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## ANALYSIS OF THE METHODS AND APPROACHES TO ASSESSING ENTERPRISE TRANSACTION COSTS

*The article substantiates the need to assess the enterprise transaction costs (TC). It investigates the existing approaches and methods for assessing the transaction costs and identifies their advantages and disadvantages. The study suggests estimating the enterprise transaction costs in terms of operating, investing and financial activities and develops the indicators of the given costs' efficiency.*

*Keywords:* transaction costs (TC); enterprise; assessment methods; management; activities types.

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## АНАЛІЗ ПІДХОДІВ ТА МЕТОДІВ ОЦІНЮВАННЯ ТРАНСАКЦІЙНИХ ВИТРАТ ПІДПРИЄМСТВА

*У статті обґрунтовано необхідність оцінювання транзакційних витрат підприємства. Досліджено існуючі підходи і методи оцінювання транзакційних витрат та виявлено їх переваги і недоліки. Запропоновано методіку оцінювання транзакційних витрат підприємства в розрізі операційної, інвестиційної і фінансової діяльності та розроблено показники ефективності даних витрат.*

*Ключові слова:* транзакційні витрати; підприємство; методи оцінки; управління; види діяльності.

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## АНАЛИЗ ПОДХОДОВ И МЕТОДОВ ОЦЕНКИ ТРАНСАКЦИОННЫХ ИЗДЕРЖЕК ПРЕДПРИЯТИЯ

*В статье обоснована необходимость осуществления оценки транзакционных издержек предприятия. Исследованы существующие подходы и методы оценки транзакционных издержек и выявлены их преимущества и недостатки. Предложена методика оценки транзакционных издержек предприятия в разрезе операционной, инвестиционной и финансовой деятельности и разработаны показатели эффективности данных расходов.*

*Ключевые слова:* транзакционные издержки; предприятие; методы оценки; управление; виды деятельности.

**Introduction.** The development of the transaction costs theory, which has become recently a special concern of domestic and foreign scholars, is caused mainly by a constant search for the ways of improving the overall functioning of the country's economy. Under the conditions of market relations development it is impossible to manage without transaction costs at both micro- or macrolevel, no economic entity can operate without these expenses or, otherwise, it will be isolated from the institutional environment. Thus, given the indisputable presence of transaction costs and their permanent growth, there is a problem of revealing and assessing this type of expenditures at an enterprise level for the detailed analysis and finding the ways for its optimization, which, in turn, will give an opportunity to improve the enterprise's financial performance and hence the country's economy in general.

**Latest research and publications analysis.** The issues of calculating and estimating transaction costs at the enterprise level are considered by scientists from the per-

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spective of two approaches: the *quality* and the *quantitative* ones. The representatives of the quality approach (O. Williamson (2001); O. Vlasenko (2009); K. Menar (1996)' A. Oleynik (2000)) argue that transaction costs should be estimated by carrying out a qualitative analysis of the expenditures coming up from different organizational structures. This can be explained by the "vagueness" of the conceptual definition of the notion of transaction costs (Bazaliyeva, 2009). S. Malakhov (1998) fairly points out: "Considerable part of transaction costs is as much inconceivable and invisible as it remains 'invisible' for the neoclassic analysis".

Whereas many economists, such as L. Bazaliyeva (2009), I. Bulieyev (2002), H. Demsetz (1997), K. Arrow (1993), V. Kokorev (1996), G. Makukhin (2004), D. North (1997), V. Mikhailovskyi and T. Skliaruck (2010), E. Soto (1995), T. Fischer (1999), O. Shepelenko (2007), tend to quantify transaction costs taking a quantitative approach. These researchers have attempted to obtain such quantitative data that would show the amount of transaction costs, their share in gross national product, price agreements, the amount of funds required for conducting the agreement, calculation of the process expenditures, costs of administration, sales and other operating and financial activities etc.

**Unresolved issues.** To build an efficient system of control over the transaction costs, an enterprise should conduct their thorough quantitative assessment. The process of assessing the enterprise transaction costs enables to determine the absolute and relative levels of transaction costs in total expenditures of the enterprise, and define the impact of transaction costs on the effectiveness of its activity in order to use these results in transaction costs management for identifying and reducing unproductive expenditure items and increasing the productivity of existing expenses. For the enterprise transaction costs control it is more important not to save the current costs but to reach such level of them at which the maximum effect from company's contracting and productive economic activity would be achieved.

Since the process of calculating the volume of enterprise transaction costs runs with certain difficulties – the existing book-keeping and financial accounts of the company do not provide any orderly, tangible reflection of all transaction costs, besides, some transaction costs are not quantifiable (e.g., the time required to overcome certain administrative barriers, or certain psychological discomfort caused by opportunistic behaviour of a partner) – scholars, trying to solve this problem, offer different approaches and methods for estimating the current costs.

However, the existing approaches and methods do not take into account the fact that the company carries out different activities (operating, investing and financing). In this regard, there appears a need to assess the transaction costs within the framework of operating, investing and financing activities what will give an opportunity to consider the evident official business transaction costs of various activities using financial accounts data, and to find out what activities are carried out with inefficient expenses. This will identify the areas of the transaction costs to optimize and provide the improvement of financial performance in their operation field.

**The object of this research** is the process of transaction costs assessment at an enterprise.

**The research objective** is the analysis of the existing approaches and methods for assessing transaction costs and developing our own method for assessing transaction

costs which would take into account operating, investing and financing activities of an enterprise.

**The research methods** are systematic and comparative analyses of scientific literature.

**Key research findings.** For the improvement and further development of methodological tools of enterprise transaction costs assessment it is necessary to analyze the current approaches and methods of assessing the given costs.

One of the methods of quality approach is the comparative analysis applied to assess the enterprise transaction costs arising in transactions with different contractual and organizational context. While applying this method, having considered the basic parameters of certain sales forms, they calculate the differences in amount of transaction costs according to the company's size, its ownership form, type of agreement and contract registered.

In comparative analysis it is necessary to compare the transaction costs that appear when applying alternative types of contract: *classic contract*, which clearly defines all the conditions of interaction; *implicit contract*, in which a precise definition of the interaction terms is excluded and parties count on their specifications in the course of contracting; *neoclassic contract*, which allows parties not to comply with its terms under unforeseen circumstances (Bazaliyeva, 2009).

The choice of contract characteristics depends on the transaction peculiarities to which O. Williamson refers: the frequency of interaction between economic agents, the presence of uncertainty, the complexity of a transaction, the relation with other transactions and the degree of specificity of the agreement subject matter. Agreement may be occasional, random and regular; the specificity of the resource can be zero degree (resource of general purpose), lower degree (low specificity resource), higher degree (high specificity resource); the degree of uncertainty may also have zero, low and high level (Williamson, 2001).

According to the features mentioned above, there are 3 possible options of choice of the contract type (Bazaliyeva, 2009):

1) if agreements between economic agents are one-time or casual and they use the resources of general purpose, the most effective form of transaction is a classic contract. This contract is standardized, and all the conditions and actions of the parties in case of unforeseen circumstances are fixed, i.e. formal contract requirements prevail over informal, and there is no need to engage a third party in the process of argument settlement, as this process is too expensive;

2) if the items of an agreement are specific or low specific, and the frequency of transactions is one-time or random, it is worth using neoclassic contracts which having retained a considerable autonomy of the agents in relation to each other, provide the flexibility of the system of interaction and adaptation to unexpected conditions. As change of contract terms may considerably affect profits from specific assets, in case of an argument, there appears a need to involve a specialized system of the conflict settlement, namely, the court of arbitration;

3) if the items of an agreement are characterized by medium or high specificity, and interaction is carried out on a regular basis, the liability of the parties is of great importance, and the termination of the transaction in the case of disagreement

requires considerable expenses. Therefore, in such cases, it is appropriate to deal with implicit contracts.

The main disadvantage of the above approach is that it does not allow determining the amount of transaction costs incurred in carrying out specific market transactions, and reveals only a tendency of their change. However, it can be used in assessing the implicit transaction costs.

Another representative of the quality approach is A. Oleynik (2000), who proposes a qualitative assessment of transaction costs on the data basis of accounting and in particular balance sheet and income statement. The economic interpretation of indicators to estimate the level of enterprise transaction costs, according to A. Oleynik (2000), is given in Table 1.

**Table 1. Indicators for estimating the level of the enterprise transaction costs (Oleynik, 2000)**

#	Formula for calculation	Content of indicator
1.	$I_1^1 = \text{Arrears of workers' wages} / \text{The total of floating operating liabilities}$	Shows how much the enterprise workers affect the decision-making process, whether the company's leaders believe their obligations to workers are of higher priority than to banks, subcontractors or state, employees have informal right to ownership and obtaining an income.
2.	$I_2^2 = \text{Debts to suppliers and contractors} / \text{The total of floating operating liabilities}$	Determines how much subcontractors affect the decision-making process. If the company's leaders believe their obligations to subcontractors are of higher priority than to banks, staff or state, subcontractors have primary unofficial right to obtain an income.
3.	$I_2 = \text{Long-term unsecured loans} / \text{Balance}$	Shows how much a company relies on unofficial guarantees of returning issued loans.
4.	$I_3 = \text{Debtors' payments (commercial)} / \text{Payment bills (commercial)}$	Reflects the degree of enterprise's control over subcontractors and the degree of subcontractors' control over the enterprise.
5.	$I_4 = \text{Sales on credit} / \text{Total current assets}$	
6.	$I_5 = \text{Retained profit} / \text{Property asset}$	Shows how efficiently shareholders use their right to disposable income at the joint-stock company. Helps to reveal the opportunistic behavior of managers.
7.	$I_6 = (\text{Administrative expenditures} + \text{Top-management bonuses}) / \text{Gross Profit}$	
8.	$I_7 = \text{Dividends in cash} / \text{Net profit}$	Indicates the degree of enterprise's orientation to maximizing income per share.
9.	$I_8 = \text{Floating operating liabilities} / \text{Pre-tax profit}$	Determines the degree of company's orientation to endurance.
10.	$I_9 = \text{Prime cost of the goods sold} / (\text{Reserves} / \text{Raw material} + \text{Reserves} / \text{Production in process})$	Reflects the presence of relative advantages / disadvantages of the company's infrastructure.
11.	$I_{10} = (\text{Reserves} / \text{Raw material} + \text{Reserves} / \text{Production in process}) / \text{Total current assets}$	
12.	$I_{11} = \text{Buildings and equipment} / \text{Total capital assets}$	Indicates the degree of the goods specificity.
13.	$I_{12} = \text{Intangible assets} / \text{Total capital assets}$	
14.	$I_{13} = \text{Current assets} / \text{Floating operating liabilities}$	In this case, liquidity ratios indicate the degree of specificity of the assets: the higher the indices are, the less specific the assets are.
15.	$I_{14} = (\text{Cash} + \text{Easily-realized securities} + \text{Debtors' accounts}) / \text{Floating operating liabilities}$	

However, A. Oleynik (2000) notes that the balance for assessing the level of transaction costs doesn't give enough information and needs substantial revision and improvement.

This method offers many indicators that reflect the degree of optimality of the enterprise balance structure rather than the level of transaction costs. It doesn't allow determining their quantitative value in the course of market transactions, which generally is the main drawback of the methods of quality approach and limits the scope of their usage.

Another approach to the qualitative assessment of transaction costs is suggested by O. Vlasenko (2009), who, as noted above, estimates the costs of the micro- and macroeconomic origin. These expenditures are estimated on the basis of sociological survey through expertise and interpretation of the data obtained using the techniques of weights. The author defines the average weight and rating of each type of micro- and macroeconomic costs.

On the basis of the above method, one can determine which costs are dominant and work out a plan for managing them. Furthermore, applying the method of expert estimates one can assess even implicit, hidden expenditures of an enterprise not reflected in accounting and financial reports. However, the main disadvantage of this technique (as well as all the other techniques of the quality approach) is that it does not quantify transaction costs, and, moreover, it is characterized by the high level of subjectivity which does not guarantee the absolute accuracy of the given results.

T. Fisher (1999), who studied the problem of revealing and assessing the transaction costs related to the quality of manufactured products, developed the methods for quantifying enterprise transaction costs as well. To assess their amount the author applied the direct method of cash-assessment – "the method of calculating the costs of the process". To identify the scope of this method application T. Fisher (1999) considers the alternatives for possible types of exchange relations:

1) *a single transaction or steady economic relations* – when having steady economic relations, the company knows their business partner, has experience in transactions and the capacity to standardize regularly recurring processes. In the case of single agreements, market transactions have a specific character, since every time an enterprise has to deal with a "new" business partner. Therefore, the possibility of applying the method of calculating process costs is reduced;

2) *the first or a repeated agreement* – here they determine whether the "new" or the "old" product is a subject of the agreement. When they have a repeated purchase of a product, uniform, standardized transactions are being formed; and, in the case of a new product, the company has less information as to organization of the contracting process. Accordingly, applying the method of the process expenses assessment is more likely when re-ordering the "old" product rather than first agreeing on the "new" one;

3) *exchange or contractual commodities* – uncertainty and risks in transactions with contractual goods are much higher than in exchange transactions, as contractual products contain a high proportion of unrepeated components. Whereas exchange processes recur with a high degree of similarity, and therefore transaction costs are better exposed to quantitative estimation.

Designed by T. Fischer (1999) and improved by L. Bazaliyeva (2009), the map of the areas for applying the method of the process costs assessment is shown in Figure 1.

	Types of agreement			
	Repeated agreement ("old" product)		New agreement ("new" product)	
Steady economic relations ("old" partner)	Favorable	Favorable	Favorable	Relatively favorable
Single transaction ("new" partner)	Favorable	Relatively favorable	Relatively favorable	Unfavorable
	Exchange commodity	Contractual commodity	Exchange commodity	Contractual commodity
	Nature of a product			

**Figure 1. Map of the areas for applying the method of process costs assessment (Bazaliyeva, 2009)**

The given method of quantitative estimation of enterprise transaction costs takes into account the alternatives of theoretically possible types of enterprise exchange relations with contractors. However, with its help it is difficult to determine the amount of transaction costs in unfavourable or relatively favourable areas of application.

Another approach to assessing enterprise transaction costs was offered by V. Kokorev (1996) who investigated enterprises with the number of employees from 2 to 20 ths. He analyzed the change in institutional structure of Russian economy in 1993 applying the method of D. North and J. Wallis. Through data selection of the sample of large enterprises in several industries (automotive, shipbuilding, engineering, mining) he determined the dynamics of transaction costs. The ratio of the overhead expenses to other items of prime cost was taken as an indicator of the level of transaction costs (Danko, 2007).

This approach is quite easy to apply for it does not provide the selection of specific items of transaction costs, which is a main drawback of this approach as well. In addition, it should be noted that far not all items of the overhead expenses can be attributed to transaction.

As to measuring the enterprise transaction costs, it is also worth distinguishing A. Hradov's work (1999), in which the main sources of transaction costs and, accordingly, the strategies for reducing them in a company are:

- collection and systematic accumulation of information about partners;
- advertising campaign;
- quality control of products.

Collection and systematic accumulation of information about potential partners may be based on the questionnaire proposed by an American entrepreneur H. MacKay under the title "McKay Questionnaire" (1991), completed by employees of an enterprise as to each potential business partner. One can use it to define some aspects of the nature of a business partner that gives an opportunity to foresee the most probable motives of the partner's behaviour in different situations. Availability of memory banks about potential partners and competitors, their constant improvement and updating enables significantly reduce transaction costs, preventing unprofitable contracts and negotiating with negative consequences. Hence, applying the "McKay Questionnaire", we can make a credible estimation of enterprise transaction costs.



One of the major sources of enterprise transaction costs is delivering a advertising campaign. Information currents arising in the course of the advertising campaign allow simultaneously transmit information about the company's activity to potential partners and learn their reaction to this information through feedback channels.

In the area of tangible resources procurement and marketing of finished products, a company has to accurately define the transaction costs with regard to quality. Here, the question is about the expenses coming up while discussing quality the issues in negotiations, when checking quality of purchased products, when processing and satisfying claims (Bazaliyeva, 2009).

The approach to estimating the enterprise's transaction costs, proposed by A. Hradov (1999), greatly facilitates the decision-making process at an enterprise when contracting on the basis of collected information about potential partners. However, information, collected by questioning the enterprise employees only, is doubtful as to its fullness and fidelity. With it you cannot easily learn a business reputation of your partners, their performance in the market at conclusion of agreements, their orientation to long-term cooperation etc. Moreover, according to the above approach, enterprise transaction costs are only confined to the costs of quality control, the costs of savings, data processing and advertising costs, and do not allow for the variety of transaction costs existing at the present stage of economic development.

According to the methods proposed by I. Buliuev (2002), the amount of enterprise transaction costs is determined by summing the single, relatively-permanent and relatively-variable costs. To these costs we can attribute partly administrative and other operating expenses, and distribution costs in full. After assessing the overall level of business transaction costs, here we need to compare the results with those of competing firms. Through the results obtained we can take measures to increase the efficiency and productivity of managing transaction costs. However, this method does not take into account financial and other enterprise expenses which also contain the items of transaction costs.

E. Soto (1995) attempted to quantify the amount of enterprise transaction costs, so, for this purpose, he developed a formula:

$$TC = t + T_m + B + T_x + S_f + T_{ms} + M_g, \quad (1)$$

where  $t$  – official tariffs on passing paper procedures;  $T_m$  – alternative cost of time required to perform regular procedures;  $B$  – direct cost of bribes for passing papers procedures and providing preferential treatment;  $T_x$  – tax expenses (tax burden, the cost of tax administration);  $S_f$  – costs to provide unofficial protection and execution of the contract (cost of the "by backstairs" protection, bribing officials etc.);  $T_{ms}$  – alternative cost of time finding reliable information on contractors, checking their dependability, other information costs;  $M_g$  – costs of monitoring contract execution.

These transaction costs in formula (1) do not reflect the diversity of the existing transaction costs, but they include unofficial expenses which are not reflected in financial statements. Some components of the formula (1) can be found experimentally, e.g. by registering the expenses on going through all the necessary paper procedures. Some can be detected by the level of official tariffs on passing paper procedures, others – by anonymous questioning of transaction participants (Shepelenko,

2007). However, the assessment of transaction costs thus will be accompanied by the difficulty of gathering all the information and won't provide a 100% validity.

T. Skliaruk (2010) proposes estimating the company's transaction costs in terms of administration, sales and other operating and financial indicators. The scientist suggests using the following indicators:

1) for assessing the efficiency of transaction costs of management (control) activity:

- the coefficient of profitability of management transaction costs:

$$P_{TC_{mn}} = \frac{NP}{TC_{mn}} \times 100\%; \quad (2)$$

- the coefficient of yield of management transaction costs:

$$Y_{TC_{mn}} = \frac{I}{TC_{mn}}, \quad (3)$$

where  $NP$  – net profit, UAH;  $TC_{mn}$  – transaction costs of management activity, UAH;  $I$  – income, UAH;

2) for assessing the efficiency of transaction costs of marketing activity:

- the coefficient of profitability of marketing transaction costs:

$$P_{TC_{mr}} = \frac{NP}{TC_{mr}} \times 100\%; \quad (4)$$

- the coefficient of yield of marketing transaction costs:

$$Y_{TC_{mr}} = \frac{I}{TC_{mr}}, \quad (5)$$

where  $TC_{mr}$  – transaction costs of marketing activity, UAH;

3) for assessing the efficiency of transaction costs of financing activity:

- the coefficient of profitability of financing transaction costs:

$$P_{TC_f} = \frac{NP}{TC_f} \times 100\%; \quad (6)$$

- the coefficient of yield of financing transaction costs:

$$Y_{TC_f} = \frac{I}{TC_f}, \quad (7)$$

where  $TC_f$  – transaction costs of financial activity, UAH;

4) for assessing the efficiency of transaction costs of another operating activity:

- the coefficient of profitability of another operating activity transaction costs:

$$P_{TC_{ao}} = \frac{NP}{TC_{ao}} \times 100\%; \quad (8)$$

- the coefficient of yield of another operating activity transaction costs:

$$Y_{TC_{ao}} = \frac{I}{TC_{ao}}, \quad (9)$$

where  $TC_{ao}$  – transaction costs of another operating activity, UAH.

In applying the above technique we can easily retrieve any data from the financial performance statement of a company. It takes into account a lot of transaction



costs, but does not include the item "Other expenses", and the costs of correcting the spoilage which comprise the production prime cost and relate to the transaction.

Another approach to quantifying enterprise transaction costs was developed by H. Makukhin (2004). The author divides the assessing indicators into general and partial. To general indicators he refers:

1) the transaction costs per 1 UAH of gross income:

$$C_{TCgi} = \frac{TC}{GI}, \quad (10)$$

where  $TC$  – transaction costs, UAH;  $GI$  – gross income of the company, UAH;

2) the transaction costs per 1 UAH of gross expenditure:

$$C_{TCge} = \frac{TC}{GE}, \quad (11)$$

where  $GE$  – gross expenditure of the company, UAH;

3) the profitability of transaction costs:

$$P_{TC} = \frac{NP}{TC}, \quad (12)$$

where  $NP$  – net profit of the company, UAH;

4) the integral coefficient of transaction costs:

$$C_{TCi} = P_{TC} \times \frac{1}{C_{TCgi}}. \quad (13)$$

Since general indicators allow getting only some quantitative idea of the amount of transaction costs, it is worth also using partial indicators that allow viewing more complete picture of the sources of transaction costs and calculating a whole lot of certain transaction costs in their general structure.

Partial indicators deal with (Makukhin, 2004):

- the cost of selecting information; the cost of participation in exhibitions, trade fairs, conferences; the cost of special electronic software or using special sites. The costs of forming and maintaining databases of information are not reflected in accounting records, so they are determined on the grounds of appropriate processing of primary accounting information and sample of the data required;

- maintenance costs of marketing service which can be calculated by either the direct calculation, or the distributive one. Using the method of direct calculation, they calculate all the costs connected with the maintenance of marketing service: personnel salaries with deductions, travel expenses, depreciation of office equipment, accommodation and communication services expenditure. The distributive method provides the division of the period costs between functional and administrative departments. The costs of these departments' payroll may become the basis for such division. This method is not as time-consuming as the method of direct calculation, however, its accuracy is not high, for it includes some extra expenses that are not justified by the character of departments' activity and appear due to execution of unnecessary work;

- advertising costs calculated according to advertising budget.

The method is very detailed, taking account general and partial indicators for assessing transaction costs. But, when applying it, you may have difficulty in collecting information after processing primary documents.

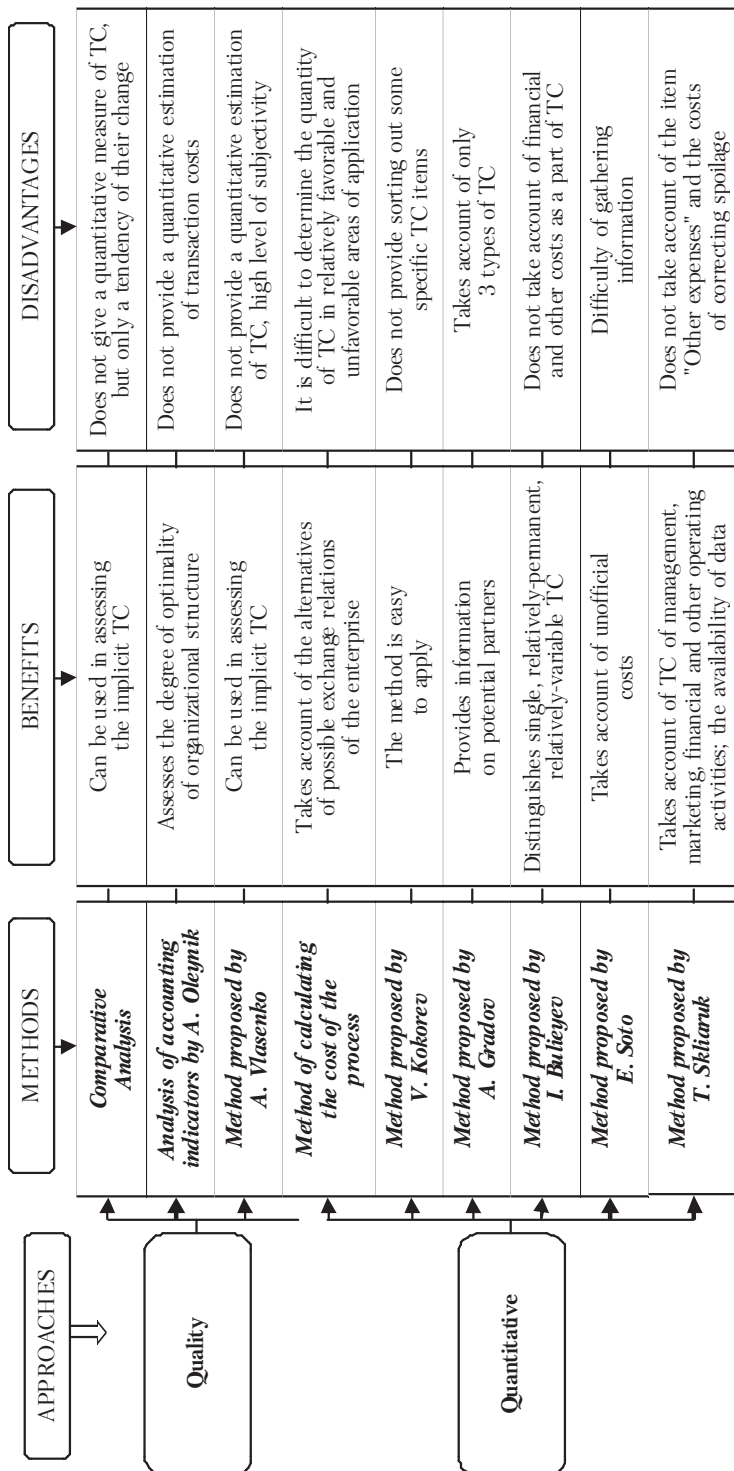


Figure 2. Approaches and methods for assessing the enterprise transaction costs, developed by the author

Summing up the above approaches and methods of enterprise transaction costs assessment is shown in Figure 2.

For maximum consideration of all evident official transaction costs at an enterprise and determining their impact on the overall financial results we suggest assessing the given costs according to the types of enterprise activity (operating, investing and financing) as in Table 2.

**Table 2. Indicators of efficiency of enterprise transaction costs, developed by the author**

Criterion	Formula for calculating	Legend
<b>For assessing the efficiency of transaction costs of operating activity:</b>		
Profitability of the operating activity TC	$P_{TC_{oa}} = \frac{NP}{TC_{oa}} \times 100\%$	<i>NP</i> – net profit, UAH; <i>TC<sub>oa</sub></i> – TC of operating activity, UAH; <i>NI</i> – net income from product sales, UAH; <i>I<sub>oa</sub></i> – income from operating activity, UAH.
Yield of the operating activity TC	$Y_{TC_{oa}} = \frac{NI}{TC_{oa}}$	
Operating yield of the operating activity TC	$OY_{TC_{oa}} = \frac{I_{oa}}{TC_{oa}}$	
<b>For assessing the efficiency of transaction costs of investing activity:</b>		
Profitability of the investing activity TC	$P_{TC_{ia}} = \frac{NP}{TC_{ia}} \times 100\%$	<i>NP</i> – net profit, UAH; <i>TC<sub>ia</sub></i> – TC of investing activity, UAH; <i>NI</i> – net income from product sales, UAH; <i>I<sub>ia</sub></i> – income from investing activity, UAH.
Yield of the investing activity TC	$Y_{TC_{ia}} = \frac{NI}{TC_{ia}}$	
Investment yield of the investing activity TC	$IY_{TC_{ia}} = \frac{I_{ia}}{TC_{ia}}$	
<b>For assessing the efficiency of transaction costs of financing activity:</b>		
Profitability of the financing activity TC	$P_{TC_{fa}} = \frac{NP}{TC_{fa}} \times 100\%$	<i>NP</i> – net profit, UAH; <i>TC<sub>fa</sub></i> – TC of financing activity, UAH; <i>NI</i> – net income from product sales, UAH; <i>I<sub>fa</sub></i> – income from financing activity, UAH.
Yield of the financing activity TC	$Y_{TC_{fa}} = \frac{NI}{TC_{fa}}$	
Financial yield of the financing activity TC	$FY_{TC_{fa}} = \frac{I_{fa}}{TC_{fa}}$	
<b>For assessing the overall efficiency of enterprise transaction costs:</b>		
Profitability of enterprise transaction costs	$P_{TC} = \frac{NP}{TC} \times 100\%$	<i>NP</i> – net profit, UAH; <i>TC</i> – transaction costs, UAH; <i>NI</i> – net income from product sales, UAH; <i>I<sub>oa</sub></i> – income from operating activity, UAH; <i>I<sub>ia</sub></i> – income from investing activity, UAH; <i>I<sub>fa</sub></i> – income from financing activity, UAH.
Yield of enterprise transaction costs	$Y_{TC} = \frac{NI}{TC}$	
Total yield of enterprise transaction costs	$TY_{TC} = \frac{I_{oa} + I_{ia} + I_{fa}}{TC}$	

Having conducted the study, we acquired the following results:

- 1) if  $OY_{TC_{oa}} > TY_{TC} > 0$ , transaction costs of an enterprise operating activity may be considered efficient;
- 2) if  $IY_{TC_{ia}} > TY_{TC} > 0$ , transaction costs of an enterprise investing activity may be considered efficient;
- 3) if  $FY_{TC_{fa}} > TY_{TC} > 0$ , transaction costs of an enterprise financing activity may be considered efficient.

Herewith, the most efficient activity is the one providing the largest yield at an enterprise.

As a result of applying the above methods, we can infer the level of efficiency of transaction costs for different types of business activity, and, accordingly, identify the ways of regulating these costs in order to enhance their productivity and to ensure their optimal level. Collection and processing of information on costs, a detailed expenditure analysis, which is thoroughly to study their character and structure, form the grounds for building an efficient system of management of transaction costs. Optimal formation of enterprise costs will help improve its competitiveness, financial sustainability and efficiency in general, and expand sales market enhancing business activity.

**Conclusions and perspectives for further research.** The study findings enabled to come to the following conclusion:

1. Estimating the transaction costs at the present stage of economic development is an objective necessity for every enterprise. In this way, they can improve financial performance of the industrial and economic activities by optimizing their transaction costs.

2. At present, due to difficulty of classifying and identifying transaction costs in documents, there is no single conventional approach to their assessment. Domestic and foreign scholars offer various methods of qualitative and quantitative assessment of transaction costs at the enterprise level. And each of them has their own specific features, advantages and drawbacks.

3. As companies considering the needs of the market fulfill various activities, the assessment of transaction costs in the context of operating, investing and financing activities remains of critical importance. Such assessment will give an opportunity to reveal the activities with unproductive transaction costs and to take measures for their further optimization.

Scientific novelty of the research provided is in elaboration of performance indicators for transaction expenditures of different business types which can be used in further development of the control system for the enterprise's transaction costs.

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### КНИЖКОВИЙ СВІТ

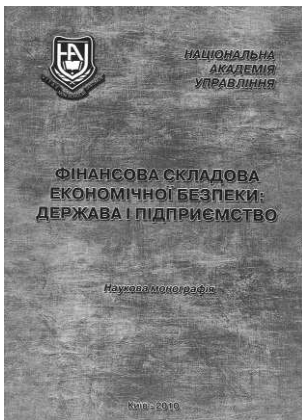


#### СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ

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**Фінансова складова економічної безпеки: держава і підприємство: Наук. монографія. – К.: Національна академія управління, 2010. – 232 с. Ціна без доставки – 40 грн.**

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У монографії розкрито місце і засади фінансової безпеки в системі економічної безпеки на двох рівнях управління економікою країни: держави і підприємства. Розкрито роль економічної безпеки в розвитку економіки України, визначено і обґрунтовано шляхи забезпечення фінансової безпеки на рівні держави.

Викладено методологічні основи фінансової безпеки підприємства та управління нею. Визначено форми і методи удосконалення механізму управління фінансовою безпекою на рівні підприємства.