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## **ESSENCE AND STRUCTURE CHARACTERISTICS OF THE DEFINITION OF ECONOMIC AND INSTITUTIONAL MECHANISM OF ENTERPRISE MANAGEMENT**

**Abstract.** The article provides the synthesis of scientific views of nature "mechanism", "economic mechanism", "institutional mechanism", the term "management". Grounded definition of economic and institutional mechanism of enterprises management.

**Keywords:** mechanism, economic mechanism, institutional mechanism, management, activity, company.

**Problem.** Modernization of the Ukrainian economy is impossible without improving the management of business organizations, positive result of which strongly depends on building an effective economic and institutional mechanism.

In this context, it is important to find techniques and technologies create economic and organizational mechanism of enterprises that would provide intensification of development.

**Analysis of recent research and publications.** The essence and structure of economic and institutional mechanism of enterprises management studied many famous scientists: V. Moskalenko, O. Shipunova, H. Bryuhovetska, I. Lukinov, L. Abalkyn etc., but the unanimous opinion on the matter does not exist. The latter leads to the systematization of scientific findings and outline the measures that will be used for decision-making regarding stabilization of industrial activities.

**Aims of article.** Make a synthesis of scientific views regarding the nature of economic and organizational mechanism of enterprises management.

There are different views in the scientific community regarding the nature of economic and organizational mechanism of enterprises management.

Thus, the world perception "mechanism" some scientists interpret it as "a system or method of governing the specific activity" [1, p. 355], other as "system of direct and indirect relationships between economic phenomena and processes, especially between their opposing parties, as well as subsystems and elements of economic systems" [2, p. 100]. The author shares the view that this is really a system, and proposes a definition of "mechanism" interpreted as a well-defined system of elements that motivate each other to achieve a goal.

Any activity is not possible without a specific implementation mechanism of outlined requirements into practice and what happens in the interaction with the environment. The result of activity is expected when you reach the goal, that reflects in profit.

Doing any business is impossible without good governance. Some scientists consider management as the impact on a process, object or system to maintain their stability or translation from one state to another according to specific purposes [3, p.731]

We can not agree with M. Makarenko and V. Dudchenko [4, p. 70] that "category includes a set of management techniques and methods of purposeful action on the object to achieve a specific result. Also deserves attention determination of studied economic category

by scientist V.A. Grosul, stating that "the development of enterprise management organizational mechanism involves the formation of aggregate goals, necessitating its operation. It is necessary to determine the structure of the components of the formation of goals and their relationship, as organizational management mechanism should cover all levels and areas of business, system of goals, which includes goals and objectives of enterprise development, and opportunities for their implementation "[5].

The authors are inclined to think that a more comprehensive notion of "control mechanism" should be considered in conjunction the above definitions: build a system that through well-defined methods, techniques, technology should influence the objects, prompting them to act in order to obtain certain result.

We now consider the discussion points among scientists regarding the nature of the economic mechanism (tabl.1).

Table 1

**The definition of "economic mechanism" in the scientific literature**

Authors of definitions	The generalization of the term proposed
V. Moskalenko and O. Shipunova [6] N. Bryuhovetska [7] I. Lukinov [9], edited by staff of L. Abalkin [9].	That is part of the economic mechanism of economic entity determined as the best integration of interests of various parts of the production process, separate groups and employees
V. Moskalenko and O. Shipunova [6, p.11]	In order to achieve business objectives, economic mechanism should include functional subsystem (planning, forecasting, pricing, analysis, accounting), support subsystem (informational, regulatory, internal economic relations), economic instruments (interest rates, prices, rates, benefits, penalties, economic incentives) that are in constant and effective interaction between them have to ensure profitable business activity.
A. Kuhlman [10] Ya. Ferez [11]	Treats the economic mechanism as the base system or phenomenon: a theoretical framework that defines properties for different events, forms, methods and means or necessary connection that occurs naturally between economic phenomenons [10, p. 15; p. 60]; leads to the emergence of a number of other events that do not require additional impulses arising from each other in a certain sequence and leads to concrete results [11, p. 12].
E. Bernard [12, p. 205].	Defined as "way of interaction of economic phenomena, the way to achieve economic equilibrium, which depends on the legally defined boundaries of these phenomena"

The authors support the view of V. Moskalenko and O. Shipunova regarding the nature of the economic mechanism, but to achieve the aims set out in writing the article, outlining the

*economic and organizational mechanism of management of the companies offer to supplement the definition in the part of combining economic mechanism and institutional mechanism to another subsystem : creating behavioral mood of employees: methods and techniques that improve the efficiency of human resources, and that ultimately gives employees a chance to realize personal opportunities and further to apply these capabilities to the enterprise through the warehouse management system.*

*In addition, there is a need to define the structure of economic and institutional mechanism. Studies have shown that there is not consensus on the structure of economic and institutional mechanism. Scientist F. Zinoviev inclined to think that the main elements of the economic mechanism are: forms of social production (division of labor, location, specialization, etc.), forms of economic relations that provide industrial relations between the spheres of production and enterprises; set of economic instruments and incentives of impact on production [13].*

*In analyzing the table 1 it can be seen what the structure of the economic mechanism represents. This effective structure possible when it works on all parts of the company and the economic mechanism will be used to obtain the maximum possible value of profits. This in turn may use elements with constant institutional mechanism and components of good governance. Hence, we are inclined to believe that the economic and institutional mechanism should act in symbiosis, as to achieve effective results of any entity can be due to a combination of optimal use of both material and human resources company with the successful application of effective methods of management of the business structure and its subsidiaries.*

*Effective use of the economic mechanism, institutional mechanism is possible with mutual combination of using of effective methods, instruments and tools.*

*At the enterprise level there are such techniques are applied as accounting, analysis, internal planning and forecasting, selffinancing, funds creating, renting, leasing, factoring, payment system and relationships with owners, employees, partners, suppliers and other business and so on.*

*Tools – are means by which is possible to achieve positive results of the company, that you can use to improve relationships with entities that collaborate with business entities: the use of prices (fixed or adjustable), taxes, penalties, discounts, controlling.*

*Receptions – are income of employees (wages, benefits package), financial assistance, bonuses, incentive measures through the provision of certain fees, fines, providing training and retraining, certification, forms of payment.*

*It should also be noted that the establishment of an effective economic and organizational mechanism of enterprises activity is possible, if the construction is based on economic laws.*

*In this respect, the idea of L. Abalkin is plausible that the effect of economic laws is objective phenomenon, and the mechanism of their use is a combination of objective and subjective in human activity [14, p.17].*

*Hence, attempts to achieve certain results of the company must be based on the symbiosis of good governance and economic components of an effective institutional mechanism.*

*While some scientists argue that management is only secondary in nature, as dependent on forms of production and financial and economic relations. However, the change of control affects other elements of the mechanism, including the forms of organization, relationships and incentives "[14, p. 83].*

According to the authors of this article, developed economic and institutional mechanism of any enterprise can be realized only by management.

Besides, achieving economic efficiency and organizational management mechanism of any enterprise can not be separately without a balanced policy of Government as to development of the economy as a whole.

Summarizing the above, we offer a definition of "economic and institutional mechanism of enterprise management" viewed as a system of interaction between subsystems: functional (planning, pricing, accounting and analysis), legal and information management, creating behavioral mood of employees (methods and techniques that improve efficiency of human resources), tools (interest rates on loans, rates, prices, fines, preferences) and through forms, techniques and management practices to ensure the implementation of the processes that promote achieving definite goals.

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