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PROBLEMS AND PROSPECTIVES OF VALUE BASED MANAGEMENT IMPLEMENTATION IN UKRAINIAN RETAIL BUSINESS

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In today's business environment, where competition is increasing day by day, effective management is becoming a key success factor for businesses, especially in the retail sector. In global practice, the concept of value-based management (Value-Based Management, VBM) has received wide recognition and is successfully implemented by large corporations.

As the global significance of small businesses has risen over the past years, there has been a proportional increase in the number of publications dedicated to this subject. The topic of fostering small businesses in Ukraine has been extensively examined by authors such as O. Dykan, O. Poliakova, H. Obruch, A. Tolstova, and others [1 – 4]. In our paper [5] we worked out a value drivers tree for a small family retail business entity which sells optic goods (glasses, lenses, etc.), in [6] we researched the issue of VBM in Small Family Retail Business affected by quarantine.

In this paper we will consider the prospects of implementing VBM in Ukrainian retail enterprises and its potential advantages for their development in the wartime.

Retail trade plays an indispensable role in the development of the economy of Ukraine. As a sector that provides a connection between producers

and consumers, it affects several aspects of the national economy and determines its sustainability and competitiveness. First of all, it ensures the availability of goods and services for the population. It creates a network of shops and outlets located in cities and rural areas, enabling residents to make purchases without significant effort and expense. Retail trade provides a variety of goods, which satisfies the needs of different population groups and contributes to maintaining the standard of living. In addition, retail trade is an important source of employment that creates a significant number of jobs in shops, supermarkets, markets and other commercial facilities.

During the war in Ukraine, the retail trade sector faced numerous challenges. Limited availability and irregular supply of goods led to insufficient inventory and rising prices. Security concerns posed threats to retailers, with incidents of terrorism, looting, and store destruction. Additionally, population displacement and changes in living conditions resulted in decreased demand for retail services. Adapting to these circumstances and ensuring supply, security, and consumer support became vital tasks for the retail trade industry during the war.

It is crucial to implement VBM in the retail industry in Ukraine in these difficult times. VBM focuses on creating long-term value for customers, employees, and shareholders. By adopting VBM principles, retailers can prioritize customer needs, enhance employee engagement, optimize operations, and ensure sustainable business practices, ultimately contributing to their resilience and success in a challenging wartime environment.

The implementation of VBM at Ukrainian retail enterprises provides numerous advantages that contribute to their development and competitiveness.

1. Maximizing Shareholder Value: one of the key benefits of VBM is that it aims to maximize the shareholder value of the enterprise. This means that retail businesses focus on improving efficiency and profitability, which has an immediate impact on increasing value for shareholders and investors.

2. Optimizing financial performance: VBM allows retailers to identify and optimize costs, manage working capital and use resources efficiently. This helps to increase profitability, reduce unnecessary costs and increase the financial stability of the enterprise.

3. Risk management: VBM includes the analysis of risks and their impact on the enterprise. This allows retail enterprises to better assess potential risks and develop strategies for their management.

4. Attracting and retaining talented employees: implementation of VBM creates opportunities for development and career growth of employees. Businesses that use this concept will have an advantage over their competitors because their employees will have a value mindset and work more efficiently than their competitors.

The introduction of VBM at Ukrainian retail enterprises may face some

specific problems and challenges which are listed below.

1. Lack of a proper culture of values: Ukrainian retail enterprises may face insufficient understanding and awareness of the importance of values for business. Implementation of VBM requires making changes in the culture of the organization, involving personnel and management in value-oriented thinking.

2. Lack of necessary infrastructure: implementation of VBM requires the presence of necessary infrastructure, such as a proper system of financial reporting and analysis, information technology for measuring and monitoring financial indicators. The insufficient development of these elements can complicate the implementation of VBM.

3. Inadequate understanding and skills of value-based management: to successfully implement VBM, it is necessary to have qualified management personnel with an understanding of the concept and skills of value-based management. The lack of such personnel can become an obstacle to the effective use of VBM in the enterprise.

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