

**Danylo Svitlana**

PhD in Economics,

Associate Professor of the Department  
of Merchandise and Business

Uzhgorod Trade and Economic Institute of KNUTE

21, Orthodox Embankment, Str. Uzhgorod, 88000, Ukraine

kveta\_utei@ukr.net

**CURRENT SITUATION OF TRADE ENTERPRISES**

**Abstract:** In the given article, there are investigated the modern aspects of the functioning of trading enterprises. The principles of entrepreneurship for the entrepreneur's trading activity are considered. The role of the state in the development of entrepreneurship and the creation of favourable organizational and economic conditions are thoroughly analyzed. The necessity to develop strategies and prospective plans for the development of trade entrepreneurship is substantiated. Attention is drawn to the fact that commercial activities can be carried out by economic entities in the form of retail trade. Particular attention is focused on urgent tasks of business development, improvement of quality of service in retail chains. The main causes of this situation have been identified as well as there have been proposed directions for further improvement of trade services to the population of Ukraine.

**Keywords:** entrepreneurship, trade enterprise, retail trade, shop, trade network.

**JEL classification:** F 19, L 81, M 21

**Introduction**

In the consumer market, trading companies interact with the various entities that make up their market infrastructure. In most cases, effective partnerships are formed through appropriate market mechanisms to provide commodity resources, capital, personnel, information, etc. Therefore, an important aspect of such interaction is to ensure the efficiency of each participant's functioning and establish stable and long-lasting relationships.

This scientific problem has a close connection with the practical activity of trading enterprises, which experience problems due to the negative impact of the internal and external environment.

The purpose of the article is to study the current state of trade enterprises and to identify the features of their operation.

**The main part.** Modern management system covers several areas of activity of enterprises. One of them is the sphere of trade, the purpose of which is to ensure the delivery of products from producer to consumer. Trading enterprises, following their available resource potential, carry out their economic activities in the consumer market.

Entrepreneurship is a direct independent, systematic, at its own risk activity for the production of products, the performance of works, provision of services for profit, which is carried out by individuals and legal entities registered as subjects of entrepreneurial activity. Creating a business entity - a legal entity, as well as owning corporate rights is not an entrepreneurial activity.

Entrepreneurship aims, on the one hand, to generate profits for the business entity, and on the other - to generate income for owners, employees and the state through the efficient use of production resources. An initiative, independent and creative combination of production resources in the new product is the content of entrepreneurial activity (Polishchuk, 2000).

Entrepreneurship is characterized by economic activity - any activity of a person aimed at obtaining income in monetary, tangible or intangible forms if the direct participation of that person in the organization of such activity is regular, permanent and significant.

Entrepreneurship is based on the following principles:

- free choice of activities;
- involvement voluntarily in the business activity of property and funds of legal entities and citizens;
- independent formation of the program of activity and choice of suppliers and consumers of the produced products, pricing under the legislation;
- free hiring of employees;
- attraction and use of logistical, financial, labor, natural and other types of resources, the use of which is not prohibited or restricted by law;

- free disposal of the profit that remains after the payment of the statutory payments;

- independent exercise by an entrepreneur (legal entity) of foreign economic activity, the use by any entrepreneur of a share of foreign exchange proceeds at his discretion.

To create favorable organizational and economic conditions for entrepreneurship, the state:

- on the terms and in the manner provided by the current legislation, gives land plots, transfers to the entrepreneur state property (industrial and non-residential premises, canned and unfinished objects, unused equipment) necessary for carrying out business activity;

- promotes organization of logistical support and information services of entrepreneurs, training and retraining of personnel;

- carries out the initial arrangement of undeveloped territories with facilities of industrial and social infrastructure with the sale or transfer of credit to entrepreneurs;

- stimulates with the help of economic levers (targeted subsidies, tax benefits, etc.) the modernization of technologies, innovation, development of new types of products and services;

- provides targeted loans to entrepreneurs;

- provides other types of assistance to entrepreneurs.

The state legally provides freedom of competition between entrepreneurs, protects consumers from manifestations of unfair competition and monopoly in all spheres of entrepreneurial activity (Polishchuk, 2000).

Trading activities are increasingly carried out by employees who have no professional knowledge and are gradually losing pre-acquired skills in other areas of activity. The stratification of the population by the level of income and the process of spiritual impoverishment of the people deepens, which is not conducive to increasing corporate social responsibility for ways to generate revenue. The differences between the results of work and their remuneration are increasing. As a result of which corruption develops, the shadow economy grows, primarily at the expense of individuals - entrepreneurs for whom a simplified system of accounting and taxation and unregistered individuals ("spontaneous trade") has been in-

troduced. Besides, they are looking for ways to shred their businesses and reduce the real volume of turnover and profits and businesses - legal entities and corporate trading networks.

Legal entities, which are usually large (more than 250 persons) and medium-sized (51-250 persons) enterprises, have higher performance and efficiency indicators than small businesses, which are mainly owned by individuals - entrepreneurs.

The processes that take place in Ukraine change the strategic orientation of these entities, which is also reflected in the volume of activity of trading enterprises.

Therefore, there is a need to develop strategies and perspective plans for the development of a commercial enterprise. There can be no strategy that is suitable for all businesses. Each enterprise is special, so the process of formulating and developing a strategy for it is individual and depends on the position of the enterprise in the market, the dynamics of its development and potential, the behavior of competitors, the characteristics of manufactured products (services), the state of the economy of the entrepreneurial environment and many other factors (Kostetsky, 2011).

Trading activities may be carried out by economic entities in the form of retail trade. Retail was considered to be a separate branch of the economy, which emerged based on the social division of labour and through mediation in the sale and purchase of goods and provision of related services while ensuring the socialization of individual and social needs of the population.

In recent years, the Ukrainian market has been saturated with the development of national operators and with the advent of foreign trade networks (Goloshubova, 2014).

The main indicators characterizing the state and development of retail trade are the number of trade enterprises and the retail turnover of trade systems.

Retail Stores by Product Specialization on January 1, 2018, were distributed as follows: 13.6 thousand food and 19.1 thousand non-food stores, which is 41.5% and 58.5% of their total respectively (Official site of the State Statistics Service of Ukraine, 2018). It is proved by economic

science and practice in the country and abroad that this ratio should be 40:60, taking into account the share of non-food products in the turnover of goods, the breadth of the range of food and non-food products, the turnover of inventories (Markov, 2017). As we can see, there is a good trend in the Ukrainian market regarding retail speciality retail stores.

Retail trade turnover in January-March 2018 compared to the same period of 2017 (at comparable prices) increased by 7.6%, which is a good trend for Ukrainian trade enterprises. According to the survey of enterprises (legal entities) whose main economic activity was retail trade (hereinafter referred to as retail trade enterprises), their trading network as of January 1, 2018. There were 32.7 thousand shops, 2.9 thousand kiosks and 3, 8 thousand filling stations (Official site of the State Statistics Service of Ukraine. Taken from <http://www.ukrstat.gov.ua>). The quality of retail services and the efficiency of the use of the retail network is largely determined by the rational distribution of retail space for trade in food and non-food products (Markov, 2017).

Not only the number of stores but also the size of retail space affects the quality of customer service. It should be noted that the increase in the number of trade enterprises would be the key to their further qualitative transformation, although, unfortunately, this is not observed in Ukraine. However, the quantitative increase cannot be endless, as the increase in the market saturation by trading companies precedes mergers, acquisitions and bankruptcy.

Also, the downside of trading companies is a decline in consumer purchasing power due to rising prices because of inflationary fluctuations and higher exchange rates.

The social importance of retail is determined by the cost of time to buy goods and the corresponding increase (or decrease) in the leisure time of buyers, which can be used for leisure, parenting, sports, etc. Creating an extensive network of retailers, an advanced trading service system stimulates an increase in consumer goods production, increases the standard of living of the Ukrainian population (Apopiy, 2009).

Concerning the analysis in the state of retail trade network of Ukraine, it can be concluded that it is characterized by constant changes. Market

transformations occurring in a country have a positive and negative impact on its further development. A positive result can be considered the appearance as part retailers of modern shops (supermarkets, hypermarkets), which influenced the improvement of the quality of trade services, and negative - a sharp decrease in providing the population of retail space, which led to complete elimination in some areas and towns stationary trading network ( Shpilova, 2012).

In general, it can be argued that the level of service in domestic supermarkets is not sufficient. Quality of service is a multifaceted problem, which includes many indicators, among which it is possible to distinguish: assortment component, level and set of services, qualification of employees; the cost of time to purchase a particular product and so on. Today's quality of service is a problem in almost all retail chains, but it is safe to say that it will soon pay closer attention, as it is one of the main factors for successful development of the retail network and a major step towards European standards of public service. Improving customer service is now a top priority worldwide, so Ukraine needs to join global retail trends.

Today, the market is much saturated with unorganized forms of trade (kiosks, pavilions), wholesale and retail markets, which are predominantly owned by private entrepreneurs. For the city government, the markets that operate on their territory provide the population with additional, and sometimes even basic, jobs, the supply of necessities and food. Nowadays markets are losing their importance and relevance due to the opening of supermarkets. The wide assortment in a single spacious trading hall, the optimum location makes it easy to navigate the buyers in the review and selection of goods (Shpileva, 2012).

In recent years, retail networks of regional, Ukrainian and foreign operators have been developing quite rapidly in Ukraine and its regions. Along with the rapid expansion of the grocery chain with food and non-food items, fast food and restaurant establishments are also developing rapidly. In the future, this will contribute to the more complete satisfaction of the demand of the population, improving the quality of trade ser-

vices, expanding the product range, reducing the time spent on searching and purchasing goods.

Given the so-called trade secrets and poor statistical reporting of economic entities, it is not possible to properly monitor the state of development of the economy as a whole and trade, in particular, to conduct scientific research and, therefore, to make informed decisions about structural changes, where significant negative processes occur, which do not allow the modernization and creation of a civilized sphere of commercial services to the population and hinder (along with other destructions) the socio-economic development of the country (Kostetsk, 2011).

Trading enterprises, following their available resource potential, carry out their own economic activities in the consumer market. The processes that take place in Ukraine change the strategic orientation of these entities, which is also reflected in the volume of activity of trading enterprises.

The hindered development of commercial enterprises in Ukraine is caused by the lack of financial resources to expand trading networks in the regions, the high cost of credit resources and the presence of financial obligations to commercial banks, an increase in the value of commodity resources.

### **Conclusion**

Thus, trading enterprises carry out their own activities taking into account the factors of the internal and external environment. The conducted researches have shown that the activity of trading enterprises depends on strategic orientation, quality of service, market needs and planned result, and also the development of strategies and perspective plans of development of trade enterprise. State support, in turn, facilitates the organization of logistical support and information services for entrepreneurs, training and retraining of staff, providing entrepreneurs with targeted loans and other types of assistance.

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