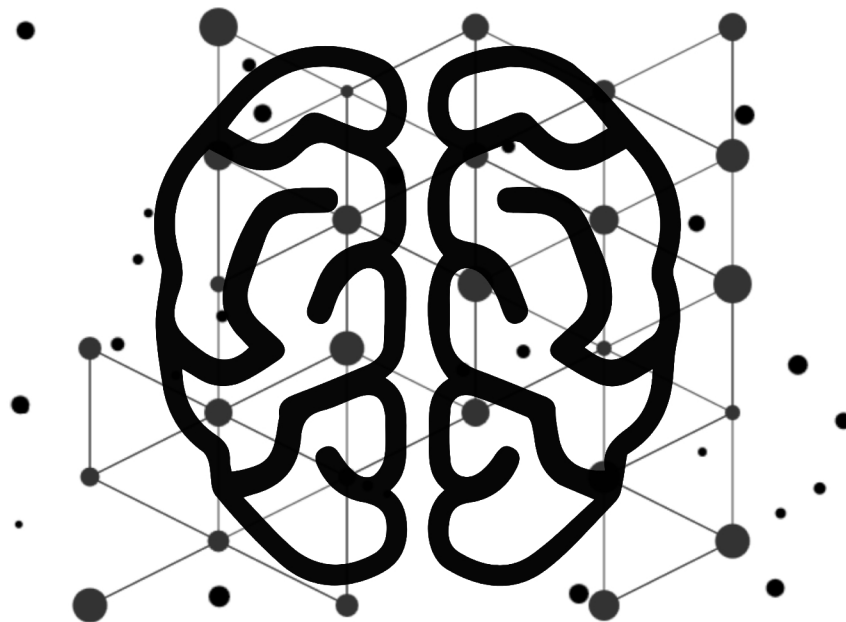


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OF PSYCHOLOGY AND STRATEGIC COMMUNICATION

VOLUME 01



IN THIS ISSUE:

LEAN MANAGEMENT AND BUSINESS PROCESS OPTIMIZATION
DIGITAL TRANSFORMATION IN INTERNATIONAL BUSINESS
CRISIS MANAGEMENT IN UKRAINIAN ENTERPRISES

MORE ON CORPORATE STRATEGY, ECONOMIC REGULATION, AND MARKET TRENDS.



THE JOURNAL OF STRATEGIC CHANGE & INNOVATION

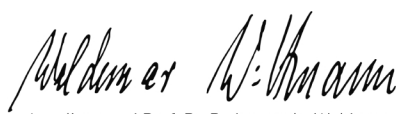
THIS JOURNAL DISCUSSES STRATEGIES AND CONCEPTS FOR CHANGE, INNOVATION, AND TRANSFORMATION. IT PROVIDES DECISION-MAKING SUPPORT AND FOCUSES ON THE MANAGEMENT AND DESIGN OF CHANGE PROCESSES. TOPICS INCLUDE CORPORATE STRATEGY, ECONOMIC AND ENVIRONMENTAL POLICY, AND GEOPOLITICAL CHALLENGES. THE JOURNAL SERVES AS A FORUM FOR ACADEMICS, POLICYMAKERS, BUSINESS LEADERS, AND DIPLOMATS.

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ROLE OF STAKEHOLDERS, MEDIA & POLICYMAKERS
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Ukraine Digital – Enhancing Education through Digitalization

In light of the ongoing conflict in Ukraine that has severely impacted the higher education landscape, the DAAD-funded initiative “Ukraine digital: Ensuring academic success in times of crisis” has been launched to support Ukrainian universities in implementing and sustaining digital education. This program, led by Hochschule Mittweida in collaboration with the National University of Economics in Odessa (ONEU) and the National Oles Honchar University in Dnipro (DNU), aims to provide necessary resources for Ukrainian students and faculty to continue their academic endeavors despite the constraints imposed by the crisis.

Since the outbreak of the war in July 2022, many educational institutions in Ukraine have faced unprecedented challenges, including the destruction of university infrastructure and loss of faculty members due to forced displacement. Despite these challenges, Ukrainian universities have shown resilience by integrating digital teaching methods and remote-learning frameworks to ensure the continuity of education.

The “Ukraine digital” initiative has focused on a dual approach: transferring educational materials to partner universities and enhancing digital literacy among faculty and students. This call for papers invites researchers, educators, and practitioners to contribute insights and research results that can further support these efforts and promote collaboration in advancing digital education.

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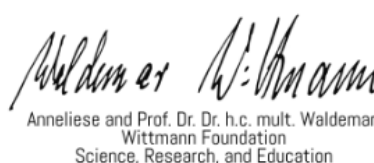
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PREFACE

As an educator, there are few things more rewarding than witnessing students develop their academic potential, ask meaningful questions, and engage in research that contributes to solving real-world problems. At Mittweida University of Applied Sciences, we have always believed in the transformative power of education, and through the Ukraine-Digital project, we have had the opportunity to support students in their pursuit of knowledge and scientific discovery.

This initiative, generously funded by the German Academic Exchange Service (DAAD), has enabled us to provide Ukrainian students with digital materials, research guidance, and specialized coursework, ensuring that they have the tools necessary to expand their learning despite challenges. The collaboration between Mittweida University and our Ukrainian partner universities—Odesa National Economic University (ONEU) and Dnipro National University (DNU)—has been built on a shared commitment to academic excellence, critical thinking, and innovation. This collection of research papers reflects the hard work and dedication of students who have engaged deeply with their fields of study, exploring topics that resonate far beyond their immediate academic environment. Their research is not only a testament to their intellectual curiosity but also a demonstration of how education can thrive, even in uncertain times.

We are deeply grateful to the DAAD for its support and to our partners at ONEU and DNU for their invaluable collaboration. We are proud to have contributed to this initiative and look forward to continued cooperation that supports students in their academic and professional journeys. I hope that this volume will serve as both an inspiration and a valuable resource for scholars, educators, and future researchers alike.

Prof. Dr. rer. oec. Serge Velesco

Education has always been a powerful force for progress, especially in times of rapid global change. As the world faces complex challenges—ranging from economic uncertainty and climate change to conflict and humanitarian crises—providing students with access to quality education and research opportunities has never been more important. The “Ukraine-Digital” project was created with this vision in mind—to support students in their academic journey and equip them with the tools needed to engage in meaningful research, regardless of the obstacles they face.

What began as a targeted initiative to enhance digital learning resources has since grown into a dynamic platform for academic development. Beyond improving access to digital education, the project now plays a key role in modernizing university curricula, fostering research-driven learning, and encouraging students to explore solutions to global challenges. Whether in times of stability or crisis, knowledge remains one of the most powerful tools for shaping the future.

This collection of research papers is a reflection of those efforts. Each article is the result of dedicated study and collaboration between students and their academic mentors, drawing upon teaching materials and resources shared by the University of Applied Sciences Mittweida. These papers demonstrate not only the students' academic abilities but also their commitment to critical thinking, innovation, and problem-solving in an ever-changing world.

We hope that this collection serves as both an informative and inspiring resource, highlighting the importance of knowledge exchange in an increasingly interconnected world. As this initiative continues to grow, we look forward to supporting more students and sharing future editions filled with fresh perspectives and new discoveries.

Prof. Dr. Peter Egorov

The collection of student research papers that you are now holding in your hands, or perhaps you are now on the page of its online version, is an intermediate result of the project “Ukraine-Digital”, which has been in effect since 2022.

At the first stage of its work, the Project assumed only temporary small financial support for that part of Ukrainian students who suffered from Russian aggression against Ukraine to a greater extent than their Ukrainian friends, but at the same time continued to study diligently and demonstrate high academic performance. But in subsequent years, the project reached a new qualitative level, and its tasks began to include assistance in improving the processes of digitalization of the educational process in Ukrainian universities, assistance in updating the educational materials offered by Ukrainian professors to students, intensification and support of students' desire for scientific activity and a number of other tasks.

This collection of student papers presents some scientific articles by Ukrainian students that were completed within the framework of the current project "Ukraine-Digital". The articles were prepared under the supervision of the students' scientific advisers and using the teaching materials that were provided to Ukrainian students at different times by the German University of Applied Sciences Mittweida. We hope that you will find useful information in this collection of scientific papers and believe that in the not-too-distant future we will be able to offer you the next issue of the collection.

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IMPROVING CORPORATE MANAGEMENT USING THE LEAN CONCEPT: INTEGRATION AND OPTIMIZATION OF BUSINESS PROCESSES

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Abstract

The relevance of research on the LEAN concept is determined by the need for organisations to constantly adapt in the modern competitive environment, optimise business processes and use resources efficiently, which is becoming an important condition for maintaining competitiveness and meeting market requirements. The purpose of the article is to analyse the possibilities and formulate proposals for integration and optimisation of business processes at Ukrainian enterprises using the LEAN concept. For this purpose, the task was set to analyse the essence of the concept, study the current state of domestic companies in the context of lean production, and propose a plan for integrating the LEAN concept into the company's activities. Methods of analysis and synthesis, deduction and induction, analogy, argumentation, graphic methods were used.

The article analyses the LEAN concept, focusing on its principles and methodology and their application to optimise business processes and improve the efficiency of enterprises. Evaluated the importance and benefits of implementing the concept of lean manufacturing at enterprises in the context of modern competition. Based on the analysis developed specific advice on the integration of the LEAN concept into the business processes of Fort Post LLC. The aim of the proposed plan is to facilitate the implementation of LEAN with maximum efficiency and minimise possible difficulties for the company.

Keywords

LEAN concept, lean manufacturing, business processes, corporate management, strategic management.

Problem statement

In today's competitive market environment, businesses must constantly optimise their operations to achieve a high level of efficiency and competitiveness. One of the key improvement strategies is the implementation of the LEAN concept aimed at efficient management of business processes and optimisation of resource use.

However, the implementation of the LEAN concept encounters some difficulties and challenges. Among them are the unconsciousness of staff about the basic principles of LEAN, lack of readiness of organisational structures for change, inefficient integration of LEAN into the existing corporate culture, and the lack of a proper management approach to implementing the concept.

Therefore, there is a relevant need to research and develop strategies for the successful implementation of the LEAN concept in enterprises of various industries, taking into account the above problems and ways to overcome them.

The urgency of the chosen topic

Integration and optimisation of business processes in today's business environment is extremely important for several reasons. In a world of intense competitive pressure, organisations must constantly change and improve to stay competitive. LEAN makes it possible to achieve this through effective process optimisation. Ensuring maximum efficiency and optimising the use of resources (time, money, employees) are critical tasks for any organisation. LEAN enables efficient organisation and use of these resources.

To summarise, improving corporate governance using the LEAN concept is a topical task, as it allows organisations to optimise their business processes, increase resource efficiency, and adapt more quickly to changes in the competitive environment and customer requirements.

Analysis of the latest research and publications

One of the effective and well-known management methodologies is the LEAN management concept aimed at optimising the functioning of production enterprises and eliminating all possible losses. LEAN management takes into account the involvement of each employee in business optimisation and is targeted at meet the needs of consumers. This approach was first described by J. Krafcik back in the 1980s. Subsequently, theoretical aspects and a methodology for implementing the concept of lean manufacturing at enterprises were developed. For example, J.P. Womack and D.T. Jones describe in detail the main approaches to implementing lean manufacturing, including methods, tools and key principles of this management concept. Ukrainian scientists such as O. Denysiuk, O. Skliarenko, N. Vasylenko, O. Ryzhenko and others have also studied the implementation of the lean production concept, its tools and methods.

The purpose and objectives

The purpose of this study is to analyse the possibility and formulate proposals for the integration and optimisation of business processes at Ukrainian enterprises using the LEAN concept.

To achieve the research purpose, the following tasks have been set:

- analysis of the LEAN concept;
- study of the current state of domestic organisations;
- planning the integration of the LEAN concept into practical activities.

Presentation of the main material of the study and the obtained results

The LEAN concept is an innovative approach to the organisation of business and management systems aimed at achieving maximum efficiency, ensuring high product quality and meet the needs of customers.

The enterprise management system is a set of tools that includes planning, implementation, formulation of policies, practices, management of processes and procedures used in the development, implementation and execution of business plans and strategies, as well as all related management activities.

The model of the management system is as follows (Figure 1):

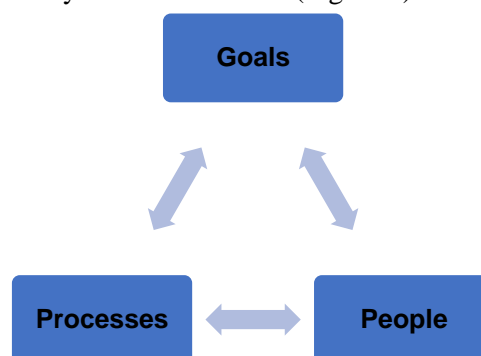


Figure 1. Model of the management system
Source: (Materials from Hochschule Mittweida)

The Goals section defines the company's long-term development strategy (where are we coming from?). Reflects the current state of the business and the desired result (where do we plan to go?). If the goals of the employees and the company are the same, it encourages them to work effectively together to achieve these goals. If the goals are unknown to employees, their performance decreases. If goals are not clearly defined, this can lead to premature process optimisation.

The Processes section defines the actions that need to be taken to achieve the goals. It addresses the questions: what exactly needs to be done to achieve the goals and how to solve the tasks.

The People section focuses on the main aspect, and more specifically, who is able to move towards the company's common goals. It considers what joint processes and efforts can help employees achieve their goals.

The business system has the key elements shown in Figure 2.

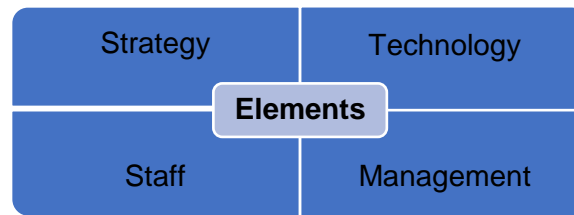


Figure 2. Key elements of a business system
Source: (Materials from Hochschule Mittweida)

Strategy should be the basis for creating a business system, not the other way round. Attempting to build a business system on the basis of inefficient business processes leads to failure. A strategy is a well-grounded programme for organising a business in the context of four main areas: competitive advantage, organisational transformation, financial optimisation and operational improvement. Technologies include various methods and processes for achieving a certain result in a defined field of the system's activity. It is essential that technologies transform available resources into desired results. When developing technologies, external and internal factors and available resources must be taken into account and adjustments made to achieve maximum efficiency. Staff is a key factor in the implementation of business system technologies. It is important to select the right staff and provide the necessary training. Management must ensure that the technology is functioning properly at the business system level (Seliverstova & Losovskaya, 2019)

Moving on to the discussion of the LEAN concept, it comes down to an important aspect of management, and more specifically, the optimisation of business processes. LEAN provides unique tools and methods aimed at ensuring the highest level of efficiency in all areas of the enterprise.

Going deeper, the LEAN concept is based on the important principles of optimising productivity and quality, reducing costs and using resources efficiently. This is reflected in the detailed analysis and improvement of every step of the production process, as well as the management of material and information flows.

An important aspect of the LEAN concept is underlining the role of each employee in the organisation. All employees play an important role in achieving a common goal, and more specifically, the best possible result for the customer and the company. LEAN provides tools for engaging and motivating staff, creating a dynamic and productive team atmosphere.

The concept of Lean Production originated at Toyota and is based on reducing production cycle times by eliminating losses. Lean Production involves every employee in optimising business processes and maximising market orientation.

The concept of Lean Production began to take shape in the 1950s under the leadership of Taiichi Ono as one of the components of production optimisation within the JIT concept. At that time, Japan was experiencing the consequences of the war but needed new cars. However, the demand for cars was not so great as to fully utilise production capacity, unlike Ford. Therefore, the Japanese had to create different car models in the environment of low demand for each model and learn how to work efficiently. This was an important task, as efficiency was considered in terms of mass production (A Brief History of Lean, n.d.)

The main goals of Lean Production in the field of logistics include:

- reduced labour costs by almost half;
 - reduced production and warehouse space;
 - reduced development time for new products;
 - provide reliable supply of products to customers;
 - achievement of the highest quality at the lowest cost.
- Key aspects of achieving logistics goals using this concept include (Perlyt, 2019):
- reduced the time required to prepare and complete the process;
 - minimum production cycle time;
 - quality control at all stages of the production process;
 - optimisation of overall performance;
 - cooperation with reliable suppliers;
 - continuous availability of technical equipment and high quality of its maintenance and repair;

- adequate training of middle and lower-level staff;
- establishing partnerships with reliable suppliers.

It should be noted that the main principle of this concept is the rational and optimal use of potential of employees. The staff and the entire team must adhere to the basic principles of Lean Production in their work. This concept provides effective approaches to ensure that an enterprise can maintain its global competitiveness by creating comfortable working conditions for its staff and continuously improving their skills, as well as ensuring safe and high-quality working conditions.

The basic principle of Lean Production is fast, efficient and high-quality satisfaction of customer needs. Comparing the traditional and lean production models in terms of costs and profit, the philosophy of both systems can be presented as follows (Lean management, 2021):

- traditional system: costs + profit = price;
- LP: price - costs = profit. People are the most valuable resource.

The benefits of applying this concept include:

- decline in inventory levels (no warehouses, minimal stock on the shelves, all stock at workplaces);
 - cooperation with reliable suppliers;
 - reduction of logistics costs and production cycle time by eliminating unnecessary operations (warehousing, waiting in the production cycle).
- The disadvantages of this system include:
- the need for highly qualified logistics managers;
 - significant dependence of the company's business continuity on the reliability of suppliers.

The tools of the Lean manufacturing concept include the following methods (Veres, 2020, p.235; Ryzhenko, 2022, p.62-63):

- 5S system is organising the workspace, maintaining order, keeping it clean, setting standards and continuous improvement;
- Kaizen is a method of continuous improvement and process optimisation;
- Asaichi is a system based on daily meetings to manage all aspects of the enterprise;
- PDCA is a method aimed at identifying the root cause of a problem and developing a strategy to eliminate it;
- Standardised work is a method for identifying and consolidating best practices for operations for stable processes and quality results;
- SMED is a method of quick changeover and re-equipment of equipment in less than 10 minutes;
- Kanban is a system for controlling the supply chain in production, but not an inventory service;
- TPM is the general maintenance of equipment and processes.

Just-in-time method (JIT) is one of the key elements of the LEAN concept and plays a significant role in improving the business processes of organisations. This method is aimed at optimising the production process and inventory management.

The main idea of the JIT method is to have the right resources, components and materials in the right quantity, quality and compliance with standards, ensuring that these needs are met at the right time, and in no case earlier. This means that the company receives the necessary resources without excessive inventory, which avoids cost overruns and unnecessary freezing of capital.

Thus, the concept of lean manufacturing (LP) points to the need to apply innovative production methods and systems, moving away from traditional mass production. This new system promotes better information sharing, teamwork and more efficient use of raw materials, which in turn contributes to the development of logistics, in particular, recycling logistics. However, the main criterion that unites all these aspects is continuous improvement in all stages of the production process. This improvement can be compared to immunity, as mistakes made are no longer repeated, which gives this system its unique character. In other words, this is not just a new approach to production management, but a real fundamental transformation of economic paradigms and production.

There are two approaches to implementing lean manufacturing. The first is to use a set of tools, such as 5S, Kanban, Poka-yoke, Value stream mapping, Total productive maintenance, Gemba, Production flow analysis, JIT, and others. These tools can compete with each other in practical application. The second approach is known as the Toyota Way. This method is based on improving the production flow and smoothness of work, with efficiency achieved through the proper functioning of the entire system, rather than by cutting costs.

Enterprises can choose one of these approaches. The first approach involves trying to achieve improvements by changing certain parts of the process without transforming the entire system. The second approach, which involves fundamental changes to the system, can be costly, as it requires the exchange of

scientific and technical knowledge, engineering, the purchase or re-engineering of machinery and equipment, product quality improvements and reorganisation of the enterprise.

It is important to note that using only the first approach will not bring the desired results, as introducing individual methods without transforming the entire system can cause disruption. For example, a manager may decide to use the 5S methodology but not have a plan or performance measure for sorting, tidiness, cleanliness, standardisation and workplace improvement.

Another, more optimal, approach takes into account investing for the long term and using the philosophy of long-term development. In the context of political instability, military conflicts, constant changes in legislation and its non-enforcement, an entrepreneur may consider it inappropriate to use Japanese methods. Table 1 shows the differences between the two accounting systems.

Table 1 – Comparison of traditional and lean accounting

Indicator	Cost-effective accounting	Traditional accounting
Production/ Precision inventory control	Kanban is an inventory management system that is based on accurate signals of inventory consumption in production. It helps to avoid overproduction and stock-outs by determining the exact quantities to be produced or ordered.	A work order is a document that contains information about the tasks and scope of work to be performed in production. In the context of inventory accounting, this can indicate the need for specific materials.
	Visual cues are the use of specific markers, labels, or signals that provide information about stock levels, replenishment needs, etc. This helps to respond quickly to changes and avoid overstocking.	Production tracking is monitoring and controlling the production process, including material consumption and production of finished products. Allows you to determine how much material was used and how this affects inventory levels.
	5S is a methodology that includes sorting, systematising, cleaning, standardising and self-discipline in the workplace. It helps to optimise workspace and arrange inventory in a way that makes it easier to account for and manage.	Cyclic inventory is a periodic check and assessment of the actual inventory on hand to identify possible differences between the actual and recorded inventory quantities.
Approximation	Key suppliers are an important component of lean inventory management, as working with key reliable suppliers helps to ensure the consistency of supply and quality of materials.	Approval of a purchase order involves agreeing on the quantity and characteristics of the goods to be purchased. However, this approach may be less efficient than framework orders.
	Framework orders are defined in advance as the volume and characteristics of goods to be purchased within a certain framework. This allows you to ensure that you have the right stock without overstocking.	The three-way matching in accounts payable is a component that involves checking accounts payable in three aspects: internal order approval, actual deliveries and the invoice. This is to ensure that payments are accurate and in line with the invoice.
	Supplier certification is a component that involves assessing and confirming the competence and reliability of suppliers.	

Quality indicator	Standardised work is the use of standards and norms to define efficient ways of performing tasks. Standardised work simplifies processes and allows for effective control over production.	Thorough reviews are the evaluation of processes and products to ensure compliance with established standards and identify possible improvements. Thorough reviews may include analysing production processes, checking quality and efficiency.
	Unit flow production is an approach to manufacturing in which production processes are organised to produce products or services without interruption and with minimal delays. It helps to increase productivity and efficiency.	Residual materials are materials that remain after the production process and are not included in the final product. Accounting for residual materials is important for effective inventory management and cost optimisation.
Monitoring of production costs	Root cause analysis is the process of identifying the root causes of problems or costs in a production process. By identifying the root causes, effective strategies can be developed to optimise and reduce costs.	Typical costs are costs that can be classified or categorised according to various parameters, such as functional area, production volume, product lines, etc. Knowing the typical costs allows you to manage costs and calculate budgets.
	Cost factors and indicators of value stream elements - these factors and indicators allow you to estimate the cost of value stream elements and their impact on the total cost of products. Understanding these aspects allows you to effectively manage and reduce costs.	Variance analysis is the process of comparing actual costs to planned or standard costs and identifying differences. Variance analysis helps to identify anomalies and make corrections in the production process. Discrepancy reports are documents that reflect the results of the analysis of discrepancies between actual and planned costs. They provide information for management decisions and implementation of improvements in production processes.

Source: compiled by the author on the basis of (Nebrat, 2023; Denysiuk & Samnikova, 2022)

Despite these differences and the complexities of applying the principles of lean manufacturing, the world's leading companies: "Toyota Motor Corporation, Ford Motor Company, Herman Miller, Lockheed Martin prefer this approach. This can be seen in the successful implementation of lean manufacturing principles outside Japan, for example, at Lantech.

The state of implementation of the lean manufacturing concept (LEAN) in Ukrainian enterprises shows the gradual development of this approach and the interest in it in recent years. Global experience confirms the effectiveness of LEAN in various industries and its ability to optimise business processes aimed at meeting customer needs and reducing costs.

In Ukraine, the implementation of the LEAN concept is being driven, in particular, by foreign companies that are adopting this approach in their production systems. This applies to the automotive sector, where the number of companies using LEAN to improve productivity and efficiency is growing.

An example of successful implementation of the LEAN concept is Modern-Expo Group, which has achieved impressive results in the first five years of implementation. A significant increase in productivity, reduction of production space and waste, Lead Time and other indicators achieved demonstrate the success and prospects of using the LEAN concept at Ukrainian enterprises (Kolisyuk, n.d.).

Compared to upgrading equipment or launching a new production facility to upgrade an enterprise, lean production is a more cost-effective way to do things. It is important that when implementing lean production, a company should find a competent specialist, as the effectiveness of the method depends on it, and it is also imperative to introduce this approach to employees. For domestic businesses, the difficulty lies in the limited number of specialists who can properly implement Japanese methods at Ukrainian enterprises. There is also the possibility of resistance to innovation among the staff, including managers. In this case, it may even be necessary to terminate cooperation with employees who are not ready to adapt and accept changes. In such a situation, the company will incur unwanted financial costs associated with dismissal and severance payments.

Thus, it is obvious that the complexity of implementing a lean production system is not mainly due to the costs of its implementation, but rather depends on the human factor.

However, another situation is possible. For example, it is difficult for INTERPIPE company to apply the just-in-time principle in its production due to a shortage of raw materials - scrap metal, which is the main component for the manufacture of their products: pipes and wheels for railway transport. In this regard, they purchase steel raw materials in advance and in large quantities to hedge against rising prices on the national market. The situation is similar for finished products exported to the markets of Europe, the CIS, North and South America, the Middle East and North Africa. As the terms of delivery may vary (timing, delivery in batches), it is a strategic necessity to have sufficient storage space.

To illustrate the importance of implementing the LEAN concept, consider the Fort-Post Construction Company, which is one of the first private organisations to invest heavily in the construction of a brand new modern residential space in Kharkiv. The company has a positive reputation and is trusted and respected by local investors (Fort-Post Budivselna kompaniia, n.d.). Today, this company is a leader in Kharkiv in the field of residential and commercial real estate. Construction is carried out according to modern individual projects, using new technologies that provide a completely new level of quality. This guarantees a stable demand for the property offered.

The introduction of the concept of lean manufacturing would ideally address a number of key issues that most businesses face on a daily basis (Figure 3).

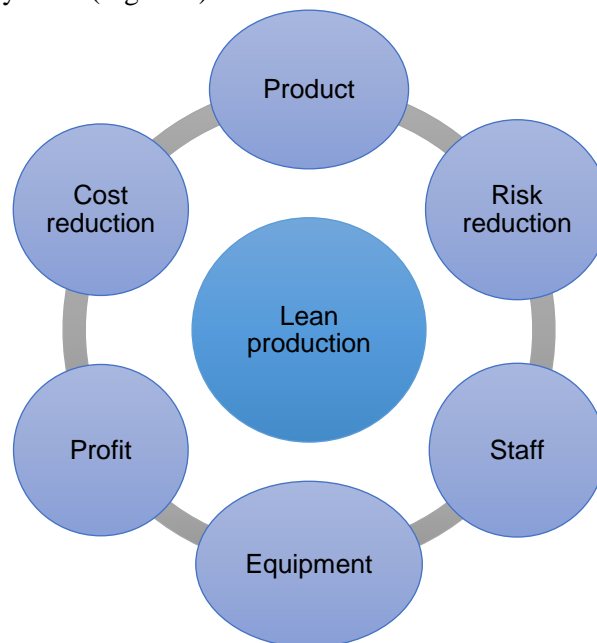


Figure 3. Key issues faced by most businesses on a daily basis

Source: (Materials from Hochschule Mittweida)

It is worth noting that effective corporate governance, including the implementation of the LEAN concept, interacts with strategic management, ensuring complementarity and optimisation of business processes. In the context of modern business, strategic management is an important tool for achieving success and sustainable development, which determines the long-term ability of an enterprise to adapt to changes in society and market conditions. It involves defining long-term goals and ways to achieve them, taking into account resources, the competitive environment, market conditions, etc.

Thus, the integration of the LEAN concept into Fort-Post's corporate governance will not only ensure the optimisation of business processes, but will also be in line with the strategic focus on manufacturing quality products and achieving market leadership.

As part of strategic management and analysis of the macro-environmental factors of an enterprise, PEST analysis is an important tool. PEST analysis includes an assessment of the impact of four main groups of factors on the company's operations: political, economic, sociocultural and technological. Table 2 provides an analysis of the factors of the enterprise's macro environment.

Table 2 – PEST-analysis of the enterprise

Policy	Economy
Government strategy on entrepreneurship	Socio-economic level of the population
Competition regulation	Rising consumer prices
Tax policy	Economic costs
Licensing of goods and services	Solvency of the population
	Increase in the cost of goods from suppliers
	Coronavirus pandemic
	Full-scale invasion of the Russian Federation
Society	Technology
Population trends	Emergent construction
Decline in real incomes	Wide use of automated tools
Population movement	Innovative approaches to service delivery
Modification of lifestyle and standard of living	Innovative processing of building materials
The role of the media	

Source: compiled by the author on the basis of (Vasylchenko, 2023)

Thus, the overall impact of the economic environment on the operation of the enterprise is negative. Economic factors have the most negative impact. High inflation and declining household incomes affect the purchasing power of consumers and, consequently, their spending.

In second place in terms of influence are social aspects. Migration of people to economically developed areas leads not only to a decrease in the number of people, but also to a change in their social status. This leads to a decrease in the level of consumers' income and their cultural level. Political factors rank third in terms of influence. All attempts by the government to regulate the market lead to restrictions on the activities of retailers, an increase in production costs and, consequently, a decrease in trade profitability and profits. The pandemic has led to a sharp decline or change in demand for many goods and services. This poses a challenge for production, as LEAN methods are built on a production system that is precisely aligned with market needs. LEAN production processes need to be adapted to changes in demand and production volumes (Skliarenko, 2020). However, the most urgent and important problem for Ukraine today is the full-scale invasion of the Russian Federation. The situation of martial law is characterised by uncertainty, extraordinary circumstances and danger. This complicates the planning and development of standards, which are the basis of the LEAN concept. In wartime, resources are usually limited, including finances, personnel and time. Implementing LEAN requires a significant investment in training and optimisation processes, but this can be difficult to achieve in a military conflict.

In a situation where the macroeconomic environment reveals a negative impact on the company's operations, it is important to take effective measures to optimise and improve the efficiency of business processes. In this context, the implementation of the LEAN concept can be an excellent strategic step to optimise operations and increase the company's competitiveness. Here are some aspects of the need to implement the LEAN concept:

- The LEAN concept is aimed at optimising the use of resources, including human, material and financial. This is especially important in the context of shrinking sales markets and declining incomes;
- LEAN aims to eliminate any redundant operations and processes that do not add value to the customer. This can be particularly effective in reducing the negative impact of a downturn in household incomes;
- LEAN aims to improve the quality of products and services by eliminating defects and redundant steps in production processes. This can improve the perception of products and services by a declining population;
- The LEAN concept allows you to quickly adapt to changes in the competitive environment, including increased competition. Rapid and flexible change can help maintain competitive advantage;
- Implementing the LEAN concept can improve working conditions and processes by enabling new practices and efficient ways of working. This will have an impact on staff morale and productivity.

Given the negative impact of the macroeconomic environment on the enterprise, the LEAN concept can help ensure sustainability and efficiency in optimising business processes, provide a competitive advantage and support in a challenging market environment.

Let's develop a plan for integrating the Lean concept into the activities of Fort-Post LLC (Table 3).

This plan is an important tool for the successful integration of the Lean concept at Fort-Post LLC. Forming a team of dedicated and competent employees who will be involved in Lean integration will create a favourable atmosphere of cooperation and exchange of ideas. Evaluation of preliminary results and presentation of the strategy will help to understand what aspects need to be improved in the context of the Lean concept.

Table 3 – Plan for the integration of the Lean concept in Fort-Post LLC

Step 1: Understanding Lean and setting goals	Introduction to the Lean concept. Training and education of employees on the basics of Lean, its principles and benefits.
	Defining the purpose and goals. Establish clear goals that the company wants to achieve through Lean implementation, such as increasing productivity, reducing cycle time, reducing costs, etc.
Step 2: Analyse and assess the current state	Process evaluation and cost identification. Analyse and identify the main processes where Lean can be applied, identify and assess current costs.
	Process flow mapping. Create a flow map to better understand your processes and identify redundancies and wasteful costs.
Step 3: Planning and strategy development	Defining a Lean implementation strategy. Developing a detailed plan, identifying priority areas for Lean implementation and defining steps for each area.
	Formation of teams and leadership. Create teams that will be responsible for implementing and coordinating Lean across the company's various departments, as well as appointing project leaders.
Step 4: Implementation and execution	Staff training and support. Conduct training for all staff to ensure they understand and support Lean.
	Testing and implementation of changes. Launching pilot projects according to the developed plan, gaining previous experience in implementing Lean.
Step 5: Evaluation and continuous improvement	Measurement and analysis of results. Identifying key performance indicators and evaluating the results of Lean implementation.
	Continuous improvement and optimisation. Discussion of the results achieved, identification of opportunities for Lean improvements in the company.
Step 6: Embracing and sustaining a Lean culture	Establishing Lean as a culture. Create conditions for establishing Lean as a key element of the organisational culture and ensuring that all employees adhere to it.
	Overseeing the implementation and spread of Lean. Establishing a monitoring system and providing support to ensure the continued success and spread of Lean across all aspects of the company.

Source: compiled by the author on the basis of (Hryhoriev & Habor, 2022, p.15)

In general, this plan enables step-by-step adaptation of strategy and business processes to the principles and goals of the Lean concept, ensuring effective and efficient integration of this concept into the organisation.

Conclusions

In summary, the article analyses the LEAN concept, focusing on its principles and methodology in the context of optimising business processes and improving the efficiency of enterprises. The importance and benefits of implementing this concept for enterprises in the current competitive environment are assessed. The article also assesses the impact of political, economic, socio-cultural and technological factors on the activities of Fort-Post LLC, deepened understanding of the nature of the activities and features of the construction industry, which is a key aspect for the successful integration of the LEAN concept.

Based on the analysis, were developed tips for integrating the LEAN concept into the business processes of Fort Post LLC, taking into account the peculiarities of the enterprise and the specifics of the industry. The proposed recommendations are aimed at facilitating the implementation of LEAN with maximum efficiency and minimising possible difficulties. In general, the integration of the LEAN concept into the activities of Fort-Post LLC has the potential to significantly improve the company's efficiency, reduce costs and increase competitiveness in the construction services market.

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THE ROLE OF ORGANIZATIONAL CULTURE IN FORMING THE DEVELOPMENT STRATEGY OF THE ENTERPRISE

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Abstract

In the context of the modern business environment, which is characterized by instability, rapid changes and a high level of competition, enterprises must look for new ways to increase competitiveness. Organizational culture determines the company's flexibility and ability to adapt to changes, which is critically important for the effective formation of a company's development strategy, since only those companies that are able to quickly and effectively adapt to new conditions, become market leaders. The purpose of the article is to deepen the understanding of the relationship between organizational culture and the processes of forming the company's development strategy in conditions of uncertainty and a changing external environment. In order to achieve the goal, the task of determining the influence of the internal aspects of the enterprise's organizational culture on the processes of strategy formation and implementation in conditions of constant changes, as well as establishing their relationship, was performed. The article analyzes the impact of organizational culture on the formation of the company's development strategy in the changing conditions of the external business environment. The key aspects of the organizational culture's formation, such as leadership, communications, values and norms, as well as their correlation with the processes of developing the company's strategy, are considered. Practical recommendations on the formation of the company's development strategy have been developed, which can be applied in the practice of domestic business structures.

Keywords

organizational culture, strategic management, changing business environment, enterprise strategy, adaptation to changes, key success factors.

Formulation of the problem

In the conditions of constant changes in the modern business environment, there is a need to study the relationship between organizational culture and the company's development strategy. This becomes an important task for the successful functioning of the enterprise, especially in today's conditions of uncertainty. Organizational culture defines the values, beliefs and norms that pervade the company's activities, while the strategy defines the way to achieve the set goals.

One of the key challenges is to determine how organizational culture can influence the choice and implementation of strategy in the face of uncertainty and change. Can it be a catalyst or a brake for innovation and adaptation? What aspects of culture are important to a successful strategy in an environment where even the best strategies may require adjustments after a short period of time?

The relevance of the chosen topic

The relevance of the chosen topic cannot be overestimated in the context of the modern business environment, which is characterized by instability, rapid changes and a high level of competition. Organizations that are able to effectively adapt to new conditions usually become market leaders. Organizational culture acts as a foundation for strategy formation, influencing decision-making, communication, innovation potential and the enterprise's ability to adapt. Understanding the importance of this influence can be a key factor in achieving competitive advantage. Determining the role of organizational culture in the formation of the company's development strategy is an extremely urgent task in the modern business environment. Organizational culture defines the basic values, attitudes and internal norms that are necessary for the formation and implementation of strategy. Organizational culture forms a common, understandable framework for all employees of the enterprise. This is important in strategy formation, as a common identity and mutual understanding contribute to effective team work and the realization of strategic goals. Thus, in the light of modern trends, such as rapid technological changes, globalization of markets and the growing role of corporate responsibility, the question of the organizational culture's influence on the formation of the company's development strategy acquires a new level of importance.

Analysis of the latest research and publications

N. O. Yevtushenko (2020) considers the problems of managing organizational culture, in particular, how it affects the strategic decisions of the enterprise. The author provides examples of effective practices of managing organizational culture that contribute to the achievement of strategic goals. The author also emphasizes the importance of internal coordination of the company's culture and development strategy to achieve its stability and success [1].

Petelko T. P. (2020) considers the role of organizational culture in the process of adapting to market challenges and implementing strategic initiatives. Her research indicates that a successful strategy requires a deep understanding of the enterprise's cultural characteristics and their influence on strategic decisions [2].

Oliynyk T. I. (2021) claims that organizational culture affects the ability of an enterprise to effectively respond to changes in a changing environment and opportunities for strategic development, and also defines key aspects that should be taken into account when forming a culture in order to achieve strategic goals [3].

I. V. Ivantsova (2020) investigates the process of organizational culture formation and its influence on the efficiency of enterprise functioning. She analyzes various mechanisms of culture formation and their effectiveness in achieving strategic goals, and also points out the importance of taking cultural aspects into account when forming and implementing a development strategy [4].

According to the results of the scientific research analysis on this topic, it can be noted that organizational culture plays a key role in the process of forming the company's development strategy in the conditions of a changing business environment. In general, scientific research indicates the need to integrate aspects of the organizational culture formation of the enterprise into strategic management in order to achieve success in conditions of uncertainty and constant changes.

The purpose of the article

is to deepen the understanding of the relationship between organizational culture and the processes of forming a company's development strategy in conditions of uncertainty and a changing external environment. Achieving the set goal made it necessary to solve the following tasks:

- to analyze the impact of internal aspects of the enterprise's organizational culture on the processes of strategy formation and implementation in conditions of constant changes;
- to determine key factors of interaction between organizational culture and enterprise strategy;
- reveal the influence of organizational culture on the success of the enterprise in a dynamic business environment.

Presentation of the main material of the study and the obtained results

Organizational culture is an important aspect of enterprise management and can significantly influence its success and sustainability in a competitive environment.

As it is known, the organization of the business management process is the implementation of elements of regular management. Moreover, this process includes only those functions and actions that are related to the coordination and establishment of interaction within the organization, with the motivation to carry out production and other types of activities, with their target orientation [10]. The formation of organizational culture is distinguished among the main types of management activities in the organization of business management (Fig. 1.).

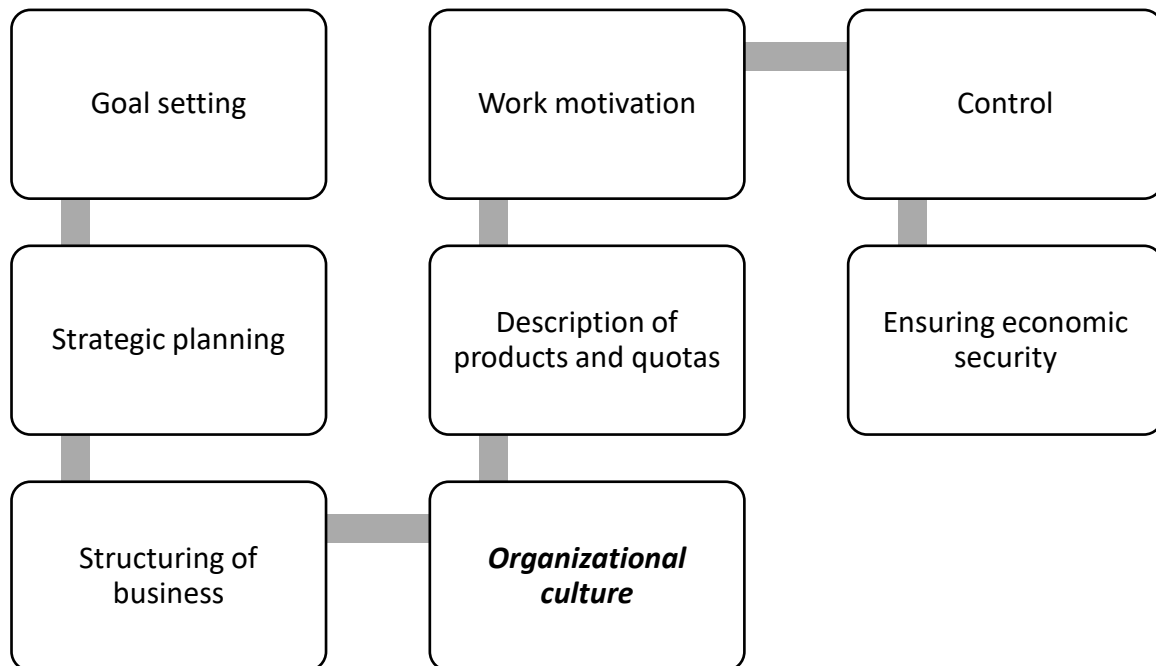


Fig. 1. Types of management activities in the organization of business management

Source: built by the author from the materials [10]

The importance of organizational culture in enterprise management can be considered from different positions, in particular:

- stimulation of employee efficiency: organizational culture determines values, norms and expectations in the organization. If these elements support shared goals and encourage high levels of task performance, this can lead to increased employee performance.
- retention and attraction of talented personnel: organizational culture affects the attractiveness of the enterprise for potential employees. If the culture matches the values and expectations of professionals, it can lead to retention and attraction of talented staff.
- creation of a favorable working environment: a properly formed organizational culture contributes to the creation of a positive and favorable working environment. This can increase employee satisfaction, reduce stress levels and support team spirit.
- support of strategic direction: organizational culture can play a key role in the implementation of the enterprise's strategic goals. When the culture is aligned with the strategic direction, employees are more likely to make decisions and act on strategic objectives.
- adaptation to changes: A flexible and open organizational culture facilitates adaptation to changes in the business environment. When employees have a positive attitude towards innovation and change, it helps to respond quickly to challenges and ensures the company's competitiveness.

As part of the analysis of the relationship between the organizational culture and the company's strategy, carried out in this study, complex and complementary aspects that affect the success of the company in the conditions of a changing environment were revealed.

1. Organizational culture as a key factor in strategic problem solving. The effectiveness of strategic problem solving is closely related to a developed and internally consistent organizational culture. Enterprises where there is a high level of mutual understanding, cooperation and openness among employees are able to adapt more effectively to changes in the external environment.

2. Interaction of cultural elements and strategic goals. More effective implementation of strategies is observed in enterprises where cultural values are harmonized with strategic goals. Organizational culture acts as a guiding mechanism for awareness and acceptance of strategic initiatives.
3. The role of leadership in the formation of cultural and strategic aspects. Leadership has a decisive influence on the formation of organizational culture and the definition of strategic directions. Effective leadership contributes to the creation of a favorable environment for the implementation of business strategies.
4. Adaptation of culture and strategy to changes. Enterprises with a high level of adaptive abilities of organizational culture and strategy respond more effectively to changes in the economic, technological and socio-cultural environment.

The influence of crisis situations on the interaction of cultural and strategic components. In crisis situations, it is important to maintain the stability of organizational culture, because it is the basis for choosing and implementing optimal strategies in conditions of instability.

Aspects of the relationship between organizational culture and the company's development strategy are shown in Figure 2.

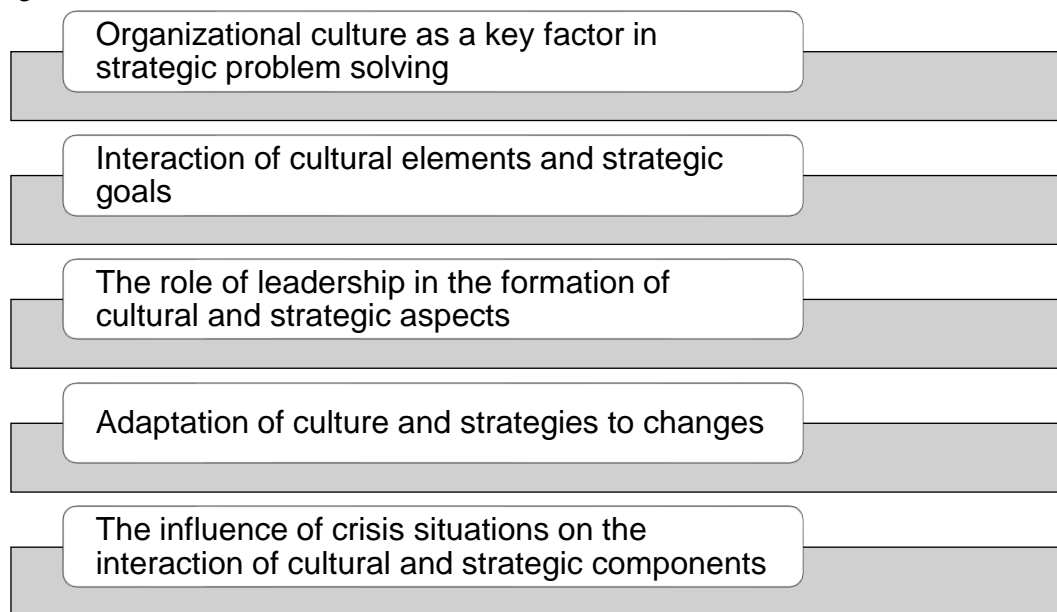


Fig. 2. Aspects of the relationship between organizational culture and enterprise's strategy

In real examples of companies, it is also possible to observe the relationship between organizational culture and the formation of the company's development strategy, which affects their success and stability in the face of change.

1. The company GoogleInc. It is a vivid example of a company where organizational culture directly affects strategic choices. Based on the principles of creativity, openness and innovation, Google's culture promotes the choice of strategies aimed at the development of innovative products and technologies [5].
2. SouthwestAirlines is characterized by a strong organizational culture aimed at creating a favorable environment for employees and passengers. Their strategy includes low prices, high levels of service and other aspects that reflect the company's cultural values [6].
3. Organizational culture of AppleInc. is based on the principles of design and innovation, which is embodied in the strategy of developing unique and high-quality products. The company prioritizes creativity and high standards, which determines the direction of its strategic decisions [7].
4. Zappos is known for its unusual organizational culture that supports individuality and creativity. The company implements strategies aimed at creating a unique customer experience. In addition, the strategy of this company is based on supporting the personal development of employees and providing high-quality service [8].
5. Procter&Gamble is an example of a company where an organizational culture focused on commitment to goals and teamwork influences product positioning strategies and innovation development [9].

Therefore, the practice of global companies, the distinguishing characteristics of which are a strong organizational culture and strong competitive positions formed over a long history of development, confirms the fact that a deep understanding of the culture of one's company and the everyday behavior that shapes it is an effective tool for

seeing and using new opportunities for achievement of business goals, expansion of the business partners network who share values and norms of morality in conducting business, which significantly increases the chances of competitive success.

A kind of algorithm for using the potential of organizational culture as a competitive advantage of the company is quite simple. First of all, you should start with the diagnosis of the current state of the organizational culture and conduct an analysis of how the culture of the company contributes to or hinders the changes taking place in it in the current situation, how it affects the achievement of business results. The next step should be to determine which cultural characteristics and behavior patterns need priority strengthening and development in order to effectively influence the achievement of the company's goals. The first two stages will give an idea of both the objects of management (elements of organizational culture), and will allow to determine which new competencies are necessary for the implementation of the third stage - proactive management of the company's culture. The basis of this algorithm should be the consistency of the triad "enterprise strategy - operational model - organizational culture". In this case, company management often prefers to focus on the first two elements, believing that they are much easier to manage. P. Drucker once warned about this management mistake, noting that "culture eats strategy for breakfast" [11]. The essence of this remark is that the business result depends to a greater extent on how the staff will act to achieve the set strategic goals, and to a lesser extent on the chosen strategy and operating model. Research confirms that businesses with a cohesive and unique organizational culture double their chances of demonstrating sustainable growth and increasing their profits.

Therefore, the experience of foreign corporations indicates the formation of a company's development strategy on the basis of important aspects of organizational culture, which also become guiding principles for its implementation and determine the success of companies in various areas of business. In addition, the relationship between these elements can serve as a source of competitive advantages and key success factors in a changing external business environment. The influence of organizational culture on the strategy implementation process is shown in fig. 3.

1. Increasing the level of adaptive capabilities of the enterprise. Provided that the organizational culture is fully aligned with the strategy, the company has the ability to quickly adapt to changes in the external environment. When these two aspects interact harmoniously, the enterprise becomes more flexible and able to respond effectively to new challenges and opportunities.
2. Increasing the involvement of employees. The relationship between culture and strategy can have a positive impact on employee engagement and motivation. When employees perceive the organization's values as their own, they are more likely to participate in the achievement of strategic goals, which leads to increased productivity and the quality of their work.
3. Increasing the level of innovativeness. The organizational culture should be aimed at supporting innovation, in combination with the appropriate strategy, and form a favorable environment for the development and implementation of innovative strategic solutions. This, in turn, increases the competitiveness of the enterprise due to the ability to quickly adapt to changing market requirements.

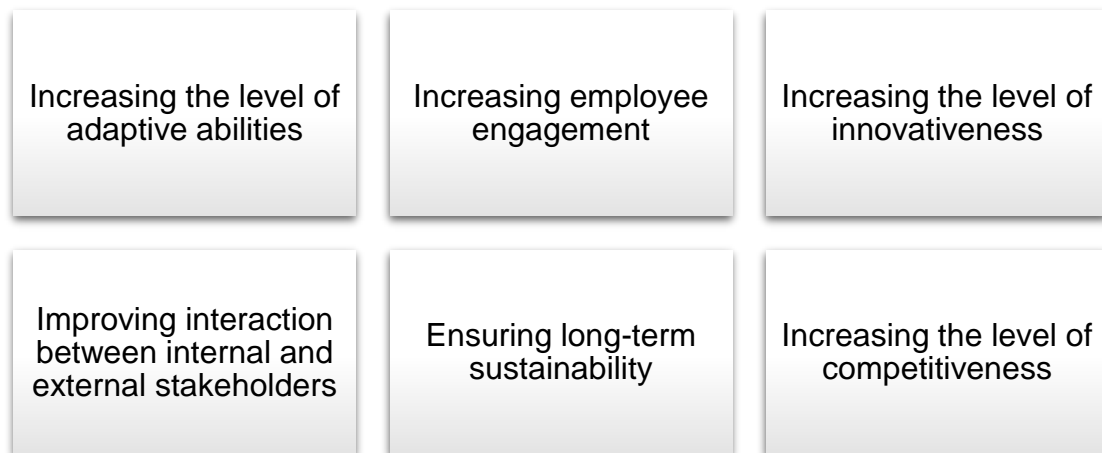


Fig. 3. The influence of organizational culture on the strategy implementation process

4. Improving the interaction between internal and external stakeholders: The organizational culture of the enterprise should also be laid in the foundations of the cooperation strategy with stakeholders. Effective interaction with customers, suppliers and other interested parties contributes to increasing the competitiveness of the enterprise.
5. Ensuring long-term sustainability. Organizational culture and strategy must be aligned in such a way as to ensure a balance between short-term and long-term development goals. This, in turn, contributes to the stability of the enterprise in relation to economic, socio-cultural and technological changes.
6. Increasing the level of competitiveness. The overall efficiency of the enterprise increases due to the optimization of internal processes and resource management, which makes the enterprise more competitive in the market.

Therefore, the analysis of the organizational culture influence on the processes of strategy implementation not only indicates their importance separately, but also emphasizes that the role of organizational culture is a key factor in achieving the success of an enterprise in the conditions of today's changing business environment.

Thus, taking into account the importance of organizational culture in enterprise management, its relationship with development strategy, as well as the experience of foreign corporations in the formation of a development strategy based on the key aspects of organizational culture, the following practical recommendations are offered for the formation of an enterprise development strategy, which can be applied in practice of domestic business structures, namely:

1. Persuasion and involvement of personnel. Implementation of any changes requires a high level of support and involvement of staff. Ensuring their understanding, loyalty and positive attitude towards the implementation of the strategy is an important element of the company's success. Therefore, when forming a strategy, it is necessary to take into account the different views and interests of each employee, which, in turn, contributes to reducing the level of their resistance.
2. Control and evaluation of results helps to identify problems in time and adjust the strategy in order to achieve the best results.
3. Involvement of stakeholders. Ensuring interaction with all interested parties, including customers, partners and other stakeholders, their cooperation and communication contributes to effective strategy formation and avoiding conflicts in the future.
4. Education and training of personnel. Education and training of personnel is an important element of the formation and implementation of the company's strategy. This process helps to improve work processes, increase labor productivity and competitiveness of the enterprise, and also creates an appropriate organizational climate in order to attract and retain highly qualified employees.
5. Risk analysis. A thorough analysis of potential risks and possible failures is a key step in strategy formation, and this process is directly related to organizational culture. The relationship with organizational culture is how employees perceive risks, and this, in turn, determines the success or failure of the company's strategic initiatives. For example, companies with an open and innovative culture may view risks as opportunities for growth and development, while under a conservative type of culture, staff are less willing to take risks.
6. Taking cultural features into account, as culture determines values, beliefs and methods of interaction among employees and top management of the enterprise, which also helps to avoid conflicts.

It should be noted that in the Ukrainian business environment, the role of organizational culture in the formation of the company's development strategy remains underestimated. The management of domestic enterprises should study the best experience of foreign companies with a strong organizational culture, critically evaluate and use it, while adapting it to the realities of the Ukrainian business environment. This becomes especially important in the context of crisis phenomena that have covered the social, economic, ecological and geopolitical spheres, which requires business to improve the quality of all management processes, which is simply impossible to achieve in the case of a weak organizational culture.

It is indisputable that the construction of corporate relations, which include both internal and external stakeholders of the enterprise, should be based on a personalized approach, individual service, trust, and adherence to moral and ethical principles as indestructible rules of business conduct. All this requires the use of a complex of formal and informal tools, the formation of new models of behavior aimed at the development of cooperative relations within the framework of a single team - the company's management and its employees, partnership relations with consumers, interaction with the business community on the basis of parity and mutual respect. And these values are formed by the organizational culture, and therefore its development requires the primary attention of the company's management.

Conclusions and summaries of the work

The work defines the role of organizational culture in the process of forming the company's development strategy. Flexibility, openness to change, the ability to adapt - all these aspects, which are formed through organizational culture, are key in the framework of the formation and implementation of the company's development strategy in the conditions of a changing external business environment. The analysis results of the latest research and publications on the selected topic confirm that organizational culture plays a key role in the process of forming the company's development strategy in the conditions of a changing business environment. In general, scientific studies indicate the need to integrate aspects of the formation of the enterprise's organizational culture into strategic management in order to achieve success in conditions of uncertainty and constant changes. The formation of the organizational culture is distinguished among the main types of management activities in the organization of business management. The work substantiates the importance of organizational culture in the management of the enterprise from various positions, in particular, stimulating the efficiency of employees, retaining and attracting talented personnel, creating a favorable working environment, supporting strategic direction and adapting to changes.

Based on the analysis results of the relationship between the organizational culture and the company's strategy, the article reveals complex and complementary aspects that affect the success of the company in a changing environment, namely, it is substantiated that organizational culture is a key factor in strategic problem solving, the role of cultural elements in the formation of strategic goals, the role of leadership in the formation of cultural and strategic aspects, the importance of adapting culture and strategy to changes in the external environment is established, and the impact of crisis situations on the interaction of cultural and strategic components is determined.

In addition, the article analyzes the experience of foreign corporations with regard to the formation of an enterprise development strategy based on important aspects of organizational culture. It was revealed that the practice of global companies, the distinguishing characteristics of which are a strong organizational culture formed over a long history of development and strong competitive positions, confirms the fact that a deep understanding of the culture of one's company and the everyday behavior that forms it is an effective tool for seeing and using new opportunities to achieve business goals, expand the network of business partners who share values and moral standards in business management, which significantly increases the chances of competitive success in a changing external business environment. Taking into account the above, the article contains practical recommendations for the formation of an enterprise development strategy that can be applied in the practice of domestic business structures.

Taking into account the results of the conducted research, as well as taking into account the development of business digitalization processes, further scientific research should be directed at substantiating the role of the enterprise's organizational culture in ensuring its innovative development.

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USE OF MATRIX METHODS OF ANALYSIS OF STRATEGIC ALTERNATIVES BY ENTITIES OF THE HOTEL BUSINESS

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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.

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.

Purpose and objectives

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 research material and results obtained

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, Dobb-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 BCG 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 BCG 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 BCG 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 BCG 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 Dibb-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 is aimed at positioning the existing business depending on the evolution of the market. The advantage of this method, according to the author, is the possibility of its application for the analysis of 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/Strickland 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 (development, growth, displacement of the old product from the market, maturity, saturation)	5x4	20

** 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.

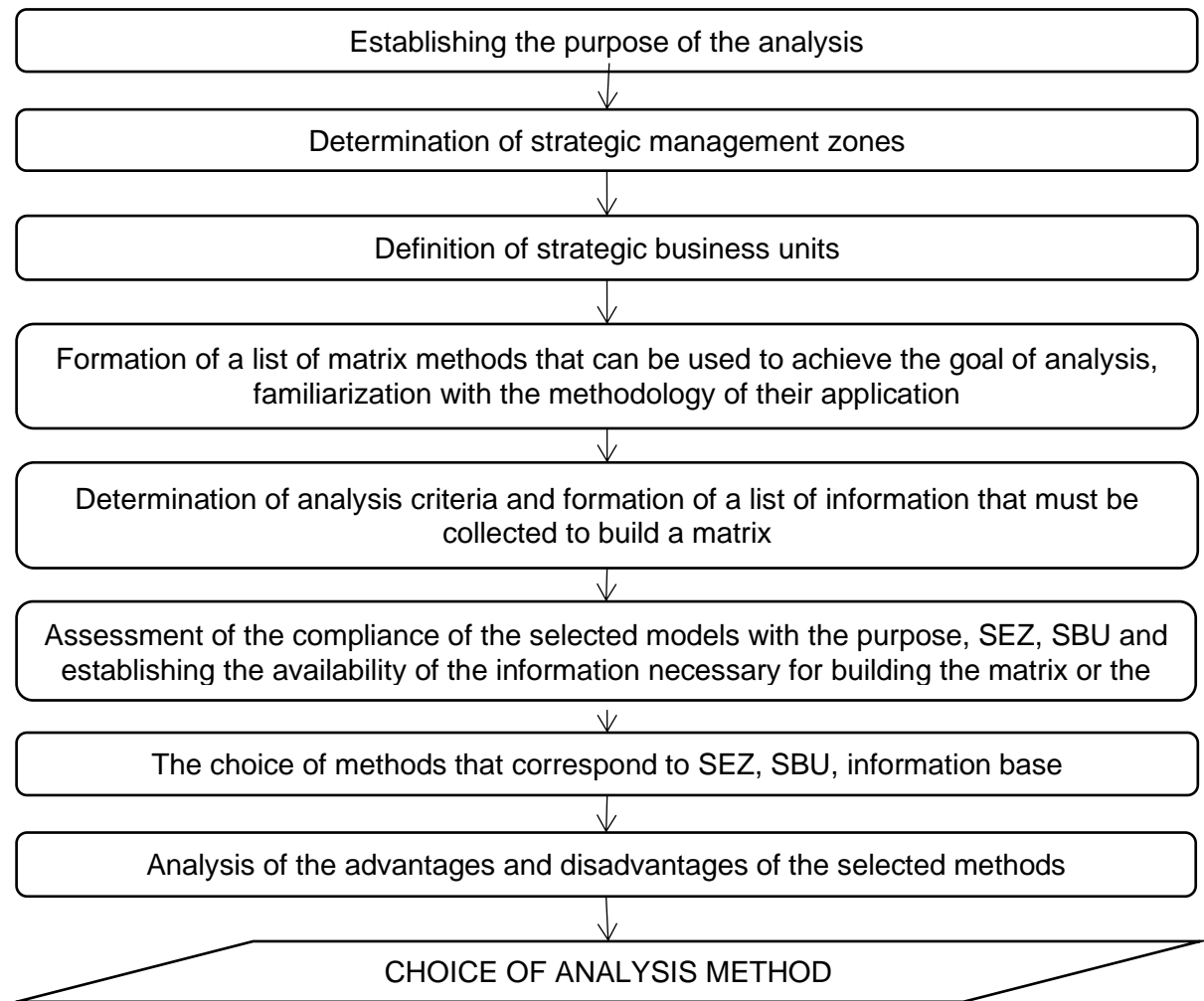


Figure 1. Selection sequence of the matrix analysis method (constructed by the author)

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 matrix	Dibb-Simkin model	Hofer-Schendel model
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	+	+		+	+	+	

* *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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FEATURES OF LEAN SIX SIGMA

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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.

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.

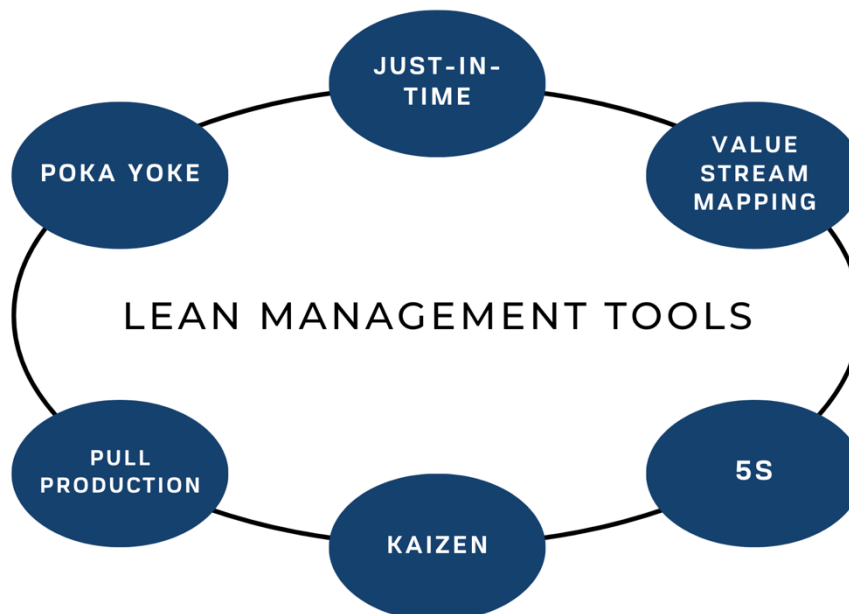


Fig. 2. The main tools of Lean management

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.

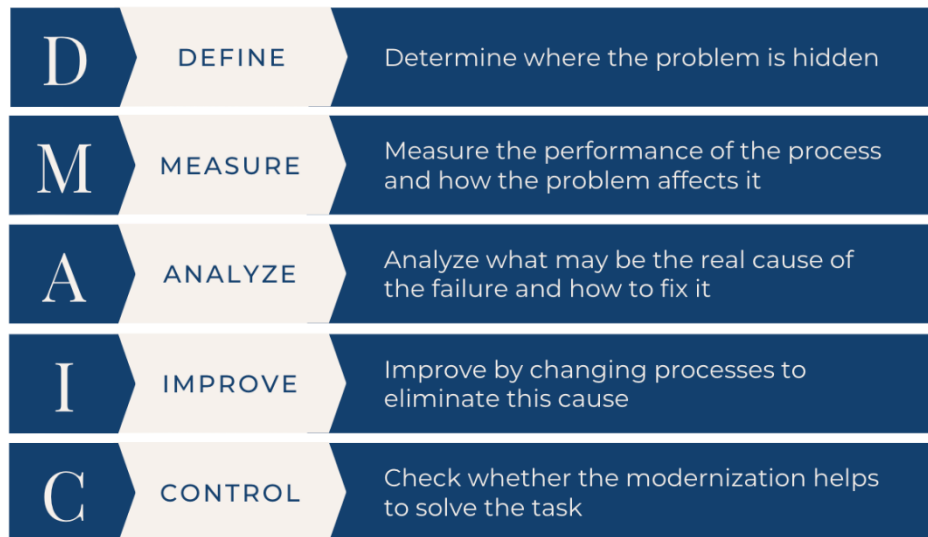


Fig. 3. The decoding of the abbreviation "DMAIC"
 Source: compiled by the authors

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).

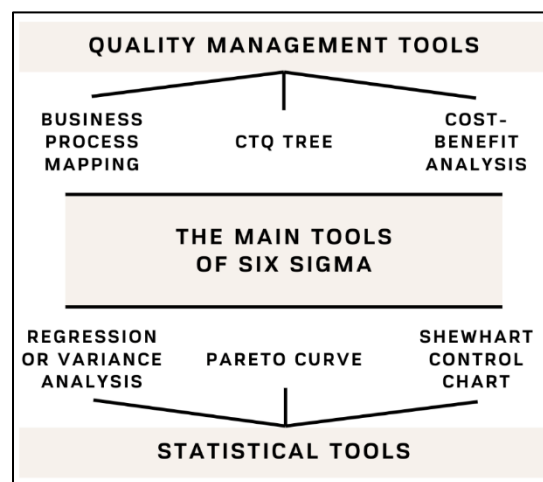


Fig. 4. The main tools of Six Sigma
 Source: compiled by the authors

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.

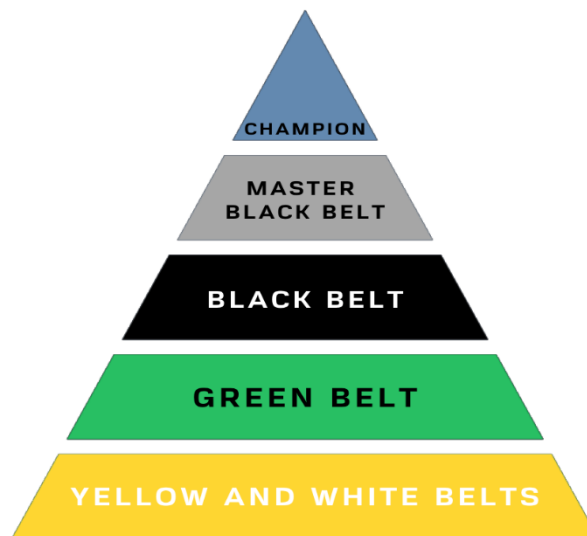


Fig. 5. Six Sigma belts hierarchy
 Source: compiled by the authors

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 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).

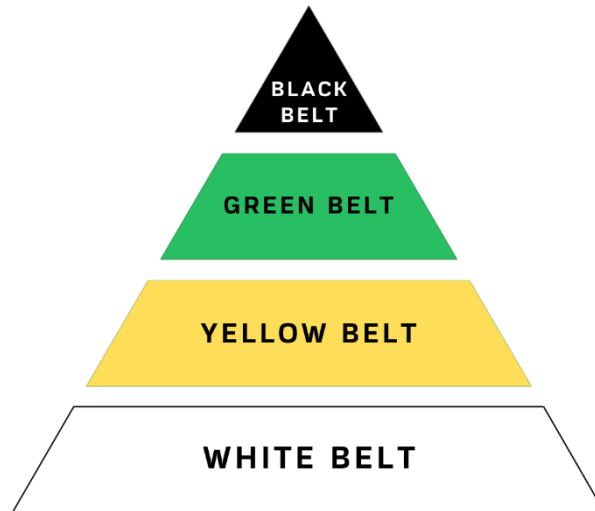


Fig. 6. Skill levels in the Lean Six Sigma methodology
 Source: compiled by the authors

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.

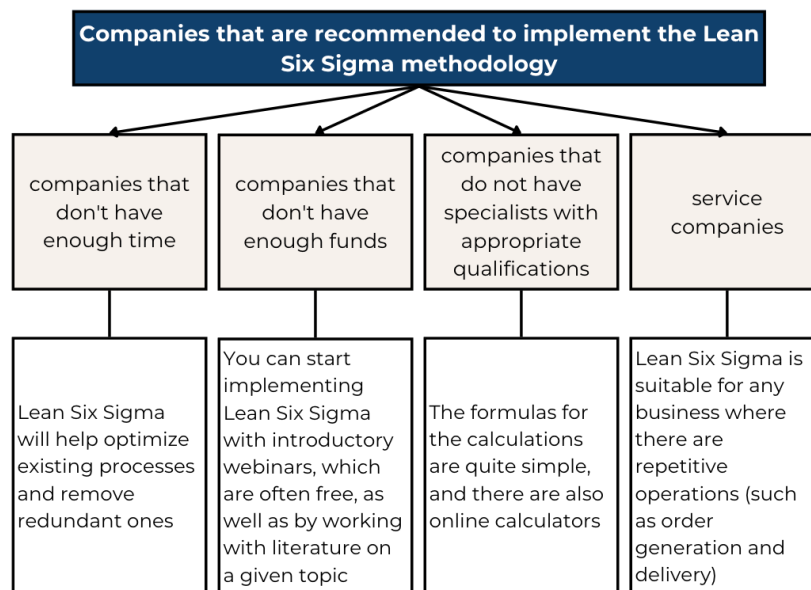


Fig. 7. Companies that are recommended to implement the Lean Six Sigma methodology
 Source: compiled by the authors

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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TOOLS FOR ANTI-CRISIS REGULATION OF THE ECONOMY IN UKRAINE UNDER MARTIAL LAW

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Abstract

The study's relevance is due to the current military conflict in Ukraine, which has led to the need to consider effective instruments of countercyclical regulation in an economically unnatural environment. The problem lies in the difficulties of regulating the economy in times of war, where the state has to take into account the impact of the military front on the economic front. By analysing the views of scholars, the article highlights the importance of using fiscal and monetary policies together to achieve maximum efficiency in a military conflict.

The study aims to analyse and evaluate the key instruments of fiscal and monetary policy used in the context of martial law in Ukraine. The methodology used includes an analysis of the views of prominent scholars such as Stefan Kegebain, Christopher Mark Davis, Taras Marshalok, Yulia Leliuk, Marianna Bida, and Iryna Ruda. Who allows us to systematise information and identify optimal management strategies in an economically unnatural environment.

Thus, the paper identifies the importance of using fiscal and monetary policies in the context of military conflict and reveals the prospects for their application to stabilise the economy and ensure the effective functioning of the state in times of crisis.

Keywords

anti-crisis regulation, monetary policy, fiscal policy, crisis, military conflict, martial law.

Statement of the problem

Economic fluctuations are the natural essence of the economy, which the state seeks to control. In the context of cyclicity, regulating the economy is a challenge for the country, as the need to mitigate and revive the flow of these cycles is associated with the fastest possible exit from the depression phase to the recovery phase, which guarantees economic growth and faster inflow of profits into the economic system. This task becomes more complicated when martial law is in effect, and the challenges increase. The military front and the economic front are one whole. Therefore, there is a need to use all possible tools to survive in an economically unnatural environment. Fiscal and monetary policy are among these tools.

Relevance of the topic

Ukraine's current situation is shaped by the military conflict, which entails solving problems with the supply of weapons to the military front and providing the population of Ukraine with a stable currency and sound economic decisions. The joint use of countercyclical regulation tools is what makes it possible to unlock their maximum effectiveness.

Analysis of recent research and publications

Many prominent foreign and domestic scholars have studied this topic. According to the vision of Stefan Kägebein (Kägebein et al., 2022), Ukraine is proposed to revive the private sector and work with investors and donors. According to Christopher Mark Davis (Davis, 2016), the conflict in Ukraine has been influenced by the dynamics of the economic, technological, and military balance, which is affected by the economic war and the sanctions used to change it.

According to Taras Marshalok (Marshalok, 2019), the state implements the most effective regulatory measures. It is also worth noting that monetary policy is less resistant to economic transformations than fiscal policy. According to Yulia Leliuk (Leliuk, 2012), ensuring constant economic growth rates sufficient to generate financial resources needed for innovative investments, as well as to reduce uncertainty and increase the planning horizon of enterprises.

In the view of Marianna Bida and Iryna Ruda (Bida & Ruda, 2022), the impact of war is complex, and the negative consequences are synergistic. The war reduces direct investment, increases inflation, limits the state's financial capacity, contributes to debt growth, cuts jobs, and worsens the business environment.

The purpose of the research

The purpose of the article is to study the key instruments of fiscal and monetary policy used in the context of martial law in Ukraine, evaluate them, and consider the essence and basic principles of their application in a crisis.

Summary of the main material

Economic cycles are a product of the economy. Any economy in the world lives from the stages of growth, peak to the stages of decline and depression. These processes accompany the economy's very existence (Marshalok, 2019). They are repeated from cycle to cycle. Each time, an expected fall is followed by an inevitable rise. One cycle replaces another, and the country's economy continues to exist and develop. Whatever the nature of these cycles, people are always looking for ways to manage them.

The most unpleasant moment in any cycle is the crisis. After the economy has overheated, the state regresses, and rapidly falling indicators only confirm that the upcoming recovery will be difficult. However, as the German philosopher F. Nietzsche said: "What does not kill us makes us stronger". Therefore, science has found ways to adapt to such developments over time. As a result, no solution was found to overcome the cyclicity. However, it was found how to influence the flow of these cycles. In this way, counter-cyclical economic regulation or simply counter-cyclical policy emerged. Thanks to this policy, such unpleasant cycle phases as recessions and depressions do not cause devastating consequences. In general, counter-cyclical policies are used to mitigate the transition from one peak to another. Leading countries actively implement these policies, thus protecting households and businesses from hard times.

Evaluating the effectiveness of government actions in a military conflict and improving them further can save lives and protect the state.

It is advisable to use the concept of anti-crisis policy rather than counter-cyclical policy because, in a military conflict, Ukraine will hardly be concerned about the economy overheating (Bida & Ruda, 2022). All the potential is spent on maintaining and returning to the military performance of the economy, as well as smoothing out any unpleasant sharp downturns.

One of the peculiarities of such economic regulations is that it is only possible to copy the state policy of another country partially. Some elements of counteraction may be ineffective for different countries. Each person is unique and inimitable. Every state is special and unique. Every economy is unique. All countries have developed in different geographical regions, climatic zones, and historical events, with unique cultures and population structures, different forms of government, political systems, a specific vector of political development, and many other unique factors. All this has shaped the countries as they are today. Therefore, the actions taken to regulate one country's economy cannot be used without changes to regulate another country's economy, even under the same crisis conditions. As a result, any imitation of global practices must be adapted to domestic realities.

As a result, the policy of anti-crisis economic regulation has its own peculiarities in each country, including Ukraine.

Ukraine is a young state in terms of the length of time that countries have been in existence. The introduction of a large number of new acts and regulations and changes to existing ones to ensure a comfortable existence on its territory in compliance with its laws; studying the patterns and effectiveness of certain policies; establishing processes for their implementation and control – all of the above states that Ukraine is at the stage of formation, development, which symbolises the stage of trial and error.

The development of Ukraine's economy is graphically depicted in Figure 1.

According to the World Bank, as shown in Figure 1, we can see that there is some cyclicity in the Ukrainian economy. However, the business cycles are not clearly defined. The reason for this is the coincidence of the GDP decline with external economic and domestic political factors. These include the global financial and economic crisis of 2008-2009, the Revolution of Dignity, the armed intervention of the Russian Federation in Ukraine, followed by the annexation of Crimea and the occupation of Luhansk and Donetsk regions; the global COVID-19 pandemic and Russia's large-scale invasion of Ukraine. These factors are followed by recession, which results in crisis and depression. Mitigating the downward cycle and accelerating the transition to the phase of economic recovery is the main goal of anti-crisis regulation of the economy.

Monetary (credit) and fiscal (budgetary and tax) policies are the instruments of anti-crisis regulation.

Monetary policy is aimed at short- and medium-term economic changes. In the longer term, it needs to be adjusted. Monetary policy is conducted by the National Bank of Ukraine (NBU), which makes decisions independently without government interference. However, coordination between the NBU and the Verkhovna Rada of Ukraine (VRU) will help to harmonise actions and minimise peaks in economic cycles. Monetary policy instruments include laws, decrees, resolutions, and orders related to the country's monetary and foreign exchange system. That ensures an optimal level of inflation that supports the employment rate.

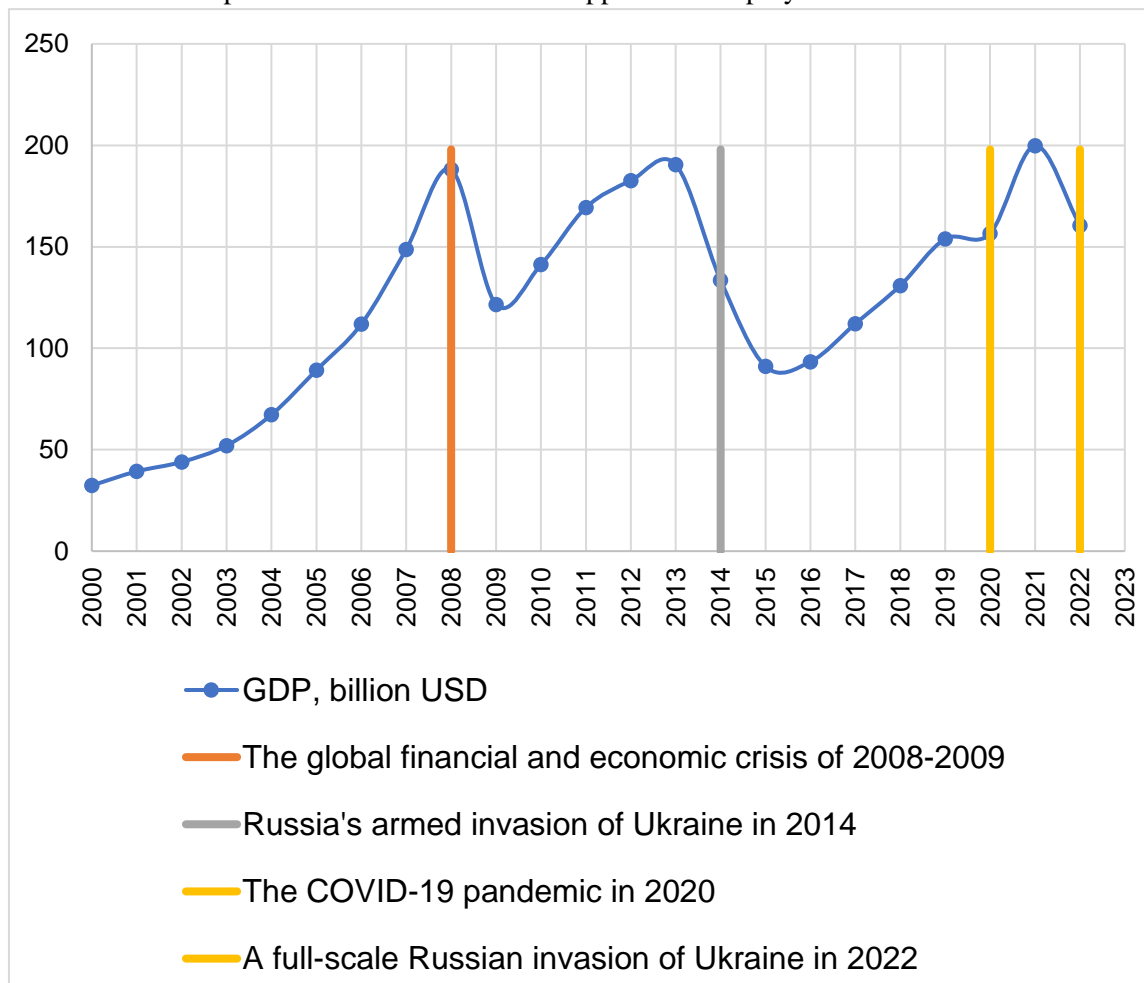


Figure 1. Ukraine's GDP in 2000-2022

Source: compiled by the authors based on (World Bank open data: Ukraine, n.d.).

The government controls fiscal policy, and changes in revenues and expenditures are set out in the annual budget, making fiscal policy effective in the long run and less mobile than monetary policy. Parliament "injects" finance so that output does not decline while stimulating aggregate demand in a certain way to ensure an appropriate level of employment. In this way, fiscal policy is designed to fight imbalances and inflation in the face of budget deficits and to find funding for social programs.

The Great Depression of 1928-1933 proved self-regulators' inability to cope with economic shocks (Marshall, 2019, p. 66). At this time, the name John Maynard Keynes became known, and who revolutionised economic thinking. His economic policy was based on stimulating aggregate demand with the help of the state. In crises, government orders would ensure full population employment, and additional financial support would close the gaps in private demand.

Governments' activities in the fiscal policy field ensured the stabilisation of the socioeconomic environment during the financial and economic crisis (Marshall, 2019, p. 68).

In economic science, there are two models of fiscal policy management: liberal and socially oriented. Developed countries have had a long time to be considered developed. At different historical stages, politicians preferred one goal and instrument of economic regulation (Pyrch, 2010, p. 216). Therefore, applying a particular model depends on the time passed by the country. The most prominent representative of the liberal fiscal policy instrument is the United States, while Sweden is the representative of the socially oriented one.

Ukraine is more committed to a socially-oriented fiscal policy model. It is precisely because our country follows this model that it experienced a milder, faster economic downturn in 2022 than if Ukraine had followed a liberal fiscal policy management. After all, open economies with a low level of economic control are usually more susceptible to economic crises than countries with a clearly defined discretionary model of regulating the economic space (Marshall, 2019, p. 69). Because of this, the United States is ahead of other countries in economic development, but it pays the price regarding susceptibility to crises.

First of all, during martial law in Ukraine, tax privileges were introduced for entrepreneurs. The progressive form of taxation was simplified to a flat tax. Thus, the simplified taxation system (STS) for individual entrepreneurs of the 1st and 2nd groups was completely exempt from taxes during martial law. On the tax side, the excise tax rate on fuel was reduced to zero, and VAT was cut from 20% to 7%. The payment of land tax and land rent in the territories where military operations are taking place or in the territories temporarily occupied by Russian troops has been canceled. In this regard, an operational list of territories is being maintained where the minimum tax liability and environmental tax will not be charged in 2022-2023. At the beginning of the invasion, VAT, excise, and import duties were canceled (Marchak et al., 2022; Taxes in time of war, n.d.).

Consequently, all the types mentioned above of taxes were reduced or canceled. Thus, the state has abandoned basic subsistence finance to allow all businesses to operate. The government has simplified some of the mandatory control and reporting processes. Reducing the number of stages and processes has made it easier to become a sole proprietor, reducing additional bureaucracy and increasing the number of sole proprietors who pay taxes without hiding in the shadows. The government has used the tactic of increasing the number of contributions versus the contribution amount.

During the six months of the full-scale war, registering new businesses continues to show a positive recovery trend that started in April 2022. The number of registered sole proprietors increased from 15,000 in April to more than 20,000 in August, as shown in Figure 2.

In total, in August 2022, the rate of registration of new businesses in the context of a full-scale war was 114% compared to the same period in August 2020 and 71% compared to the same period in 2021 (Ukrainian Business in the Context of a Full-Scale War: Six-month Status Report, 2022).

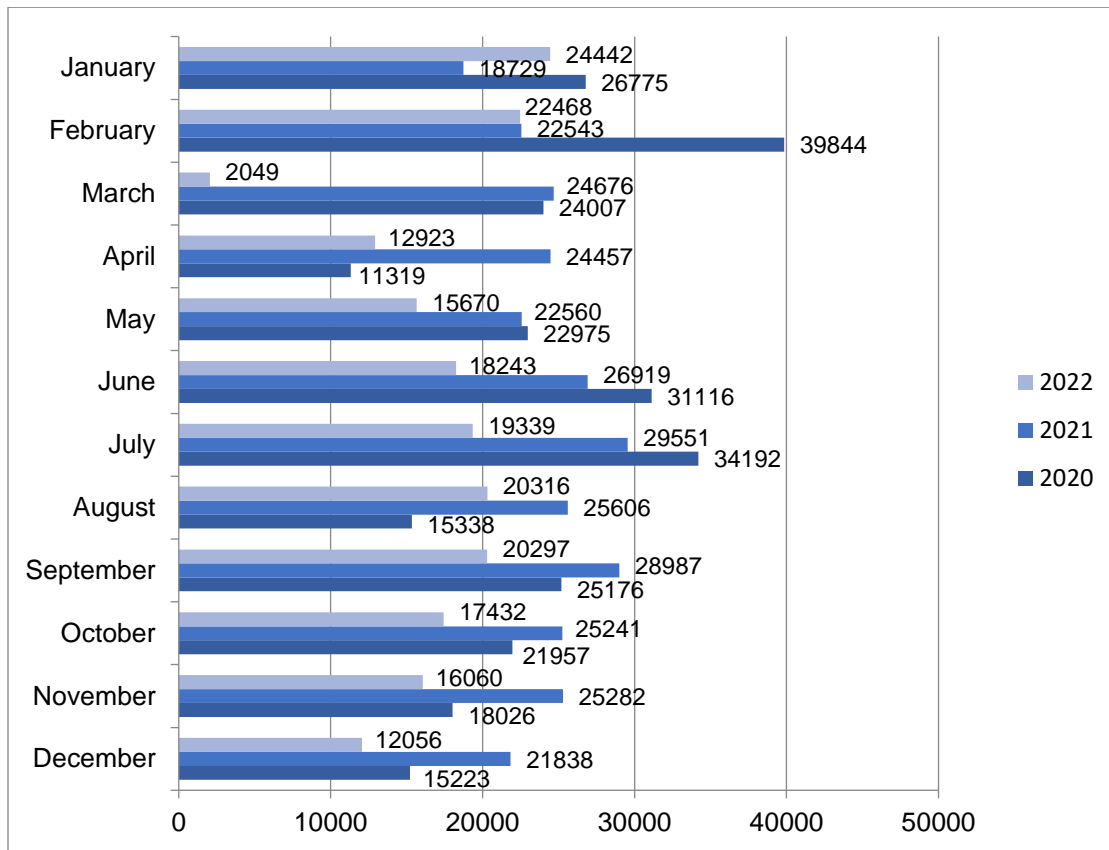


Figure 2. Dynamics of registration of individual entrepreneurs in 2020-2022

Source: developed by the author according to (Ukrainian business in the context of a full-scale war: Six-month status analysis, 2022).

The war has intensified the closure of businesses in Ukraine: on average, 13,000 business entities (BEs) were closed every month, which until mid-July exceeded the number of newly registered BEs. Also, for the first time in 6 months, in August 2022, the number of new businesses exceeded the number of closed ones by two times, indicating a recovery in business activity and a change in trends in the business environment.

As for the transfer element of the fiscal policy, as mentioned above, the state refrained from cutting the country's budget and further expanded the list of persons eligible for additional financial assistance, including internally displaced persons (IDPs). Adults receive UAH 2,000 per month; the government also helps with housing costs.

The number of people who fled the country at the beginning of the military conflict is estimated at millions. Most of them are of working age, meaning the pension fund does not receive enough funding. At the same time, most pensioners stayed behind, which put a considerable strain on the fund and reduced the possibility of accumulating funds there.

Unlike fiscal policy, monetary policy affects the country's economy not through goods and services (the goods market) but through the money market. The NBU has adopted a discretionary policy of active intervention in the national economy. Ukraine found itself in a difficult situation: production at enterprises began to decline with the start of the large-scale invasion of Ukraine by the aggressor country, as shown in Figure 1, which would normally have led to the application of a "cheap money" policy, but inflation also appeared in the economic space at the same time, as shown in Figure 3. However, this process did not limit the monetary policy space.

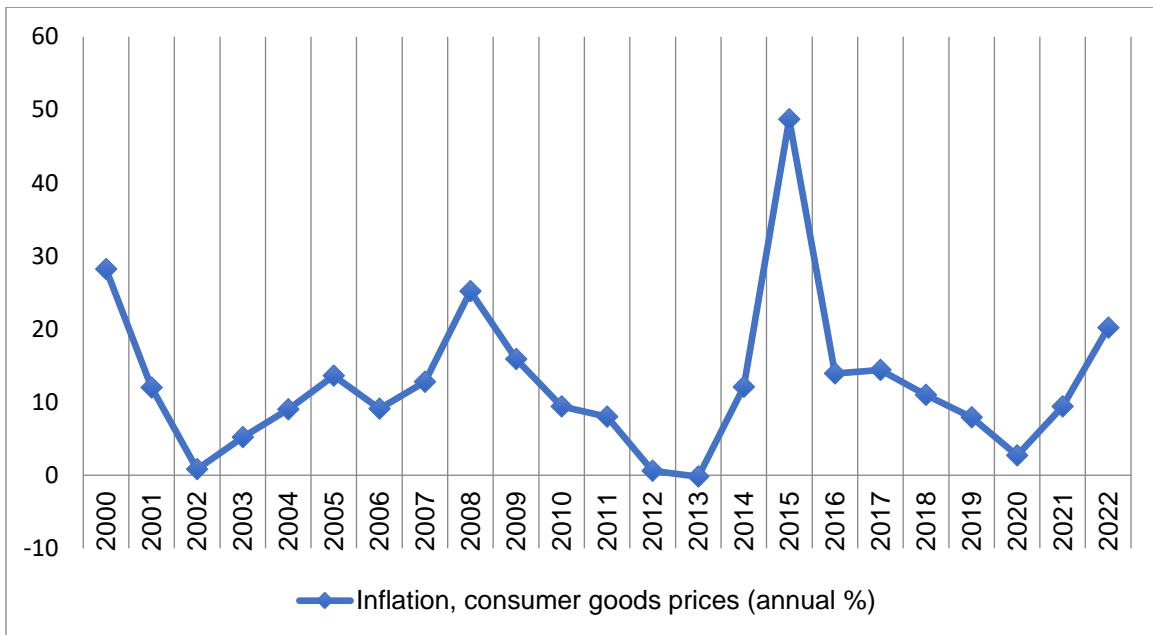


Figure 3. Inflation in Ukraine in 2000-2022

Source: compiled by the authors based on (World Bank open data: Ukraine, n.d.).

The NBU's first decisive action was to remain cool and stable. These actions did not lead to an escalation of panic among citizens rushing to banks to withdraw cash from their bank accounts. Ukrainians were afraid of a repeat of the situation with the collapse of the banking sector, as it happened after the collapse of the USSR. In this case, prudent public inaction ensured stability in the eyes of the citizens. Thus, after the pace of cash withdrawals stopped due to the emotional shock, the central bank raised the key policy rate by 15% on 03 June 2022, as shown in Figure 4. The key policy rate reached 25%, which meant decreased consumer and investment spending and increased savings. The money supply also increased from 12% in 2021 to 20.8% in 2022, as shown in Figure 5. Monetary agents began to invest their money. Thus, banks began investing in certificates of deposit (UAH 212.9 billion in 2021 to a record UAH 457.5 billion in 2022), which increased the level of funds available to the central bank.

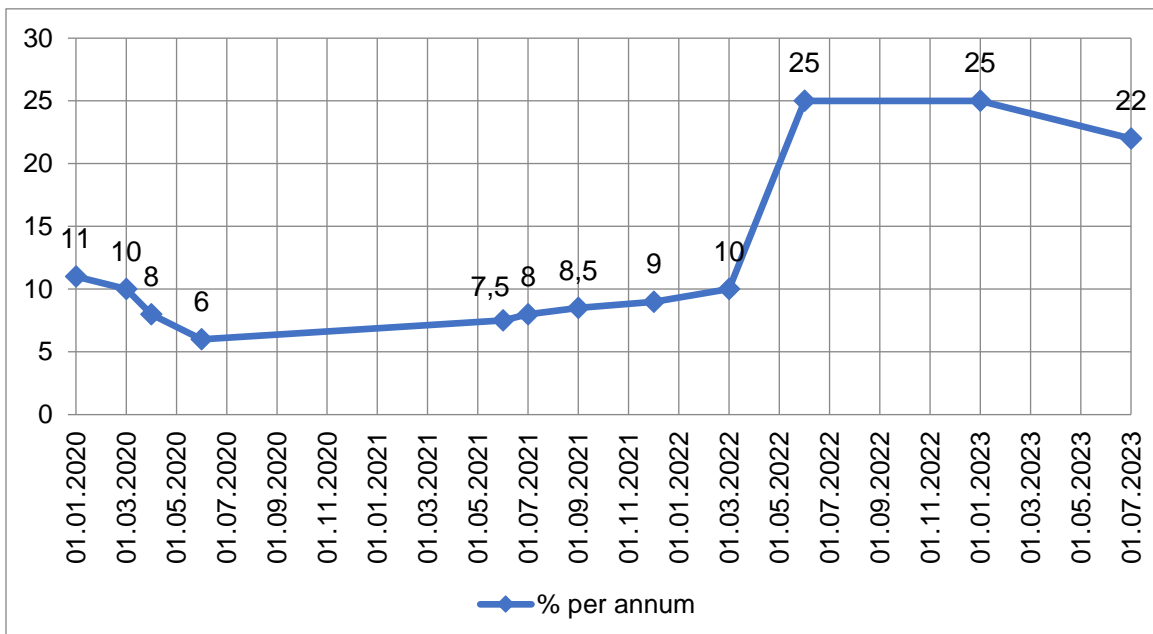


Figure 4. Interest rate in Ukraine in 2020-2023

Source: compiled by the authors based on (Key policy rate of the National Bank of Ukraine, n.d.).

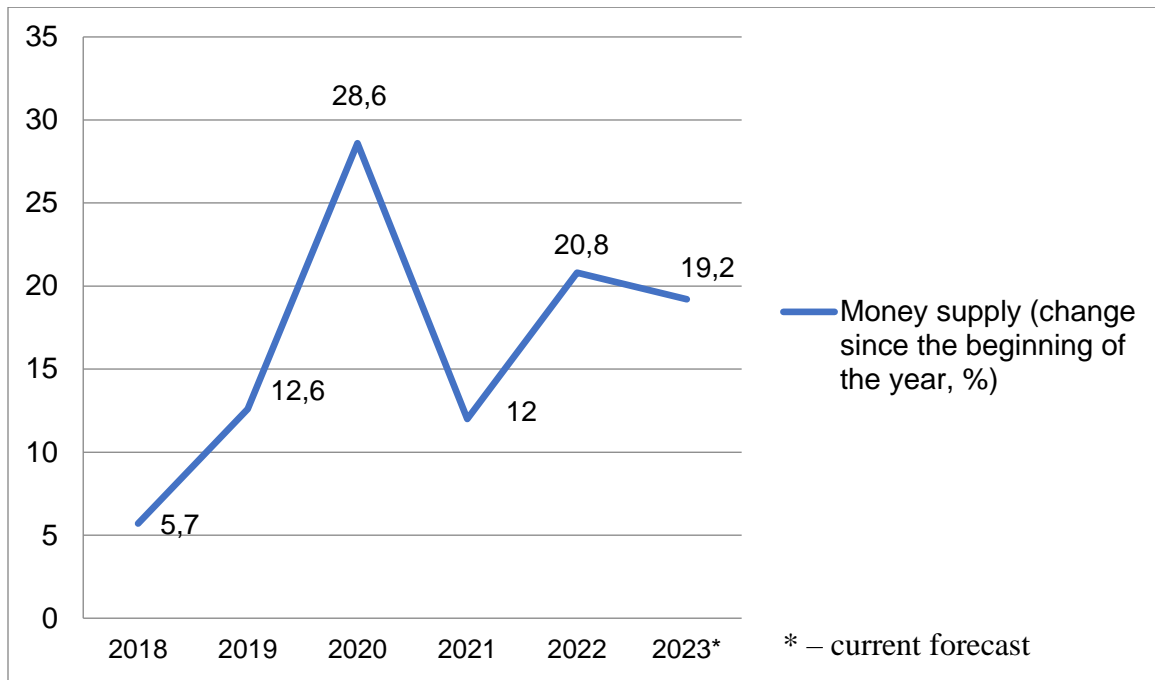


Figure 5. Money supply in Ukraine in 2018-2023.

Source: compiled by the authors based on the data from (Inflation report. July 2023. 2023).

It should be understood that in times of war, the country needs funds to maintain the army's combat capability and provide it with everything it needs. At such times, international institutions are usually asked to provide a loan. However, the NBU was able to provide UAH 8 billion to the budget as early as 1 March 2022 through a domestic loan – the issue of military government bonds. That means that Ukraine had the resources to support its policy on the sixth day of the military conflict. A year later, the state raised more than UAH 200 billion to the state budget in 2022 through the issue of military domestic government bonds.

These actions of the NBU confirmed its commitment to its mandate to ensure price and financial stability. The steady decline in inflation and support for the economy's adaptation to a full-scale war have given businesses and households confidence in the NBU's ability to balance the situation. Thus, the level of uncertainty was reduced (Citizens' Assessment of the Situation in the Country, 2023). The achievement of the goals of stabilising the economic situation in the country allowed businesses to continue planning their activities. That is, to decide whether to carry out investment activities in the country (Leliuk, 2012, p. 35).

Conclusions

Even the most effective and time-tested anti-crisis tools must be questioned over time, adapting to the realities of the world. Moreover, every country that follows the experience of others should be adaptive. Combining instruments and coordinating the actions of each instrument makes it possible to perform their functions as efficiently as possible, especially when security, independence, unity of the population, and economic space depend on each decision to use a particular instrument.

The article analyses the monetary and fiscal policy instruments used in Ukraine under martial law and discusses the essence and principles of their application. The Government of Ukraine has applied all key anti-crisis policy instruments: changes in the NBU interest rate and the money supply; the Government has redistributed the budget in favor of transfers and subsidies, reduced or canceled certain types of taxes, and simplified the system of their calculation. These policies are used in depressions to boost business activity and increase aggregate demand.

Based on the above facts, monetary and fiscal policies in Ukraine during wartime were coordinated and had the same goals. One of the key factors in their effective operation was the support of Ukraine's Western partners. Thanks to the material and financial support of the Baltic States, Poland, Germany, the United Kingdom, the United States, and other allied countries, Ukraine could withstand the consequences of the military conflict with Russia and put up a worthy fight.

Anti-crisis measures are the norm to overcome crises and bring the national market economy to its next phase. However, using policies to regulate the market economy during an artificially created crisis is unique. Assessing each of them is more rational from the perspective of a longer period. At the moment, the main criterion

for their effectiveness is the level of public confidence in the authorities (Citizens' Assessment of the Situation in the Country, 2023) that used these instruments. In general, these assessments increased positively during the large-scale invasion, indicating the courage of the government's actions to meet the challenges of the day and maintain physical and economic security.

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MACROECONOMIC APPROACH TO THE REAL ESTATE MARKET

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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.

Formulation of the problem

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 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.

Purpose and task

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 research material

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 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.

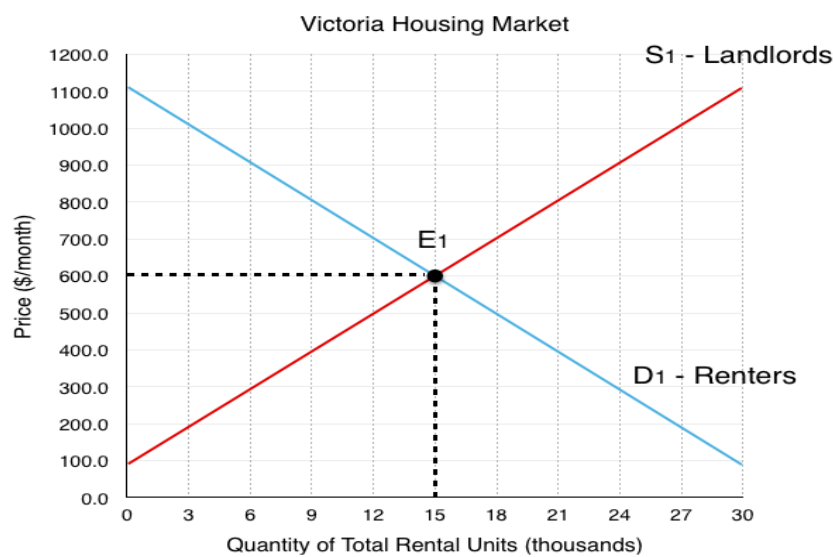


Figure 1: Demand and supply in the real estate market
 Source: materials used (Hutchinson, 2018)

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.

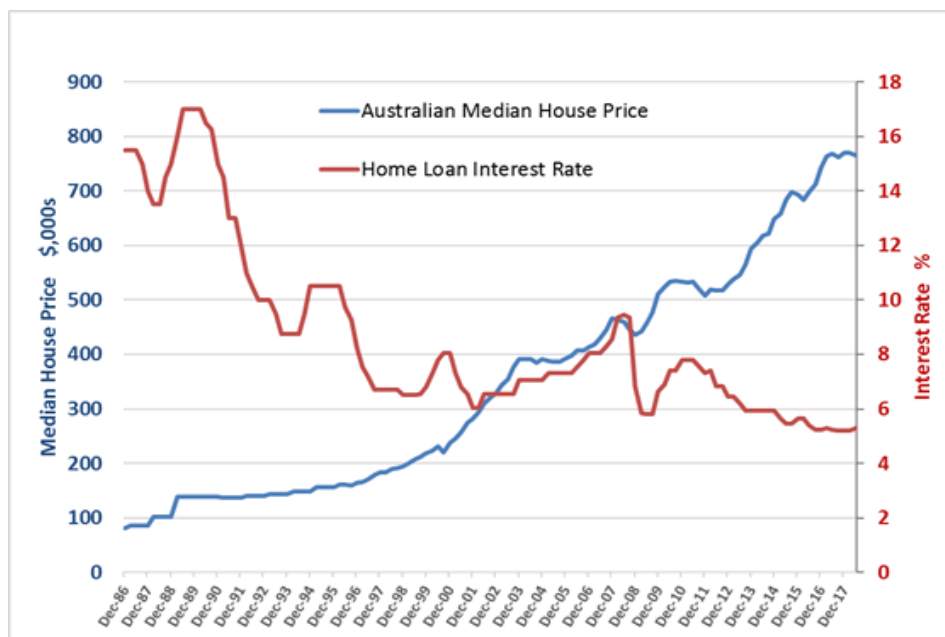


Figure 2: The interrelation between the interest rate and the change in the value of real estate in Australia for the period 1986-2017
 Source: materials used (Buckingham, 2018)

Mathematically, the relationship between the interest rate and the real estate value can be expressed by the following formula (Buckingham, 2018):

$$P = \frac{R}{r} \times 100\%, \tag{1}$$

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.

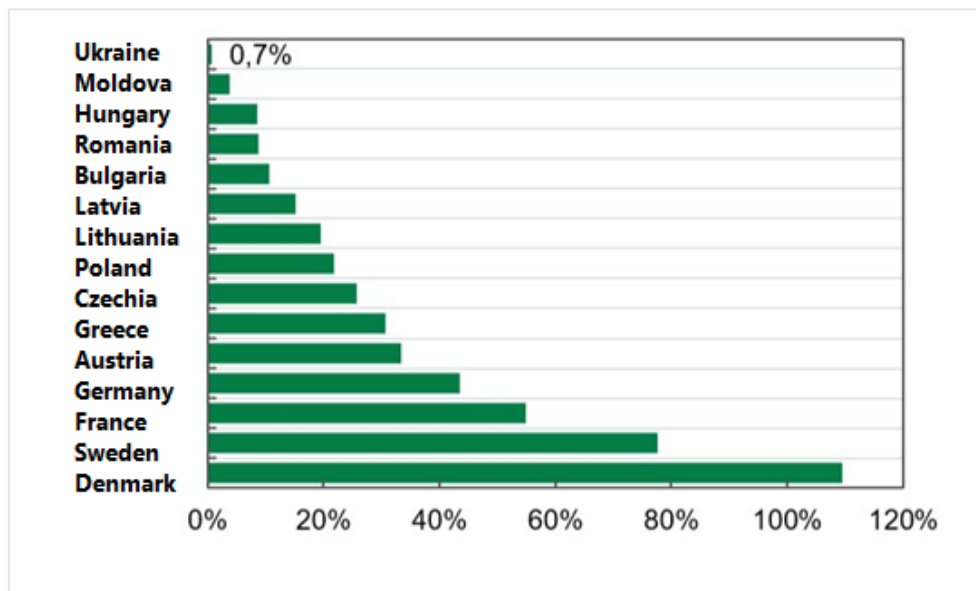


Figure 3: Ratio of mortgage to GDP in 2020 by country

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
2014	Від £22400	-	Від £33400	-	Від £84000	-
2015	Від £24000	7,1%	Від £39900	19,5%	Від £89900	7,0%
2016	Від £26500	10,4%	Від £40500	1,5%	Від £92900	3,3%
2017	Від £30000	13,2%	Від £44900	10,9%	Від £98900	6,5%
2018	Від £33500	11,7%	Від £48900	8,9%	Від £119900	21,2%
2019	Від £37700	12,5%	Від £55700	13,9%	Від £146000	21,8%
2020	Від £43900	16,4%	Від £60900	9,3%	Від £159900	9,5%
2021	Від £46900	6,8%	Від £62900	3,3%	Від £169900	6,3%
Growth in 7 years	£22500	109,0%	£29500	188,0%	£85900	102,0%
Average per year	£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.

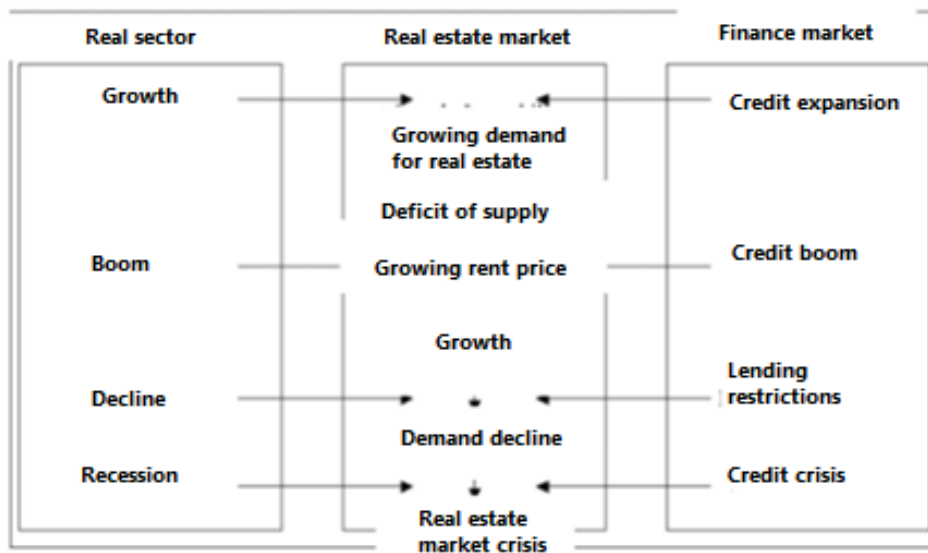


Figure 4: The interrelation between the real sector of the economy, the real estate market and the monetary sector

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

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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.

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.

Purpose and objectives

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 research material and results obtained

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:

2. 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.
3. 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.
4. 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.
5. 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, summarising the results of the work and prospects for further research in this area

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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THE ROLE OF DIGITALIZATION IN MODERN SOCIETY

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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 and phrases

digitization; digitization of processes; industrial revolutions; Artificial Intelligence; optimization.

Setting the problem and determining the relevance of the chosen topic

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 material of the research and the obtained results

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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THE IMPACT OF DIGITAL TRANSFORMATION ON INTERNATIONAL BUSINESS

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Abstract

Digital transformation, which is caused by various factors, is currently a key condition for the successful development of international business in the global economic landscape. Changes in the global marketplace require special attention to the impact of digital technologies on international business.

The purpose of this article is to study and analyse the impact of digital transformation on international business, identify key trends and challenges arising from this process. The article aims to review and systematise information on the impact of digital transformation on international business. It also aims to highlight the key aspects of the digital transformation of companies.

The article is based on the analysis of scientific literature, statistical data and information from international companies that are already implementing digital technologies in their operations. The research methods used include comparative analysis and data synthesis. This study focuses on the impact of digital transformation on international business and provides a detailed analysis of the risks, benefits and challenges that arise in the process of implementing digital innovations in companies' operations. This study aims to reveal the key aspects of digital transformation, including changes in strategies and management processes, technological shifts, and interaction with consumers and competitors in the international market.

Keywords

digital transformation, international business, digital technologies, globalisation.

Problem statement

Due to the rapid development of technology in the modern world, digital transformation has become a mandatory stage in the activities of most existing companies. This process involves the introduction of advanced digital technologies and changes in management strategies, which significantly affects all aspects of their operations, including international business. Digital transformation provides international companies with endless opportunities to expand their global presence and increase their competitiveness. On the one hand, this transformation makes it easier for international teams and partners to interact through new communication and collaboration tools. On the other hand, it creates new challenges and risks that require constant analysis and the development of tailored strategies. Addressing these challenges requires not only the introduction of technological innovations, but also the adaptation of organisational culture and strategic management of enterprises to the new conditions of the digital era.

Relevance of the chosen topic

Studying the impact of digital transformation on international business is an important step for its further development in the future, as this topic is becoming increasingly relevant in today's world, which is full of innovations and technological changes. Digital transformation is transforming the way businesses operate and interact with customers, partners and competitors. It affects strategies, operational processes, human resources policies, and all aspects of companies' operations on a global scale. The main purpose of these studies is to understand and analyse the impact of digital transformation on the business environment and to determine which companies are able to adapt and implement new digital practices and which may face difficulties. Studying the risks, benefits, challenges and opportunities that accompany this process helps to develop appropriate strategies and tools for effective digital transformation. In addition, these studies reveal the importance of digital transformation as a driver of global economic growth and development. They show how digital transformation can help international companies become more competitive in global markets, expand their global footprint, and create new opportunities for development and cooperation in the international community.

There are several key factors that underline the need for an in-depth analysis of this topic. The rapid development of technologies, such as artificial intelligence (AI), data analytics, cloud computing, the Internet of Things, etc., opens up new opportunities for businesses around the world and requires them to adapt to all changes to maintain their competitiveness in the market. Globalisation processes, which are primarily characterised by the growing interdependence of national economies and the intertwining of socio-economic processes in different regions of the world, are driving firms to seek better business conditions and driving their transformation. The need for digital transformation has also been accelerated by the Covid-19 pandemic, during which companies were forced to quickly adapt to remote work and changes in consumer attitudes, which highlighted the importance of digital solutions for further business sustainability and development. Competitive pressure in today's international market is a significant driver of digital transformation. In an intensely competitive environment, companies are forced to constantly look for innovative solutions and improve their business processes. With the increasing importance of information, the ability to collect, process and analyse data faster and better is crucial for companies to survive in the market. Data is becoming the most valuable asset for many companies and determines the success of their operations, making digital transformation a prerequisite for business in the modern world.

Analysis of recent research and publications

The essence of the concept of "digital transformation" has been studied by many well-known scholars, including D. Bowersox, G. Westermann, K. Dahlman, T. Ochs, U. Riemann, K. E. Bowe, S. Scheibl, S. Brennen and D. Kreis. According to D. Bowersox, the main feature of digital transformation in international business is the restructuring of all its internal operations to increase the level of competitiveness and increase the potential of the enterprise by automating business processes; this means that companies must introduce new digital technologies and tools that allow them to optimise internal processes, reduce manual labour and increase productivity (Lisova R. M., 2019). Researcher G. Westermann defines digital transformation as the use of new technologies and all existing digital tools to improve the functioning of an enterprise (BMW, 2016). K. Dahlman associates the concept of "digital transformation" with the combination of the latest technologies with economic science using digital tools. According to the researcher, it is the physical and information systems that together determine the processes called digital transformation (Dahlman C., 2016). In their works, T. Ochs and U. Riemann describe digital transformation as the introduction of digital technologies and modern tools into the activities of companies by converting all data and processes into digital format (Ochs T., Riemann U. A., 2018). Researchers C. E. Boué and S. Schaible are convinced that digital transformation is a series of consistent changes in all existing sectors of the economy in order to adapt their subjects to the new conditions of the digital world (Boué C., Schaible S.). S. Brennen and D. Kreis define digital transformation as the process of converting data into digital form (S. Brennen. Digitalisation and Digitisation).

It is important to emphasise that digital transformation requires not only technical changes, but also changes in corporate culture and staff mentality. The company's staff must be ready to implement new technologies and actively participate in this process. Such transformation can significantly improve the efficiency and innovation of international companies and contribute to their successful development in the global market. The large number of academic papers on this topic clearly demonstrates the importance of studying digital transformation and its impact on international business. This is confirmed by the great interest that scholars and practitioners show in this issue.

The purpose of the research

The purpose of the article is to study the impact of digital transformation on the processes, strategies and models of international business in the context of globalisation and growing competition in international markets.

The objectives of the article are to analyse the main aspects of digital transformation and its impact on international business; to identify the key factors of successful digital transformation for international companies; to identify possible challenges and constraints faced by enterprises in the course of digital transformation; and to study the prospects for the development of international business in the context of digital transformation and expansion of global markets.

The main part

The definition of the concept of "digital transformation" may vary depending on the personal views of researchers and the specifics of the industries in the context of which it was considered. However, the general content of existing definitions can be described as follows: digital transformation is the process of implementing digital technologies and innovations to transform a company's business models, operational processes, products and services to improve its efficiency and competitiveness in the market. Digital transformation is marked by the active use of modern digital solutions, such as artificial intelligence, the Internet of Things, data processing and process automation, to achieve the organisation's strategic goals. This process can cover all aspects of business, from customer interaction to optimising internal operations.

The main components of an organisation's digital transformation are shown in Figure 1.

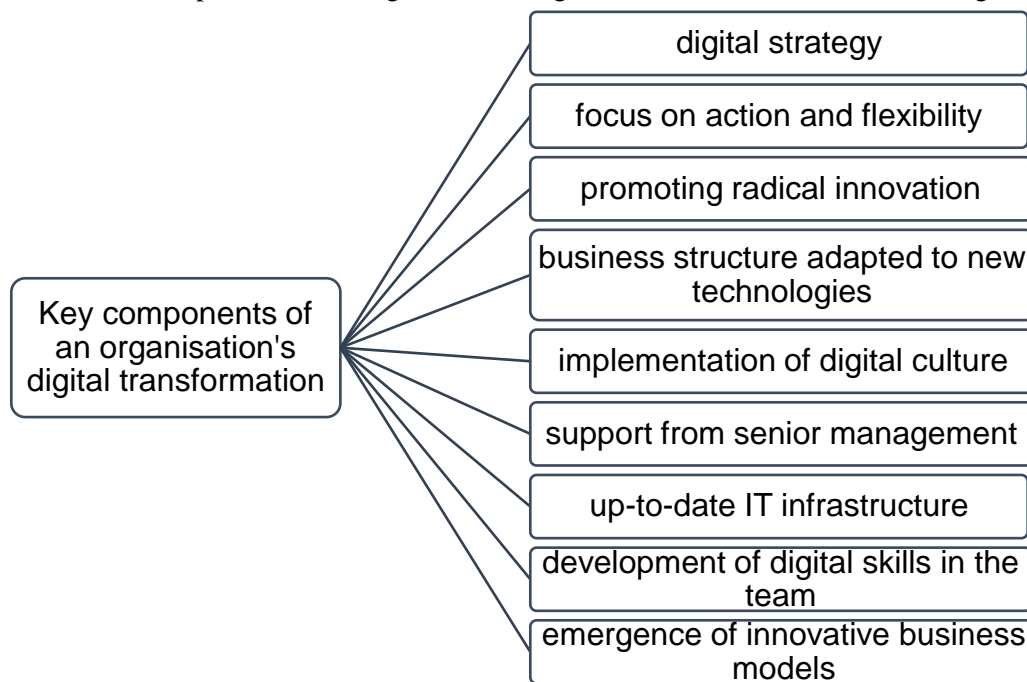


Figure 1. The main components of digital transformation of an organisation
 Source: compiled by the authors on the basis of (Smolyar L. G. b.d.)

The development of digital technologies has a significant impact on businesses in all aspects of their operations. These technologies are transforming the way businesses do business and opening up new opportunities for enterprises, but they also pose certain challenges, primarily related to the need to adapt to the rapid pace of change and security issues. The development of digital technologies allows for the automation of many routine tasks and processes in business, opens up new ways of interacting with customers, provides many effective tools for improving analytics, accelerates decision-making and helps reduce the cost of business operations.

Digital technology has a significant impact not only on the internal processes of national businesses, but also on international businesses and all aspects of their operations. In the era of globalisation and the digital revolution, international business is becoming extremely sensitive to the impact of modern technologies and innovations.

The transformations that accompany digital transformation should be considered in the context of international business, in particular their impact on global operations, international relations and competitiveness in the global market. International business is defined as a set of business operations that involve crossing national

borders and moving goods, services, capital, and employees; transferring technologies, information, and data; and managing performers (Robock S.H., Simmonds K.).

International business differs from the national business by the following characteristics:

- use of different currencies;
- the presence of peculiarities in the legal system;
- the presence of certain cultural differences;
- diversity of the composition and volume of available resources (materials of presentations from the University of Applied Sciences Mittweid (Germany) in the discipline "International Management", 2023).

The main characteristic features of international business that can be distinguished are profit-making, business transactions between companies from different countries and the use of the benefits of international business operations (materials of presentations from the University of Applied Sciences Mittweid (Germany) in the discipline "International Management", 2023).

Conducting international business has its own significant benefits, which are related to higher profits.

They are provided by the following factors:

- 1) access to foreign labour markets (with different prices and qualifications);
- 2) access to new deposits of minerals and raw materials;
- 3) access to new markets;
- 4) increasing production volumes and reducing the cost of goods produced;
- 5) reduction of currency risks (Hutsaliuk O. M., Cherevatenko V. A., 2015).

Today, there are various types of international business based on various forms of trade, investment and other types of cooperation between countries. All of them are shown in Figure 2.

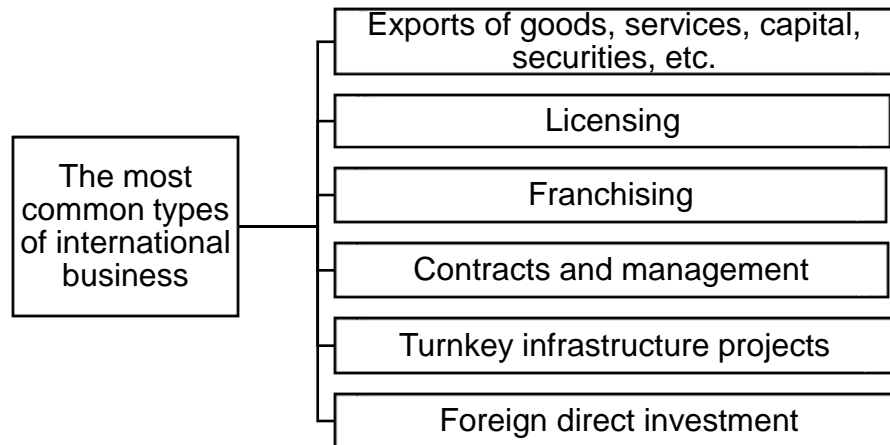


Figure 2. The most common types of international business

Source: compiled by the authors on the basis of (Hutsaliuk O. M., Cherevatenko V. A., 2015).

The development of international business is a complex historical process that has taken place over many centuries. The famous American researcher Richard Robinson proposed a periodisation of the development of international business, which included the stages shown in Figure 3.

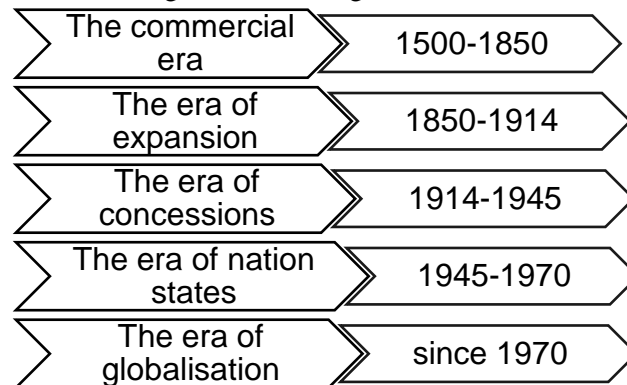


Figure 3. Periodisation of international business development

Source: compiled by the authors on the basis of (Materials of presentations from the University of Applied Sciences Mittweid (Germany) in the discipline "International Management", 2023).

International business, thanks to its global presence and intercontinental relations, plays a significant role in the formation and functioning of the world economy. This sphere of business activity serves as a catalyst for interaction between different regions of the planet, creating a powerful impetus for economic development on a global scale. International companies create a global network of trade relations that facilitates the exchange of various goods and services between different countries. This interaction stimulates a more efficient use of resources that become available to different markets, contributing to the production and consumption of goods and services around the world. Open international relations also expand the geography of production and trade, which affects the structure of employment and contributes to the creation of new jobs in different parts of the world.

International business makes new technologies and innovations more accessible to global consumers. This cooperation encourages companies to look for new solutions, develop advanced technologies, and facilitates the dissemination of knowledge around the world. In addition, international business influences the development of the global trading system and supports rules and standards that facilitate trade and reduce barriers to entry. International business not only increases the flow of goods and services between countries, but also raises the standard of living of the population by creating access to a variety of goods and services. This helps to empower consumers and improve the comfort and quality of life of people in different countries.

Globalisation processes, competitive pressure and new realities caused by the COVID-19 pandemic have significantly accelerated the digital transformation of businesses around the world. Digital transformation is the transition of a company to digital business by changing its organisational culture and introducing modern information technologies that expand the boundaries of the organisation (Chmeruk G., 2019, p.165). Digital technologies are changing the way companies interact in international markets, creating new opportunities for effective business across borders, and allowing them to enter new markets faster and more efficiently. They help businesses to establish international supply chains, simplify the export and import of goods and services, and increase their overall competitiveness in the global marketplace.

In today's world, digital transformation plays a crucial role in the operations of international businesses. On the one hand, digital technologies are transforming international business, providing it with a new level of flexibility, accessibility and innovation. They allow companies to more easily adapt to global changes, respond to changing market conditions and increase their international competitiveness. Digital tools help businesses optimise their processes, increase productivity and expand their geographical reach.

On the other hand, this transformation poses a number of challenges for international businesses. The extremely fast pace of technological change may require significant investments in upgrading hardware and staff training. In addition, changes in digital legislation may require companies to comply with new rules and standards, which may require additional legal and regulatory compliance efforts.

For large corporations with international operations, the process of digital transformation may require a review of corporate culture and management practices. It is important to remember that digital transformation is not just about implementing technology; it involves changes in approaches to business strategy and stakeholder engagement.

Digital transformation opens up many opportunities to improve communications and connections in international business. One of the key benefits of this transformation is the ability to improve communication not only within companies, but also in their interactions with partners and customers. To achieve this goal, modern technologies and tools are being introduced to ensure more effective communication and cooperation. One of these tools is video conferencing. They allow you to hold meetings and conferences online while maintaining high quality communication even over long distances. This is especially useful for international companies with branches and partners in different countries. In addition, shared work platforms and collaboration tools allow employees to work on projects and tasks in real time, even if they are located in different geographical regions. This helps to increase productivity and ensures that teams work more efficiently. In particular, companies are actively using web portals and mobile applications to improve customer service and partner interaction. This allows customers to conveniently receive information, place orders and monitor the status of services or goods. Partners can easily exchange data, documents and information through these platforms, which simplifies the process of interaction and collaboration.

Digital transformation is prompting international companies to change their business models and strategies, which allows them to increase their competitiveness in the market. Due to the rapid development of digital technologies, existing business models are becoming obsolete and are being replaced by new ones (Lisova R. M., 2019). A business model is a concept that outlines the company's activities and how it creates and provides value for customers. With a business model in place, a company can describe its business with phrases such as "what it does", "what it offers" and "how the offer is made" (Chmeruk G., 2016).

Some researchers have identified three ways in which digitalisation can affect the change in business models:

- 1) Optimisation of existing business models;
- 2) Transformation of existing business models;
- 3) Development and implementation of new business models (Bouwman H., Nikou S., Molina-Castillo F. J., de Reuver M., 2018).

Digital transformation can occur only at the level of individual elements of the business model or contribute to its transformation as a whole. The degree of digital transformation includes consistent (marginal) or radical (fundamental) changes in the company's business model (Lisova R. M., 2019).

The ability of companies to operate successfully and for a long time in the market depends on how efficient and well-thought-out their business models are in terms of creating customer value. The use of digital technologies and new analytical methods creates new opportunities for the operation and development of business models.

Digital transformation is helping businesses to increase their competitiveness and optimise production through the use of artificial intelligence and a large number of tools for process optimisation and data analysis. Digital technologies allow for the automation of many production processes, which leads to lower costs and higher productivity. Data analysis using digital tools helps to make faster and more informed decisions and enables more accurate forecasting of market trends.

Despite all the benefits of digital transformation, it also poses certain challenges that companies need to consider. The growing amount of digital data creates cybersecurity threats. Businesses need to invest significant resources in developing robust data protection mechanisms and creating special networks to avoid cyberattacks. Digital transformation may also require rapid changes in staff competencies and skills. Companies should provide timely training and retraining opportunities for employees to successfully implement digital initiatives in their operations. Companies that are able to adapt to the new digital environment have a chance to maintain and even increase their competitive advantage in global markets.

For a deeper understanding of the importance of a competent digital transformation, it is worth looking at examples of international companies that have successfully implemented digital technologies in their business processes and exploring the strategies and tools they use to achieve success.

Amazon is known worldwide for its successful digital transformation, which has allowed it to become one of the largest international online trading platforms in the world. Its innovations include using artificial intelligence to personalise product recommendations, expanding its cloud computing services to provide faster customer service, and introducing automated logistics to optimise deliveries. In addition to the successful use of digital technologies for its own business, Amazon provides services for digital transformation through the implementation of the AWS cloud developed by the company. For this purpose, AWS Professional Services was created - a global team of experts that helps companies achieve the desired business results when using the AWS cloud. The organisation works together with the staff of the companies they provide services to and the members of the AWS partner network they choose to implement corporate cloud computing initiatives. AWS Professional Services also provides focused guidance through a global specialised practice that spans solutions, technologies and industries (Cloud Professional Services - Cloud Computing Consultants - AWS., n.d.).

Many international banks are implementing digital transformation to improve customer service and create a more robust security system to protect personal data and confidential information. International banks use cloud technologies to store and analyse large amounts of data, and develop mobile applications and online services to ensure quick and convenient access to banking services for customers.

International companies use a variety of strategies and digital tools to facilitate transformation processes. The introduction of cloud computing for data storage and processing and the integration of artificial intelligence into business processes allows companies to scale their operations internationally. Another step that contributes to the success of digital transformation is the partnership of companies with innovative start-ups. This type of cooperation enables companies to implement new ideas and technologies in their operations much more easily and efficiently and to stay ahead of the competition in terms of digital transformation.

Conclusions

The need to adapt to the new realities caused by the rapid development of digital technologies, globalisation, increasing competitive pressure, the growing role of information and the COVID-19 pandemic has made digital transformation a mandatory stage in the activities of all existing companies. Digital transformation enables them to remain competitive in a changing technological environment. In order to continue to operate successfully in the post-pandemic era, a company must ensure rapid adaptation to all the changes taking place in the global market.

Digital transformation can be defined as the process of introducing digital technologies and innovations to transform a company's business models, operational processes, products and services to increase its efficiency and improve its competitiveness in the market. Digital transformation, which is based on the introduction of the latest digital technologies and changes in management approaches, is dramatically affecting all aspects of both national and international business. Although digital transformation is simplifying and providing many benefits to international companies, it poses many challenges to businesses that require constant analysis and search for solutions. These challenges are primarily related to data security, adaptation to changes in legislation and the need to retrain staff.

Digital transformation is driving changes in business models and prompting companies to seek new strategies. Transformation processes can be limited to the level of individual elements of the business model or contribute to its complete transformation.

The introduction of the latest technologies will help save time and increase the efficiency of all business processes. International companies are successfully implementing digital transformation, which involves restructuring all operations, introducing innovations, and using new tools such as artificial intelligence (AI), cloud computing, the Internet of Things, etc. This allows them to maintain their market position and stay ahead of the competition by leveraging the benefits of digital technologies.

The structural changes in business brought about by digital transformation open up new opportunities and challenges that need to be explored and understood to improve the efficiency and competitiveness of international companies. Researching this topic helps to unlock the potential of modern technologies and develop strategies for their successful implementation, which is becoming a key factor in the struggle for leadership in global markets. Thus, the study of digital transformation has become not only relevant but also an integral part of international business development.

The main areas of further research into the impact of digital transformation on international business will include analysing the pace, trends and prospects of digital technologies in the context of international companies, developing tools for better data protection and creating a more reliable information security system.

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UKRAINIAN BANKING SYSTEM OVERVIEW: CURRENT STATE AND DEVELOPMENT PROSPECTS

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Abstract

The article examines the structure of the banking system of Ukraine. The dynamics of the number of banks and branches were analyzed. A reduction in the number of banks and the number of their operating divisions has been revealed for the period from the beginning of 2015 to the present.

The main reason for the reduction in the number of operating banks was the process of reforming the banking sector of the Ukrainian economy. The result of the introduced reforms was the «cleansing» of the sector from insolvent and captive banks and an increase in the level of its financial stability. The increased stability of the banking system as a result of the National Bank of Ukraine's reforms is evidenced by its resilience and ability to perform its functions during martial law.

According to the results of the study, the following reasons for the reduction in the number of bank divisions in Ukraine are substantiated: reduction in the number of banks, reduction of costs in the post-crisis period, and an increase in the level of digitalization. Pandemic restrictions and martial law also influenced the growth of digitalization.

According to the results of the analysis of the structure of the banking system of Ukraine, a significant share of state banks was established. This situation is to some extent a result of the reforms, but it distorts the competitive environment in the industry.

Keywords

bank, banking system, specialized banks, savings banks, trust management banks, systemically important banks.

Problem definition

The banking system is a complex infrastructure that includes a clearly structured and legally defined set of financial institutions, banks and regulatory authorities operating in a particular country or region and ensuring the sustainable functioning of the monetary system of that territory.

Relevance of the chosen topic

The banking system plays a key role in the functioning of the economy, providing mechanisms for the circulation of money and the investment process. It is also responsible for compliance with currency regulations, legislation

on money circulation, and provides a variety of financial services, including money storage, lending, payments, currency exchange, investment and other financial services to customers, such as individuals, businesses and the government.

Analysis of recent research and publications

The development of the banking system of Ukraine is the subject of works by such scientists as L. Fedevych, M. Livdar, Y. Mezhyrytska, and O. Ruda. Krukhmal and V. Sukhonos consider the development of banking business in the digital economy, while I. Pravdykovska and N. Doroshenko studied the specifics of the sector's operation under martial law. At the same time, the current rapidly changing situation requires updating research on the structure of the banking system of Ukraine.

Purpose of the study

The purpose of the study is to assess the current state of the banking system of Ukraine and identify priority areas for improvement based on the analysis of the dynamics of its structure.

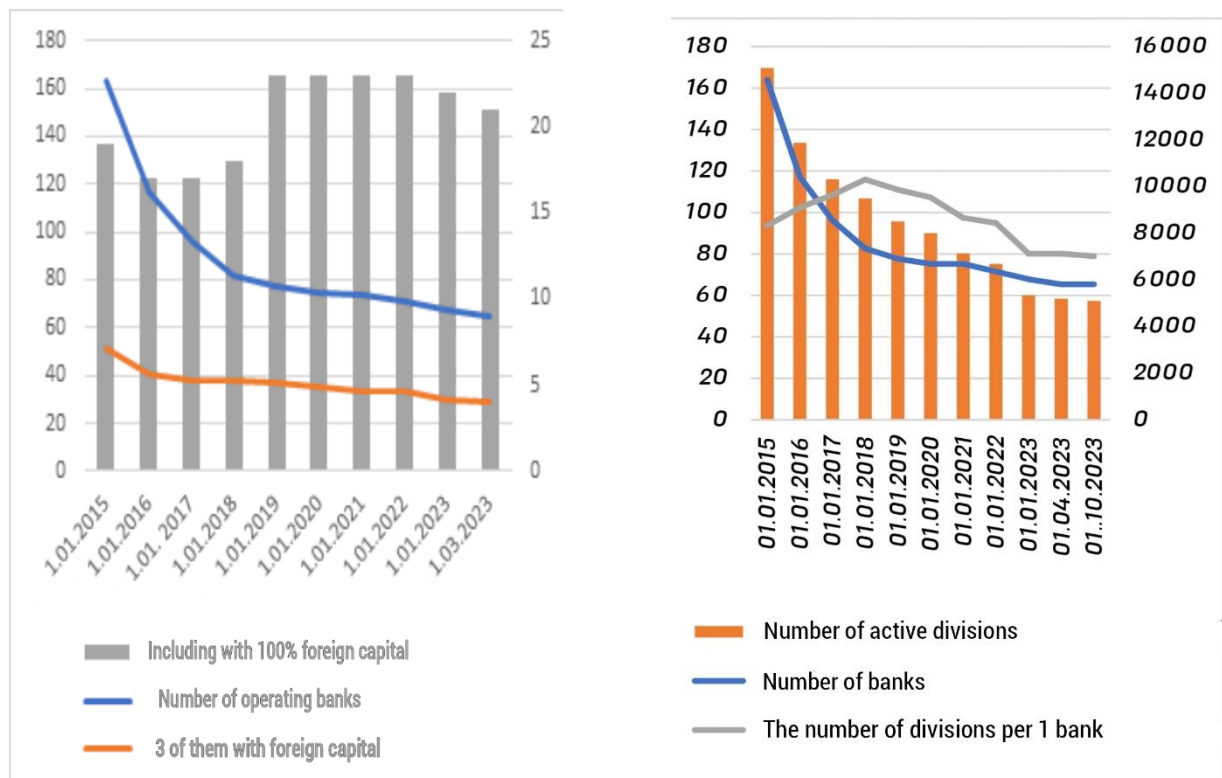
The main role of the banking system is to serve the financial needs of society and maintain the financial stability of the economy. This role is fulfilled through a number of key mechanisms, such as depositing money and maintaining personal accounts, lending, financial intermediation, monitoring risks and financial stability, etc. [1, p. 16].

The current banking system of Ukraine operates on two levels. The first level is the central bank, which in Ukraine is the National Bank of Ukraine (NBU), responsible for conducting a unified state monetary policy that ensures the stability of the national currency. The NBU's main role is to maintain the stability of the national currency, promote economic growth and ensure financial stability.

The second level includes commercial banks, which play an equally important role in the functioning of the banking system, as they accumulate the majority of credit resources and provide customers with a full range of financial services, including lending, deposit taking, settlements, purchase and sale and storage of securities, foreign currency, etc. [1, p. 22].

In our opinion, it is most appropriate to review the banking system by studying the dynamics of the number of commercial banks in Ukraine over certain periods. After all, this data demonstrates the influence of the National Bank of Ukraine on the regulation of commercial banks by providing or withdrawing banking licences, as well as the results of commercial banks' independent activities, which may also lead to an increase or decrease in the number of banks in the system.

Therefore, we will consider the dynamics of the number of commercial banks in Ukraine from 2015 to the present, as well as their distribution by the presence of full or partial foreign capital in them (Figure 1).



1.1. Dynamics in the number of banks

1.2. Dynamics in the number of branches

Figure 1. Dynamics of the number of commercial banks in Ukraine from 01.01.2015 to 01.10.2023

Based on data from: [3].

According to the general results (Figure 1), we observe a significant decrease in the number of banks over the years, as there were 163 banks in Ukraine in 2015, and their number dropped to 67 in early 2023. This may indicate a trend towards consolidation of the banking sector in Ukraine. We observe that the number of banks with partial foreign capital also tends to decrease, as the number of such banks decreased from 51 to 30 during 2015-2023, while the number of banks with pure foreign capital increased from 19 to 22, but it is worth taking a closer look at these changes and their possible causes.

For example, we consider the rapid decline in the total number of banks from 2015 to 2018 to be a result of the reforms of the Ukrainian banking system after the crisis and the public's distrust and uncertainty about the future of banks, which led to capital outflows from the banking market [2, p. 17].

In addition, since 2019, there has been a significant increase in the number of banks in Ukraine with 100% foreign capital, which we believe may indicate a growing interest of foreign investors in the Ukrainian banking sector at this time.

Currently, from 2020 to 2023, the number of banks continues to gradually decrease, so we propose to consider this dynamics of the number of operating bank divisions in more detail (Figure 1.2).

Analysing the data provided by the National Bank of Ukraine, we see that during the period of the beginning of military operations in Ukraine, the number of structural units of private and foreign banks, as well as state-owned banks and PrivatBank, has significantly decreased, which, in our opinion, is a consequence of the occupation of certain territories of Ukraine and physical destruction of the facilities. At the same time, the decrease in the number of structural units is also possible due to the current trend towards digitalisation of the banking system, which, in our opinion, is a forward-looking prospect for the development of the Ukrainian banking system.

As we can see from the data (Figure 1.2), the changes that have happened over this period of time are not critical and indicate the relative stability of the Ukrainian banking sector during these months. This could be due to a variety of factors, including a stable economic situation, continued interest of foreign investors, and effective supervision and regulation by the NBU [4]. However, in our opinion, it is difficult to assess the stability of Ukraine's economy at the moment due to the ongoing military operations on its territory, so the not too negative performance of the banking sector is probably a merit of the National Bank of Ukraine, which maintains the financial stability of banks and facilitates their work in such a difficult time for the country. It is thanks to the successful regulation by the NBU that we can take a closer look at the loss of two banks in the period from 2022 to the first quarter of 2023 (Table 1).

Table 1: Number of banks and structure of the banking sector from 2019 to the first quarter of 2023.

Banks	2019	2020	2021	2022	I.23
Solvent	75	73	71	67	65
Change	-2	-2	-2	-4	-2
State-owned, including PrivatBank	5	5	4	4	4
Change	0	0	-1	0	0
Foreign	20	20	20	16	15
Change	-1	0	0	-4	-1
Private	50	48	47	47	46
Change	-1	-2	-1	0	-1

Based on data from: [5].

Table 1 shows the change in the structure of the banking sector from 2019 to the first quarter of 2023, but we will look at 2022 and the first quarter of 2023 in more detail, as we are interested in an overview of the current banking system in Ukraine. In 2022, the number of foreign banks decreased by four, but it is important to note that the decrease actually concerns only two banks. This is because the National Bank of Ukraine included two other banks with foreign capital in the category of private banks this year. Consequently, in 2022, two private banks were liquidated, namely «Forward Bank», which was declared insolvent and liquidation proceedings were initiated due to violations of Ukrainian banking legislation, and «Ayboks Bank», which was deprived of its banking licence and liquidated due to violations of banking legislation.

Overall, the table shows that the banking system of Ukraine will not suffer significant losses due to the loss of two private banks, as they together accounted for 0.2% of the sector's net assets, the loss of which is not a major impact on the banking system of Ukraine.

Considering the concept of the structure of the banking system, it is necessary to highlight the transformation of approaches to the allocation of specialised banks (Table 2).

In different periods of the Ukrainian banking system's operation, the NBU classified banks in different ways in its reporting. We will analyse the structure of the banking system of Ukraine in accordance with the approaches established by the NBU to the division of banks into groups and the legislatively established approaches to the allocation of specialised and systemic banks (before 2015 - systemically forming banks, after - systemically important banks (SIB)).

Table 2: Development of approaches to legal identification and regulation of specialised and systemically important banks in Ukraine

Law of Ukraine «On Banks and Banking Activities»			Instruction on the procedure for regulating the activities of banks in Ukraine		
version of 19.10.2001	version of 16.06.2011	version of 05.08.2021	version of 13.02.2002	version of 13.02.2012	version of 01.07.2021
«Systemically forming bank» means a bank whose liabilities amount to at least 10 per cent of the total liabilities of the banking system.		«systemically important bank (SIB) is a bank that meets the criteria established by the National Bank of Ukraine and whose activities affect the stability of the banking system»	-	-	«systemically important bank»
«Banks in Ukraine can function as	«The National Bank of Ukraine defines the types of specialised banks and the procedure for		«The NBU shall regulate the activities of specialised banks through economic standards and establish special requirements for certain types of bank activities»		

universal or specialised banks»	obtaining the status of a specialised bank»				
«By specialisation, banks can be savings, investment, credit, mortgage, and settlement (clearing) banks»	«savings bank» «investment bank»	«savings bank»	«interregional bank» «central cooperative bank» «savings bank» «investment bank» «clearing bank» «mortgage bank»	«savings bank» «trust management bank» «mortgage bank»	«savings bank» «trust management bank»

Based on data from: [11, 12].

Based on the analysis of approaches and financial statements of banks, the periods of change in the division of banks into groups were determined, which allowed the following stages to be substantiated 1) post-crisis, for which the year 2010 (01.01.2011) was chosen; 2) the beginning of the banking sector reform is 2015 (01.01.2016); 3) the current stage is the latest available information as of 01.09.2021 and 01.09.2023.

It has also been established (based on the results of preliminary calculations) that only savings banks were and are actually specialised banks.

Table 3: Structure of the banking system of Ukraine according to the groups established by the NBU and legally established as of 01.01.2011

Groups of banks	Indicators					
	Quantity, units			Share by assets, %.		
	Total	Systemically forming banks	Specialised	Total	Systemically forming banks	Specialised
Group 1	17	1	-	66,74	12,63	-
Group 2	22	-	-	18,08	-	-
Group 3	21	-	-	6,35	-	-
Group 4	115	-	-	8,83	-	-
Total	175	1	-	100,00	12,63	-

Based on data from: [13].

As shown in Table 3, there were a significant number of banks in Ukraine - 175. The largest number of banks was in Group 4 (groups were distinguished by asset size) - 115 banks. At the same time, the largest share of the banking system was in Groups 1 and 2 by value of assets. There were no specialised banks according to the statutory criteria, as banks avoided obtaining the status of a "savings bank" because it imposed additional regulatory requirements on economic standards. Only PJSC Privatbank met the systemic criteria with a market share of 12.63% in the liabilities segment. All other banks had a share in the liabilities of the Ukrainian banking system of less than 10%.

Therefore, in this period of development, banks avoid becoming specialised banks and there are a significant number of small banks, which are mostly so-called captive banks.

As a result of the reform of the banking sector of Ukraine's economy that began in 2014, as of 01.01.2016, the following results were obtained regarding the structure of the banking system of Ukraine (Table 4).

Table 4: The structure of the banking system of Ukraine according to the groups established by the NBU and established by law as of 01.01.2016

Groups of banks	Indicators					
	Quantity, units			Share by assets, %.		
	Total	SIB	Specialised (savings)	Total	SIB	Specialised (savings)
State-owned banks	6	2	-	28,09	24,64	-
Banks of foreign banking groups	31	4	1	35,67	12,05	0,23
Banks with private capital	78	2	5	36,24	24,79	22,71
including						
Group 1	9	3	2	30,09	24,79	22,29
Group 2	69	-	3	6,15	-	0,42
Total	115	8	6	100,00	61,48	22,94

Based on data from: [13].

As shown in Table 4, the number of banks has been declining since the beginning of the banking system reform. At the same time, approaches to identifying systemically important banks are changing. This fact, together with the reduction in the number of small banks and the growing market share of small and medium-sized banks, is leading to an increase in the number of systemically important financial institutions in the Ukrainian banking system. The number of savings banks is also growing, as household savings become a priority source of funding in a crisis.

The current structure of the Ukrainian banking system is shown in Table 5.

As shown in Table 5, the structure of the Ukrainian banking system is generally levelling out, with individual groups becoming more balanced in terms of number and market shares, as well as the number of SIBs. At the same time, the negative specifics of the Ukrainian banking system at the current stage include a significant share of the state in the sector and the share of SIBs among state-owned banks. There is also a growing trend towards an increase in the number and size of assets of specialised savings banks.

Table 5: Structure of the banking system of Ukraine according to the groups established by the NBU and legally established as of 01.10.2021 and 01.09.2023

Groups of banks	Indicators					
	Quantity, units			Share by assets, %.		
	Total	SIB	Specialised (savings)	Total	SIB	Specialised (savings)
01.09.2021						
State-owned banks	4	4	2	49,1	38,2	30,1
Banks of foreign banking groups	20	4	1	30,4	25,6	11,1
Banks with private capital	49	5	4	20,5	15,1	9,0
Total	73	13	7	100,0	78,9	50,2
01.09.2023						
State-owned banks	5	5	3	53,13	53,13	37,74
Banks of foreign banking groups	14	5	-	27,14	21,09	-
Banks with private capital	44	5	4	19,73	12,88	4,71
Total	63	15	7	100	87,10	42,45

Based on data from: [13].

In the second quarter of 2021, 73 banks operated in Ukraine, a number that remained unchanged over the year. The share of private banks in net assets increased by 1.2 pp over the quarter, which in particular reduced the sector's concentration. The share of state-owned banks declined by 1.5 pp in Q2, but they still held more than half of net assets. According to Table 5, as of 01.09.2023, out of 63 total banks, 5 are state-owned, 14 are part of foreign banking groups, and 44 are privately owned. State-owned banks have the largest share of assets among the various categories, with 53.13% of total assets. Banks of foreign banking groups have 27.14% of total assets. Banks with private capital hold 19.73% of total assets.

Consequently, state-owned banks hold a significant share of the market in terms of assets. Foreign-owned banks also make a significant contribution to the financial market. Banks with private capital, although smaller in number, are still an important player with significant assets.

The crisis in the Ukrainian banking system in 2014-2016 confirmed the impact of banks' internal business models on their financial stability. For example, among the insolvent and fraudulent banks withdrawn from the market, local private financial institutions associated with industrial business groups and pursuing a risky policy of lending to related parties at the expense of individuals, as well as various kinds of captive banks with an opaque ownership structure, were totally dominant. It has been established that the configuration of the banking system in terms of key parameters such as ownership structure, asset size, or business strategy affects its risk profile. Further monitoring of the business models of Ukrainian banks remains extremely important to develop an understanding of this concept of market structuring, to measure the impact of external shocks on different types of banks, and, finally, to proactively identify and assess the extent of systemic risk associated with internally unstable banking strategies that may be inherent in a significant number of market participants.

Despite the relatively stable situation at present due to the regulation of the banking sector, according to the National Bank of Ukraine's research, there are a number of monitored systemic risks to the banking system, such as asset shifting, a significant level of dollarisation, a high share of state capital in the banking sector, etc.

However, at present, the main risk to all socio-economic systems in the country is war. Therefore, in our opinion, for a full review of the Ukrainian banking system, it is worth considering the situation also taking into account the ongoing military operations in Ukraine.

On 24 February 2022, after the introduction of martial law in Ukraine, the National Bank of Ukraine introduced certain restrictions on the banking system, such as restrictions on cross-border capital flows and fixing the exchange rate, and a ban on banks paying dividends [7, p.151]. The NBU also simplified a number of requirements for banks' operating activities and did not apply penalties for violations of reporting requirements if such violations occurred after 24 February, and such easing, in our opinion, partially helped some banks to survive in such a difficult period and was reflected in the charts by the loss of only minor banks in Ukraine with a small percentage of the sector's net assets.

At the moment, the Ukrainian banking system is holding the financial front, of course, there is no capital increase, but there is no capital outflow either, and the capitalisation of the Ukrainian banking system is still high.

As a result of Russia's invasion of Ukraine, banks are expected to revise their lending policies and improve their risk assessment in granting loans. This is due to the fact that the military conflict has suspended the downward trend in the number of non-performing loans in the country's banks [8, p.55]. The National Bank of Ukraine also plans to monitor asset quality in 2023 to clarify the ways banks can actually assess the risk of lending.

Of course, the banking system of Ukraine has many prospects for development, such as the development of international cooperation, further consolidation of banking institutions through mergers and acquisitions, improvement of the legislative framework, increasing the responsibility of commercial bank owners, etc. [8, p. 26], however, we are sure that one of the most important areas of improvement is currently digitalisation, because in the modern world, in the era of rapid technological development, digitalisation opens up new opportunities and challenges for banks that contribute to improving financial services, increasing efficiency and convenience of customer service, and also contribute to strengthening financial stability.

In recent years, this process has become particularly relevant in the banking sector. Digitalisation is becoming not just a trend, but a key factor in the development of various sectors of the economy. Ukraine's banking system is not left out of this process, and digital transformation is now becoming very promising for the development of this sector of the economy. This process not only facilitates access to financial services, but also increases their quality and security.

Digital banking in Ukraine has only recently begun to develop, with the COVID 19 pandemic providing a powerful impetus for the country's banks to go online, which has led to many negative consequences, but has also prompted an accelerated transition of Ukrainian banks to a new digitalised system.

While only a few banks started implementing digitalisation before 2020, almost all financial institutions did so under the influence of COVID 19 to remain competitive in the market. According to surveys of more than

11,000 respondents from around the world, 45% of respondents said that after the pandemic began, they preferred online banking and continued to use it after the end of the pandemic [9, p.7]. These results demonstrate that many people consider new digital bank services to be more convenient and acceptable, and therefore create demand for digitalised financial services.

The success of domestic banks in the digitalisation process is also worth noting. For example, Ukrainian online banking Privat24 has been the best digital bank application in Ukraine for the past 5 years. This digitalised bank has also received numerous awards, and thanks to its good reputation and experience in digitalisation, the online bank receives many new users every year [9, p.7].

Another great example of the success of the digitalisation of Ukrainian banks is Monobank, a bank without branches that uses the Universal Bank licence to operate, which shows a significant increase in its customer base every year. Thus, in 2021, Monobank's customer base grew from 3,244,116 people to 5,000,000 people, and in May 2022, it increased by another 800,000 people [10].

The experience of Privat24 and Monobank clearly demonstrates the possible huge success of domestic banks in the process of digitalisation, but it is still a development prospect, as not all banks in the country, unfortunately, have the ability and desire to improve their services in the online sphere. In our opinion, the main challenge for banks in the course of digital transformation is to ensure a high level of cybersecurity, protection of private data and compliance with regulatory requirements.

Overall, despite all the challenges, the digital transformation of Ukraine's banking system is paving the way for a new era of financial sector development and should therefore become a top priority for the Ukrainian banking system.

Conclusion

To summarise, the banking system of Ukraine is an infrastructure that plays a key role in the functioning of the economy, comprises a set of financial institutions and regulatory bodies, and ensures the sustainable development of the Ukrainian monetary system.

After reviewing the dynamics of changes in the number and structure of commercial banks in Ukraine during 2015-2023, we can conclude that the banking sector in Ukraine is currently relatively stable, which is ensured during the martial law in the country by the support of commercial banks by the National Bank of Ukraine. Given the military operations, we are seeing a significant reduction in bank branches across the country and significant economic challenges, but we expect new strategic actions from the regulators to help the banking system. We also attribute the reduction of bank branches to a new perspective for the development of the Ukrainian banking sector - digitalisation, which is already successfully operating in the banking system and should show significant results in the future as an integral part of the modern functioning of the economy as a whole.

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INTERNATIONAL AID TO UKRAINE DURING THE WAR PERIOD: IMPACT AND SIGNIFICANCE OF THE GLOBAL COMMUNITY AND HUMANITARIAN CONSEQUENCES

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Abstract

In the modern world, where geopolitical conflicts and military clashes are becoming increasingly relevant, international aid, as an integral part of international relations, is gaining special importance. Ukraine, which found itself at the center of a full-scale war with Russia at the beginning of 2022, has become the object of attention from both world leaders and society as a whole. The purpose of the study is to analyze the impact and significance of international aid provided to Ukraine during the war, as well as its humanitarian consequences. To achieve the goal, a complex of complementary methods of scientific identification of economic processes and phenomena was used: historical-logical, comparative and statistical analysis, as well as information, process and institutional approaches. The main task of this study is a thorough analysis of the features of foreign financing and other assistance aimed at supporting the economic stability of Ukraine and accelerating the end of the conflict in the country. The topicality of the topic is determined by humanitarian necessity, political context, economic challenges and geopolitical consequences of the conflict. The study is analytical in nature, and its results contribute to a better understanding of the impact of international aid on Ukraine in the context of the conflict and emphasize the importance of humanitarian aspects in this context.

Keywords

international aid, global community, humanitarian consequences, war period.

Problem statement

The main problem highlighted in the study is the issue of Russia's war against Ukraine and its destructive consequences. It has a significant impact on both ordinary citizens and the functioning of the state as a whole, and creates challenges that are difficult to overestimate.

The study of important problems and features of international financial support of the Ukrainian economy in the conditions of the military conflict becomes an urgent necessity, since the crisis caused by the Russian invasion threatened all spheres and branches of the economy. The war led to a serious decrease in economic activity in Ukraine and reduced the solvency of the population. This was reflected in the country's financial flows

and budget indicators. The budget deficit has grown to critical levels, and there is a real threat of excessive growth of the public debt.

Restoring stability and well-being in Ukraine requires joint efforts and support from the whole world.

Relevance of the chosen topic

The relevance of this topic is due to an extremely difficult period in the history of Ukraine, which is connected with the aggression of Russia and its invasion of the territory of the former. Ukraine faced the difficult task of maintaining stability and protecting its territory and population. In the context of a full-scale Russian-Ukrainian war, international aid becomes part of a broader debate about global security, the moral obligations of countries, and how global society can deal with humanitarian crises.

Analysis of recent research and publications

Many theoretical and practical aspects of the functioning of international financial institutions are considered in the context of the sustainable development of the world economy and in the conditions of a crisis in order to prevent or mitigate the consequences caused by man-made or environmental factors. However, an important but understudied direction for domestic science is the problems of international assistance to the country during a military conflict.

Analysis of the influence and significance of international support provided to Ukraine during the war, as well as its humanitarian consequences, is the subject of research by both domestic and foreign scientists such as: V. Naumenko, M. Ripa, L. Kurnosenko, M. Malskyi, O. Bilorus, M. Matsyaha, M. Vasylieva, N. Stukalo, I. Hominich, K. Rybalchenko, V. Geets, L. Londar, D. McDowell, T. Porter and F. Lessambo. To achieve the goal of the article, it is also suggested to refer to the works of outstanding thinkers and economists of all times, such as David Ricardo, Friedrich August von Hayek, Joseph Schumpeter, Walter Jucken and Reinhard Zeltin.

David Ricardo, a classical economist, in his theory of absolute advantages, emphasized the importance of international trade as a source of mutual benefit for countries. In relation to Ukraine, international aid can be seen as a form of trade, where states provide resources and support in exchange for other services or benefits.

Theories of innovation presented by Joseph Schumpeter emphasize the importance of investment in new technologies and knowledge to stimulate economic growth. Yes, the Ukrainian Solidarity Fund is an important tool for providing financial assistance and development of Ukraine. Thanks to the generosity and support provided by the European Council, USF gets the opportunity to actively accumulate resources within the framework of the granted grants, which will affect the results of significant innovative initiatives.

In the perspective of the next few years, the funds collected by the fund can be directed to finance the needs of state authorities and defense efforts, as well as citizens, in particular in the areas of food, housing and health care. Such a measure will help strengthen the country's stability in the face of geopolitical challenges and ensure the safety of citizens.

In the long term, the collected funds can become a source of large-scale investments in the recovery and development of the economy of Ukraine, which will contribute to the creation of new jobs and increased economic activity.

Friedrich August von Hayek, one of the leading representatives of neoclassical economic thought, and Walter Jucken, a representative of the anarcho-capitalist school, called for minimal state intervention in the economy. In the context of this study, this point of view can be interpreted as supporting the idea that aid should be provided without unnecessary restrictions and conditions in order to ensure maximum freedom of choice for the Ukrainian people [2, p.6].

It is worth noting that a scientific analysis of the motivational foundations of international aid is indeed key to understanding this complex topic. It should be taken into account that opinions regarding the purpose and motivation of donors, providing international aid, differ among domestic scientists. This may be the result of different approaches and beliefs.

V. Geets notes the positive impact of international financial support for countries in a post-crisis state. Each support program is unique but focuses on important aspects, including population support, restoration of systems and institutions, economic reforms, reconstruction and infrastructural development.

Analyzing the situation regarding the provision of international financial support for carrying out structural reforms in Ukraine, L. Londar also highlights the extremely positive experience of Ukraine's cooperation with international partners.

F. Lessambo, within the framework of the study of international financial institutions, pays considerable attention to the impact of financial globalization on the modernization of the world financial system and carefully

analyzes the changes that have taken place in the world economy as a result of this complex process. On the one hand, the processes of financial globalization contributed to the strengthening of the financial expansion of developed countries, which ultimately led to the growth of their influence on world financial markets. Liberalization of foreign economic relations and increased capital mobility contributed to an increase in the volume of international investments and the turnover of financial assets.

On the other hand, financial globalization has also led to a weakening of state control over the functioning of developing countries' own finances. This can have negative consequences, such as reducing the resilience of these countries to global financial crises. In addition, high levels of public debt may create a risk of loss of sovereignty for these countries, as they may find themselves dependent on international creditors.

Researchers and analysts have been continuously analyzing an

summarizing the data to reflect the steady increase in the amount of foreign aid given to Ukraine since the beginning of the full-scale Russian invasion of its territory. The scientific work, developed by V. O. Naumenko and M. B. Rippa, examines in detail which countries and international organizations began to provide support to Ukraine, studying the instruments and sources of financing, as well as the share of each donor in the total amount of aid provided.

As researchers analyze this data, they find that this aid has a significant positive impact on Ukraine's development and supports it in becoming a sustainable and prosperous society. Joint efforts between countries and organizations from around the world help strengthen security, restore the economy, and improve the quality of life of Ukrainian citizens. As a result, Ukraine continues to grow and develop, thanks to the support of its international partners, and provides an example of how solidarity and cooperation can change people's lives.

Purpose and objectives

The purpose of this article is to analyze the impact and significance of international aid to Ukraine during the war period, particularly in the context of global society and the humanitarian consequences of the conflict. In order to achieve the set goal, the following tasks must be solved:

1. Analysis of the role and contribution of global society in providing aid to Ukraine, in particular the positions of countries and international organizations.
2. Determination of the humanitarian consequences of the military conflict for Ukrainian society.
3. Consideration of the volume and effectiveness of international aid and its impact on the processes of recovery and peace in Ukraine.

Presentation of the main research material and the results obtained

In the current realities of global development, the international community actively supports developing countries in carrying out socio-economic and political reforms. For countries with limited internal resources, international aid is an important determinant in achieving their sustainable independent development as states and complements their own efforts in mobilizing internal resources.

Within the framework of the above, it is worth emphasizing that in today's realities, global society is becoming an increasingly important aspect of international relations and is defined as an association of people and organizations around the world that share common values, interests, and the goal of common development.

International aid, as one of the key components of the modern global community, is defined by a network of cooperation and interaction between states and international organizations with the aim of providing material, financial, technical and humanitarian support to developing countries, experiencing crisis situations, or facing other geopolitical and economic problems, on under certain conditions.

Global society is shaped by a number of key factors. Firstly, it is the convergence of cultures, technological progress and the growth of international communications. Its role in the field of international aid as a catalyst for humanitarian initiatives, which includes non-profit organizations, activists, philanthropists and citizens working for the benefit of developed and developing countries, is extremely important. The public and non-profit organizations demand transparency, accountability, effectiveness of relevant programs, accounting of costs, ensuring access to assistance for the most vulnerable population groups and ensuring compliance with human rights.

The effects of the influence of global society in the context of international aid are multifaceted. First, it is the mobilization of resources to solve crisis situations, and secondly, it is the provision of financial support in the form of medical resources and necessary materials.

In addition, global society contributes to the development of coordinated approaches to solving global

problems. With the help of associations such as the UN, these initiatives are coordinated and interact to solve global issues, such as adapting to climate change or fighting global pandemics.

Analyzing scientific research in the field of international aid, it is impossible not to pay attention to important methodological aspects that affect the development of this field. It is worth noting that Ukrainian science uses general scientific and specialized approaches, such as empirical and theoretical research, as well as legal, political and economic methods. In particular, economic tools, such as financial forecasting and modeling, make it possible to assess the impact of international aid on the economy of donors and recipients. However, Ukrainian researchers often lag behind in the use of specialized methodological tools that are already widely used in world science. For example, game-theoretic models can be useful for analyzing the interaction between donors and recipients of international aid and determining optimal strategies for involving the private sector and civil society [1].

From the author's point of view, international relations in the context of the methodology for the optimization of international aid processes require a complex and orderly approach, innovations and an appropriate model. It is appropriate in this direction to create an integrated methodological platform that would combine general scientific methods (empirical and theoretical research) with specialized methods (legal methods, political science approaches and methods of economic analysis) and would be accessible to researchers, government officials, public organizations and donors from in order to exchange information and analyze data to monitor the implementation of international aid projects, identify problem areas and adjust the aid strategy in real time. This process should be accompanied by the implementation of modern data analysis methods, such as artificial intelligence, to predict the effectiveness of international aid programs and identify new opportunities for optimization, as well as the active involvement of all interested stakeholders, including governments, businesses and the academic community, in the process of developing and implementing the model.

The model of integrated analytics of international aid would contribute to the improvement of management and understanding of the nuances of this process, which should increase the effectiveness and duration of development programs, as well as reduce the risks of conflicts and inconsistencies between participants.

According to the concepts of the 70s of the 20th century regarding the restructuring of international economic relations and the creation of a new economic order, developed industrial countries play a key role in providing aid to recipient countries. It should be noted that the respective donor countries mainly provide assistance at the bilateral level, noting their political interest in preserving their status quo in the international arena [3].

Some researchers argue that international aid provided by benevolent states does not always express good intentions, but can be a real political conjuncture. Donors can use aid to influence the situation of recipients, in particular to support their own geopolitical interests. Such a view arises against the background of skepticism and criticism regarding the effectiveness of aid in the development of transitional societies.

In this context, it can be noted that some researchers attribute international aid to potential political corruption, emphasizing the possibility of its use to impose one's own conditions and achieve political goals. It is appropriate to take into account that such an approach can be approved under the influence of past historical events and differences in the interpretation of international relations.

Additionally, an important aspect of research is the work of L.V. Kurnosenko, which examines the impact of the war on the economy of Ukraine and problems related to the financial assistance received by the state [4]. The author emphasizes the role of financial organizations that supported Ukraine from the first months of the war, in particular, the International Monetary Fund and the World Bank.

In general, the international credit market plays a key role in the global financial system and provides mechanisms for attracting capital at the global level. This makes it an important tool for companies, states and investors, and contributes to economic growth and development in the global arena [5, p.37]. However, with this method of attracting funds, it is necessary to carefully assess all the conditions and risks associated with this type of financing, and to develop a debt management strategy to ensure the stability of the state's finances.

The humanitarian consequences of international aid for Ukraine are also undeniable. They can have a positive impact on economic development, stability and innovation in the country, as well as ensure the humanitarian needs of the Ukrainian population. Different economic theories in this aspect also offer different approaches to international aid, and their unification can help to cope with the challenges that Ukraine faces [6, p.17]. Thus, Reinhard Zeltner pointed out the importance of social protection and assistance to the population in times of crisis. Corresponding interpretations are indeed reflected in practice under the current situation, because international aid contributes to the provision of humanitarian needs of the Ukrainian population, including food, medical services and housing [7, p.22].

Russia's military aggression led to serious economic losses for Ukraine. Due to the reduction in the supply of many goods and the disruption of supply chains, the prices of consumer goods for 2022 increased by more than 30%, and GDP showed a downward trend by more than 35% [8]. More than 30% of enterprises have ceased their activities, and 45% of those remaining are only partially operational [9]. This led to a significant increase in the unemployment rate and depressed the precarious economic situation in the country.

Ukraine received more than 113 billion euros from 40 donors during the war. The European Union allocated 52 billion euros, the United States - 48 billion euros for military, financial and humanitarian aid [10].

After a careful analysis of the ratings of the provision of military assistance, the author singled out certain countries whose contribution to the security of Ukraine is impressive in terms of volume and quality (Fig. 1).

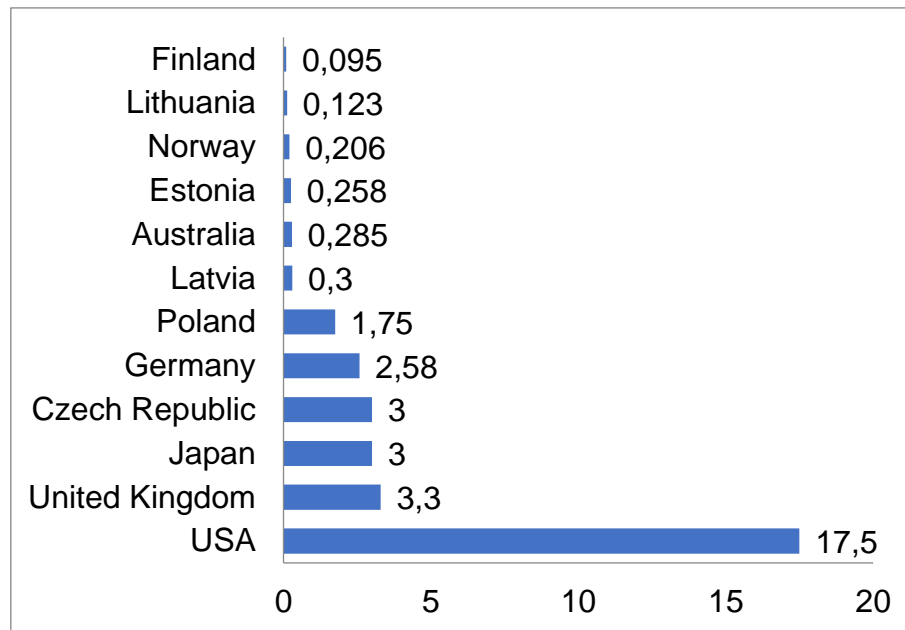


Fig. 1. Military aid to Ukraine during the war, billion dollars USA

Source: compiled by the author based on data [10].

A country that showed itself as a true example of solidarity and support in difficult times was Poland, which accepted millions of refugees, providing housing, clothing, medicine and financial assistance, as well as equipment and uniforms, for a total of 5.1 billion euros. Poland has become an important transit node for the supply of weapons [11].

Great Britain made a significant financial contribution to Ukraine's budget and provided extensive military aid, including the training of 10,000 servicemen [12].

Germany provided significant support to Ukraine in such difficult times. Back in 2014, due to the beginning of the anti-terrorist operation, the non-commercial association "Blue Cross" was born in the city of Cologne. Currently, it provides significant assistance to Ukraine in the form of standardized medical kits, rescue backpacks for doctors, emergency medical aid, etc. The Baby Package project helps internally displaced women by delivering essential items for newborns. Also, with the help of the "Give Warmth" project, the association supplies warm things and equipment for hospitals and kindergartens [13].

In addition, "Blue Cross" actively conducts informational and cultural work, organizing events, panel discussions and conferences with the aim of drawing attention to the problems of Ukraine and Russian aggression.

The United States of America, as a world leader, has also provided extensive aid to Ukraine, including various types of weapons, transportation, defense systems, and medical supplies, totaling more than 44.5 billion euros. The USA leads the list of countries that provide important support to Ukraine [14].

According to the Ministry of Foreign Affairs, the contribution of international organizations, in particular the United Nations, in providing assistance to Ukraine is significant. During the past year, the UN allocated more than 4.5 billion dollars. for humanitarian support.

Also, within the framework of the new Action Plan of the Council of Europe for Ukraine for the period 2023–2026, the allocation of approximately 50 million euros is provided for projects aimed at recording Russia's war crimes and minimizing the humanitarian consequences of Russian aggression. Among these projects, an important place is given to the protection of the rights of internally displaced persons and the rehabilitation of war victims.

One of the significant problems provoked by the Russian-Ukrainian war is the mass migration of the population. At the initial stages of the conflict, the flow of migrants from Ukraine was directed mainly to European countries. However, this problem has become truly global, and in the future, under the influence of the food crisis, its consequences may cover the whole world. International financial organizations and donors have undertaken to allocate an extraordinary amount - about 10 billion euros - to support temporarily displaced Ukrainians, both inside the country and abroad [15].

Ukrainian agriculture is going through no less difficult times, caused by circumstances that go beyond the usual challenges facing farmers. War, occupation and changes in weather conditions led to a significant reduction in grain production by 37% in 2022 [16].

The most important tasks for the support of agricultural producers at the present time are obtaining state and international soft loans and expanding export opportunities.

The war in Ukraine is a humanitarian catastrophe and an environmental risk. According to the data of the monitoring of the ecological situation in Ukraine for July 2022, it can be concluded about the significant impact of hostilities on the environment, which poses a threat to future generations. International organizations cannot ignore the corresponding consequences of a global nature, because the results of the environmental aspect of the war will be felt not only by Ukraine, but also by neighboring countries.

The European Union announced the creation of the Trust Fund for Solidarity with Ukraine. It is important to use these funds as effectively as possible and to take into account the environmental requirements of the EU for the restoration of industrial and infrastructure facilities. One of the expedient measures in this direction should be an observation council made up of representatives of donor countries to monitor and prevent corruption. Wasteful price subsidies should be replaced by more targeted subsidies for vulnerable segments of the population, and the economic reconstruction program should be developed with an emphasis on the long-term effectiveness of "green" technologies [17]. The priority is environmental control over investments and cooperation with countries that use renewable energy sources.

Joint financing of eco-industrial parks in post-war affected regions can be an innovative solution that will promote sustainable development, shared use of resources and effective waste management based on the principles of circular economy.

So, at this stage of the research, it is worth highlighting and emphasizing both the positive and negative consequences of international state aid. So, first of all, this is providing the population with the necessary material values, which suffered from the conflict and the unstable economic situation in the country.

Political support, which leads to the strengthening of Ukraine's political position on the international arena, as well as military aid in the form of weapons and training, is becoming important. International aid also draws the attention of the world community to the problems of Ukraine and raises awareness in this direction.

In contrast, international aid entails such results as: geopolitical risks in the form of tensions between different countries and international blocs; insufficient control over the distribution of aid, which promotes corruption; social consequences in the form of psychological problems for the population, in particular injuries, depression and the breakdown of social structures.

From the author's point of view, the most unpredictable and unmanageable consequence for Ukraine may be dependence on foreign aid, which will lead to a loss of control over its own policy and sovereignty. In this context, some economists compare the current situation in Ukraine with the experience of South Korea in the 1950s and 1970s.

Currently, foreign aid already covers half of Ukraine's budget expenditures, which is essentially similar to the situation in South Korea in the past. Long-term crediting of investment projects under state guarantees can become the main financial instrument for post-war reconstruction, in particular because this source of financing is more accessible than foreign direct investment.

Regarding reparations from Russia, which took place in the relevant experience of South Korea, the situation in Ukraine is much more complicated. Frozen Russian assets remain inaccessible, and the prospects of their transfer to Ukraine are almost zero due to the lack of an appropriate legal mechanism. The possibility of obtaining reparations may appear through the decision of an international court, but for now efforts are directed to the criminal prosecution of the crime of aggression.

Conclusions

Thus, despite significant efforts in the field of international aid, the challenge remains to effectively allocate resources, fight corruption, and ensure long-term socio-economic sustainability. However, it is important to recognize that international aid remains an integral part of the global community and can make a significant contribution to improving the lives of millions of people in developing countries.

Finally, the analysis of the impact and significance of international aid to Ukraine during the war period emphasizes the importance of such support both for Ukraine and for global society as a whole. This case has enriched the understanding of how international relations, economic theories and humanitarian aspects are intertwined in periods of crises and military conflicts. Several key conclusions can be drawn from it.

First, international aid has a significant impact on the economic recovery of a country that has experienced an armed conflict. Ensuring financial and economic stability through investment, credit and innovation promotes rapid recovery, which in turn can mitigate the humanitarian consequences of war.

Second, international aid plays an important role in reducing the suffering of the civilian population. Providing humanitarian aid in the form of food, medical care and shelter can save lives and provide minimum conditions for the survival of those affected by the conflict.

Third, the importance of international aid reaches the limit of direct effects and influence. It demonstrates solidarity and support of global society in times of crisis, asserting the importance of cooperation and humanitarian values [18, p.8].

Thus, international aid to Ukraine during the war period leaves a deep mark both in the economic and humanitarian spheres. Unfortunately, in our time we have vivid examples-reminders of the importance of global solidarity and the urgent need to act in moments of crisis to alleviate the suffering of the population and support each other on the road to recovery and peace.

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THE IMPACT OF THE WAR ON THE REAL ESTATE MARKET

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Abstract

The impact of war on the real estate market is a complex and multifaceted phenomenon that can have severe consequences for this sector of the economy. In modern society, the real estate market is one of the critical components of the country's economic development.

Population decline, socio-economic transformations and technological innovations create new challenges and opportunities for the real estate market. In 2023, the development of the Ukrainian real estate market is of particular interest. Changes in the political, economic and socio-cultural environment of Ukraine are creating new conditions for business. There are also new trends in the legislative regulation and taxation of real estate that affect the activities of market participants.

Per the topic's relevance, a detailed analysis and assessment of the Ukrainian real estate market is carried out. The main problems that need to be overcome for further market development are outlined, and effective methods of dealing with the identified problems are proposed concerning the forecasts of the Ukrainian real estate market after the war.

Keywords

real estate market, Ukrainian economy, market analysis, military conflict, Ukrainian real estate.

Problem statement

Unfortunately, the real estate market today is in a rather complicated state, and the population is facing a sharp rise in prices for finished buildings. It is difficult to make any predictions, as no one knows when the hostilities are expected to end, what consequences Ukraine will suffer, and what condition the already built facilities in cities and other settlements will be in. Ukraine's martial law has an impact not only on national markets but also on foreign ones.

Relevance of the topic

As a result of active hostilities, 74.1 million square meters of housing were destroyed or damaged as of September 2022, more than 7% of the total available housing stock. Studying the primary and secondary real estate markets allows us to identify trends and dynamics of changes in real estate values in Ukraine and globally. Therefore, constant analysis and monitoring of the real estate market is crucial to determine the further development of the market. In addition, the war makes its adjustments and changes the real estate market in the country.

Analysis of the latest research and publications

The current conditions of the real estate market are extremely difficult for research. One of the main problems is the complexity of long-term forecasts. Today, more than ever, it is crucial to analyze the peculiarities of the

national real estate market development, which is the subject of many works, including those by E. Lianze, V. Sharaev, I. Ivanov, O. Drapikovskiy, V. Lirutseva and others. However, more attention should be paid to the peculiarities of market functioning in wartime with prospects for further recovery.

The purpose and objectives of the article

are to analyze the functioning of the market under martial law with a forecast for the postwar period, taking into account the experience of other countries.

Summary of the main research material and results

As an integral part of the market space, real estate markets have their regularities: when the discount rate, securities yields, inflation in the national currency and the strengthening of the national currency against other currencies decrease, capital inflows to the real estate market are stimulated, and real estate prices increase (Rubel, Samotoyenkova, 2020, p. 25).

Factors affecting the development of the real estate market are categorized. The most influential at the moment are external factors. Namely, military actions that affect not only the real estate market in Ukraine but also the entire global economy. External factors affecting the real estate market can be divided into three groups (figure 1) (Rubel, Samotoyenkova, 2020, p. 25).

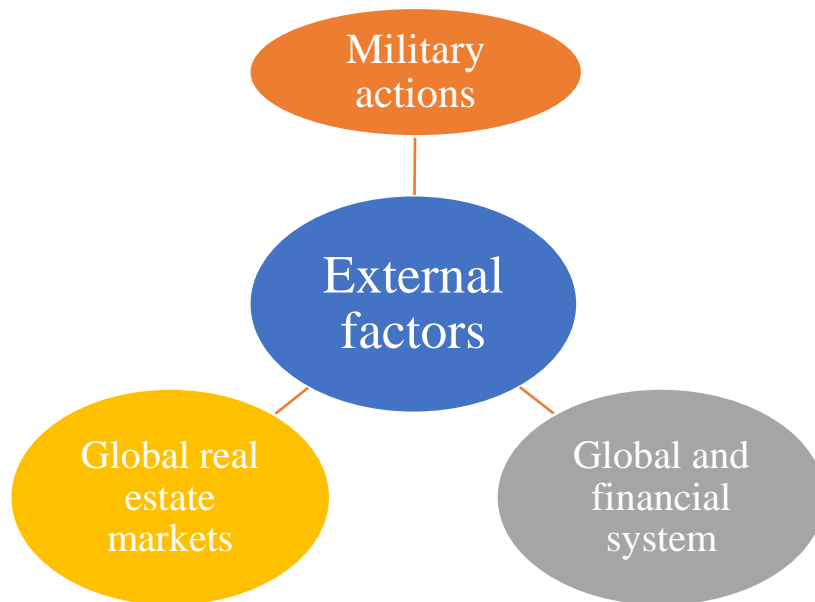


Figure 1. External factors affecting the real estate market

Source: compiled by the author.

If we talk about internal factors, we can distinguish the following (table 1).

These groups of factors will have a significant impact on the future development of the real estate market. To adjust the value of real estate in a particular region or area, additional factors affecting local real estate values should be added.

Table 1: External factors influencing the real estate market

Factor	Characteristics
Market	Supply and demand, market risk, market flexibility, and the interaction between the primary and secondary real estate markets.
Political	These include the socio-economic orientation of the ruling party's policy, the frequency of election campaigns, government actions in the economy, and the actions of local governments in relation to various segments of the real estate and land market.
Economic	Level of development, GDP growth, monetary policy, mortgage lending, inflation, business activity, employment, and purchasing power.

Social	The level of socio-economic structure of the population, professional level of the population, consumer demand of the population, income level of different social groups, and generally accepted housing conditions.
Demographic	The level of socio-economic structure of the population, professional level of the population, consumer demand of the population, income level of different social groups, and generally accepted housing conditions.
Geographical and natural	Population size, population growth, fertility, mortality, population density, migration processes, and urbanization.
Scientific and technical	Technology and organization of construction, housing cost parameters, safety parameters.

Source: compiled by the author on the basis of data (Rubel, Samotoyenkova, 2020, p. 26).

Factors affecting the value of local real estate include:

- Location;
- Number of storeys;
- Materials of walls and floors;
- Structural features of the building and floor plan;
- The general condition of entrances, common corridors and adjacent areas;
- Availability of autonomous heating and total utility costs;
- Availability of security and video surveillance;
- Availability of underground or outdoor parking;
- Availability of bomb shelters (Rubel, Samotoyenkova, 2020, p. 27).

The restructuring of the Ukrainian economy will largely depend on investment flows. Ukraine has already identified regions and cities in which foreign investors and even the country as a whole will invest significant material resources. Electronic maps and city development plans have already been prepared using a geographic information system. Unfortunately, a lot depends on the volume and intensity of investment. This directly affects the development of a particular territory—namely, the development and active growth of the real estate market.

We also identified factors that affect the primary real estate market. It is important to summarize the prospects for developing the primary real estate market and the interaction of the primary real estate market with the secondary market. Let us consider the factors affecting the primary real estate market:

- Domestic inflation rate;
- Exchange rate of the franc against foreign currencies;
- Gross national product growth rate;
- The growth rate of the gross national product;
- The level of wages received by the population;
- Interest rates on bank mortgage loans;
- Energy prices;
- Prices for construction materials;
- Prices for construction and installation works;
- Prices for fuels and lubricants;
- Cost of land for construction;
- Additional costs for land allocation and design;
- Costs of connecting the building to networks (water, sewerage, heating, electricity, gas) (Rubel, Samotoyenkova, 2020, p. 27).

What is happening now with the real estate market in Ukraine, and what consequences can we expect after the war? We propose to make a detailed analysis in stages: global real estate market trends (to find out the reasons for the problems that will arise in the further analysis of the real estate market in Ukraine); Ukraine until February 24, 2022; Ukraine during martial law and expected forecasts for the post-war period.

To begin with, let us look at global real estate trends as they identify possible reasons why Ukraine and the global real estate market could have faced problems despite the war.

The needs and preferences of the public are changing due to technological development and economic turmoil, which affects the implementation of real estate projects (Karapetian, Kvasovskiy, 2017, p. 126).

Today, priority is given to integrated regional development rather than pointed development. The solution is to organize the environment based on "everything you need at hand": diverse buildings, necessary infrastructure, a developed public transport network and recreational areas. European cities often choose this solution to create comfortable living spaces.

Such facilities appear regularly around the world. They combine three or more functions, for example, a business centre with apartments and retail space. Multifunctional projects allow developers to spread potential risks.

In order to improve the cost-effectiveness and quality of project maintenance, as well as reduce maintenance costs, developers are introducing and using new technologies and real estate management techniques. The introduction of such tools increases the market value and competitiveness of real estate, especially office real estate, and helps to attract tenants (Karapetian, Kvasovskiy, 2017, p. 128).

For example, innovative technologies can reduce the consumption of resources (energy, water) in buildings and optimize the amount of waste, especially by monitoring the fullness of garbage cans and adjusting waste collection schedules accordingly. They also have a positive impact on the environment by reducing greenhouse gas emissions. This topic is particularly relevant in connection with the requirements implemented by European countries to achieve sustainable development goals.

The movement in this direction will continue, and soon, innovative technologies will become mandatory for use at all stages of the building life cycle, from design to operation and demolition. (Karapetian, Kvasovskiy, 2017, p. 132).

These trends are expected, including in Ukraine. Today, it is not easy to create competitive facilities without considering them. When the war is over and competition in the domestic market intensifies, the number of projects focusing on quality from concept to implementation will naturally increase.

Before the full-scale invasion, the demand for land for residential development was high; since 2017, the market has gradually moved away from spot developments. Companies are focusing on constructing residential complexes (live-work-play estates), which own 10% (or more) of non-residential land and contain the essential elements necessary for living. Thus, in recent years, the capital market has seen a significant increase in the share of residential complexes with business and social infrastructure (Kobzan, Pomortseva, 2023).

When the conflict escalated, there was a massive movement of people from the eastern and southern regions of Ukraine to the west. A fascinating question is whether the population will return. We can accurately predict that people will return to the big cities that were not destroyed. Businesses will rebuild the cities where they operate, and higher education institutions will start operating normally. State-owned and municipal enterprises will also resume their daily activities.

Surveys can be used to identify potential real estate buyers. It is worth noting important information about the image of potential buyers who are actively buying real estate on the market:

1. Lonely young people seeking independence.
2. Young families.
3. Pensioners saving money for real estate.
4. Creative people for use as a home and office.
5. Business people.
6. Interested persons.
7. Investors who want additional income from renting (Kobzan, Pomortseva, 2023).

In terms of commercial real estate, especially the office sector, there has been an active process of project development over the past few years.

It is not surprising that the total area of commissioned housing has decreased significantly during the large-scale military operations. Thus, in 2022, only 7.1 million square meters (18,300 private houses and 74,300 apartments) were commissioned, which is 38% less than in 2021. Investments in residential construction have also declined significantly (Kobzan, Pomortseva, 2023).

As a result, the volume of new construction in almost all regions has significantly decreased. Contractors mostly try to complete work started before the occupation and do not start new projects.

The war has put commercial and residential real estate construction on hold (except in some western regions). However, even during active hostilities, buyers prefer quality projects with developed infrastructure and housing.

For example, the invasion of Ukraine has increased the demand for business centres where landlords can create a comfortable working environment, provide an adequate level of service, and meet tenants' electricity and security needs without power outages. Currently, the office sector is risky for new development projects due to the unstable economic situation. However, once the war is over and business starts to grow, demand for office space is expected to increase.

Another factor that negatively affected the development of construction was a significant increase in the exchange rate, as well as high inflation, which reduced the purchasing power of the population while prices for construction projects increased.

In October-December 2022, construction companies faced new challenges. In order not to disrupt construction work, they were forced to either adhere to power outage programs or buy powerful generators. Some developers found it more profitable to suspend construction, which also contributed to the decline in (Fisunenکو, 2022, p. 111).

However, large-scale rocket and artillery attacks remain the most severe threat to the residential real estate market in many regions. As a result of active hostilities, 74.1 million square meters of housing were destroyed or damaged as of 2022/9, accounting for more than 7% of the existing housing stock (Minfin, 2023).

The scale of the destruction is enormous. Available data alone indicate that it exceeds all new housing built in the last seven years. Given the intense rocket attacks in the last months of this year and the impossibility of calculating the damage in the occupied territories, the scale of housing destruction is likely to be even greater.

The war has made people cautious about making large purchases, especially housing. In the first months of the war, market participants did not have access to the State Register of Property Rights, which also hindered transactions in the housing sector; since May 2022, the register has gradually opened, and demand has begun to recover (Minfin, 2023).

However, given the uncertainty of the outlook physical and economic risks, many potential buyers and investors have taken a wait-and-see attitude, regardless of the region.

Now, what is happening to the real estate market today, in 2023?

First, it is a reformatting of the entire market. As a result, many experts believe that the primary market no longer determines housing prices but the secondary market, as before the significant invasions. Moreover, the value is determined by rents for existing properties, as real estate is the only instrument where people can invest and get at least some return.

Today, those who agree to invest in real estate are willing to invest with a return on capital (fixed value) of 5% per annum, which means a payback period of 20 years. In other words, after 20 years, the investment will be fully paid off, and the investor will receive an income equal to his or her initial investment and still own the apartment. It determines the present value of the property.

For example, if the rent for an apartment is UAH 10,000 per month, the value is $10000 \times 12 \div 5\% = 240000$ UAH or approximately 65 000 USD (at some exchange rate on some date) (Minfin, 2023).

Investors accept such a low rate of return on capital because they still hope that the war will end, the market will pick up, and they will be able to earn more. They may resell their apartments or raise the rent.

Of course, the specific rental price depends on the property's location, whether it has been renovated, and the quality of the furniture, kitchenware, and plumbing. If the apartment is located in a residential complex with a good reputation among property owners and has been renovated, the rental price will be much higher.

The analysis shows that these rental prices are almost the same as in 2020, so the prices of apartments for sale have returned to almost the same level as before the occupation. Many real estate agents note this fact, and at first glance, it may seem strange. The prices of apartments were strongly influenced by the possibility of selling them to foreign investors, which is currently absent in Ukraine.

Unfortunately, the Ministry of Justice has not yet published data on the number of real estate transactions in 2023, only for 2022. However, the general trend is apparent (table 2).

Table 2: Number of transactions in the real estate market

Type of transaction/ year	Number of transactions, units.						Growth rate, 2022 to 2021, %.
	2017	2018	2019	2020	2021	2022	
Real estate (except for land plots)	437 082	371 327	481 013	463 286	540 850	182 809	-66,2
Alienation of non- agricultural land plots	211 479	218 441	224 795	275 976	374 312	172 300	-53,9
Alienation of agricultural land plots	0	0	0	0	84 336	74 645	-11,5

Source: compiled on the basis of data (Novakovska, Ishchenko, Skrypnyk, Stetsyuk, 2023, p. 133)

The results could have been better. Due to the war, the total number of transactions in 2022 alone was 66.2% lower than in 2021. In other words, buyer transactions in 2022 accounted for only a third of those in 2021.

This situation can be improved by transactions with land plots, primarily agricultural land. However, it is worth noting that the number of buyers of apartments and houses fell threefold. Indeed, the market has collapsed in quantity but has levelled off in value. Unfortunately, this trend is still ongoing, as is the war.

In August of this year, Ukraine expanded mortgage lending for various social groups to 7% (previously, according to the government program, military personnel, law enforcement officers, doctors, and teachers could get loans at 3%). Although the number of applications confirms the high demand, there is only reason to expect a significant improvement in the market once the war ends. In particular, according to the latest estimates, as of June 2023, just over 1,600 loans had been issued (Novakovska, Ishchenko, Skrypnyk, Stetsyuk, 2023, p. 138).

On the other hand, the situation in the country affects the availability of commercial real estate projects. It is necessary to liberalize financing in this area and create favourable conditions for companies working on commercial real estate projects. Otherwise, it won't be easy to open new facilities and create jobs, especially since legislative initiatives that allow for soft loans with a zero interest rate, unfortunately, do not apply to this type of activity.

Market conditions are the main factor affecting the intensity of real estate development. However, for the effective implementation of modern projects, it is essential to update industry standards, create a transparent legal system, and minimize corruption. We took data from the National Association of Realtors, and here is what we found out.

Experts from the National Association of Realtors (NAR) reviewed the 2021 U.S. International Residential Real Estate Transactions Report, published in early 2022, to identify investment changes in the overall U.S. real estate market due to the Russian Federation's large-scale invasion of Ukraine (Association of real estate specialists (realtors) of Ukraine, 2021).

Based on the recalculation results, the experts found that the decline in international real estate transactions had a minor direct impact on the US real estate market, as foreign buyers accounted for about 2% of existing real estate sales (Novakovska, Ishchenko, Skrypnyk, Stetsyuk, 2023, p. 135).

According to a report by experts, in 2022, the volume of real estate purchases by foreigners fell to its lowest level since 2011: 107,000 homes worth USD 54.4 billion were purchased by foreign buyers between April 2020 and March 2021, amounting to USD 1.96 trillion over the same period. This figure represents only 2.8% of the US\$1,960 billion (Novakovska, Ishchenko, Skrypnyk, Stetsyuk, 2023, p. 136).

According to Polish experts and analysts, the war in Ukraine has had a significant impact on the Polish economy and the functioning of the real estate market and, consequently, on the increase in investment flows. Logistical ties with Eastern markets have already been suspended, and the demand for labour to invest in real estate construction has increased significantly. It naturally increases employment opportunities for Polish citizens and gives a new impetus to socio-economic growth (Delo, 2023).

Thus, the relationship between military conflicts and the real estate market is quite complex. While wars hurt real estate prices, in some cases, they can also lead to increased demand. In addition, military conflicts have a significant impact on economic and social conditions, which can also affect the real estate market.

For example, the war in Syria has destroyed many buildings and infrastructure and claimed the lives of many residents. As a result, real estate prices in the country have fallen significantly (Delo, 2023).

However, in some cases, military conflicts lead to an increase in real estate prices. For example, after the war in Iraq, some areas previously controlled by insurgents became safe to live in, and new housing was built there. As a result, real estate prices in these areas rose.

In October 2022, the Ministry of Economy, in cooperation with the Ministry of Digital Transformation and Ukrfinzhytlo, launched the eOselya affordable housing financing program (Koba, 2022, p. 24).

The program offers mortgages at 3% per annum for military and law enforcement personnel, doctors, teachers and scientists. According to the Ministry of Economy of Ukraine, since the program's launch, 948 households have received preferential loans for the purchase of housing, totalling more than UAH 1.2 billion. However, the government needs help financing the available loans. The eHouse project has not yet justified itself, as only 0.5% of loans have been approved since October 2022 (out of more than 46,000 applications), and only a few dozen transactions have taken place in the primary market. Some improvements to the system (especially in terms of lending decision-making mechanisms and related financing) could significantly increase the number of real estate transactions, with at least 10% of them occurring in the primary market.

The programme also planned to expand the category of citizens eligible for mortgages at 7% per annum, but even those in important professions cannot get a loan due to lack of funds (Koba, 2022, p. 25).

Comparing all the stages analysed above, we can conclude that 2022 started with a strong momentum, and this trend could probably continue. Before the outbreak of war, the pace of orders for new housing remained at the level of 2021. In the first six weeks of the year, the total area of newly constructed housing reached almost a fifth of the future annual volume.

The decline in new supply occurred in almost all regions of Ukraine, with the exception of some areas. Construction declined the most in the east and south of the country, where housing commissioning fell by 70-90% year-on-year.

According to the materials of Hochschule Mittweida University Of Applied Sciences, it can be concluded that the starting point for managing real estate cycles is not the most accurate long-term forecast. This is because real estate cycles are very complex (Hochschule Mittweida, 2023).

It is difficult to predict the state of the property market after the war, but we can assume that the situation will be as follows. Once the State Register and the State Land Cadastre are fully restored, we may see housing prices fall in the east of the country and rise in the west as people leave the country. Due to the war, housing construction in Ukraine has partially stopped. Materials and work have risen sharply in price. There was no demand for primary housing. Ukrainians are not ready to invest in primary real estate at the moment. Prices quoted by buyers do not correspond to the real value. The number of purchase and sale transactions has dropped significantly since the start of the war.

If the war continues until 2024, the situation in the primary housing market will remain very difficult. In addition, the overall economic situation in Ukraine will deteriorate, and possible power cuts will result in a large number of development companies being unable to meet their obligations to creditors and entering bankruptcy proceedings. A large number of investors who have purchased housing by instalments or mortgages will not be able to repay their debts. The outlook for the Ukrainian property market today depends on developments related to the war. Demand on the property market is likely to shift significantly towards suburban properties and economic sectors. This trend will continue beyond 2023 (Koba, 2022, p. 27).

For a successful project, it is necessary to create a real estate portfolio that is as resilient as possible to the following cycles:

- cyclical valuations
- good timing;
- high degree of diversification;
- high investor reliability (Hochschule Mittweida, 2023).

So, if we talk about the real estate market after the war, we can expect a recovery in prices in the first place. This is due to the following factors (Table 3):

Table 3: Reasons for price recovery

Reason.	Contents
Psychological	We understand the war will be long, but we want to live for the present. We want to work normally, help the army, rest, raise our children and grandchildren, and not hope for an imaginary "reconstruction".
Buy cheap because of the war	Owners refused to lower prices and waited for prices to rise before renting out their homes. It led to a reduction in supply in the sales market.
Deferred demand	Buyers are postponing their purchases in anticipation of falling prices. However, prices for good properties (close to the metro, renovated and with quality amenities) are falling.
Loss of housing as a result of destruction in the frontline areas	It is not those who have lost their homes who buy them, but those who intend to rent them out to internally displaced persons who have money and can pay the rent.
The inability of ordinary citizens to invest in other instruments because there is simply no alternative for them	As many IDPs came to Kyiv to escape the rockets and find work, the demand for rental housing increased, and people started buying rental housing. Currently, IDPs are renting and are not ready to wait to complete new housing, and interest in new housing has dropped significantly.

Source: compiled by the author based on data from Zaslavska, 2023, p. 10.

As of the end of 2022, there are no clear trends in price dynamics in the housing market. On the one hand, construction costs are rising due to the destruction of some building materials factories, a complicated supply chain for raw materials, the devaluation of the hryvnia, and additional costs of operating during power outages. On the other hand, limited demand means that contractors cannot raise apartment prices significantly (Zaslavska, 2023, p. 10).

The situation on the secondary market is even more uncertain. This is due to the fact that owners prefer a wait-and-see attitude in order not to lose potential sales income in a falling market. However, where there is genuine interest, owners often make concessions to an already small number of buyers.

Conclusions

Based on the research conducted, it can be concluded that military conflicts and geopolitical instability have a significant impact on the property market. In such situations, property prices may fall, investment risks may increase, and the procedures for buying, selling and renting may become more complicated. However, despite the risks, investing in real estate under martial law may in some cases be profitable, as new opportunities may arise, such as the restoration of infrastructure and the reconstruction of destroyed buildings (Zaslavska, 2023, p. 12).

In order to reduce the risks of investing in real estate in such situations, it is advisable to pay attention to additional factors, such as the economic, security and political stability of the country, as well as the psychological state of people, their competence, experience and knowledge in the field of real estate and knowledge of the specifics of the real estate market in each region. Given that military conflicts can significantly change the real estate market, investors should carefully analyse the situation and thoroughly research the relevant information.

Therefore, in order to successfully invest in real estate under martial law, investors should not only be prepared to take significant risks, but also analyse the local real estate market in detail, identify risks and opportunities, and develop new investment opportunities by diversifying their investment portfolio.

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MANAGEMENT OF CHANGES AT THE UKRAINIAN ENTERPRISES DURING THE PERIOD OF MARTIAL STATE

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Abstract

The article discusses the problems of change management at enterprises during martial law. Unfortunately, the martial law still continues in Ukraine and does not allow enterprises to use all opportunities to their full potential. Companies must quickly respond to external and internal factors in order to continue their operation. The scientific work analyzed the opportunities that Ukraine and other countries provide to Ukrainian enterprises to support their activities. The main challenges faced by businesses were also identified. In addition, recommendations were provided on the adaptation of enterprises to the current situation. The research was carried out using scientific methods: analysis, synthesis and deduction. The practical value of this study is to provide recommendations on how organizations can apply this concept in order to improve the quality of their financial performance.

Keywords

change management, enterprise, martial law, Ukrainian economy, support of Ukrainian enterprises.

Formulation of the problem

Change management has always been a key element of any enterprise. However, in wartime, change management acquires a special nature and special significance, since the survival and further development of the enterprise depends on its success. The state of war is characterized by uncertainty, an increase in the number of risks, a threat to security and a decrease in stability in Ukraine, which can significantly affect the activities of companies. These elements create challenges that businesses must effectively address in order to cope with the new reality.

Relevance of the chosen topic

The ability to manage change is important for many businesses. Especially for companies of those countries that, in addition to economic, political, institutional and social problems, faced military actions. That is why the analysis of the effectiveness of change management in enterprises and the development of recommendations can help companies overcome modern challenges.

Analysis of recent research and publications

A large number of works by both foreign and domestic scientists are devoted to the issue of change management. electronic resources allow you to study the topic in more detail. Gaidei O., Galushko Z., Peshkov A. investigated the issue of effective change management in conditions of uncertainty. Special features of the theory of changes before and during the war were considered in their works by such scientists as: Burns T., Grove E., Aronovi V., Greiner L., Drucker F.

The purpose of the article

The purpose of this scientific work is to study modern approaches to the theory of change management and to identify the peculiarities of the influence of the state of war on Ukrainian enterprises, as well as their ability to adapt to the current situation.

Presentation of the main material of the study and the obtained results

Every company operates in conditions of constant changes in the internal and external environment. On the one hand, changes can create advantages, and on the other hand, they can cause various risks. These risks can be instability in production and financial activities, loss of potential resources and market positions. The enterprise of the future must be formed in such a way that it can continuously and quickly adapt to changes in the surrounding and internal environment, regardless of the circumstances.

Organizational development management is based on change management. This is due to the fact that the changes bring the system to another, higher level of functionality and development. In order to adapt to modern conditions, any enterprise needs to be able to manage changes efficiently. Change management is a movement from a problem state to problem solving. Change is an integral part of every business entity, as the environment in which it exists today is sufficiently variable, volatile and quite often unpredictable. Americans call the modern world VUCA - unstable, uncertain, complex and ambiguous (VUCA is an abbreviation for volatility, uncertainty, complexity and ambiguity). Therefore, companies must respond to changes by implementing effective measures (Porudeeva T., Kishkovska O., Skrypnyk K., 2018).

The concept of "change management" was defined from the point of view of different management approaches:

1. Process approach. In this case, change management is considered as a process consisting of interconnected sequential actions. In other words, change management is the application of known management functions, each of which is a process in itself.
2. A systematic approach. According to this approach, the manager should see the organization as a collection of elements such as people, structure, tasks and technology. All these elements are aimed at achieving specific goals and are closely intertwined with the outside world. Implementation of this approach requires a vision of the overall perspective of the company and its relationship with the external environment.
3. Situational approach. This approach is based on the fact that the priority of management methods is determined by the situation. Change management is considered from the point of view of choosing priority elements, i.e. project components that are in the process of change, and giving them priority influence (Zapukhlyak I., Zelinska G., Pobigun S., 2018).

Change management is mainly related to the structure of the management system, as well as the processes of making strategic and managerial decisions to ensure the effective functioning or economic stability of the enterprise. There are four types of organizational changes, which are shown in fig. 1. The development of these types should be a necessary component of the general management of adaptation of enterprises to changes.

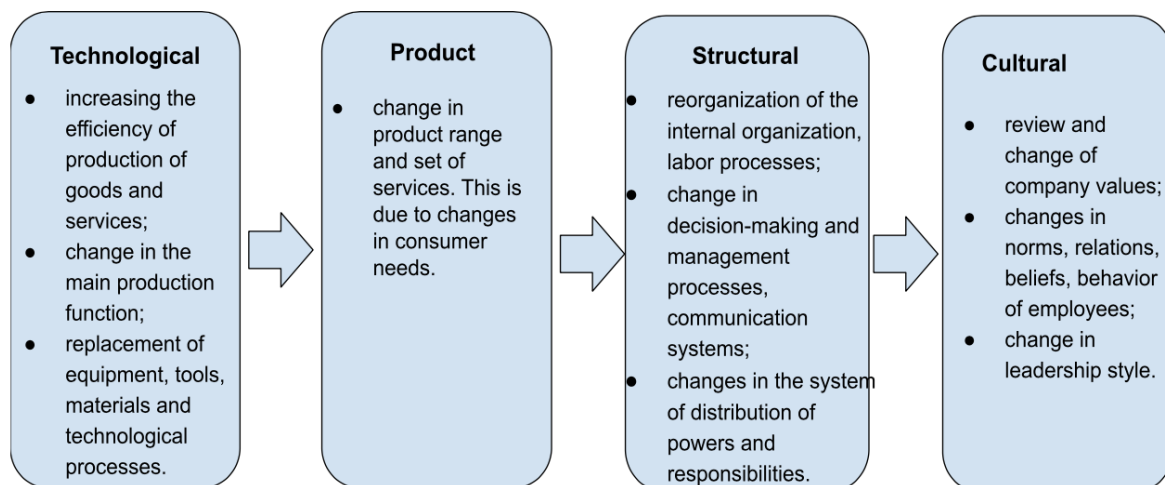


Fig. 1. Types of organizational changes.

Source: Grinchenko R., Kyslychko K., Nechepeliuk V., Onyshchuk V., "Prerequisites for the adaptation of enterprises to changes during the war period", 2023.

Theories of change management are always relevant, but in the conditions of war they acquire a more special meaning. The aggressor country launched a full-scale invasion on February 24, 2022. These events affected the life of every Ukrainian and every company. The changes did not bypass any branch of the country. One of the most affected sectors is the economic sector. The fall of the economy was the worst in the entire history of Ukraine (O. Pogarska, 2023). The change in real GDP over the entire history of Ukraine can be seen in fig. 2.

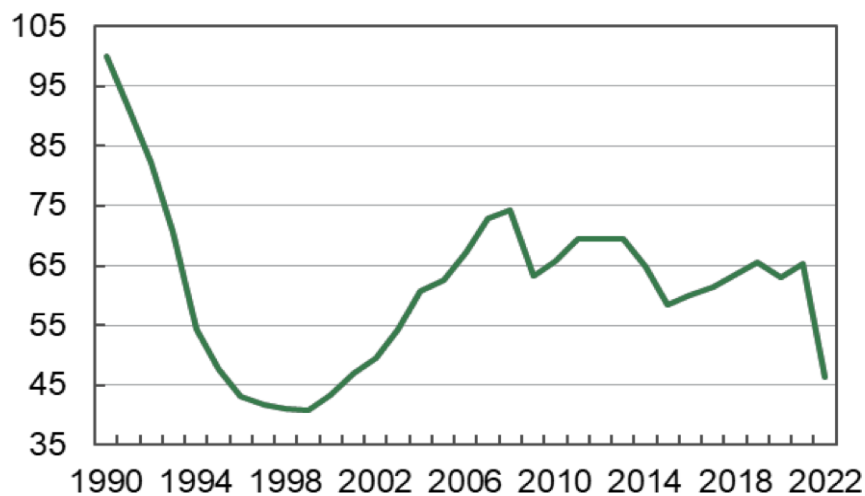


Fig. 2. Dynamics of real GDP in Ukraine for 1990-2022, %.

Source: O. Poharska, *Economy of Ukraine in the conditions of war*, 2023.

We should also note that in 2022 real GDP decreased by 29.1% compared to 2023. Such a significant reduction in GDP is due to the fact that a large number of enterprises either stopped working, or lost or reduced their pre-war capacities. On the 6th month of martial law, the Advancer agency conducted a survey that generally covered medium and small companies. 842 participants took part in the survey. Compared to the business situation on the eve of 2022, about 40% of respondents reported that businesses have completely or almost completely stopped their activities. About 11% of companies noted that they did not change or increased their production volumes (E. Grigorenko, M. Shnitzer, 2023).

Another survey was also conducted in July 2022, which covered owners and representatives of small, medium and large Ukrainian businesses. The survey was conducted by Gradus, where it was determined that only 22% of the 104 respondents surveyed had business as usual. Half of the companies work only partially, and 19% of the participants testified about the suspension of activity (E. Grigorenko, M. Shnitzer, 2023).

The main factors that affected the activity of Ukrainian companies during the martial law:

- 1) occupation of territories;
- 2) damage to property, infrastructure and production facilities;
- 3) rising unemployment;
- 4) violation of logistics;
- 5) increased risks and high uncertainty;
- 6) external and internal population movement;
- 7) loss of suppliers;
- 8) decrease in supply and demand.

However, despite the difficult situation, it is worth noting that in 2023, the national economy began to recover due to adaptation to the prevailing situation in the country. A large number of companies were able to adapt to new conditions (National Bank of Ukraine, 2023). For example, the general director of the Esculab medical laboratory, Serhiy Dyadyushko, said that the company had problems with logistics. In the beginning, the goods were sitting at the borders for a very long time, but the supply chains managed to be optimized over time and now the goods are sent almost as fast as before the war (Unian, 2023). The Ukrainian economy was able to survive all this time not only thanks to the support from other countries, but also because our companies and citizens were able to react quickly in modern situations.

Many enterprises relocated from dangerous regions or from regions under occupation to more distant regions (Lviv, Ivano-Frankivsk, Zakarpattia, Chernivtsi, Khmelnytskyi, Vinnytsia, Ternopil regions). During the year of the war, 800 enterprises were relocated to safer regions. This was reported by Deputy Minister Tetyana Berezna (Ministry of Economy of Ukraine, 2023). Examples of companies that have relocated are: "Sem

Ekopak", "Pozhmanshina", Matrolyuks, etc. (Kunitsky O., 2022). Data on the structure of business relocation are presented in fig. 3.

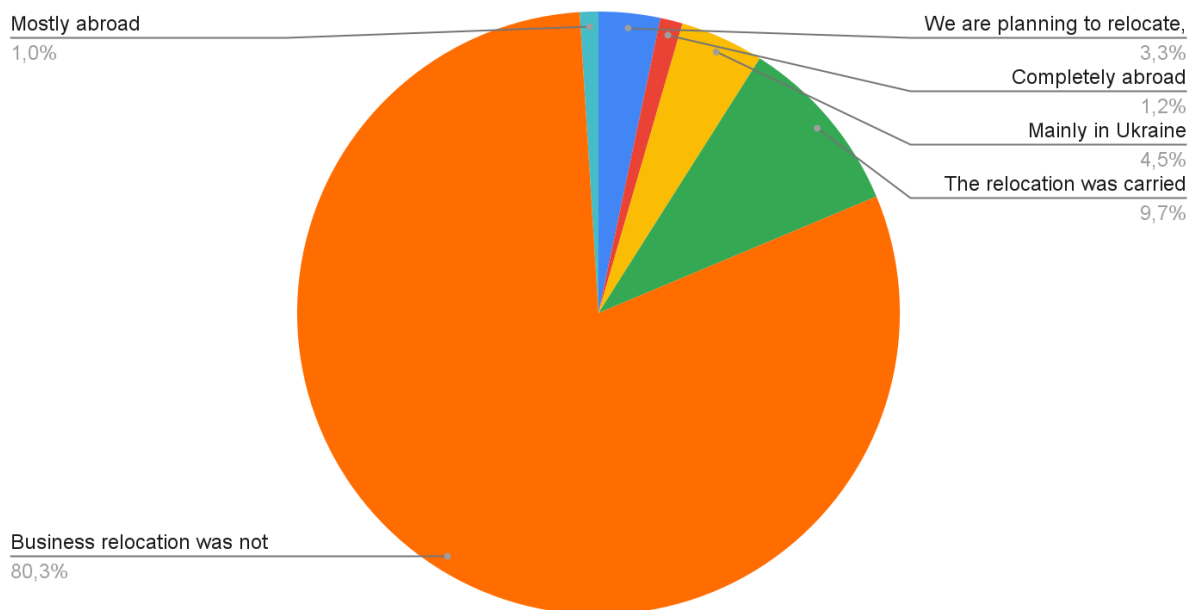


Fig. 3. Structure of Ukrainian business relocation as of January 2023.

Source: Grinchenko R., Kyslychko K., Nechepeliuk V., Onyshchuk V., "Prerequisites for the adaptation of enterprises to changes during the war period", 2023.

An enterprise that has decided to relocate can receive an aid package from the state:

- 1) location selection for production facilities;
- 2) assistance with transportation of equipment to a new location;
- 3) assistance in the placement of workers and the search for new workers;
- 4) support in the implementation of logistics, procurement of raw materials and the search for a sales market.

It is assumed that the economy will continue to hold up and it will be possible to avoid a decrease in real GDP, which amounted to UAH 3,865,780 million in 2022 (Ministry of Finance, 2023). The state introduced social programs that helped businesses get out of a difficult situation, relocate and continue working. Examples of such measures are:

- compensation for employment of IDPs;
- a digital interaction platform to assist in business relocation;
- grant competitions;
- obtaining financing or the opportunity to apply directly to banking and financial institutions;
- assistance from the Business Ombudsman Council;
- checklist for business (the initiative helps to gather information and help to take real actions for running a business) (Action.Business, undated).

It can be noted that Ukraine is trying to promote the development of enterprises and help them overcome all challenges. In addition to government measures, one should also be very grateful for help from other countries. About 40 countries of the world have provided military, humanitarian and financial support to Ukraine in the amount of almost 185 billion dollars as of July 2023 (Word and Deed, 2023).

To the surprise of the whole world, Ukrainians were able to learn to work during air strikes, long-term blackouts of electricity, Internet, water and heat. Many obstacles have remained in the past, but the military conflict is still ongoing and a huge number of challenges await Ukrainians.

Given the current circumstances, every enterprise must be flexible and able to adapt. Challenges force managers to solve complex problems, be ready for difficulties, flexibly manage business, personnel, fulfill the set goal, develop and improve business management strategies in crisis situations. A great responsibility rests on the management's shoulders. The tasks of managers during martial law are: ensuring the safety and well-being of personnel, managing risks and uncertainties, implementing adaptation of strategies and business plans.

Changes at enterprises are due to the development of the surrounding and internal environment.

Companies must constantly adapt to the environment in which they exist. Change management is a process of constantly adjusting the company's direction of activity, changing the behavior of employees in conditions of uncertainty. It should also be taken into account that changes in any unit of the enterprise usually affect the work of the entire company (Porudeeva T., Kishkovska O., Skrypnyk K., 2018).

Effective management of changes at the enterprise in modern conditions is impossible without efforts from both managers and employees. It is clear that the human factor must be taken into account. People cannot always act rationally and logically in critical situations, given the psychological pressure that martial law brings. The inability to cope with changes at the enterprise can be due to many reasons: uncertainty of the staff in the future, unpredictability of the situation, change of place of work, inability of employees to perform new work, great stress, disruption of social relationships and the pace of usual life, change of employee status, lack of motivation, lack of time, lack of qualifications and knowledge, unclear organizational structure, loss of control over changes, violation of established norms of behavior.

According to materials from the German university Hochschule Mittweida, we can say that companies are in a rather tense environment (Fig. 4).

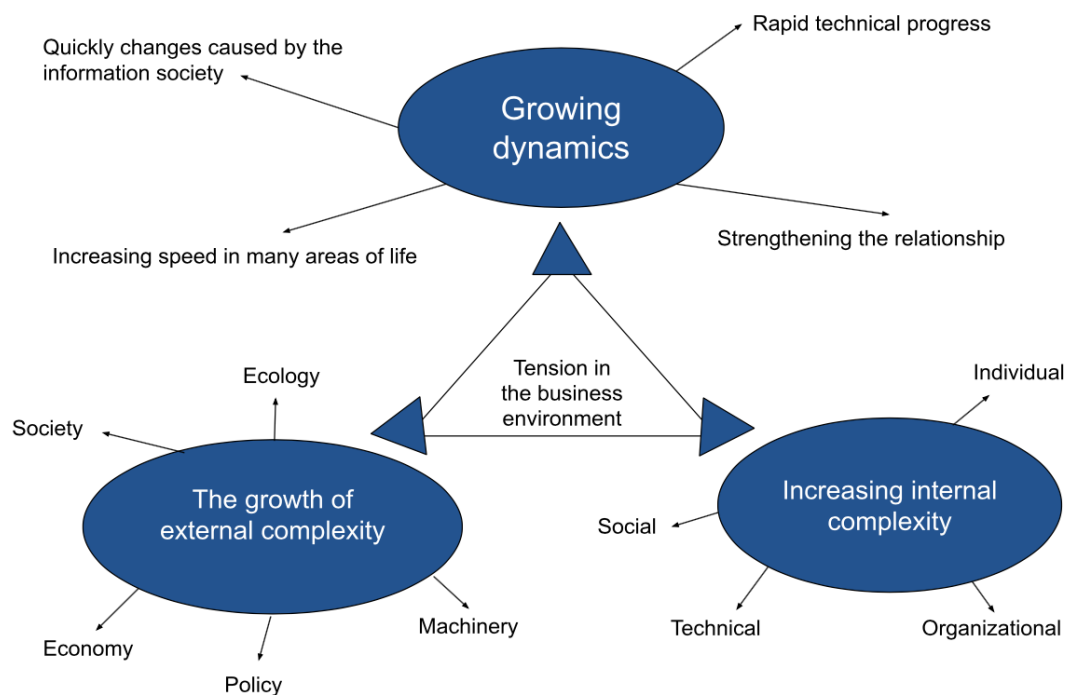


Fig. 4. Tension in the business environment.

Source: Hochschule Mittweida University.

In figure 4 it can be seen that there are a large number of factors that affect the state of tension of the enterprise. These factors are increasing external complexity (society, ecology, technology, economy, politics), increasing internal complexity (social, technical, individual, organizational), and increasing dynamics. For quality management of changes in the enterprise, every entrepreneur should be aware of the existing risks. In addition to the risks that exist in ordinary time, there are added risks that are inherent in the state of war.

Since the beginning of Russia's full-scale invasion of the territory of Ukraine, the main challenges for enterprises have been a decrease in demand and financial capabilities of customers, disruptions in supply chains and a shortage of financing. As a result of the decrease in the purchasing power of Ukrainians, food products with a maximum shelf life and affordable prices are now in the greatest demand. In the first month of the summer of 2022, the "Silpo" supermarket chain recorded a significant increase in the purchase demand for salt, soda, vinegar and sugar. Sales of salt increased by four times, soda - by 3.5 times, vinegar - by three times, and sugar - by two times (Unian, 2022).

In September 2022, 12.2% of surveyed SME owners and CEOs chose the destruction of supply chains as a barrier to functioning and growth (Diya.Business, 2022). The lack of financing is reflected in the fact that the state has a budget deficit, and foreign investments enter the Ukrainian market with difficulty. Among other problems are rising prices for materials, raw materials, and energy sources, lack of credit funds, and lack of a sufficient number of qualified workers.

The uncertainty of the modern state is a reality that modern organizations have to deal with. Adapting to any changes in the enterprise requires certain efforts not only from managers, but also from all personnel. An important aspect is the psychological adaptation of employees in the company to new changes.

During the state of war, the economy and business are subject to changes in macroeconomic processes, the demographic situation, conditions for the supply of products and services to the market, and business financing. In such a situation, general management methods do not always work. It is necessary to direct the forces of the organization to adapt to changing conditions and the behavior of interested parties, maintain old partnerships and establish new relationships, update technology, style and management methods (Galushka Z., 2022).

Now it is important to make efforts to interact with stakeholders. Stakeholders are all interested parties of the company who have relations with it and thus influence the company's actions. These include investors, employees, creditors, customers, suppliers, competitors, the state and society. That is why the culture of the organization must have trust, preserve norms and values, implement elements of corporate culture, adhere to the principles when determining priorities.

The leader's leadership should be close to ideal for the efficient functioning of the company. It is also necessary to learn stress management tools, which include delegation of responsibilities, independence in decision-making, effective use of time and staff motivation.

It is important to understand how an enterprise can effectively cope with changes during martial law. Adaptation measures that can be applied by small companies: changing the usual business processes, changing the management style, planning operational activities for a short time, reducing staff and forced increase of work for the remaining employees. In addition, the company's strategic plan must be edited, new paying customers, partners, suppliers must be involved. It is also necessary not to forget about the financing of the company (Peshkov A., 2023).

In order to adapt their activities, large companies must analyze the situation and develop products to meet the new needs of customers; increase the volume of work and redistribute responsibilities among employees, reduce the number of personnel; think through your strategy plan. The company's strategic tasks for adaptation are logistics settings; search for new suppliers, customers; access to international markets (Peshkov A., 2023).

An important means of support for entrepreneurs is training. To achieve success, you need to constantly learn and develop. At the same time, it should be done not only by the entrepreneur, but also by the team. Training can be carried out in the format of educational trainings, lectures, courses and seminars. This can improve the company's adaptability to changes and help achieve a more efficient result in the enterprise's activities.

It is interesting to note that the war affected the activities of Ukrainian enterprises. For example, new enterprises with the production of military equipment appeared. In the summer of 2022, the state could purchase drones from only 7 companies. As of August 10, 2023, drones can be produced and sold by 40 companies. At the same time, the number of UAV manufacturers should double to 70 by the end of this year (Nesenyuk, A., 2023). The increase in the production of drones in Ukraine can be seen in fig. 5. This sphere would not be so developed in Ukraine now if there was no demand for these goods.

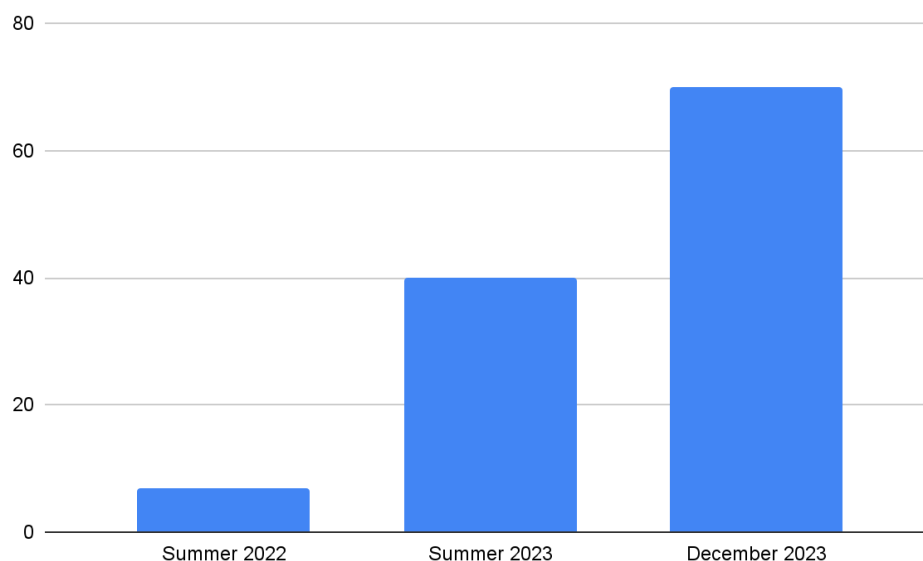


Fig. 5. Production of drones in Ukraine.
Source: Compiled by authors based on Forbes, 2023

Also, some enterprises decided to expand their activities and enter the international market. The reason for this was the external migration of a large number of people. Ukrainians are used to national products and the level of service. That is why there was a demand for Ukrainian goods abroad. In addition, due to the close cooperation of other countries with Ukraine, there are more opportunities for companies to enter the international market. For example, "Nova Poshta" has already opened in Lithuania, Moldova, Germany, Poland, Romania and the Czech Republic. "Lviv Croissants" and "Drunken Cherry" currently operate in Poland. Despite the fact that these companies plan to further develop their markets. According to the Mastercard SME Index study, 28% of Ukrainian enterprises operating during the war have already expanded their activities outside the country. Another 21% of enterprises plan to do so in the near future (Economic truth, 2022).

According to the data of the Mastercard SME Index study, the most priority countries that Ukrainian companies can potentially consider for expanding their activities are presented in Fig. 6.

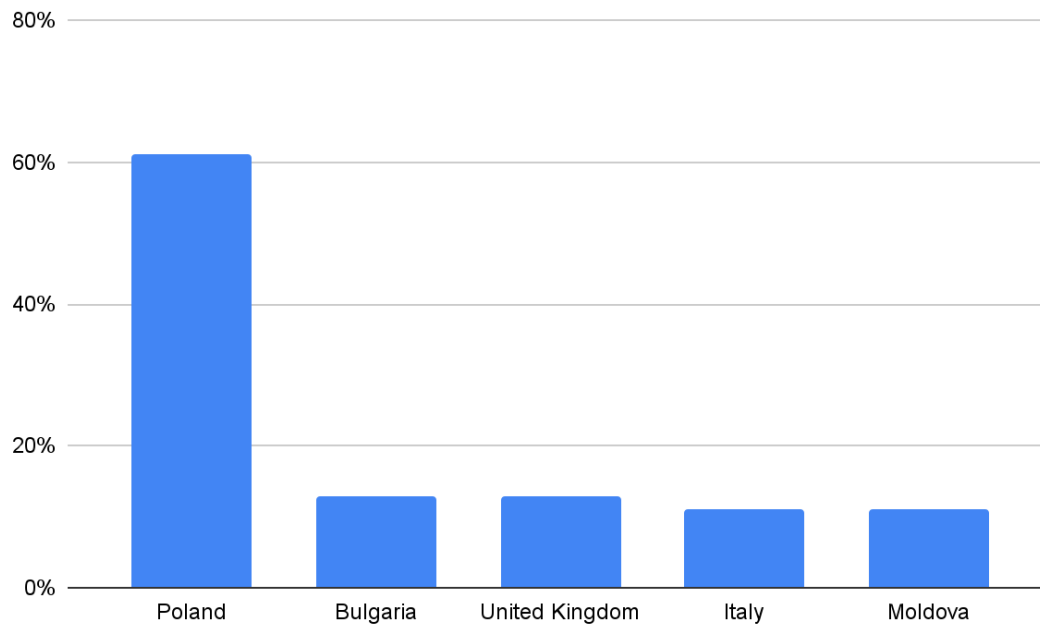


Fig. 6. Priority countries for the expansion of Ukrainian business.

Source: compiled by the authors based on the article "Business during the war: how many entrepreneurs started working "abroad"", 2022.

At the same time, entering international markets is accompanied by a number of problems. Thus, our companies lack finance, qualifications and production equipment to enter foreign markets. According to the Mastercard SME Index study, the following areas may become the most potential Ukrainian bestsellers in the world: IT services (49%), designer clothes (28%), craft products (26%) and jewelry, including jewelry (23%) (Economic Pravda, 2022).

The European Business Association has created a system - Global Business For Ukraine, which will help foreign companies interact with Ukrainian ones. The program should facilitate the transition of Ukrainian business to the international market, and attract global enterprises to the Ukrainian market.

In addition, the Ministry of Foreign Affairs launched the Nazovni platform, which helps companies negotiate with countries and solve specific problems when entering new markets (Economic Truth, 2022).

It is also important to note that domestic companies managed to adapt to the deterioration of business conditions, especially adapting to blackouts of electricity, Internet and water. All business entities that sought to continue working under martial law underwent changes. For example, problems with energy supply in the winter of 2022 could completely stop the country's economy, but Ukrainian companies quickly adapted. Generators, satellite communication terminals were purchased for operation, schedules and working conditions were also revised. It was a rather difficult period for both people and businesses.

For the operation of the supermarket, the generator is enough for 6 hours. However, if the light did not appear during this time, the supermarket had to close. In order to adapt to the changes, the networks purchased a large number of generators. Silpo and ATB said that the power outage has slightly changed the assortment in their stores. The amount of perishable products was reduced: fish, dairy products and frozen semi-finished products (Economichna pravda, 2022).

The state is also currently warning businesses to be prepared for winter blackouts in 2023-2024. In October 2022, ex-Minister of Energy Ivan Plachkov stated that Ukraine's energy system has only 30% of its potential due to damage (Economic Truth, 2022).

However, it is worth noting that there are companies that were able to cope with changes in the enterprise during martial law. LLC "BMU-3" is a leading construction company located in the city of Vinnytsia and engaged in housing construction. The company's portfolio includes more than 90 completed projects with an area of 700,000 square meters, including residential, administrative and commercial projects. The main activities of the company are construction of residential and non-residential buildings, mining of sand, gravel, clay and kaolin, production of other wooden construction structures and products (Concern Podillya, b.d.).

With the beginning of the war, the BMU-3 company faced a number of problems, including temporary production losses, logistical problems, a fuel crisis, and the mobilization of workers into the ranks of the Armed Forces. In general, the sale of products - the sale of housing - was suspended.

To manage change in the enterprise, the company moved from long-term planning to short-term planning, and in addition, each department developed its own crisis preparedness plan. They began to apply a simplified regime for regulating labor relations on an individual basis, that is, between an individual employee and an employer. A simplified regime for regulating labor relations on an individual basis, i.e. between an individual employee and an employer, was also introduced.

To date, the Ukrainian authorities have introduced the "Yeoselya" monetary program, which allows young professionals to get a loan at 3% or 7% for the purchase of housing (Diya. Yeoselya, n.d.). According to this program, LLC "BMU-3" sold 60 ready-made apartments.

During the full-scale war, LLC "BMU-3" faced a large number of challenges and problems. However, the company was able to cope with all these changes by applying a number of effective strategies and management methods. For example, short-term planning, crisis preparedness plans, individual regulation of labor relations, use of the Yeosel monetary program. These strategies gave the organization of LLC "BMU-3" flexibility to new conditions and allowed it to successfully cope with changes at the enterprise during martial law. The company uses all resources and opportunities to continue its activities.

Conclusions

Therefore, during martial law, business faces many obstacles and challenges that can negatively affect its operations. Ukrainian enterprises lack knowledge, expertise and technologies to effectively manage all changes in the enterprise. Also, the business is faced with a shortage of qualified personnel, the difficulty of obtaining profit from its activities and constant adaptation to new conditions. In addition, increasing competition, lack of paying customers, insufficient financial resources and economic instability can be a problem for the enterprise.

However, strategic management, communication, conservation of resources and quick adaptation to new market conditions can contribute to the sustainability of the enterprise during martial law and ensure its survival and further development. In addition, support from the Ukrainian government and other countries plays an important role in the adaptation of enterprises to such difficult conditions. Various national and international programs help enterprises to obtain financial support, information support and logistical assistance, which will allow companies to effectively carry out their activities.

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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

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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.

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.

The relevance of the 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

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.

Summary of the main material

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 emphasize 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 minimize 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 can be highlighted as 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 emphasized 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.

Table1: 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 (TripAdvisor, Booking.com and Airbnb) 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 organizing 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 optimization (SEO)	Improving a destination's website for search engine optimization (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 emphasizes 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, minimizing 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 travelers 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 in the country.

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 (@OdnoyPravoy) 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.

Table2: Examples of ecotourism promotion on different social media platforms

Social platform	Advertising material
Instagram, Facebook, Twitter, etc.	<p>"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 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. #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>
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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.

Conclusion

In Ukraine, ecotourism is an emerging industry, but it has been attracting more and more attention 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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GENDER EQUALITY IN RECRUITING AND SELECTION OF PERSONNEL: STRATEGIES AND PRACTICES OF COMPANIES AS AN ELEMENT OF PROFESSIONAL ETHICS

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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.

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 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:

6. 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.
7. 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.
8. 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.
9. Partnerships with external organizations: P&G partners with other organizations and groups working on gender equality to work together to achieve equality goals.
10. "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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BUSINESS ETHICS IN MEDIA MANAGEMENT: CHALLENGES AND PROSPECTS

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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.

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 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.

Purpose and objectives.

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.

Summary of the main research material and results.

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 of diverse content and concepts, so it is important to have a creative approach to developing and implementing 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).

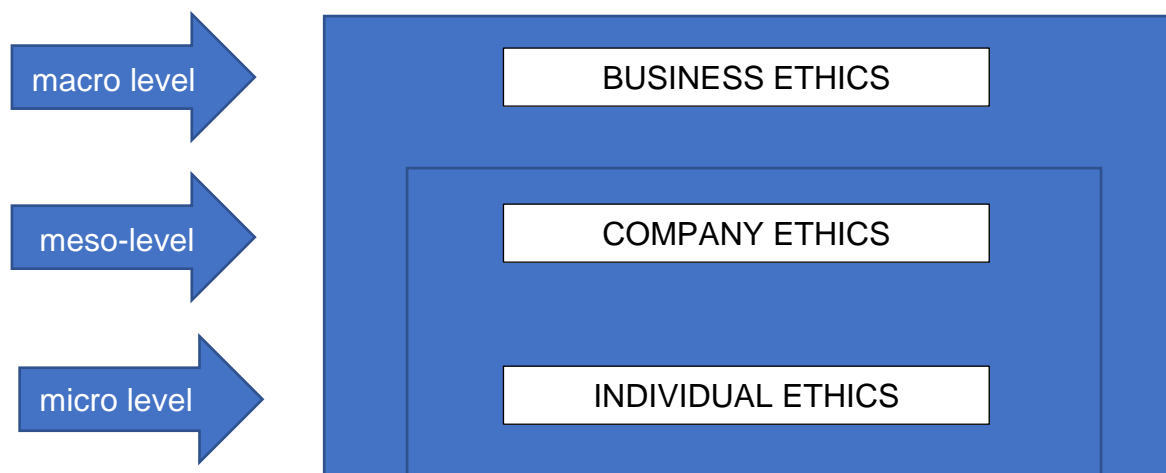


Figure 1. Three-level model of business ethics

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.

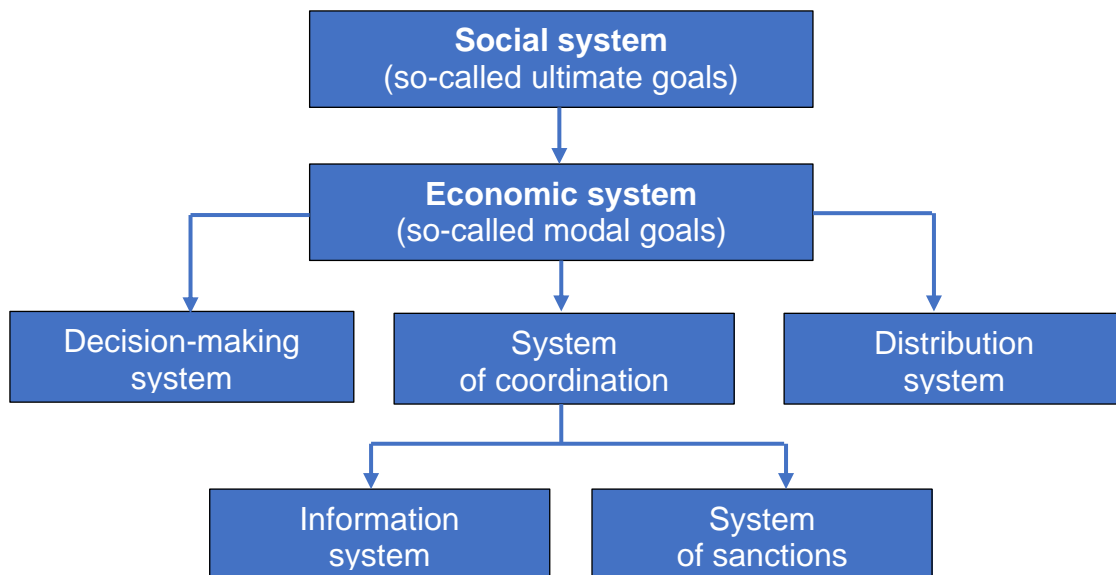


Fig. 2. The role of the information component in the formation of business ethics

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 is advertisers who invest in advertising on media platforms. 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.

**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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