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## **METHODOLOGICAL APPROACHES TO ASSESSING THE EFFICIENCY OF THE FUNCTIONING OF TIMBER INDUSTRY COMPLEX**

*The article deals with some methodological approaches to assessing the efficiency of the functioning of timber industry complex in the market conditions. There was proved that the most acceptable approach in this industry is the use of balanced indicators. It was substantiated that introducing of this system into the practice of management of efficiency of timber industry complex and its individual units will establish the only rules for assessing and forecasting of the results of management activity; will create the conditions for accounting the impact of external and internal factors and for analysis of various case scenarios; will increase the flexibility and complexity of the system of management.*

**Key words:** *efficiency, key indicators of efficiency, system of indicators of efficiency, timber industry complex, balanced scorecard.*

**The statement of a problem.** One of the most important sectors of the economy of Ukraine is a timber industry complex, which is influenced by various risks that hinder its development: high proportion of the shadow sector, exhaustive capabilities of the existing transportation infrastructure, high degree of depletion of forest resources and so on. In this regard, recently there has been a strong trend of extensive development of timber industry complex (TIC) and low efficiency of its operation. The introduction of the system of targeted efficiency management of TIC, based on its objective and complex assessment would allow to make coordinated decisions that would contribute to the optimization of the activity of national timber industry in

order to full realization of its potential, which could become the basis for sustainable growth of the national economy in the medium and long term.

**The degree of the problem elaboration.** Deep attention to the studying of the problem of efficiency paid such well-known scientists as: J. Dolan, J. Arrow, K. McConnell, W. Petty, J. Sachs, P. Samuelson, A. Smith, V. Andreychuk, O. Bitter, O. Varchenko, S. Kvasha, A. Danilenko, B. Paskhaver, P. Sabluk, P. Heyne and others. The research of criteria and methodological approaches to assessing the efficiency of functioning of business structures of different scale and various sectoral affiliation were highlighted in the papers of famous domestic and foreign scholars, such as A. Borisov, T. Bezrukova, S. Vahtorov, A. Goncharuk, V. Hruzinov, B. Kolisnyk, A. Kurochenko, V. Pryadko, O. Sarahman and many others. Despite the fact that this issue is widely indicated in the scientific literature, there are almost absent researches of methodological approaches to measuring the efficiency of the TIC at the macroeconomic level.

**The purpose of the article** is to deepen the theoretical and methodological principles for understanding and selecting the most appropriate methodological approaches to assess the efficiency of functioning of TIC.

**The main material of the research.** One of the important requirements that apply to evaluating of the effectiveness of TIC is that this assessment must allow to identify how management decisions at the macro level impact on: the implementation of technical, technological and structural measures; on the actual growth of timber products, its quality and competitiveness, expanding markets, productivity of work, job creation, income of employees, shareholders and others. This approach is best suited to the requirements of a market economy, focused on getting the real effect on the activity of enterprises of certain field (complex) for a specific period of time.

In the economic encyclopedia «efficiency» is defined as the ability to generate an effect, effectiveness of the process or project that is determined as the ratio of effect, result to the costs, which ensured this result [1, p. 508].

There are different methodological approaches to determine the effectiveness of economic systems. Most of them are of general character and can be applied to various industries. Let's consider the most interesting of them.

Noteworthy the classification of indicators of assessment of efficiency of economic activity of industrial enterprises worked out by authors T. Bezrukova, A. Borysova and I. Shanina. Scientists point out that increasing of effectiveness can be achieved through better use of assets, acceleration of the turnover of working capital, increasing of productivity of work. From this point of view, to study the effectiveness should be used such indicators: «resources» and «expenses», «result» and «effect». Here, resources are understood as material costs, while expenses are understood as the use of labor resources. As the indicators of efficiency it is proposed to use: specific weight of available and reclassified workforce, based on the unemployment rate in the region; productivity and labor intensity; the complexity of products; indicators of the state of means of production; capital productivity, capital-output ratio; turnover of assets; ratio of production and sales marketing in terms of sales channels; profitability [2].

In our opinion, this system of indicators seems to be adequate and can be used to analyze the efficiency of TIC provided the creation of appropriate economic and mathematical model.

Researcher O. Sarahman divided the system of indicators that measure the efficiency of management of the entity into seven subsystems of indicators that are able to characterize: the results of production (the effect of economic activity), including the volume of goods and services, objects of social infrastructure and financial results that provide the fulfillment of the functions of regional governance; the amount of regional resources; the amount of expenditures on goods and services' manufacturing (production costs); the ratio of the production results to the production costs in the region; the ratio of the current period results to the results of the previous period; the ratio of the results in this region to the average results obtained in the totality of regions; the ratio of the results calculated per capita to the

relevant results that are used as standard rates of social and economic security in the countries of developed economy [3].

In turn, V. Pryadko proposed to use methodical approach within strategic management of efficiency. It combines three systems of indicators: balanced scorecard; present value added indicators; indicators of functional cost analysis. Balanced scorecard covers the relationships between monetary and non-monetary indicators, strategic and operational levels of management, past and future results, as well as between the internal and external environment of organization [4].

This system provides the opportunity of the development of quantitative indicators in terms of four main perspectives (functional planes) of organization: financial perspective, the perspective of marketing, business process perspective, the perspective of learning and development. Thus, balanced scorecard presents a brand new management tool that transforms the vision of the organization and its strategy into a set of interrelated balanced scorecard evaluating the critical factors not only current but also the future development of the organization. Methodology of construction of balanced scorecard can be described by the following sequence of management actions: definition of goals of the organization, identification of the opportunities and constraints, defining of the indicators that measure the strategic development (achieving of the goal), identification of indicators, prediction of results, harmonization of purposes and results, further planning.

The main drawback of balanced scorecard is that there is no final guideline (basic indicator) by which the effectiveness of the system is measured. Therefore, as B. Kolesnik noted, it should be supplemented by using the system of management of efficiency based on the present value added. The advantages of present value added are the mathematical accuracy of calculations of this indicator and clear definition of the effect of individual components of the formation of present value added. In turn, the benefits of a balanced scorecard are complexity and consistency of this concept [5].

Agreeing with the positions of B. Kolesnik and V. Pryadko, it is noted that among the considered methodological approaches to determination of indicators of

the effectiveness of management of efficiency, the most acceptable from the standpoint of accounting of sectoral specifics of timber industry complex and the need to accounting the influence of various factors affecting some spheres of its operations, is the adaptation and implementation of balanced scorecard into the practice of management of efficiency of all business units of timber industry complex.

**Conclusions.** Examining some approaches to the selection of indicators of effectiveness of management of efficiency of TIC, we made a conclusion that the implementation of balanced scorecard into the practice of management of efficiency of TIC and its individual units will allow to establish the only rules for assessing and forecasting the results of management actions, will create conditions for accounting the impact of external and internal factors and analysis of various case scenarios, will increase flexibility and integrity of management system that will provide appropriate information and analytical base to justify the choice of tactical and strategic management decisions and will ensure the effective functioning of the timber industry complex.

Obtained during the study conclusions do not pretend for a comprehensive solution of the outlined problems. It is necessary to further study of this issue on the basis of controlling.

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### **МЕТОДИЧНІ ПІДХОДИ ДО ОЦІНКИ ЕФЕКТИВНОСТІ ФУНКЦІОНУВАННЯ ЛІСОПРОМИСЛОВОГО КОМПЛЕКСУ**

*У статті розглянуто деякі методичні підходи до оцінки ефективності функціонування лісопромислового комплексу в ринкових умовах. Обґрунтовано, що найбільш прийнятним для даної галузі є застосування системи збалансованих показників. Доведено, що впровадження означеної системи в практику управління ефективністю лісопромислового комплексу та його окремих ланок дозволить встановити єдині правила оцінки та прогнозування результатів управлінських дій, створить умови для врахування впливу зовнішніх і внутрішніх факторів, а також аналізу різних сценаріїв розвитку подій, підвищить гнучкість та комплексність системи управління.*

***Ключові слова:** ефективність, ключові показники ефективності, система показників ефективності, лісопромисловий комплекс, система збалансованих показників.*