THE ENTERPRISE’S ACTIVITY

Urgency of the research. The main task of improving the efficiency of procurement is the introduction and development of an electronic system that can save public funds, reducing corruption, and ensuring openness, accessibility of information.

Target setting. Procurement in modern conditions is carried out using competitive methods of finding suppliers. Competition is the main factor that determines the effectiveness of procurement. E-procurement becomes a tool for regulating supply and demand for enterprise products.

Actual scientific researches and issues analysis. Well-known scientists have made a significant contribution to the theory and methodology of e-procurement development: Altisivanyuch O., Afanasiev R., Brovdiy A., Ovrarnets Yu., Sevostyanova G., Kvach V., Tsymbalenko J., Melnikov O., Smirychnysky V., Tkachenko N., Umantsyv Y., Shakovsky O. and others.

Uninvestigated parts of general matters defining. Despite the large number of studies in the field of electronic procurement where the authors paid considerable attention to the problems of transparency and corruption in the public and municipal sectors, the issues of improving the efficiency of electronic procurement in the context of improving the enterprise insufficiently studied.

The research objective. Analysis of the functioning of the electronic procurement system in Ukraine, identification of problems in its functioning, search for ways to improve the information support of the automated system, and adaptation to the needs of modern enterprises.

The statement of basic materials. The article considers the peculiarities of the e-procurement system as a tool to improve the enterprise, explores the basic principles and stages of the procurement process, examines international experience in implementing electronic procurement systems, and analyzes the main problems and abuses in the context of enterprise development.

Conclusions. Given the peculiarities of the functioning of the electronic procurement system, it is necessary to improve the components that are outside the system, such as procurement planning, anti-corruption, avoidance of tender collusion and combating unjustified price increases.

Keywords: public procurement; electronic public procurement system; above-threshold procurement; sub-threshold procurement; tender; open bidding; auction.

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Electronic procurement system as a tool for improving the enterprise’s activity
Urgency of the research. Electronic procurement is an important element of managing the national economy and one of the priority areas of its reform, the main task of which is to implement an effective procurement system in accordance with the principles and approaches used by European countries and develop a regulatory framework that should ensure efficiency and transparency of the procurement procedure. The intensification of competition in global and domestic markets has an impact on enterprises that are beginning to focus on changes in the structure of demand, taking into account the environmental factor in their production activities and the development of economically viable innovations. These factors require a rethinking of the conditions of competition, the enterprise's own positioning in the market, and new business models, as tools for strategic company management, make it possible to improve the sales chain of products and become a source of new competitive advantage.

Target setting. Purchases of products in most cases are carried out using competitive methods of determining suppliers. World experience in procurement shows that competition is an effective mechanism for ensuring the economic efficiency of enterprise development, and its level is the main factor determining the efficiency of procurement. Electronic procurement is an important tool for regulating supply and demand for specific products, as it is the purchase of goods, works and services at public expense. In a market economy, the state acts as a participant in market relations along with other actors, and its activities should be aimed at the effective use of budget funds for the implementation of state programs in the implementation of economic policy. The main purpose of public procurement is to create favorable conditions for healthy competition between enterprises and other market participants in the field of production, supply and provision of services. One of the ways to optimize public procurement procedures is the introduction of an electronic system that ensures their transparency, impartiality, efficiency and high efficiency.

Actual scientific researches and issues analysis. Many scientific articles and publications of domestic and foreign scholars who worked on improving the electronic procurement system to ensure transparency of the procurement process, increase business confidence in the state and combat corruption are devoted to the study of electronic procurement. To cover the theoretical aspects of electronic procurement, the research of such Ukrainian theorists as Altsyvanovych O., Afanasiev R., Brovdiy A., Ovramets Yu., Sevostyanova G., Kvach V., Tsymbalenko J. Research of Melnikov O., Smyrychynsky V., Tkachenko was studied. N., Umantsiv Yu., Shatkovsky O. and others consider the problems of functioning of the electronic procurement system and the possibilities of their improvement.

Uninvestigated parts of general matters defining. Despite the large number of studies in the field of electronic procurement where the authors paid considerable attention to the problems of transparency and corruption in the public and municipal sectors, the issues of improving the efficiency of electronic procurement in the context of improving the enterprise insufficiently studied.

The research objective. The aim of the work is to analyze the electronic procurement system in Ukraine, identify problems in its functioning and find ways to improve the electronic support of the electronic procurement system, ensuring their openness and transparency and their adaptation to the needs of modern enterprises.

The statement of basic materials. E-procurement is a tool that allows influencing the implementation of government functions, is a mechanism for implementing important government projects, and provides an opportunity to improve social and economic processes. This system can provide an impetus for sustainable and dynamic development not only of enterprises and the national economy but also the expansion and strengthening of international economic cooperation [11].

Despite the presence of a relatively large number of studies in the field of public (state) procurement, the doctrine of administrative law of Ukraine still lacks a common understanding of the conceptual concept - "public procurement" [9]. Most scholars who have studied the nature of "public" and "state" procurement practically identify these concepts and conclude that public procurement must be carried out on the principles of publicity.

Prior to the adoption of Law № 922 on December 25, 2015, the concept of “state procurement” was used at the legislative and doctrinal levels, and after its adoption - “public procurement”. Paragraph 20
of Article 1 of Law № 922 defines public procurement as “purchase by the customer of goods, works and services in the manner prescribed by this Law” [4]. Researchers associate the change in terms with the psychological aspect of public perception: since the purchase of goods, works and services is carried out at the expense of taxpayers, the latter should have the right to freely observe and control this process “publicly”. The latter, in turn, is possible provided that the procurement process is translated into electronic form via the Internet.

The Institute of Public Procurement enables the state to provide all necessary social services to the society by involving the private sector. The full performance of its functions by the state and the normal functioning of society is impossible without the presence of public procurement, which is a legal mechanism that allows the state to select businesses that fulfill the state order on the most favorable market conditions. The latter can be achieved only with an unbiased competitive procurement process and the selection of the winning organization. The key features of public procurement are normative regulation, targeted use of funds, competitive nature, and economic feasibility. Public procurement is also an instrument of economic policy [9].

Article 3 of Law № 922 emphasizes the following principles of procurement: competition, economy, openness, non-discrimination, objective evaluation of proposals, and prevention of corruption [4]. Customers provide access to procurement information and cannot impose discriminatory requirements on bidders. Public procurement in different countries is based on three models [8]:

- centralized - creates a centralized purchasing body, determines the range, volume of products and the range of customers for whom products are purchased;
- decentralized - possible distribution centralization within the sectoral department; this model assumes that the procurement is carried out directly by managers of public funds;
- mixed - both centralized and decentralized models are used.

The United States is one of the countries with extensive experience in public procurement, especially in terms of their information support. The legal basis for the US public procurement system is the Federal Procurement Rules and the Defense Procurement Rules (Additional). These two legal documents regulate the entire system of federal procurement and have a very detailed development of principles and procedures. The first law regulating the federal public procurement system was passed in 1792, and all public procurement powers were vested in the Treasury Department, but today the US procurement system is decentralized. The process of monitoring federal procurement is carried out by the Federal Procurement Office, and interdepartmental coordination is carried out by the Federal Procurement Regulatory Council. Under US law, all federal agencies must provide information on purchases worth more than $ 25,000. to the central information system of federal procurement. This information has been made publicly available over the last five financial years, which contributes to the transparency of the procurement process, simplifies the detection of abuses and provides an opportunity to challenge the results of the tender [7].

The European Union has special legislation on procurement, which is considered a component of e-government. Due to this, European countries have become leaders in the field of public e-procurement. The legal basis for the implementation of electronic procurement processes is a number of European directives, the main of which are 2014/23 / EU, 2014/24 / EU and 2014/55 / EU. [5].

In Europe, two main models of e-procurement are used: centralized and decentralized. An example of a centralized model is Germany, where e-procurement is based on the E-Vergafe platform and is mandatory for federal agencies. The private sector is cared for by the public organization Forum of State Procurement. It analyzes the latest trends in public procurement, which are systematically discussed with the government, which is certainly an indicator of the high level of development of civil society in the country and contributes to the strengthening of the rule of law. Instead, Sweden uses the most decentralized model. It does not have a mandatory national e-procurement platform, but municipalities have their own e-platforms that are used on a voluntary basis. Sweden's e-procurement system is dominated by a large number of private operators, which is a key feature that distinguishes it from centralized models [2].

In EU public procurement markets, there is a tendency to combine demand from customers (joint irregular centralized procurement) to achieve economies of scale. At the same time, centralized
procurement needs to be further monitored to prevent excessive concentration of purchasing power to ensure transparency and competition, as well as accessibility for small and medium-sized businesses [10].

The level of development of e-procurement in the EU is determined depending on the automation of the procurement cycle, which includes the following stages [17]:
- The electronic message, which provides an opportunity to read the purchase data;
- Electronic access to documents prescribing the conditions of participation in the tender;
- Electronic submission of proposals is an opportunity to submit electronic applications;
- Electronic evaluation of proposals;
- Electronic order - is the establishment of relations in accordance with the contract;
- Electronic invoicing is the creation, registration, sending and receipt of confirmation of receipt of invoices.

Payment models for e-procurement services in the EU are different. For example, in Portugal and the United Kingdom, bidders pay for the use of the electronic platform, in other EU countries, bidders pay for both registration and bidding. In EU member states, electronic auctions take the form of open bidding, restricted bidding and a negotiated procedure; electronic catalogs; dynamic purchasing. E-auctions in the EU are not a separate method of procurement, not aimed at solving corruption and significantly reducing the purchase price but are a significant factor in transparency, reducing operating costs of customers and suppliers, easier management of the procurement process through automation [3].

Regarding the methods of organizing tenders, EU legislation declares the possibility of using the following mechanisms for organizing procurement for public needs:

1) competitive procurement, which in turn is divided into open, providing for the participation of all interested suppliers and contractors, and closed, when only specially invited suppliers and contractors can participate in the tender (with multi-stage competitive selection procedures are possible);

2) negotiation procedures, which consist of the fact that the state customer provides advice to selected contractors and negotiates possible terms of the contract with one or more contractors [8].

In the EU, customers are given considerable freedom to regulate deadlines conducting tender procedures. In particular, it is the right to reduce them in cases when it is impossible to meet the usual deadlines, given the complexity of the contract and the time required to prepare proposals [6]. Only for the extreme necessity when an unforeseen event occurred, independent of will the customer (natural disaster), which makes it impossible to carry out normal procedures, even with reduced time, the customer has the right to use the negotiation procedure. The EU has introduced a different approach to evaluating participants’ proposals. First of all, the most cost-effective offer is determined not only by price but by the best value for money [7]. Among the non-price criteria are cost during the product life cycle, quality, aesthetic and functional characteristics, accessibility for all categories of users, social, environmental and innovative characteristics, qualifications and experience of employees working on the contract, maintenance during operation and technical assistance, terms of delivery [10].

Procurement planning is formed on the basis of development programs. The quality of procurement planning depends on marketing research, the correct choice of the subject of procurement and the timing of procedures and procedures [13]. Procurement is carried out according to the annual plan [4]. The annual plan is considered as a set of indicators for public procurement, which is carried out by a specific customer during the budget year. The plan also identifies certain types of procurement that will be included in the budget allocation in the respective budget periods [19]. The annual procurement plan includes goods and services whose estimated value is equal to or exceeds UAH 200,000, and works - UAH 1.5 million.

Electronic procurement system means an information and telecommunications system that provides for procurement procedures, creation, placement, publication and exchange of information, including a web portal and authorized electronic platforms [1].

According to paragraph 7 of Article 2 of Law № 922, customers have no right to divide the subject of procurement into parts. Organizational arrangements for procurement include the formation of a tender committee. The tender committee consists of at least five people. If the number of officials (employees) in the customer's staff is less than five, the tender committee must include all officials of
the customer [19]. The work of the tender committee is controlled by its chairman. If the customer designates an authorized person (persons), the organization of work is carried out by him (them) independently in accordance with the terms of the employment agreement (contract) or regulations [4].

The customer, in accordance with the terms of public procurement, must develop, approve and publish information. The tender is a competitive selection of participants in the manner prescribed by Law № 922 (except for the negotiated procurement procedure). All stakeholders have the right to submit proposals. At least two bids must be submitted for the procurement procedure.

If the cost of purchasing goods and services exceeds 133 thousand euros and works 5150 thousand euros, in terms of national currency at the NBU rate at the beginning of the procurement procedure, the customer must choose the so-called "European" procedure. This procedure involves the publication of tenders in the state and English languages. The "innovative" procedure is used in the current legislation of Ukraine. The European procedure requires pre-qualification and verification of bidders and further evaluation of bids [20].

The announcement of the open bidding procedure is published free of charge through authorized platforms. Law № 922 defines the procedure for publishing procurement information. This procedure provides for the submission of an announcement with documentation 15 days before the opening of the tender if the limit for publication in English is not exceeded. If such an excess occurs, the submission takes place within 30 days. If there are changes to the documentation, they can be submitted within 1 day. Information on the framework agreement is provided within 7 days from the date of its conclusion. Also provided is a protocol, which is drawn up as a result of consideration of proposals, information about the contract and reports.

The customer determines the compliance of bidders with the procurement criteria within 20 days. The customer also compiles a report and publishes it. After that, the e-procurement system automatically sends notifications to all bidders and publishes a list of bidders whose bids are not rejected. The system independently assigns the date and time of the auction. This procedure requires a long time, due to the fact that it is necessary to carry out the procedure of qualification of all potential sellers and their admission to the auction. However, the bidding may be canceled if one bid is submitted. The protocol of consideration of proposals is published on the website [1].

An innovative procedure that does not involve the use of English involves the automatic evaluation of all bidders, starting with the most advantageous bid [20]. Therefore, this procedure takes less time and requires less effort. This procedure involves the confidentiality of data and finding the most effective of all proposals, the consideration of which and their qualification are carried out when the automatic evaluation by the criterion of profitability. If the customer cannot determine, then the Competitive Dialogue can be applied. It also applies if the subject of the procurement is consultations, services, research, experiments or development, research and development, construction work, the definition of which requires negotiation.

The competitive dialogue is conducted in two stages:
1. Pre-qualification is carried out when submitting a proposal 30 days after the announcement. After the elimination of those applications that do not meet the requirements, the second stage begins, but there must be at least three participants.
2. Open bidding, if the customer agrees with each separately. Offers are submitted in 15 days. Then the participants can make changes to the documents, which relate only to the technical characteristics of the subject of procurement and its quality. All bidders who have not been rejected have the right to submit final bids. If the cost of goods does not reach UAH 133,000, then the next stage is carried out according to the innovation procedure, otherwise according to the European procedure. [1].

The negotiated procedure is used in the case of:
1. Purchase of goods that are protected as intellectual property;
2. In the absence of competition, when there are no alternatives in the choice of suppliers;
3. In case of an urgent need for procurement due to special economic or social circumstances, which make it impossible to comply with the terms of the tender;
4. In case of cancellation of customers due to their small number;
5. The need to make additional purchases;
6. The need for additional construction work, which became necessary for the project under the set of conditions specified in paragraph 6, paragraph 2 of Art. 35 of Law № 922;
7. When purchasing legal services. [4].

It is possible to distinguish the stages of this procedure, which take place outside the system and directly with the ProZorro system [18]. Decisions on the negotiation procedure remain outside the system. At the same time, documents certifying the intentions of the agreement, contracts, and amendments to the contract, reports are provided. The ProZorro system is used in the final stage. It allows you to publish messages and reporting documents [1].

The use of an agreed procurement procedure is an exception to generally accepted competitive procedures, which is closely monitored by numerous government and public observers and controllers. In this case, the customer must refer to expert, regulatory, technical and other documents confirming the existence of grounds for its application. The system automatically generates a report. When making pre-threshold purchases (i.e. UAH 50,000-60,000 for goods and UAH 1,500,000 for works) without electronic bidding, the customer publishes a report on the concluded contract on this subject of procurement in the ProZorro system. The deadline for publication of this report is 1 calendar day from the date of concluding such an agreement [19].

The peculiarity of the public procurement system is that today the use of the electronic procurement system ProZorro is widespread throughout Ukraine. The system can access open databases in which participants' documents are stored. In addition, procurement results can also be challenged in an electronic system. This opens free access to information for stakeholders and makes it possible to monitor procurement.

An analysis of the problems arising in the field of public procurement, numerous abuses by participants and customers shows that Ukraine needs to find ways to effectively combat these violations and eliminate existing gaps in legislation and shortcomings in the system as soon as possible. It is necessary to ensure the effective functioning of the legal system for prosecuting violations, because despite the reform changes in public procurement legislation, the activity of civil society and the availability of tools to find evidence of inefficient use of budget funds and abuse, still the lion's share violators avoid liability.

The fight against corruption requires control by a number of state institutions, such as the State Special Communications Service, the Security Service of Ukraine, the State Audit Office, the Ministry of Internal Affairs, the Prosecutor's Office, the Antimonopoly Committee, and the Accounting Chamber. In addition, it is impossible to build an effective anti-corruption system without the practice of prosecuting crimes. It is also necessary to eliminate a number of shortcomings of the current procurement legislation and close the problems in the procurement process, to regulate the procedures by additional agreements. According to Part 4 of Article 36 of Law № 922, Clause 2, the advantageous offer may be increased by 10% by an additional agreement. However, it is still possible to sign the agreement several times, which makes it possible to increase the price. It is also necessary to lower the threshold to prevent speculation, when a large number of tenders for goods and services are announced at the level of 198-199 thousand UAH, at a much lower real value, and which are held without open bidding. It will also help to avoid fragmentation of procurement by customers into several separate tenders, which go as sub-threshold procurement and are much less transparent and open than they should be [14].

Taking the experience of legal regulation of EU public procurement, it is advisable to introduce the evaluation of tender proposals after their qualification testing; it is necessary to introduce a tendency to combine customer demand (joint irregular centralized procurement) to achieve economies of scale [10]. Contracting authorities must have considerable freedom to regulate the timing of tender procedures. The most cost-effective offer should be determined based not only on price but also on the best value for money. It is necessary to ensure democratic drafting of technical conditions; identify innovations for the purpose of public procurement; stimulate the introduction of environmental and other standards.

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According to the module of public analytics [16], from 10% to 15% of all announced procurements, depending on the industry, are canceled. To reduce the number of canceled procurements, standard tender norms, requirements, criteria are needed, which will avoid unjustified disqualification of bidders. There is also a problem of technical errors, which can be eliminated by organizing training for customers and employees of institutions, creating procurement programs, studying examples of errors in contracts [15].

An important tool of the ProZorro system is its analytical module, which allows increasing the transparency of procurement. Mechanisms for selecting the best proposals for different procedures should be developed and made freely available. In addition to price, the criteria should include a number of quality factors when choosing the best offer (use the experience of EU countries in approving the list of product categories for which customers have the right or obligation to apply a mixed evaluation system). It is necessary to ease the requirements when choosing the best option for the pre-threshold procurement procedure. There is a need to designate a specially authorized person to organize procurement in a public body by assigning responsibilities to a staff member with an appropriate surcharge or by introducing a separate position in the staff list.

Conclusions. Implementation of e-procurement in the activities of Ukrainian enterprises provides new opportunities for their development. First of all, it concerns the possibilities of expanding the sphere of their interests, conquering new markets, including foreign ones. Given the peculiarities of the functioning of the electronic public procurement system, which focuses on the procurement procedure itself, it is necessary to improve the components that are outside the system. This applies to the planning of procurement activities by the participants in the process and the further fulfillment or non-fulfillment of the terms of the contract by the parties, to counteract corruption, avoid tender collusion and counteract unreasonable overpricing. Translating procurement into electronic format makes it possible to identify negative processes and inform the public.

The introduction of an e-procurement system does not completely rule out the possibility of abuse and violations in public procurement. The experience of e-procurement in Ukraine shows that customers still have the opportunity to restrict suppliers’ access to the procurement market, and participants have the opportunity to conscience. Therefore, the prospects for the development of e-procurement directly depend on the ability of the state to reorganize inefficient components of procurement, ensuring the correction of errors in legislation that lead to abuse, from finalizing the rules of procurement.

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