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## **PECULIARITY OF THE ACTIVITIES OF ENTERPRISES OF THE NATIONAL RETAIL UNDER THE CONDITIONS OF EURO INTEGRATION**

**N. Smolnyakova, O. Mykhailova, N. Haidar**

*In the article, the specificity of the Ukrainian retail enterprises' activity is considered in the conditions of the Association Agreement between Ukraine and the European Union. The main directions and their characteristics for harmonization of*

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*Ukrainian standards with the European Union standards in the field of retail are singled out. The features of retail enterprises activity are disclosed, which should be taken into account when elaborating the development strategy in the conditions of European integration of the country.*

**Keywords:** *retail companies, European integration, Association Agreements between Ukraine and the EU.*

## **ОСОБЕННОСТЬ ДЕЯТЕЛЬНОСТИ ПРЕДПРИЯТИЙ ОТЕЧЕСТВЕННОГО РИТЕЙЛА В УСЛОВИЯХ ЕВРОИНТЕГРАЦИИ**

**Н.Н. Смольнякова, Е.В. Михайлова, Н.А. Гайдар**

*В статье рассмотрена специфика деятельности предприятий украинского ритейла в условиях Соглашения об ассоциации между Украиной и Европейским Союзом. Выделены основные направления и их характеристики по гармонизации украинских стандартов в соответствии к стандартам Европейского Союза в сфере ритейла. Раскрыты особенности деятельности предприятий розничной торговли, которые должны быть учтены при разработке стратегии развития в условиях европейской интеграции страны.*

**Ключевые слова:** *предприятия ритейла, европейская интеграция, Соглашение об ассоциации между Украиной и ЕС.*

## **ОСОБЛИВІСТЬ ДІЯЛЬНОСТІ ПІДПРИЄМСТВ ВІТЧИЗНЯНОГО РИТЕЙЛУ В УМОВАХ ЄВРОІНТЕГРАЦІЇ**

**Н.М. Смольнякова, О.В. Михайлова, Н.О. Гайдар**

*В умовах модернізації України за рахунок приведення її стандартів у відповідність до стандартів Європейського Союзу особливе значення набуває вирішення проблем трансформації вітчизняного ритейлу, що виконує важливу роль у розвитку національної економіки й соціальної політики. Тому необхідно зрозуміти як впливатиме виклики євроінтеграції, що стоять перед підприємствами вітчизняного ритейлу та як вони можуть скористатися позитивним досвідом європейського ритейлу на сучасному етапі трансформаційних змін національної економіки. Саме тому вивчення, узагальнення та розробка рекомендацій і пропозицій щодо специфіки їх діяльності за умов євроінтеграційних змін набуває особливу актуальність. Головною ціллю даного дослідження становить визначення специфіки діяльності підприємств вітчизняного ритейлу в умовах євроінтеграції. Дотримання певних правил і стандартів у сфері бізнесу є однією з основ політики Європейського Союзу. Відзначимо що, цей напрямок є найбільш вразливим для багатьох сфер українського бізнесу. Європейські стандарти бізнесу можна розділити на три групи (перша включає стандарти захисту прав споживачів та безпеки продуктів; друга стосується стандартів щодо*

захисту навколишнього середовища, а третя – це вимоги щодо захисту здоров'я і безпеки співробітників на роботі). Роздрібна торгівля, будучи оператором споживчого ринку, який організовує і регулює функції доведення товарів від виробника до споживача, сприяє вирішенню проблем, пов'язаних із забезпеченням безпеки харчових продуктів, із захистом навколишнього середовища та з вимогами щодо безпеки праці і захисту здоров'я працівників, як зі свого боку, так і всіх зацікавлених сторін.

У результаті проведеного дослідження виділені першочергові заходи і їх характеристики щодо приведення українських стандартів у відповідність до стандартів Європейського Союзу у сфері ритейлу. Реалізація даних заходів має стати в пріоритеті особливостей діяльності українського ритейлу в умовах євроінтеграції країни та дозволить їм розробити ефективну стратегію розвитку.

**Ключові слова:** підприємства ритейлу, європейська інтеграція, Угода про асоціацію між Україною та ЄС.

**Statement of the problem.** European integration opens many prospects for the development in Ukraine, gives Ukrainian societies access to European economic values, though, at the same time, the period of reforms in the country creates big problems. The policy objectives of the Association Agreement between Ukraine and the European Union are to deepen the implementation of the "European choice" of Ukraine. This implies the introduction of fundamental European values, namely democracy, rule of law, respect for human rights and standards of the European security system. One of the economic objectives of the Agreement is to reform the economy in line with the best European practices.

The agreement regulates modernization of Ukraine by bringing its standards into line with EU standards, which, in general, are in line with international best practices. Ukraine has no need to "reinvent the wheel" in many technically complicated directions, since adopting regulations and standards that do not meet the requirements of international best practice may be too costly and ineffective [1, p. 2]. It will not be left to the side of the retail sector as a type of economic activity that plays an important role in the development of the national economy and social policy of Ukraine.

Therefore, it is necessary to understand how the challenges of European integration the domestic retailers will face, and how they can take advantage of the experience of European retail at the present stage of transformational changes in the national economy. This will allow domestic retailers to elaborate an effective development strategy in the context of European integration.

**Review of the latest research and publications.** Many domestic economists and politicians (O. Soskin, A. Antoyan, S. Zhdanov,

A. Tolstova, T. Bidyuk and others) devoted their works to the study of the impact of the Association Agreement between Ukraine and the EU on the global economic processes of the country. The issues of the development of retail trade in Ukraine, its modern trends and functions, and specifics in the context of European integration are highlighted in the works of M. Chorna, M. Grigortseva, N. Popadintsy, I. Markina and others. However, without attention of experts, a number of questions remain about the definition of the peculiarities of European integration precisely for the activities of domestic retailers in relation to the formation of an effective development strategy.

**The objective of the research** is to define the specifics of the activities of domestic retailers in the context of European integration.

**Presentation of the research material.** Compliance with certain rules and standards in business is one of the foundations of EU policy. Let's note that this direction is the most vulnerable for many spheres of Ukrainian business, including retail trade. European business standards can be divided into three groups:

- the first group includes standards for consumer protection and product safety;
- the second concerns standards for the protection of the environment;
- the third is the requirement to protect the health and safety of employees at work.

Retail trade is the operator of the consumer market, which organizes and regulates the functions of bringing the goods from the producer to the consumer, shapes and satisfies customer demand, provides buyers with the opportunity to select the right products, creates comfortable conditions for the purchase of goods, and organizes quality services [2].

Thus, the activities of retailers contribute to solving the problems associated with ensuring food safety, protecting the environment and with the requirements for safety and health protection of employees.

In the context of Euro integration processes, retail takes on the role of a guide for bringing standards in line with EU standards.

Based on the highlighted areas for bringing Ukrainian standards in line with EU standards, their characteristics were summarized in terms of implementing possible measures for domestic retailers (Table).

Taking into account the above, we will consider in more detail each of the directions of bringing the standards into line with the EU standards of retailers.

Table

**The main measures of the domestic retailers to ensure compliance with EU standards**

Characteristics of the event	Result
In the direction of "Ensuring food security"	
The introduction of a food safety management system based on the principles of (HACCP): 1. Compliance with legal requirements for food quality control; 2. The ability to take additional measures to increase control in the food supply chain from the production process to the implementation	Ensuring the safety of food products offered to consumers and compliance with legal requirements
In the direction of "Protection of the environment"	
Introduction of the environmental management system: 1. Compliance with obligations to protect the environment for its part; 2. Dissemination of control at all stages of the life cycle of goods or services, during which the impact on the environment is carried out	Preventing and taking timely measures to reduce environmental risks, ensuring compliance with legal requirements
In the direction of "Protecting the health and safety of employees at work"	
Implementation of a management, health and safety management system that meets the requirements of OHSAS: 1. Compliance with health and safety obligations for its part. 2. Cooperation and business development with companies with a proven level of safety of working conditions	Elimination or minimization of health and safety risks for personnel and other interested parties related to the activities of the enterprise, as well as ensuring compliance with legal requirements

*Ensuring food security.* One of the first steps in the process of European integration is to ensure food security. In Ukraine, the system of food safety management, based on Hazard Analysis and Critical Control Points (HACCP), is mandatory for all enterprises involved in the production

or introduction of food products. This is required by the Laws of Ukraine "On Safety and Quality of Food Products" and "On Children's Nutrition" [3]. The principles of HACCP work, on the basis of which the system of food products quality control is developed and functioning. It includes conducting analysis of dangerous factors; definition of critical control points (CCP); definition of critical boundaries for CCP; establishment of monitoring system for CCP; establishment of corrective actions if the monitoring results indicate a loss of control in CCP; establishment of verification procedures to confirm the effectiveness of HACCP system; establishing a system of documentation and registration of data.

At retail enterprises, due to the use of HACCP, there was the possibility of creating a proactive system for improving the safety and quality of products, i.e. to find out the risks of diseases caused by the use of poor-quality products at the stage of production – from harvesting to the time when the finished product hits the store shelves. Retail not only ensures compliance with legal requirements for quality control of its own products, but it can also take additional measures to increase control in the food supply chain from the production process to the implementation.

In retail trade, the use of the system of food safety management based on HACCP principles is as follows:

1. Compliance with legal requirements for food quality control. It follows that retail chains in the short term will require their suppliers to have a system to ensure the safety of the food they offer.

2. Application of additional measures to increase control in the chain of food supply from the production process to the realization of food products (regular inspections of hygiene and processes at enterprises that produce their own branded products, technology and hygiene testing at suppliers' enterprises, with their own quality control and food safety system; checking the process of preparation of own products, regular hygienic examination of all working surfaces in the store; control over the implementation of prescribed measures to improve the safety of products; improvement and development of the system of food safety management).

Based on the concept of HACCP, several standards have been developed that are applied in individual countries and regions or in separate parts of the food chain.

In the sphere of retail, the most effective is ISO 22000:2005 "The management system in the field of food and food safety – Requirements for any organization in the supply chain" [4], its operation is aimed not only at the quality of products, but in general, the activities of the enterprise.

With the introduction of ISO 22000:2005, the retail company ensures the safety of food products offered to consumers and compliance with legal

requirements. Thanks to this, customer loyalty, customer satisfaction, increased sales, and the ability to preserve and expand markets are increasing. Certification does not guarantee the company's competitiveness, but working with a partner with an ISO-series certificate is considered less risky.

*Environmental protection.* Environmental protection is extremely important in the process of European integration of Ukraine. This is evidenced by the fact that in the Annex XXIX of the Association Agreement between Ukraine and the EU the bulk of the EU directives belongs to the environmental law and EU policies [1, p. 174].

Climate change and excessive consumption of resources are problems that, in one way or another, affect any business entity in Ukraine, including retail enterprises. Stores and warehouses are a key element of an integrated system of suppliers, producers, consumers, in which retail plays an intermediary role. It is here that a significant part of the commercial business is involved, which is connected with the consumption of resources and waste generation. And interaction with the natural environment should not harm it. One of the tools that can solve environmental management issues is the introduction of an effective environmental management system at the retail enterprise, and the international standard ISO 14001:2015 "Environmental management systems. Requirements and guidance for use" [5]. Actions to address the environmental issues identified in this standard will allow the retailer to comply with its environmental obligations (improving energy efficiency, reducing greenhouse gas emissions and managing resources, promoting separate collection, reducing waste and etc.), as well as to control all stages of the life cycle of the product or service, during which the impact on the environment is effected (starting from the purchase and ending with the disposal of the product after its expiry date/operation). The essence of this work is to prevent, take timely measures to reduce possible risks.

Effective management of key environmental aspects can bring tangible benefits not only in terms of reduced costs through resource savings, waste disposal, additional profits from the sale of recycled wastes or their reuse, but also improve the internal environment for employees' work, comfort for them and customers.

Obtaining an ISO 14001:2015 certificate for enterprises is not mandatory, but it has an image side. The introduction of a system to manage environmental activities increases the reputation of the company, its self-esteem and credibility among potential partners and serves as a key to the successful development of public relations.

*Health protection and safety at work.* In the area of health and safety at work, the Association Agreement provides for comprehensive programs of action to gradually bring Ukrainian norms and practices into line with EU legislation. Instead, Michael Emerson points out that the biggest problem in Ukraine concerns the implementation of the law, and not the inclusion of the necessary provisions in the legislation [1, p. 219].

The harmonization of Ukrainian legislation with European legislation in the field of health and safety requires new approaches to the organization of work and creation of a modern management system. To develop and apply legislative requirements and information about risks in the retail enterprises at the retail enterprises will allow the introduction of a health and safety at work management system that meets the requirements of OHSAS.

Within the framework of the goal of health and safety of labor, retail enterprises are also oriented towards strengthening the competitive position and profitability of business.

So, concerning strengthening the competitive position – focusing primarily on universal human values, implementing the concept of social responsibility, and then on the need for high-quality goods and services, the firm forms a business image [6, p. 104]. Soon, the Ukrainian buyer and client will evaluate the company not only based on the price of the product or service, convenience of location, etc., but also on the compliance of the products offered with occupational safety and health requirements. As the practice of Western Europe shows, today the state of working conditions, the level of standards and safety requirements, as well as the protection of workers from occupational hazards is the main criterion for the presence on the market and demonstrates the reliability of business relations;

Profit in this aspect provides:

- reduction of inefficient costs due to rational organization and use of technologies, working time, intellectual and physical abilities of employees;

- strict fulfillment of labor obligations and established technologies, including in the field of occupational safety and health;

- reduction of losses due to labor injuries, general and occupational diseases, emergencies and labor conflicts.

To develop and implement a health and safety management system at the retail enterprise will allow the OHSAS 18001 standard "Occupational Health and Safety Management Systems – Requirements" [7], which establishes the requirements for this system. Legislation obliges employers to protect employees from harmful influences in the workplace. This includes risk assessment and risk prevention, preparation for accidents, fires and emergencies, information and training of employees. The assessment of



occupational hazards is the basis for planned work in the field of occupational safety and health. Risk assessment is the process of analyzing, evaluating and making decisions related to the presence of specific hazards. The results of risk assessment are the starting point for planning future work and providing all the necessary resources for its implementation – financial, human, temporary and others.

Both employers and employees must understand the benefits of a well-functioning health and safety system that will help:

– raising awareness and confidence of managers and employees in creating safer workplaces;

– reducing work risks, protecting health and saving time and money;

– reduction of costs in the form of the absence of fines and compensation paid for non-compliance with health and safety requirements;

Thus, ensuring a higher level of protection in terms of health and safety is a sound investment, providing a good reputation, image, as well as a decent position in the market and profit.

**Conclusions.** In the result of the study, primary measures and their characteristics were identified to bring Ukrainian standards in line with EU standards in the retail sector. The implementation of these activities should become a priority of the specifics of the activities of domestic retail in the context of European integration of the country. Prospects for further research are the study and the possibility of introducing the positive experience of retail chains in Western Europe for retail trade in Ukraine.

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