

ABSTRACT

UDC: 330.101.541

DOI: 10.26697/ijes.2020.4.22

Recommendations to Improve the Mechanism for Regulating Transaction Costs in the Context of Reforming the National EconomyAssociate Professor **Bril M. S.**¹, Associate Professor **Ponomarenko O. O.**¹¹*Simon Kuznets Kharkiv National University of Economics, Ukraine***Background:**

At the present stage of economic development, there are two classical approaches to interpret the transaction costs: the Coase-Williamson's transactional approach which is provided to analyse the stable functioning institutions, and Notre's transformational approach – to analyse institutional change. From the point of view of the first approach, the introduction of transaction costs into economic analysis was necessary to explain the existence of such opposite of the market as 'the islands of conscious control' as the firm. In a world with zero transaction costs, the location of resources does not depend on legal positions; the subjects do not incur any costs, because they can always reach the agreement. As a result, the value of production does not increase. In this case, there is no economic basis for the firm existence. However, in the real world, large transaction costs affect the volume of transactions, so there is a need to set up the firm. The author called the possibility of saving on transaction costs a relative advantage. According to R. Coase's theory, the firms arise because of the 'high cost' of market coordination. This approach focuses on the role of transaction costs in determining the distribution of property rights.

The purpose of the study is to substantiate theoretically the approaches to determine the directions of improving the mechanism of regulation of transaction costs in the conditions reforming the national economy.

Methods:

Theoretical and methodological principles of the study are statistical methods, the method of induction and deduction, the method of analysis and synthesis and a systematic approach. The study is based on a critical generalization of theoretical principles and practical approaches to the mechanism of regulating transaction costs in reforming the national economy.

Results:

It is determined that one of the unresolved problems of effective regulation of transaction costs is the inconsistency of current legislation that stimulates the development of the shadow business. The burden of the system of permits for economic activity, the lack of legal regulation, as well as the imperfection of the licensing system complicate the implementation of state regulatory policy. It is analyzed that information support in order to regulate and further minimize transaction costs. It is recommended to use economic and mathematical models based on the index of

economic freedom and the index of e-government development. The constructed model of multiple regressions provides an opportunity to predict the level of transaction costs.

It is revealed that the influence of e-government on economic and social development is manifested in such processes as: increasing the efficiency of public authorities; expanding the scope of services provided by public authorities; accelerating economic growth. To introduce the e-government in Ukraine it is necessary to take into account the world experience, as well as the current economic conditions in the country. The basis for transformation should be the willingness citizens to take advantage of information technology, assess their benefits, apply them directly in their lives, businesses, social and scientific activities, and so on.

Conclusions:

The study of the peculiarities of the evolution of transactional theory revealed that, firstly, this direction is quite new for Ukraine, and secondly, not all Ukrainian experts take into account the impact of transactional theory on real economic processes. Terminological analysis of the concept of "transaction costs" shows that today there is no single approach to determining the economic nature of these costs. With some degree of conventionality, they can be divided into general ones, which consider transaction costs in connection with property rights, and more detailed ones that indicate the cost structure. Thus, transaction costs – are costs that arise during the transaction and are associated with the transfer of ownership from one economic entity to another. Such costs include: costs of collecting and processing information, conducting negotiations and decision-making, costs of control and protection of property rights, and so on. Analysis of existing classifications of transaction costs shows the lack of a comprehensive approach to taking into account all the features of these costs. Since in practice transaction costs are not allocated in the financial statements, there are two approaches to solving the problem of their evaluation: cardinal (quantitative) and ordinal. The basis of this mechanism of transaction costs is the coordination of economic interests of economic entities. It combines the objective component – the relationship between economic agents, and the subjective component – the cost adjustment measures, appropriate forms, principles, motives and incentives. Due to the lack of a unified approach to understanding transaction costs, it becomes impossible to clearly identify them as an object of regulation, and therefore to take them fully into account when making management decisions.

Information about the authors:

Bril Mykhailo Serhiiovich – Doctor of Philosophy in Economics, Associate Professor, S. Kuznets KhNUE.

Research interests: governmental regulation, monetary policy; <https://orcid.org/0000-0001-6529-7747>

Ponomarenko Oleksandr Oleksandrovych – Doctor of Philosophy in Economics, Associate Professor, S. Kuznets KhNUE, Ukraine.

Research interests: governmental regulation, financial regulation; <https://orcid.org/0000-0003-1188-4668>