

ENTERPRISE PERFORMANCE IN TRANSITION

Ganna Tkachenko, *group E - 53*

Generally the question of efficiency as a source of enterprise performance is not widely investigated in literature. The most common approach to measure enterprise performance is to proxy it with growth of sales. This indicator is used in plenty of studies of enterprise performance in transition.

This is appropriate when economic activity is growing. From the other side, in case of external economic shock (growth of energy prices, exchange rates, sharp decrease in consumption) cost-side of economic activity plays a vital role.

Moreover, efficiency captures profit, while growth of sales is just an indicator of scale.

The question of determinants of enterprise performance in transition economies is a case of many publications.

Warzynski (2000) proved that combination of reforms in the market structure, privatization and changes of the executive positions provide maximal growth of efficiency of production for Ukrainian enterprises.

Simon Commander and Jan Svejnar (2007) found that foreign (but not domestic private) ownership and competition have an impact on performance. However ownership change does not appear to have had any positive impact on performance without complementary changes in management structure, financing, the competitive environment and/or other factors specific to the firm.

Nickell's (1996) study shows the growth of efficiency due to competition. Kikeri (1994) shows, that bank loans at lower interest rates and subsidies influence enterprise performance.

The aim of our work is to define the set of determinants which statistically significantly influence economic efficiency of Ukrainian enterprises, based on BEEPS 2005 data set (N of observations = 544). Based on our estimates, policy recommendations for increasing efficiency in contemporary economic crisis are given.

Dyadechko A. M., *EL adviser*