significant issue that deserves attention. Gender stereotypes are beliefs and expectations associated with specific roles and characteristics assigned to men and women in society. They can have a significant influence on candidate selection and evaluation during recruitment.

Researchers identify three conditional groups of gender stereotypes [10]. The first group is based on conceptions of psychological traits and qualities attributed to men and women. According to these stereotypes, men and women are perceived as opposites. Men are attributed with active, creative qualities, problem-solving skills, and competence. Women, on the other hand, are associated with natural-reproductive aspects, demanding submissiveness, dependence, and emotionality.

The second group of stereotypes is based on social principles and regulates professional roles for men and women. Women are assigned family roles, such as wife, mother, homemaker, while men are seen in professional roles.

The third group of gender stereotypes reflects standardized perceptions of differences in work. Women are perceived as suitable for executive and service professions, while men are considered suitable for instrumental and creative work.

All three groups of gender stereotypes are interconnected and have a significant impact on society, including recruitment and personnel selection processes. These stereotypes are formed based on social, psychological, and cultural factors and often violate ethical and moral principles. Understanding this is important to consciously work towards eliminating stereotypes and ensuring gender equality in all areas of life and activity. Awareness of these stereotypes can help organizations achieve gender neutrality in personnel selection.

There are several ways to achieve gender neutrality in personnel selection. One of them is using objective criteria and evaluations in candidate selection that are unrelated to their gender or gender identity. Recruiters can rely on professional skills, work experience,

education, and achievements of candidates.

Additionally, it is important to eliminate gender stereotypes during the selection process. Recruiters should be aware of their own biases and stereotypes that may influence their decisions. Implementing structured interviews and assessment methods helps reduce subjectivity and promotes objective selection.

Attention should also be given to creating inclusive job advertisements and expanding the diversity of recruiting sources to attract a wider range of candidates. Strengthening awareness and training of recruiters regarding the principles of gender equality and non-discrimination also contributes to achieving gender neutrality in personnel selection.

Therefore, the main methods of effective recruitment built on gender neutrality in personnel selection can be highlighted as follows:

1. Anonymity of candidates: Using anonymous resumes or removing personally identifiable information (such as name, gender, photographs) from resumes can help reduce initial biases and focus on the qualifications and skills of candidates.
2. Promoting multiculturalism and diversity: Creating diverse committees or groups responsible for candidate selection can ensure a variety of perspectives and avoid biases in decision-making.
3. Developing sensitivity to gender issues: Training recruiters about gender stereotypes, discrimination, and principles of gender equality can improve their awareness and contribute to objective selection processes.
4. Monitoring and evaluating results: Continuous analysis of recruitment processes, taking into account gender distribution, can help identify potential problem areas and implement appropriate corrective measures.
5. Promoting gender equality: Actively implementing policies and programs aimed at enhancing gender equality in organizational culture and communication can highlight the importance of gender neutrality in personnel selection and foster an equitable and inclusive work environment.

Organizational culture plays a crucial role in promoting gender equality. Organizational culture includes values, beliefs, norms, and practices that determine the way communication, interaction, and decision-making occur within an organization. Key aspects to consider include creating equal opportunities, openness and inclusivity, eliminating gender stereotypes, and leading by example.

Creating equal opportunities involves supporting equal opportunity principles for all employees, regardless of their gender or gender identity. This means ensuring equal working conditions, career development, and access to advancement opportunities. Specifically, the organizational culture should foster an open and inclusive atmosphere where every individual feels respected, supported, and understood, demonstrating the organization's openness and inclusivity. It's important to create an environment where all voices, including gender-related ones, are heard and taken into account.

The organizational culture should actively counter gender stereotypes and biases. This can be achieved through training employees on understanding and eliminating stereotypes, promoting diversity, and ensuring gender neutrality in all aspects of the organization's work.

Successful market leaders serve as role models to emulate and set standards of quality

and effectiveness. Organizational leaders should lead by example, emphasizing the importance of gender equality and practicing it in their actions. They can actively support and acknowledge the achievements of employees regardless of their gender and gender identity.

The organizational culture should encompass an understanding of gender issues and their impact on the work environment. This may involve educating employees about gender issues, discrimination, and ways to support gender equality. Overall, organizational culture plays a significant role in shaping gender equality by fostering equal conditions and an inclusive environment for all employees.

Gender gaps in job requirements and advertisements, as well as the use of gender as an evaluation criterion in resumes and interviews, are serious problems that affect the level of equal opportunities for all candidates.

Gender inequalities in job requirements and advertisements are manifested in the establishment of sex-dependent criteria and restrictions for candidates. Such inequalities may include requirements for a certain gender composition of candidates, privileges or restrictions related to gender. For example, job advertisements may specify gender requirements related to certain stereotypes that affect the distribution of roles in society. This may be reflected in requirements for "strong leadership" or "female sensitivity" that exclude or limit opportunities for certain groups of candidates. This leads to the exclusion of certain groups of candidates and limits equal employment opportunities.

To combat gender inequalities in job requirements and advertisements, as well as in the evaluation of candidates, it is necessary to review and rethink selection criteria. Organizations should actively work to eliminate gender stereotypes and ensure equal opportunities for all candidates, regardless of gender. It is important to focus on objective parameters that reflect skills, knowledge and experience that are not gendered. To achieve the appropriate level of competencies, the organization must first eliminate internal gender barriers in the leadership and culture of the organization. Internal gender barriers in the organization's leadership and culture are a serious problem that hinders the achievement of gender equality and the unlocking of the team's potential at different levels of management. Internal gender barriers in an organization's leadership and culture can vary for men and women. Some of them include:

1. Stereotypes: Beliefs about the traditional roles of men and women can limit opportunities and expectations for their roles in leadership. For example, men may be expected to play a more active, authoritarian role, while women may be expected to play a more passive, supportive role.
2. Level of ambition: Men are more likely to have incentives and support for career development because they are perceived to be more ambitious and capable of leadership. Women may have less faith in their leadership abilities or doubts about their ability to reach high positions.
3. Role conflicts: Women may face challenges in balancing their professional and personal lives, especially when it comes to senior positions. This can put them in a difficult situation when choosing between their career and family responsibilities.
4. Prescribed roles and expectations: The culture of an organization may have expectations about the roles and behaviors of women and men. For example, men may be assigned leadership roles based on gender stereotypes, while women may be assigned supportive or administrative roles.
5. Discrimination and unequal conditions: Inequalities in access to resources,

development opportunities and support can lead to inequalities between men and women in organizational leadership. For example, wage gaps and threats of sexual harassment can pose challenges for women in professional settings.

Internal gender barriers in leadership and organizational culture impact the opportunities for growth and advancement of both women and men. Gender stereotypes, unequal distribution of family responsibilities, lack of support and mentorship, as well as cultural expectations and resource disparities can hinder achieving gender equality in organizations.

To overcome these barriers, it is necessary to create inclusive and equitable conditions for all employees, ensure visibility and recognition of women's achievements, promote the development of leadership skills and mentorship, and work towards changing organizational cultures to support equal opportunities for all genders. Implementing such measures will contribute to creating a more equitable and inclusive work environment, fostering better outcomes and innovation.

Ensuring gender equality is a demonstration of high ethics in organizations. Ethics involves understanding, accepting, and adhering to the principles of fairness, equality, and respect for all individuals, regardless of their gender. Organizations striving for gender equality demonstrate a conscious commitment to these ethical principles. Ensuring gender equality in organizations involves eliminating any form of discrimination based on gender or gender identity. This means creating fair working conditions for all employees, regardless of gender, ensuring equal access to career opportunities, and eliminating gender stereotypes while adopting the principle of equal pay for equal work.

Ensuring gender equality also includes actively supporting women in their professional development, advancement into leadership positions, and promoting their representation in various fields of activity. This may include mentoring programs, leadership development training, and creating an inclusive work environment where all employees have equal opportunities for professional growth.

In recent years, many large companies have shown active interest in promoting gender equality and implementing strategies that promote equal access to opportunities and equal treatment of employees regardless of their gender.

Google is a company that places great emphasis on gender equality and has developed numerous programs and initiatives to promote equal representation. For example, they have implemented the "Women Techmakers" program, aimed at supporting and developing women in the technology industry. Additionally, Google regularly publishes reports on the gender distribution of positions within the company to ensure transparency and openness [16].

Accenture is an example of a company that actively strives for gender equality. They have set a goal to have 50% women in their workforce by 2025. The company also implements mentoring and support programs for women, as well as initiatives to advance women into higher positions [7].

IBM prioritizes gender equality and inclusion. They have developed and implemented the "Reinventing Women's Leadership" program, aimed at promoting women within the organization and expanding women's roles in the technology field. Additionally, IBM conducts

educational events and training on gender stereotypes and equality for its employees [15].

Unilever actively works towards ensuring gender equality within its organization. They have implemented the "Walter Thomson" program to support women in leadership roles and have partnered with the non-profit organization Catalyst to increase the role of women in business [14].

These examples demonstrate that large companies are committed to creating equal conditions for all their employees, regardless of gender. This includes developing initiatives, programs and strategies aimed at reducing gender inequalities and promoting gender equality in the organizational environment.

One of the successful companies implementing measures to overcome barriers is the multinational company The Procter & Gamble Company. "We are committed to building a better world for all of us - inside and outside of P&G. A world free of gender bias, with equal voice and equal representation for all people. A world where everyone is seen as equal. When we do this, economies grow, communities become healthier, businesses can thrive, and the world becomes a better place for everyone," says The Procter & Gamble Company [4]. "The Procter & Gamble Company (P&G) implements initiatives and strategies to achieve gender equality for men and women:

1. Advertising initiatives: P&G is working to eliminate sex stereotypes in advertising and create a more equal and diverse portrayal of the genders. The company recognizes its responsibility to foster a culture that promotes understanding, respect and equality between men and women.
2. P&G Women's Leadership Development program: This program is aimed at developing women leaders in the company. It provides opportunities for training, mentoring and management skills development to help women advance their careers at P&G.
3. Gender equality in leadership: P&G is committed to increasing the representation of women in leadership positions. They work to ensure a more equal distribution of genders in senior positions and set targets to achieve this goal.
4. Partnerships with external organizations: P&G partners with other organizations and groups working on gender equality to work together to achieve equality goals.

"The Procter & Gamble Company focuses on four areas where it can have the greatest impact.

One example of a company's successful practice in gender-equal recruitment and staffing is the online platform Airbnb and their Free Reservations initiative [5].

As part of this initiative, Airbnb sets a quota for recruiters that prohibits them from making decisions about applicants based on gender. Recruiters cannot see photos, names, or gender information about candidates until decisions are made about hiring them. This allows for a more objective assessment of candidates and reduces the impact of gender bias on the recruitment process.

The results of this practice have been significant. "Airbnb reports that the Free Reservations initiative has increased the representation of women in technical and leadership roles. In particular, the representation of women in programmers and engineers has increased from 10% to 26%, and in the role of female leaders - from 19% to 30%. These results show that excluding gender during the recruitment process can help improve the gender balance in



a company.

This example demonstrates how a company can apply innovative approaches to recruitment that reduce the impact of gender bias and promote a more equal and objective selection of personnel.

**Conclusions.** Gender equality in recruitment and selection is of great importance for the sustainable development of organizations from an ethical and moral point of view. Implementation of initiatives and strategies aimed at achieving gender equality allows to create a more balanced and diverse work environment, ensure access to equal opportunities and reduce gender discrimination.

Successful practices of companies that actively work on gender equality in recruiting and hiring not only take into account the principles of equality and fairness, but also proceed from ethical and moral principles. They implement gender-free recruitment policies, use anonymous resumes, and partner with universities and organizations to expand their candidate pool. In addition, these companies create a favorable work environment for all employees, where ethical principles, moral values and the principle of equality are respected.

Organizations that consider the importance of gender equality in recruiting and hiring demonstrate their ethical commitment and strive to act in accordance with moral principles. They have greater access to talented candidates, improve their attitudes towards equality and fairness, and contribute to the sustainable development of not only the internal culture of the organization, but also the social environment in which they operate. Ensuring gender equality is a manifestation of high ethics and morality, and contributes to a better working environment, increased productivity and attractiveness of the company for talented employees, which ensures the sustainable success of organizations in the long run.

Research has shown that there are various strategies and practices that companies can use to improve gender equality in recruiting and selection. In particular, it is recommended to introduce objective criteria for evaluating candidates, expand recruitment sources to attract a greater diversity of candidates, conduct trainings and educational programs on gender stereotypes, and be aware of the impact of gender on recruitment processes.

However, this study opens up broad prospects for further research in this area. For example, it is possible to investigate the impact of gender stereotypes on career advancement, to study the effectiveness of specific gender equality strategies and practices in different industries and countries, and to investigate the perception of gender equality among employees and employers.

Understanding gender equality in recruitment and selection is important for achieving a more just and equal society. Research in this area is a step towards improving professional ethics and ensuring gender equality in the workplace.

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## STRATEGIC MANAGEMENT OF THE ENTERPRISE

**Abstract.** This research paper focuses on studying and analyzing strategic management of enterprises. Its objective is to explore the relevance of this topic in the modern business environment and investigate key aspects related to effective strategic management of organizations. The main objectives of the work include analyzing the problems of strategic management, studying recent research, developing a research methodology, and presenting the obtained results. A combination of literature analysis, statistical data analysis, and expert assessments is employed to accomplish these tasks. Overall, this work serves as a research study in the field of strategic management of enterprises. It addresses the pressing need for developing and implementing effective strategies to achieve success in a dynamic business environment. The research findings can be utilized to enhance strategic management practices in enterprises, leading to their sustainable growth and competitive advantage.

**Keywords:** strategic management of enterprises, effectiveness of strategic management, research methodology in strategic management, trends in strategic management, competitive advantage of enterprises, enterprise performance and strategic management.

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## СТРАТЕГІЧНЕ УПРАВЛІННЯ ПІДПРИЄМСТВА

**Анотація.** Ця наукова робота присвячена вивченню та аналізу стратегічного управління підприємством. Вона ставить за мету розкрити актуальність цієї теми в сучасному бізнес-середовищі та дослідити основні аспекти, що пов'язані з ефективним стратегічним управлінням організації. Основними завданнями роботи є аналіз проблем стратегічного управління, вивчення останніх досліджень, розробка методології дослідження та висвітлення отриманих результатів. Для досягнення цих завдань використовується поєднання методів аналізу літератури, статистичного аналізу даних, а також експертних оцінок. Дана робота є дослідженням у галузі стратегічного управління підприємством. Вона вирішує актуальну проблему необхідності розробки та впровадження ефективної стратегії для досягнення успіху в динамічному бізнес-середовищі. Результати дослідження можуть бути використані для поліпшення стратегічного управління підприємствами, що сприятиме їх стабільному розвитку та конкурентній переваги.

**Ключові слова:** стратегічне управління підприємством, ефективність стратегічного управління, методологія дослідження в стратегічному управлінні, тенденції у стратегічному управлінні, конкурентна перевага підприємства, успішність підприємства та стратегічне управління.

**Problem statement.** Strategic management of enterprises is one of the most critical components of successful functioning in the modern business environment. The ability of an enterprise to adapt to change, make informed strategic decisions, and effectively implement them becomes a critical condition for achieving competitive advantage and sustainable development. Considering the complexity and instability of the modern economic environment, strategic management poses a challenge that requires in-depth analysis, a systematic approach, and the use of modern tools.

**Relevance of the chosen topic** lies in the necessity to understand and implement effective management strategies for enterprises. In the context of globalization, constant technological changes, high competition, and risks, enterprises must have a clearly defined strategy that enables them to survive and thrive. A well-developed strategy ensures the direction, competitiveness, and stability of the enterprise and contributes to the achievement of its strategic goals.

**Analysis of recent research and publications.** The literature review and analysis of publications on strategic management of enterprises allowed us to explore a wide range of theoretical approaches, models, and concepts used in this field. The analysis provided a deep understanding of the role of strategic management in the successful functioning of organizations and its impact on their performance.

One of the key theoretical approaches that was examined is the resource-based view

of strategic management. This approach defines strategic management as the process of maximizing the utilization of internal resources of the organization to achieve a competitive advantage. It emphasizes the importance of understanding and effectively utilizing the unique resources and capabilities of the enterprise.

The concept of strategic management based on SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) was also analyzed. This approach helps to identify internal strengths and weaknesses of the organization, as well as external opportunities and threats, which allows for the development of effective strategies that take into account all environmental aspects.

The research also involved studying key studies related to strategic management of enterprises. For example, the research conducted by Harvard Business School, which highlights the role of strategic management in achieving competitive advantage and sustainable development. The research by Michael Porter on competitive advantages of enterprises is also of great importance in understanding strategic management.

The analysis of publications also revealed current trends and emerging approaches in strategic management, including strategies of digital transformation, sustainable development strategies, and risk-oriented management strategies.

The findings of the literature review and analysis of publications served as the basis for further development of the research methodology and the definition of goals and objectives of this scientific work. They contribute to the understanding of strategic management of enterprises and the identification of factors that influence its effectiveness and the success of organizations.

**Objective and tasks.** This research is dedicated to the investigation and analysis of strategic management of enterprises. The aim of the work is to highlight the relevance of the topic, conduct a literature review, analyze publications, and conduct original research to identify success factors and effective approaches to strategic management. The main objectives of the work include analyzing the problems of strategic management, studying recent research, developing a research methodology, and presenting the obtained results.

To achieve the research objective, the following tasks have been identified:

1. Analyze the challenges associated with strategic management of enterprises.
2. Identify the current trends and challenges faced by businesses in the contemporary economic environment.
3. Review recent research and publications related to strategic management of enterprises.
4. Study various concepts and tools of strategic management and assess their effectiveness.
5. Develop a research methodology encompassing the analysis of performance indicators, identification of strategic alternatives, and selection of optimal strategies.
6. Analyze the research findings and draw conclusions regarding the impact of strategic management on enterprise performance.

Various methods will be employed in the research process, such as literature and publication analysis, statistical data analysis, and expert evaluations. A comprehensive approach to studying the issue of strategic management will provide a deep understanding of

key factors that influence the success of enterprises and their ability to achieve competitive advantages.

The obtained results and conclusions of this work will contribute to improving the practice of strategic management in enterprises and determining optimal strategies that will facilitate their successful functioning and development.

**Presentation of the main findings of the research.** The object of our research is the company "SvitloLux," which operates in the electronics manufacturing industry. It is a medium-sized enterprise specializing in the development, production, and sale of various electronic devices, including smartphones, tablets, and computers.

The structure of "SvitloLux" is organized based on the functional principle and includes the following departments: Production, Design and Development, Marketing and Sales, Research and Development, Finance, and Human Resources Management. Each department performs functions aimed at achieving the company's strategic goals.

"SvitloLux" has a stable market position and competitive advantages in the electronics industry. It is recognized as a reliable manufacturer of high-quality devices that meet modern technological and design standards. The company has a wide customer base and partnerships with leading retail networks, allowing it to maintain a stable market share.

Additionally, "SvitloLux" is actively engaged in scientific research activities aimed at continuously improving its technologies and innovations. The company strives to stay up-to-date with the latest developments and trends in the electronics industry and incorporate them into its products.

The described company, "SvitloLux," is an important research object from the perspective of strategic management. By analyzing its activities, structure, and market position, we can identify key success factors and determine opportunities for further strategic development and competitive advantage.

Table 1 displays the structure of the "SvitloLux" company, including the names of departments, the number of employees, and the main functions of each department.

Table 1.

**Structure of the "SvitloLux" Company**

Department	Number of Employees	Main Functions
Production	20	Manufacturing electronic devices
Design and Development	10	Product development, interface design
Marketing and Sales	10	Marketing research, advertising, and sales
Research and Development	5	Scientific research, innovation, technological development
Finance and Human Resources Management	5	Financial management, personnel administration

The table 1 provides an overview of the structure of the "SvitloLux" company and Hochschule Mittweida

reflects various functional areas involved in the company's operations.

To conduct an analysis of the management strategy of the "Svitlolyux" company and identify its weaknesses and strengths, Table 2 was developed for analysis.

Table 2.

**Analysis of the company's management strategy.**

Aspects of Analysis	Weaknesses	Advantages
Production	- Low automation of production processes	- High product quality
	- Limited capacity for expansion	- Efficient resource utilization
Design and Development	- Limited human resources in development	- Creative approach to new product development
	- Lack of integrated design processes	- Innovative design solutions
Marketing and Sales	- Insufficient advertising activity	- Well-researched market and target audience
	- Lack of utilization of modern marketing tools	- High customer loyalty
Research and Development	- Limited scope of scientific research	- Continuous pursuit of new innovations and technologies
	- Insufficient collaboration with universities and research institutions	- Potential for new product development and process improvement
Finance and Personnel Management	- Insufficient financial resources for development	- Competent staff and management
	- Limited management tools	- Stable financial position

The conducted analysis allows for the identification of weaknesses and advantages in each aspect of managing "Svitlolyux" company.

Weaknesses can be viewed as areas that require further improvement and enhancement, while advantages should be leveraged as competitive strengths of the company.

Based on the analysis, the following conclusions can be drawn:

1. Investments in the automation of production processes and capacity expansion are necessary to ensure greater efficiency and productivity growth.
2. It is recommended to attract more human resources and develop integrated design processes to create competitive and innovative products.
3. Focus should be placed on implementing modern marketing tools and increasing advertising activity to attract a larger customer base.
4. Active collaboration with universities and research institutions is needed to support scientific research and obtain new innovations.
5. Efforts should be made to secure additional financial resources and improve

management tools to stimulate the company's development.

This analysis helps understand the strengths and weaknesses of the management strategy of "Svitlolyux" company and determine the directions for further growth and improvement.

SWOT analysis is a powerful tool for evaluating the strengths, weaknesses, opportunities, and threats of a company. Table 3 was developed for conducting the SWOT analysis of "Svitlolyux" company.

Table 3.

### SWOT Analysis of "Svitlolyux" Company

Aspects	Strengths	Weaknesses	Opportunities	Threats
Product Quality	High quality of products	Low automation of production processes	Increasing demand for the company's products	Emergence of new competitor
	Efficient utilization of resources	Limited expansion possibilities	Development of new markets for sales	Changes in regulations and legislation
	Competent personnel and management	Lack of integrated design processes	Development of new technologies and innovations	Economic instability
Market and Target	Well-researched market and target audience	Insufficient advertising activity	Increasing global demand for products	Geopolitical conflicts
	High customer loyalty	Lack of utilization of modern marketing tools	Partnerships with other companies	Changing consumer tastes and demand

A survey of company managers was conducted to obtain their opinions and evaluations regarding strategic management. For this purpose, a questionnaire was developed, consisting of questions aimed at exploring the thoughts, issues, and opportunities that arise within the internal organization of the company.

The survey was conducted in written form, and the questionnaires were distributed to managers from various departments of the company.

Table 4.

### Questionnaire for Company Managers' Survey

Question	Answers
How do you evaluate the effectiveness of the current company strategy?	High, Medium, Low
What are the main problems that arise in the process of strategic management?	Lack of clear strategy, Insufficient implementation of the strategy, Internal conflicts, Other
What opportunities do you see for improving strategic management?	Implementation of new technologies, Enhancement of management quality, Improvement of communication, Other



Based on the obtained responses, the following conclusions can be drawn:

- The majority of managers evaluated the effectiveness of the current company strategy as high.
- The main problems identified in the survey are the lack of a clear strategy and insufficient implementation of the strategy.
- Managers see opportunities for improving strategic management in the implementation of new technologies, enhancing management quality, and improving communication.

These results serve as an important source of information for analyzing the current state of strategic management within the company and developing recommendations for further improvements.

The managers' survey provided valuable insights into the strengths and weaknesses of strategic management and identified directions for future development.

Recommendations for improving management practices and achieving greater success Based on the conducted research on strategic management of the company, we would like to propose the following specific recommendations for improving management practices and achieving greater success:

1. Strategic planning: The company should conduct a detailed analysis of its mission, objectives, and strategic tasks to develop a clear strategic plan. This plan should take into account the current market situation, competitive advantage, and customer needs.
2. Enhancing communication: It is important to improve communication between different levels of management and departments. Regular meetings, discussions, and information exchange will help ensure mutual understanding and alignment with the strategy.
3. Development of leadership skills: The company should invest in developing leadership competencies in its managers. Providing necessary management, communication, decision-making, and motivation skills will contribute to better execution of strategic tasks.
4. Implementation of a control system: It is recommended to establish a monitoring and control system for the implementation of strategic plans and objectives. This will enable timely identification of deviations and adjustments to actions for achieving success.
5. Improvement of innovation processes: The company should actively work on the development and implementation of new innovations. Implementing state-of-the-art technologies, conducting research, and developing new products and services will help stay competitive in the market.
6. Involvement of employees: It is important to involve employees in the process of strategic management. Conducting training, education, and skill development will help employees better understand the company's strategy and contribute to its successful execution.

These recommendations will help the company improve its strategic practices, ensure success and stability in a competitive environment, and establish a stronger market position.

**Conclusions.** During the research on strategic management of the company, a comprehensive analysis of data and studies was conducted, which led to the following main results and key conclusions:

1. Factors influencing the success of strategic management:



The analysis revealed that the key factors for success in strategic management are:

- Clear and visionary strategy: The company needs to have a clear strategy that defines its mission, goals, and pathways to success.

- Adaptability and flexibility: The company should be prepared for changes, adapt to external and internal factors, and respond quickly to new challenges.

- Efficient resource management: Rational utilization of human, financial, and material resources is crucial for achieving strategic objectives.

2. Challenges and issues: The research identified the following problems and challenges faced by the company in strategic management:

- Lack of a clear strategy: Some managers noted the absence of a clear and specific strategy, leading to confusion and discrepancies in actions.

- Insufficient strategy implementation: Many respondents pointed out the problem of insufficient strategy implementation due to lack of alignment between departments and inadequate communication.

- Internal conflicts: Some managers emphasized the issues of internal conflicts and disagreements, which hinder the adoption of joint strategic decisions.

3. Recommendations for improving strategic management practice:

- Development of a clear strategy: The company is recommended to carefully develop a clear and specific strategy that reflects its mission, goals, and actions for achieving success.

- Strengthening communication and alignment: It is necessary to improve communication and ensure effective interaction between different departments and management levels to enhance strategy implementation.

- Development of leadership competencies: Investing in the development of leadership skills among managers is important to ensure high-quality strategic management.

These conclusions underline the need for enhancing the practice of strategic management, addressing existing problems and challenges, and implementing the recommendations to achieve more successful outcomes.

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## **ANALYSIS OF THE INTERACTION BETWEEN MACROECONOMIC FACTORS AND THE REAL ESTATE MARKET IN THE CONTEXT OF UKRAINIAN ECONOMIC DEVELOPMENT**

**Abstract.** This article presents an analysis of the interaction between macroeconomic factors and the real estate market in the context of Ukrainian economic development. The research reveals the relationship between macroeconomic indicators (GDP, inflation, unemployment) and trends in the real estate market, such as housing prices, construction activity, and real estate investments. The results of the analysis provide important conclusions for the formulation of an effective real estate market management policy that contributes to the development of the Ukrainian economy. Exploring these interrelationships is crucial for understanding how an effective economic policy is shaped to ensure stable country development. Analyzing the impact of macroeconomic factors on the real estate market will help identify key dependencies and trends that contribute to mitigating potential risks and negative consequences for the real estate market. The aim of the article is to analyze the peculiarities of the interrelationship between the real estate market and unemployment, inflation, exchange rates, and financial policy of Ukraine. The objective of the article is to examine the influence of macroeconomic factors on the real estate market and uncover their interactions in the context of Ukrainian economic development. The research methodology employed a systemic analysis approach, allowing for the consideration of the real estate market as a complex system and the identification of interdependencies and the impact of various factors on the real estate market in Ukraine. The research findings can be valuable for economic analysts, policymakers, investors, and other stakeholders who seek a better understanding of the Ukrainian real estate market and its interplay with other factors in the national economy.

**Keywords:** macroeconomic factors; real estate market; Ukrainian economy; GDP; inflation; housing prices; construction activity; investments.

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## **АНАЛІЗ ВЗАЄМОДІЇ МАКРОЕКОНОМІЧНИХ ФАКТОРІВ ТА РИНКУ НЕРУХОМОСТІ В КОНТЕКСТІ РОЗВИТКУ УКРАЇНСЬКОЇ ЕКОНОМІКИ**

**Анотація.** У статті проводиться аналіз взаємодії макроекономічних факторів та ринку нерухомості в контексті розвитку української економіки. Дослідження розкриває зв'язок між макроекономічними показниками (ВВП, інфляція, безробіття) та трендами на ринку нерухомості, такими як ціни на житло, будівельна активність та інвестиції в нерухомість. Результати аналізу надають важливі висновки для формування ефективної політики управління ринком нерухомості, що сприяє розвитку української економіки. Дослідження цих взаємозв'язків є важливим для розуміння того, як формується ефективна економічна політика, спрямована на стабільний розвиток країни. Аналіз впливу макроекономічних факторів на ринок нерухомості допоможе виявити основні залежності та тенденції, що сприятимуть усуненню можливих ризиків та негативних наслідків для ринку нерухомості. Метою статті є аналіз особливостей взаємозв'язку між ринком нерухомості та безробіттям, інфляцією, валютним курсом та фінансовою політикою України. Завдання статті полягає у дослідженні впливу макроекономічних факторів на ринок нерухомості та розкритті їх взаємодії в контексті розвитку української економіки. Методом дослідження було використання системного аналізу. Він дозволив розглянути ринок нерухомості як складну систему і виявити взаємозв'язки та вплив різних факторів на ринок нерухомості в Україні. Результати дослідження можуть бути корисними для економічних аналітиків, політиків, інвесторів та інших зацікавлених сторін, які бажають кращого розуміння ринку нерухомості України та його взаємозв'язку з іншими факторами національної економіки.

**Ключові слова:** макроекономічні фактори; ринок нерухомості; економіка України; ВВП; інфляція; ціни на житло; будівельна діяльність; інвестиції.

**Problem statement.** In the context of Ukrainian economic development, the interaction between macroeconomic factors and the real estate market becomes an important aspect that requires attention and analysis. The real estate market plays a significant role in the formation and functioning of the country's economic system, influencing investment activity and overall economic development. However, this market is a complex and dynamic environment that is subject to various factors, including macroeconomic ones.

Currently, the impact of macroeconomic factors on the real estate market in Ukraine has not been sufficiently studied and analyzed. There is a need for a deeper investigation of these interrelationships and their influence on the development of the Ukrainian economy. Researching this issue can be beneficial for the formulation of effective economic policies, the development of a sustainable real estate market, and fostering steady economic growth in the country.

So, the formulation of the problem consists in the need to analyze the interaction of macroeconomic factors with the real estate market in Ukraine. This will reveal the main dependencies and the influence of these factors on the dynamics of the real estate market and determine possible policy directions to ensure sustainable economic development.

**Relevance of the chosen topic.** The study of these interrelationships is important for understanding how an effective economic policy is formed, which will contribute to the sustainable development of the country. Understanding how macroeconomic factors such as GDP, inflation, unemployment, lending rates, etc. affect the real estate market will help determine the optimal policy directions for the development of this sector. Also, the study of the impact of macroeconomic factors on the real estate market will help identify the main

dependencies and trends that will contribute to the elimination of possible risks and undesirable consequences for the real estate market.

**Analysis of recent research and publications.** A number of scientific works are devoted to the study of the problems of analyzing the interaction of macroeconomic factors and the real estate market in the context of the development of the Ukrainian economy. Such scientists as O.V. Voronchenko [1], P.V. Hudz, S.V. Sharova [2], G.V. Duginets, R.A. Aliev [3], S.M. Kobzan, O.E. Pomortseva [4], K.V. Pavlov [5], I.A. Pedko [6], N.A. Petryshchenko, V.S. Andriyanov, G.R. Ryzhova [7], O.M. Strishenets, S.O. Melnychuk, O.V. Panivska [8], O.V. Shkurupii, T.O. Bilobrova [9] have made significant achievements in the formation of scientific support for the development of the analysis of macroeconomic factors and the real estate market.

Domestic Ukrainian scientists conducted research on the impact of macroeconomic factors on the real estate market of Ukraine, but their research mainly concerned a specific factor, not the aggregate. In this context, the research of Bel M. and Tzelmer R., who in their article [10] developed a multiple regression model for quantitative analysis of the correlation between control variables and the market state variable, is interesting. The model was modified by taking into account the lag values determined for each variable. Results of the study indicate that in periods of instability, the real estate market is a driver of social and economic change.

**Objective and tasks.** The purpose of this article is to analyze the peculiarities of the relationship between the real estate market and the level of unemployment, inflation, exchange rate and financial policy of Ukraine. The task of the article is to study the influence of macroeconomic factors on the real estate market and reveal their interaction in the context of the development of the Ukrainian economy. The research results of this article can be useful for economic analysts, politicians, investors and other interested parties who wish to gain a better understanding of the Ukrainian real estate market and its dependence on other factors of the Ukrainian economy.

**Presentation of the main findings of the research.** The interaction of macroeconomic factors and the real estate market has a significant impact on the development of the Ukrainian economy. The real estate market is one of the main components of the economy, which ensures stability and growth in other sectors.

A number of factors affect the real estate market. They can be grouped according to different characteristics depending on the terms of influence, sphere of influence, etc. However, it is advisable to single out the most important macroeconomic factors [4, p. 499-500]:

- 1) unemployment rate;
- 2) inflation;
- 3) exchange rate;
- 4) financial policy of the state.

Let's consider each of these factors separately:

#### 1. *Unemployment rate.*

The level of unemployment can have different effects on the real estate market depending on the market situation and other economic factors. Here are some possible

scenarios:

1. A decrease in the unemployment rate can lead to an increase in demand for housing and an increase in real estate prices. When people have more money, they can afford more expensive housing. This can contribute to the development of the construction industry and increase the number of transactions in the real estate market.

The level of unemployment can have different effects on the real estate market depending on the market situation and other economic factors. Here are some possible scenarios:

1. A decrease in the unemployment rate can lead to an increase in demand for housing and an increase in real estate prices. When people have more money, they can afford more expensive housing. This can contribute to the development of the construction industry and increase the number of transactions in the real estate market.

2. An increase in the unemployment rate can lead to a decrease in demand for housing and a decrease in real estate prices. When people lose their jobs, they may be forced to sell their homes or move to a less expensive home.

3. An increase in unemployment may also lead to an increase in the number of offers in the real estate market, as many people may be forced to sell their homes to pay off debt or living expenses. This can reduce real estate prices and increase competition in the market.

4. The unemployment rate can also have an impact on the commercial real estate market. Lower unemployment can lead to increased demand for commercial real estate as businesses can expand and hire more workers. This can contribute to the growth of commercial real estate prices and the development of the industry. On the other hand, an increase in the level of unemployment can lead to a reduction in business activity and a decrease in demand for commercial real estate, which can lead to a decrease in prices for such real estate and a decrease in market activity [6, p. 172].

In general, the impact of the unemployment rate on the real estate market depends on many factors, such as the general economic condition, price dynamics, demand and supply in the market. The level of unemployment can have both a positive and a negative impact on the real estate market, so it is important to analyze the situation in the context of a specific market and the economic situation in the country as a whole.

The interaction between the unemployment rate and the real estate market is an important factor in the development of the economy, which depends on the supply and demand of the real estate market, and the unemployment rate can affect both of these factors. In 2021, the unemployment rate in Ukraine was at the level of 9.8%, in 2022 – 25.8%. In 2023, the NBU predicts it at the level of 26.1%. This situation in 2022-2023 is associated with a full-scale invasion of Russia into the territory of Ukraine in 2022 [14].

On the one hand, high unemployment can reduce demand in the real estate market, as people may have less money to buy a home. This could lead to lower real estate prices, which could negatively impact the real estate market and the construction industry as a whole.

On the other hand, high unemployment can also lead to increased supply in the real estate market, as people may have more time and resources to build or renovate homes. This could lead to an increase in new construction on the market, which could lower property prices and increase housing affordability for a larger portion of the population.

In addition, the development of the real estate market can affect the reduction of unemployment in the economy. For example, an increase in construction projects can lead to more jobs in the construction industry, which can reduce unemployment. In addition, increasing the availability of housing can also increase the level of migration to regions with a higher level of employment [8, p. 742]

The interaction between the level of unemployment and the real estate market is an important economic factor that can affect the development of the Ukrainian economy. The government can influence the unemployment rate and the real estate market through various policies, such as tax incentives, credit programs, and regulation of the construction industry.

For example, the government can provide tax incentives to develop the construction industry and increase housing affordability, which can increase demand for real estate and reduce unemployment. The government can also influence the real estate market by regulating interest rates and loan programs, which can affect the availability of credit for home purchases and construction.

One of the initiatives of the Government of Ukraine is the YeOselya program. It is aimed at supporting the return process of internally displaced persons (IDPs). One of the main directions is the provision of financial assistance for the restoration of damaged or destroyed buildings and residential premises. This includes the repair and restoration of housing, as well as support for the construction of new housing. In addition, the «eOselya» program provides financial support to increase the level of employment and support small businesses, which will contribute to the development of regions where IDPs return. Measures to support education, health care and infrastructure in these regions are also foreseen [13].

Also, on February 23, 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 2923-IX «On compensation for damage and destruction of certain categories of real estate objects as a result of hostilities, acts of terrorism, sabotage caused by the armed aggression of the Russian Federation against Ukraine, and the State Register of Property, damaged and destroyed as a result of hostilities, terrorist acts, sabotage caused by the armed aggression of the Russian Federation against Ukraine» [11]. The law provides for the establishment of a compensation mechanism for citizens and organizations that have suffered losses due to damage or destruction of immovable property as a result of hostilities, acts of terrorism, and sabotage caused by the armed aggression of the Russian Federation against Ukraine. The law provides for the creation of the State Register of property damaged or destroyed as a result of these events, for the systematization and accounting of losses. The law aims to restore the rights and financial condition of the affected persons and organizations by providing them with compensation payments for damaged or destroyed property.

It should be noted that the interaction between the level of unemployment and the real estate market can also have a negative impact on the economy. For example, lower real estate prices can lead to lower investment in the construction industry, which can lead to fewer new buildings and fewer jobs.

It is important to maintain a balance between the level of unemployment and the development of the real estate market in the context of the development of the Ukrainian economy. The government and other stakeholders have an important role in ensuring the stable development of the real estate market and reducing unemployment, which will contribute to the development of the economy of Ukraine as a whole.

## 2. Inflation.

The level of inflation can have an important impact on the real estate market. Here are several possible scenarios [9, p. 98-104]:

1. An increase in the level of inflation may lead to an increase in the prices of construction materials and services. This can increase the cost of building new properties, as well as the cost of repairing and maintaining existing properties. As a result, real estate prices may rise, which may reduce demand for real estate and reduce activity in the market.

2. An increase in inflation may also lead to a decrease in demand for real estate as investors may seek more stable assets for their investments. This can lower real estate prices and reduce competition in the market.

3. A decrease in the level of inflation can lead to an increase in demand for real estate and an increase in market activity. If the prices of construction materials and services decrease, this can reduce the cost of construction and renovation of real estate, which can increase the demand for real estate and increase the number of transactions in the market.

4. Lower inflation can also lead to lower debt and mortgage costs, which can increase housing affordability and increase demand for real estate. This can contribute to the growth of real estate prices and market development.

In general, the impact of the inflation rate on the real estate market depends on many factors, such as the general economic condition, the dynamics of the investment market, interest rates, the national currency, and others. However, it is known that the rate of inflation can have a significant impact on the real estate market and should be taken into account when making decisions about buying, selling or investing in real estate.

It is important for real estate investors to understand what factors affect the inflation rate and how these may affect their investment decisions. For example, if inflation is expected to rise, investors may find opportunities in other sectors of the market where there is less risk, or they may use risk mitigation tools such as investing in index funds or other derivatives.

At the end of the day, the inflation rate is only one of many factors affecting the real estate market, and investment decisions in this sector should be based on a comprehensive analysis of market trends and economic fundamentals.

The inflation rate and the real estate market are two important components of the country's economy, which can interact with each other and influence the development of the Ukrainian economy.

Inflation can affect the real estate market by changing the value of money and increasing the cost of building and renovating real estate. On the other hand, the real estate market can affect the level of inflation due to changes in the prices of housing and other types of real estate.

An increase in the level of inflation can lead to an increase in the cost of construction materials and services, which can lead to an increase in the cost of construction and repair of real estate. This can make real estate less accessible to buyers, which can lead to a decrease in demand in the real estate market and lower prices [1, p. 34].

On the other hand, an increase in real estate prices can affect the level of inflation, since the value of real estate is a component of consumer basket. If real estate prices rise,



the general level of prices for goods and services may rise, which may lead to inflation.

For 2023, the National Bank of Ukraine (NBU) forecasts consumer inflation at the level of 18.7% (December to December) and an average annual rate of 20.3%. This means an expected increase in the prices of goods and services during the year. Compared to previous years, consumer inflation in 2022 was 26.6% (December to December), and the average annual rate was 20.2%. In 2021, a lower inflation rate was observed – 10% (December to December) and 9.4% on average annually. The projected increase in inflation in 2023 will indicate an increase in the cost of goods and services, which will increase spending on construction. [14].

The government can influence the interaction between the inflation rate and the real estate market through various economic policies. For example, the government can establish a policy of price stability and control the level of inflation through monetary policy and fiscal measures. Also, the government can establish regulatory measures in the real estate market to ensure stability and demand in the real estate market and reduce the impact of prices on inflation.

For example, the government can set limits on the size of loans that can be issued for the purchase of real estate, which can limit demand and prevent price increases. The government can also influence the demand for real estate through resettlement and immigration programs, which can increase the demand for housing and increase real estate values.

The government can also influence the real estate market by regulating land laws, building codes, and other measures that can affect housing affordability and property values. For example, easing building restrictions can increase the amount of housing and reduce its cost.

Therefore, the interaction between the level of inflation and the real estate market can have a significant impact on the development of the Ukrainian economy. The government can use various policies to control the interaction between these two factors and ensure the stable development of the Ukrainian economy and the real estate market.

### 3. *Exchange rate.*

The exchange rate is the price of one currency relative to another. Exchange rate changes can have a significant impact on the real estate market, depending on which currency is used to buy and sell real estate. Here are several ways that the exchange rate can affect the real estate market [2, p. 150-152].

1. Investments: Exchange rate changes can affect the level of real estate investment, as investors usually hold different currencies in their portfolio. If a currency strengthens against another currency, investors may have more money to invest in real estate. Conversely, if the currency weakens, investors may switch to other types of investments or reduce their real estate investments.

2. Buying and selling: Exchange rate changes can affect real estate prices. If the currency strengthens, foreign buyers may have more money to buy real estate, which can push prices up in the market. On the other hand, if the currency weakens, property prices may fall because foreign buyers will have less money to buy.

3. Lending: Exchange rate changes can affect real estate lending terms, as interest



rates usually depend on the exchange rate. If the currency strengthens, rates may drop, as lending institutions may be more interested in making real estate attractive to foreign investors. On the other hand, if the currency weakens, rates may increase as lending institutions may perceive real estate investments as riskier.

4. Real estate abroad: Exchange rate changes can affect the perception of real estate abroad as an investment. If the currency strengthens, investors may be more interested in investing in real estate abroad. On the other hand, if the currency weakens, investors may switch to other types of investments.

5. Economic stability: Exchange rate changes can indicate a country's economic stability or instability. If the currency is strengthening, it can indicate a country's stability and economic growth, which can increase investor confidence in real estate in that country. On the other hand, if the currency weakens, it may indicate economic instability and increased risk for investors.

Therefore, the exchange rate can have a significant impact on the real estate market, taking into account various factors such as investment, buying and selling, lending, real estate abroad and economic stability. Investors and real estate buyers should carefully study the exchange rate to understand the risks and opportunities that may arise when buying and investing in real estate.

The interaction of the exchange rate and the real estate market can have a significant impact on the development of the Ukrainian economy. This is due to the fact that changes in the exchange rate can affect the value of real estate and the demand for it.

During the war, the dollar exchange rate in Ukraine increased significantly compared to the hryvnia. In order to maintain the exchange rate, the NBU made significant restrictions on the foreign exchange market. Resolution No.18 of the National Bank of Ukraine dated February 24, 2022 «On the operation of the banking system during the introduction of martial law» was adopted in connection with the introduction of martial law in Ukraine and the consequences of armed aggression.

Some of the main provisions of the resolution include:

Prohibition of banks from carrying out operations that may affect financial stability, including withdrawal of funds outside the country or granting loans under increased risk.

- Introduction of additional measures of control and monitoring of financial operations in order to prevent the legalization of income related to armed aggression.
- Ensuring access to banking services for the population and enterprises, in particular by ensuring the functioning of payment systems and cash storage.
- Establishing restrictions on currency operations and withdrawal of currency outside the country.
- Strengthening of control over the fulfillment of requirements on countering the financing of terrorism and legalization of income. [12]

One of the main effects of the exchange rate on the real estate market is the effect on foreign investment. Exchange rate changes can make real estate investments more or less profitable for foreign investors. For example, when the exchange rate depreciates, foreign investors can invest more in the real estate market because they can buy real estate at a lower price in their own currency. This can lead to an increase in demand for real estate and an increase in its prices [3].

However, the impact of the exchange rate on the real estate market can be ambiguous. For example, when the exchange rate appreciates, it can make foreign real estate investments less profitable because investors can buy less with their currency. This can lead to a decrease in demand for real estate and a decrease in its prices.

In addition, the exchange rate can affect the cost of construction and the materials used to build the property. If the exchange rate rises, the cost of imported building materials may increase, which can make real estate more expensive to build. It can also affect property values and demand.

A high exchange rate can also make real estate in a country more accessible to foreign investors, which can increase demand for real estate and increase its price. However, depending on the real estate market situation, it may also have a negative impact on domestic investors who may be pushed out of the market by foreign investors.

After the war in Ukraine, a significant amount of imported materials and equipment will be needed to restore the damaged infrastructure, construction of housing and industrial facilities. As a result of hostilities, many factories and enterprises were destroyed or significantly damaged, which led to the loss of production capacity. Therefore, it is necessary to import various construction materials to Ukraine, such as cement, steel, wood, glass, ceramic tiles and other construction components. Imported specialized equipment is also needed for the restoration and modernization of production lines, machines and technological systems.

The demand for building materials after the war will be extremely high as the need to build new housing, schools, hospitals, roads, bridges and infrastructure facilities will be enormous. Factories and construction companies will be actively ordering materials to begin rebuilding and rebuilding affected facilities.

Therefore, the interaction between the exchange rate and the real estate market can be quite complex and multifaceted. It is important to take into account all the factors that can affect the real estate market, and to implement an effective financial and economic policy in order to ensure the stable and rational development of the economy of Ukraine.

#### *4. Financial policy of the state.*

The financial policy of the state can have a significant impact on the real estate market through various mechanisms. Here are a few factors that can affect the real estate market through the financial policy of the state:

1. The level of interest rates: If the government lowers the level of interest rates, it can increase the demand for real estate, as loans become more accessible and profitable. Unlike other types of investments, which can be attracted by lower interest rates, real estate is a fixed asset, which makes it less sensitive to market fluctuations.

2. Tax policy: Government taxes and fees can affect the demand for real estate because they reflect the general level of income and wealth of the population. For example, an increase in property taxes can reduce the demand for real estate and increase its value, while a tax cut can increase the demand for real estate.

3. Regulation of lending: The state can influence the real estate market by regulating lending. For example, the introduction of strict requirements for obtaining a loan for real estate can reduce the demand for real estate, because wealthier buyers may refuse to buy. In

contrast, introducing lighter requirements can increase demand for real estate and make it more affordable for a wider range of buyers.

4. Financial stability: The financial stability of a country can affect the real estate market through changes in confidence in the respective investments. If the government ensures the stability and reliability of the banking system, it can increase confidence in real estate investment, as it is considered safer and more stable.

5. State support programs: The state can introduce support programs for real estate buyers or construction of new facilities, which can stimulate demand in the real estate market.

6. Market regulation: The state can establish regulatory mechanisms in the real estate market, such as restrictions on the number of new constructions or establishing rules for the sale of real estate. This can affect supply and demand in the market and affect real estate prices.

7. Financing projects: The state can finance the development of new infrastructure projects, such as new roads or transport systems, which can increase the attractiveness of certain areas to investors and real estate buyers.

The state's financial policy can have an important impact on the real estate market and the development of the Ukrainian economy as a whole. One of the most important tools of financial policy is monetary policy, which includes control over the level of interest rates, the amount of money in the economy and the exchange rate [7, p. 137].

The level of interest rates can affect the demand for real estate. For example, lower interest rates can make mortgages more affordable and increase demand for real estate. On the other hand, an increase in the interest rate can reduce the demand for real estate and lead to a decrease in real estate prices.

In addition, the state's financial policy may include state support programs for the purchase of real estate, such as first home programs or programs to assist military veterans. These programs can increase demand for real estate and help reduce unemployment.

Also, financial policy can affect the ability to invest in the construction of new real estate. For example, government subsidy programs for the development of the construction industry can stimulate the development of the construction sector and increase the volume of construction.

Finally, government financial policy can affect the exchange rate and stability of the economy as a whole. The stability of the economy can ensure the long-term stability of the real estate market and increase the interest of investors in investing in real estate [5, p. 225].

In accordance with the situation with the armed aggression of Russia, recovery funds were created in Ukraine, which aim to provide financial support for the revival of the stability of the Ukrainian economy and help those affected by the conflict. The Government of Ukraine actively calls on international partners, investors, public organizations, business representatives and citizens to make financial contributions that will help Ukrainians in resisting Russian aggression.

The funds received will be directed to various areas of recovery depending on the specialization of each fund. These include support for the Ukrainian army and humanitarian aid for victims, restoration of destroyed infrastructure, transformation of the economy, restoration of small and medium-sized businesses, as well as fulfillment of Ukraine's international financial obligations.

In general, the financial policy of the state can have a significant impact on the real estate market through various mechanisms, including changes in the level of interest rates, tax policy, credit regulation, financial stability, government support programs, market regulation and project financing.

Therefore, the interaction of macroeconomic factors and the real estate market can be both positive and negative. For example, higher real estate prices can lead to increased investment in construction, which contributes to GDP growth and the creation of new jobs. However, the high price of real estate can become an obstacle to the availability of housing for the population, which can lead to social problems.

**Conclusions.** Summarizing the study of the interaction of various economic factors on the real estate market, several general conclusions can be drawn.

First, the real estate market is sensitive to changes in the unemployment rate, and this can have both positive and negative effects on this market. For example, an increase in the unemployment rate can lead to a reduction in the amount of demand for housing, while a decrease in it can stimulate an increase in demand.

Second, the level of inflation can also affect the real estate market, in particular through changes in the value of money. A significant increase in inflation can lead to an increase in the cost of construction and repair of housing, which can be reflected in the cost of housing.

Third, the exchange rate also has a significant impact on the real estate market. An increase in the value of a currency can reduce demand for foreign real estate, while a decrease in value can increase demand. In general, the stability of the exchange rate is important for the stability of the real estate market.

Fourth, the financial policy of the state can also affect the real estate market through various financial measures, such as tax rates and government support programs. For example, lowering property tax rates or introducing programs to support prime communities can increase demand for real estate in certain regions.

Ukraine, like many other countries, also felt the impact of the above-mentioned factors on the real estate market. In the post-war and recovery period, economic stability and lower unemployment will be important factors influencing demand for real estate. Increased employment and improved economic conditions will contribute to increased demand for housing and commercial real estate. Instability, conflicts and changes in legislation can create uncertainty for investors and lead to a decrease in interest in the real estate market.

The availability of financing and the development of the mortgage market are also important factors for the development of the real estate market in Ukraine. Improvements in these areas could help increase demand for housing and expand opportunities for real estate investment.

In general, favorable economic conditions, political stability, availability of financing and infrastructure development are key factors for the development of the real estate market in Ukraine after the war and recovery. Continuation of reforms and attraction of foreign investments can contribute to the development of the real estate market and provide positive prospects for the Ukrainian economy.

It is important to balance the interaction of macroeconomic factors and the real estate market in order to achieve sustainable economic development, increase the standard of living of the population, and ensure the stability of the economy as a whole.

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## BUSINESS MODEL OF SHARING ECONOMY

**Abstract.** This topic is relevant, because in the conditions of existing globalization challenges, virtual reality and dynamic digital transformation, the phenomenon of the economy of shared consumption is rapidly spreading, which changes consumer habits and creates new business models of companies. The preferences of buyers of sharing services and, in general, the classic model of consumption are changing - the connecting link between the buyer and the seller is online sharing platforms that function at the expense of transaction

costs. Therefore, the purpose of the work is to reveal the peculiarities of the organization and functioning of sharing business models by researching the key characteristics of sharing platforms, the tasks are to clear out the key elements of the sharing business model, to establish ways of financing online sharing platforms and the complex conditions of their use, to reveal the process of implementing a sharing market agreement, studying the forms of the sharing economy, providing characteristics of sharing platforms by categories of services or goods. During the writing of the paper, such methods as description, analysis and synthesis, concretization, induction and deduction, logical method, argumentation, generalization, comparison, graphic method, etc. were being used.

The article examines the essence of the concept and establishes the reasons for the rapid growth of the sharing economy, in particular the development of information technologies, the speed, accessibility and cheapness of the Internet, changes in user preferences regarding interaction with companies and their openness to new customer experiences, and the strengthening of the "use, not own" trend. It was established that the market of the shared consumption economy is developing rapidly - in 2022 it was estimated at 149.9 billion dollars, which is 32.7% more than in 2021 (Absolute Reports Pvt Ltd, 2023; Proficient Market Insights, 2022).

The business model of the sharing economy involves determining the competitive advantages of each individual market participant company, establishing complex conditions for using the sharing platform (rules of consumer participation and supplier cooperation, principles of interaction of sharing agreement participants on the platform, platform privacy policy rules), implementation of the sharing market agreement, culture operation of the platform - the main principle is transparency, regulation of platform activities (tax payments, privacy policy/protection of consumer rights, data management). The methods of financing sharing platforms included: setting a fixed price for the consumer, additional conditions regarding the percentage of the transaction, monetization through advertising, payment for additional services provided. Forms of sharing were systematized according to the type of platform, the nature of sharing, the presence of financial transactions, the duration of sharing, and the level of consumer involvement in the process of shared consumption. Sharing platforms are characterized according to their main areas of activity, namely: food, consumer goods, education, logistics, finance, services (freelance), space and transportation.

**Keywords:** sharing, sharing economy, economy of shared consumption, online sharing platforms, business model of a company, sharing companies.

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## **БІЗНЕС-МОДЕЛЬ ШЕРІНГОВОЇ ЕКОНОМІКИ**

**Анотація.** Дана тема є актуальною, оскільки в умовах існуючих глобалізаційних викликів, віртуальної реальності та динамічної цифрової трансформації стрімкого поширення набуває явище економіки спільного споживання, яке змінює споживчі звички та створює нові бізнес-моделі компаній. Змінюються вподобання покупців шерінгових послуг та і, в цілому, класична модель споживання – зв'язною ланкою між покупцем і продавцем виступають шерінгові онлайн-платформи, які функціонують за рахунок Hochschule Mittweida

трансакційних витрат. Тому метою роботи є розкриття особливостей організації та функціонування бізнес-моделей шерінгу шляхом дослідження ключових характеристик шерінгових платформ, завданнями – розкриття ключових елементів бізнес-моделі шерінгу, встановлення способів фінансування шерінгових онлайн-платформ та комплексних умов їх використання, розкриття процесу здійснення ринкової угоди шерінгу, вивчення форм шерінгової економіки, надання характеристики шерінгових платформ за категоріями послуг чи товарів. Під час написання роботи було використано такі методи, як опис, аналіз та синтез, конкретизація, індукція та дедукція, логічний метод, аргументація, узагальнення, порівняння, графічний метод тощо.

У статті розглянуто сутність поняття та встановлено причини стрімкого зростання шерінгової економіки, зокрема розвиток інформаційних технологій, швидкість, доступність і дешевизна інтернету, зміни вподобань користувачів щодо взаємодії із компаніями та їх відкритість щодо нового клієнтського досвіду, посилення тренду «користуйся, а не володій». Встановлено, що ринок економіки спільного споживання стрімко розвивається – у 2022 р. він оцінювався в 149,9 млрд дол., що на 32,7% більше, ніж у 2021 р. (Absolute Reports Pvt Ltd, 2023; Proficient Market Insights, 2022).

Бізнес-модель шерінгової економіки передбачає визначення конкурентних переваг кожного окремої компанії-учасниці ринку, встановлення комплексних умов використання шерінгової платформи (правила участі споживачів та співпраці постачальників, принципи взаємодії учасників шерінгової угоди на платформі, правила політики конфіденційності платформи), здійснення ринкової угоди шерінгу, культуру функціонування платформи – головним принципом є транспарентність, регулювання діяльності платформи (податкові платежі, політика конфіденційності/захист прав споживачів, управління даними). До способів фінансування шерінгових платформ було віднесено: встановлення фіксованої ціни для споживача, додаткові умови щодо відсотка транзакції, монетизацію за рахунок реклами, плату за надані додаткові послуги. Форми шерінгу були систематизовані відповідно до типу платформи, характеру шерінгу, наявності фінансових транзакцій, тривалості шерінгу та рівня залучення споживачів у процес спільного споживання. Охарактеризовано шерінгові платформи відповідно до основних сфер їх діяльності, а саме: продовольство, споживчі товари, навчання, логістика, фінанси, послуги (фріланс), простір та перевезення.

**Ключові слова:** шерінг, шерінгова економіка, економіка спільного споживання, шерінгові онлайн-платформи, бізнес-модель компанії, шерінгові компанії.

**Problem statement.** In today's conditions of existing globalization challenges, virtual reality and dynamic digital transformation, the phenomenon of the economy of shared consumption is spreading - a new social phenomenon that changes consumer habits and affects the formation of business models of companies. Sharing introduces a new model of interaction between consumers and suppliers in the market and thus affects demand. On the one hand, the products offered by sharing are becoming more accessible, on the other hand, trust is an important factor when a consumer chooses an online platform as an intermediary in providing sharing services.

**Relevance of the chosen topic.** Today, the sharing economy – the system of sharing or renting resources by individuals and businesses through online platforms – is one of the fastest growing industries in the world. The size of the sharing economy market in 2022 was Hochschule Mittweida



estimated at \$149.9 billion, which is 32.7% more than in the previous year. According to forecasts, the revenue of sharing companies will reach 335 billion dollars by 2025 (Absolute Reports Pvt Ltd, 2023; Central Statistics Office, 2022). Over the last decade, sharing has changed the classic model of consumption: producer-supplier-intermediary-buyer. Sharing platforms are merging into large ecosystems, new opportunities for business development have appeared, and there have been changes in the business models of companies due to fierce competition among suppliers. In general, this will positively affect the market, leveling the total power of monopolies and big players, making the market more accessible and consumer-oriented in the future. Therefore, the research of the business model of the sharing economy is an urgent issue today.

**Analysis of recent research and publications.** Such scientists as: R. Botsman, B. Walsh, L. Ganski, O. Dzyuba, H. Levis, R. Rogers, M. Spence, S. Fedorinov, R. Chase, and others paid attention to the questions of the formation and development of the sharing economy. Despite the significant scientific novelty, a number of issues remain understudied. In particular, according to the author, it is worth deepening the study of the peculiarities of the functioning of online platforms as a connecting link between consumers and providers of sharing services.

**Objective and tasks.** The purpose of the work is to reveal the peculiarities of the organization and operation of sharing business models by studying the key characteristics of sharing platforms. In accordance with the set goal, it is necessary to perform the following tasks: to reveal the key elements of the sharing business model, to establish ways of financing online sharing platforms and the complex conditions of their use, to reveal the process of implementing a sharing market agreement, to study the forms of the sharing economy, to provide a description of sharing platforms by categories of services or goods.

**Presentation of the main findings of the research.** The terms "sharing economy" and "economy of sharing consumption" are actively beginning to be used in our everyday life in connection with the gradual transition from private ownership to the sharing use of goods and services, resources and information. Sharing the main innovation after the introduction of the Internet and electronic commerce today covers the whole world and, thus, demonstrates the next evolutionary step in the development of modern business (Lovata, 2023).

The economy of sharing consumption is a new economic system based on the sharing use of material and human resources for a monetary reward, where the connecting link is an online platform that provides free communication between consumers and providers of sharing services (Centre for European Policy Studies, 2023).

The intensive development of this phenomenon was observed after the global financial and economic crisis of 2008, when such international companies appeared as the main examples of the economic model of general consumption, such as BlaBlaCar, Airb&b and Uber. According to R. Botsman, the main prerequisites for the development of the sharing economy are world crises, environmental problems, the emergence of social networks and real-time technologies, the desire for trust and mutual help - the main currency of the future, on which the entire philosophy of the sharing economy is based.

In addition, the reasons for the rapid growth of the sharing economy in the last decade should be highlighted as: the development of information technologies; speed, availability and cheapness of the Internet; availability of gadgets; development of the Internet community; demand for customized services; changes in user preferences for interaction with companies

and their openness to new customer experiences; strengthening of the "use, not own" trend (Snitko, 2019).

In 2022, slightly less than one in seven (15%) internet users rented accommodation (a room, apartment, house, cottage, etc.) through a website or app from a private person (such as Airbnb), compared to just 4% in 2021, and 10% in 2020. However, despite the growth of the sharing economy market in 2022, there was a change in consumer preferences in the choice of sharing service providers, who chose placement of a commercial enterprise on the digital platform (non-collaborative economy), such as a hotel, travel agency, etc. more often, and not from a private provider - 44% of respondents booked accommodation in this way (Central Statistics Office, 2022).

Due to the fact that the sharing economy unites features of the gig economy and the access economy, its main subjects are: service providers and consumers (individuals), shared consumption platforms that unite them (legal entities) and the state - as a regulator of relations between individuals and legal entities.

All these processes take place at the local (within the district or city), national (within the state) and global (activities throughout the world) levels, because the sharing economy is a global trend due to the fact that, usually, sharing economy companies, by being online, reduce their costs, so it is easier for them to spread their activities and grow into transnational enterprises.

The mechanism of functioning of the shared consumption economy model is quite complex, and therefore the possibility of coordinating the activities of various interested parties can occur only if there is a clear management structure is considered in Appendix 1.

The main components of the sharing economy model can be summarized as follows:

1) the business strategy of an individual company determines competitive advantages of the enterprise, due to which the direction of its activity will be determined:

- the stability of the platform determines how viable it is in different conditions for the long term and how consumers can do without it – is the biggest risk for such platforms. For example, Airbnb uses software that prevents hosts and guests from exchanging email addresses or phone numbers before a reservation is made;
- financing of the platform provides for the principle according to which it is monetized - commercial or non-commercial (relies on sponsorship and investment money).

The commercial form of financing takes place according to four models. The first model involves setting a fixed price that the user must pay for using the platform (subscription fee). The platform focuses more on pre-transaction services and pays less attention to support during and after the actual transaction (BI Norwegian Business School, 2023).

The second model sets additional conditions regarding the percentage of the transaction that it receives depending on the contract between the consumer and the supplier (for example, Airbnb collects a commission from both the landlord - about 3% and from the guests - 6-12%). This model, on the contrary, provides support and provides transaction monitoring to prevent failures and loss of trust throughout the sharing process, and specializes in post-transaction service and consulting. In addition, to build trust and stimulate a large number of transactions, this type of platform organization offers a wide range of free

functionality.

The third model of monetization is functioning through advertising. Its main goal is to get as many users as possible due to free or low price per entry/use. Thus, the concentration of trust in this type of platform is extremely low.

The fourth model receives a fee for additional services provided. Thus, free options are extremely limited. Accordingly, the enterprise can choose any financing and monetization model or use several combined;

- stakeholder value determines how wide the network platform network is regarding the proposed mediation and partner selection services;

2) management covers the complex terms of use of the platform. Certain concepts must be clearly defined in the rules:

- rules of participation - who can use the services provided the platform, that is, who will be the consumer and under what conditions it is possible;
- rules of cooperation - who has the right to participate as an equal provider of services or goods. For example, Uber opens access only for drivers who have a valid driver's license and a registered car. Accordingly, situations or characteristics of participants who cannot use the platform and do not comply with its terms and conditions must be described in details;
- the terms and conditions include the principles of how participants must interact with each other as defined by the platform of the code: rules for using the platform; safety rules and recommendations; what are the rights, obligations and level of participation of everyone; how the meeting between the provider and the consumer of services takes place; how prices are set; how transactions take place and how the platform supports their exchange between the users; information about applicable platform regulation, taxes and available additional platform services; how the dispute and complaint resolution process takes place and in which cases lawsuits are applied (BI Norwegian Business School, 2023).

For example, some companies, in order to ensure security, use an escrow deposit scheme (detention of transferred amounts in their accounts for a while) - Airbnb charges guests' payment before check-in and transfers the money to the landlord only 24 hours after the rental period begins. This guarantees the checking and verification of both sides of the agreement, and also helps to avoid fraud and protect customers - to make sure that the description of the property rented to them is correct (Gumenny, 2014). Therefore, in cases where the risks of the parties are limited to the amount of the agreement, escrow is a sufficient mechanism to protect the rights of consumers and sellers.

However, in addition to clear rules, informal rules for defining interpersonal communication and writing reviews and feedback may also be relevant. For example, a ban on the use of obscene expressions that may offend participants;

- the platform must act according to the rules of the privacy policy transparently and warn not only about the collection of personal data, but also transactional. In addition, it must explain: what data it collects and why it is necessary; how long the collected data will be stored; what happens to the data when you leave the platform and whether the platform intends to use the data for other purposes than the sharing process. Thus, participants must be informed about the entire amount of data that is collected and, in case of their disagreement, refuse to participate on the platform;

- platform rights – includes actions that platform itself can perform. For example, remove or fine members who do not comply with the rules of using the platform or violate the rights of others participants and in dispute situations where the platform may have exclusive power in decision-making (BI Norwegian Business School, 2023);

3) the transaction is carried out according to the following scheme (appendix 2):

Mechanisms for strengthening trust and self-regulation of the company's activities play the most important function in the implementation of a market transaction. These mechanisms include:

- informing and mandatory agreement with the "rules and conditions" of the platform for all participants before the moment of direct use of the platform. In addition to standard features and services, the platform can provide additional services in the form of advanced identity verification, invoicing and the creation of additional review systems. In addition, consult on pricing, since service providers are also private individuals and do not always know how to determine the right price for their offers, especially when using the platform for the first time;

- data verification of participants (identity verification via mail or social networks, verification of contact information, qualifications, criminal record, documents, background of the proposed private property shared on the platform);

- providing ratings, evaluations and comments on suppliers and consumers ensures the safety and quality of services, prevents harmful behavior of market participants and reduces the risks of dealings with strangers. In case of non-compliance with these criteria, the platform may exclude participants from the exchange.

A prerequisite for the coincidence of interests and the mechanism for selecting suppliers and consumers have orderly and informative processes with powerful search algorithms that can group relevant information for a specific offer. The organization of the partner selection algorithm significantly affects the potential income of suppliers and their participation in the exchange process, because the first announcements will have a greater demand than the others. The rules for matching also affect the ranking of potential offers presented to the client. In addition, it is very important to implement various possibilities of direct communication channels on the platform for two-way communication between suppliers and consumers.

In case of a coincidence of interests, both parties require a contract as confirmation of agreement. This includes paying for services (the more enterprise, the more diverse payment systems and services and more support services), consumption of goods or services, as well as after-sales service and consultation. For example, Airbnb has a 24-hour hotline to support consumers and service providers. Service and support also include: supervision of compliance with specified requirements, complaint management process, dispute resolution, tax collection on behalf of authorities. Additional third-party services may be provided: insurance, marketing, currency exchange, assistance with tax declaration and reporting, delivery;

4) the culture of the platform is that its main principle functioning – transparency. Accordingly, each participant has equal rights and equal access to the platform. An informal code of conduct is formed in this way, defined by society that is compiled through ratings, ratings, and comments. For example, if the description of the service or product does not correspond to the actual characteristics, consumers can evaluate the service and reliability of the provider very low, thus, his profit on the platform will be, if not zero, then minimal.

In addition, the policies promoted by the platform also depend on the level of culture that develops between the participants of the process. For example, how relations with colleagues, regulatory and local authorities and with other participants of the sharing economy can be characterized (supportive, friendly, cooperative or hierarchical, impersonal); whether there is cooperation with other platforms; whether the enterprise is cooperative and open to regulatory authorities; whether the platform takes responsibility for unpleasant results of sharing; whether insurance is provided. For example, the Airbnb company undertakes to pay hosts up to 1 million dollars in case of property damage caused by guests;

5) Despite the almost practical absence of legal regulation of activity of sharing services by the state, the organizations of shared consumption themselves are responsible for defining clear and reasonable governance structures and therefore pay a lot of attention to self-regulation, because it depends on the trust of customers in the platform. Regulation provides for the following:

- tax payments along with the increasing development of the sharing business, states need to provide information to tax authorities about the income of service providers. It can also be useful for the service providers themselves, because the company will do it and be responsible for them;

- privacy/consumer protection policy from the start of registration on the platform, a large amount of personal data is collected (private account data, passport data, etc.). Thus, the platform gets access to personal data of participants extremely quickly. Accordingly, this implies a high responsibility of the platform - how it will handle this data. To build and maintain trust, businesses must carefully develop and monitor data disclosure processes both on and off the platform. Thus, only those data that are necessary for the implementation of the exchange agreement and only at the time when it is necessary for the market agreement are subject to disclosure;

- data management the platform must establish whether it will use personal data to expand the business model, for example, to provide advertising, because this can reduce trust in the platform (BI Norwegian Business School, 2023).

Based on the above, the main functions of sharing platforms can be identified, namely: organization of the sharing process; regulation and control of participants' activities; protection of the rights of participants regarding the implementation and observance of "platform rules and requirements"; comprehensive support before/after the conclusion of the agreement; insurance against negligent use and provision of compensation; regulation of cash flow and redistribution of income from consumers of services to suppliers, from consumers to the state in the form of taxes, and from consumers to platforms in the form of intermediary interest (agency and intermediary functions).

Thus, sharing has an extremely complex business model structure, which can be formed taking into account the forms of the economy of shared consumption, namely (appendix 3):

- 1) the platform type determines how significant and mandatory the participation of platform in conducting transaction. For example, if a financial transaction is carried out through an online platform, then its participation is mandatory by law there and it determines its percentage depending on the volume of the transfer (intervention system). While intermediary platforms are not involved in this process, but act as a tool for finding participants and organizing their communication (access to the platform can be carried out for a monthly fee);

2) the nature of sharing is manifested in the interaction with the common service consumption: experimental - without direct contact (for example, access to mutual exchange of knowledge) and functional, on the contrary, with the experience of physical use (for example, renting boats);

3) financial transaction - whether it is present on the sharing platform and the business is commercial, or the sharing process occurs free of charge for the benefit of consumers (non-commercial form). Besides, the enterprise may be non-commercial, but the payment is organized by the consumers themselves outside the platform;

4) the term of sharing can be short-term (for example, in the field of logistics or evening dress sharing) and long-term (subscription car and housing rental). It should be noted that a sense of ownership can be formed in connection with a long period of consumption, however, ownership of the product is not real.

5) The level of consumer participation in the sharing process can be low (limited participation) while renting a space to work and high while driving a yacht, car, motorcycle and bicycle. That is, participation in sharing is related to the nature of access management and the consequences of using the rental object (probability of getting into an accident, wear and tear with frequent use, need for new parts and mechanisms, etc.) (Petrini, Stedten de Freitas & Mello da Silveira, 2017).

According to a report by the British auditing and consulting company Ernst & Young, the areas of the sharing economy operation can be divided into four broad categories: recycling of goods, increased use of durable assets, exchange of services and exchange of production assets. All these categories correspond to those indicated in Appendix 4. For example, the recycling of goods belongs to the category of goods and food, the increase in the use of long-term assets - to the category of space and transportation, the exchange of services to the spheres of finance, training and services (freelance), and the exchange of production assets to the category of logistics (Sharing Economy: Definition, Examples and Figures, 2020).

There are a large number of companies operating in the sharing market that specialize in providing services in many areas of life, the main of which are: food, consumer goods, education, logistics, finance, services (freelance), space and transportation. Housing rental and transport are the most developed areas of sharing, but it is expected that the sharing model will be used for further development by companies from other sectors of the economy.

**Conclusions.** Basing on the conducted research, it can be argued that the economy of shared consumption or the sharing economy is a new economic system that functions due to the fact that individuals are ready to provide access to their things or rent them out, receiving a certain monetary reward, while the online platform, which operates through transaction costs, acts as a key link. The main triggers for the launch of the sharing economy were: the economic crisis, the development of social networks, concern for the environment and the desire to provide help and support to one's neighbor. The organization of sharing business models depends on the type of platform, the nature of sharing, the presence of financial transactions, the duration of sharing, and the level of consumer involvement in the process of shared consumption. At the same time, over the last decade, online sharing platforms have appeared, which have grown into the giants of global business, forming modern business models in the conditions of digitalization of the economy. According to forecasts, the volume of the sharing economy market will increase by 32%, reaching 793.7 billion dollars. in 2028 (Absolute Reports Pvt Ltd, 2023). In addition, increasing adoption of advanced technologies and increasing investment in research and development are expected

to create lucrative opportunities for market growth.

However, in the course of this study, the problems of the development of sharing were identified, in particular, regarding the normative and legal regulation of relations between the participants of a market agreement in the economy of shared consumption. Therefore, further research will be targeted at establishing and substantiating methods of regulating the sharing market.

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## ECOTOURISM DEVELOPMENT IN UKRAINE: OPPORTUNITIES FOR PROMOTION THROUGH SOCIAL MEDIA AND INTERNET MARKETING, BASED ON THE EXAMPLES OF NORWAY AND ICELAND

**Abstract.** Ecotourism is a rapidly developing industry in the world and has been attracting more and more attention in recent years. Compared to other countries, the promotion of ecotourism in Ukraine is still at an early stage. Nevertheless, efforts are being made to promote ecotourism in the country, in particular, with a focus on its natural and cultural heritage. In this regard, the purpose of this article is to examine the opportunities and ways to promote ecotourism in Ukraine through Internet marketing, in particular, through the



use of social networks and other online tools. The article also analyses the experience of other countries where ecotourism is a popular destination in the tourism industry, such as Norway and Iceland. The study solved the following tasks: identifying areas in Ukraine where it is possible to develop ecotourism, taking into account the experience of European countries; formulating strategies for promoting ecotourism in Ukraine, using Internet marketing tools. The article uses general scientific methods to obtain substantiated results and recommendations for promoting ecotourism in Ukraine. The paper highlights the theoretical aspects of ecotourism development, analyses the experience of Norway and Iceland in this area, and offers specific strategies and materials for promoting ecotourism in Ukraine.

**Keywords:** ecotourism, tourist activity, marketing, promotion, Ukraine, Norway, Iceland.

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## **РОЗВИТОК ЕКОТУРИЗМУ В УКРАЇНІ: МОЖЛИВОСТІ ПРОСУВАННЯ ЗА ДОПОМОГОЮ СОЦІАЛЬНИХ МЕРЕЖ ТА ІНТЕРНЕТ-МАРКЕТИНГУ, НА ПРИКЛАДІ НОРВЕГІЇ ТА ІСЛАНДІЇ**

**Анотація.** У світі екотуризм є галуззю, що активно розвивається, і останніми роками привертає до себе все більше уваги. Порівняно з іншими країнами, просування екотуризму в Україні все ще перебуває на початковій стадії. Тим не менш, в країні докладаються зусилля для популяризації екотуризму, зокрема, з акцентом на її природну та культурну спадщину. У зв'язку з цим, метою даної статті є розгляд можливостей та способів просування екотуризму в Україні за допомогою інтернет-маркетингу, зокрема, за рахунок використання соціальних мереж та інших онлайн-інструментів. У статті також проаналізовано досвід інших країн, де екотуризм є популярним напрямком туристичної галузі, таких як Норвегія та Ісландія. В ході дослідження були вирішені наступні завдання: виявлення областей в Україні, де можливо розвивати екотуризм, з урахуванням досвіду європейських країн; формування стратегій просування екотуризму в Україні, з використанням інструментарію інтернет-маркетингу. У статті були використані загальнонаукові методи, що дозволили отримати обґрунтовані результати та рекомендації щодо просування екотуризму в Україні. Робота висвітлює теоретичні аспекти розвитку екотуризму, аналізує досвід Норвегії та Ісландії у цій галузі, а також пропонує конкретні стратегії та матеріали для просування екотуризму в Україні.

**Ключові слова:** екотуризм, туристична діяльність, маркетинг, просування, Україна, Норвегія, Ісландія.

**Problem statement.** Ecotourism is important for reducing the negative impact of tourism on the environment and contributes to the development of local communities and the socio-economic advancement of regions and countries. Ukraine, in turn, has great potential for the development of this type of tourism on its territory due to its rich biodiversity, unique natural areas and other protected areas, which will certainly be attractive to ecotourists.

**Relevance of the chosen topic** lies in the need to preserve natural and cultural

heritage, which is becoming increasingly important in the face of the planet's environmental problems. Therefore, ecotourism, along with social media as a powerful tool in society, has great potential to attract tourists and promote the conservation of natural and cultural sites. In this regard, the study of the use of social media as a tool for promoting ecotourism and preserving natural and cultural heritage requires further attention and study.

**Analysis of recent research and publications.** There is a growing interest in this type of tourism in Ukraine. Many local researchers and practitioners are actively researching and promoting the potential of ecotourism as a means of preserving the environment and developing local communities. Their scientific work (Beidyk, 2001; Novytska, 2013; Posokhov, 2019) addresses the main problems of ecotourism in Ukraine, such as the lack of infrastructure and legal regulation of the industry. Prominent researchers and practitioners include O. Beidyk, I. Dubovych, I. Posokhov, Y. Moskoviak, O. Dmytruk, and L. Bezugla. Their research and recommendations have a positive impact on the development of ecotourism in Ukraine and contribute to the formation of environmental awareness among tourists.

As we can see, Ukraine has scientifically sound and progressive practices in the field of ecotourism. However, the country is only taking the first steps to promote ecotourism in the tourism markets.

**Objective and tasks.** The purpose of the article is to study the possibilities and ways of promoting ecotourism in Ukraine through Internet marketing, in particular, through the use of social networks and other online tools. The main task is to analyse the experience of countries such as Norway and Iceland, where ecotourism is a popular destination in the tourism industry, and to identify the most effective methods of promoting ecotourism in Ukraine. The material of the article can be useful for marketers, tour operators, ecotourists and all those interested in the development of ecotourism in Ukraine.

**Presentation of the main findings of the research.** Megan Epler Wood, founder of The International Ecotourism Society (TIES) and author of important publications on the subject, has, in our opinion, provided one of the best definitions of this concept. Ecotourism is a form of sustainable tourism that focuses on responsible travel to natural places that preserves the environment and improves the well-being of local people (Wood, 2002).

The history of ecotourism can be traced back to the late 1960s and early 1970s, when concerns about environmental preservation and sustainable development began to emerge, and it was only in the 1980s and 1990s that the world witnessed the rapid growth of ecotourism as a market niche.

It is believed that the term "ecotourism" was first used by Héctor Ceballos-Lascuráin, a Mexican architect who later became an environmentalist, who defined it as "tourism involving travel to natural areas for the purpose of preserving, observing, exploring or experiencing the natural environment" (Ali et al., 2021; Dobričić et al., 2022; Stanković et al., 2021). His interview with representatives of the Inkaterra Machu Picchu Pueblo Hotel reveals that he coined the term "ecotourism" in July 1983, when he was Director General of Standards and Technology at the Mexican Secretariat of Urban Development and Environment (SEDUE) and founding president of PRONATURA, an influential environmental NGO in Mexico (Inkaterra Machu Picchu Pueblo Hotel, 2014). Despite the fact that almost 40 years have passed since the term ecotourism was first introduced, it is still relevant and valid. This is confirmed by the fact that the International Union for Conservation of Nature (IUCN) has adopted it as a basis, thus playing a key role in the development of ecotourism.

The World Tourism Organisation and some scholars (Johnston, 2014, p. 6) point out that ecotourism, as a sub-sector of the tourism industry, is the fastest growing in many parts of the world and is developing more than four times faster than most other types of tourism.

When it comes to the digital expression of ecotourism's popularity, we can learn that the global ecotourism market generated USD 181.1 billion in 2019 and is estimated to generate USD 333.8 billion by 2027, showing a compound annual growth rate (CAGR) of 14.3% from 2021 to 2027 (Himanshu & Roshan, 2021).

At the same time, there are ongoing discussions about what constitutes "real" ecotourism. The concept of ecotourism is often misinterpreted and used as a marketing tool to promote nature-related tourism activities that do not contribute to environmental conservation or improve the well-being of people in local communities. Uncontrolled actions of tourists and non-compliance with environmental standards can lead to disruption of the natural balance, pollution, etc.

Therefore, we would also like to highlight the points of the theoretical basis of ecotourism (Donohoe & Needham, 2006, p. 192), where the authors of which emphasise that this type of recreation should be based on nature orientation, conservation, environmental education and sustainability, benefit sharing and responsibility. Practices that do not meet the above criteria can be called "pseudo-ecotourism" (New World Encyclopedia).

We would like to highlight the experience of a country that has implemented a number of steps to support and encourage sustainable development practices in the tourism sector. Iceland has developed its own certification system for tourism operators that promote the principles of sustainable development. This includes close cooperation with local communities to ensure that they benefit from ecotourism activities, and their interests, needs or concerns are taken into account. These actions help to create a sense of ownership and pride among local communities and contribute to the long-term sustainability of the industry.

Ecotourism, as part of the tourism industry in Iceland, also makes a significant contribution to the country's economy, which suffered during the financial crisis of 2007-2008. The industry is projected to be worth €7.02 billion in 2030 (Centre For Public Impact [CPI], 2016).

We can see that certification contributes to the economic growth of ecotourism and the country's economy as a whole. This happens both by attracting investors who are interested in green initiatives and by working directly with local suppliers. In addition, ecotourism helps the population become more conscious of preserving and protecting the country's natural resources.

It is therefore logical that such an important aspect of the Icelandic ecotourism industry, which is based on various organisations that certify ecotourism practices, is also popular in another country rich in unique natural landscapes, Norway.

For example, Norwegian companies that meet standards, rules and guidelines for environmental sustainability, social responsibility and sustainable development are certified by Green Travel. Additional criteria include waste reduction, promotion of regional growth, use of renewable energy sources, efficient use of water resources and energy efficiency. And tourists in Norway can use Green Travel-accredited destinations when choosing their tour.

Other organisations and certifications that encourage tour operators to apply environmental practices in their operations include Eco-Lighthouse (a certification scheme focusing on environmental management in business), Green Key (an international environmental label awarded to accommodation providers and restaurants that meet environmental standards), Nordic Swan Ecolabel (a system that certifies companies for their sustainable and environmentally friendly operations and social responsibility).

The Rainforest Alliance is an international organisation that accredits travel agencies located in protected areas in more than 70 different countries. Its criteria include economic viability, social responsibility, nature and culture preservation. The Global Sustainable Tourism Council (GSTC) and the Norwegian government have similar criteria for implementing ecotourism practices and promote the “Leave No Trace” principle, which encourages visitors to minimise their impact on natural areas by throwing away all litter and respecting wildlife (Sustainable Tourism in the North). Therefore, Norwegian ecotourism provides an exceptional form of outdoor recreation based on caring and responsible attitude towards nature, biodiversity and resources.

However, it has been argued (Viken, 2006, p. 39) that ecotourism should not be seen as a separate concept in Norway, as most Norwegian tourism is already aligned with its principles and is inherently sustainable and environmentally beneficial, and nature-based practices are deeply rooted in society.

Nevertheless, it is worth noting that ecotourism could be a potential solution to improve the reputation of Eastern and Central European countries, as they are often associated with the socialist past and its industrial heritage, where environmental pollution was not a concern.

Although Ukraine has diverse and unique natural landscapes, including the Carpathians, steppes, and the Black Sea coast, it is worth noting that this type of tourism is not as popular as in the countries discussed earlier. Therefore, it is important to conduct a study on the benefits of ecotourism development in Ukraine based on successful initiatives in other countries, such as Norway and Iceland.

Biodiversity is a good incentive for ecotourists in Ukraine to visit nature reserves, national parks and other wildlife areas to learn more about the amazing range of wildlife, including brown bears, lynxes, wolves, rare bird species, etc. Cultural heritage can also be a good reason to develop ecotourism, as Ukraine has a historically rich and diverse culture.

Despite the fact that Ukraine has significant potential for ecotourism development, there are also some obstacles that need to be overcome in order to fully and effectively develop this industry on its territory. The authors of this article see the lack of infrastructure as one of the main obstacles to development, as potential sites for this type of tourism are often located in areas where there are usually no roads, electricity or water supply. This is often due to the fact that ecotourism enterprises in Ukraine face difficulties in securing funding for their operations and expansion due to limited access to financial resources.

In our opinion, this lack of funding, support and promotion of ecotourism activities is mostly due to the fact that politicians and the general public are not sufficiently aware of the ecotourism opportunities in Ukraine. In addition, there is a lack of coordination between government agencies, ecotourism enterprises and local communities, which, together with the lack of rules and guidelines for ecotourism, can lead to the emergence of unscrupulous tourism operators who are able to exploit the environment and local communities for their own

benefit. Without proper control, ecotourism activities can lead to environmental degradation.

The paradox of the ecotourism industry is that, while it can be harmful to the environment and wildlife if not carefully managed, the economic benefits it brings act as an incentive for governments and local people to protect ecosystems and animals that might otherwise be destroyed (CABI, 2004).

The war has also damaged natural areas and ecosystems in Ukraine. Currently, 900 protected areas in Ukraine are occupied or subject to hostilities, covering 1.2 million hectares, or about 30% of the area of all protected areas in Ukraine (Ministry of Environmental Protection and Natural Resources of Ukraine, 2022).

It is difficult to read about what is happening on the territory of the first Ukrainian reserve to be included in the UNESCO list, Askania-Nova. Due to hostilities, missiles or their parts hitting the reserve, fires have repeatedly broken out, injuring animals and burning plants listed in the Red Book of Ukraine (Detectives Investigative Journalism Bureau, 2022). It is important to understand that animals can also suffer psychologically from the consequences of war, as they have been witnessing hostilities since the first days of the war.

We would like to point out that other countries trying to promote ecotourism have faced the problems described above, but the problem of the destruction of the nature reserve fund is unique to Ukraine. Therefore, it is necessary to find a balance between tourism development and environmental protection, so that future generations can also enjoy the beauty and richness of Ukrainian nature.

In order to start creating a sustainable and ethical ecotourism sector in Ukraine and unlock the full potential of the industry, a variety of approaches and methods can be applied now. These may include: establishing cooperation with local communities, developing ecotourism routes that take into account the ecological and cultural characteristics of the region, introducing environmental standards and certification, attracting funding for ecotourism development, raising awareness of environmental issues and conservation of natural resources through various training and information events. And most importantly, with the advent of the Internet and social media, ecotourism can be promoted through the use of numerous online platforms.

Depending on the target audience, geographical location and marketing goals, ecotourism can be promoted in different ways. In the early days of its development, ecotourism advertising was usually carried out through travel brochures, magazines and agencies. Promotional materials emphasised that ecotourism destinations have special qualities and provide an opportunity for responsible and safe exploration of nature.

While sharing attractive photos or videos of unique wildlife and local cultural experiences on social media can be useful, it is not enough to promote ecotourism. An effective marketing strategy for this industry typically involves highlighting the distinctive and sustainable characteristics of the destination or travel package, as well as targeting environmentally conscious and socially responsible visitors.

There are many marketing strategies that can be used to effectively promote ecotourism. To achieve success, it is important to develop a variety of tactics to reach the target audience. The methods listed in Table 1 are just a few examples of the many promotional tools that can be used through the use of the Internet.

Table 1

**Modern strategies for promoting ecotourism through the use of the Internet**

Name of the strategy	Strategy description
Online platforms	Online platforms can help promote ecotourism by providing easy access to information. For example, websites and mobile apps with a collection of recommendations and reviews of ecotourism destinations allow tourists to quickly find the information they need and make informed choices. In addition, online booking of ecotourism tours and services can be a convenient tool for tourists, allowing them to book and pay for their trip online, providing convenience and speed in the process of planning and organising a trip.
Social networks	The use of social media as a tool for ecotourism marketing not only allows to attract the attention of potential customers, but also to communicate with them, which is important for building mutually beneficial relationships. For social media marketing campaigns to be successful, you need to use hashtags to help spread the word about your services. On Facebook and Twitter, for example, you can post photos and videos of ecotourism destinations, as well as hold online contests that will stimulate interest in this topic. Instagram is an ideal platform for visual marketing, where you can post photos, videos and stories that showcase natural beauty and a lifestyle that promotes nature conservation. And YouTube is a great place to post videos that explain ecotourism in detail.
Content marketing	Informative blogs, articles, videos and photos can be created to showcase the destination's exceptional features, such as unique flora and fauna and local culture. Content marketing can also include video tours, virtual tours and other content formats that allow potential visitors to learn more about the proposed destination. Content marketing can be a very effective tool for promoting ecotourism when used in conjunction with other marketing strategies.
Search engine optimisation (SEO)	Improving a destination's website for search engine optimisation (SEO) can improve its visibility and ranking in search results, especially when users search for ecotourism-related keywords. As a result, more organic traffic can be directed to a travel agency's website, increasing its reach and potential to attract visitors interested in sustainable tourism. In the digital world, search engine marketing allows you to gain a better understanding of your customers and determine what type of ecotourism destination should be promoted to each group of people.

Source: Dwivedi et al. 2020

Typically, ecotourism is marketed in a way that emphasises the natural, cultural, educational and unique aspects that can be experienced, while stressing the importance of responsible and sustainable travel.

Marketing strategies will almost always focus on the natural beauty of the country, its abundant wildlife and the various outdoor activities available. However, the organisers of such marketing campaigns may differ significantly depending on the level of ecotourism development in a particular country.

In recent years, the ecotourism industry has increasingly used virtual reality and interactive web content in marketing campaigns, encouraging users to create their own content. The use of virtual reality technology allows potential ecotourists to learn more about the destination and the activities on offer before making a booking. This creates interest and helps to increase the number of visitors.

In countries with a strong focus on environmental protection and ecotourism development, governments have established regulations and policies aimed at preserving natural resources. In addition, governments are working with tourism industry stakeholders to develop ecotourism initiatives. For example, The Icelandic Tourism Cluster is a collaboration between the government and the private sector of the tourism industry, which aims to promote sustainable tourism development and innovation in the industry, and help its members adopt ecotourism practices.

Iceland clearly demonstrates a commitment to sustainability in the tourism industry, as many of the ecotourism activities offered in the country, such as geothermal and glacier tours, are powered by renewable energy. This underlines Iceland's position as a leader in sustainable development and makes the country more attractive to ecotourists. The Icelandic government has also established The Icelandic Tourism Board, which is responsible for promoting Iceland as a tourist destination with a focus on sustainable development.

The Norwegian Ecotourism Association also provides its members (from small family businesses to large corporations) with a range of resources and support services, including marketing strategies, training and certification programmes. In addition to supporting its members, the Association also aims to raise awareness of ecotourism and make Norway more attractive for environmentally responsible travel. To achieve these goals, it encourages responsible behaviour among tourists, which includes promoting low-carbon transport choices, minimising waste and energy use, and respecting local culture and the environment.

In general, while Norway has a well-developed ecotourism industry and lives up to Abhijit Naskar's slogan "Nature does not belong to us, we belong to nature", Ukraine is still in the early stages of promoting its own ecotourism sector.

We believe that in order to gain the support of the Ukrainian government for the development of ecotourism, it is necessary to develop a promotion strategy that will reflect the benefits of ecotourism for the country and promote its development in the national economy. The strategy should include a description of the target audience, a list of promising areas for ecotourism in Ukraine, and a budget for marketing activities.

In order to achieve the goal of a marketing campaign to promote ecotourism in Ukraine, it is necessary to pay attention to environmentally conscious travellers aged 25 to 45 who are interested in gaining ecological experience while travelling. This audience is characterised by an average and above average level of education and income and has a need for unique experiences that have a positive impact on the environment and local communities.

Depending on the strategies and objectives of the marketing campaign, international tourists can also be identified as a target audience for promotion. If the main goal of the campaign is to attract the attention of foreign tourists to ecotourism in Ukraine, then this target audience may consist of travellers from other countries with a high level of education and income who are looking for unique natural places to visit.

Potential ecotourism destinations in Ukraine should be characterised by a high level of biodiversity and natural resources to attract the attention of environmentally conscious tourists. Potential ecotourism destinations in Ukraine include The Carpathian Mountains, the Danube Delta, the Black Sea coast, the city of Kamianets-Podilskyi, the Shatsk National Nature Park, the Oleshky Sands and the Askania Nova Biosphere Reserve. Unfortunately, access to the latter is currently closed, but we hope that after the end of hostilities on our



territory, these places will receive not only visitors, but also proper funding.

Speaking of money, a potential marketing campaign aimed at attracting a significant number of regular travellers in Ukraine to the ecotourism industry could have a proposed budget of around US\$100,000.

This is quite an impressive amount, but a marketing budget in Ukraine can include various costs for advertising channels. For example, we might need to spend about \$20,000 on social media advertising, or \$15,000 on influencer marketing. In addition, companies can spend money on content marketing, search engine optimisation (SEO), event organisation and sponsorship, as well as press releases and media relations. The approximate cost of each of these channels can range from \$15,000 to \$20,000.

The digital advertising budget will be used to develop and publish promotional material on popular online platforms such as Google and Facebook, targeting the audiences described above. Social media campaigns will involve the creation and promotion of content on various social media platforms, which may include Instagram, YouTube and Twitter. Content creation will involve the development of interesting and informative blog posts, videos and photos that showcase the beauty and benefits of ecotourism destinations in Ukraine.

There is a growing community of travel bloggers in Ukraine who aim to promote sustainable tourism in the country. They actively share their experiences and opinions on tourism, highlighting Ukraine's natural beauty and unique cultural heritage. Bloggers can engage in partnerships with local businesses and organisations that promote sustainable tourism and responsible travel practices, which will become part of influencer marketing.

Some of the well-known Ukrainian travel bloggers that we believe could be partnered with include: Anton Ptushkin (@ptuxermann) with 5.63 million subscribers on his YouTube channel (as of March 2023); Vlad Khilchenko (@OdneyPravoy) with 180 thousand subscribers (as of March 2023); Max Uzol and Olya Manko (@uzolimanko) with 170 thousand subscribers (as of March 2023); and the Ukrainian-language travel project Blog 360 (@Blog360channel) with 27.1 thousand subscribers on YouTube (as of March 2023).

For the sustainable tourism initiative in Ukraine to be successful, it is still crucial to establish cooperation with stakeholders and policy makers. This cooperation can help to create a sense of ownership and responsibility for the initiative, which in turn will increase commitment and dedication to achieving common goals.

Table 2 shows examples of promotional materials we have developed that can be used for posting on various social media platforms.

Table 2

**Examples of ecotourism promotion on different social media platforms**

<b>Social platform</b>	<b>Advertising material</b>
Instagram, Facebook, Twitter, etc.	"Get ready to discover the incredible beauty of Ukraine and immerse yourself in an ecotourism adventure. Visit the Carpathian Mountains and enjoy panoramic views from the tops of the mountains, or dive into the clear mountain rivers and lakes. Relax on the Black Sea coast and enjoy the crystal clear sea and incredible beaches. Visit national parks where you can connect

	<p>with nature and enjoy its beauty. Join our mission to protect nature and support sustainable tourism in Ukraine!" #ecotourism #Ukraine #nature #travel</p> <p>"Escape the city and discover the hidden gems of Ukraine's natural beauty with our eco-tours. Immerse yourself in stunning landscapes, local culture and eco-friendly practices that support the environment and local communities. Whether you're looking for a quiet hike in the Carpathians, kayaking on the Dnipro River, or a relaxing holiday in an eco-friendly eco-cottage, we have something for everyone! Book your eco-tour now and join us in creating a better future for Ukraine's natural treasures.</p> <p>#EcotourismUkraine #EcologicalTravel #ResponsibleTourism"</p>
YouTube	<p>[Scene opens with a camera moving through a beautiful forest in Ukraine, with birds chirping in the background]</p> <p>Narrator: Are you looking for peace and quiet or do you want to escape the hustle and bustle of city life? Or do you want to experience the unsurpassed beauty of nature? Welcome to Ukraine, where the magic of ecotourism awaits you!</p> <p>[Scenes of various ecotourism destinations in Ukraine, including mountains, forests and rivers, flash on the screen]</p> <p>Narrator: From the majestic Carpathians to the pristine forests of the Polissia region, Ukraine has some of the most breathtaking natural landscapes in the world. And now you can explore them all through the unique lens of ecotourism.</p> <p>[Footage of a group of tourists exploring the forest with a local guide]</p> <p>Narrator: Our experienced guides will take you on an unforgettable adventure through the heart of the Ukrainian wilderness. You will discover hidden trails, breathtaking views and see first-hand the diverse flora and fauna of the region.</p> <p>[Scene showing a group of tourists enjoying a traditional Ukrainian meal in a cosy guesthouse]</p> <p>Narrator: After a long day of travelling, relax in a cosy family home and enjoy traditional Ukrainian dishes made with local produce. Interact with the locals, learn about their customs and traditions, and even learn new skills like wood carving, embroidery or pottery.</p> <p>[Camera zooms in on a group of tourists holding hands and enjoying the sunset over the mountains]</p> <p>Narrator: So, pack your bags, leave the stress behind and go discover the magic of Ukrainian ecotourism. Book your adventure today!</p> <p>[The logo, contact details or address of the tour operator offering the ecotourism tour appears].</p>

Source: compiled by the author

With the majority of travellers now using the internet to plan their trips, the use of social media is an important part of promoting ecotourism in the modern digital age. According to research conducted by Expedia in 2019, 57% of global travellers worldwide used the Internet to research and plan their trips, and by 2026, online sales will account for 73% of all tourism revenue (Williams, 2023).

As the COVID-19 pandemic has accelerated the shift to digital and online travel

planning, this percentage has increased. In 2022, 64% of tourists booked a trip online or made an online purchase on a computer, and 44% on a mobile device (Charlton, 2023). And it is estimated (Deane, 2022) that more than 700 million people worldwide will have made online travel bookings by 2023.

In recent years, social media advertising has become increasingly popular in Ukraine and can be an effective way to reach a younger demographic that is typically more active on social media platforms. According to a study conducted by Statista (Chevalier, 2022), around 23% of social media users in Ukraine reported making a purchase after seeing an advertisement on social media. In comparison, around 36% of social media users in Norway said they had made a purchase after seeing an advertisement on social media, while in Iceland the figure is around 26%.

The total number of social media users in Ukraine is expected to grow between 2023 and 2028. According to this forecast, after five years of growth, the number of social media users will reach 38.18 million, reaching a new peak in 2028 (Degenhard, 2023).

It is worth noting that the effectiveness of social media advertising may also depend on the specific platform used, as each social network may have different demographics and user preferences. In addition, the content and quality of the ad, as well as the overall goals of the campaign, can also affect effectiveness. Meanwhile, social media is not without its drawbacks. For example, its use can lead to over-tourism and damage delicate ecosystems if not managed responsibly. In addition, social media can create unrealistic expectations among visitors, which can lead to disappointment when they arrive on site and find that the reality does not match the expected image or description.

**Conclusions.** In Ukraine, ecotourism is an emerging industry, but it has been attracting more in recent years. Compared to other countries, such as Norway and Iceland, the promotion of ecotourism in Ukraine is still in its infancy. Nevertheless, efforts are being made to promote ecotourism in the country, with a particular focus on natural and cultural heritage.

Despite the ongoing conflict in Ukraine, it is important to continue to develop and promote ecotourism both in the country and internationally. The current situation of martial law in Ukraine has affected the country's tourism industry, preventing many potential visitors from travelling. However, continued efforts to promote ecotourism in Ukraine are vital as this type of tourism has significant potential to contribute to economic growth, environmental and cultural preservation. By highlighting Ukraine's unique natural and cultural heritage and developing sustainable tourism practices, ecotourism can become a key driver of Ukraine's tourism industry and help attract visitors from around the world.

There are a number of opportunities for further research on ecotourism and its promotion in Ukraine through social media. One of the possible areas of research could be aimed at studying the effectiveness of the use of different social media and their impact on the development of ecotourism in Ukraine. In addition, research could be conducted on Ukrainian tourists' perceptions of different forms of this type of tourism and their willingness to pay for such services. It may also be important for the development of this sector in Ukraine to study the interests and needs of tourists from other countries who may be interested in ecotourism in Ukraine, and to study ways of promoting Ukrainian ecotourism services on the international market. Such research can contribute to the further development of ecotourism in Ukraine and increase its competitiveness in the global market.

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## **BUSINESS ETHICS IN MEDIA MANAGEMENT: CHALLENGES AND PROSPECTS**

**Abstract.** The article explores the ethical challenges that companies face in media management and considers the prospects for solving these problems. Media management includes the management of media organizations that operate in the field of mass media.

Consumers of media products are increasingly turning to companies with high ethical standards. However, media management faces challenges related to the spread of fake news, breach of confidentiality, use of manipulative techniques and abuse of influence on public opinion.

Among the ethical challenges in media management is the conflict of interest, when commercial goals conflict with journalistic values. There is also the problem of inaccurate and false information that can distort reality and have a negative impact on public thinking.

To solve these problems, it is important to introduce ethical standards and procedures in media management that will help ensure high quality information and trust of the audience. Companies should pay attention to building an ethical culture, training their employees in the principles of ethics, and recognizing responsibility for the consequences of their actions. First and foremost, media organizations should develop a proactive policy of openness and transparency, carefully verify facts, adhere to the principles of journalistic objectivity, and defend freedom of speech. It is also important to promote the development of media literacy among viewers, which will allow them to critically evaluate information and avoid manipulation.

The conclusions of this article may be useful for media managers and all stakeholders who want to ensure ethical practices in their media organizations. Addressing ethical challenges in media management will help to maintain the trust of viewers, which is the basis for the success of any media organization.

**Keywords:** business ethics, media management, public opinion, conflict of interest, ethical standards, transparency.

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## **ЕТИКА БІЗНЕСУ В МЕДІАМЕНЕДЖМЕНТІ: ВИКЛИКИ ТА ПЕРСПЕКТИВИ**

**Анотація.** Стаття досліджує етичні виклики, з якими стикаються компанії в медіаменеджменті, а також розглядає перспективи вирішення цих проблем. Медіаменеджмент включає управління медіаорганізаціями, що оперують у сфері засобів масової інформації.

Споживачі медіапродуктів все більше звертаються до компаній з вимогами до високих стандартів етики. Однак, у медіаменеджменті виникають виклики, пов'язані з розповсюдженням фейкових новин, порушенням конфіденційності, використанням маніпуляційних технік та зловживанням впливом на громадську думку.

Серед викликів етики в медіаменеджменті можна виділити конфлікт інтересів, коли комерційні цілі конфліктують з журналістськими цінностями. Також існує проблема недостовірності та неправдивої інформації, яка може спотворити реальність та має негативний вплив на громадське мислення.

Для вирішення цих проблем в медіаменеджменті важливо впровадити етичні стандарти та процедури, які сприятимуть забезпеченню високої якості інформації та довіри глядачів. Компанії повинні приділити увагу формуванню етичної культури, навчанню своїх співробітників принципам етики та визнаванню відповідальності за наслідки своїх дій. Насамперед, медіаорганізації повинні розвивати проактивну політику відкритості та прозорості, ретельно перевіряти факти, дотримуватися принципів журналістської об'єктивності та відстоювати свободу слова. Також важливо сприяти розвитку медіаграмотності серед глядачів, що дозволить їм критично оцінювати інформацію та уникати маніпуляцій.

Висновки цієї статті можуть бути корисними для менеджерів у сфері медіаменеджменту та всіх зацікавлених сторін, які бажають забезпечити етичну практику в своїх медіаорганізаціях. Вирішення етичних викликів в медіаменеджменті сприятиме збереженню довіри глядачів, які є основою успіху будь-якої медіаорганізації.

**Ключові слова:** етика бізнесу, медіаменеджмент, громадська думка, конфлікт інтересів, етичні стандарти, прозорість.

**Problem statement.** It is difficult to overestimate the influence of the media industry in modern conditions on society: its beliefs, culture and values. This constant makes it necessary to pay attention to the need to maintain ethical standards and adhere to high principles of business ethics in the media industry. Media management, as an industry, faces a number of challenges that need to be addressed by examining business ethics in this context. Ethical issues can relate to various aspects of media management activities from advertising ethics to managing changes in cultural and technological environments.

These statements serve as a good reason to actively debate the issues of business ethics in media management and find ways to address these challenges to ensure the efficiency and competitiveness of the media industry in this context.

In our work, we define media management as a branch of management that covers planning, coordination and control over the use of various media resources in a company's business strategy. This includes managing the use of television, radio, press, the Internet and other media forms to achieve marketing and communication goals. We believe that successful media management requires a deep understanding of the media industry, analytical and strategic skills, and the ability to work with various media platforms and technologies [10].

**Relevance of the chosen topic.** In the modern world, media management plays a key role in shaping public opinion and influencing society. However, in the context of expanding



influence and commercialization of media, a complex issue of business ethics in media management arises. Growing demands for high standards of ethics and public expectations for reliable and objective information pose new challenges and prospects for media organizations.

First and foremost, the challenge is to maintain objectivity and adhere to journalistic principles when the commercial goals of media organizations conflict with the obligation to provide unbiased and accurate information to the audience. It is important to ensure that decision-making in media management does not violate the principles of ethics and does not lead to the spread of fake news, manipulation or breaches of confidentiality.

The second challenge is related to the influence of media organizations on public thinking and public opinion. Media management is responsible for generating and transmitting information that can have a major impact on public perceptions of certain events, phenomena or individuals. Therefore, the ethical aspect is to use this influence responsibly and with due regard to social values and norms.

In addition, the third challenge is related to the increased requirements for the ethics of media organizations in the digital age. With the proliferation of the Internet and social media, the speed of information dissemination has increased several times, requiring media managers to pay special attention to the ethical use of these new communication channels. Preventing the spread of false information, protecting privacy and combating abuse are the main tasks of business ethics in media management.

Thus, the problem of business ethics in media management is how to ensure high standards of ethical practice while maintaining objectivity, accuracy and reliability of information, taking into account the impact on public thinking and adhering to ethical principles in the digital age. The solution to this problem involves the development and implementation of ethical standards and procedures, raising the awareness and qualifications of media managers, and the formation of a positive ethical culture in media organizations.

**Analysis of recent research and publications.** An analysis of recent research shows that this issue is attracting more and more attention both in the scientific and practical context. Studies conducted in recent years have focused on various aspects of business ethics in media management. One of the central areas is the consideration of the impact of commercialization on the objectivity and independence of the media. Researchers examine how advertising interests can influence the content of news, and how this affects viewer trust. Scientists are analyzing how media organizations can combat the spread of disinformation by developing fact-checking strategies and using algorithms to identify harmful content.

Also, increasing attention is being paid to the ethical use of personal data in media management. Studies examine the ethical aspects of collecting, storing, and using viewer data, including privacy and confidentiality issues. The new publications also emphasize the importance of implementing ethical standards in media organizations and training media managers in the principles of ethics. Media managers and company executives are encouraged to focus on developing an ethical culture and creating transparent accountability mechanisms.

In general, recent research and publications indicate a growing awareness of ethical challenges in media management and the need to develop strategies that combine commercial goals with the obligation to provide quality and ethical information to viewers.



**Objective and tasks.** The purpose of this article is to analyze the challenges and prospects of business ethics in media management. The article is aimed at understanding the essence of the problems related to ethical aspects in media management, as well as at identifying ways to solve these problems.

The main tasks are to identify the main challenges that arise in the context of business ethics in media management; to consider the prospects for the development of ethical practice in media organizations and to identify ways to implement ethical standards and procedures.

The overall purpose of the article is to contribute to a deeper understanding of ethical aspects in media management and to provide practical recommendations for improving ethical practice in this area.

**Presentation of the main findings of the research.** Media management is closely related to technological and innovative dynamics. Today's progressive variability of the technological products market obliges the media industry to adapt quickly. That is why the peculiarity of international management is to control and manage such changes, as well as to implement them in the process of its activities in order to maintain a competitive position and efficiency in the market [10]. The activities of this industry are associated with the processing of a large amount of information from various sources. Therefore, media management should ensure high organization and systematization of information data.

The development of media management in the world faces a number of challenges and problems that affect its efficiency and sustainability. Below are the main challenges that require attention:

1. Changing media ecosystem: Due to technological innovations, the media ecosystem is undergoing rapid change. This challenges media management to adapt to new trends, digital platforms and changing consumer habits.

2. Advertising model: The changing advertising model in media creates challenges for media management. The growth of online advertising, the use of blockchain, and the decline in advertising budgets in traditional media are threatening the financial sustainability of many media companies.

3. Credibility and disinformation: The growing spread of fake news and disinformation in the media creates challenges for media management. Responsibility for fact-checking information and combating disinformation are important tasks for media companies.

4. Ethical issues: Media management also faces ethical issues related to the processing of personal data, privacy, the use of social media, and the influence of public opinion. Ensuring the ethical use of technology and information is an important task for media management.

5. Competition and consolidation: Increased competition in the media industry and consolidation of media companies threaten the diversity and independence of information. The challenge is to ensure competitiveness and preserve media literacy.

These issues require media management to constantly analyze, innovate and implement effective strategies to develop the media industry in line with modern requirements and challenges.

A characteristic feature of media management is the high demands on creativity. Today, the market is full content and concepts, so it is important to have a creative approach for media strategies to attract and retain the attention of the target audience.

We mentioned above that media management professionals need to have a wide range of competencies and knowledge. We believe that it is difficult to be an expert in this field if you do not have an understanding of various aspects of the media industry, such as advertising, PR, marketing, technology, etc.

The globalization of business is inevitable in the media industry as well, as exemplified by Netflix or Warner Bros. Discovery. Inc. that are developing international business strategies and promoting their content around the world. Therefore, the trend obliges media management to work with different cultural contexts.

It is not uncommon for political representatives to try to influence the activities of media companies. Media management should ensure a system of neutrality and build its activities on the basis of approved international standards governing the media industry.

Based on the above features of media management and taking them into account in the course of its activities, it is possible to achieve the highest efficiency and competitive advantages in the media market. Another key aspect for the successful operation of a media company in the market is the awareness of the essential nature of business ethics in the industry.

The concept of "business ethics" is becoming an increasingly popular object of research among economic scholars, such as: A. Smith, G. Kessem, M. Friedman. "Business ethics" is considered and studied in the context of different industries and approaches. For example, Peter Drucker, an American scientist, economist and one of the most influential management theorists of the twentieth century, formulated an ethical approach to understanding the issues of social responsibility of business and ethics of management decisions [1].

The ethical approach in business is based on the fact that a company has ethical obligations to its stakeholders. Stakeholders in this context are defined as: founders, shareholders, managers, customers and others. According to P. Drucker's approach, this socio-cultural environment can have an impact on the achievement of the goals sought by the enterprise. Thus, the company's management should align internal economic goals with the ethical, social and economic interests of stakeholders. Today, P. Drucker's approach is the most popular in markets with a high degree of development [1].

Peter Drucker's ethical approach to business became the basis for the development of many theories and concepts in the field of management. He argued that the ethical behavior of an organization should become not just a part of its strategy, but also the basic principle of its activities. In our opinion, this approach has a particularly important role in media management, since professional activities in this area require adherence to high ethical standards and principles.

As we have noted above, Drucker argued that every business should be ethical in its activities, which means that its actions should be aimed at achieving not only economic but also social goals. In media management, this can mean ensuring high quality information, ethical treatment of viewers, readers and other stakeholders, and adherence to high professional standards in journalism and media communications.

By formulating an ethical approach, Drucker proved that a company that recognizes its ethical obligations to its stakeholders is able to maintain its reputation and recognition in

society. Therefore, we believe that P. Drucker's ethical approach is extremely important for the development of an effective and stable media management system, as it builds its activities on the principles of interaction with its stakeholders.

Based on the research of Thomas Meier [14], we can see that business ethics is a component of the concept of "business ethics" that focuses on the issues of a good and fair economic system, while company ethics is directly related to the activities of certain economic entities (Fig. 1).

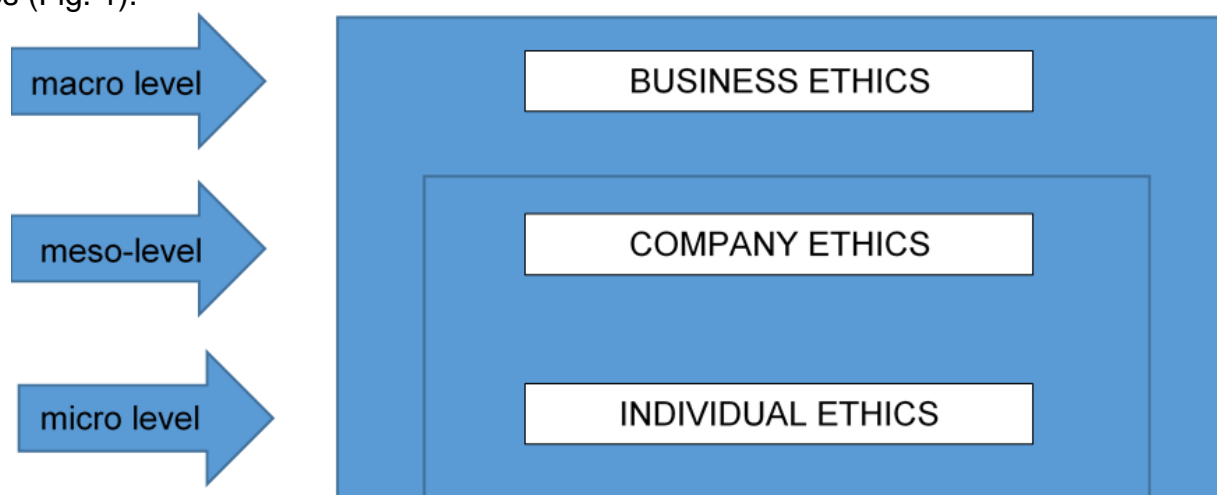


Figure 1. Three-level model of business ethics

Source: [14]

Speaking about ethics in general, it should be noted that there are certain features and problems associated with the existence of such a three-level model (Fig. 2):

1. Interaction between a certain set of institutions with certain ethical principles (e.g., human dignity, justice) and desired goals (e.g., prosperity, freedom);
2. The nature and direction of the incentive systems created by such institutions, which shape individual action and thus also generate collective effects [14].

Thus, the role of business ethics is significant in media management. The versatility of the media industry: television, radio, online media, and print media, has an undeniable impact on the formation of society. Therefore, one of the main functions of business ethics is to regulate the activities of media companies in accordance with the requirements of public morality and legislation.

Ethical principles and standards influence consumer confidence, create a positive image of the company and help establish sustainable relationships with viewers, readers and listeners.

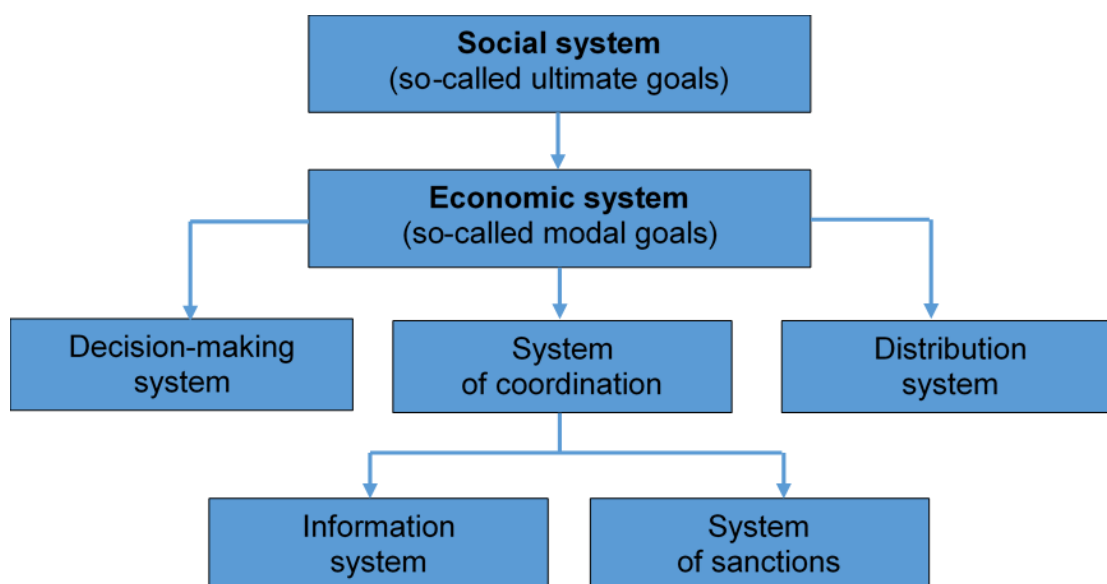


Fig. 2. The role of the information component in the formation of business ethics  
Source: [14]

In a world where the media play an important role in shaping public opinion and informing society, adherence to ethical principles is essential to ensure the objectivity, reliability and diversity of information provided by the media. Business ethics in media management involves avoiding manipulation, fake news, and marketing fraud, as well as applying transparent practices in advertising and sponsorship. It requires companies to use ethical approaches to the collection and use of personal data of viewers and readers, as well as to take into account the rights and freedoms of consumers.

There are certain ethical standards in the media that contribute to ensuring objectivity, reliability and responsibility, including the following

- objectivity and impartiality: the media should strive for neutrality and avoid side sympathies or antipathies when presenting news and information;
- reliability and accuracy: the media should provide information based on reliable sources and verified facts. They should avoid spreading unverified rumors or fake news;
- balance and diversity: the media should present different points of view and perspectives on events and issues to ensure objectivity and a wide range of information for viewers and readers;
- privacy and confidentiality: the media should respect the privacy of individuals and not disclose their personal data without consent, except when it is necessary to disclose the public interest;
- Responsibility and ethical behavior: the media should fulfill their duties responsibly and adhere to high ethical standards in all aspects of their work, including the collection and processing of information, work with advertisers, and relations with viewers and readers;
- protection of vulnerable groups: the media should avoid discrimination, stereotyping and negative impact on vulnerable groups in society, such as children, youth, ethnic minorities and other social categories.

These are just a few examples of ethical standards that should be observed in the media. They help ensure high quality information and maintain the trust of viewers and readers in media organizations.

Here are some examples of media companies that are known for their ethical behavior:

1. The BBC (British Broadcasting Corporation) is known for its independence, objectivity and strict adherence to ethical standards in its journalistic activities. They have a strict code of conduct and a commitment to accuracy and neutrality [15].
2. The New York Times is one of the leading American newspapers that strives for in-depth analysis, accuracy and objectivity in its reporting. They have a strict code of ethics and focus on the quality of their news [16].
3. The Guardian is a British newspaper that is committed to high standards of ethics and in-depth analysis of events. They define themselves as "defenders of journalistic independence" and consider civic integrity as one of their most important values [17].
4. Reuters is one of the world's largest reporting agencies, known for its commitment to objectivity, accuracy and neutrality. They have a strict code of ethics and are committed to providing objective and reliable information [18].
5. Al Jazeera is a Qatari media company that is known for its in-depth analysis of events and international news coverage. They strive for objectivity and accuracy in their reporting and adhere to high ethical standards [19].

These media companies are known for their ethical practices and deserve to be recognized for their efforts to ensure the quality and credibility of media information.

Recognizing the essential nature of business ethics in media management helps companies attract and retain audiences, creating trust and credibility. It promotes a balanced approach to commercial goals and the obligation to provide quality and ethical information.

Thus, business ethics is a necessary component of the successful operation of media companies, contributing to their sustainable development and positive impact on the public. It helps to ensure quality content and services provided by companies, protect consumer rights and set ethical standards for employees. Transparency and openness of relations with clients and partners, honesty, should become integral principles on which the work of media companies is based [6].

Business ethics in media management requires preserving cultural diversity and protecting the rights of minorities. Media companies should take into account the ethnic and cultural norms of different regions or countries, as well as respect people's rights to free expression [9].

Adherence to business ethics in media management helps to maintain the trust and loyalty of customers and consumers, enhances the company's reputation and helps to resolve ethical issues in the media industry.

The role of business ethics in media management is crucial for ensuring that companies operate effectively and responsibly in this industry. It is a bulwark for healthy competition, consumer protection, support for cultural diversity, and ensuring compliance. However, identifying the challenges related to business ethics in media management can be a complex process. In our opinion, there are several challenges related to business ethics in media management, including

- Dependence on sponsorship. In the media industry, one of the main sources of income are advertisers. This can lead to dependence on them and influence the content of publications and the format of media content.

- Interests of the company owner. Media companies should adhere to the principle of independence and objectivity in their activities, but often their own interests may prevail over these principles. For example, a media company may downplay the significance of a certain news story in order not to harm its partners or sponsors. If the owner of a company has personal interests that do not coincide with ethical business behavior, we believe that a conflict of interest and violation of business ethics may arise.

- Use of fake news or stereotypes. In today's world, fake news and disinformation are on the rise, influencing public opinion and having serious consequences. The media can use stereotypes about certain groups of people, which can lead to discrimination. For example, media representatives may portray women as the weaker and less competent half of the population. Therefore, in our opinion, media companies, and media management in particular, have a great responsibility to maintain the truthfulness and objectivity of the information they publish [10].

- Irresponsible use of social media. Social networks have become an important means of communication and advertising for businesses, but they are often used carelessly and in violation of ethical principles, which can negatively affect the company's image and cause serious consequences [5].

- Unfair competition. Media companies can cause unfair competition, such as imposing fines on users, illegal actions to increase influence, etc. Companies should adhere to ethical principles in competition, not violate them [3].

- Social value and responsibility. It is undeniable that the media industry has an impact on society, so the activities of international management must adhere to the norms regulated by high professional and ethical standards. Awareness of social responsibility contributes to the development of the media industry and the trust of its target audience [2].

In recent years, the media industry has become a significant component of the economy in many countries. In this context, business ethics in media management has become an increasingly relevant topic, as media companies, as we have defined above, have a significant impact on society and culture. And, the application of ethical principles and standards can ensure an increase in public trust and the development of a positive reputation for companies in the media industry.

In this context, it is important to consider the prospects for the development of business ethics in media management and identify possible ways to achieve them. The development of business ethics in media management can ensure more transparent, open and responsible activities of companies, which will help maintain consumer confidence and reduce the risks of conflicts and violations of rights (Tab. 1).

Table 1.

**Promising areas for the development of business ethics in media management**

No	Area of focus	How to achieve
1.	Community engagement	Media companies can engage with the public and other stakeholders to identify issues that are important to consumers and society at large and develop ethical strategies to address them.
2.	Establishing ethical certifications and standards	Establishing ethical certifications and standards can help companies define their ethical goals and commitments. Such certifications and standards can be developed at the level of individual companies, industries or recognized international organizations.

3.	Adopt transparent policies and procedures	Media should develop and implement transparent policies on data use, advertising, and other aspects of their operations. Such policies will help to ensure consumer understanding and support, as well as reduce the risks of rights violations and conflicts of interest.
4.	Developing a culture of ethics	Media businesses should develop a culture of ethics among their employees and consumers. This can be achieved by conducting training programs and workshops on business ethics, as well as by maintaining ethical standards among employees.
5.	Use of technology	Modern technologies can be used to ensure transparency and ethical operations of a media company. For example, blockchain can provide security and transparency in data processing and ensure the confidentiality of personal data.
6.	Support the creation of ethical legislation	Media can support the creation of ethical legislation and initiatives to protect consumer rights and ensure transparency and accountability in media management.

*Source:* \*compiled by the author based on his own research

Thus, the development of business ethics in media management can be achieved through various methods and means:

1. Implementation of ethical codes: Media companies can develop and implement codes of ethics that clearly define standards of behavior and requirements for ethical performance. This helps to draw attention to ethical issues and provides a basis for internal control.

2. Education and training: Education programs and training can be used to raise awareness of ethical issues and expand knowledge of business ethics. This can include seminars, lectures and webinars on ethics, discussion forums and other forms of education.

3. Ethics audits and assessments: Media companies can conduct ethics audits and assessments to identify possible issues and shortcomings. This helps to identify weaknesses and take appropriate measures to improve ethical practices.

4. Engage ethical consultants: Media companies can invite ethical consultants or business ethics experts to provide advice and guidance on how to develop ethical practices. This helps to gain an external perspective and expertise.

5. Establish feedback mechanisms: Media companies can establish feedback mechanisms, such as feedback lines, ombudsmen or forums to communicate with media consumers. This allows them to receive feedback, suggestions and complaints, which helps to improve their ethical practices.

In addition to the above-mentioned promising areas, we believe that it would be advisable to study ethics in various areas of media management, such as online advertising, social media, and television advertising. This will allow us to better understand the peculiarities of ethics in each of these industries and develop more specific recommendations. Also, to consider the issue of ensuring ethics in the activities of media agencies and other intermediaries as a direction for further research. After all, media agencies and other intermediaries in media management may be responsible for the transmission of advertising or other materials that may contain unethical elements. Researching possible solutions and measures that can help ensure ethical practices of such intermediaries can be useful for the entire media management industry. The results of research in these areas can form the basis for further development of business ethics in media management and help companies identify and apply ethical approaches in their activities



**Conclusions.** In summary, the above material focuses on the importance of the role of business ethics in the media industry and points out the key challenges faced by managers in this sector. We have noted that the media industry plays an important role in shaping societal norms and values, so the responsibility for ensuring ethics in this sector is very high. We also emphasized that media managers should adhere to the principles of business ethics, such as honesty, transparency and social responsibility, when making decisions about products and content distribution.

We also note that business ethics challenges in media management may include the need to ensure fair competition, independence from owners or sponsors, etc. In our opinion, these challenges can be addressed through the establishment of ethical standards or legislation. This is what we have noted when considering promising areas for the development of business ethics in the field of media management.

Thus, the issues covered contain important information for society and the media industry about the role of business ethics in this area, as well as about the challenges and prospects in media management. We believe that the development of this industry requires a focus on ensuring ethics and responsibility in the production and distribution of content.

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## FAMOUS ECONOMISTS

**Abstract.** The article examines the life path and contribution of several outstanding economists to modern economic science. Among them, the names of Adam Smith, John Maynard Keynes, Milton Friedman and others are mentioned. The article highlights their main principles and theories, which were formed on the basis of their research and experience. Some of the economists, particularly Keynes and Friedman, represent different economic schools of thought, such as Keynesianism and neoclassical economics. The article adds brief biographical information about each economist and provides examples of their impact on the economy and society.

**Keywords:** Economic science, famous economists, Adam Smith, John Maynard Keynes, Milton Friedman, Friedrich Hayek, Karl Marx.

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## ВІДОМІ ЕКОНОМІСТИ

**Анотація.** У статті розглянуто життєвий шлях та внесок кількох видатних економістів у сучасну економічну науку. Серед них згадуються імена Адама Сміта, Джона Мейнарда Кейнса, Мілтона Фрідмана та інших. Стаття висвітлює їхні основні принципи та теорії, які сформувалися на основі їх досліджень і досвіду. Деякі з економістів, зокрема, Кейнс та Фрідман, представляють різні економічні школи думок, такі як кейнсіанство та неокласична економіка. Стаття додає короткі біографічні відомості про кожного економіста та наводить приклади їх впливу на економіку та суспільство.

**Ключові слова:** економічна наука, відомі економісти, Адам Сміт, Джон Мейнард Кейнс, Мілтон Фрідман, Фрідріх Гайек, Карл Маркс.

**Problem statement.** In the modern world, economic science plays an important role  
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in the development of society. It studies the principles of economic systems' functioning, identifies problems and looks for ways to improve economic well-being. Throughout history, many famous economists have made significant contributions to the development of economic science, putting forward new theories, methods and concepts. However, there is a need to analyze and research the role of famous economists in economic science and their influence on the formation of modern economic thought. The problem is that it is necessary to study in detail the life path, works and ideas of such prominent figures as Adam Smith, John Maynard Keynes, Milton Friedman, Friedrich Hayek, Karl Marx and others. It is also necessary to analyze their contributions to the development of economic science, to identify the key concepts, theories and paradigms they proposed, and to establish their influence on modern economic practice and policy.

**Relevance of the chosen topic.** The relevance of the the article's topic lies in the fact that all famous economists play a key role in the development of economic science and have a significant impact on the formation of economic policies, decision-making and the development of the modern world. Understanding the ideas and concepts proposed by famous economists helps to analyze economic phenomena, forecast trends and make well-founded decisions in the fields of business, finance, politics and public administration. Also, studying this topic helps to enrich our knowledge about the economy, expand analytical skills and develop critical thinking in the field of economic issues.

**Analysis of recent research and publications.** The analysis of the latest research and publications on this topic contributes to the development of economic science, the formation of new approaches and concepts, and also contributes to the improvement of economic policy and the adoption of well-founded decisions in the field of economics. Considering the wide range of famous economists' contributions, the analysis of their research becomes a necessary step for understanding current economic trends and developing effective strategies for sustainable economic development.

**Objective and tasks.** The purpose of this work is to get acquainted with some world-famous economists, as well as to present basic information about them: to make a compact overview of their life and professional achievements, notable works and contributions to the field of economics. As for the task, it is as follows: to note the main achievements and significant moments in the life of each economist that contributed to their popularity and recognition in the field of economic science, as well as to analyze the main concepts and theories that were developed or supported by these famous economists.

**Presentation of the main findings of the research.** The world of economic science is rich in famous economists who made a significant contribution to the development of economic theories and understanding of economic phenomena. Вони є ключовими фігурами в історії економічної науки. Їхні внески в розвиток економічної теорії, методології та практики мають велике значення для сучасного розуміння економічних процесів.

Adam Smith (1723-1790) was a Scottish philosopher and economist who made a significant contribution to the development of economic science. He is also known as the father of modern economic science. Born in the city of Kirkcaldy, Scotland, Smith received his higher education at the University of Glasgow and the University of Oxford. In 1751, Smith became a professor of moral philosophy at the University of Glasgow, where he taught until 1764. His major work, "An Inquiry into the Nature and Causes of the Nations' Wealth" (known as "The Wealth of Nations"), published in 1776, is one of the most influential works in the field

of economics. After the success of "The Wealth of Nations", Smith continued his career as a diplomat and writer. He was appointed as customs controller in Glasgow and later became customs commissioner [7]. In 1787, he published another influential work, "The Theory of Moral Sentiments", in which he discussed ethical principles and social norms. Adam Smith died on July 17, 1790 in Edinburgh, Scotland. His contributions to the field of economics and philosophy are enormous, and his ideas have influenced the development of capitalism, free trade, and economic development. His works are still considered among the most influential in the field of economics. Adam Smith's life was devoted not only to academic work, but also to public service and public affairs. Adam Smith was known for his modesty and simplicity in life. He led a simple life, showing no interest in luxuries or social status. Smith was an avid reader and writer, spending a lot of time researching and writing his works.[5]

He is known to have spent many hours in his study, deeply engrossed in a variety of subjects including economics, philosophy, politics, and history. He was also prone to loneliness and often refused social events, indulging in his own thoughts and reflections.

Adam Smith's life was full of challenges and achievements, and his influence on world economics and philosophy continues to be felt today. His works became the basis for the development of the classical economic school and influenced the formation of modern economic theories. Through his ideas and concepts, Adam Smith left a huge mark in the field of economic science and influenced the further development of world economic policy [8].

Smith made a significant contribution to the development of economic science, identifying key concepts, theories and paradigms that had a profound impact on modern economic practice and politics. The main ideas of Adam Smith can be summarized as [5,8]:

1. The theory of market's self-regulation: Smith believed that the market, which is based on the interaction of private individuals and enterprises, can independently regulate prices and quantities of goods. He emphasized the role of competition as a stimulus for entrepreneurship and efficient allocation of resources.
2. The role of the market division of labor: Smith noted that the division of labor allows to increase its productivity. Workers, specializing in specific tasks, become more skilled and productive, which contributes to the growth of production and an increase in general wealth.
3. The concept of the "invisible hand": This is one of Smith's most famous ideas. He argued that individual economic actions aimed at securing one's own interests will naturally lead to beneficial consequences for society as a whole. This means that, although people do not consciously seek the common good, market forces and competition drive them to produce goods and services that satisfy other people's needs. Thus, the market functions as an "invisible hand" that coordinates individual actions to achieve the common good.
4. The concept of natural law and freedom: Smith expressed support for the idea of natural human rights, including the right to liberty, property and security. He argued that limiting the power of the state and protecting individual rights contribute to economic progress and the development of society.

So, taking into account all the above ideas, we can conclude that the influence of Adam Smith on modern economic practice and politics is significant. Many of his concepts and principles became the basis of classical economic theory and are recognized as key to understanding the functioning of the market and economic processes. Some of Adam Smith's major influences on modern economic practice include[7,8]:

1) Protection of property and business rights: The concept of property he developed became the basis for the development of a legal system that provides protection of property rights and contracts, which is an important factor in economic development.

2) Importance of competition: Adam Smith considered competition to be the basis of effective functioning of the market. Its principles have been used to develop antitrust laws that aim to ensure healthy competition and prevent the concentration of power in large corporations.

3) Importance of free trade: Smith emphasized the importance of free trade between countries. His ideas about the benefits of specialization and international trade have been used to shape the policy of open markets and lower tariff barriers in the modern world economy.

4) The role of state intervention: Smith believed that the state has a limited role in economic life. His ideas about limiting government regulation and interfering with market processes were used to develop policies of economic liberalization, where the state encourages entrepreneurship and promotes competition by reducing bureaucracy and taxation.

In general, the ideas and concepts of Adam Smith formed the foundations of classical economic theory and influenced the development of modern economic science and politics. His approach to understanding market mechanisms, the role of competition and the importance of property protection is prominent in the research of other economists and the implementation of economic reforms in many countries.

John Maynard Keynes (1883-1946) was a British economist, one of the most influential thinkers of the 20th century, known for his revolutionary ideas on macroeconomics and government regulation. He was born on June 5, 1883 in the city of Cambridge, England, in the family of an influential economics teacher. Keynes was educated at Eton School and King's College, Cambridge University. After graduation, he worked in government and financial institutions, but is best known for his academic career. One of Keynes' most important works is "The General Theory of Employment, Interest, and Money", published in 1936. In this book, he put forward the concept of an active state role in regulating the economy. In his writings, Keynes used empirical data and statistics to support his ideas [2]. He actively studied economic indicators and collected data on the level of employment, consumption, investment and other aspects of economic life. His work contributed significantly to the development of econometrics, a field that combines economic theory with mathematical methods and statistics. After the publication of "The General Theory of Employment, Interest, and Money", Keynes became one of the most influential economists of his time. His works influenced the formation of the countries' economic policy, in particular during the Great Depression. Many countries, including the United States and Great Britain, adopted his ideas and implemented measures to stimulate the economy and fight unemployment[9].

Outside of his academic pursuits, Keynes was also an active public figure and government consultant. He participated in international economic conferences and cooperated with various government bodies, providing economic recommendations and consultations. John Maynard Keynes died on April 21, 1946 in Cambridge, England, leaving a significant mark in the field of economics and influencing the development of economic science and policy. His ideas and research continue to be used and discussed by researchers around the world. Therefore, we can single out such ideas of John Maynard Keynes[9,10]:

1. Theory of Total Employment: Keynes's key contribution was his theory of total employment, set out in his major work, "The General Theory of Employment, Interest and Money".

Money" (1936). He argued that a market economy could end up in a state of unemployment and insufficient demand, and this would require government intervention to stimulate spending and employment growth.

2. The role of aggregate demand: Keynes emphasized the importance of aggregate demand in determining the level of production and employment in the economy. He emphasized that government spendings, investment and consumption are key factors affecting the level of economic activity.

3. The role of government intervention: Keynes put forward the idea of government intervention in the economy to stimulate demand and fight unemployment. He proposed the use of fiscal policy (changes in the level of government spending and taxation) and monetary policy (changes in the level of money supply) to regulate the economic cycle and maintain a stable level of employment.

4. The concept of the multiplier: Keynes introduced the concept of the multiplier, which describes the relationship between changes in government spending and changes in gross domestic product (GDP). He argued that additional government spending creates a multiplier effect, leading to increased income and employment.

5. The role of liquidity and the interest rate: Keynes expressed ideas about the importance of liquidity (money availability) and the interest rate in determining the level of spending and investment. He emphasized that changes in the interest rate can affect savings and investment decisions, affecting the overall level of economic activity.

Analyzing the ideas of John Maynard Keynes, one can see his significant contribution to modern economic practice and world politics. His ideas about the role of government intervention, the stimulation of demand, and the regulation of the business cycle influenced the development of key policy strategies such as anti-crisis intervention and economic stimulus policies.

Keynes's concepts were used to shape socio-economic programs such as Franklin Roosevelt's New Deal and the British Soviet government's full employment policies after World War II. His ideas also inspired the development of socio-economic systems of the state socially-oriented economy, which try to balance the role of the market and state intervention in order to ensure stability and social justice [9].

Keynesian ideas also influenced the formation of the macroeconomic stimulation policy. During periods of economic downturns or crises, states often use budget deficit policies and increased government spending to stimulate demand and reduce unemployment. This may include infrastructure projects, social protection programs, business support, and other measures aimed at increasing the overall level of spending in the economy[2].

Keynesian economics also had a significant impact on the formation of monetary regulation policy. In particular, this refers to the use of monetary policy, such as changes in the level of interest rates and reserve requirements of banks, in order to regulate the money supply, credit conditions and stimulate investment[10].

Summing up all the above about Keynes, it can be understood that his approach to understanding the role of government intervention, regulation of demand and stimulation of economic growth is important for the development of political strategies aimed at achieving stability, full employment and raising the standard of living.

Milton Friedman (1912-2006) was an American economist who made a significant contribution to the development of economic science, especially in the field of

macroeconomics and monetary relations[11]. Friedman was also a laureate of the Nobel Prize in Economics. He was born on July 31, 1912 in the city of Brooklyn, New York, in a family of Jewish immigrants from Hungary. Friedman received his graduate education at Rutgers University and Columbia University, where he earned a Ph.D. in economics. After graduation, he began to work actively in the field of academic economics. Friedman was one of the most influential economists of his time and is known for his findings in the field of monetary economics and economic analysis[3].

In addition to his academic activities, Friedman was an active public figure and government consultant. He advised various American presidents, including Ronald Reagan, on economic policy and reforms. In 1976, Milton Friedman received the Nobel Prize in Economics for his contributions to the understanding of the role of money and macroeconomic factors in the formation of economic processes. He continued to actively work and publish until the very end of his life. Milton Friedman died on November 16, 2006, leaving a significant mark in the field of economics[12]. His ideas continue to influence economic science and policy, and his writings are a source of inspiration for many modern economists. Therefore, it is appropriate to highlight the main ones [3,11,12]:

1. Monetary theory: Friedman developed and refined monetary theory, laying the foundation for understanding the relationship between monetary and economic changes. He emphasized that the amount of money in circulation has a decisive influence on the price level, inflation and economic activity.
2. Natural rate of unemployment: An important theory proposed by Friedman was his concept of the natural rate of unemployment. He believed that there was a natural rate of unemployment that could not be achieved by long-term macroeconomic policies. A drop in unemployment below the natural rate can cause a temporary rise in wages and inflation. This concept influenced the understanding of the unemployment causes and the formation of macroeconomic policy, particularly in the context of managing inflation and unemployment.
3. The concept of monetary income: Friedman developed the idea of monetary income, according to which consumption depends not only on current income, but also on expected future income. He believed that people are more inclined to spend money precisely when they expect an increase in their future income. This means that people have long-term horizons and plan their consumption according to their expected average income over a long period of time. This concept has influenced the understanding of consumption and investment decisions, as well as the development of fiscal policy theory.
4. The role of monetary policy: Friedman was a supporter of the active role of monetary policy to achieve macroeconomic stability. He recommended that central banks focus on managing the monetary base and controlling inflation to ensure price stability and economic activity.
5. The "Chicago" school: Friedman was one of the leading representatives of the Chicago school of economic thought, which emphasized the role of market mechanisms, individual freedom and efficiency in the development of the economy. He supported the idea of minimal state intervention in the economy and a greater role of the market in making economic decisions.

Thus, the ideas and approaches of Milton Friedman influenced the formation of economic policy and practice in many countries. His recommendations on monetary policy and inflation control became the basis for the development of strategies of central banks and governments. The concept of monetary targeting, which is based on his ideas, is used to achieve price stability and manage monetary policy. He resisted the concept of active state



intervention in economic processes and supported the idea of a market economy, where decisions are made by individual economic entities based on competition and free exchange. He emphasized the importance of economic freedom and the absence of excessive regulation by the state [11].

Friedman also contributed significantly to the development of the monetary history theory by examining the relationship between monetary policy, inflation, and economic crises. He investigated the role of money in the emergence and spread of economic crises, emphasizing the need for a stable monetary system to ensure economic stability and reduce the risks of crisis situations[12].

Friedman actively supported reducing the tax burden as means of stimulating economic growth. He reasoned that high taxes encourage spending, reduce investment and wages, limiting the economy's potential. Friedman promoted a policy of tax cuts that would allow citizens and businesses to save and invest more money, which would promote economic growth.

Friedrich Hayek (1899-1992) was a prominent Austrian economist and philosopher known for his contributions to the field of classical liberal economic theory. He was born on May 8, 1899 in the city of Vienna, Austria-Hungary. Hayek received his higher education at the University of Vienna, where he studied economics and law. He later continued his career in London, where he became a lecturer in economics at the London School of Economics. One of Hayek's most influential works is his book "The Road to Slavery" (1944), in which he criticizes the growing role of the state and populism, arguing that state intervention in the economy limits individual freedom and decision-making. Hayek also made significant contributions to the field of economic methodology. Hayek won the 1974 Nobel Prize in Economics for his revolutionary contributions to the theory of money and conjuncture [4].

Outside of his academic career, Hayek was an active public figure and public intellectual. He was one of the founders of the Mont Pelerin Society, an intellectual movement that promoted free markets and the exchange of ideas. He also founded the Friedrich Hayek Institute for Economic Research (Friedrich Hayek Institute), dedicated to the promotion of individualism and the market economy. In 1984, Hayek was awarded the Highest Order of the British Empire for his contributions to economics and the social sciences. He continued to actively publish and participate in debates until the very end of his life. Friedrich Hayek died on March 23, 1992 in Fribourg, Switzerland, leaving a significant legacy in the field of economic theory and political philosophy[6]. His writings and ideas continue to stimulate debate and inspire a new generation of economists and philosophers. Here are the key concepts, theories, and paradigms that Hayek proposed and their influences [4,6]:

1. Market coordination and distribution of knowledge: Hayek emphasized the importance of the market as a mechanism for coordinating individual knowledge and resources. He believed that knowledge is decentralized among a large number of people and it is impossible to completely concentrate power in one hand. This concept had an impact on the development of market theory and the importance justification of individual property rights and freedom of choice in the economy.

2. Rules and order: Hayek argued that society must be built on a continuous evolutionary process in which rules and laws are formed based on practical experience rather than designed by a central authority. He emphasized the importance of maintaining an institutional framework that guarantees private property, equality in front of the law, and compliance with contracts.

3. Competition as a process of openness: Hayek saw competition not only as a competition for resources, but also as a process that stimulates innovation and openness. In his opinion, competition contributes to the distribution of new ideas, technological progress and the improvement of the quality of goods and services. He believed that competition is a powerful mechanism that drives businesses to continuous improvement and innovation.

4. Criticism of socialism: Hayek was one of the most important critics of socialism. In his seminal book, "The Road to Slavery", he argued that the centralized planning of the economy undermines the effective coordination of resources and knowledge and leads to limitations on individual freedom and initiative. This critique of socialism had a major influence on political debates and emphasized the importance of market mechanisms and individual will.

5. Spontaneous Order Theory: Hayek developed the idea of spontaneous order, according to which complex social structures and institutions emerge unpredictably and evolve without centralized guidance. He emphasized that this spontaneous order is more efficient and adaptable to change than any centralized system. This concept has influenced the understanding of the processes taking place in the economy and the approaches to policy development and management.

The influence of Friedrich Hayek's ideas on modern economic practice and politics is manifested in the development of market economic models, the support of private property and freedom of choice principles, the development of a competitive environment, and the importance recognition of the market forces role in solving economic problems. Many countries adopted Hayek's principles to ensure economic freedom and decentralized decision-making [6].

Hayek's ideas also have an impact on politics. They emphasize the importance of limiting power and preserving the institutional framework that guarantees equality, rights and freedoms of citizens. His principles help build an economy that promotes entrepreneurship, innovation and competition, which promotes economic growth and improved living standards.

In addition, Hayek was one of the pioneers in the field of studying decentralized systems and complex adaptive systems. His work on the theory of competition, knowledge distribution, and the evolutionary process had an impact on the development of economic theory, social sciences, and cognitive science. [6].

Summarizing, Friedrich Hayek's contribution to the development of economic science lies in the understanding of the role of the market, competition and individual freedom in stimulating economic growth and social development. His ideas continue to influence modern economic practice and politics, contributing to the creation of conditions for prosperity and innovative development of society.

Karl Marx (1818-1883) was a German philosopher, economist, sociologist and political theorist who made a significant contribution to the development of economic science and political theory. He was born on May 5, 1818 in the city of Trier, which is in the territory of present-day Germany. Marx grew up in a wealthy family of Jewish origin, his father was a lawyer. He received his higher education at the University of Bonn and the University of Berlin, where he studied philosophy and law. Already at an early stage of his career, Marx showed an interest in political philosophy and economics. He actively studied the ideas of Georg Hegel and other philosophers of his time. One of Marx's most famous works is "The capital", or "The capital. Criticism of political economy". In this book, which was published in three volumes, Marx examines the capitalist system of production, criticizes the exploitation of the proletariat

by capitalists and asserts the need for a revolutionary transformation of society[1]. Together with Friedrich Engels, Marx wrote the "Communist Manifesto", where they laid out the basic principles of the communist movement and called on the proletariat to fight for their rights and liberation. This work became an important document for the formation of the socialists and communists movement. Marx and Engels also worked on the development of the ideology theory, where they argued that ideology is a product of economic conditions and public interests. They analyzed the role of ideology in maintaining and reproducing the dominant socio-economic system [8].

In his life, Marx actively promoted his ideas and participated in political activities. He was the founder and one of the main members of the International Workers' Association (Marxist International), which united workers' organizations from all over the world. Karl Marx died on March 14, 1883 in London. , United Kingdom. His ideas and theories influenced the further development of philosophy, political theory and economics. He left a visible mark in the social sciences and political discourse, and his works continue to be the object of research and debate in the modern world. His works were aimed at analyzing capitalist society and its contradictions, as well as the development of socialist ideology [1]. It is possible to single out such key concepts, theories and paradigms that Marx proposed and their influence on modern economic practice and politics, as [1,8]:

1. **Materialist history:** Marx developed the concept of materialist history, according to which the development of society is determined by economic factors, in particular production and ownership of the means of production. He argued that society had passed through successive stages, such as slave, feudal, and capitalist, and that a socialist society would be the next stage.
2. **The concept of dialectical materialism:** Marx applied a dialectical approach to the study of society and economy. He believed that the contradiction between the owners of the production means (the bourgeoisie) and the workers (the proletariat) determines the basic dynamics of capitalist society. His understanding of class relations and class struggle formed the basis of Marx's social theory.
3. **Theory of Value and Exploitation:** Marx developed a theory of value known as the "Labour Theory of Value". According to his theory, the value of a product is determined by the necessary labor invested in its production. He argued that the capitalist system is based on the exploitation of the working class through the use of their labor for profit by the bourgeoisie. According to Marx, the capitalist system leads to the destruction of social justice and the growth of social inequalities.
4. **Communist ideology:** The most famous concept associated with the name of Marx is communism. He proclaimed that the next stage in history would be a communist society in which class contradictions would be eliminated, ownership of the production means would be collective, and resources would be distributed according to the needs of each.
5. **Influence on economic theory and politics:** Marx's ideas had a significant influence on economic theory and politics. His analysis of capitalism and his coverage of exploitation problems and social inequality changed the way many economists perceive and understand economic systems. He also influenced the development of socialist politics and movements striving for social justice and equality.

However, it is important to note that Marx's ideas have been subject to criticism and interpretation. Although his writings continue to influence political and social debates, the reflection of his concepts in contemporary economic practice and politics is ambiguous. Some aspects of his theories, such as the critique of capitalism and the emphasis on social justice,

later influenced the development of the social sciences, social theory, and political movements.

However, there are critics who point out that the implementation of the communist ideology that Marx promoted did not always lead to the desired results, and in some cases led to authoritarianism and repression. In addition, critics emphasize that Marx's economic theory does not take into account the decentralized nature of market mechanisms and does not take into account individuality and the role of entrepreneurship in economic development [8].

In modern economic practice and politics, there is a constant dialogue between different economic schools and ideologies, including Marxism. Many aspects of Marx's theory have been refined, modified and adapted to modern realities and incorporated into other economic theories. Concepts such as social justice, the impact of corporatism and inequality on society continue to be the subject of research and debate[1].

In general, Karl Marx's contribution to the development of economic science consists in creating a broad theoretical base for the analysis of capitalist society, its problems and contradictions. His ideas continue to be an important element of debate and influence the development of social sciences, economic theory and political movements. They provide an alternative perspective on understanding capitalism, its problems and consequences.

Marx's concepts of class struggle, labor exploitation, and social justice have an impact on contemporary politics. Concepts of social inequality, wealth distribution, and the role of the state in regulating the economy continue to be the subject of discussion and political debate. Some political movements defend the principles of social justice, fight to reduce inequality and increase social protection [8].

In modern economic practice, Marx's ideas are also reflected in research on income distribution, employment and economic policy. For example, research on income inequality and its impact on economic development is based on Marx's concepts of class inequality and social structure.

Marx's influence on modern economic practice and politics cannot be reduced to a single definition. His ideas are the subject of debate and disagreement, and are considered in the context of other theoretical approaches and schools of economics.

It is important to consider that modern economic theory and policy are based on a variety of intellectual influences and are not limited to the ideas of one author. Marx's ideas influence the development of economic science, expanding the understanding of socio-economic processes and influencing the development of new analytical frameworks. For example, Marx's concept of labor costs and the value of labor inspired the development of the human capital theory, which emphasizes the importance of education, skills and health of workers for economic development [1].

Marx's theories also stimulated research on the role of institutions, particularly the state and legal systems, in regulating economic relations. His criticism of capitalist society and emphasis on the role of social justice influence the formulation of political programs aimed at building a socially oriented public sector and social protection [1,8].

Various aspects of Marx's theory are used in modern economic debates, which

contribute to the understanding of modern economic challenges. For example, the analysis of economic inequality and its consequences for society is based on Marx's concepts of divisions in capitalist society. Research on social costs and external effects of production can also use the approaches initiated by Marx [8].

However, it is important to note that modern economic science is not limited to the ideas of Marx. It includes various approaches, schools and theories that interact and develop on the basis of empirical research and new theoretical developments. Modern economists develop new models, methods and approaches to better understand complex economic phenomena and solve modern economic problems.

Marx's influence on contemporary economic practice and politics can be seen as one element of multi-layered debate and research. His ideas continue to be a source of inspiration for critical analysis of capitalism and inequality, as well as for the development of alternative economic models and approaches.

In general, understanding the contribution of Karl Marx to the development of economic science and his influence on modern economic practice and politics is a complex process. He has his supporters and critics, and his ideas continue to be the subject of academic research and public debate.

Summarizing everything that has been said above about Adam Smith, John Maynard Keynes, Milton Friedman, Friedrich Hayek, Karl Marx, we can make a short summary table of their contributions (Table 1):

Table 1

#### Generalization of the main ideas of famous economists

Economist	Contribution
1. Adam Smith	1) He believed that the market should be self-regulating and proposed the concept of the "invisible hand" of the market; 2) His main contribution was the formulation of the free trade theory and the capitalist system; 3) Smith saw capitalist enterprise as a source of economic growth and prosperity.
2. John Maynard Keynes	1) He emphasized the role of state intervention in the economy to overcome unemployment and stimulate economic growth; 2) Keynesian economics directs attention to the role of aggregate demand and costs in the formation of economic results; 3) His contribution was the development of the concept of deficit financing and measures to stimulate the economy during periods of recession.
3. Milton Friedman	1) Friedman supported the ideas of the free market and the importance of individual freedoms; 2) He was a supporter of monetarism and believed that monetary policy

	is a key tool in managing the economy; 3) Friedman also made a significant contribution to the theory of consumer spending and the role of money in the economic process.
4. Friedrich Hayek	1) Hayek was an active critic of centralized planning and supported the idea of a free market; 2) He believed that the market system ensures efficient allocation of resources and innovation; 3) Hayek was also known for his works on the role of knowledge in economics and criticism of socialist economic systems.
5. Karl Marx	1) Marx developed the theory of historical materialism and the concept of class struggle; 2) He criticized the capitalist system, considering it unfair and used by the bourgeoisie to exploit the proletariat; 3) Marx proposed the creation of a communist society in which the means of production based on common ownership and class contradictions would be eliminated.

**Conclusions.** These famous economists have different approaches to economic analysis and economic development. Smith and Friedman supported the role of the free market and individual freedom, although Friedman emphasized more on monetary policy. Keynes emphasized the importance of government intervention to stimulate the economy. Hayek advocated a market system and criticized centralized planning, while Marx proposed a transition to a communist society, eliminating private property and class inequalities. Each of these economists left his important contribution to the development of economic thought and influenced the development of various economic schools and policies.

Prospects for further research in this direction are limitless. The economy is constantly evolving, and the challenges we face today require new approaches and understanding. Further research may focus on the development of more comprehensive models that combine various aspects of the thoughts of these great economists. New technological developments, globalization, changes in consumer behavior and in society that affect economic processes can also be explored. Researchers can also consider the role of environmental factors and sustainable development in the economy, taking into account the challenges of climate change and resource conservation.

In addition, new studies can consider economic interrelationships at the level of regions and the global economy, develop new methods of measuring economic productivity and innovation, as well as analyze the socio-economic consequences of the development of artificial intelligence, automation and robotics technologies.

In general, experiments in the field of economics are aimed at expanding our understanding of economic processes, ensuring sustainable and fair economic development, developing effective political and economic strategies to achieve economic prosperity and well-being for all societies.

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## THE ROLE OF DIGITALIZATION IN MODERN SOCIETY

**Abstract.** It is difficult to find out areas of activity that would not be affected by digitalization. It plays an important role in the life of both the average citizen and the entire state, becoming an integral part of them. Tracking the prerequisites for its development will make it possible to predict possible positive consequences and maximize them, and negative ones and try to avoid them. Determining the advantages and disadvantages will allow a comprehensive approach to the consideration of the question: "Is digitalization not a threat to us?" An important aspect of the work is the study of the digitization of processes in Ukraine, their influence on Ukraine becoming one of the leading states in the introduction of digital technologies into the lives of ordinary citizens. The relevance of the chosen topic is determined by the need to take into account the impact of digitalization on the development of humanity and to regulate this impact.

**Keywords:** digitization; digitization of processes; industrial revolutions; Artificial Intelligence; optimization.

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## РОЛЬ ДІДЖИТАЛІЗАЦІЇ У СУЧАСНОМУ СУСПІЛЬСТВІ

**Анотація.** Складно виокремити сфери діяльності, що не піддалися б впливу діджиталізації. Вона посідає вагомую роль у житті як пересічного громадянина, так і цілої Hochschule Mittweida



держави, стає невід'ємною їхньою частиною. Прослідковування передумов до її розвитку дасть змогу передбачити можливі наслідки позитивного характеру й максимізувати їх та негативного й спробувати уникнути їх. Визначення переваг та недоліків дозволить комплексно підійти до розгляду питання: "Чи не загрожує нам діджиталізація?". Важливим аспектом роботи є дослідження цифровізації процесів в Україні, їхній вплив на становлення України однією із передових держав у запровадженні цифрових технологій у життя пересічних громадян. Актуальність обраної теми зумовлена потребою враховувати вплив цифровізації на розвиток людства та регулювати цей вплив.

**Ключові слова:** діджиталізація; цифровізація процесів; промислові революції; штучний інтелект; оптимізація.

**Problem statement.** Every day, we use the benefits of digitization without even thinking about whether our daily activities in the digital world pose a threat to our security. Digitization, or the introduction of digital technologies into various spheres of life, has become one of the most defining features of our era. And in order to feel safe in it, use all its advantages and minimize the possible negative impact, we suggest investigating the role of digitalization of processes in our lives.

**Analysis of recent research and publications.** A cohort of scientists was and continues to be engaged in the study of this issue, because currently the question of the role of digitization in the life of society, its impact on lifestyle changes, the formation of the economy, the formation of new cultural features, and changes in the structure of society is one of the most urgent. In order to highlight possible threats and advantages of digitization of processes and project them on the Ukrainian economy, we considered the works of O.Yu. Huseva, O.M. Hrybinenko, M.V. Petkanych, S.Ya. Korol, which helped to compose the views of modern scientists on the issue of digitization.

**Presentation of the main findings of the research.** The main prerequisite for the introduction of digital technologies into the everyday life of an average citizen was the need to exchange, receive, process, and store various types of information. The writing of this work began with receiving requirements through a common messenger in a matter of minutes in a convenient format, continued with the search for a scientific basis among publications on the necessary topics posted in electronic format on the Internet, and ended with the design of the research results in one of the most famous text editors "Word". We are talking about several processes out of a million that we perform every day in the field of education, economics, medicine, transport, communications, etc., which shows that modern society is inseparable from modernized technologies.

Digitization is a process that takes a leading role in determining the comfort of existence of every inhabitant of the era of rapid development of the scientific sphere of human activity. Comfort is primarily speed, mobility and convenience, which are necessary in any sector of activity and are an important condition for competitiveness. Science does not stand still and those who do not have time to implement its latest innovations remain not one step, but two steps behind, and even the slightest delay widens the gap between active users of advanced technologies and those who start using them a little later, without saying about the immeasurable distance between those who ignore the possibilities of development and simplification of activities.

Digitalization has become another stage of changing the role of a person as someone who interacts with the environment and can determine his influence on it. Digitalization was preceded by 2 industrial revolutions. The first began in England, where the primary source of digitization was the mechanization of production processes. Thanks to the improvement of the loom, it became possible to produce the product twice as fast. That is, the manufacturers who first decided to try to reduce the costs of producing a unit of production were able to do so and obtain a higher profit due to the reduction of the cost per unit of goods, unlike those who continued to use an unimproved machine. Thanks to the "Jenny" spinning machine, manufacturers were able to produce products 18-20 times faster (Gisem O. V. & Martynyuk O. O., 2021).

Human evolution leads to the improvement, simplification and optimization of processes, therefore, manufacturers in the 18th century faced the question of reducing the efforts of the workforce, the share of its cost in the total cost of the product, and increasing the efficiency of the use of available resources, where an innovative solution demonstrates the introduction and improvement of mechanisms that can function semi-autonomous - water and steam engines. One of the modernized models of the steam locomotive, which was the result of the invention of the steam engine, we still use today - the railway transport.

The consequence of the First Industrial Revolution is a change in the class distribution among the population. The leading role is occupied by two new social classes - entrepreneurs and employees. The most significant problem since the beginning of the displacement of manufacturing production by machines has been the mass demonstrations of workers against the mechanization of processes - the "Luddites". They believed that poor working conditions and wages, a decrease in the number of jobs were due only to the introduction of machines into production.

The second industrial revolution was called the technological revolution. There were no gaps in time between the two revolutions, so the technological one is actually the next phase of the launched digitalization mechanism. At this stage, the equipment, techniques, means and production processes that were introduced to transition from manual production to mechanization are being improved.

Due to the fact that the process of mechanization was successfully spread in the territories of other countries, such as Germany, Japan, the USA, it received considerable potential for development, which was reflected in the beginning of the active use of electricity and oil as effective sources of energy. Modification of the steam engine made it possible to connect vast land areas by railways and provide a new type of cargo and passenger transportation. Soon we were able to talk about flying machines, which further modified the logistics system of the world. At the same time, the number of unskilled labor involved in production is decreasing, but the need for educated workers who are ready to work with the latest challenges of rapidly developing science and leaving behind uncompetitive entrepreneurs is increasing. After replacing the main two classes of feudal lords and peasants with new ones - entrepreneurs and hired workers, the possibilities of capital distribution change, profit appears, which becomes a free resource for improving production, occupying new niches. The improvement of the activity processes of a certain enterprise makes it possible to hold under its influence a significant share of the market, it is during this period that the concept of "monopoly" and the possibility of its implementation arise (Roger Morrison, 2021).

During the technological upheaval, prototypes of the benefits of society that are familiar

to us - telephones, films and radio - appear, which, in our opinion, becomes the beginning of the era of digitalization of information.

Industrial and technological revolutions contain several significant differences, but they are united by the sequence of introduction of machines into production, where the first stage is gradually replaced by an even more active second. The result is an increase in production efficiency, acceleration of production processes and provision of services, a decrease in the unit cost of production due to a decrease in the costs of variable capital, and an improvement in working conditions. However, we are faced with negative consequences for workers: these processes lead to an unemployment, increasing requirements for the level of qualifications of workers. However, old professions are being replaced by new ones, there is a demand for a skilled worker; those who really want to work will definitely get a specialization in the desired field and will be able to continue their activities while remaining competitive on the labor market; during the second industrial revolution, manufacturers began to care more about their workers, such methods of labor regulation as Taylorism and Fordism appeared, which aimed to properly organize the working time of the worker, satisfy his needs, and make him a buyer of goods and services that he produces.

Similar questions are raised when considering the third industrial revolution - the information revolution. After the Second World War, new inventions began to be used among the civilian population, for example, computers and the Internet, which became tools of digitization and globalization. This made it possible to share existing information with users around the world, to join forces to achieve new, useful scientific discoveries, to expand communication links, to place large volumes of materials into the world of their electronic ordering, to facilitate processes for which in the past a person spent a disproportionately large amount of time compared to results (Roger Morrison, 2021).

Digitization spreads its influence on almost all spheres of human activity. Accounting at the enterprise and in the household, provision of banking services, communication with the state, consumers, suppliers, facilitation of logistics planning, access to a large volume of information at any time - all these processes are the consequences of the introduction of information technologies into public life. Thanks to the development of science, it becomes possible to extend the life expectancy of the population, significantly change the quality and speed of providing medical services: the opening of opportunities for the treatment of diseases that were previously considered incurable. The effectiveness of the use of soils and the supervision of maintaining their quality is changing: after long-term use of the lands, there came a period of their enrichment with useful substances, which took a lot of time and slowed down production volumes. It is now possible to do this with a significant reduction in time and resources with the help of new instruments that will analyze their quality, predict and advise on their enrichment and directly enrich them with minimal human effort. Previously, we needed to spend a sufficient amount of time to visit a doctor, spending him in queues, now we have the option of online consultations and appointments. Services provided by the public sector are gradually going digital, and a large number of them are already available on the smartphones of citizens of digitized states. The same applies to banking services: obtaining a loan, topping up cards, making payments on the Internet, paying utilities, taxes, and fees have become a regular part of the life of the vast majority of the population.

The obvious advantages of digitization follow from this:

- efficiency and speed of information processing, where electronic equipment processes thousands of requests in a matter of seconds, while a person would spend an

incomparably greater amount of time on it. Digital technologies make it possible to analyze, select exactly the information that corresponds to a specific request, discard unnecessary options and focus our attention on what we need, which allows us to make appropriate decisions, spending our resources on creative and more complex tasks.

- Convenience and availability of services for the people. Saving time on receiving any services moved to online platforms and applications makes it possible to receive them remotely, which becomes especially relevant for those who find it difficult to get to the places of their receipt.

- Stimulation of economic development. The implementation of innovative digital technologies in one's own enterprise creates competitiveness in a certain market segment, which will stimulate other entrepreneurs to implement the same or even more effective technologies. This starts a system of motivation for the improvement of one's own enterprise, which leads to changes in the entire sector of the economy and certainly in the economy of the entire country.

- Improving the quality of life of the people. The level of comfort in the everyday life of the population increases when there are opportunities to transfer certain responsibilities to electronic devices and allocate time for more creative activities or tasks that require more effort, for rest.

Taking into account all the advantages and their active use will allow us to get the maximum possible positive effect for us, however, there is a large number of potential threats that can cause a negative impact from the inappropriate use of digital technologies.

Unlike the two previous revolutions, thanks to information, man as a producer of goods and services begins to think about his impact on the environment, questions begin to arise regarding the feasibility of using the available resources of the planet and their renewability. The development of alternative sources of energy obtained thanks to the sun, water and wind, which has a less harmful impact on the environment, the creation of technologies for the processing and reuse of consumed products, the minimization of waste during production, the correct disposal of garbage for its further fastest and safest decomposition, the reduction of negative impact, damage to the environment in previous years of human activity - positive consequences of society's activities in these years. However, fundamental changes in the climate, mountains of garbage occupying large areas of land, which after a long-term decomposition process will be unusable, the impossibility of the existence of biogeocenoses on polluted areas, the death and disappearance of animal species, an increase in the level of harmful substances in the atmosphere: air, water, soils, which causes a significant negative impact on both the violation of the conditions for the existence of biocenosis and human health, serve as serious nests of human activity in the framework of scientific discoveries.

Transferring a large amount of personal information to electronic media. creates a threat of its incorrect use, its use for criminal purposes, with the aim of taking possession of a person's material or intellectual property. Along with this, hacker attacks, the spread of viruses, phishing and other types of cybercrime, aimed at obtaining illegal benefits, are increasing.

A very important factor of digitization is the provision of means for carrying out digital activities. It is necessary to understand that not all categories of the country's population have access to smartphones, laptops and tablets in order to take advantage of this process. This can create a division of society, their exclusion from general social life. Therefore, digitization of processes should be implemented gradually, providing all participants of this process with the means to be able to use them.

Reducing the number of jobs that do not require employees to constantly improve, acquire new knowledge, increase the level of qualification and specialization, replace a person who could perform simple processes with automated or semi-automated equipment, we would like to attribute to the positive consequences of industrial revolutions. There are new types of activities related to the performance of work remotely, which has both a negative effect on the health of the employee and a positive effect on the effective use of personal time.

In order to explain the interdependence of negative factors to motivate a person to improve in any field, it is necessary to consider the last industrial revolution identified by scientists - the intellectual revolution, in the epoch of which we are currently conducting our activities. It is based on the potential of intellectual capital - as the driving force of all inventions, as a source of unique opportunities for improving science.

Its features are the rapid automation and robotization of processes, the introduction of artificial intelligence into everyday life. What we use every day: Google's search engine, which includes elements of artificial intelligence to recognize human voice commands, visual recognition of the provided information using Google Lens, product recommendations that may interest us after interacting with similar products, the principles of which it works advertising in social networks, YouTube, Netflix, etc. (Petkanych M.V., 2022).

The introduction of artificial intelligence into transport systems made it possible to obtain unmanned cars and aircraft, unmanned train control systems, which greatly facilitates the activities of people in this area, minimizes the risks of disasters, but does not eliminate the possibility of making a mistake in the system.

The question of the feasibility of using artificial intelligence arises when a person begins to realize that it brings benefits, but the period of receiving benefits may not last long. Human-made robots may well exceed our expectations of them. Insufficient control over their development and the opportunities provided will likely cause negative consequences for humanity as a whole.

The number of employed people in fields of activity that do not require a certain level of qualification will definitely decrease. However, as we have already noted, in our opinion, this serves as an impetus for obtaining new knowledge, improving skills in order to meet the modern demands of employers on the labor market.

Reshoring is an interesting trend in developed countries. It is the reverse process of moving production facilities to countries with cheaper labor force, which made it possible to save on production. Currently, it finds the greatest response in companies of countries such as the USA and Germany, where the level of technology implemented in production allows to abandon a significant part of the workers. Due to the increase in the level of automation, the cheapness of labor loses its determining role (O. Lyubovets, 2019).

The negative consequence that awaits us is the simplification of everyday life, however paradoxical it may sound. Reducing the tasks that we have to perform every day leads to a reduction in mental load, placing elementary duties on mechanized products - to simplifying thinking in terms of performing certain tasks, and subsequently to its primitivization.

The use of artificial intelligence systems significantly improves and facilitates human activity, opens up new opportunities, allows you to concentrate on the performance of those

functions that are not available to AI, which speeds up the process of global development. Next to the factors that positively manifest themselves in the use of such systems, there are also negative ones. In our opinion, a person is endowed with an intelligence that many times exceeds the capabilities of an artificial one, due to the presence of an emotional factor.

The experience of the previous three revolutions shows us that old jobs are replaced by new ones, the use of improved technologies can lead to the situation getting out of control, but only thanks to the experiment, we live in such a digitized comfortable world. We emphasize that digitalization can be dangerous for humans, but it is precisely this that serves as an opportunity for scientific progress.

The use of digital technologies is just beginning its way to public use in Ukraine. We have a wide range of services that can be obtained using digital technologies. The system that developed the fastest in Ukraine in 2022 and was the most widespread among its citizens was the state platform in a smartphone - "Diya", which stands for "the state and I". A huge range of services is placed in one mobile application. First of all, this is where the identity documents are placed, and we do not need to carry a physical copy of it with us. Here you can find a student card, a pension card, a driver's license, a tax payer's card, vaccination certificates (Diya, 2023).

Among the services provided by the application are obtaining military bonds, the ability to report property damage during a full-scale invasion and receive compensation from the state, services for IDPs and the unemployed, access to television and radio, the ability to pay taxes, receive the necessary certificates in pdf format and excerpts, track data on the court's own court cases, pass surveys on urgent issues in the state (Diya, 2023).

The level of digitization in the banking sector in Ukraine is at the level of active use. The vast majority of banks serving the highest demand among Ukrainian citizens have an online banking system and have created mobile applications that make it faster and more convenient to manage one's own funds. As an example, a bank that functions only in users' smartphones - monobank - comes to mind. That is, without digital systems it will not exist. Its advantages are that almost all banking transactions require only your gadget and Internet access. Among the services you can use: obtaining loans, deposits, paying fines and utilities, transfers to a card, by phone number (Monobank, 2023).

Digitalization has a significant impact on the education process. We were able to feel the importance of digitalization of education quite vividly during the spread of the corona virus infection and the closure of all educational institutions for face-to-face attendance and during the full-scale invasion, when the aggression of the russian federation made learning in classrooms impossible. First of all, teachers can communicate with students thanks to educational platforms, send materials in messengers, place them on websites, in applications, and finally conduct full-fledged classes through video communication programs.

The possibility of making purchases through the network is a common thing in our lives. One of the advantages of offline stores is the possibility of direct contact with the necessary goods. This issue is usually resolved by returning the goods to the seller at the expense of the buyer. One of the most famous online stores with such a wide range of products is "Rozetka", which solved this issue by opening physical delivery points where customers can test the quality of the product before paying for it and only then purchase it.

The examples demonstrate only the most common types of implementation of

digitization in the lives of Ukrainian citizens, it is quite difficult to imagine existence without the opportunity to use such types of services. Digitalization products begin to play the role of not additional options for increasing the comfort of life, but its integral parts.

**Conclusions.** Having analyzed the path that humanity has taken to achieve the current level of digital equipment, illustrating with examples of digitization of the lives of ordinary citizens in Ukraine, we can come to a conclusion. The formation of the digital society began in the distant past, it began to develop rapidly after the introduction of mechanization instead of manufacturing, and gradually, due to the processes of globalization, it became a common thing for society. Digitization, of course, facilitates and improves people's daily activities, but as a phenomenon it creates a negative and potentially negative impact on the global population. If a person does not control the effects of industrial revolutions on the environment, it can lead to an ecological disaster. It is necessary to make appropriate use of the acquired knowledge, to carry out detailed calculations of experiments in order to avoid global catastrophes, such as the accident at the Chernobyl nuclear power plant, from which people will suffer first of all, the same applies to the use of artificial intelligence. We do not consider unfounded fears about the possibility of AI reaching such a level of development that it will surpass human. The disappearance of jobs and the appearance of unemployment are inevitable phenomena throughout the entire process of human development, but old professions are always replaced by new ones that require more effort from the employee to achieve the level of qualification that will be competitive in the labor market. Everyone who wants to improve and meet the requirements of scientific progress will have the opportunity to get a job. Currently, the beneficial effects of digitalization outweigh the negative ones, and our task is not only to maintain this level of influence, but also to minimize the existing and potential negative consequences of the use of digital technologies in our lives.

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## **A COMPARATIVE CHARACTERISTIC OF THE PARADIGMS OF BEHAVIORAL ECONOMICS AND THE NEOCLASSICAL ECONOMIC THEORY**

**Abstract.** The contemporary market-oriented economy has been developing in the neoclassical paradigm. However, the behavioral trend, which detached in the 20th century, introduced an opportunity to expand its boundaries. While no unequivocal opinion on whether the specified theories are alternative, complementary, or successive is found in the academic literature, to outline the future of economic thought, it is necessary to resolve this issue, evidencing the defined topic's high relevance. Correspondingly, this study aims to perform an end-to-end comparative analysis of the paradigms of the behavioral and neoclassical economic theories. This goal is achieved by highlighting the behavioral and neoclassical economic models' main theoretical and methodological insights. Their differences and common properties are analyzed by the following criteria: methodology, the psychological makeup and motivation of subjects, a market model, and the landscape of economic policy. A hypothesis regarding the nature of the connection between these concepts is suggested. The research is conducted using scientific methods, such as analysis, synthesis, induction, and deduction, and refers to the works of leading contemporary economists. Based on its results, some superficial differences and essential similarities between the behavioral and neoclassical paradigms are established and systematized. It is suggested that, logically and historically, behavioral economics may be the next form of the neoclassical economic paradigm development. In general, the study is analytical in nature and attempts to contribute to the improvement of the current state of study in the behavioral and neoclassical economic fields in the context of fostering their interconnection.

**Keywords:** comparative analysis, neoclassical economics, behavioral economics, rational economic behavior.

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## **ПОРІВНЯЛЬНА ХАРАКТЕРИСТИКА ПАРАДИГМ ПОВЕДІНКОВОЇ ЕКОНОМІКИ ТА НЕОКЛАСИЧНОЇ ЕКОНОМІЧНОЇ ТЕОРІЇ**

**Анотація.** Сьогодні ринкова економіка розвивається в парадигмі неокласичної теорії, хоча поведінковий напрям, що виокремився наприкінці ХХ століття, може значно розширити її межі. При цьому в сучасній науковій літературі не виявлено однозначної думки щодо того, чи є означені теорії альтернативними, комплементарними або співвідносяться як послідовні етапи еволюції підходів до економічного ладу. Натомість для визначення обрисів майбутнього розвитку економічної думки необхідно визначити цей зв'язок на підставі усебічного порівняння засад обох концепцій, що обґрунтовує високу актуальність зазначеної теми. Відповідно, мета даного дослідження

полягає в проведенні наскрізного порівняльного аналізу парадигм поведінкової та неокласичної економічних теорій. Для досягнення поставленої мети висвітлено основні теоретико-методологічні положення поведінкової та неокласичної економічних моделей. Проаналізовано їхні розбіжності та спільні риси за критеріями методології, психотипу та мотивації суб'єктів, моделі ринку та типу економічної політики. Висунуто гіпотезу відносно характеру зв'язку між даними концепціями. Дослідження здійснено з використанням наукових методів: аналізу, синтезу, індукції та дедукції – на основі наукових праць провідних економістів-сучасників. За підсумками встановлено та систематизовано поверхневі відмінності та сутнісні подібності парадигм поведінкової та неокласичної теорій. Запропоновано думку, що в логічному та історичному аспектах поведінкова економіка є наступною еволюційною формою розвитку неокласичної економічної парадигми. Дослідження має аналітичний характер, та в ньому здійснено спробу долучитись до покращення поточного стану вивчення поведінкової та неокласичної економічних течій у контексті їхньої взаємодії.

**Ключові слова:** порівняльний аналіз, неокласична економіка, поведінкова економіка, раціональна економічна поведінка.

**Problem statement.** The emergence of various economic theories marks the development of scientific thought throughout the entire evolution of economic knowledge. However, to be considered the leading one, a school should manifest the most meaningful theoretical and methodological rationale and effective practical approaches to managing business activity.

Nowadays, the neoclassical economic doctrine is recognized as mainstream. It is based on the principles of utility (profit) maximization and rational behavior of all market participants. On the contrary, a behavioral or behaviorist school emerged at the end of the 20th century. It suggested considering psycho-emotional factors during the analysis of decision-making, which implies a certain degree of irrationality throughout markets.

Thus, in a first approximation, the theories of behavioral and neoclassical economics are inherent in colliding and incompatible frameworks. Nevertheless, this is a generalization that needs further argumentation. Particularly, in order to establish the true nature of the interconnection between the behavioral and neoclassical economic schools, it would be reasonable to address the following question: whether these directions of economic science are ultimately opposite and do not share any common features, hence if one of them could substitute another.

It should be noted that from the author's perspective, behavioral economics evolves from the neoclassical economic theory. In other words, in logical and historical dimensions, behavioral economics might be considered a continuation of neoclassical economic thought instead of being an addition to it or isolated from it. Therefore, behavioral economics is not to erase and supplant the neoclassical niche, despite some vulnerabilities of the neoclassical theoretical basis. Its full implementation might initiate a new stage of development of the neoclassical economic theory (deemed behavioral).

**Relevance of the chosen topic.** The raised issue concerns the future of economic science, which reasons the importance of its solving. The answer will likely outline the form of existence of the global economy and the vector of its development for the next decades.

It is noteworthy that the question of the conceptual connection between the economic paradigms of the behavioral and neoclassical theories is not finally resolved. The scientific community is debating whether behavioral economics complements the mainstream school and hereby will exist within its framework or whether it could establish drastically different conditions for managing economic activity like a separate theory.

This and the current low exploration degree of research into the issue, namely through a comprehensive comparison of both theories aimed at determining the degree of their similarity, precondition the high relevance of the chosen topic.

**Analysis of recent research and publications.** If one explores the findings in the scientific literature, they are likely to find out that economists mainly study the paradigms of behavioral and neoclassical economics from two aspects, which differ from the author's position.

According to the first one, behavioral and neoclassical economics are opposite theories (or at least have few similarities). Argumentation in this direction is generally the most widespread among the analyzed scientific sources. However, there is no unified view of its role.

Some scientists positively assess the added value of the behavioral approach in the development of economic systems. They conceptualize behavioral economics, highlighting its disagreements with the neoclassical doctrine in favor of the former. In particular, the Ukrainian researchers T. M. Povod and N. O. Advokatova oppose behavioral economics to the overly formalized neoclassical view of markets and its perception of a so-called economic man who tends to behave exclusively rationally (Povod & Advokatova, 2020). They pay special attention to behavioral finance as a component of behavioral economics that studies the decision-making process and reveals certain anomalies which may appear in the process. According to another scientist-economist O. V. Korzachenko, behavioral economics is based on more adequate behavioral patterns than the neoclassical theory because they imply the natural characteristics of economic agents (Korzachenko, 2020). In addition, the researcher's analysis of the development of behavior models makes it clear that behavioral and neoclassical economics not only interact as separate theories but were also formulated in different socio-economic conditions due to the distance in the time of their origin.

It is worth mentioning that similar insights can be found in the works of other outstanding scientists, such as A. Soukup, M. Maitah and R. Svoboda (Soukup et al., 2015).

On the other hand, certain scientific circles are somewhat cynical about behavioral economics and its development prospects. Indeed, in contrast to the neoclassical economic theory, behavioral economics currently does not have a finished form and needs to be formalized into a unified and ordered system of knowledge.

From the point of view of O. D. Jones, further application of the behavioral theory requires solving the following tasks: consider the possibility of renaming the concept; determine the purpose of using its tools; foster a larger number of psychological techniques; integrate other sciences into behavioral economics (Jones, 2018). The researcher L. Pūce reasons that the problems in behaviorism's ideological integrity, completeness of argumentation, and practical application inhibit its development as an independent concept (Pūce, 2019).

The main advantage of this current in studying the behavioral and neoclassical theories is the reinforcement of mostly factual and convincing argumentation. In the author's opinion, the tendency to antagonism, which is observed in several works, may hinder the objectivity of further explorations, though.

Scientists of the second group tend to connect the emergence of behavioral economics with the imperfections of the dominant neoclassical model. M. P. Talavyrya points out that using a neoclassical approach, it is impossible to justify such critical economic phenomena as involuntary unemployment and correlate monetary policy and employment, as well as solve the problems of insufficient savings for retirement and excessive volatility of share prices (Talavyrya & Dorosh, 2021). Behavioral economics can solve these and other issues thanks to the range of tools and levers, as proved by P. Illiashenko (Illiashenko, 2017), R. Chetty (Chetty, 2015). R. Schettkat emphasizes that the methodological base of behavioral economics is designed to complement the neoclassical paradigm with highly effective models (Schettkat, 2018).

Thus, the second approach to understanding the essence and purpose of behavioral economics implicates using behavioral tools and levers without changing the existing economic paradigm. On the other hand, it assumes that behavioral economics must develop within the boundaries of the neoclassical theory, which imposes certain limitations on further research.

There is also an alternative view on the behavioral and neoclassical economic theories. According to it, these schools are interconnected and mutually conditioned, which partially coincides with the author's point. Scientists N. Berg and G. Gigerenzer elaborate on this theory (Berg & Gigerenzer, 2010). E. Angner substantiates the possibility of a "new synthesis" emerging from absorbing neoclassical economics into behavioral economics (Angner, 2019).

**Purpose and objectives.** This study aims to carry out a comparative analysis of the paradigms of behavioral economics and the neoclassical economic theory. To achieve the set goal, the following objectives should be reached:

1. Explore the essence of the theories of neoclassical and behavioral economics.
2. Establish the common and distinctive features of their paradigms according to the research methodology, the archetype of the personality of economic agents, the motivation behind their behavior, the dominant market model, and the aspired type of economic policy criteria.
3. Establish the relationship between neoclassical and behavioral economics in logical and historical dimensions based on the results of the comparative analysis.

**Presentation of the main findings of the research.** Today, the neoclassical economic theory represents the dominant thread of economic thought and hence determines the foundations of developed capitalist countries' economic existence. It originates from the late 20th century, the era of the world economy's conversion and social transformations (Vydobora, 2021). Therefore, scientific and technical progress, and the development of market-economic relations, which were associated with expanding the production of goods and services and intensifying market competition, fueled the formation of the neoclassical school.

The conditions of the neoclassical economic theory's emergence shaped its essence. Neoclassical economics is based on the idea of optimization that branches into two essential

predicaments about utility maximization and market correction (Vatamaniuk, 2018). The neoclassical economic outlook centers on economic agents and implies that they obtain complete information about economic processes to make rational decisions (meant to maximize utility for them, i.e., their profit). Moreover, markets are efficient regarding the distribution of resources and tend to a state of equilibrium. The inviolability of free trade and the principle of the invisible hand of the market are presumed, too.

Despite the leading status of neoclassical economics since the beginning of the 20th century, the request for the integration of economics with other fields of knowledge prompted the leading scientists H. Simon, D. Kahneman and A. Tversky, R. Taylor, J. Akerlof to synthesize economic science and aspects of psychology and sociology at the end of the same century. As a result, behavioral economics emerged.

Currently, there is no unified approach to the conceptualization of behavioral economics. It is mainly designated as a theory that studies the influence of non-standard factors, such as emotional state, intuition, bias, preferences, limited information, and social context, on the decisions of economic subjects, establishes irrational deviations that may occur in the process, and determines the consequences for markets and economy in general.

The methodological basis of the behavioral branch of economic science incorporates the concepts of bounded rationality, nudges, and the prospect theory. Bounded rationality indicates deviations from the rational core of behavior among subjects of economic decisions. Typically, they arise because of cognitive distortions in the perception of reality and the lack of complete knowledge about the state of markets. According to the nudge theory, to correct irrational behavior, the environment should encourage, that is nudge, economic agents to make more balanced decisions with positive consequences both for themselves and a system. The prospect theory is designed to explain the peculiarities of decision-making between alternative options.

Given the studied theoretical and methodological principles of the theories of behavioral and neoclassical economics, let us conduct their comparative analysis according to the defined criteria (methodology, psychological makeup and motivation of subjects, market model, type of economic policy).

When considering the methods of researching economic processes and phenomena, one cannot fail to note that the behavioral and neoclassical approaches differ significantly on the surface.

In particular, the descriptive method based on empirical data prevails in the behavioral theory. Studies are conducted through laboratory (for the hypothetical and actual choices) and field (field experiment or randomized study) experiments. On top of that, the methods of so-called neuroeconomics have recently been integrated into behavioral economics – for example, brain scanning using magnetic resonance imaging (Vatamaniuk, 2018).

Instead, the neoclassical economic theory methodology rests upon a normative rather than a descriptive approach and a formalized analysis (based on mathematical modeling). The potential of using specific calculation models allows to solve the issue of optimal choice in conditions of limited resources, as well as make forecasts effectively.

Meanwhile, a detailed study of the behavioral and neoclassical theories reflects that certain aspects of their methodological foundations overlap. First, the methodological

individualism principle meant to enhance the individual's role as a sole economic decision-maker is valid for both paradigms (Soukup et al., 2015). Secondly, the descriptive method in behavioral economics practically provides for the neoclassical normative approach, which is reasoned by the fact that the behavioral theory studies deviations from the normative behavior declared within the framework of the neoclassical school (Berg & Gigerenzer, 2010).

The dichotomy of personality types of subjects of economic decision-making embodies the second criterion of the comparative analysis.

From the point of view of behavioral economists, ordinary homo sapiens stand at the center of the economic system. Their decisions do not necessarily lead to the maximization of their profit because of irrational behavior influenced by endogenous (bounded mental capacity, aversion to losses, excessive self-confidence or self-limitation, prejudice, herd instinct) and exogenous (various external circumstances that overpower internal motivation and individual goals, such as social status) factors.

Homo economicus dominates the neoclassical economic paradigm thought pattern, with the term having emerged at the end of the 19th century. The difference between homo economicus and homo sapiens thinking manifests in three dimensions. Ultimately, an economic man is rational, is inherent in firm willpower, and is guided by personal interests in decision-making. To emphasize that the approximation of economic subjects' behavior leads to the neglect of the role of an individual, some opponents of the neoclassical theory use the ironic term "econs" in their studies (Illiasenko, 2017).

Nevertheless, let us emphasize that the described division's severity should not be overdramatized. People are inherently limitedly rational but can learn principles of reasonable decision-making to become more rational through practical experience (Vatamaniuk, 2018). An interesting phenomenon of regressive evolution of economic thought is hereby observed. The behavioral school is primal about neoclassical economics. Likewise, intuition is primal about reasoning.

The next criterion for the comparative analysis of the concepts of behavioral and neoclassical economics logically follows from the previous one. The motivation of participants of economic relations presents it.

In the 1970s and 1980s, leading behavioral economists R. Thaler, D. Kahneman, and A. Tversky formed the prospect theory. According to it, decision-making proceeds in two stages. During the first stage, an economic agent receives the necessary information and simplifies it for a clearer perception. Following the second stage, they process the input data to consider the selected alternatives, comparing their value with a reference point. The theory stipulates the emergence of deviations from rational behavior, such as overestimating insignificant probabilities and underestimating significant ones.

The neoclassical school advances the expected utility theory as an alternative to the prospect one. By it, the urge to maximize utility, i.e., net revenue, proves to be the final incentive for economic agents' decisions (instead of the value of the alternatives). Remarkably, this pursuit is always fulfilled thanks to homo economicus thinking that makes economic agents calculate the expected utility amongst alternative options and the possibility of their implementation when deciding (Soukup et al., 2015).

Therefore, it must be recognized that in behavioral and neoclassical economics, the

motivation of participants of economic relationships is explained differently within the theories of prospects and expected utility.

On the other hand, if one deviates from the prospect theory, it becomes possible to find some common features. Most notably, behavioral economists have modified the theory of expected utility by completing it with new parameters (Berg & Gigerenzer, 2010). Within this model, economic agents seek to maximize so-called behavioral utility, for example, benefits that could be brought to their social group and provide them psychological satisfaction. In this meaning, behavioral economics develops the thread of neoclassical thought by transferring the theory they described to a new plane but preserving its deep essence.

Moving on, the behavioral theory suggests that markets cannot be consistently efficient for objective reasons. During periods of uncertainty, some systematic deviations from efficiency can occur within a market model, such as over- or under-reactions and speculative bubbles. Upon that, herd thinking triggers the emergence of defects the most.

Such an assumption contradicts the neoclassical economic theory, which assumes that markets function under the principle of efficiency. The capital asset pricing model (CAPM) and the “no free lunch” (NFL) theorem ensure the efficiency of neoclassical markets. The first concept defines the pricing of capital assets, such as stocks and bonds, which helps maintain market equilibrium. The second one refers to the impossibility of obtaining benefits without spending resources under the condition of market mechanism effective operation.

So, given the fact that the principles of market functioning in behavioral economics are much broader than in neoclassical economics (although they have a common starting point), another piece of evidence emerges in favor of the hypothesis of the evolutionary development of the neoclassical economic theory towards behaviorism.

Finally, the essential criterion for conducting the comparative analysis of the behavioral and neoclassical schools is the reputed type of economic policy.

According to the behavioral theory, effective public policy in economics stems from the need to induce households and corporations to act in a certain way to achieve the best results in general and multiply their own benefit in particular. This idea is established behind the behavioral concept of nudging. In practice, the automatic enrollment of an employee into a pension savings plan within a defined contribution pension system vividly illustrates the nudge theory functioning (Chetty, 2015).

In contrast, representatives of the neoclassical current of economics oppose the state policy model that requires intrusive interventions in the economic system. The principle of avoiding any nudges comes to the fore.

So, the difference between economic policy models in behavioral and neoclassical economics lies in the different approaches to state intervention. Argumentation of specific initiatives within economic policy smooths out disagreements, though. It is known that economists T. O'Donoghue and M. Rabin authored the behavioral concept of taxation, which N. Berg later detailed (Berg & Gigerenzer, 2010). According to it, to ensure public health, it is necessary to introduce a tax on harmful food and subsidize healthy food. As a result, by pursuing optimization, customers will likely overcome their irrational desire to receive pleasure (value-like).



Table 1

**A comparative characteristic of the paradigms of the behavioral and neoclassical economic theories**

Criteria for the comparison	The essence of the characteristic		
	Superficially		In-depth
	Behavioral economics	Neoclassical economics	
1. Methodology	Descriptive, based on empirical data	Normative, based on calculation models	The principle of methodological individualism is shared
2. Economic agents' psychological makeup	Homo sapiens	Homo economicus	In both paradigms, rational behavior is normative. Behavioral economics provides for the possibility of correcting irrational deviations to rationalize the behavior of participants of economic relations.
3. Motivation of behavior of economic agents	Value (the prospect theory and the concept of behavioral utility maximization)	Maximization of utility (the theory of expected utility)	The theory of maximization of "behavioral utility" derives from the theory of maximization of expected utility
4. Market model	May be ineffective due to excessive or insufficient reactions, speculative bubbles	Only effective	Expansion of the neoclassical paradigm by the behavioral economic theory
5. Type of economic policy	Nudging	Minimization of state intervention	Behavioral economics assumes the use of specific tools of the neoclassical inventory (optimization theory) within the framework of the taxation system

Source: compiled by the author

The point is that the concept of optimization belongs in the neoclassical paradigm, so the following assumption may be justified: even within the behavioral economics framework, certain aspects of economic policy should be solved using a synthesis of neoclassical axioms and behaviorism. It seems reasonable to suppose that it would be impossible if behavioral economics did not have a neoclassical evolutionary basis.

In general, the results of the comparative analysis of the paradigms of the behavioral and neoclassical economic theories are reproduced in Table 1.

**Conclusions.** Thus, the results of the comparative analysis evidence sustainability of the assumption about the emergence of the behavioral theory through the evolution of neoclassical economic thought. This conclusion owes to the similarities or at least common “points of reference” between the defined concepts which are veiled in many in-depth aspects, despite any superficial differences.

The following superficial differences were established during the comparative characterization of the theories of behavioral and neoclassical economics. In behavioral economics, a descriptive approach and experiments are used; in neoclassical economics, a normative approach and mathematical models are used. At the center of behavioral economics is the “reasonable person”, and in the neoclassical one it is the “economic man”. Behavioral economics considers value the ultimate motivation; neoclassical economics suggests profit maximization. Markets can be inefficient within the theory of behaviorism, but through the prism of the neoclassical school, they prove to be efficient under any circumstances. In the behavioral theory, economic policy centers around nudging, whereas in the neoclassical theory, a state must not interfere in economic processes.

Therewith, within the same criteria, the following common principles were identified during a close analysis: the principle of methodological individualism; the concept of behavioral utility maximization as a derivative from the theory of utility (benefit) maximization; appeal to the neoclassical standard of rational behavior. Hence, it can be suggested that neoclassical economics correlates with behavioral economics as a “null hypothesis”.

It is important to note that this study’s scientific novelty involves completing the end-to-end comparative analysis of behavioral and neoclassical economics theories. In the analyzed scientific literature, a one-sided analysis of these schools prevails, being performed either to substantiate the differences between them or (to a lesser extent) to search for their common features. So, the continuation of the problem development in this framework appears to be important for the advancement of economic science in general and the theoretical and methodological design of the behavioral trend in particular.

One of the promising areas of potential future activity is conducting the comparative analysis of the paradigms of behavioral and neoclassical economics on the basis of risk attitude and computing capabilities criteria. In addition, it appears relevant to study, systematize and predict the prerequisites for the evolutionary transition from the neoclassical theory to the behavioral approach within economic system organization and functioning.

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## **THE INFLUENCE OF THE CENTRAL BANK'S DISCOUNT RATE ON THE STOCK MARKET**

**Abstract.** The impact of monetary signals on stock markets remains understudied, despite practical interest from both investors and financial regulators. The purpose of the work is to deepen the theoretical understanding of the nature of the influence of such a monetary policy signal as the central bank's discount rate on stock exchange markets. General scientific research methods of analysis, synthesis, induction and deduction were applied to determine the theoretical aspects of the formation of the reaction of stock markets to monetary policy signals. It is substantiated that there is a certain level of relationship between monetary policy signals and the formation of the reaction of the stock market to them.

**Keywords:** discount rate, stock market, reaction, monetary policy, volatility.

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## ВПЛИВ ОБЛІКОВОЇ СТАВКИ ЦЕНТРАЛЬНОГО БАНКУ НА РИНОК АКЦІЙ

**Анотація.** Вплив монетарних сигналів на біржові ринки акцій залишається недостатньо дослідженим, незважаючи на практичний інтерес як з боку інвесторів, так і з боку фінансових регуляторів. Метою роботи є поглиблення теоретичного розуміння характеру впливу такого сигналу грошово-кредитної політики як облікова ставка центрального банку на біржові ринки акцій. Для визначення теоретичних аспектів особливостей формування реакції біржових ринків акцій на сигнали грошово-кредитної політики було застосовано загальнонаукові методи дослідження аналізу, синтезу, індукції та дедукції. Обґрунтовано, що існує певний рівень взаємозв'язку між сигналами грошово-кредитної політики та формуванням реакції біржового ринку акцій на них.

**Ключові слова:** облікова ставка, ринок акцій, реакція, грошово-кредитна політика, волатильність.

**Problem statement.** Among scientists, many attempts have been made to empirically determine the impact of monetary policy on stock markets. Thematic research was focused on two key directions:

- 1) determining the nature of the impact of monetary policy shocks (an unexpected change in the discount rate by the central bank) on the profitability and volatility of the stock market;
- 2) analysis of the transmission channels of monetary policy shocks to the stock market.

To analyze the impact of monetary policy decisions on the stock market, it is necessary to choose monetary indicators that accurately characterize the strategy of the central bank. The element of surprise in the information content of a monetary indicator, especially the discount rate, can very often lead to significant fluctuations in stock exchange rates, so the definition of the nature of such an indicator should include, in particular, the measurement of the "component of surprise". Thus, if the "component of surprise" is better measured, the more reliable the empirically obtained results will be.

**Relevance of the chosen topic.** The stock market is one of the most important components of the financial market, and its normal functioning significantly affects the flow of financial flows in the economy, as well as the distribution and redistribution of financial resources. An important feature of the functioning of the stock market is the specificity of its reaction to the monetary policy signals of central banks, which can negatively affect the dynamics of stock indices. Deepening the understanding of the peculiarities of the formation of this reaction will enable bank regulators to assess in advance the nature of potential negative consequences for the development of stock markets in the context of making appropriate preventive management decisions.

**Analysis of recent research and publications.** The theoretical and practical principles of the peculiarities of the formation of the reaction of stock markets to the signals of the monetary policy of central banks are quite widely covered in numerous works of scientists, including: L. Alessi and M. Kersefischer [1], M.D. Bauer and E.T. Swanson [2], B. Bernanke and K. Kuttner [3], A.N. Bomm [4], R. Döttling and L. Ratnovski [8], M.J. Flannery and A.A. Protopapadakis [10], R.S. Gürcaynak, B. Sack and E.T. Swanson [12], Hochschule Mittweida

G.A. Hardouvelis [13], G. McQueen, and V.V. Roley [17], R.R. Johnson and G.R. Jensen [14], D.K. Pearce and V.V. Roley [19], M. Smirlock and J. Yawitz [22], M. Weale and T. Wieladek [23] and many others.

**Objective and tasks.** Deepening the theoretical understanding of the peculiarities of the formation of the reaction of stock markets to the signals of the monetary policy of central banks.

**Presentation of the main findings of the research.** The first debatable question concerns exclusively the nature of the monetary indicator, which can best characterize the policy of the banking regulator. In separate studies, in particular [10; 13; 17], scientists chose the M1 unit, but in others, for example [3; 12; 19], the central bank discount rate is used as the main indicator of monetary policy (Table 1).

The choice of one or another monetary indicator depends on the strategy of the central bank and the studied period. So, in works [4; 13; 17; 19] claims that aggregate M1 had a significant impact on stock returns in the 1980s, and in works [3; 14] it is emphasized that subsequently the discount rate of the central bank became the most important indicator of monetary policy.

Table 1

**The main results of research on the influence of monetary policy indicators on the profitability of the stock market (from the standpoint of the nature of the indicator)**

Author	Monetary indicators, country, calculation format	Results
M. Smirlock and J. Yawitz [22]	USA, discount rate, daily format	Expansionary / restrictive monetary policy has a negative (positive) effect on stock market returns. Instant adjustment of share prices of shares on the day of announcement
D.K. Pearce and V.V. Roley [19]	USA, discount rate, daily format	Significant response after 1979 Negative impact on stock market returns
G.A. Hardouvelis [13]	USA, discount rate, M1, free reserves, daily format	Before 1982, three indicators have a significant influence. Expansionary / restrictive monetary policy negatively (positively) affects the profitability of the stock market акцій
A.N. Bomfim [4]	USA, discount rate, M1, daily format	No reaction to the surprise component of the monetary indicator
R.R. Johnson and G.R. Jensen [14]	USA, discount rate, daily format	There is a significant response to "non-technical changes" relative to "technical changes". The vast majority of developed stock exchange markets demonstrate a significant and negative reaction to the tightening of monetary policy. "Non-technical changes" have a more significant effect compared to "technical changes"

B. Bernanke and K. Kuttner [3]	USA, discount rate, daily format, then monthly format	Stock markets show a more significant reaction to unexpected changes in the Fed discount rate in the period after 1994. There is no asymmetry depending on the sign of the "surprise" component. The impact is mainly through the risk premium channel
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Source: Compiled according to sources [3; 4; 13; 19; 22].

The announcement of the monetary policy is not limited only to the date of the announcement of the discount rate or the money supply. Investors also closely follow the reports of the Federal Open Market Committee (FOMC) and the speeches of the chairman of the Fed, in which he analyzes the state of the economy and reports his expectations for future developments in the economy [1]. However, the bank regulator's discount rate or the money supply measure do not take into account the signals from these press conferences, which can also affect the stock market by affecting future cash flows or interest rate dynamics. This approach is difficult to implement in practice, as there are currently few algorithms that can quantify the information contained in such messages.

The second debatable issue raised by scientists concerns the measurement of the "surprise component" of monetary indicators. In the first works on this issue [13; 14; 17; 19] used such important indicators as changes in discount rates and/or a dummy variable of central bank announcement days (Table 2).

Table 2

**The main results of research on the influence of monetary policy indicators on the profitability of the stock market (from the point of view of evaluating the "surprise" component of the indicator)**

Author	Monetary indicators, country, calculation format	The results
AD Patelis [18]	USA, discount rate, monthly format	The impact is mainly through the risk premium channel
R. Craine and VL Martin [7]	USA, discount rate, daily format	Monetary policy "surprises" affect the stock market mainly through the channel of the wealth effect
M. Poitras [20]	USA, discount rate, daily format	There are no differences depending on the phase of the economic cycle
R. Rigobon and B. Sack [21]	USA, discount rate, daily format	Equity markets show a more significant reaction to Fed rate "surprises" in the post-1994 period.
D. Bredin et al . [5]	Great Britain, discount rate, daily format	The response varies by sector. The impact is mainly through the risk premium channel

Source: Compiled according to sources [5; 7; 18; 20; 21].

These studies focus primarily on the US equity market and are based on the assumption that Fed rate changes are unpredictable. The main argument in favor of using this approach is that monetary policy during this period (typically from 1970 to 1990) was largely unpredictable [18; 21]. In more modern scientific studies, attempts were made to separate the "expected" from the "unexpected" components of information content. In studies [3, 5] it is emphasized that only the "component of surprise" has a negative impact on the profitability of stock exchange shares of the US market.

There are several approaches to estimating the "surprise" component of the discount rate (Fig. 1).

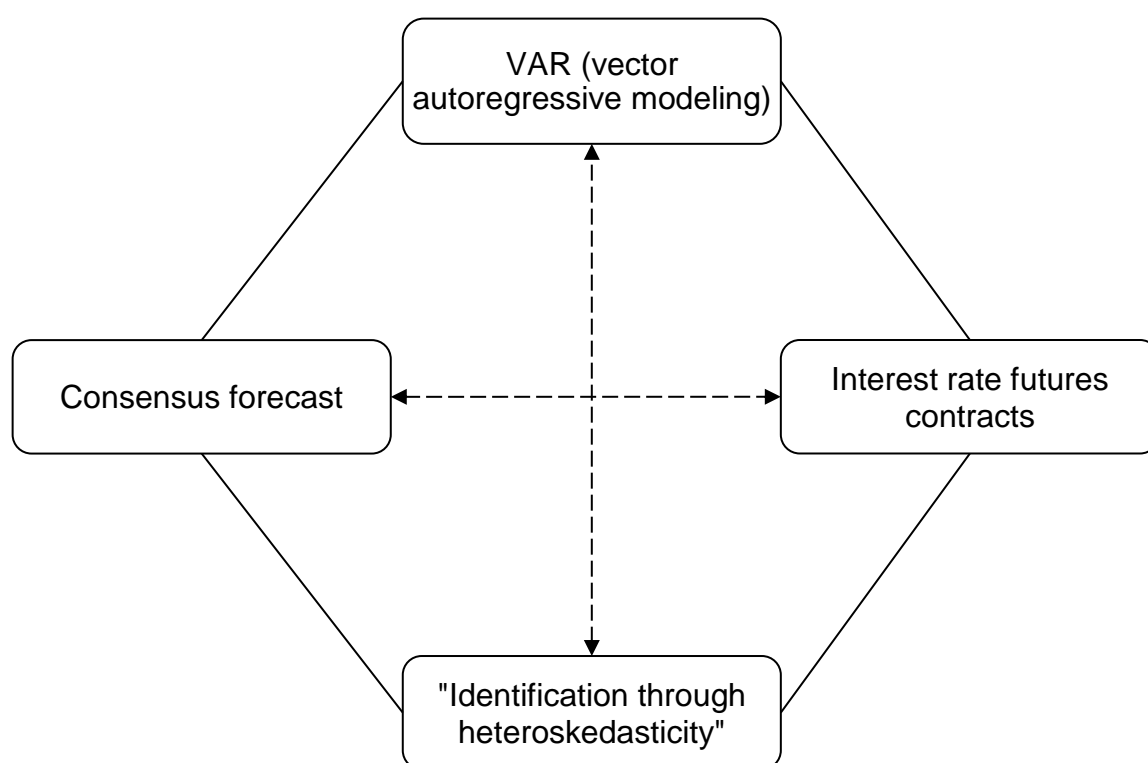


Figure. 1. Approaches to the assessment of the "unexpected component" of the discount rate

Source: compiled according to sources [4; 7; 12; 16; 18; 20; 21]

The simplest is to use the consensus forecast as an indicator of the "expected component" [4; 10; 20]. However, work [21] makes three comments about this measurement:

1. Consensus forecasts do not always reflect the views of all stakeholders.
2. Consensus forecasts are based only on surveys of some market participants and do not reflect the opinions of all interested parties. In addition, the authors emphasize that such polls can be distorted by subjects who try to manipulate forecasts for their own benefit.
3. Consensus forecasts are published at the end of the week before central bank meetings, which usually take place in the middle of the week. However, the consensus forecast is assumed to remain unchanged, although this is not always the case in practice.



Taking into account all the above arguments regarding consensus forecasts, in [21] the method "identification through heteroskedasticity " (Fig. 1.) was proposed, which is used in numerous subsequent scientific works.

Other approaches to measuring the "component of surprise" in relation to monetary policy indicators are also used among scientists, in particular in studies [7; 12; 18] VAR models are used, which enables:

- at the same time, consider the influence of monetary policy indicators on the profitability of stock exchange markets and vice versa;
- consider the characteristics of monetary policy shocks and determine the duration of stock markets' reaction to such shocks.

Another methodological approach to the definition/measurement of the "unexpected component" of the discount rate is considered in the scientific work [16] and characterizes it on the basis of "30 days federal funds futures ". This indicator is based on the results obtained in the study [16], which claims that such contracts are an effective indicator of the market's expectations regarding changes in the Fed's discount rate.

The given measures of the "surprise" of monetary policy signals in relation to the discount rate (Fig. 1) indicate that the influence of monetary policy on stock exchange markets can be adjusted to one factor. However, work [12] questions this vision and emphasizes that one factor should be discarded, that is, it is advisable to use a two-factor model (Fig. 2).

In work [12], two components of the "unexpected components" of the Fed discount rate are considered: " target factor " and " path factor ". « Target factor " acts as a measure of the current "surprise", and " path factor » characterizes long-term changes in the indicator (it does not depend on current changes). This vision was supported in the work [24]. As a result, the authors of the works [12; 24] agree that the biggest influence on the stock market is " target factor ", and " path factor » has no significant effect.

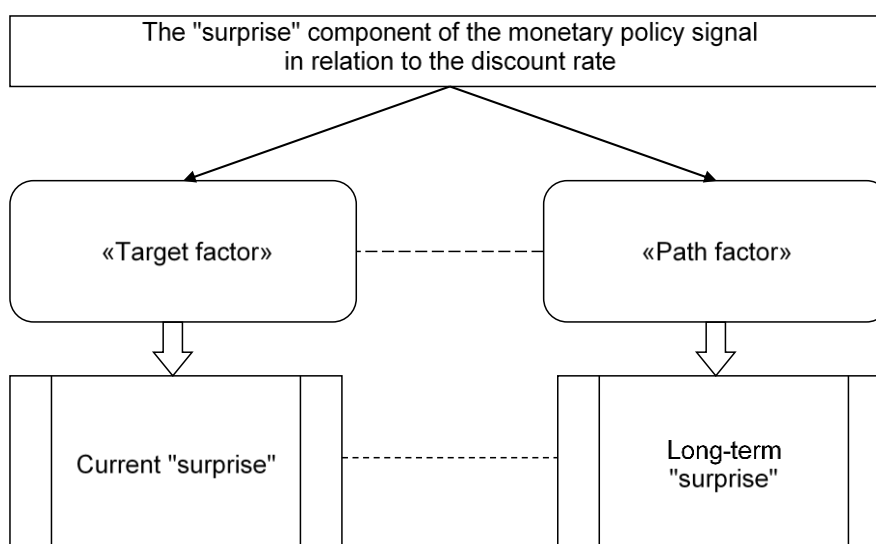


Figure. 2. The ( two-factor ) model for estimating the "surprise component" in relation to the discount rate

Source: compiled from sources [12; 24]

The emergence of such approaches to measuring the "surprise component" of the Fed's discount rate can help better characterize the impact of relevant monetary policy signals. Provided that the "surprise component" is identified, it is necessary to determine the "impact effect" and the "sign of reaction" (+/-) of stock markets.

In general, many scientists [3; 13; 22; 24], claim that expansionary/restrictive monetary policy has a negative (or positive) effect on the profitability of stock markets. In work [3] it was established that an increase in the Fed's discount rate by 25 basis points often leads to a drop in share prices by 1 percent. At the same time, modern studies determine whether there is an asymmetry in the reaction of the stock market to information signals of monetary policy depending on:

- 1) sign inversions regarding changes in the discount rate;
- 2) stages of the economic cycle;
- 3) sector/industry and/or size of the issuing company.

An important issue is to determine the effect of the inversion of the sign of changes in the central bank's discount rate on the profitability of stock exchange markets. In work [9], it was substantiated that there is a heterogeneous reaction of the S&P 500 stock index, and it was also noted that the mentioned stock index demonstrates a significant reaction:

- on unexpected values of monetary signals;
- on the inversion of the sign regarding the changes in the discount rate of the Fed.

However, this result was not confirmed in [3], where no significant differences were found in the reactions of the stock market to the inversion of the sign of the discount rate change. However, scientists [3; 9] agree that the stock market generally reacts symmetrically to changes in the Fed's discount rate.

The potential reaction of stock markets to monetary policy signals may differ, including depending on the stage of the economic cycle. In works [14; 22] it is emphasized that decisions regarding monetary policy can be divided into two types:

- "non-technical" changes, i.e. decisions aimed at solving economic problems (inflation, recession, financial crisis);
- "technical" changes, that is, decisions aimed at equalizing the central bank's discount rate with other rates.

This difference is an example of how the stock market's response to monetary policy signals can vary depending on the state of the economy.

In addition to monetary "surprises", the study [17] considered the nature of the impact on the stock market of relevant changes in the Fed discount rate and the monetary aggregate M1 based on the division of the available sample into three periods: (rise stage, peak stage, and decline stage). It is substantiated that the stock exchange market shows a significant reaction only to "unexpected" values of the monetary aggregate M1 (only in the first stages of the economic cycle).

Similar results were obtained in work [11], where it is emphasized that the reaction is less pronounced in periods of financial instability. However, in work [14] such results are not confirmed, and it is claimed that "non-technical" changes have a greater impact than

"technical" changes. As it turned out, the result of the impact partly depends on the indicators used to determine periods of economic growth or decline. For example, the growth of the M1 money supply has a negative effect on the dynamics of the stock index during the upswing phase of the economy. If the stage of the economic cycle is judged by the index of industrial production, the same is true during peak and recession phases, if the index of leading indicators is used to determine the stage of the economic cycle. Contrary to the conclusions of [17], changes in accounting interest rates have a significant impact on the profitability of stock markets during at least one stage of the business cycle. Regarding the monetary indicator M1, it is important to note that the result of the effect depends partly on the determination of the stage of the business cycle.

In work [9] it is emphasized that it is more difficult for small firms to attract loan funds than for large firms, because it is more difficult to collect information about such small firms. It is advisable to take this into account, the banking regulator intends to strengthen the monetary policy. Compared to large enterprises, small companies are more sensitive to economic changes and more prone to risk. Thus, the impact of monetary policy signals may also vary by industry or firm size.

In work [9], it is empirically proven that monetary policy indicators affect smaller firms more significantly than large firms, and also have an effect on the parameters of access to loan capital. Firms with relatively small cash flows, low credit ratings and/or a high proportion of borrowed funds show a significant level of reaction to "surprises" in the monetary indicator. It is also important to emphasize that companies in cyclical industries (technology, telecommunications and consumer goods) are twice as responsive to monetary policy signals as other companies.

The impact of changes in monetary policy can differ quite significantly depending on the strategy of the country's banking regulator. Relatively few academic works have investigated the impact of monetary shocks on stock markets outside the US. In separate works, for example [14; 24], investigated the "surprise effect" in relation to changes in the Fed's discount rate in stock markets outside the United States. It has been established that the most developed stock exchange markets show a significant and negative reaction to the strengthening of the monetary policy of the USA, especially to:

- "non-technical" changes in comparison with "technical" changes [14];
- " target factor " compared to " path factor " [24].

In work [14], it was established that no special reaction was observed on the French stock market until 1992, however, in the period from 1998 to 2004, a decrease in the yield of the CAC 40 index was revealed only after an unexpected strengthening of the monetary policy of the United States. However, these conclusions were not confirmed in the study [11], which emphasized the fact that the monetary policy of the Fed had a significant impact only during 1985-1996 on the profitability of the UK stock market.

It should be noted that the influence of monetary policy signals on the stock market has been widely used in many scientific works. Individual scientists tried to explain the origin of such reactions. For example, in work [7] it is emphasized that the "surprise" of US monetary signals affects the stock exchange markets through the "wealth effect", and at the same time, such a reaction is twice as strong as that of debt markets. Attention is also focused on the fact that the stock market is the main channel for the transmission of monetary policy in the short-term investment horizon.

In work [22], it is noted that changes in the Fed rate have an impact on prospective expectations of investors (therefore on stock quotes) through the channel of cash flows and the channel of the future interest rate. Some scientists tried to protest empirically. For example, in works [3; 5; 18] it is shown that "unexpectedness" regarding the amount of future dividends largely explains the "unexpectedness" of changes in the yield of shares on stock exchanges. It was also emphasized that the influence of local (national) monetary policy is carried out not only through interest rates, but also through the channel of dividend payments and risk premiums [3; 5]. The work [3] emphasizes the fact that an unexpected softening of the Fed's monetary policy can often lead to a decrease in the risk premium and an increase in share prices, and vice versa.

Hence, as noted above, monetary easing not only allows households to profit from capital gains (revaluing future income increases), but also allows them to bear less risk, thereby increasing investors' risk appetite. Thus, in relation to the stock market of Great Britain, in work [5] it is noted that monetary policy is partially transmitted through the risk premium channel.

Understanding the impact of a "surprise" monetary indicator may also vary depending on the state of the economy and/or country whose stock market is being analyzed. For example, work [17] found that the influence of monetary policy on discount rates in the context of dividend payments is insignificant and does not change depending on the stage of the economic cycle. However, during the downturn phase of the economic cycle, "positive" monetary policy signals have a positive effect on the growth of future cash flows. The same monetary signals often do not have the same effect during growth phases.

The study [24] considered the impact of the Fed's monetary decisions regarding the discount rate on stock markets outside the United States. The author concludes that the influence of US monetary policy on other global stock markets is often carried out through the interest rate, and the magnitude of the influence largely depends on the degree of financial ties of countries to the US.

It is appropriate to establish whether monetary policy signals are stabilizing or destabilizing for stock markets, as well as to determine the presence (absence) of asymmetry in responses to expansionary monetary policy or the corresponding restrictive monetary policy. Asymmetry in market reactions suggests that the degree of risk aversion varies depending on the type of monetary policy.

Separate studies have shown that volatility increases on days when monetary indicators are announced. Shocks (shocks) of monetary policy explain most of the dispersion of the S&P 500 index on the day of the announcement – there is an 8% increase in volatility [4]. As a result, investors react more quickly to a reduction in the Fed's discount rate than to an increase in it.

In the study [4], attempts were made to measure the sequence of reactions around (before and after) the day of announcement of monetary policy signals. Real volatility was found to decrease within days of the release of the corresponding monetary indicator. However, there is no consensus on the effect on volatility of the day preceding the announcement of monetary signals.

In addition, work [4] presents an event analysis around (before and after) the announcement of the monetary policy signal, which distinguishes planned announcements

from unplanned ones. The first evaluation, carried out for the entire studied period (1989-1998), demonstrated that the volatility on the day of the announcement of the monetary signal is more responsive to the "surprise component" than in several days before and after [4]. This makes it possible to confirm the "calm before the storm" hypothesis put forward in [14], which is interpreted by the fact that the sample includes unplanned signals of monetary policy, to which stock markets react at the time of announcement.

The beta coefficients for the two components around (before and after) the days of the publication of the Fed's decisions on the discount rate were analyzed in [6] using an approach that consists in the distribution of the beta coefficient of the CAPM model (Capital Asset Pricing Model) into two components: "cash flow beta" and "discount rate beta", which increase significantly when the Fed engages in expansionary monetary policy. The authors of the work [6] established that during the period under study (1963-2001), the monetary policy of the Fed had a significant impact on the change in the interest rate, while during the period 1929-1963, which included the Great Depression in the USA, there was increased impact of cash flow components. This is partly because the difficult financial conditions of businesses during the Great Depression in the US made investors more sensitive to monetary policy signals about future cash flows than to signals about interest rates. Therefore, it is appropriate to evaluate the reactions of stock markets to monetary policy signals depending on their financial and economic context.

The problem of asymmetry in stock market reactions to monetary policy signals is also considered from the point of view of volatility, in the context of establishing differences in stock market reactions:

- 1) depending on the studied period;
- 2) depending on positive or negative changes in the discount rate by the central bank.

Within the first direction, a number of studies were carried out, for example [19], in which it is emphasized that the studied period in the context of the appropriate strategy of banking regulators plays an important role in the transmission of monetary policy to the stock exchange markets. So, the specific influence of monetary signals on the volatility of stock exchange markets differs depending on the selected parameters of the monetary policy of the central bank of the state.

However, such an assumption has not found unequivocal support among scientists. On the one hand, scientists tried to empirically assess the nature of informational influence on the part of the Fed and the level of informational transparency that increased after 1994 [4]. However, uncertainty in the US stock market has decreased as a result of changes in the Fed's monetary policy since 1994. On the other hand, this paper [4] divided the total sample into two periods (before and after 1994) and noted that there are no statistically significant differences between these two periods.

The work [4] also investigates the asymmetry of the reaction of the stock exchange markets from the point of view of strengthening the monetary policy and as a result of the expansionist actions of banking regulators. Therefore, the tightening of monetary policy exerts a stronger destabilizing effect on stock exchange markets than its weakening, confirming the thesis that "negative" changes in the discount rate have a more significant impact on the volatility of stock exchange markets than "positive" ones.

**Conclusions.** The relationship between macroeconomic announcements and stock

markets is based on the efficient market hypothesis, which assumes that companies' stock prices adjust immediately to one event or another. The nature of the influence of monetary policy signals largely depends on the frequency of available data (intervals for calculating the return of stock indices) and approaches to calculating the "unexpected component" of changes in the central bank's discount rate. There is a certain relationship between the signals of monetary policy and the mechanism of the reaction of the stock market to them.

A promising direction of further research is the determination of the theoretical basis for the formation of the reaction of the Ukrainian stock market to the monetary policy signals of both the national banking regulator and the ECB and the Fed, because the mechanism of formation of such a reaction can potentially also depend on local (national) operating conditions.

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## MACROECONOMIC APPROACH TO THE REAL ESTATE MARKET

**Abstract.** The article is devoted to the study of the macroeconomic approach to the real estate market. The real estate market is an important component of national wealth, and its functioning has a significant impact on the formation of the country's gross domestic product. This necessitates the development of existing research, since in a period of economic changes and instability it is important to understand how macroeconomic factors affect the real estate market and with the help of which tools it is possible to achieve the effective functioning of this market. The purpose of the study is to generalize the influence of macroeconomic factors on the real estate market and to identify the main problems that must be solved in order to achieve stable and balanced operation of this market. The research is based on statistical data analysis, comparative approach, generalization of theoretical approaches and research. An overview of the main studies on the problems of applying the macroeconomic approach to the real estate market is presented. The summary of the main results includes a review of the factors affecting the real estate market and a visualization of their impact using statistical data. The last part provides a generalized assessment of the impact of macroeconomic factors on the real estate market and indicates the need for effective state regulation and policy coordination in this area. The study has potential benefits for economists, real estate professionals and stakeholders interested in market dynamics and factors affecting the real estate market at a macroeconomic level.

**Keywords:** macroeconomic approach, real estate market, macroeconomic factors, state regulation, mortgage, real estate.

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## МАКРОЕКОНОМІЧНИЙ ПІДХІД ДО РИНКУ НЕРУХОМОСТІ

**Анотація.** Ця стаття присвячена дослідженню макроекономічного підходу до ринку нерухомості, враховуючи його актуальність у сучасному світі. Метою дослідження є розуміння впливу макроекономічних факторів на ринок нерухомості та визначення основних завдань, які потрібно вирішити для досягнення стабільної та збалансованої



роботи цього ринку. Дослідження базується на використанні різних методик, включаючи аналіз статистичних даних, порівняльний аналіз ринків різних країн та літературний огляд. Методологія дослідження включає збір та аналіз великого обсягу економічних даних, проводиться літературний огляд, який допомагає уточнити теоретичні основи макроекономічного підходу до ринку нерухомості та представити погляди вчених та експертів з цієї галузі. Робота відзначається своєю актуальністю, оскільки в період економічних змін і нестабільності важливо розуміти, як макроекономічні фактори впливають на ринок нерухомості та які інструменти можуть бути застосовані для досягнення ефективного функціонування цього ринку. Висновки роботи дають узагальнену оцінку впливу макроекономічних чинників на ринок нерухомості і вказують на необхідність ефективного державного регулювання та координації політики у цій галузі. Дослідження має потенційну користь для економістів, політиків, фахівців у сфері нерухомості та всіх зацікавлених сторін, що цікавляться ринковою динамікою і факторами, що впливають на ринок нерухомості на макроекономічному рівні.

**Ключові слова:** макроекономічний підхід, ринок нерухомості, макроекономічні фактори, державне регулювання, іпотека, нерухомість.

**Problem statement.** Macroeconomic theory, its knowledge and understanding play a large role in the study of behavior and determinants that affect the economy of the country as a whole. Macroeconomics is primarily about the study of how the economy works on a large scale. Typical subjects of study of macroeconomic theory are growth rates, economics, monetary policy, and the study of markets. Macroeconomics aims to study all the factors affecting the country's economy in their inextricable connection with each other. The economy of any country is a combination of a large number of different markets, which in turn are a system of relations between buyers and sellers. The real estate market is a significant segment of the economy, which plays an important role in achieving the goals of the stability of the national economy and its economic development. The real estate market is an important component of national wealth, and its functioning has a significant impact on the formation of the country's gross domestic product (GDP). The country's GDP, in turn, is one of the most important indicators of the state's economic well-being and gives an understanding of the volume of production of goods and services in the country for a certain period of time. There is also an inverse relationship - GDP has an impact on real estate markets, and therefore the higher the indicators of economic growth, the more the real estate fund grows. It is important to note that the investment attractiveness of the state is also determined by the conditions for conducting business in the real estate sector, and direct foreign investment is an important component of economic growth, first of all, for developing countries, which includes Ukraine.

**Relevance of the chosen topic.** Like other markets, the real estate market has its own macroeconomic cycle, which corresponds to the standard market phases of rise, boom, recession and recession, its formation and functioning are influenced by many factors, including the manifestation of unforeseen circumstances, such as a pandemic. In a period of economic change and instability, it is important to understand how macroeconomic factors affect the real estate market and what tools can be used to achieve the effective functioning of this market. It is precisely because of the dynamism of this market that the problem of researching approaches to determining the manifestation of factors in the development of the real estate market, as well as statistical indicators that make it possible to investigate the influence of factors through specific data, is relevant. Because of the above, scientists set themselves the task of developing a theoretical base and practical studies of the problems of Hochschule Mittweida

the impact of macroeconomic factors on the real estate market.

**Analysis of recent research and publications.** Today, a large number of points of view and approaches to the study of the influence of the main macroeconomic variables on the trends of the real estate market are presented. Thus, Marfatia et al. (2020) examine the determinants of real estate prices, primarily the role of different types of uncertainty. Panagiotidis and Printzis (2015) conduct an analysis of the interdependence of real estate price indices and macroeconomic determinants of the Greek market. Grum and Govekar (2016) examine the relationship between macroeconomic factors and real estate prices in different cultural environments. Allen et al. (2016) show that real estate prices can be interpreted as a function of macroeconomic variables such as the growth rate of real GDP, the current account balance, the imbalance between investment and savings, and public debt. Pessoa et al. (2021) conclude that only a rapid economic recovery in the short term, especially GDP, can provide the stimulus that the residential real estate sector has resumed its growth trajectory. Tham et al. (2022) focus on understanding the short- and long-term implications of macroeconomic variables for distressed property loans. Wilhelmsson (2020) single out changes in the interest rate as the main factor affecting the real estate market and model its potential (direct and indirect) impact.

**Objective and tasks.** The purpose of the study is to understand the impact of macroeconomic factors on the real estate market and to determine the main tasks that need to be solved in order to achieve a stable and balanced operation of this market. In order to achieve the goal, the work sets out the task of researching and summarizing the factors affecting the real estate market; examine statistics demonstrating the impact of force majeure circumstances causing changes in the economy, such as the COVID-19 pandemic; to investigate the state of the real estate market of Ukraine; determine the impact of real estate market cycles on the country's economy.

**Presentation of the main findings of the research.** Macroeconomic theory, its knowledge and understanding play a large role in the study of behavior and determinants that affect the economy of the country as a whole. Macroeconomics is primarily about the study of how the economy works on a large scale. Typical subjects of study of macroeconomic theory are growth rates, economics, monetary policy, and the study of markets. Macroeconomics aims to study all the factors affecting the country's economy in their inextricable connection with each other. The economy of any country is a combination of a large number of different markets, which in turn are a system of relations between buyers and sellers. An example of functioning markets can be the labor market, the money market, the market for IT services, the market for means of production, etc. The real estate market, the functioning of which will be discussed later, is no exception to the rules.

Highlighting the main components that are inherent in the macroeconomic approach to the study of the real estate market, the following elements can be noted: prices for real estate objects, volume of supply, volume of demand among consumers, equilibrium price, price elasticity, determinants of the real estate market, etc. National statistics are used to study trends in the real estate market and assess the economic impact of price changes. In addition, a macroeconomic approach to the real estate market can help determine the determinants that influence changes in the main economic indicators of the real estate market. Such determinants can be inflation, the level of employment of the population, the interest rate, incomes and the level of unemployment, the amount of supply and demand in the market, the number of counterparties, the level of investments in the industry, etc. So, the real estate market is a place where people buy and sell buildings, structures, and land plots. It, like any Hochschule Mittweida

other market, works on the basis of the law of supply and demand, which is the basis of its functioning. The price of real estate depends on how many people buy and sell it, and in what quantity. There are many different parties involved in the real estate market, including sellers, buyers, brokers, agents and other intermediaries involved in the conclusion of contracts. When a seller decides to list his building or land for sale, he hopes to sell it for the highest possible price in order to increase his own profit. At the same time, buyers are interested in finding a property that fits their budget and needs. If the price of the house coincides with the one that the buyers are ready to pay, then the agreement is concluded and the sale is carried out - the interests of the seller and the buyer are reconciled. Graphically, the law of supply and demand in the real estate market can be displayed in Figure 1.



Figure 1. Demand and supply in the real estate market

*Source:* materials used (Hutchinson, 2018)

The graph represents the interaction between two variables: the price (Price) and the volume of real estate objects (Quantity of total Rental Units). The supply graph (Landlords, sellers) is shown in red the demand graph (Renters, buyers) is shown in blue. Point E1 is the equilibrium point at which the equilibrium (market) price and equilibrium volume are established. The equilibrium point in the real estate market is established as a result of the reconciliation of the interests of both the buyer and the seller. That is, the law of supply and demand works here, when the equilibrium price is the point of intersection of the demand curve on the part of real estate buyers and the supply curve on the part of counterparties who offer to put the real estate object up for sale. The real estate market has many factors that influence consumers, including real estate prices, availability of financing, location, and quality of real estate (Hutchinson, 2018).

The modern real estate market is characterized by the fact that developers change the direction of their activities in order to meet the needs of consumers. In the public sector, this means a decrease in the total area, which increases demand in the primary housing market. The cost of such housing fell into the price range of the secondary market. For buyers with high purchasing power, adding a comfortable living environment is a priority when choosing a home. Therefore, developers targeting this sector immediately plan housing with such

infrastructure as security, parking and landscaping. Technological innovations for energy saving have also had a positive impact on the real estate market. Today, it is important not only to buy a home, but also to pay the costs of electricity, heating and energy supply. Consumers positively evaluate the presence of private heating in new buildings, the initial installation of two-tariff electricity meters and well-thought-out autonomous control systems (Petryshchenko et al., 2018).

In the modern market situation, the state plays an important role as one of the regulators of the real estate market. For example, the state can set an upper limit on the rental price. In this case, the lessor cannot charge rent for use higher than the established fixed rent. In addition, the state itself can act as a market entity, offering, as an example, the construction of social housing. State administration bodies are actively involved in carrying out reforms in the field of the real estate market. This issue is also relevant for Ukraine, especially in the context of the development of the land reform, which ended with the beginning of the full operation of the land market from July 1, 2021 (Ministry of Agrarian Policy and Food of Ukraine, 2021). If we talk about the role of the state in the real estate market in Ukraine, many authors focus their attention on the fact that the state should stimulate this market in our country, using various tools. For example, there is an opinion (Shatkivska, Burkina, 2020) that for the further development of the real estate market, active intervention of the state is necessary in the following steps: improvement of the investment climate, control over the solution of housing issues, improvement of market analytics, increase in the purchasing power of business. The state should have an institutional approach to regulating, organizing and controlling the activities of real estate market participants (Samoilova, 2019).

An important element affecting the real estate market is the level of interest rates. When interest rates are high, it can become more expensive to borrow money to buy a home, which can reduce the demand for homes from buyers. Sellers, in turn, when the interest rate increases, have to increase the price of rent, which leads to an increase in the market price of real estate, and as a result - to a decrease in market demand. Here we can note the impact of inflation on the real interest rate, because the higher the inflation rate, the lower the real interest rate. Interesting in this regard is the study of experts of the International Monetary Fund (Ahir et al., 2023) which demonstrated that now house prices continue to fall as the cost of borrowing increases. As an example, the Federal Reserve System of the United States was given, which raised the rate to 4.5-4.75%. In turn, this led to an increase in the mortgage rate, which reduced the market value of housing and real estate in general.

Graphically, the relationship between the level of interest rates and the value of real estate can be displayed on the example of trends in the real estate market in Australia over the past 30 years, which is shown in Figure 2.

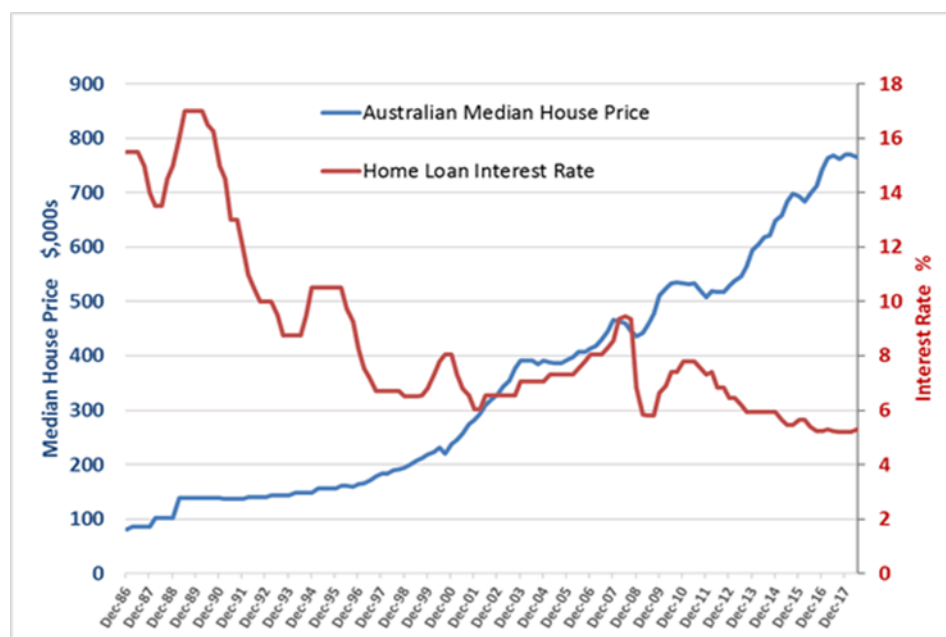


Figure 2. The interrelation between the interest rate and the change in the value of real estate in Australia for the period 1986-2017

Source: materials used (Buckingham, 2018)

Mathematically, the relationship between the interest rate and the real estate value can be expressed by the following formula (Buckingham, 2018):

$$P = \frac{R}{r} \times 100\%, \quad (1)$$

where  $P$  is the real estate value,  $R$  is the rent, and  $r$  is the interest rate. The mathematical model proves the thesis that with an increase in the interest rate at a constant rent, the value of real estate decreases.

The financial sector is the most important intermediary between depositors and borrowers, providing access to financial instruments for business and investment. In the real estate market, financial instruments such as loans and mortgages are key to the acquisition and development of real estate. On the one hand, the financial sector can create excessive demand for real estate through excessive lending and mortgages, leading to rising real estate prices and the formation of bubbles. On the other hand, credit resources can be a source of financing for investors who intend to develop and modernize real estate, creating new jobs and contributing to the development of other sectors of the economy. The real estate market has a direct impact on consumers, since the purchase of real estate is one of the most important and expensive purchases in a person's life. Therefore, consumers are usually very careful and careful when choosing real estate and planning their financial resources. In order to confirm the thesis about the importance of the financial sector in the real estate market, one should consider such a lending instrument as a mortgage. In European countries, the volume of mortgages can reach up to 50% of the country's GDP. As of 2020, this figure in Ukraine was only 0.7% of the gross domestic product. The existing ratio for other countries can be seen in Figure 3.

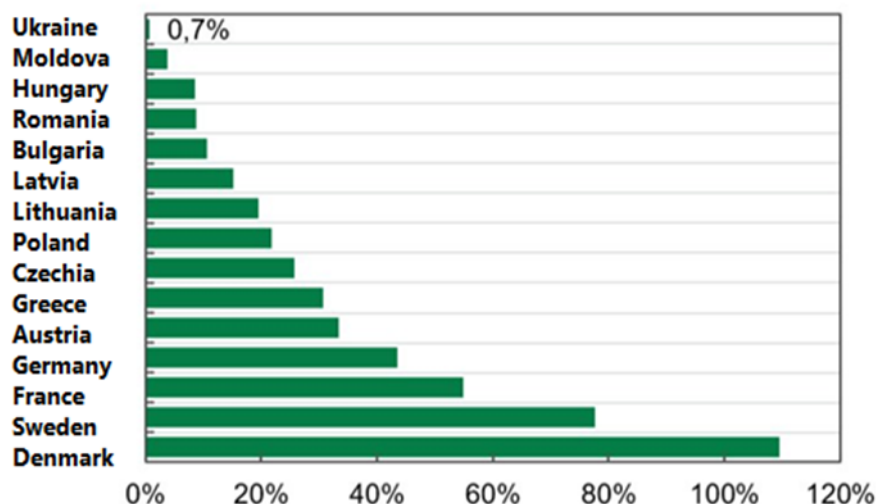


Figure 3. Ratio of mortgage to GDP in 2020 by country

Source: materials used (Shmyhel, 2021)

In addition, the availability of financing can also affect the real estate market and consumers. The availability of mortgage loans and other forms of financing can increase the demand for real estate and allow a wider range of consumers to purchase real estate. However, funding constraints and higher interest rates may lead to reduced demand and lower property prices, as discussed above.

The real estate market has a significant impact on the country's gross domestic product (GDP), which is one of the most important indicators of the state's economic well-being. It reflects the volume of production of goods and services in a country over a certain period of time, and the real estate market is an important component of this process. GDP reflects the country's level of development and has an impact on real estate markets. The higher the indicators of economic growth, the higher the real estate fund (Shkurupii, Bilobrova, 2012).

First, the real estate market plays an important role in stimulating one of the most important sectors of the economy - the construction industry. The construction industry provides employment and contributes to GDP growth through the construction of new buildings and infrastructure. The real estate market also stimulates the development of other industries, such as the furniture industry, the production of building materials and electronics. Second, the real estate market affects consumer activity, which is the main source of GDP. Investments in real estate increase the welfare of the population and increase consumer confidence, which, in turn, increases spending on a range of goods and services, positively affecting GDP. Thirdly, the real estate market affects investment activity, which is also an important component of GDP. Investment in real estate can attract investors who can finance different sectors of the economy, which in turn can contribute to GDP growth.

Investing in the real estate market can be highly profitable, but also associated with significant risks. Investors usually invest in real estate with the goal of generating income from the rental or sale of the property. The advantage of real estate investment is that it can provide a more stable source of income compared to other investments such as stocks or bonds. However, the risks are also significant. For example, real estate prices can fluctuate, and



selling real estate during falling prices can result in a loss. The multiplier effect of investments provides an increase in additional demand not only from the service sector, but also due to an increase in demand for related services, such as the construction of communal and engineering infrastructure, which in turn leads to an increase in the economic activity of the population due to the creation of new jobs (Duhinets, Aliiev, 2020).

One of the key criteria for successful investment in real estate is the location of the object. For example, properties located in more developed areas with high rental demand can give a potential investor a higher return on their investment. In addition to the cost and potential profitability of the property, it is also important to consider the costs associated with the management and maintenance of the property. Establishing and maintaining communications between buyers and sellers is equally important. In such conditions, there is fierce competition in the real estate market, which forces real estate owners to create complex commercial models. An example of such a model can be called PropTech. This model combines functionality that is necessary for real estate market entities to improve their own services. For example, it can be the optimization of decisions regarding digital projects in the real estate market (smart buildings, smart villages, smart cities, etc.) (Balabash, 2018).

In the context of the influence of external factors on the real estate market, it will be interesting to consider the cases of the influence of the circumstances of a continuous force, causing changes in the economy. One such factor that shook the whole world was the COVID-19 pandemic. Despite the general economic downturn, which was caused by the lockdowns, the dynamics of the real estate market, in general, was positive. A similar trend can be observed on the example of one of the companies that implements its services on the real estate market. It is presented in Table 1.

Table 1

#### Changes in the cost and capitalization of different types of apartments by year

Period (year)	Studio apartment		Apartment with 1 bedroom		Apartment with 3 bedrooms	
	Price on January 1	Capitalization for the past year	Price on January 1	Capitalization for the past year	Price on January 1	Capitalization for the past year
<b>2014</b>	Від £22400	-	Від £33400	-	Від £84000	-
<b>2015</b>	Від £24000	7,1%	Від £39900	19,5%	Від £89900	7,0%
<b>2016</b>	Від £26500	10,4%	Від £40500	1,5%	Від £92900	3,3%
<b>2017</b>	Від £30000	13,2%	Від £44900	10,9%	Від £98900	6,5%
<b>2018</b>	Від £33500	11,7%	Від £48900	8,9%	Від £119900	21,2%
<b>2019</b>	Від £37700	12,5%	Від £55700	13,9%	Від £146000	21,8%
<b>2020</b>	Від £43900	16,4%	Від £60900	9,3%	Від £159900	9,5%
<b>2021</b>	Від £46900	6,8%	Від £62900	3,3%	Від £169900	6,3%
<b>Growth in 7 years</b>	£22500	109,0%	£29500	188,0%	£85900	102,0%
<b>Average per year</b>	£3500	15,6%	£4214	26,9%	£12271	14,6%

Source: materials used (Heritage Investments, 2022)

So, while the lowest apartment price growth over the past seven years was 14.6% p.a., the most popular currently are affordable studios with an average price increase of 15.6%



p.a., and the record holder is 1+1 apartments with an average price growth by 26.9% per year.

It is worth noting that the average housing supply in Ukraine is much lower than in many European countries, and in 2019 the total housing area per capita was only 24.2 square meters. m. The share of construction in the structure of Ukraine's GDP in 2012-2019 averaged 2.29%, which is a low indicator compared to the indicators of European countries. The dynamics of the volume and share of investments at the expense of state funds in the structure of capital investments in housing construction in Ukraine in 2012-2019 indicate a rather low level of state investment opportunities in the field of housing construction and the need for financial and credit development. In 2016-2019, the share of state-funded investments in housing construction decreased from 7.6% to 0.9%, respectively. In absolute terms, such investments decreased from UAH 3.4 billion in 2016 to UAH 511.9 million in 2019. It should be noted that only part of the total volume of capital investments is related to the creation of new assets, that is, a new housing stock. In particular, in 2019, these investments in new housing amounted to UAH 52,263.0 million, which is 5.4% or UAH 2,698.0 million more than in 2018. In contrast to the structure of gross capital investments, a large number of new assets is characteristic, which may indicate insufficient funds for repair, reconstruction and renewal of the old housing stock and, as a result, a possible future deterioration in the quality of residential real estate sold on the secondary market. In 2018-2019, new assets accounted for an average of 69% of capital investments in Ukraine, while modernization, reconstruction, and technical re-equipment accounted for about 17%, and major repairs accounted for about 10% (Shteinhaus, 2021).

Real estate, like many other sectors of the economy, is prone to cyclical activity. Macroeconomic cycles in real estate are related to the state of the economy as a whole. For example, during periods of economic growth, demand for real estate increases, leading to higher real estate prices. On the other hand, during periods of economic downturn, demand for real estate may decrease and real estate prices may fall. In addition, cyclical changes can occur in the residential real estate market, for example, depending on the demand for apartments in different areas of the city.

In general, the real estate market cycle includes such phases as rise, boom, decline, recession. The boom phase is characterized by an increase in demand for real estate. During the boom phase, real estate prices remain elevated, demand exceeds supply, and the real estate market is actively traded. During the recession phase, real estate prices begin to decline, demand decreases, and the real estate market experiences less activity. In the recession phase, a crisis occurs in the real estate market: the number of counterparties decreases, prices fall, and the volume of supply decreases. In this context, the interaction of the real sector of the economy, the real estate market and the money market is interesting, the impact of which was analyzed earlier. Figure 3 shows the relationship between the real sector of the economy and the monetary sector and their impact on the real estate market.

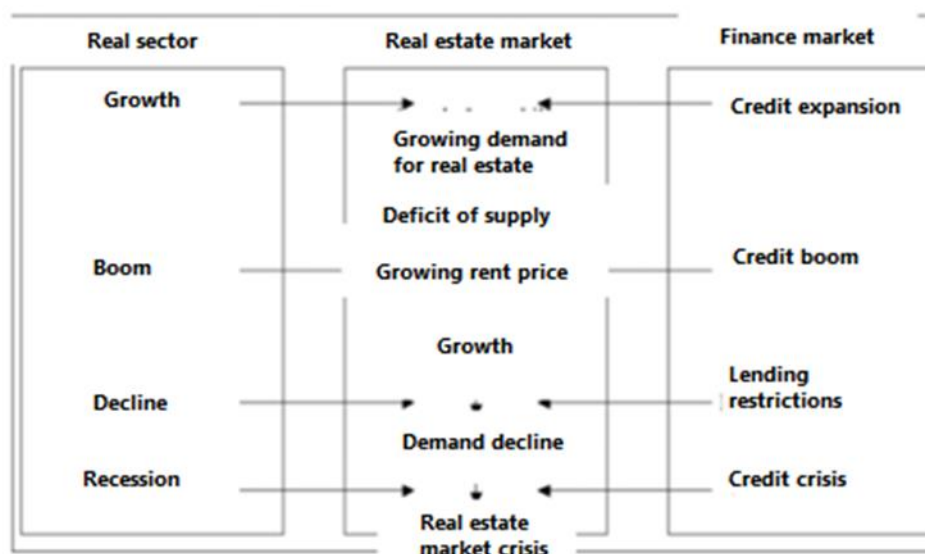


Figure 4. The interrelation between the real sector of the economy, the real estate market and the monetary sector

Source: materials used (Halenko, Rizva, 2018)

Real estate market cycles can have a significant impact on the economy as a whole. For example, during the boom phase of the real estate market, the amount of construction increases, which can stimulate employment growth and promote the development of related industries. However, during the recession phase, real estate prices can fall so much that they can lead to a crisis in the real estate market and threaten the stability of the banking system. It is important for investors to understand that these cycles can affect their real estate investments and make appropriate decisions about buying and selling real estate based on market conditions. The real estate seller should take into account all the factors and trends that exist in the real estate market in order to implement the agreement on the sale of the property on the most favorable terms (Halenko, Rizva, 2018).

**Conclusions.** A macroeconomic approach to the real estate market is a comprehensive approach to understanding the mechanisms of interaction in the market between buyers and sellers. This interaction is based on the law of supply and demand. As a result of the interaction of many buyers and sellers in the market, there is a relationship between the offer of real estate and the market price for it. Thus, the final market price of real estate is set in such a way as to satisfy the interests of both sellers who seek to sell real estate at a certain price and buyers who seek to purchase real estate at the best price. A seller in the real estate market should pay attention to monetary factors that play an important role in further investment in real estate. The higher the interest rate, the lower the real estate price on the market; it will be unprofitable for sellers to invest in this industry, so the supply in the real estate market will fall. Like other markets, the real estate market has its own macroeconomic cycle that follows the standard market phases of boom, bust, bust, and recession. It should be noted that the real estate market has always been an important component of national wealth and gross domestic product. The investment attractiveness of the state is also determined by the conditions for conducting business in the real estate sector. Research can be focused further on the impact of globalization on real estate markets. Special attention could be paid to the relationship of real estate markets in different countries with the

increase in international investments and changes in migration trends. To get a complete picture of the real estate market, it would be helpful to research both commercial and residential properties. Analyzing the impact of macroeconomic factors on sectors such as office, retail and industrial real estate is important for economic development and investment. A more complete understanding of the macroeconomic approach to the real estate market can be achieved through comparative analysis with different countries and regions. This can help detail the impact of macroeconomic factors on the real estate market in different contexts and identify possible approaches to optimizing market regulation.

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## UNEMPLOYMENT, ITS CAUSES AND FORMS OF OCCURRENCE IN UKRAINE

**Abstract.** Unemployment is one of the major economic problems in Ukraine, which hinders the country's economic development. As of 2023, the unemployment rate stands at 30%, with every 4 citizens being unemployed. This article presents a study based on statistical data, examining the consequences of unemployment for the country and its potential implications. It also discusses active measures and government programs aimed at helping citizens cope with this situation. The findings of this research may be of interest to scholars and experts studying the causes, consequences, and solutions to the socio-economic phenomenon of unemployment.

**Keywords:** unemployment, labor market, cyclical unemployment, reform, economic crisis.

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## БЕЗРОБІТТЯ, ЙОГО ПРИЧИНИ ТА ФОРМИ ВИНИКНЕННЯ В УКРАЇНІ

**Анотація.** Безробіття для України є однією з головних економічних проблем, що сповільнює економічний розвиток держави. Станом на 2023 рік рівень безробіття дорівнює 30%, кожен 4 громадянин – безробітний. Проведено дослідження на підставі статистичних даних, які наслідки для держави формує безробіття та до чого це може призвести. Також мова йде про активну боротьбу та державні програми, що допомагає громадянам впоратись з таким становищем. Результати цього дослідження може бути цікавим дослідникам та фахівцям, які займаються вивченням причин, наслідків та шляхів вирішення соціально-економічного явища – безробіття.

**Ключові слова:** безробіття, ринок праці, циклічне безробіття, реформа, економічна криза.

**Problem statement.** Unemployment is a socio-economic phenomenon in which the able-bodied and active population of a country cannot find employment despite their efforts to do so. In the case of Ukraine, unemployment slows down and negatively affects the economy of the country by reducing production and potential incomes, among other factors.

**Relevance of the chosen topic.** Currently, the unemployment rate in Ukraine has reached 30%. The conducted research provides an analysis of the factors contributing to the emergence of unemployment and methods for reducing the unemployment rate through government regulation. In challenging economic conditions, such as recessions, crises, or changes in the global economy, unemployment can deepen. This poses a threat to economic stability and presents a challenge to government management.

**Analysis of recent research and publications.** A cohort of scientists was and continues to be engaged in the study of this issue, The issue of unemployment in Ukraine has been examined by Ukrainian experts and researchers, such as Larisa Lukyanova, Viktoriya Kifyak, Oksana Dmitriyeva, Katerina Syroyizhkota, and others. These authors have studied the structure of the unemployed population based on the causes of unemployment according to statistical data and identified factors that contribute to increased unemployment. The impact of unemployment on the country's economy, population well-being, and demographic situation has been determined. Effective ways to increase employment based on the analysis of causes and consequences of unemployment in Ukraine have been proposed.

**Purpose and Objectives.** The objective of this research is to analyze the impact of unemployment on the overall economic component of the country and the financial situation of citizens in such circumstances. The study aims to identify the consequences of unemployment for economic stability and development of the country, as well as to assess the financial difficulties faced by unemployed citizens. Based on the obtained research results, political and economic recommendations will be discussed to reduce unemployment, support employment, and improve the financial stability of citizens

**Presentation of the main findings of the research.** Unemployment is a socio-economic phenomenon in which the capable and active population of a country cannot find work, despite actively searching for it. The main distinguishing factor that separates the unemployed from those who are not part of the workforce is the search for employment. The unemployed can include those who have been temporarily laid off and are waiting to be recalled to work. Undoubtedly, unemployment is a negative socio-economic phenomenon because it reduces the purchasing power of the population, the number of taxpayers, and leads to the emergence of additional expenses to support the unemployed. [2, 29-34]

There is a concept of natural or acceptable level of unemployment, which is reflected even in full employment, as unemployment is virtually unavoidable. Its level is determined by the structure of labor and goods markets, and in developed countries, it ranges from 4 to 6%. Unemployment is caused by the seasonality of labor demand since there are always people who change jobs. Additionally, there should always be available individuals when a new enterprise emerges who are capable of working. Overall, natural unemployment can be divided into three types: seasonal, frictional, and structural.

Seasonal unemployment is characterized by the existence of seasonal industries, such as tourism and agriculture, where it is almost impossible to intervene or change the seasonality, so it is classified as natural unemployment.

Frictional unemployment refers to workers who are in the process of searching for new employment (between jobs) or young individuals entering the labor market for the first time. This process is considered a healthy phenomenon in any economy.

Structural unemployment is explained by the fact that external factors lead to a shortage of job opportunities, and workers need to search for new employment. This can be caused by mine closures due to the depletion of valuable resources or the closure of a company due to financial problems, under circumstances that the worker cannot change [1].

Cyclical unemployment is distinguished as unemployment that occurs within the business cycle, associated with cyclical economic trends. For example, when consumer demand for goods and services decreases, there is a corresponding reduction in production, leading to an increase in unemployment as companies lay off employees to minimize losses. This is the cyclical nature of unemployment since a downturn is followed by an upturn, and there is no cyclical unemployment when there is full employment. Government policies aimed at stimulating the economy through fiscal or monetary measures during an economic downturn are designed to overcome this type of unemployment. Different types of unemployment require different solutions and approaches to combat them, but not all government policies related to the labor market lead to a reduction in the unemployment rate. Some of them have the opposite effect, such as unemployment insurance policies. The goal is to reduce income uncertainty for citizens, increase the time available for job search, which leads to better alignment of worker skills with employer requirements and increased labor efficiency. However, recipients of assistance, due to their unemployed status, extend their job search, which increases the duration of unemployment. There are heated discussions regarding this issue since the payouts are necessary for social stabilization. Cyclical unemployment has significant consequences for both the unemployed and the overall economy, as it represents a loss of potential production level due to the underutilization of human resources [1].

The next type of unemployment is institutional unemployment, which is related to legal norms regulating the supply and demand in the labor market. For example, the introduction of minimum wage or an imperfect tax system.

Let's consider the prerequisites that can lead to unemployment:

1. Economic crises that lead to a reduction in jobs and the cessation of business activities.
2. Technological changes that affect technological advancements, production capabilities, and automation, resulting in the replacement of humans with machines and software, leading to a decrease in the number of jobs.
3. Demographic factors such as declining birth rates, population aging, and migration, which result in a shortage of labor (reduced demand for labor).
4. Incorrect economic policies: Poor economic policies cause labor market instability and reduced labor demand.
5. Low levels of education and qualifications, which prevent workers from seeking advancement and higher wages.
6. Seasonality, as certain types of work are seasonal, causing a form of instability



that does not provide a constant income.

7. Inflation, which affects the number of jobs and labor demand, as the increase in prices for goods and services also has an impact.

It is considered that cyclic unemployment dominates in Ukraine, and it is the key type of unemployment due to the prolonged economic crisis. This is associated with an unstable economic situation. Ukrinform (a multimedia news platform of Ukraine) reports that unemployment in Ukraine has reached about 30% over the past year, which is critical (to recall, during the Great Depression in the US, it was 25%). Currently, there are 2 million people searching for jobs within the country, and 2.7 million individuals want to return to work after the war. It can be assumed that a large number of people who left the country do not intend to return, and this represents a significant portion of Ukraine's working population that was actively involved in the country's economy. A notable example of the government's fight against unemployment is the "Recovery Army" project, which aims to restore the country's infrastructure by engaging the unemployed. Various types of public works are available depending on specific regions, such as strengthening dams, unloading humanitarian aid, or firewood harvesting for the population, among other activities associated with city restoration. As a result, 4,500 unemployed individuals were involved in nine regions. Due to the economic crisis in Ukraine, there is a shortage of funds, so financial assistance to registered unemployed individuals has been redistributed. Currently, the payment can be received within three months instead of the previous one year, with the minimum unemployment benefit amounting to 1,000 hryvnias and the maximum equal to the minimum wage, which is 6,700 hryvnias.

There are popular vacancies that are currently in demand in the country, especially for turners, milling machine operators, and electro-gas welders, which account for over 24% of all vacancies. Therefore, there are job opportunities for individuals with these skills. The State Employment Service strives to organize vocational training for the unemployed, and it operates 11 centers for vocational and technical education. These centers involve institutions in each region, offering a total of 95 licensed professions and an additional 300 short-term courses. Through these programs, individuals can acquire specific qualifications demanded by employers, improving their prospects for employment. An example of such a program is the IT sector, which offers around 17 courses in web design, computer program testing, and more.

Based on this, it is worth understanding why and how Ukrainians struggle with the problem of unemployment. Its cause is undoubtedly the inefficient utilization of labor in the past and the absence of economic conditions that would provide people with the opportunity to use their skills in high-paying jobs. As a result, unemployment is both an economic and a social problem. Even before the war, unemployment in our country posed a significant threat to the state and social well-being.

Table 1

2022	Registered unemployed in Ukraine	Total population
January	315,4	41167,3
February	313,8	41130,4
March	286,9	41167,3
April	283,4	41167,3
May	311,0	41167,3



June	316,4	41167,3
July	296,7	41167,3
August	278,6	41167,3
September	260,5	41167,3
October	239,1	41167,3
November	206,9	41167,3
December	186,5	41167,3

Source: <https://index.minfin.com.ua/ua/labour/unemploy/register/2022/>

Analyzing the given Table 1, it can be said that in early March, the number of registered unemployed decreased, and in my opinion, this is due to the migration of a significant portion of the working-class population. However, in reality, this indicator is much higher because it only includes officially registered individuals. [5]

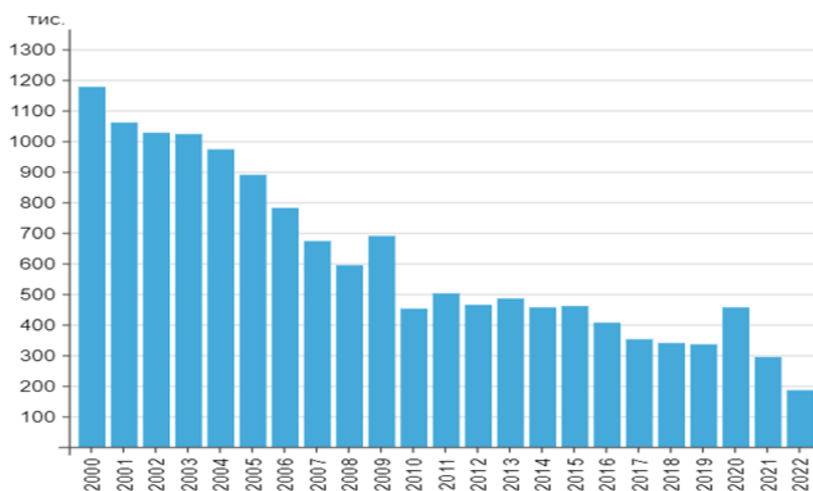


Fig. 1. Statistical data of officially registered unemployed

Source: <https://index.minfin.com.ua/ua/labour/unemploy/register/2022/>

Reviewing Figure 1, it can be concluded that since 2000, the number of officially registered unemployed individuals has significantly decreased from 1,190,000 to 200,000 in 2022. However, despite the decline, in 2020, the number of people without jobs increased due to the pandemic, which affected the market for several months and resulted in business closures and financial problems, leading to job cuts due to limited employment opportunities. This confirms my belief that Ukraine is predominantly affected by cyclical unemployment, as its underlying factors are economic crises and instability. [5]

Let's consider the causes of unemployment. There are several reasons for unemployment in Ukraine:

1. Economic crisis (theory of cyclicity): In recent years, Ukraine has experienced a series of economic crises, leading to increased unemployment rates. Low economic growth, insufficient investment, and ineffective government policies can also contribute to economic instability and unemployment.

2. Imperfect legislation: Despite efforts to improve legislation in Ukraine to assist the unemployed or those struggling to find jobs, there is a lack of effective labor market regulation. Issues such as gender and age discrimination, insufficient social protection for workers, and other factors hinder employment opportunities.

3. Demographic problems: Some regions in Ukraine face a shortage of population, particularly young people, which can lead to decreased economic development and increased unemployment. Additionally, in the past year, there has been significant internal migration within the country.

4. Insufficient skilled labor: Certain sectors of the economy may face a shortage of skilled workers, resulting in companies being unable to find the required expertise and unemployed individuals being unable to find jobs in other industries. It is worth noting that during Ukraine's post-war recovery, there will be a shortage of skilled workers in basic labor professions such as construction workers, milling machine operators, nurses, drivers, loaders, and more. [9]

Now let's consider the ways to address the problem of unemployment in Ukraine. This can be achieved through various measures aimed at creating new jobs, supporting entrepreneurship and industrial development, improving the quality of education and worker qualifications, as well as providing social support to the most vulnerable population groups. Vulnerable groups include unemployed individuals actively seeking work but unable to find it, people with disabilities and limited capabilities who require additional social services and are hindered by limited job opportunities. It is also important to carry out reforms in the employment system and maintain a favorable business environment. The term "business environment" encompasses various factors that influence it, such as economic growth or decline, inflation and exchange rates, unemployment and employment levels, political stability, and other external economic factors. Furthermore, reducing unemployment in Ukraine requires an integrated approach involving cooperation between different branches of government, businesses, and the public. The national employment strategy should focus on implementing comprehensive measures to ensure full employment and overall economic development. One solution could involve the development of infrastructure and transportation networks in regions, which would increase local employment opportunities and reduce migration from rural to urban areas. [6]

Ukraine is combating unemployment, and examples of reforms and organizations addressing this issue include:

- Program "Affordable and Comfortable Mortgage" provides support services for youth under 35 and low-income individuals to obtain a mortgage with a low interest rate.
- Program "Successful Country" is a state program aimed at creating new jobs by supporting small and medium-sized businesses, which in turn generate new employment opportunities.
- Program "Youth Employment" provides free consultations for job search, assistance in resume development, interview preparation, and finding relevant job vacancies. It also includes internships, skills enhancement, and financial support.
- Program "Military Personnel Careers" is a support and social adaptation program for military personnel transitioning to civilian life. It offers various services such as professional orientation, job readiness training, job search support, and everything else that can help military personnel adapt to civilian life and find employment.

Analyzing the labor market, experts and analysts have examined the forecasted unemployment rate for the next year. Providing an exact answer is difficult as it depends on

various external economic factors such as political stability, the overall global economic situation, and relationships with other countries. However, the following forecast can be considered: as of September 2021, the Ministry of Economic Development, Trade, and Agriculture of Ukraine estimated that the unemployment rate in 2024 would be 7.7%. However, as mentioned earlier, the current unemployment rate is approximately 30% according to unofficial data from Ukrinform (Ukraine's multimedia news platform), which reflects the situation in Ukraine. Therefore, it is challenging to make accurate predictions. The Ministry of Economic Development, Trade, and Agriculture based their forecast on the available data at that time. However, the situation in our country has completely changed over the past two years, so forecasts may not always turn out to be true in the future

**Conclusions.** Where the results of the work and prospects for further research in this direction are summarized.

Summarizing the above, the following conclusion can be made: unemployment is a socio-economic phenomenon in which the able-bodied and active population of a country cannot find work but tries to find and engage in it. By examining the main forms of unemployment (structural, seasonal, frictional, institutional, and cyclical) and analyzing changes in the labor market, it can be understood that cyclical unemployment dominates in Ukraine. Cyclical unemployment is characterized by a decrease in demand for goods and services, leading to increased bankruptcies of companies and job cuts. Cyclical unemployment has significant consequences for both the unemployed and the economy as a whole, as it represents a loss of potential production level due to the underutilization of human resources.

As of the end of December 2022, the official data reported 186,000 unemployed individuals. However, throughout the year, this figure constantly fluctuated, sometimes decreasing and sometimes increasing. Analyzing the data on the number of unemployed individuals from 2000 to 2022, it is evident that the number of officially registered unemployed individuals decreased due to the country's economic development. However, despite the decline, the number of people without jobs increased in 2020 due to the pandemic, which affected the market for several months and led to financial problems for companies and staff reductions due to limited funding.

Ukrainian government agencies are actively involved in combating the reduction in the unemployment rate by implementing various programs such as "Youth Program," "Accessible and Comfortable Mortgage," "Successful Country," "Career in the Military," "Recovery Army," as well as providing financial assistance and all possible measures. However, there are debates regarding whether it is necessary or not to provide financial support to individuals instead of actively seeking employment. Nevertheless, the most important conclusion is that it is almost impossible to accurately predict the level of unemployment or whether there will be unemployment at all (within natural or acceptable levels) since analysts make forecasts based on the data they have at present, while many things can change over time due to external economic factors.

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## **USE OF MATRIX METHODS OF ANALYSIS OF STRATEGIC ALTERNATIVES BY ENTITIES OF THE HOTEL BUSINESS**

**Abstract.** The analysis of strategic alternatives is an important task of the strategic management of business entities, therefore scientific-theoretical, methodical and applied research on the improvement and peculiarities of the application of analysis methods and tools do not lose their relevance. Scientific developments in the application of matrix methods in the strategic analysis of hotel business entities in Ukraine are of a fragmentary nature, which determines the need for further scientific research in this direction.

The purpose of the study is to systematize scientific and theoretical approaches to the definition of matrix methods for the analysis of strategic alternatives that can be applied in the management of hotel business entities.

In the process of research, a number of general methods of scientific knowledge were used, in particular, systematic analysis, synthesis and generalization, while studying scientific literary sources and publications in open editions, the hypothetical method, methods of deduction, synthesis, abstraction and formalization were also used. The theoretical basis of the research was scientific publications on the subject of strategic analysis and the application of matrix methods of analysis of strategic initiatives, presented in open sources and scientometric databases.

The article examines the essence, content and features of the use of the main matrix methods of analysis of strategic alternatives, defines their advantages and disadvantages. The possibilities of applying individual matrix methods to achieve the defined goals of strategic analysis of hotel business entities have been identified. It is proposed to consider the hotel

business as a set of separate strategic business units, which represent independent areas of activity and function in separate strategic areas of management. The author's vision of the sequence of management decision-making on the selection and application of matrix methods in the strategic management of the hotel business subject is presented, taking into account the purpose of the analysis, the identified strategic areas of management and strategic business units, the existing information base of the analysis.

**Keywords:** Analysis of strategic alternatives, matrix analysis methods, hotel business.

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## **ВИКОРИСТАННЯ МАТРИЧНИХ МЕТОДІВ АНАЛІЗУ СТРАТЕГІЧНИХ АЛЬТЕРНАТИВ СУБ'ЄКТАМИ ГОТЕЛЬНОГО БІЗНЕСУ**

**Анотація.** Аналіз стратегічних альтернатив є важливим завданням стратегічного управління суб'єктів бізнесу, тому науково-теоретичні, методичні та прикладні дослідження вдосконалення та особливостей застосування методів та інструментарію аналізу не втрачають своєї актуальності. Наукові розробки в частині застосування матричних методів в стратегічному аналізі суб'єктів готельного бізнесу в Україні носять фрагментарний характер, що обумовлює необхідність подальших наукових досліджень в даному напрямку.

Метою дослідження є систематизація науково-теоретичних підходів до визначення матричних методів аналізу стратегічних альтернатив, які можуть бути застосовані в управлінні суб'єктами готельного бізнесу.

В процесі дослідження було використано низку загальних методів наукового пізнання, зокрема, системного аналізу, синтезу та узагальнення, при вивченні наукових літературних джерел і публікацій у відкритих виданнях, також було застосовано гіпотетичний метод, методи дедукції, синтезу, абстрагування та формалізації. Теоретичну базу дослідження становили наукові публікації за тематикою стратегічного аналізу та застосування матричних методів аналізу стратегічних ініціатив, представлені у відкритих джерелах та наукометричних базах даних.

У статті розглянуто сутність, зміст та особливості використання основних матричних методів аналізу стратегічних альтернатив, визначено їх переваги та недоліки. Визначено можливості застосування окремих матричних методів для досягнення визначених цілей стратегічного аналізу суб'єктів готельного бізнесу. Запропоновано готельний бізнес розглядати як сукупність окремих стратегічних бізнес-одиниць, що являють собою самостійні напрями діяльності та функціонують в окремих стратегічних зонах господарювання. Представлено авторське бачення послідовності прийняття управлінських рішень про вибір та застосування матричних методів в стратегічному управлінні суб'єкта готельного бізнесу, з врахуванням мети аналізу, визначених стратегічних зон господарювання та стратегічних бізнес-одиниць, наявної інформаційної бази аналізу.

**Ключові слова:** Аналіз стратегічних альтернатив, матричні методи аналізу, готельний бізнес.

**Problem statement.** Strategic management approaches play an important role in ensuring sustainable development, especially in crisis and unstable conditions. Strategic management is aimed at determining the development vectors of business entities, ensuring efficient and rational use of resources and avoiding potential threats. An important element of strategic management is the analysis of strategic alternatives, the choice and justification of the strategy that most closely matches the internal and external conditions and the intended goals of the business entity's operation. One of the important tools in strategic management, which allows solving the outlined tasks, are matrix methods, which are aimed at balancing the product (product) assortment, services, individual types of activities by strategic areas of management and strategic business units, reducing the impact of uncertainty and risks on the economy activity. The use of matrix methods in strategic analysis began in the middle of the last century in the USA, during this time it has developed significantly, however, in the practical activities of Ukrainian business entities, including the hotel business, they are not used enough.

**Relevance of the chosen topic.** Crisis business conditions caused, in particular, by the COVID-19 pandemic and the deployment of full-scale actions on the territory of Ukraine, the change in the economic conditions of running a hotel business "requires the use of the most adapted methods and modern tools of strategic analysis" [1], which determines the relevance of further scientific research in this direction.

**Analysis of recent research and publications.** Scientific and theoretical studies of various aspects of strategic analysis, as an important component of strategic management, were carried out by leading foreign and Ukrainian scientists, in particular, I. Ansoff, B. Karloff, M. Porter, A. Strickland, A. Thompson, L. Artemenko, V. Vasylenko, T. Grynko, L. Dovgan, Yu. Karakai, O. Krause, I. Pinyak, S. Shpylyk, and others. I. Geets, T. Goncharenko, M. Ivanova, O. Yehorova, O. Leshchynsky, Ye Mishchuk, T. Oleshko, N. Yankina, I Yasnolob, other Ukrainian and foreign scientists devoted their scientific works to studies devoted to the application of matrix methods of analysis of strategic alternatives. An important role in the development of matrix analysis methods was played by the research of experts from the famous consulting companies Boston Consulting Group, McKinsey & Co, Arthur D. Little. Various aspects of the application of strategic approaches in the management of hotel business entities were studied by such scientists as: R. Brymer, O. Vynogradova, S. Galasyuk, L. Zavidna, O. Remeslova, and others. Despite the fundamental nature of scientific research, the issues of strategic management in the hotel business have not been fully reflected in the scientific developments of Ukrainian scientists, and the presence of problems in the applied application of matrix methods in the analysis of strategic alternatives in the hotel business determined the choice of the topic of this work.

**Objective and tasks** is the systematization of scientific and theoretical approaches to the definition of matrix methods for the analysis of strategic alternatives that can be applied in the management of hotel business entities.

**Presentation of the main findings of the research.** The central point of strategic management is the choice of strategies, which is carried out in three stages: 1) development; 2) refinement (correction); 3) analysis and evaluation of strategies. At the first stage, several



strategic alternatives are developed, which represent a set of different options for strategies aimed at achieving the company's strategic goals in the chosen areas of activity and in conditions of limited resources. At the third stage, developed alternative strategies are evaluated and analyzed, for which matrix methods are most often used.

The essence of matrix methods consists in the construction of matrices in which variables characterizing the strategic positions of internal factors of strategic business units (SBU) are reflected on one axis, and external factors (strategic business area (SBA) on the other axis - "a certain segment of the organization's environment, where the firm carries out its activities (or wants to carry out), which is the object of analysis from the point of view of identifying individual trends, threats, opportunities for the further functioning of the firm" [2].

Strategic management zones characterize the external environment using indicators of current demand for products or services, competitive position on the market, actual and planned sales volumes, profit and profitability. Strategic business units characterize the internal environment, namely areas of activity and/or structural units.

When constructing the matrix, several segments are distinguished in the field of coordinates at the intersection of the variables (depending on the level of measurement of the matrix), which are analyzed and for which the most suitable strategy is chosen. The most famous matrix methods used in strategic analysis are: Boston Consulting Group matrix, McKinsey matrix (General Electric), AD Little matrix (Arthur D. Little (ADL)), Shell directional policy matrix, Ansoff matrix, Thompson and Strickland matrix, Dibb-Simkin model, Hofer-Schendel model.

One of the most famous matrix methods used in strategic analysis is the Boston Consultative Group (BCG) matrix. The method got its name from the American company of the same name, whose founder and employee became its authors and developers. The methodology of the BKG matrix was launched in 1968, and for 55 years scientists and specialists in strategic management have been studying various aspects of its practical application.

Although some scientists believe that the peak of popularity of the BCG matrix as a tool for strategic analysis has passed, other scientists in Ukraine and around the world are currently continuing scientific research in this direction. For example, Tien N. applied the BKG matrix in order to assess the state of the company in the modern real estate market and develop its investment strategy [3], and Song, Myung-soo and Park, Sang-hyeon - for strategic analysis and formation of sustainable competitiveness of the Amazon company [4]. Teams of Indonesian scientists applied the BKG matrix for the strategic analysis of the export of some products from the island. Java [5], and Chinese scientists – for screening energy-saving technologies for cement production [6]. Also, the BCG matrix method is used to analyze coal imports from the Kwanyang port [7], in the aviation industry [8], for the purpose of strategic analysis of the concentration and deconcentration of container terminals in India [9]. Among Ukrainian scientists, the issue of using the BKG matrix does not lose its relevance, for example, E.V. Mishchuk suggests using this tool to justify management decisions by public sector officials under martial law conditions [10]; scientists O.V. Yehorova and I.O. Yasnolob proposed to adapt the BCG matrix for the analysis of the financial results of the enterprise [11], L.D. Zavidina investigates the possibilities of applying the BCG matrix to form a strategy for the development of the hotel industry [12]. Consequently, the Boston Consultative Group method has been researched, disseminated, and criticized over the course of its existence, but it remains popular among strategic management practitioners today because of its merits.



Currently, the BCG matrix has a worldwide distribution and has the reputation of the "gold standard" in portfolio analysis.

The McKinsey matrix was developed for the General Electric company by specialists of the McKinsey consulting company, based on the BCG matrix, in order to develop and improve it. In contrast to the BCG matrix, the McKinsey model is a nine-sector matrix that takes into account seven factors whose name begins with the letter "S" in English: "strategy, skill, shared values, structure, systems - systems, staff - personnel, style - style" [13, p. 89]. The purpose of the McKinsey matrix is to provide analytical support for the management of investment processes and the development of strategic business positions and strategic business areas. This matrix is two-dimensional and multifactorial, it is also called the "attractiveness-competitiveness" matrix.

The difference between the McKinsey matrix and the BCG matrix is that it uses not the rate of market growth, but a comprehensive indicator of its attractiveness and a comprehensive indicator of the company's competitiveness instead of an indicator of relative market share. Attractiveness is assessed by the size of the market, the competitive situation on it, the level of prices and state regulation of the market, etc. Competitiveness is assessed by the size and growth rates of the business entity, market share, profitability, technological potential, organizational structure, customer loyalty, flexibility, etc. As a result of the construction of this matrix, nine zones are distinguished: three winners, three losers, an average business, a profit generator and question marks. Therefore, the McKinsey matrix is characterized by expanded opportunities for choosing strategic alternatives and a more flexible approach to strategy formation. The disadvantages of this method include the static nature of the model, the subjective nature of the assessments, and a significant number of criteria.

Shell's directional policy matrix is also two-dimensional, characterizing the ratio of industry attractiveness and competitiveness. Industry attractiveness is determined with the help of such factors as "market growth, stability of profitability, the ratio of buyers and producers, loyalty of buyers to the brand, the level of replacement by substitute goods, technological limitations, business development after sales service" [14]. Competitiveness is determined by market position (market share, sales network, after-sales service network), production capabilities (economic indicators of production, availability of raw materials, possibilities of making changes to the product), ability to innovate, product quality) [14]. According to the results of the construction of the Shell matrix, nine elements with corresponding strategies are distinguished: business leadership, development, cash generator, strengthening of competitive advantages, business continuation with caution, partial reduction of business, doubling of production volume or partial reduction, continuation of business with caution, termination of business.

The advantage of this model is the possibility of its use regardless of the stage of the product life cycle, and the main disadvantage is that its use is limited exclusively to industries with a high level of capital intensity.

The AD Little (ADL) business profile matrix was developed by Arthur D. Little and is based on the four stages of the market (industry) life cycle (from formation to decline) and the competitive position of the business entity, which can be dominant, strong, favorable, stable or weak). Taking into account the number of factors determined by this model, twenty zones are distinguished in the coordinate system, which correspond to strategic management zones, their key characteristics and strategies for their development.

The Ansoff matrix, which was named after the surname of its author, is used for business entities that enter new markets or operate during market growth, or expand production and master new types of products (services). The matrix has four segments, which correspond to the following strategies: 1) activity improvement, product development; 2) product expansion, market penetration, promotion of new products in the old market; 3) market development (development of new markets or new segments); 4) diversification (entering new markets with a new product). The obvious advantage of this matrix is its clarity and ease of construction, its one-sidedness (focusing on market growth, disregarding other important factors) can be attributed to its disadvantages.

The Thompson-Strickland matrix was proposed by A. Thompson and A. Strickland, for use in order to select a strategy based on the criteria of a competitive position that can be assessed as strong or weak, and market growth that is defined as fast or slow. As a result of the construction of the matrix, four quadrants are formed, each of them corresponds to certain types of alternative strategies. This strategy has the same advantages as the Ansoff matrix, its disadvantages are the assessment of a limited number of factors and the uncertainty of the criteria for choosing one or another strategy, of which there are several in each quadrant.

The Dobb-Simkin model is used for the purpose of analyzing the company's product assortment, it allows to identify priority assortment positions, analyze the structure of the product assortment and determine the ways of its optimization. On the basis of the conducted analysis, four groups of goods are determined, this makes it possible to determine the most attractive directions of development of certain groups of goods, to determine priority assortment positions, to evaluate the effectiveness of the structure of the product assortment and to identify ways of its optimization. For the purpose of building the matrix, parameters are used that reflect the dynamics of product sales volumes and marginal income (or the amount of variable costs for its production and sale). Based on the results of the matrix construction, decisions are made regarding the prospects for the development of the product range structure, which will allow to increase the profitability of sales and the amount of profit received, to adopt strategies for improving and balancing the product portfolio. The method is quite simple and clear, but its drawback is the use of not a large number of indicators, which can lead to wrong management decisions.

The Hofer-Schendel model is a method of strategic analysis developed by Charles Hofer and Dan Schendel, which aims at positioning the existing business depending on the evolution of the market. The advantage of this method is the possibility of its application for the business that is at the initial stage of development. A feature of the Hofer-Schendel matrix is that several segments of the matrix can correspond to one generalized strategy.

Based on the results of the analysis, it can be concluded that the modern scientific literature presents a sufficient number of developed and substantiated matrix methods for the analysis of strategic alternatives, which have their advantages and disadvantages, target direction, areas and features of use. A generalized comparative analysis of the main parameters and characteristics of matrix methods in strategic analysis is given in Table 1.

Table 1

**Parameters and characteristics of matrix methods for the analysis of strategic alternatives**

Method name	Content	Criteria for building a matrix	Matrix format	Number of positions
Boston Consulting Group (BCG)	Analysis of strategic alternatives by product/market growth rate and relative market share	1 - Relative market share (ratio with the share of the largest competitor) 2 - Growth rate	2x2	4
McKinsey (General Electric)	Analysis of strategic alternatives based on market attractiveness and competitiveness	1 – Competitiveness of the business entity (market share, profitability, growth rates, size, consumer loyalty) 2 - Attractiveness of the market (size, competitive situation, price level, government regulation)	3x3	9
Shell/DPM matrix	Analysis of strategic alternatives in capital-intensive industries according to the industry attractiveness and competitiveness of the business entity	1 – Competitiveness of the business subject by market position (market share, sales network) 2 – Industry attractiveness (market growth, profitability, ratio of buyers and producers, loyalty to trade marks (brands))	3x3	9
Matrix A.D Little (ADL)	Analysis of strategic alternatives by competitive position on the market and the life cycle of the market (industry)	1 - Competitive position of the business entity (dominant, strong, favorable, stable, weak) 2 - Stage of the industry or market life cycle (formation, growth, maturity, decline)	5x4	20
Matrix of I. Ansoff	Analysis of strategic alternatives of business entities that enter new markets or operate during market growth, or expand production and master new types of products (services).	1 – Market (old, new) 2 – Product (old, new)	2x2	4
Thompson/St rickland matrix	Analysis of strategic alternatives by competitive position and market growth	1- Competitive position (strong, weak) 2- Market growth (fast, slow)	2x2	4
Dibb-Simkin model	Analysis by sales volume and financial contribution to cost coverage	1) Revenue from sales 2) Marginal profit	2x2	4
Hofer-Schendel model	Analysis of strategic alternatives according to the competitive position of the business entity depending on the stage of market evolution	1 Relative competitive position of the business unit within the industry (strong, average, weak, worst) 2 - Stage of market evolution	5x4	20

Source: Compiled by the author using sources [1, 12, 13, 14,]

Taking into account the content, parameters, main characteristics, advantages and disadvantages of the considered matrix methods of analysis of strategic alternatives, it can be concluded that almost all of them can be used in the strategic management of hotel business entities. Undoubtedly, the Shell/DPM matrix method is an exception due to its limitation of application in capital-intensive spheres of activity, which makes it unsuitable for hotel business entities. All other methods and models can be used in the field of hotel services, adapting them depending on the purpose of the analysis, parameters and factors

that are evaluated, taking into account the specifics of the business sector. It is advisable to make managerial decisions about the choice and application of matrix methods in the strategic management of a hotel business entity in a certain sequence, the author's vision of which is presented in Figure 1.

At the first stage, it is necessary to determine the purpose and tasks of the analysis, which is supposed to be carried out using matrix methods. It should be noted that we are not talking about the strategic goals of the development of the hotel business entity, not about the goals of forming strategies, and not even about the goals of strategic analysis in general, but about the goal and tasks that must be solved with the help of matrix methods.

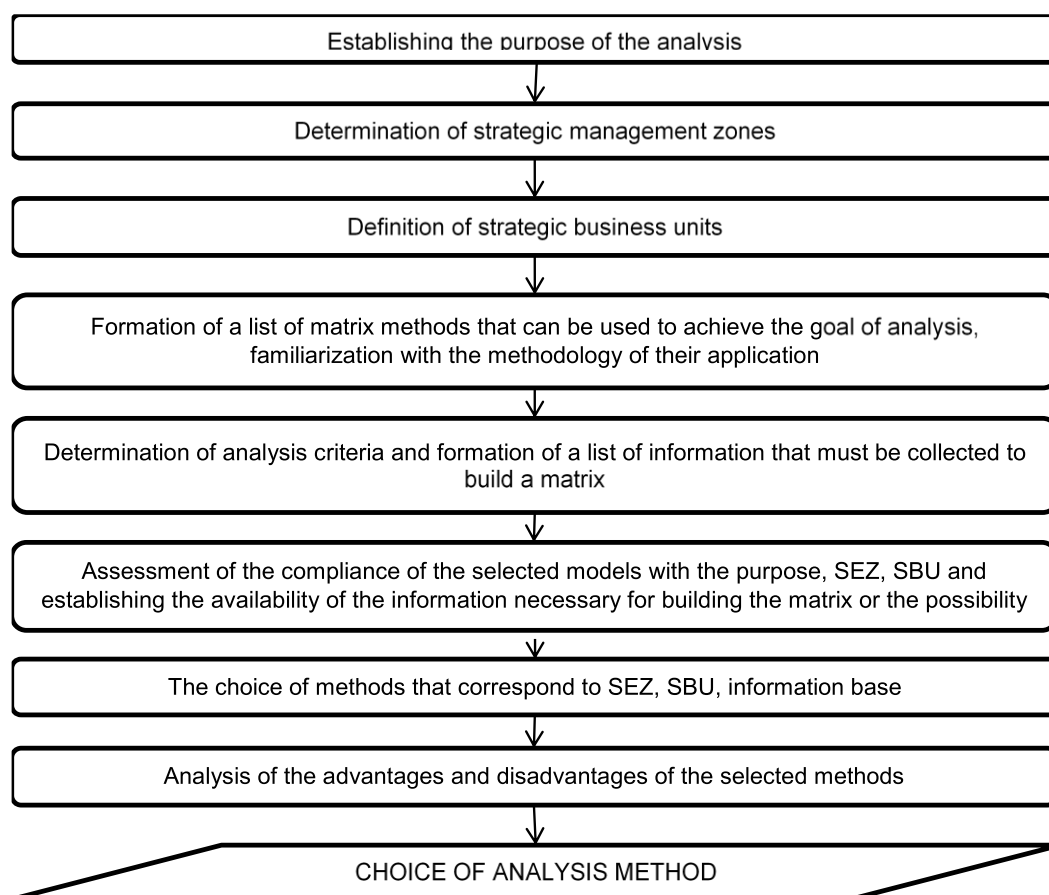


Figure 1. Selection sequence of the matrix analysis method (constructed by the author)

In order to further determine the possibility, expediency and target orientation of the application of matrix methods of strategic analysis of hotel business entities, it is necessary to establish a list of strategic management zones and strategic business units in the hotel sector, taking into account the specifics of the industry.

Strategic business zones (SEZ) of hotel business entities include:

- Hotel services in the segment of business tourism (individual and/or collective);
- Hotel services in the entertainment tourism segment (individual and/or collective);
- Hotel services in the health and recreation segment (individual and/or collective);
- Hotel services in the field of educational tourism (individual and/or collective);

The second important element of the matrix analysis of strategic alternatives is the definition of the list and structure of strategic business units (SBU). In general, all strategic business units in the hotel business can be grouped into three groups:

- Basic hotel services for persons living in the hotel;
- Additional and auxiliary hotel services for persons living in the hotel;
- Services provided to persons who do not live in the hotel [15].

Within the presented groups, each subject of the hotel business separates its own strategic business units depending on its specialization, the specifics of management, the availability of opportunities to provide additional and auxiliary services, the availability of opportunities to provide services to persons who do not live in the hotel.

It should be noted that the definition of the list and structure of strategic economic zones and strategic business units should have an individual approach, for each individual subject of the hotel business, it is necessary to establish its own structure of SEZ and SBU, depending on its specialization and positioning in the market of hotel services. For example, for a hotel that is located in a recreation area and has a health and wellness complex in its structure, the structure of the SBU will include hotel services in the segment of recreation, rest and health, and all others will be classified as other basic hotel services, and the structure of the SBU will include basic hotel services, additional hotel services related to wellness, and services of a medical and wellness complex for outsiders.

At the next stage, it is necessary to form a list of matrix methods that can be applied to solve the set goal of strategic analysis. For this, it is necessary to thoroughly study the essence of each method, the peculiarities of its application, based on available scientific and applied research. The possibility of applying separate matrix methods to achieve some goals of strategic analysis of hotel business entities is shown in Table 2.

Table 2.

**The possibility of applying certain matrix methods to achieve the goals of strategic analysis of hotel business entities\***

	BKG	McKinsey	A.D Little (ADL)	Matrix of I. Ansoff	Thompson / Strickland	Dibb-Simkin	Hofer-Schendel
Evaluation of the competitiveness of the subject of the hotel business	+	+	+				+
Optimization of the strategic portfolio of the hotel business entity	+	+		+	+	+	
Determination of diversification directions				+	+	+	+
Determination of investment priorities	+	+		+			+
Justification of new hotel services/product				+			+
Analysis of opportunities to enter the new market of hotel services				+			+
Optimization of the range of hotel services	+	+		+	+	+	

Source: Compiled by the author

As we can see from the table, several matrix methods correspond to each given goal of strategic analysis, therefore, at the next stage, it is necessary to consider the criteria by which each relevant matrix is constructed and to determine the possibility of obtaining or the availability of ready-made information for the analysis. If it is not possible to obtain the information necessary for the construction of the matrix, or there is no confidence in its objectivity, truthfulness and adequacy, then it is not advisable to use the appropriate methods, since the construction of matrices on the basis of insufficiently substantiated initial data will lead to the formation of false conclusions and as a result adoption of ineffective and/or erroneous management decisions.

If the subject of the hotel business has an information base that allows the use of several methods of analysis, then at the next stage, a critical analysis of the advantages and disadvantages of each method should be carried out and the optimal one chosen for further use.

As the study of scientific literary sources showed, most scientists and practicing scientists pay attention to the BCG method, however, in the process of strategic analysis, it is advisable to use a complex of matrix methods. This approach will allow taking into account a greater number of factors affecting the subject of the hotel business, and consider more parameters on the basis of which matrices are built. The expediency of using matrix methods of strategic analysis as a whole is determined by the individuality of each method, which gives an individual result of the analysis.

**Conclusions.** Matrix methods of analysis of strategic alternatives play the role of an important tool of strategic management of hotel business entities. The conducted study of the essence and content of individual matrix methods of analysis of strategic alternatives made it possible to perform a comparative analysis of their parameters, characteristics and features of application in the hotel business. In order to perform the analysis of strategic alternatives using matrix methods, it is proposed to consider the hotel business as a set of separate strategic business units, which represent independent areas of activity and function in separate strategic areas of management. Depending on the applied method, various parameters and indicators that characterize them are used when constructing the matrices, which makes it possible to choose one or another strategy. The considered matrix methods and models are not universal for use by subjects of the hotel business. It is advisable to choose them in a certain sequence, taking into account the purpose of the analysis, the identified strategic areas of management and strategic business units, taking into account the available information base of the analysis. Further scientific research should be directed to the improvement of matrix methods of analysis of strategic alternatives with the aim of maximum adaptation to the conditions of Ukraine and taking into account the specifics of the hotel business industry.

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