

technological progress, which in turn caused additional burdens on the ecology of our planet.

Unemployment, no matter how it is measured, is always a tragedy for those who do not have and cannot get a legitimate livelihood. Moreover, its consequences go far beyond material prosperity. Prolonged inactivity leads to the loss of qualifications, which ultimately kills the hope of finding a job in the specialty. Loss of livelihood and miserable existence lead to the decline of moral foundations, loss of self-esteem, family breakdown, etc.

References:

1. URL: <http://ukrstat.gov.ua/>
2. URL: <https://index.minfin.com.ua/>
3. URL: https://revolution.allbest.ru/international/00505001_0.html
4. URL: <https://naub.oa.edu.ua/2018/глобальні-проблеми-світової-економії/>

THEORETICAL ASPECTS OF ENSURING ECONOMIC EFFECTIVENESS OF BUSINESS ENTITIES

YEVHEN DAVYDOV, PhD student

LARYSA OBOLENTSEVA, Professor, Doctor of Science in Economics, Scientific Adviser

OLENA ILIENKO, Associate Professor, Doctor of Science in Education, Language Adviser

O. M. Beketov National University of Urban Economy in Kharkiv

In the conditions of the market economy of Ukraine characterized by a high level of competition and uncertainty of market conditions, business entities depend on a number of factors that may adversely affect their activities.

Each business entity faces the task of ensuring stable functioning and achieving the main goals of its activities. The current market situation encourages enterprises to their continuous development, in particular, improving such characteristics as flexibility and adaptability.

The effective functioning of business entities depends more on the reaction rate to the changes in the external environment. By their nature, business entities strive to maximize income and minimize costs in their operation. As a result, the effectiveness of the enterprise is achieved by a real and timely assessment of its economic situation – resources and commitments.

Nowadays, a concept of the "economic efficiency" is more common as a category of the economics that reflects the qualitative and quantitative characteristics of the economic activities' effectiveness. The history of the origin and interpretation of this term in the suggested version is associated with the economists William Petty and Adam Smith. According to ISO 9000:2015, term "effectiveness" is considered to be the degree of implementation of the planned

activities and achievement of the planned results, which is, in fact, a broader category than efficiency.

Ensuring of economic effectiveness is carried out through the introduction of an appropriate management mechanism at the enterprise. The mechanism in economics is considered to be an internal structure, a system of functioning, an algorithm of management activities. In more detail, it is a set of economic methods, principles, functions, tasks, levers and instruments of influence on the state and development of the business entity.

The effectiveness is characterized by the correspondence between the set goals and the expected results. Thus, the effectiveness is closely related to planning activity, which provides an assessment of resources, potential, demand, markets and risks.

Regular assessment of the results of business entities' activities allows adaptively regulate their production or sales program and make changes in both short-term and long-term development plans.

A vivid example of ensuring the economic effectiveness of an enterprise is a quick reaction rate to dynamic market events. For instance, it is a situation when an unsatisfied demand for certain goods or services appears, and in case an enterprise has necessary production equipment, it redistributes its own resources (raw materials, workforce and financial assets) to create this product or service.

During the coronavirus pandemic, service establishments suffered unpredictable losses – in particular, the government's ban to serve meals in the premises of restaurants and cafes. The adaptability of these business entities to unpredictable market conditions resulted in the very reactive way– serving meals by wait staff transformed into meals delivery, which allowed businesses generate some income.

The effectiveness of business entities is closely related to a rational approach to resource allocation, as well as planning of the activities and actions on the analysis and assessment of the existing results (de facto).

Unfortunately, the assessment of the effectiveness of an enterprise in the traditional economic systems focuses mainly on financial goals, i.e. indicators of income, expenses, cash and commodity turnover. However, the effectiveness of an enterprise is a broader, socio-economic category that encompasses all aspects, namely, labor, material and financial resources; economic interests and the development vector of an enterprise; dependence on external and internal factors; production efficiency; safety and stability of an business entity.

References:

1. ISO 9000:2015. Quality management systems – Fundamentals and vocabulary. URL:<https://www.iso.org/obp/ui/#iso:std:iso:9000:ed-4:v1:en>
2. Demchenko A. O., Momot A. I. About the Essence of Concepts Efficiency and Effectiveness in Economics. Economic Bulletin of Donbass. 2013. No. 3. P. 207–210.