

ABSTRACTS

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DECISION-MAKING UNDER RISK: FROM THE UTILITY PARADIGM TO THE PARADIGM OF FOUR BASIC TYPES OF DECISIONS

Economics has been developing for more than twenty centuries according to the utility paradigm that has been embodied in a number of economic theories, including the theory of the decision-making under risk. At the same time, the existence of many facts of the discrepancy between the theory of decision-making under risk and economic practice raised the question of the need to search for new theories that would be free from the set of these fixed discrepancies.

To solve this important task is possible only within a new paradigm – the paradigm of four basic types of decisions that would help to avoid many existing contradictions between the theory and the practice of making economic decisions under risk.

The fundamentally significant practical result of centuries-old utility paradigm dominance is that decisions under risk taken by subjects of economic relations are compared based on their value.

Within the paradigm of four basic types of decisions, the economic interest of the subject of economic relations to the implementation of any of four basic types of decisions is determined by the difference between the base type of the decision value in relation to the implementation of which the economic interest is determined and the value of the second alternative basic type of decisions in this stable state.

The key difference between the utility paradigm and the paradigm of four basic types of decisions in the context of decision-making under risk theory is that within the paradigm of utility, certain decisions under risk taken by subjects of economic relations are compared on the basis of their value, and within the paradigm of four basic types of decisions, certain decisions are compared on the basis of the value of economic interests to the implementation of these certain decisions.

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ECOLOGICAL AND ECONOMIC SECURITY OF SUSTAINABLE DEVELOPMENT OF NATIONAL ECONOMY

Main components of national security are highlighted and the main approaches to the understanding of the concepts of economic and ecological security are researched in the article. The basic factors causing the crisis ecological situation in Ukraine were highlighted. The authors' vision of the essence of the "ecological and economic security" concept as a component of national security ensuring national sovereignty and authors' vision of national security structure are offered. The article emphasizes that the development of the renewable energy sector is the main direction in strengthening the energy and ecological and economic security of the Ukrainian economy. The article suggests a number of measures that, in the authors' opinion, will stimulate business entities and citizens to implement projects on the use of renewable energy. Among the main activities that will have a significant impact on strengthening energy and ecological and economic security of Ukraine, the authors identified: improvement of legislation in the field of taxation of business entities; expansion of the newly formed Energy Efficiency Fund's authority; establishment of the territorial funds to finance small-scale local projects to introduce the use of renewable energy; creation of a separate department for the development of renewable energy in the composition of the National Commission that carries out state regulation in the fields of energy and utilities; the development of a macroeconomic financial mechanism to provide an interest-free loan for the development of renewable energy projects; activation of partnership by concluding agreements between enterprises.

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AN ANALYSIS OF THE PRACTICE OF USING THE EXPENDITURE-PLANNING TOOLKIT AND THE STATE BUDGET DEFICIT OF UKRAINE

The state policy of filling the budget depends on the amount of financial resources needed to address development goals of public. Since this volume is limited, attention is focused on most actual and urgent tasks. The reasonableness of the acts of the authorized management bodies will allow to explain the public how and where the taxpayers' funds will be directed and why they are not enough. The directions of the use of funds and projected indicators of expenditures and deficit of the state budget are displayed in the budget plans, which should be consist of taking into account the most optimal set of methods and management tools.

The results of the conducted research showed that in order to increase the efficiency of the use of the toolkit of planning the expenditures and deficit of the state budget of Ukraine it is necessary: to improve the

order of using planning methods (for example, program-target, normative, forecasting); to determine management tools for outgoing financial flows (in particular, budget allocations, lending, intergovernmental fiscal transfers) and to instruct predictive results from their application in the budget plans explanatory notes; to evaluate the economic and social efficiency from using tools of cover the budgeting deficit (for example, privatization and government borrowing). An adequate assessment of the management tools will allow you to choose the most optimal ones. The introduction of the mentioned recommendations in the budget planning practice will have a positive impact on the level of public finances in the medium and long term.

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BEHAVIOR COMPONENT IN CLASSICAL APPROACHES IN GAME THEORIES

In modern economic science, theories increasingly criticizing the paradigm of “homo economicus” that dominated for decades are gaining increasing importance. Undoubtedly, the reason for this is not just the scientists’ striving for new horizons in research, but an increasing number of experimental data that testify to the violation of the theoretical premises of the “economic man” and the apparent irrationality in the behavior of economic entities. Of course, the greatest successes in the field of such critique was the work of economists Daniel Kaneman and Amos Tversky, published in 1979 in the journal *Econometrica* entitled “The theory of perspectives: analysis of decision-making with risk”, much later developed by followers, in particular, by Dann Ariel. Nowadays, the so-called “behavioral economy”, essentially created by Kaneman and Tversky to the development of the traditions of early institutionalism and subsequently substantially refined by their followers, is, apparently, one of the most promising theories. The role of psychological and socio-cultural factors in decision-making in recent years has ceased to be underestimated, as it was many decades ago. As a result of such factors, a decision taken from the traditional point of view can take a completely irrational form.

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STATE AND STRATEGIC PERSPECTIVES FOR DEVELOPMENT OF DOMESTIC METALLURGICAL ENTERPRISES

In conditions of increasing competition among world producers of metallurgical products, reduction of sales markets, aggravation of political and economic problems in Ukraine, insufficient attention is paid to the study of the state of enterprises of the domestic metallurgical sector of the economy. Therefore, it is important to develop strategic prospects for the metallurgical sector on the basis of an analysis of the current state and identified trends.

Consequently, on the basis of the research it can be concluded that the steel industry in Ukraine is characterized by negative trends. However, Ukrainian enterprises aim at maintaining a financial position at an appropriate level, find potential opportunities for this, and engage foreign partners in the implementation of investment projects in cooperation.

Studies show that the development strategy of the plant forms the main initiatives for leadership, namely: the concept of creating an energy efficient enterprise; calculation of various variants of volumes of production of metal products; formation of the concept of an effective logistic scheme for the sale of metallurgical products.

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PROSPECTS FOR THE FORMATION OF UKRAINE'S INNOVATION INFRASTRUCTURE

The necessity to deepen theoretical research, presentation of the results of generalizations concerning the scientific and practical aspects of the formation and development of innovation infrastructure at the present stage of innovation development of the national economy has been substantiated.

The conducted research of the infrastructure of innovation activity in Ukraine reveals significant defects and errors that manifest themselves in the disunity and lack of coherence between elements of innovation infrastructure.

The main directions of the implementation of approaches to directing the development of innovation infrastructure and the national economy in the innovative way have been highlighted. For the development of innovative infrastructure in our state, we need to choose the path of innovative development on the basis of a market breakthrough or inertial development of the simulation type.

Implementation of the model of innovation development depends on the direction of implementation of the scenario of transformation: investment and inertial. The basis of the steady progress of the national economy lies in the innovative strategy. For this purpose, it is worth considering and implementing an innovative strategy for the development of innovative infrastructure objects in the future. The directions of im-

provement of the model of innovation development in order to make changes in the functioning of the economy and the development of innovation infrastructure have been identified. In modern conditions it is expedient to choose the optimum proportions for the formation and development of innovation infrastructure.

The interdependence and cyclicity of the development of the innovation process in the country in the context of the development of innovation infrastructure has been presented. Economic growth can be achieved through better business conditions for national commodity producers in the field of innovation.

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THE DYNAMICS OF THE CONSUMER SENTIMENT INDEX IN THE CONTEXT OF COUNTRIES' ECONOMIC GROWTH

Consumer behaviour largely determines the peculiarities of the development of national economies, and consumer spending of households is the most important component of the GDP of any country. The Consumer Sentiment Index is an important indicator that allows us to assess the public opinion about the current and future state of the economy and to determine the level of consumer confidence expressed by the population through its consumption and savings. The index also gives an idea of the extent to which consumers are reluctant to spend money, and thus predict economic growth in the short run. In turn, the awareness of the nature of the link between the Consumer Sentiment Index and the country's GDP allows us to choose more efficient tools to stimulate consumer demand and household consumption expenditure in a specific country at a given time.

The relationship between the Consumer Sentiment Index and the US, EU, and Ukraine GDP growth rate by correlation and regression analysis is explored. A stronger correlation was found between the Consumer Sentiment Index and the growth rates of the EU GDP compared to the US and Ukraine. The following models of consumer sentiment for the countries mentioned are defined by way of a generalization of the research results: USA is a model of "moderate consumer optimism", EU is a model of "weak consumer pessimism", and Ukraine is a model of "strong consumer pessimism".

The consumer pessimism of the Ukrainian population is due, along with socio-cultural peculiarities, increasing socio-economic and political instability, underdevelopment of credit and financial infrastructure and low incomes. It significantly impedes economic growth. To overcome such a trend, a set of measures at macro and micro levels is needed that will ensure a gradual change in the model of consumer sentiment and will have a positive impact on consumption and, accordingly, on the dynamics of GDP.

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O. Zadoia

FORMATION OF AN INSTITUTIONAL ENVIRONMENT FOR ENSURING THE TRANSFORMATION OF SAVINGS INTO INVESTMENT

The necessity of amending a number of laws that may affect the formation of household incomes (enrolment time working abroad on the basis of official employment to employment subject to certain payments to the pension fund) and investment funds of enterprises (mandatory revaluation of fixed assets due to inflation, which will increase amortization deductions), will increase the inflow of savings to financial institutions (guaranteeing deposits of individuals to institutions of joint investment and the real start of the second and third stages of the pension reform) and stimulate investment business (freedom from taxation only that portion of depreciation which is actually used for investment rather than consumption) have been justified. Particular attention is paid to the formation of relevant values that can ensure the transition to social-oriented consumption and introduce rational consumer standards. This will not only help to increase the level of consumption, but will also release some of the available income for savings. It is revealed that the key to the institutional transformation of investment savings is an institution of trust, the formation of which must be subordinated to the actions of the state.

УДК 339.727.22

A. Zadoia

INTERNATIONAL RATINGS AND FOREIGN DIRECT INVESTMENTS

The article is devoted to the study of the relationship between the place occupied by the country in international rankings and the volume of direct foreign investment. The empirical examination of the widespread perception of the significant impact of the ease of doing business on a country's attraction of foreign direct investment is only partial evidence. The link between these indicators is only observed when the difference in the ranking positions is significant. Close to the rating of the country can be both attractive enough for investors, and do not cause them interest. On the contrary, a rather close link was established between the level of development of the country, which was estimated by the indicator "DP per capita", and the international investment activity measured by the amount of foreign direct investment per capita. Awareness of the fact that not only direct investments depend on the level of development of the country, but also the pace of development of the country is largely determined by the size of foreign direct investment, defines the strategy of countries that aim to accelerate economic growth.

DEVELOPMENT OF SOCIALLY RESPONSIBLE INVESTMENT IN THE WORLD

Socially responsible investment is now a trend that is dominant in the developed markets. Almost every fifth dollar under professional management is invested taking into account the ESG-criteria (which is evidence of the special status of these investment – SRI).

Socially responsible investment is considered as investment in tangible and intangible forms focused on creating long-term value taking into account the effect on the environment, social domain, quality control, and ethical obligations.

Regional development of the SRI – market is differentiated according to the growth rates, applied strategies, participants' structure, structure of assets in the portfolios, and the system of factors which are barriers or drivers for the SRI-market development.

In order to highlight the main characteristics of the development of the process of socially responsible investment in the world, historical scanning of the main stages of the development of SRI and the analysis of the current situation and general tendencies has been conducted. To reach this goal the dynamics, main strategies used by market participants, structure of assets and participants of this segment of the investment market were investigated.