

Problems and development ways of regulatory-methodological support of socio-economic diagnostics in conditions of European integration

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Abstract – In the paper on the basis of studying and comparison of national and international practices of socio-economic diagnostics the key problems of regulatory-methodological support in this sphere are grounded. The solution of identified problems is to develop the methodical recommendations on socio-economic diagnostics at micro-, mezzo-, and macro-levels of national and international economies, being universal, uniform and harmonized with the international standards and being based on justified indicators-criteria and identification-interpretation support of the diagnostical process with the account of modern challenges of European integration processes in Ukraine.

Key words – socio-economic diagnostics, European integration, contradictions, legal and regulatory basis, indicator, criteria, identification-interpretation support, unified methodical recommendations.

I. Introduction

In modern conditions of the active integration of Ukraine into the European economic area there are a lot of problems in the sphere of socio-economic diagnostics at different levels (macro-, mezzo-, and micro-) of national and international economies, concerning with the divergence of national and international legal and regulatory basis in this sphere; the low level of effectiveness of implementation and use of International Financial Reporting Standards in domestic practice; multiplicity, variety and discordance of existing regulatory-methodological support; as well as with the scientific groundlessness and low effectiveness of some diagnostical instruments. All this leads to the urgent need to harmonize, unify and develop the regulatory-methodological support of socio-economic diagnostics at all levels in accordance with the challenges of European integration on the basis of the development of standardized and universal methodical recommendations, that would regulate the key principles of socio-economic diagnostics and unify the diagnostical results for domestic and foreign subjects.

II. Main part of research

European vector of the national economic development envisages deepening of cooperation between different domestic and foreign actors of micro-, mezzo- and macro-

environment (government authorities, financial and credit institutions, investors, intermediaries, counter-agents, business structures). The foreign partner's decision to initiate cooperation with a domestic entity as well as the nature of further relationships with it are basically affected by the substantial information base obtained through the target diagnosing of different aspects of the entity's activities.

Thus, socio-economic diagnostics is forming information foundation for establishing, maintaining and expanding the relationships among different actors of micro-, mezzo-, and macro-environment at the national and international levels, first of all, in the context of revitalizing European integration processes in Ukraine. Unfortunately, in practice, there are a lot of problems in the sphere of implementation and use of International Financial Reporting Standards by domestic business-structures when they are entering foreign markets. In addition, in practice, there exist the situations when the results of simultaneous diagnostics of identical entities performed by different domestic and international stakeholders bring absolutely different, disproportionate results, different identification and interpretation of the entities conditions. This, in turn, substantially hinders the creation of efficient relationships between domestic and foreign partners.

Such a situation is caused by a number of factors, among them: contradictions and unconformity of national and international standards in the sphere of socio-economic diagnostics; low suitability of the use of foreign diagnostic methods in national conditions; non-compliance of the national regulatory framework provisions concerning indicators and criteria as well as identification and interpretation support of socio-economic diagnostics; unsubstantiated criteria of diagnostic indicators optimization with the account of the domestic economy realities; the variety of methods applied to diagnosing of identical objects (thus, only in the sphere of financial conditions diagnostics there are about two dozens of methods used in legal framework and about fifty methods described in educational and research literature) etc. The majority of regulatory documents present economically ungrounded and meaningless evaluation indicators, duplicating and reciprocal indicators, and unjustified criteria, ambiguous and subjective methods of diagnostics, outdated information provision. In the areas of socio-economic diagnostics regulated by the regulatory framework it is quite common to obtain inadequate data not reflecting and sometimes even distorting information about the real state of the object being diagnosed. Besides, in non-normalized spheres, the stakeholders performing diagnostics can manipulate the results through applying more favorable methods and criteria and this again leads to distortion of the information picture.

So, it is expedient to consider and analyze the key national legal and regulatory documents in the sphere of socio-economic diagnostics with the aim to identify the drawbacks and contradictions; this will allow to form the universal base for unification and standardization of diagnostic methods, indicators and criteria.

In particular, "Methodical recommendations concerning identification of the signs of the enterprise insolvency and the features of the actions signaling concealment of bankruptcy, false bankruptcy or incitement to bankruptcy" approved by the Order of the Ministry of Economy of Ukraine No.14 of January 19, 2006 (with amendments and additions) [1] are based on the analysis of about 50 absolute and relative indicators, contain mostly economically insignificant indicators, the indicators that are identical as to the formula of their calculation but have different names, the indicators that are characterized by absolutely incomplete and ungrounded criteria base, shallow interpretation and identification pool that does not account all the operating areas of the diagnosed enterprise necessary for obtaining the adequate results but mainly concentrates on the evaluation of the entity's profitability. Besides, these Methodical Recommendations form the basis for arbitration managers to manipulate the diagnostic results concerning the threat of the enterprise bankruptcy and allow them to adopt lobbied judgments because some indicators have no criteria value at all, while others have absolutely unsubstantiated criteria.

There exist quite a number of problems in the sphere of diagnosing the solvency (credit status) of enterprises. Thus, in "Regulations on the procedure of formation and use of the reserves for reimbursement of possible losses on active banking operations by the banks of Ukraine" approved by the Resolution of the Management Board of the National Bank of Ukraine No.23 of January 25, 2012 (with amendments and additions) [2] there are presented different models of calculating the integral indicator of the debtor-legal entity depending upon the type of their business activity and the size that are based only on calculating the quantitative indicators and do not take into account the indicators that characterize credit support, credit history of the enterprise, its responsibility. Such an approach fails to provide banks with the chance to adequately identify the class of the borrower as it ignores the individual characteristics of the previous, current and perspective activities of each particular enterprise in the credit sphere.

As to diagnosing the investment attractiveness, the key regulatory document in this sphere is "Methods of integral evaluation of investment attractiveness of enterprises and organizations" approved by the Order of the Agency on Preventing Bankruptcy of Enterprises and Organizations No.22 of February 23, 1998 [3]. The major drawbacks of the presented methods are: they are based on the accounting system that does not exist; they use more than 60 diagnostic indicators, it being inappropriate given their interdependence and content identity; they contain no recommendations on the interpretation of the results obtained.

The solution of above-mentioned problems can be possible on the basis of the development of methodical recommendations on harmonization of national and international legal and regulatory basis in the sphere of socio-economic diagnostics, grounded implementation and use the international standards in domestic practice of socio-economic diagnostics, realization of objective diagnostic procedures via the formation of scientifically

grounded methodical instruments, universal indicators-criteria basis and unified interpretation support. These methodical recommendations should concern all basic spheres of the objects being diagnoses by subjects of national and international environment, such as financial and property conditions, the threat of bankruptcy, solvency (credit status), investment attractiveness, competitiveness, rating positions. The development of such recommendations is connected with the harmonization of national and international legal and regulatory basis in the sphere of socio-economic diagnostics; optimization of ways of applying the International Financial Reporting Standards in domestic practice; unification of the valid legal and regulatory basis in terms of identity of indicators names, formulas for their calculations, criterias; scientific grounding of existing diagnostic methods and instruments; optimization of the number and list of indicators for each diagnostic area on the basis of their minimization, the usage of the most representative, informative and meaningful indicators by removing of the most correlated and reciprocal of them; forming the reasonably objective interpretation basis of the received diagnostic results.

Conclusion

Thus, at present the valid national legal and regulatory framework in the sphere of socio-economic diagnostics is characterized by essential contradictions and inconsistencies, lack of uniformity and versatility in diagnosing identical entities. The national diagnostic methods are incomplete, ungrounded and not adjusted to international standards. All these drawbacks lead to obtaining inappropriate, non-correlating, and disparate results of diagnostics at national and international levels and this fact greatly hinders the efficiency of cooperation between national and international diagnostic subjects. The solution of these problems, elimination of any manipulations with the diagnostic results, obtaining comparable, complete and reliable results on the diagnosed entity operation can be possible on the basis of unification of regulatory-methodological, indicators-criteria, identification-interpretation support of socio-economic diagnostics at the national level.

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