The Method of Estimation of Development Potential of Trade Enterprises of the System of Consumer's Cooperative Society of Ukraine

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Abstract

The methodical recommendations for estimation of development potential of trade enterprises are developed.

The scientific tool for determination of components of potential of trade enterprises and estimation of level of enterprise development potential is formed.

The scale of estimation of enterprises rating with the measures for effective activity of trade enterprise of the consumer cooperation system (CCS) is offered.

Key words: potential, development, trade enterprise of consumer cooperation system, estimation of enterprises development potential of the consumer cooperation system.
J.E.L. classification: F 10

Statement of the problem

The transformational changes of Ukrainian economy showed up as complex institution and structural transformations that substantiated the respective changes of external and internal environment of enterprises.

It is an ability and competence that is to use available resources (possibilities, facilities) optimally and correctly and determine the development resources [4, p. 224] is the main principle of the effective functioning of enterprise.

Therefore, the trade enterprises of the consumer cooperation system (CCS) need comprehensive estimation of environment where enterprise works, enterprise itself and its potential for the competitiveness providing, during the formation of effective market strategy, prospects estimation and development direction of the enterprise.

Analysis of the last researches of this problem in which the decision is founded. The problems of estimation and management of potential and development potential of enterprises are the subjects of research of foreign and domestic authors: I. Ansoff, A. Tompson, A. Dg. Striklend, V. Kovaleva. B. Plishevskiy, I. Buz'ka, R. Marushkova [5], V. Shtanskiy and M. Zhemchueva [14], P. Fomin and M. Starovoytova [13], V. Mikitenko and I. Ignatieva [7].

The majority conducted researches were directed on the general problems of management of potential of enterprises the generous amount of which examined economic, strategic, production or marketing potentials [2, p. 1731].

The aim and task of researches. In spite of achievement and rather big attention of foreign and domestic scientists (O. Balackiy, A. Voronkova, I. Dzhayn, Yu. Doroshenko, O. Oleksyuk, E. Popov, E. Lapin, I. Repina, O. Fedonin, R. Feschur etc), the questions of forming of the unified method of estimation of potential of enterprise and development potential of trade enterprise of CCS are unsolved [9, s. 89].

Therefore a forming of method of integral estimation of potential and development potential of enterprises of CCS is necessary and actual.

Results of the research

The premise of effective trading enterprise management is the formation of trustworthy and impartial assessment of its potential, because further analysis is carried

out on this basis and measures for enterprise development management process improvement are taken. The assessment of the enterprise potential contains the evaluation of its components, on the basis of which general idea about the conditions of the enterprise development is formed. Thus, it is necessary to determine precisely all components of an enterprise potential, to estimate the development level and potential development of a trading enterprise.

An enterprise as a social economic system has two motive powers: a wish to survive and an aspiration for development [6, p. 6]. The necessary condition for an enterprise as a system conversion is its development. That is way we propose to the economic agents of the system of consumers' cooperatives (SCC) to use mixed enterprise development course. This course includes intensive, innovative, procedural and adaptable enterprises' development. The transition to this course of development will give an enterprise the possibility to improve the manufacturing and selling process management on condition that the products and production technology will be constantly renovated. Executives will receive the possibilities to keep and increase both internal and external enterprise potential using the methods and means of the adaptation to the requirements of inner environment. Intensive development guarantees gradual augmentation of an enterprise potential, allows to increase its level radically and to get the new quality of its own potential by means of technologic and organizational development, also to adapt to cardinal changes in outer environment. Consequently, using this approach the trading enterprise of SCC will be competitive at the world goods and services market.

Taking into consideration the basic characteristics of an enterprise potential, we can state that its model in trading is determined by [3, c. 352–353]: volume and quality of present resources; executives' and other staff members possibilities to create certain conditions to meet consumers' needs and certain conditions for high quality service; financial possibilities of assets attraction; management possibilities to use objectively present enterprise resources; information possibilities (to generate and transform information resources); innovative

possibilities of an enterprise (renovation of the technical and technological trade base); the use of up-to-date forms and methods of the economic processes and other possibilities organization and management. All these possibilities together create aggregate enterprise potential, which reflects its level of the competitiveness at the goods and services market.

The augmentation of the potential takes place at the formation stage as well as at the process of its usage [8, p. 137]. The main task of an enterprise is the use of available potential, its augmentation (due to reserves). However, the fact, that the strong points are the potential of an enterprise and the weak ones are the reserves of a potential, must be taken into consideration. Therefore one of the managerial tasks in running a trading enterprise of SCC is the use of strong points eliminating weak positions at the same time [4, p. 233].

A development potential of an enterprise is referred to as cumulative possibilities, resources, and means of functional enterprise potentials to change the index parameters of an enterprise activity providing selected development strategy. A functional potential is referred to as certain potential of the functional subsystem of the enterprise management [2, p. 1740].

Therefore, the assessment of an enterprise potential is a search for the aggregate of the characteristics, indices and properties that enable to describe an enterprise sufficiently and evaluate its perspective possibilities to meet corresponding society needs of a particular goods (or services) and the possibility to attain set goals [1, p. 7; 4, p. 224]. On the basis of achieved results of an enterprise potential assessment we can suggest perspective goals and draw rational strategy of its attainment [10, p. 89-90].

There are a lot of methods for the assessment of an enterprise potential and its development level. Each approach, method or model of an enterprise potential assessment has its advantages and drawbacks [12, p. 634–635].

We propose to evaluate an enterprise potential taking into consideration the structural functional method, which is based on the potential assessment of such functional units as trade; personnel; finance; organizational structure and management;

marketing; tools; information; innovations. Thus, the assessment of the trading enterprise of SCC potential is proposed to estimate according to the formula (1):

$$U = \alpha_{ps} \cdot PS + \alpha_{\kappa} \cdot K + \alpha_{r} \cdot F + \alpha_{oM} \cdot OM + \alpha_{M} \cdot M + \alpha_{r} \cdot T + \alpha_{\kappa} \cdot I\text{н} + \alpha_{\phi} \cdot I\phi, \quad (1)$$

where U - the trading enterprise potential;

$\alpha_{PS}, \alpha_{K}, \alpha_{F}, \alpha_{OM}, \alpha_{M}, \alpha_{T}, \alpha_{I\text{н}}, \alpha_{I\phi}$ — ponderability coefficients;

$PS, K, F, OM, M, T, I\text{н}, I\phi$ — normalized indices of functional units potential: trade *(PS);* personnel (K); finance (F);organizational structure and management (OM); marketing (M);tools (T); information ($I\phi$); innovations ($I\text{н}$).

Taking into consideration author's research [3], the level of an enterprise development potential is defined comparing standard values of factor features (that are accepted as 100 units) with their corresponding expected values (U^{II}), which are defined with the help of corresponding dynamics series according to methods of moving average, extrapolation, expert evaluation or multi-factor regressive models.

Thus, let's consider step-by-step the methods of the determination of integral index of the development potential of a trading enterprise of SCC.

The estimation of the general potential of a trading enterprise according to the principles of methods of normative multidimensional mean calculation and graphic method is the result of the first stage. Herewith, the authors formed and structured the components of the potential of a trading enterprise of SCC in accordance with types, in particular:

1) trading potential (financial cycle period, commodity assortment stability coefficient, trade turnover, coefficient of service channels load, receipts from selling goods (services) per 1 m^2 of floor space, trade turnover expenses / receipts relationships);

2) labour potential (labour efficiency of the trading operational personnel, profitability of the payment costs, an average qualification level of trading workers, an average length of trading workers' service, personnel employment at managerial positions, the level of the education of the staff);

3) financial potential (financial independence coefficient, self-financing coefficient, the level of income gained, selling profitability, the provision coefficient of trading stock with its own circulating assets, aggregate liquidity ratio);

4) managerial potential (the productivity of managerial staff labour, the coefficient of the managerial structure reasonableness, coefficient of the fluctuation of manpower, profitability of a capital, the coefficient of the effectiveness of the advertising actions and means of sales stimulation, purchasing completeness coefficient, regular customers' share, price rate);

5) logistical potential (the coefficient of the staff provision with floor space, the level of labour mechanization, turnover per 1 m^2 of floor space, floor space sufficiency coefficient, the coefficient of the effective usage of cellarage, mounting point coefficient, showroom coefficient, the coefficient of the managerial process automation);

6) information potential (the level of expenditures on the automation/informatization of the technological process, the existence of own web-site, availability of own e-mail, total amount of advertising means, total number of inner information types, effectiveness index of the information support of the managerial activity);

7) innovation potential (assortment renovation rates, technology renewal rates, managers' qualification level, corporate culture rank, return on sells from innovations).

The value of enterprise potential indices is proposed to present in the figure for computation (fig. 1), apart according to the year.

To define the value of units indices of PTE of SCC (K_r), if $\sum K_r = 1$.

To normalize the indices by maximum values.

Figure 1

Computation figure of an assessment of the potential of a trading enterprise (PTE) of SCC within 20__[created by the author]

Type of PTE	PTE indices	Enterprise					Index value in a unit	Maximum value of an index	Significant indices				
		e 1	e 2	...	...				P 1	P 2	...	...	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Next stage - the computation of the floor space potential of the trading enterprise (fig. 2) in accordance with formula (2):

$$U = \frac{\sin\frac{2\pi}{n}(\sum_{i=1}^{n} U_i U_{i-1} + U_i U_n)}{2}, \ i = \overline{1,n}, \quad (2)$$

where U - aggregate enterprise potential,

U_i - value of I component of an enterprise potential.

Figure 2

Computation figure of the floor space of the potential and development potential of the trading enterprises (PTE) of SCC within 20   [created by the author]

PTE type	P 1	P 2	...	...	PTE type	P 1	P 2	...	...	Standard
1	2	3	4	5	6	7	8	9	10	11
...					...					100
.					.					100
.					.					100
...					...					100
Aggregate potential					Aggregate potential					340,36

Third stage - the computation of the level of an trading enterprise development potential as the difference between standard value (that are accepted as 100 units) and expectable value of the trading enterprise of SCC.

Forth stage - the formation of the development vector on the basis of which the development potential of the trading enterprise of SCC is structured graphically.

Five stage - the computation of the level of an enterprise potential (4):

$$D^U = \sqrt[n]{\prod_{i=1}^{n} IOP_i}, \quad (4)$$

where D^U - the level of enterprise development resources (potential);

IOP_i – integral resources assessments $(i = 1,...,n)$.

The authors suggest the computation of the problem level of the development potential of the trading enterprise based on principles of combination the taxonomy and radar methods.

Next step is to define what type of the potential has problem development level at the enterprise.

Next stage is characterised by the analysis and the comparison with market data. The authors propose to apply the following assessment rating scale of the development potential of the trading enterprise to evaluate the level of the development potential of the trading enterprise of SCC (fig. 3):

Figure 3

Assessment rating scale of trading enterprises of SCC in Ukraine

[created by the author, [3]]

Enterprise development potential level	Enterprise activity assessment	The forming of an enterprise policy
1	2	3
Problem	Basic enterprise activity factors are negative, resources are used inefficiently	It is necessary to carry out fundamental strategy changes
Low	An enterprise is vulnerable at the competitive environment of the sector	To change the business processes activities
Average	The activity of an enterprise is sufficiently effective, an enterprise takes stably an average place at the goods market	To adjust the day-to-day management
Above the average	The activity of an enterprise is effective in whole, has competitive benefits, can become a leader	To implement marketing measures by means of маркетингові заходи шляхом conducting the exhibitions, advertising campaign in mass media, demand and supply research
Sufficient	An enterprise is a leader at the market	To monitor and to make certain actions to maintain its leading position at the market

Herewith, the formation of any enterprise development policy requires feedback support between made decisions and received results. The tool for creating this feedback support is the assessment that is the determination of the value of received results of taken managerial decision. During the implementation of an enterprise potential these results are synergy deposit made of great number of explicit and implicit effects. The above mentioned effects are of both and quantitative (production output growth, the quantity of clients and profit) and qualitative nature (the creation of positive image of an enterprise, the satisfaction of personnel needs by means of working conditions improvement). Such a variety of implementation results of the enterprise potential gives us the possibility to appraise the level of the enterprise development potential on the basis of the potential used by the enterprise.

Conclusion

The proposed methodical approach to define integral assessment of the management of the development potential of trading enterprises of SCC with the help of analytical and graphical methods and the method of a mean is quite simple. It has sufficient system of factors to evaluate the trading enterprise potential. The methods allow making expended and complex conclusions, defining the directions for an enterprise potential improvement. The main drawback of the methods is the dependence upon expert assessment of the certain indices units' value and certain vast of calculations.

In such a way, the practical application of methodical approach of the assessment of the potential and development potential will let to provide the trading enterprises of SCC in Ukraine with new ideology, development policy, methodical tools of the development management and development potential in terms of transformation economy that will enable an enterprise to achieve the considerable development level and guarantee competitiveness and prolonged success at the market.

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