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## REGULATION OF THE DOMESTIC CONSUMER MARKET IN THE NATIONAL ECONOMY

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**Introduction.** Socially significant goods and services is the complex that includes a certain list of food products, certain types of products present in the domestic consumer market, which are sold at fixed prices. The regulation of the market for socially oriented goods and services requires regulation of consumer behavior and an optimal behavioral approach, which can help to improve the well-being of the population.

**Aim and tasks.** The purpose of the article is to substantiate the theoretical and methodological principles and conceptual provisions for the regulation of the domestic consumer market in terms of socially significant goods and services in Ukraine.

**Results.** A conceptual approach to socially oriented goods and services has been developed for the better functioning of the domestic consumer market. At the same time, it is important to take into account that the approach is built taking into account the principles: accountability and responsibility, predictability, consistency and consistency: efficiency, adaptability, social justice. The mechanism of state regulation of the market of socially significant goods and services has been improved. The concept of state regulation of the market of socially oriented goods and services is presented. The process of implementing the concept should include full interaction of all elements of state regulation of the market of socially significant goods and services. The purpose of the concept is to substantiate the theoretical and methodological aspects of state regulation of the market of socially significant goods and services in Ukraine.

**Conclusion.** A conceptual approach to the regulation of the market of socially oriented goods and services is presented, which consists in the application of all components, namely the legislative aspect, the economic aspect of market regulation of socially significant goods and services taking into account factors influencing the regulation of domestic consumer market and legislative aspects of price regulation for socially oriented goods and services. The concept presents three components of socially oriented goods and services. State regulation is applied to each of the components (price regulation, regulation of the industry – in some industries, which are producers and suppliers of socially oriented goods and services, natural monopolies operate). Compliance principles of market regulation of socially oriented goods and services would ensure the appropriate and rational consumption of the goods by the population.

**Keywords:** consumer market, regulation, national economy, concept, mechanism.

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## РЕГУЛЮВАННЯ ВНУТРІШНЬОГО СПОЖИВЧОГО РИНКУ В НАЦІОНАЛЬНІЙ ЕКОНОМІЦІ

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**Вступ.** У комплексі певний перелік продуктів харчування, окремі види продуктів, присутніх на внутрішньому споживчому ринку, які реалізуються за встановленими цінами, являють собою соціально-значущі товари та послуги. Регулювання ринку соціально-орієнтованих товарів і послуг потребує регулювання споживчої поведінки та оптимального поведінкового підходу, що може сприяти підвищенню добробуту населення.

**Мета та завдання.** Метою статті є обґрунтування теоретико-методологічних засад і концептуальних положень щодо регулювання внутрішнього споживчого ринку в розрізі соціально-значущих товарів та послуг в Україні.

**Результати.** Для більш вдалого функціонування внутрішнього споживчого ринку розроблено концептуальний підхід соціально орієнтованих товарів та послуг. При цьому, треба враховувати, що підхід побудовано з урахуванням принципів: підзвітність та відповідальність, передбачуваність, узгодженість та послідовність, ефективність, адаптивність, соціальна справедливість. Удосконалено механізм державного регулювання ринку соціально значущих товарів та послуг. Представлено поняття державного регулювання ринку соціально орієнтованих товарів та послуг. Процес реалізації концепції повинен включати повну взаємодію всіх елементів державного регулювання ринку суспільно значущих товарів та послуг. Мета концепції – обґрунтувати теоретико-методологічні аспекти державного регулювання ринку соціально значущих товарів та послуг в Україні.

**Висновки.** Представлено концептуальний підхід до регулювання ринку соціально-орієнтованих товарів та послуг, який полягає в застосуванні всіх складових, а саме законодавчого аспекту, економічного аспекту регулювання ринку соціально-значущих товарів та послуг з урахуванням факторів впливу на регулювання внутрішнього споживчого ринку в контексті соціально-значущих товарів та послуг. Представлено підходи до регулювання споживчої поведінки з урахуванням раціональності споживчого вибору та законодавчі аспекти регулювання цін на соціально орієнтовані товари. Концепція представляє три складові соціально орієнтованих товарів і послуг. Державне регулювання застосовується до кожної зі складових (регулювання цін, регулювання галузі – в деяких галузях, які є виробниками та постачальниками соціально орієнтованих товарів і послуг, діють природні монополії). Принципи дотримання ринкового регулювання соціально орієнтованих товарів та послуг забезпечують належне та раціональне споживання товарів населенням.

**Ключові слова:** споживчий ринок, регулювання, національна економіка, концепція, механізм.

**Introduction.** Socially significant goods and services is the complex that includes a certain list of food products, certain types of products present in the domestic consumer market, which are sold at fixed prices. Their production is an integral part of the national economy. However, a review of the main legal, institutional, economic aspects of market regulation of socially oriented goods and services shows that there is currently no clear interaction in the system of regulation of these elements in the domestic consumer market.

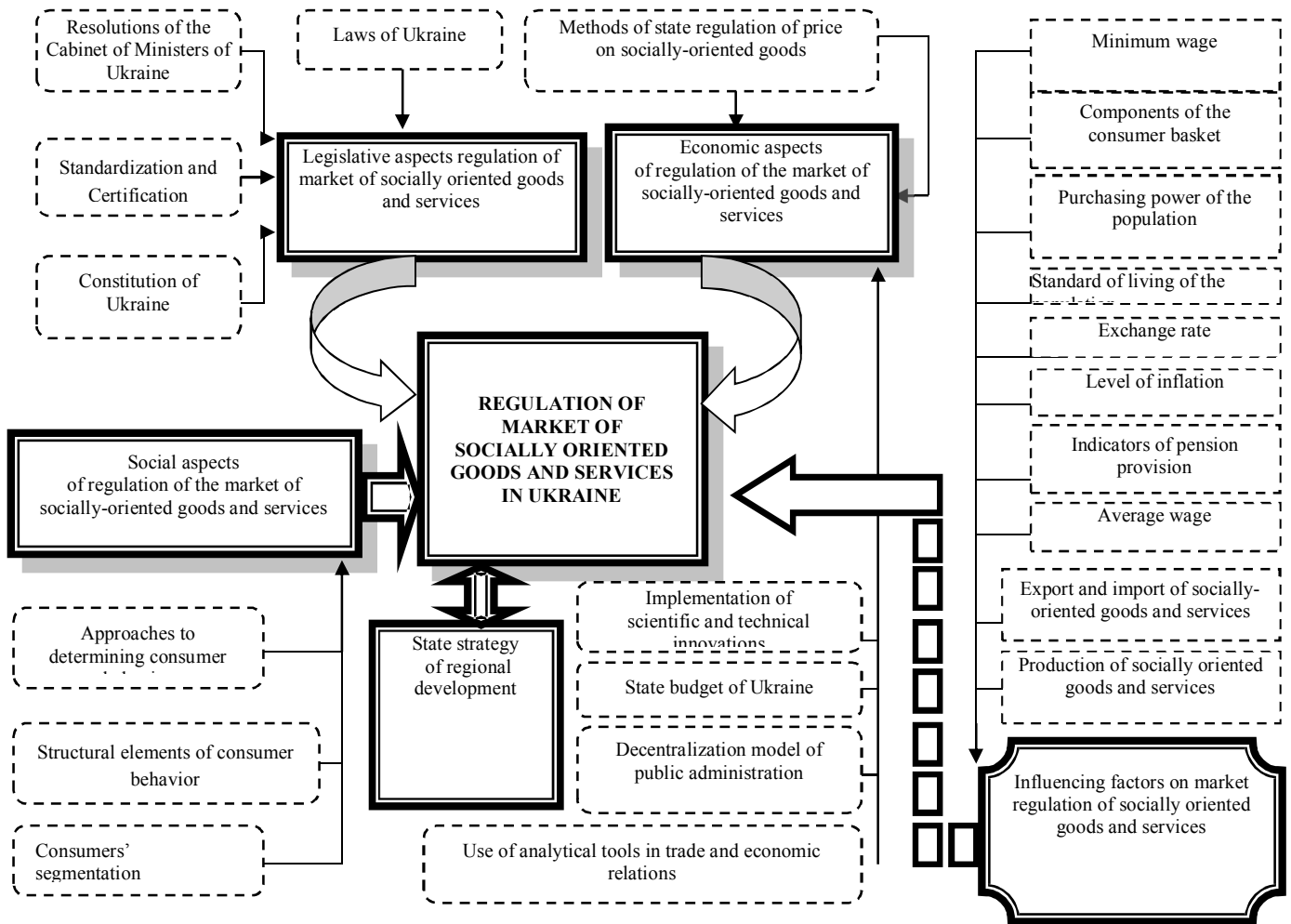
**Analysis of recent research and publications.** Problems of market regulation have been studied in the works of the scientists -classics of economic theory (e.g. P. Samuelson [1]). Regulation of the domestic consumer market in terms of socially significant goods was considered by V. Apopiý [2], M. Barna [3; 4], V. Geets [5], J.B.E. Steenkamp, S. M. Burgess [6], I. Markina [7], O. Zvereva [8]. The study identified the main stages of regulation of the consumer market. Features of public regulation of the domestic consumer market were studied by M. Melnyk [9].

Economic and legal principles of state regulation in general and regulation of prices for socially important food products in particular, peculiarities of price regulation on the market of socially-oriented food products were revealed by B. Danylyshyn [10], V. Ilyashenko [11], P. Putsenteilo et al. [12], M. Schut [13], T. Zinchuk et al. [14] and others. Unstable political and economic conditions, anti-terrorist operation, loss of farmland and enterprises, lack of relationship between the mechanisms of regulation of the components of the market of socially oriented goods and services – all this affects the functioning of the market of the above goods and services. Therefore, the issue of comprehensive consideration of state regulation of the market of socially significant goods and services acquires special scientific relevance.

**Aim and tasks.** The purpose of the article is to substantiate the theoretical and methodological principles and conceptual provisions for the regulation of the domestic consumer market in terms of socially significant goods and services in Ukraine.

**Results.** Theoretical aspects of market regulation in research were considered by T.Hrodetska [15], C. Franco et al. [16]. The study highlights the priority areas of instruments of regulatory and economic regulation of the market of socially oriented goods and services: increasing purchasing power by increasing incomes; expanding the supply of goods and services of domestic production; regulation of prices for socially significant goods and services; creating conditions for the development of civilized competition within the culture of entrepreneurship; reduction of regional differentiation according to the level of development of consumer markets [17]. In research [18] improved conceptual approaches to the regulation of the agricultural market with the definition of typological characteristics of food markets, as well as conceptual provisions for the formation of institutions and mechanisms for regulating the agricultural market.

Regarding the regulation of the market of goods (including food) at the legislative level the Law of Ukraine "On Basic Principles and Requirements for Food Safety and Quality" [19], the Law of Ukraine "On Consumer Protection" should be noted [20]. However, the international practice of regulating food products that are subject to mandatory certification provides for an integrated food quality control system, i.e. the creation of a single food quality control authority. For example, EU member states have set up single bodies or integrated food quality control systems, covering all stages of the production process according to the "field to table" principle – from the field to the retail trade [20].



**Fig. 1. Conceptual approach to regulation of market of socially oriented goods and services**

*Source: developed by the author*

The principles of market regulation of socially oriented goods and services define the following:

*Accountability and responsibility:*

- independent regulation should be carried out within the responsibilities and principles established by parliament and government;
- Roles and responsibilities between government and economic regulators should be distributed in such a way as to ensure that regulatory decisions are made by a body with legitimacy and experience;
- the decision-making powers of regulators should be within the limits imposed by the need to maintain trade secrets, be transparent and subject to proper analysis;
- the role of economic regulators should be focused on protecting the interests of end consumers of socially oriented goods and services;

- economic regulators must be clearly defined, formulated and prioritized, result-oriented, ensure the proper functioning of the market for socially oriented goods and services;
- economic regulators must have sufficient leeway to choose the tools that best help achieve optimal results - meeting the needs of current and future consumers, taxpayers.

*Predictability:*

- the conditions for economic regulation should provide a stable and objective environment that allows for the provision of context for future decisions and long-term investment decisions with confidence;
- the conditions of economic regulation should not unreasonably correct past decisions and should allow effective and necessary investment to obtain a reasonable return, provided that the normal risks inherent in the markets of socially oriented goods and services;

*Coherence and consistency:*

- the regulatory framework should form a logical part of the broader context of government policy, in accordance with the established priorities for regulation and successful functioning of the market of socially oriented goods and services;

- the regulatory framework should ensure consistency of intersectoral and interindustrial policy objectives within the functioning of the market of socially oriented goods and services.

*Adaptability (ability to adapt):*

- the conditions of economic regulation need to be able to develop in order to respond to changing circumstances and continue to be relevant and effective in the long run.

*Efficiency:*

- policy measures must be proportionate and cost-effective, while decision-making must be timely and reliable;

*Social justice:*

- goods and services in the market of socially oriented goods and services must be available to all segments of the population both in monetary terms and in conceptual terms (regardless of social status, income, the consumer has equal rights to purchase or use socially oriented goods or services).

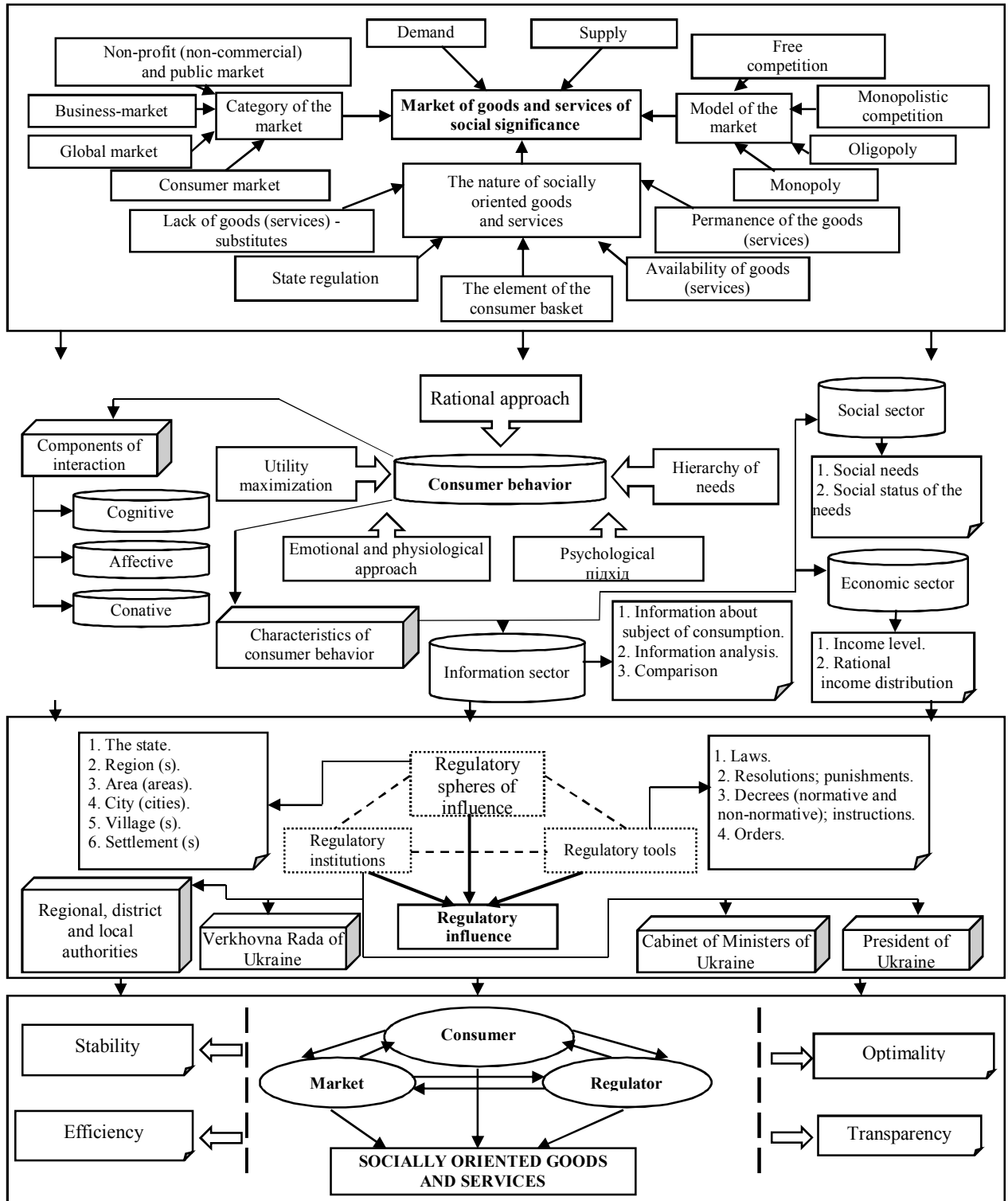
When regulating the domestic consumer market in the context of socially significant goods, it is always necessary to require information on the nutritional value of food and service consumption, which derives from a regulatory strategy that reflects the relationship between economic research and legal documents. From economic research, the concept of asymmetric information is used, i.e. the discovery that there is a mismatch between product knowledge of suppliers and consumers. As a result of this asymmetry, a dishonest supplier may refuse to explain important information to consumers in order to sell more.

Therefore, it is extremely important to provide information to consumers to reduce asymmetry and facilitate rational decision making. In our view, the problem is that in

order to achieve this solution, the legislator and the regulators have assumed that consumers rationally use existing information about a product or service and / or have access to it in general to make a choice. In addition, it is also provided that the ways in which information is displayed to consumers are neutral, which means that it does not influence their choice.

The issue of integrated market regulation of socially oriented goods and services is becoming increasingly important as economic and political processes have a negative impact on the national economy, causing social tension in society. Instead, there is much controversy over the appropriateness of state regulation (including price) of the market for socially oriented goods and services. However, the permanent increase in prices for products and services of social importance has a negative impact on living standards and purchasing power, public sentiment, and the socio-economic situation of the state.

Comprehensive regulation of the market of socially significant goods and services in the domestic consumer market can be traced both in the publications of scientists and in practice. Since one of the main functions of the state is to ensure a decent standard of living for the population of Ukraine, its functions through the state regulator (Government) should be aimed at ensuring the welfare of the population and creating the most comfortable living conditions. However, there are formal prerogatives, as they are mostly declarative in nature and do not meet the expectations of society. In conditions of instability and prolonged economic and political crisis, there are actions by the Government, which ordinary citizens interpret (understand) as unprofessional for the socio-economic development of the state. Given the above scientific justification requires improvement of the mechanism of state regulation of the market of socially significant goods and services (Fig. 2).



**Fig. 2. Mechanism of state regulation of the market of socially significant goods and services**  
 Source: developed by the authors

1. The market of socially oriented goods and services is a local environment for socially oriented goods and services; in particular, it reflects the elements that can be both an obstacle and a catalyst for a positive impact on socially oriented goods and services. The mechanism depicts the elements of influence on

the local market environment of socially oriented goods and services – a market model, the nature of the introduction of socially oriented goods and services, market category (its main purpose), supply and demand of socially oriented goods and services [14-18; 22-23].

2. Consumer behavior reflects the purpose of a socially oriented product or service. The main components of the consumer's needs for socially oriented goods or services are determined. The principle of the consumer's choice and his reaction to a socially-oriented product or service is distinguished. The permanence of the socio-economic base is formed, which directs the consumer's behavior to the emergence of a new socio-oriented product or service.

3. The state regulator, as a subject area, has a large number of economic and legislative tools influencing the restrictions or availability of socially oriented goods or services.

The factors of influence on socially oriented goods and services in Ukraine are spread through, depending on the territorial location and socio-economic situation in the Region.

4. For the correct formation of qualitative, quantitative and price characteristics of socially oriented goods and services, there should be consistency between the three subject areas, which in practice is reflected in the development of short, medium and long term plans and strategies by public authorities and the population of Ukraine, which represent community in each populated locality.

Therefore, it is essential to develop and implement a holistic concept of state regulation of the market of socially oriented goods and services (Fig. 3). The process of implementing the concept should include full interaction of all elements of state regulation of the market of socially significant goods and services.

The purpose of the concept is to substantiate the theoretical and methodological aspects of state regulation of the market of socially significant goods and services in Ukraine. The object of the concept is the process of state regulation of the market of socially significant goods and services in Ukraine. The subject of the concept is theoretical and applied aspects of state regulation of the market of socially significant goods and services [16; 21].

*The main tasks of the concept are the following:*

- definition of the terminological meaning of socially oriented goods and services regulated by the state as "socially significant goods and services";

- reflect the functional regulatory elements of the market of socially knowledgeable goods and services under the influence of the state;

- implementation of the vision of consumer behavior in the regulation of socially significant goods and services;

- the effectiveness of the formation and modernization of technologies in the innovation sphere in trade and economic relations of the Ukrainian economy and the involvement of mechanisms for the formation of trade categories for the sale of goods and services in Ukraine and abroad;

- to determine the chain of formation of the consumer basket and its obstacles to definition in modern economic realities;

- to reflect the structure and mechanisms of natural monopolies in the Ukrainian state, which is the main element of production of socially significant goods and services of the national economy of Ukraine;

- emergent component of the assessment of the energy market of the national economy of Ukraine and its format of involvement in market functioning;

- perform theoretical and methodological research to substantiate the competitive component of socially significant goods and services;

- qualitative component of measuring housing and communal services of the national sector of Ukraine as a socially significant service;

- determination of the regulatory lever of the state for the formation of prices for socially significant goods and services;

- determination of the complex of monitoring functioning of socially significant goods and services in the national economy;

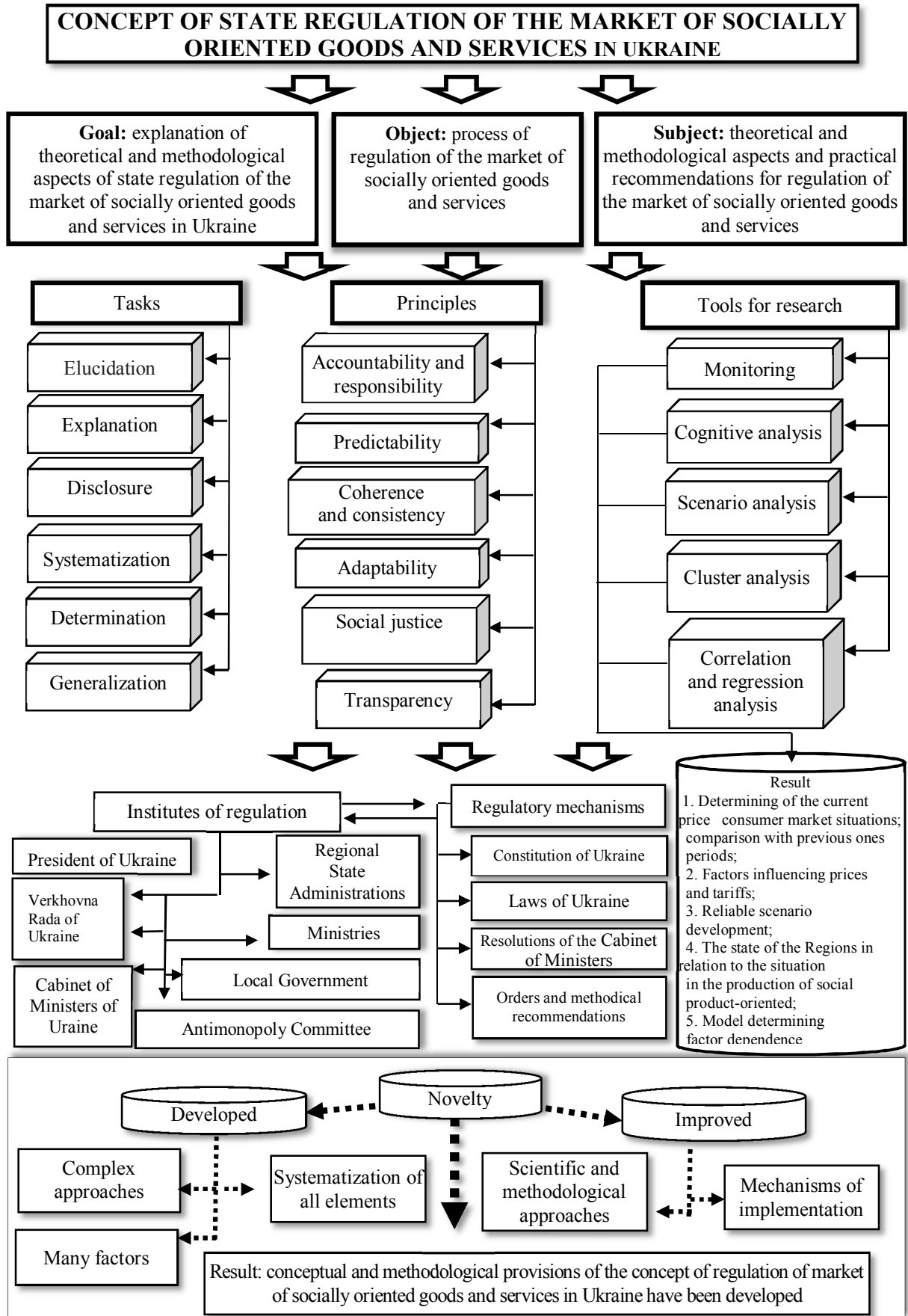
- systematization of the factor component to determine the cluster of the beet sugar industry, as the main factor in the formation of socially significant goods regulated by state mechanisms;

- to determine the factor component of the price of housing and communal services as a cognitive modeling in the format of a cognitive map;

- variability of the price range of price formation for socially-oriented non-food goods;

- social component of price formation for socially-oriented goods and services;

- deregulation and regulation of regulatory methods of state bodies on socially-oriented goods and services.



**Fig. 3. Concept of state regulation of the market of socially oriented goods and services**  
 Source: developed by the authors



*The main principles in the implementation of the concept* should be: accountability and responsibility; predictability; coherence and consistency; adaptability (ability to adapt); social justice; the principle of transparency.

There are two main factors: socially oriented goods and services and the market of socially oriented goods and services. Socially-oriented goods and services are elements of paramount social significance regulated by state bodies. The market of socially-oriented goods and services is a system of functioning of subjects and objects, which is conditioned by the presence of social-oriented goods and services.

The main components of the concept of market regulation of socially-oriented goods and services are housing and communal services, food and individual refined products, which is the central objective-oriented unit for determining the conceptual approach to the regulation of socially-oriented goods and services.

The conceptual approach, which is part of the concept, includes three components of the functional impact on the price of socially oriented goods and services; these include social aspects of market regulation of socially oriented goods and services, legislative aspects of market regulation of socially oriented goods and services, economic aspects of market regulation of socially oriented goods and services. But the formation of these aspects is influenced by various factors related to its component of pricing for socially oriented goods and services.

The Legislation on regulation of food quality, determination of standards for the provision and consumption of public services, as well as the quality of the provision of public services deserves special attention. The procedure of standardization, certification and compliance of products / services with the established requirements are regulated by the Laws of Ukraine, Resolutions and Decrees of the Cabinet of Ministers of Ukraine.

The national certification body of Ukraine is the State Committee of Ukraine for Technical Regulation and Consumer Policy, which was created by the State Consumer Standard of Ukraine. The main organization in the system of the State Consumer Standard of Ukraine for the development of scientific and methodological

and organizational principles of certification of products, services, quality management systems is the State Enterprise Ukrainian Research and Training Center for Standardization, Certification and Quality. It provides information support to enterprises and organizations on certification issues.

**Conclusions.** Thus, summarizing the results of the study, it is necessary to present the following conclusions. A conceptual approach to the regulation of the market of socially oriented goods and services is presented, which consists in the application of all components, namely the legislative aspect, the economic aspect of market regulation of socially significant goods and services taking into account factors influencing the regulation of domestic consumer market and services. The basic principles of state regulation of the market of socially-oriented goods and services are defined and scientifically substantiated, which are: accountability and responsibility; predictability; coherence and consistency; adaptability (ability to adapt); efficiency; social justice. Approaches to the regulation of consumer behavior taking into account the rationality of consumer choice are presented.

Thus, the concept presents three components of socially oriented goods and services. State regulation is applied to each of the components (price regulation, regulation of the industry – in some industries, which are producers and suppliers of socially oriented goods and services, natural monopolies operate). It is established that in the case of precise state regulation of consumer behavior and the optimal behavioral approach, government regulation can help improve the welfare of the population. Compliance principles of market regulation of socially oriented goods and services would ensure the appropriate and rational consumption of the goods by the population.

However, the thorough consideration of this problem shows new prospects for further research of the consumer market of the socially oriented goods and services especially in the context of both: state regulation and situation without mandatory state regulation. But, the study proves that the Consumption of socially oriented goods and services needs to be regulated and monitored.

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