

ПРОБЛЕМЫ И ПЕРСПЕКТИВЫ РАЗВИТИЯ СОТРУДНИЧЕСТВА МЕЖДУ СТРАНАМИ ЮГО-ВОСТОЧНОЙ ЕВРОПЫ В РАМКАХ ЧЕРНОМОРСКОГО ЭКОНОМИЧЕСКОГО СОТРУДНИЧЕСТВА И ГУАМ

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РЕЗЮМЕ:

В статті було проаналізовано підсистему формування соціальної економіки, а саме субіндекс „Матеріальний добробут” та був проведений розподіл регіонів за цим показником.

Ключові слова: формування соціальної економіки, субіндекс „Матеріальний добробут”, розподіл регіонів

РЕЗЮМЕ:

В статье было проанализировано подсистему формирования социальной экономики, а именно субиндекса «Материальное благосостояние» и было проведено разделение регионов по этому показателю.

Ключевые слова: формирования социальной экономики, субиндекс «Материальное благосостояние», разделение регионов

SUMMARY:

The article analyzed the formation of a subsystem of the social economy, namely, the subindex "Material wealth" and the division of regions for this indicator was held.

Keywords: formation of a subsystem, the social economy, subindex "Material wealth", the division of regions

INSTITUTIONS MATTER: THE EXPERIENCE OF PRIVATIZATION IN SLOVAKIA AND POLAND

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Main Problem

The purpose of privatization in Central Europe was to create conditions for the market mechanisms functioning. The strategic goal and visions of this process were the same in CEE countries. Despite this fact general course of privatization and the used methods were different. Great influence on the choice of directions and the speed (rate) of privatization had institutional conditions, such as social and political system, the level of openness in economic decision-making, and the nature of the process of ownership transformation.

The dispute about the active phase of privatization is over in most countries. The analysis of this process still remains important, because the ownership structure determines the conditions for the modern economies functioning.

Poland and Slovakia were among the first countries that carried out economic reforms; both countries are members of the Visegrad Group. But the course of reforms in these countries took place in different socio-political conditions. Slovakia began to carry out reforms as part of former Czechoslovakia and independent economic policy began to be implemented after the Independence in 1993. Therefore comparative analysis of the process and results of privatization in both countries allow research on the institutional factors influence on the course of property transformation.

There is a question: how de-facto the property changes, including privatization, leading to increased efficiency of privatized enterprises? The change of property leads to the necessary restructuring, because the importance of economic efficiency increases in the market conditions. Theoretically private initiative should be an incentive for economic growth. Nevertheless, research conducted by the World Bank, have shown that there are not strong correlations between the privatization of large state companies and their restructuring [4, pp. 82]. This paradox may be explained by the activity of social institutions that affects the motivation of market participants. We should remember that at the first stages of transformation owners didn't have enough experience and resources to undertake restructuring activities. Sometimes property rights came to the people, the aim of which was not to increase operational efficiency, at least in the short term period.

1. Institutional frameworks of property transformation.

Behind the legal frames large influences on the course of property transformation have informal institutions. Privatization is growing under the great influence of the political factor, since political parties are supported by some lobby groups. The ruling party in the process of privatization has a unique opportunity to "give back" for supporting a certain group of interests. In general, parties are trying to implement the transformation of property as the interests of some groups (especially their voters). The political factor here is very important on the one hand for involving community to take decisions on privatization gives more transparency for the process. On the other hand, the social factors can impede the implementation of certain, sometimes very effective, methods of privatization (f.e. the sale of state property to strategic owners, and especially to foreign investors).

Several interest groups in privatization process were involved, especially there were: managers of state enterprises who wanted to maintain their control over enterprises, and groups of potential investors interested in privatization of state property. Interest group of insiders (employees) should be also distinguished, who had an interest in social guarantees (preservation of working places, wage levels and social standards). There were other social groups whose interests were linked to the privatization process. Each group had its own impact on the course of privatization. Considering all of this in post-socialist period, only a small group can truly become owners of state property by buying it at market price in transparent conditions. There was a danger that the new owners of privatized state owned enterprises would lead it to bankruptcy before paying the whole amount of company value. In ideal case, the agency responding for privatization could balance between different groups of political influence.

Economic transformation was carried out not on the ruins of the command system, but more from the ruins. It can be seen as a result of asymmetric information between firms itself and other market participants. The combination of complex social and economic relations meant that the playing field of transformation was divided unevenly. Selected managers have tried to implement an information asymmetry in its favor during the privatization [2, pp. 48]. There was an attempt to turn de facto property, to the de jure property.

Not only institutional factors were of a great importance but also the level of transaction costs in the economy and the quality of property rights protection as well. The privatization effectiveness depends on object's property change flexibility in post – privatization economies. As experience shows, great importance has also the transparency of privatization procedures. It had an impact on both the level of public acceptance of privatization results, and the efficient use of assets in the economy during the post-privatization period.

Therefore, the creation of the legal frames for privatization is not a sufficient factor for successful privatization. The creation of informal institutions, and also the development of market infrastructure are prerequisites for positive changes in the privatization. More of them, the main aim of privatization is to create conditions for the development of market economy. The effect will largely depend on way of the implementation of privatization transactions. The restructuring and increasing efficiency may not be the case of the erratic distribution of property rights during privatization.

2. Privatization process in Slovakia.

In Slovakia (the same as in Poland), privatization took place in two scales, a "small" and "big" privatization. The first case involved the transfer of small enterprises to private owners. Due to the fact that their value was relatively low, privatization of the property had an easier character. More discussions arise during the "big" privatization.

The "small privatization" in Slovakia was realized in shortest terms. During the process of "small privatization" (before March 1994) 9 667 small businesses were privatized. Due to the fact that the main method of "small privatization" was a public tender, state revenue grew by around SKK 14 billion, while the estimated value of the property then consisted of only SKK 13 billion [4, pp.89].

The process of "big privatization" has been "divided" into two waves that consisted of the transformation of large companies' property in two stages.

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Slovakia is one of the first countries in which the process of mass (coupon) privatization began. But this process proceeded in combination with undeveloped capital market. The outset and duration of coupon privatization can be explained rather by political factors because the ruling team has used it for obtaining the highest public support.

In accordance with the principles of this kind of privatization coupon holders gained opportunity to exchange them on shares of state-owned enterprises or on the shares of Investment Privatization Funds. Theoretically, massive privatization had a shape of distributing state property in terms of financial constraints in society by the capital market. The securities market had become an instrument for exchange of state enterprises shares into privatization coupons. On the other hand, privatization should be a factor for the capital markets development, especially the securities market.

Already in 1993, "Burza cenných papierov v Bratislave" (BCPB), "RM-Systém", "Stredisko cenných papierov" functioned. However, the level of stock market capitalization in Slovakia from 1995 to 2003 continuously decreased to 3,2 % of GDP (in 2004) [4, pp.46]. Low supply and as a consequence the liquidity of the stock market prevented effective operation as a tool for the redistribution of property with low transaction costs. It was difficult to find even five Slovak companies which would meet the listing requirements.

During the privatization the property of enterprises was concentrated in the hands of Investment Privatization Funds (70 % of the privatized property).

In 1995 the second phase of massive privatization began according to which special privatization vouchers were issued. It was initiated to exchange unused coupons to the bond of the National Privatization Fund. Owners had the right to use the vouchers to privatize their apartments, or for debt reduction for the National Property Fund, in the case the payment for the privatized property was divided into installments. As a result, this type of direct privatization provided to owners debt payments with a great discount and concentration in their hands privatization vouchers. Some experts considered that the necessity of debts payment had forced the state to decide on the initiation of the second stage of massive privatization.

Privatization funds operated under the control of large financial groups, in many cases, those were state-owned banks or private financial companies. As a result, minority shareholders had no influence on the activity of companies. Banks sometimes didn't have great control capacity, and therefore the management of funds behaved quite free controlling the privatized property. Due to the fact that in the first stages of massive privatization the property was left to state companies (mainly banks) progress in privatization in this period looks doubtful. In many cases control of the Investment Privatization Funds activities was de-jure under state supervision.

Despite this, the activities of the ruled team in the 90s led to almost complete prohibition of privatization transactions, over time was also changed the concept from the massive privatization to the direct sales method. Besides, participation of foreign investors was rejected (at least restricted), property was sold the domestic investors, and the payment for the property was divided in installments with postponement to ten and even more years.

For instance, in Slovakia, according to World Bank data for the period 1992-1995, only 10 enterprises have been privatized with the participation of foreign capital, the privatization with the participation of national capital took place in 134 companies (two companies were privatized by the capital with the participation of mixed institutional investors, including the EBRD). But the average transaction price of privatized company with the participation of foreign capital was USD 14,4 million. At the same time the level of this indicator was only USD 9,2 million for transactions involving national capital. This example shows that in Slovakia there are obvious limitations on the participation of foreign investors, leading to reduced competition among the participants of privatization transactions, and as a result of lower price of the privatized property. In Poland during this period 76 companies were privatized with the participation of foreign capital, the average amount of the transaction USD 19,7 million, with the participation of domestic investors (in case the company was privatized in 1962) the amount of the transaction was approximately USD 7,6 million. Thus the participation of foreign investors in Poland was more active than in Slovakia in first phase of privatization. In each of these countries, foreign investors had higher solvency than domestic ones 10.

One of the characteristic features of the Slovak privatization was that it didn't have a transparent form; sometimes the criteria for the privatization were not obvious. As a result, privatization was held in non-transparent way in which the managers of state-owned enterprises got most of benefit [4, pp.82]. New owners received a discount on the price of privatization with guarantee for investments in privatized enterprises. Until 1999, the total number of privatized assets sold directly was 58 % and then by public tender was, only 5 % [4, pp. 93].

In 1995, some enterprises of strategic branches such as telecommunications, energy, pharmaceuticals, etc. have been isolated from the general rules of privatization. Their privatization could be started with by the power of special laws and legal acts. As a result of this decision, about 40 % of the privatized property has been excluded from the privatization process [4, pp.87].

There was an especial tight link between political and economic elite in the mode of privatization for the period 1993-1996. At that time the used privatization method consisted of direct transfer of state property to the limited number of domestic companies at reduced price. Selection criteria for private owners and transfer of the property remained in disguise. Especially in this period Slovak privatization has received a corrupt image.

V. Balóh considers privatization in Slovakia as the struggle of the financial and managerial lobbies [2, pp. 49]. Since 1994, the managerial lobby coupon privatization was cut down in favor of direct selling of companies at low prices for the domestic entrepreneurs.

In 1997 the process of market concentration began before dispersed ownership. The market has become a complex system of interrelated informal relations between the owners of the political and economic power [2, pp. 50].

Only since early 2000 with more liberal rule team coming to power, the privatization process received new impetus. The government introduced attractive conditions for foreign investors to participate. State-owned banks have been prepared for privatization and previously excluded from this process and state-owned companies were back again on the privatization list. As a result of such changes and opening the economy to foreign investment, the investment climate in the country was improved. As a result, Slovakia received during the period 2000-2001 the largest inflow of foreign direct investment in the region.

According to the research results [1], companies that were controlled by insiders (managers and workers) had significantly less potential for restructuring than the company transferred outside investors. For example, foreign investors have brought innovation, new capital, and the visions of development companies in the market conditions.

In general, access of foreign capital has been possible only by selling already privatized property. Therefore, the access for foreign capital opened by the new government led to acquisition by foreign investors under the "secondary privatization." This example illustrates the Coase theorem validity. The post-privatization ownership changes provide flow of assets from the less efficient owners to more efficient ones with more resources and with the idea of strategic development. In this case the more important is the post-privatization ownership changes not the ownership structure of the privatized property.

3. Privatization process in Poland.

During the realization of privatization programs in Poland several methods of privatization was also used, but the most common methods were direct and indirect privatization.

Indirect privatization was carried out by commercialization of state enterprises in the first stage. The second stage of privatization of property took place by a public tender and the invitation to negotiations. According to the Polish Ministry of the Treasury, in such way at the end of 2008 1 697 companies were commercialized, including 1 061, which were privatized. The most popular method was negotiations undertaken on the basis of a public invitation. In this way 62,5 % companies of the total number of privatized enterprises were privatized by indirect method. The largest part of indirect privatization of enterprises was transferred to a strategic investor, so the after process of indirect privatization the property rights on privatized assets were concentrated 6.

The program of massive privatization (NIF program) was realized in the framework of the indirect privatization. In contrast to the example of Slovakia, massive privatization in Poland had a very complicated mechanism. According to the NIF program 15 National Investment Funds (NIF) were established by the state, each of which had a control over companies participating in the massive privatization program. The especial supervisory companies were founded for managing those companies. Over time, the activities of the supervisory companies have produced a reasoned criticism from analysts and experts, because the results of their management were questionable and the management costs were high. The result of massive

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privatization were: the property right, possession right, the right to use, the right to receive income, etc. that have been distributed between different actors at different levels of economic power (citizens that have their share in NIF, NIF as the owners of shares of privatized companies, companies' managers, supervisors, etc.).

In contrast to Slovakia, the "small" privatization in Poland had been realized in "direct" way. The state-owned companies were privatized through the sale of an enterprise, contribution of an enterprise as a part of company, or giving of an enterprise to a company to be used for consideration. In this way, most state companies were privatized (2 210 in the period from 1990 to 2008), but it is estimated that they were relatively small. The most popular way is giving of an enterprise to a company to be used for consideration 6. Over time, according to the Polish experience the property of employees in privatized companies has decreased when the proportion of outsiders' shares in the property grew 9.

In the course of privatization the most important is the impact of the degree and type of the property rights distribution on the changes of economic activity indicators of privatized enterprises.

According to data from the Polish Central Statistical Office, the indicators of economic activity of privatized enterprises by indirect method show a high level of average incomes in the group of companies privatized by foreign capital. The foreign investors who purchased the company by the indirect privatization carry out activities aimed increase their market share. The companies which were privatized by giving it to a company to be used for consideration and participating in the NIF program have the lowest average profitability. Those groups of companies could not significantly improve their income indicators because of ineffective restructuring programs and some negative external conditions.

Both profit and the rate of net profit are the primary indicators of the business effectiveness. Statistic shows that the share of profitable enterprises in the total number of privatized companies was highest at the firms privatized directly, and then the least significant was noted in the companies participating in the NIF program 11.

The analysis shows that there is a fundamental difference in economic activity between commercialized and privatized companies, as well between companies privatized in different ways. It is clear that privatized companies have better indicators of economic activity and higher growth potential in the future than companies that are in transition of property. The deterioration of the economic performance of commercialized companies affirms the negative consequences "transitional" state in the process of property transformation 11.

Polish privatization experience also indicates that on the first stage of the privatization foreign investors put the main objective not only to receive high profits but increase the market share and develop the company. This is demonstrated by the growth of labor productivity, average income and cost levels in the companies 11.

In recent years according to surveys privatization in the both countries (Poland and Slovakia) is not so essential for economic development. The privatization of natural monopolies and strategic companies is also important. Therefore, privatization has now a rather fiscal nature as we see from the graphics (Fig. 1 and 2) Dispute about the number of privatized companies reducing the revenues from privatization are growing. The dynamics of privatization income generally depends on the implementation of the 3-5 largest privatization transactions, such as a PKO Bank Polski S.A., Telekomunikacja Polska S.A. in Poland or Slovenskø Plynørenska Priemysel, Slovenskø Elektrørne, a.s. in Slovakia 10.

Conclusions

The course of these changes and their outcomes are largely the result of institutional factors in each country. Choosing the principles of "privatization game" was the result of political and social factors which have been formalized in the form of privatization laws.

According to the basic issues of property rights theory, distribution and the level of property rights determines the property efficiency. Different ways of privatization will lead to the formation of different structures of ownership in privatized companies. Therefore, results in functioning of companies privatized in different ways are different. The results of privatization in various countries will differ depending on used methods.

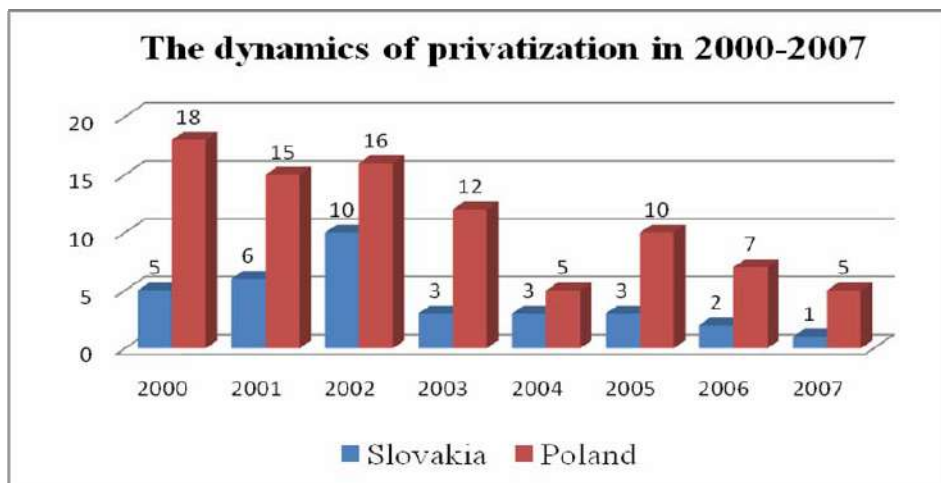
An attempt to limit the participation of foreign investors has led to a reduction in the level of competition between privatization participants. In this case domestic investors facing low paying capacity were main participants. The restrictions have caused using of non-traditional payment methods of privatization. Due to the lack of obvious and definite criteria for selecting the owner of the privatized assets, transparency of property transformation decreased. The use of direct sales and public tenders often has led to the undercutting privatization transactions prices. Ability to manipulate both the selection of the future owner and the price reduction caused appearance of the conditions for political rent seeking.

Comparison of the average transaction price of privatization by foreign capital and domestic one in Poland and Slovakia shows that limits on the participation of foreign investors led to reduction of sums paid for the privatized property. As shown in the example of Slovakia, restricted access of foreign investors did not exclude them from the process of buying already privatized property in the future. As a result, domestic owners were able to "monetize" political rent, selling at market prices assets previously privatized on favorable terms. Attempt to limit participation of foreign capital in the first phase of privatization has led to increased foreign investment participation in the economy later.

In general, privatization experience confirms the fundamental thesis of Coase theorem – companies whose property rights are too distributed, had a worse economic performance. Over time, the tendency was to concentrate property rights, both by the market mechanism and through the state activities. The transaction costs level affects the rate of post-privatization property transformation.

It is clear that the privatization of ownership should lead to changes in the effectiveness of the privatized enterprises. If one pays attention to the dynamics of the performance indicators of privatized companies in different ways the impact of the degree and nature of the allocation of property rights after privatization on efficiency of the privatized property can be note.

Figure 1



Source: World Bank Group's Privatization Database. <http://ru.worldbank.org/Privatization/>

Figure 2



Source: World Bank Group's Privatization Database. <http://rru.worldbank.org/Privatization/>

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РЕЗЮМЕ

У роботі розглянута проблема трансформації прав власності з погляду інституціональної економічної теорії. На основі порівняльного аналізу досвіду трансформації Польщі й Словаччини оцінений вплив політичних і інституціональних факторів на процес приватизацію. Аналіз підтверджує основна теза теореми Коуза - компанія права власності на які надмірно розосереджені в процесі приватизації, показують гірші результати економічної діяльності.

Ключові слова: інституціональна економічна теорія, право власності, приватизація, трансформація, теорема Коуза

РЕЗЮМЕ

В работе рассмотрена проблема трансформации прав собственности с точки зрения институциональной экономической теории. На основе сравнительного анализа опыта трансформации Польши и Словакии оценено влияние политических и институциональных факторов на процесс приватизации. Анализ подтверждает основной тезис теоремы Коуза – компания права собственности на которые чрезмерно рассредоточены в процессе приватизации, показывают худшие результаты экономической деятельности.

Ключевые слова: институциональная экономическая теория, право собственности, приватизация, трансформация, теорема Коуза

SUMMARY

The issues of property rights transformation in transition economies are discussed in the paper. The impact of both political and institutional factors on the course and results of privatization were estimated on the basis of a comparative analysis Polish and Slovak transformation experience. This analysis confirmed the fundamental thesis of Coase theorem – companies, whose property rights are too distributed by privatization, have worse economic performance.

Keywords: The institutional economic theory, the property right, privatization, transformation, Coase theorem

ВИЗНАЧЕННЯ СУТНОСТІ БРЕНДУ ТА ЙОГО КЛЮЧОВИХ ХАРАКТЕРИСТИК

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Постановка проблеми.

Сучасні вітчизняні підприємства працюють в умовах, коли відбувається швидкий розвиток та зміна ринків і посилюється конкуренція з іноземними фірмами, що мають багатолітній досвід роботи.

Основною успіху на споживчому ринку є стійкі конкурентні переваги, що полягають в кращих властивостях товару в порівнянні з тими, що конкурують. Тому одним з основних завдань маркетингу споживчих товарів є створення довгострокових купівельних переваг до певних товарних марок і забезпечення високого рівня їх ідентифікації при здійсненні покупок

Рішенню цієї задачі в значній мірі сприяє використання брендинга - нового для вітчизняних підприємств підходу, що полягає у виділенні окремих товарних марок в самостійні об'єкти маркетингу і просування їх на регіональні ринки за допомогою створення безперерпних рекламних об'єктів.

Аналіз останніх досліджень і публікацій

Основи теорії брендингу були закладені і розвинені професором Каліфорнійського університету Девідом А. Аакером. Також дослідженню брендинга присвятили свої роботи такі вчені спеціалісти в області брендингу, як Жан-Ноель Капферер, Філіп Котлер, Леслі де Чернатоні, Тед Левітт, Ел Райс та ін.

Виділення невирішеної проблеми

Проблема розробки, формування та просування брендів є актуальною для багатьох фірм і підприємств. В світовій практиці існує маса прикладів вдало розроблених брендів. Проте багато питань і проблем все ще виникають при розробці і в процесі просування брендів