

Evaluation of the Development Strategy of The Ukrainian Financial Sector

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Annotation

In the current conditions of strategic transformations of Ukraine's financial sector, it is relevant to develop a well-founded economic efficiency appraisal system of Ukraine's financial sector selected development strategy. Developing the very system, that is, applying a systematic approach to the assessment processes of implementing the selected Ukraine's financial sector development strategy is optimal in terms of its components and characteristics. After all, this system provides a detailed disclosure of methods, functions, assessment goals in terms of their interdependence and interconnection. Also, forming the appraisal system of the cost-effectiveness of Ukraine's financial sector development strategy as a holistic entity, allows taking into account various impact factors on this assessment and allows obtaining the new properties in it that are not specific to individual elements.

Keywords: efficiency, financial sector, strategy, development.

Introduction

Under reforming Ukraine's national economy and implementing many measures aimed at European integration, an important task of public administration is to lay the groundwork where, on the one hand, the national market is protected from negative external influences (migration, financial crises, capital flight, etc.), on the other hand, it is ready for innovative nature challenges in all the economy sectors. Under these circumstances, it is relevant to ensure well-founded decision-making regarding the formation and evaluation of the national economy financial sector development strategy, since the implementation consequences of the financial strategy directly affect the nature, and dynamics of the real economy sector development.

Research Results

It is advisable to bring the systemic properties of economic effectiveness assessment of implementing the financial sector development strategy into certain groups in order to disclose their essence. The goals and structure properties reflect the system's aim and internal structure for assessing the economic efficiency of Ukraine's financial sector development strategy. The environmental properties demonstrate the system's ability of adapting and adjusting its internal processes to the operating environment changes. The development properties provide the reserves for improving the individual elements' properties and the system as a whole to improve its performance. Let us summarize the properties that the economic effectiveness assessment of Ukraine's financial sector development strategy gains by merging its elements and stages into the system (Fig. 1).

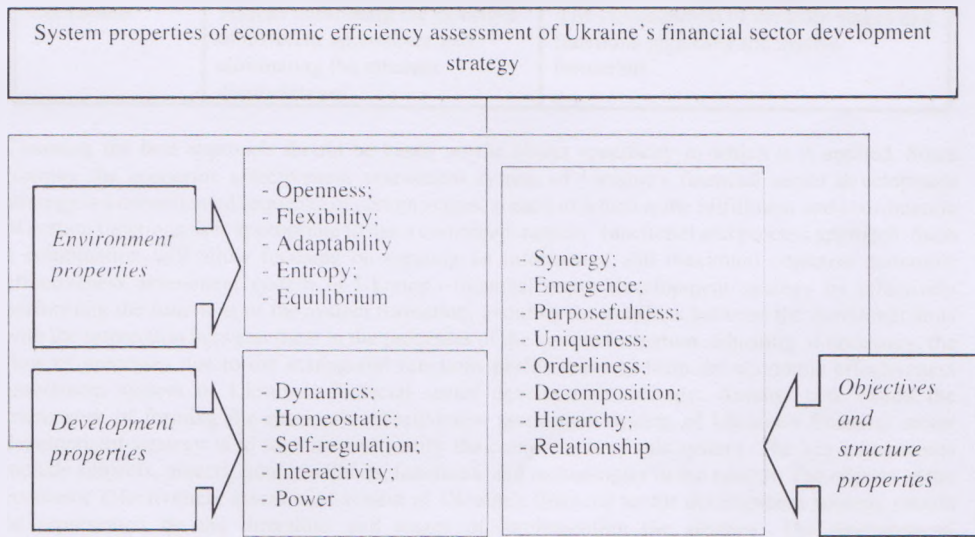


Fig. 1: System properties of economic effectiveness assessment of Ukraine's financial sector development strategy

On forming the economic effectiveness assessment system of Ukraine's financial sector development strategy, the primary issue is to choose and apply the appropriate approach to its implementation.

The most well-known methodological approaches that can be applied to the economic effectiveness assessment system of Ukraine's financial sector development strategy are process, functional, structural, situational, and combined approaches. Table 1 shows the advantages and disadvantages of each.

Table 1: Alternative methodological approaches to forming the economic effectiveness assessment system of Ukraine's financial sector development strategy

| Approaches | Advantages of approaches | Disadvantages of approaches |
|--------------------|---|---|
| Process | Provides an opportunity to focus on each stage, ensure the completeness, validity of each | The excessive detailing of orderliness and probability of ignoring the interdependence and interaction between the system components and the environment of its formation |
| Functional | Ensures the quality of both the system as a whole and the completeness of all its functions by the participants in its development | The separation from the target result, probable inconsistency, and contradictions between participants |
| Structural | Allows maximizing system creation by marking out the key elements and the high accuracy of their formation | The risk of the system synergy inaccessibility due to focusing on its individual components and "underestimating" the importance of interaction and participation of the rest of them |
| Situational | The ability to respond promptly to changes in the environment and effectively reorienting the processes and functions of the system formation | Developing the criteria for the system formation effectiveness and focusing on standard situations and the lack of strategic guidelines are difficult. |

| | | |
|-----------------|---|---|
| Combined | Allows combining the positives of different approaches and eliminating the inherent disadvantages | The contradiction of separate stages and functions regarding the system formation |
|-----------------|---|---|

Choosing the best approach should be based on the object specificity to which it is applied. Since forming the economic effectiveness assessment system of Ukraine's financial sector development strategy is a consolidated sequence of certain stages, at each of which is the fulfillment and coordination of certain functions, it is appropriate to use a combined, namely, functional and process approach. Such a combination will allow focusing on creating an informative and maximum objective economic effectiveness assessment system of Ukraine's financial sector development strategy by effectively performing the functions of the system formation, avoiding the conflicts between the functional units with the interaction between them in the processes of the system formation, adjusting, if necessary, the flow of processes due to the managerial functions performance to form the economic effectiveness assessment system of Ukraine's financial sector development strategy. Another task within the framework of forming the economic effectiveness assessment system of Ukraine's financial sector development strategy is to identify and justify the components of this system. The key components include subjects, objects, goals, methods, functions, and technologies in the system. The objects of the economic effectiveness assessment system of Ukraine's financial sector development strategy should be represented by the directions and stages of implementing the strategy. The directions of implementing the strategy are determined by a set of strategic goals for developing the financial sector with measures being implemented within each of the directions. It is advisable to present the cost-effectiveness of the respective direction of implementing the strategy as a decomposition model that allows tracing the causal relationships and dependencies between the overall cost-effectiveness of the strategy, as well as the similar efficiency achieved by implementing specific directions, measures, and stages. Such a model is shown in Fig. 2

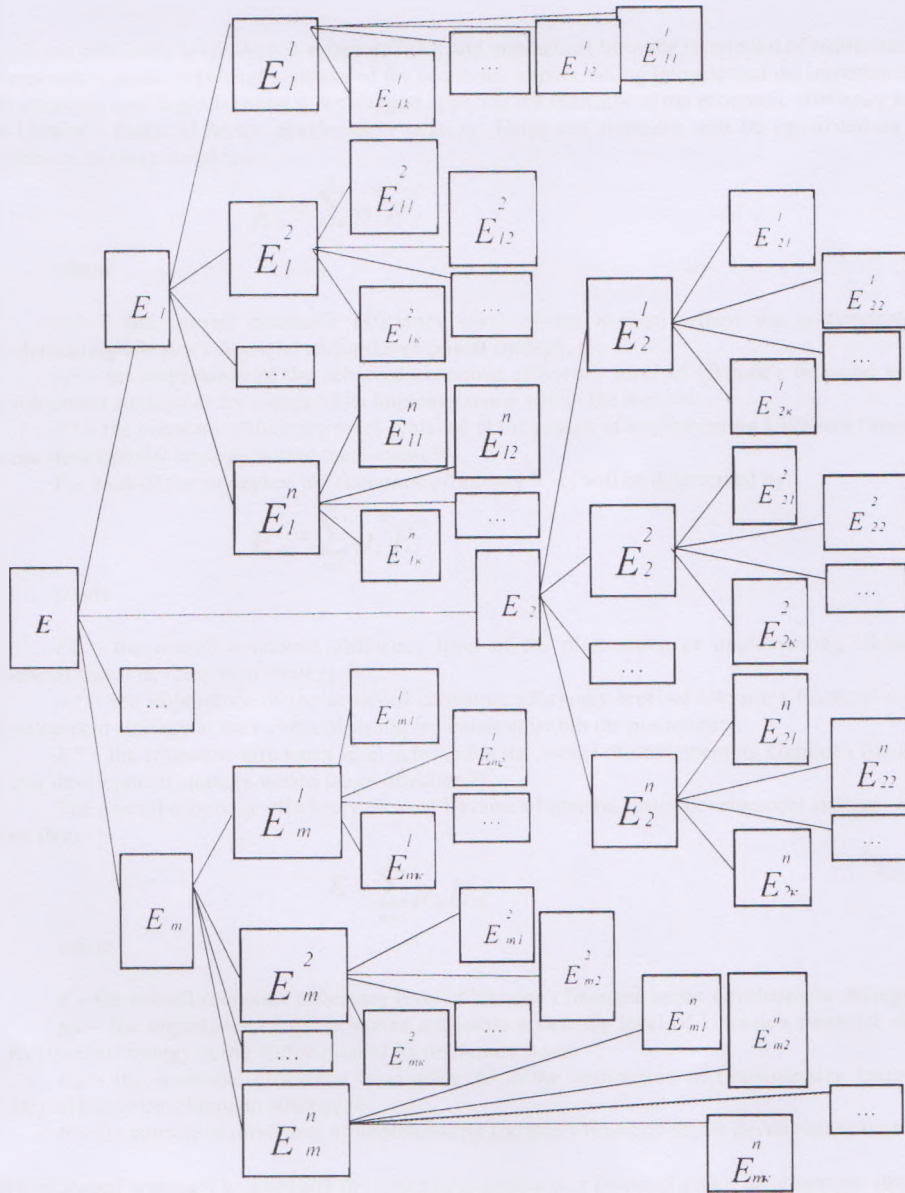


Fig. 2 : Decomposition model of the objects of the economic effectiveness assessment system of Ukraine's financial sector development strategy

Symbols: E – the overall economic efficiency of Ukraine's financial sector development strategy; E_1, \dots, E_m – the economic efficiency of implementation directions of Ukraine's financial sector development strategy; E_1^1, \dots, E_m^n – the economic efficiency of implementation measures of Ukraine's financial sector development strategy; $E_{11}^1, \dots, E_{mk}^n$ – the economic efficiency of stages within the implementation measures of Ukraine's financial sector development strategy.

It is known that economic efficiency can be expressed through the economic effect indicator and the

economic efficiency level. As it is rather difficult and impractical from the standpoint of mathematical expression to obtain a general indicator of the economic impact, taking into account the importance of the measures and stages forming it, we suggest applying the indicator of the economic efficiency level of Ukraine's financial sector development strategy. Here, this indicator will be calculated as the arithmetic average weighted:

$$E_m^n = \sum_{j=1}^k p_j^n E_j^n, \quad (1)$$

where

E_m^n – the overall economic efficiency level of the n -event within the m -direction of implementing Ukraine's financial sector development strategy, %;

p_j^n – the importance of the achieved economic efficiency level of Ukraine's financial sector development strategy at the j -stage of its implementation within the n -event;

E_j^n – the economic efficiency level achieved at the j -stage of implementing Ukraine's financial sector development strategy within the n -event, %.

For each of the strategies, the economic efficiency level will be determined by:

$$E_m = \sum_{i=1}^n p_i^m E_i^m, \quad (2)$$

where

E_m – the overall economic efficiency level of the m -direction of implementing Ukraine's financial sector development strategy, %;

p_i^m – the importance of the achieved economic efficiency level of Ukraine's financial sector development strategy at the i -event of its implementation within the m -direction;

E_i^m – the economic efficiency level achieved at the i -stage of implementing Ukraine's financial sector development strategy within the m -direction, %.

The overall economic efficiency level of Ukraine's financial sector development strategy will look like:

$$E = \sum_{m=1}^b p_m E_m, \quad (3)$$

where

E – the overall economic efficiency level of Ukraine's financial sector development strategy, %;

p_m – the importance of the achieved economic efficiency level of Ukraine's financial sector development strategy at the m -direction of its implementation;

E_m – the economic efficiency level achieved at the m -direction of implementing Ukraine's financial sector development strategy, %;

b – the number of directions of implementing Ukraine's financial sector development strategy.

The proposed approach to assessing the cost-effectiveness of a financial sector development strategy differs from existing decomposition assessment objects and taking into account the types of relationships between the systemic properties of the assessment object. This allows taking into account the causal relationships between the factor and effective signs characterizing the financial sector development strategy.

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