



*Asesorías y Tutorías para la Investigación Científica en la Educación Puig-Salabarría S.C.
José María Pino Suárez 400-2 esq a Lerdo de Tejada, Toluca, Estado de México. 7223898473*

RFC: ATI120618V12

Revista Dilemas Contemporáneos: Educación, Política y Valores.

<http://www.dilemascontemporaneoseducacionpoliticayvalores.com/>

Año: VII Número: Edición Especial Artículo no.:122 Período: Noviembre, 2019.

TÍTULO: Aspectos institucionales de los costos de transacción para el entorno habitual de la región transfronteriza.

AUTORES:

1. Prof. Sandeep Kumar Gupta.
2. Prof. V.V. Hoblyk.
3. Prof. T.D. Shcherban.
4. Senior Lect. L.I. Medvid.
5. Prof. N.P. Reznik.

RESUMEN: En esta investigación, se estudia la influencia del entorno institucional y consuetudinario en el desarrollo de las relaciones económicas exteriores en la región transfronteriza. Se ha llevado a cabo la sistematización de las instituciones informales primarias y se determinan los factores esenciales que operan en las áreas transfronterizas. Se revela la estimación de especialistas de empresas que participan en actividades económicas extranjeras, y el nivel de influencia de elementos del campo habitual en la magnitud de las pérdidas de transacciones durante la implementación de diferentes actividades económicas dentro de los límites de las regiones transfronterizas entre Ucrania y la Unión Europea. El modelo, utilizando la teoría de la lógica difusa, se desarrolló para identificar la magnitud integrada de la influencia de los componentes del campo habitual en varios tipos de pérdidas de transacciones.

PALABRAS CLAVES: costos de transacción, entorno institucional y consuetudinario, cooperación transfronteriza, Unión Europea, región transfronteriza.

TITLE: Institutional aspects of transaction costs for the customary environment of the transboundary region.

AUTHORS:

1. Prof. Sandeep Kumar Gupta.
2. Prof. V.V.Hoblyk.
3. Prof. T.D. Shcherban.
4. Senior Lect. L.I. Medvid.
5. Prof. N.P. Reznik.

ABSTRACT: In this research, the influence of the institutional and customary environment on the development of foreign economic relations in the transboundary region is studied. The systematization of the primary informal institutions has been carried out, and the essential factors operating in the cross-border areas are determined. The estimation of specialists of enterprises participating in foreign economic activity, the level of influence of elements of the customary field on the magnitude of transaction losses during the implementation of different economic activities within the boundaries of the transboundary regions between Ukraine and European Union are revealed. The model, using the fuzzy logic theory was developed to identify the integrated magnitude of the influence of the components of the customary field on various types of transaction losses.

KEY WORDS: transaction costs, institutional and customary environment, cross-border cooperation, European Union, transboundary region.

INTRODUCTION.

The research problems of the development of transborder regions formed with the participation of the border areas of Ukraine and the European Union is due to the nature of the institutional cooperation of Ukraine with the neighbouring European Union member states. In particular case, the conditions for the formation of an institutional and customary environment and the study of the impact of transaction costs on the development of foreign economic activity in the trans-border region.

Problem Statement.

Problems of institutionalization of the transboundary space were investigated in the works of domestic scientists: V. Borschevsky, V. Budkin, I. Vakhovych, A. Vishnyakov, S. Hakman, V. Yevdokimenko, Y. Makokhon, M. Malskoy, I. Myshyuk, V. Miklovdi, N.Mikuli, V.Lieshenka, A.Mokiya, S.Pirozhkova, S.Pisarenko, S.Romanyuk, V.Chuzhikova, I.Shkoly and other researchers. At the same time, problems with the identification of reserves for improving the efficiency of transboundary regions functioning based on improving the institutional environment, and in particular, informal institutions remained unresolved.

The purpose of the research.

Identify the impact of transaction costs on the development of cross-border cooperation between Ukraine and the E.U.

Research results.***The topicality of the research.***

This research problems of the development of cross-border regions formed with the participation of the border areas of Ukraine and the E.U. have caused by the nature of institutional cooperation between Ukraine and neighbouring countries of the European Union. The intensification of cross-border cooperation, which takes place during the implementation of the Association Agreement with

the E.U., is particularly noticeable in the foreign economic activity of the border regions. Some potential problems cooperation in regions the other side of the border, which increases the attention of the scientific community to the study of the areas.

Target settings.

Under current conditions of European integration processes, it has become necessary to study the problems of the formation and development of trans-boundary regions, mainly in cross-border areas between Ukraine and the E.U. Also, the institutions that form institutional and customary components play an essential role in the institutional provision of cross-border cooperation, on both sides of the border, that is necessary to take into account for the development of foreign economic relations between business entities of the border regions of neighbouring states.

Scientific Researches.

Among the researchers of cross-border cooperation between Ukraine and the E.U., there should note domestic scientists: V. Borschevsky, V. Budkin, I. Vakhovich, A. Vishnyakov, S. Hakman, V. Yevdokimenko, Y. Macokhon, M. Malskoy, I. Myshyuk, V. Miklovidi, N. Mikuli, V. Lyushenko, A.Mokiya, S.Pirozhkova, S.Pisarenko, S.Romanyuk, V.Chuzhikov, I.Shkoly, and other scientists.

They are defining uninvestigated parts of general matters. At the same time, problems with the identification of reserves for improving the efficiency of trans-boundary regions functioning based on improving the institutional environment and, in particular, informal institutions remained unresolved. Most scholars focus on highlighting institutional, organizational and legal issues by releasing from the field of view the study of informal institutions.

The research objectives.

It is to reveal the essence of institutional cooperation between the border regions of Ukraine of the E.U. member states, stressing the importance to the formation of an institutional and customary

environment. The purpose of the article is to study the influence of informal institutions on the development of the foreign economic activity of the cross-boundary region and have practical recommendations aimed at using the reserves of intensification of cooperation with the E.U. countries.

The presentation of the foundation.

An important component of the functioning of the transboundary regions and the formation and development of foreign economic relations within them is the institutional environment. Its main elements are legal regulation of cross-border cooperation and cross-border economic relations in space, existing formal rules, standards & procedures, customary norms associated with crossing the border, conduct cross-border trade and investment activities in the territory of cross-border regions [1, p.183].

Institutional support for the development of foreign economic relations in cross-border regions between Ukraine and the E.U., according to the canons of institutional theory includes, along with the institutions that exert their effect on its revitalization and formal legal and regulatory institutions, a wide range of informal institutions.

These institutions, particular include those rules and regulations that reflect the socio-cultural and socio-psychological aspects of the economy and society, as well as regulate the behaviour of people in the process of economic activity. In the system of informal institutions, a significant role has played by historical and ethnic traditions, the level of jurisprudence, and value factors [2].

Thus, one could argue that in cross-border activities large informal institutions based on customary norms and "non-written rules" that are rooted in social traditions and customs common to residents of adjacent border areas of neighbouring countries. As a rule, this community is generated by the historical past. When for long periods, these territories were part of one state, developing in a single

legal, social and mental field. It is lead to the formation and preservation of several uniform rules of customary law among the inhabitants of the border areas of different states.

In the cross-border area between Ukraine and the E.U., the role of informal institutions becomes of paramount importance, primarily in terms of the prospect of equalizing economic indicators and quality of life on different sides of the border. For existing stereotypes of economic behaviour, cultural and customary patterns of residents of border regions of Ukraine and its neighbouring (Poland, Slovakia, Hungary and Romania) have a decisive impact on the ability of business in the specified area cross-border business to establish effective models of economic integration [3, c. 145]. It gives grounds for investigating the institutional and customary environment as an essential social background for the development of foreign economic relations in the trans-boundary regions between Ukraine and the E.U. This action of the aforementioned joint informal institutions can have both a positive development, reducing the transaction costs of cross-border foreign economic activity and negative, due to their increase.

For more in-depth and thorough study of the impact of institutional environment on the customary system of foreign economic relations in cross-border regions formed with border areas of Ukraine and their neighbouring administrative units of E.U. member states, will hold systematization of primary informal institutions that operate in this trans-boundary space, as well as the primary factors of direct and indirect influence on them (Fig. 1).

The foundations for a familiar institutional customary environment within the whole cross-border region (as in the border regions of Ukraine and in the border regions of neighbouring E.U. member states) include a number of essential factors of influence relating to the identity of the natural resource supply area, its location within the limits of one geo-economic and geopolitical space, historical experience of the use of uniform types of formal institutes, mental-genetic similarity of a large part of the population on both border sides and collective historical memory.

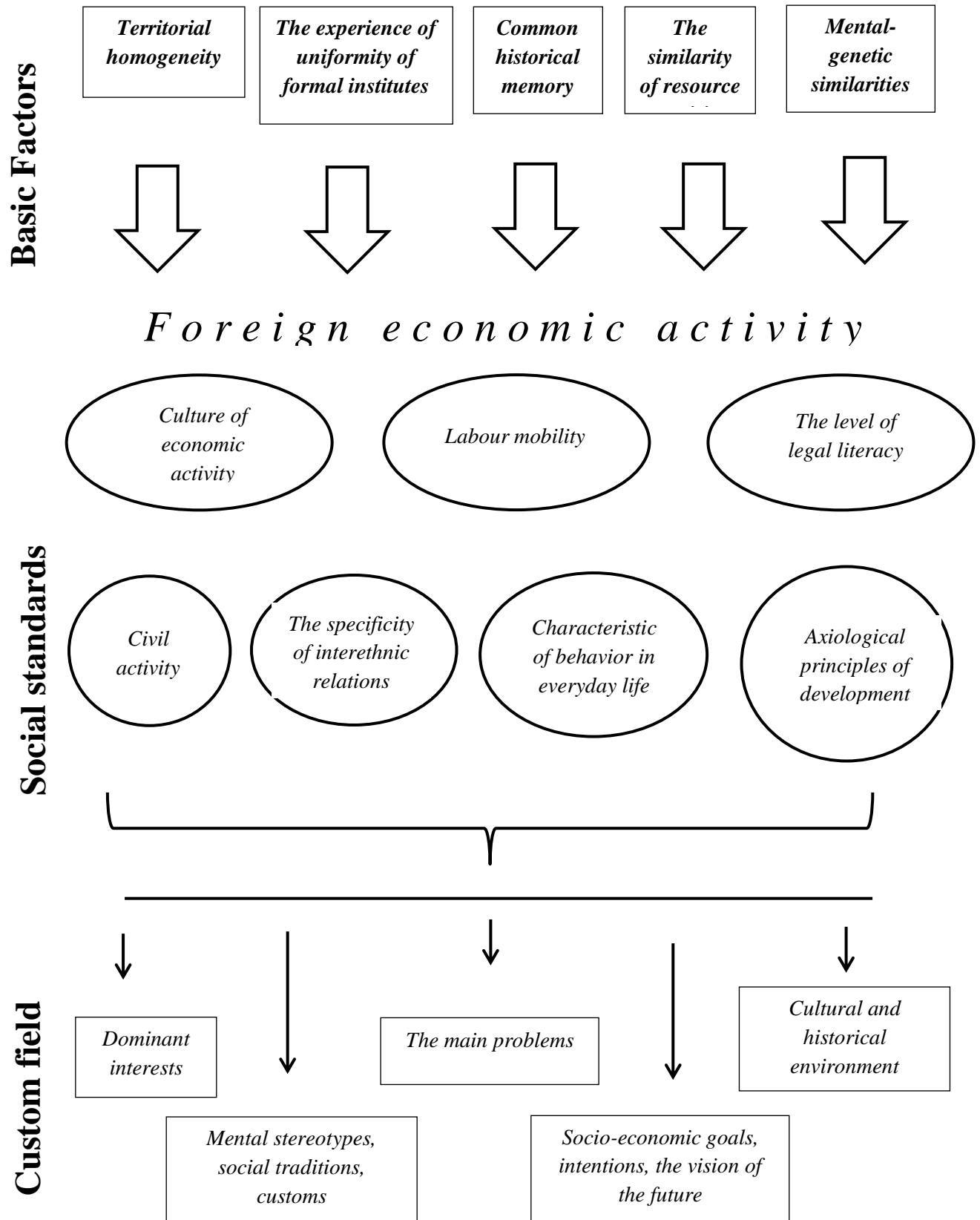


Fig.1. Factors of development and components of the institutional and customary environment of the cross-border region.

The above-mentioned essential factors, in this context, are carrying out foreign economic activity. The cross-border regions between Ukraine and the E.U., determine the nature of the formation of common social standards within the studied trans-boundary space. First of all, it concerns the culture of economic activity, the mobility of labour resources, the level of legal literacy of the population, its civic activity and the specifics of behaviour in everyday life, as well as the axiological principles of development and the nature of interethnic relations. At the same time, attention should be paid to the following peculiarities of social standards operating in the transboundary regions between Ukraine and the E.U. under the influence of the above-described essential factors:

- Peripherality of border areas that form the cross-border area between Ukraine and the E.U., which due to their location in the foothills and mountainous areas (Ukrainian, Romanian, Ukrainian, Hungarian and Ukrainian-Slovak cross-border area), and the lines "geopolitical evil" (Ukrainian Polish and Ukrainian-Slovak trans-boundary regions), led to a high mobility of labour resources, modest behaviour in the home, accompanied by low levels of civic engagement and legal literacy of people.
- Long life in terms of central planning and economic domination of totalitarian ideology led to the destruction of axiological principles of active cross-border cooperation and restricted the development of modern forms of business culture in most border regions.
- The historical experience of inter-ethnic difference and inter-ethnic conflicts within the studied trans-boundary space has created a series of socio-psychological barriers to the harmonization of interethnic relations in all cross-border regions operating between Ukraine and the E.U.

In turn, described the social standards of institutional and customary environment investigated cross-border space is a source of relevant elements of customary fields, including the dominant economic interests and social problems of the residents of border areas and their socio-economic objectives,

intentions and shared vision, mental attitudes, traditions and customs, as well as the nature of the cultural and historical environment.

Each of these elements directly affects the enhancement of foreign economic relations and the effectiveness of foreign economic activity in the trans-boundary regions between Ukraine and the E.U., defining the number of transaction costs within each trans-border region. At the same time, these elements can have both positive and negative impact on transaction costs, depending on the strength and direction of their manifestation; for example, the common economic interests of counteragents on both sides of the border and their attempts to resolve the same problems lead to the coordination of efforts and the reduction of transactional costs of foreign economic activity in the cross-border area. Instead, the cultural and historical environment in which the discussion issues concerning the collective past or negative mental stereotypes have continually actualized is the reason for the growth of cross-border transaction costs.

In order to identify the impact of the various components (elements), customary fields on the value of the transaction costs of foreign trade activities within the cross-border regions between Ukraine and the E.U. had conducted the expert study in the border regions of Ukraine, Hungary, Slovakia and Romania (Table 1).

Table 1. Expert assessment of the impact of socio-psychological factors on the development of cross-border cooperation on the magnitude of transaction costs in trans-boundary regions between

Ukraine and the E.U.

Component of custom field	Mental stereotypes, social traditions and customs	Dominant interests	Main problems	Socio-economic goals, intentions, the vision of the future	Cultural and historical environment
Transaction costs					
<i>Ukrainian – Polish cross-border region</i>					
For security (30%)	5	3	4	2	2
For researching of information (5%)	4	4	3	2	1

Component of custom field	Mental stereotypes, social traditions and customs	Dominant interests	Main problems	Socio-economic goals, intentions, the vision of the future	Cultural and historical environment
Transaction costs					
At the border crossing (40%)	3	4	4	3	1
On agreements (15%)	3	5	3	4	3
To make calculations (10%)	2	5	4	3	2
<i>Ukrainian – Slovak cross-border region</i>					
For security (20%)	3	4	4	4	3
For researching of information (15%)	3	2	2	5	1
At the border crossing (15%)	3	3	2	3	2
On agreements (25%)	4	5	3	3	1
To make calculations (25%)	2	4	2	2	1
<i>Ukrainian – Hungarian cross-border region</i>					
For security (20%)	5	3	3	2	3
For researching of information (25%)	5	4	2	3	4
At the border crossing (20%)	3	4	3	2	2
On agreements (20%)	4	4	2	4	3
To make calculations (15%)	2	3	1	1	2
<i>Ukrainian – Romanian cross-border region</i>					
For security (30%)	5	3	3	3	4
For researching of information (25%)	4	2	3	4	3
At the border crossing (20%)	4	2	3	2	3
On agreements (15%)	4	5	3	5	4
To make calculations (10%)	3	2	2	3	3

Actual Processing. Value of qualitative assessments: 5 - high impact, 4 - above average, 3 - average,

2 - below average, 1 - low.

According to expert estimates, the share of different types of transaction costs in different transboundary regions between Ukraine and the E.U. is not the same. Thus, transaction costs for border crossing and security (40% and 30% respectively) are highest in the Ukrainian-Polish cross-border region, whereas in the Ukrainian-Ugric cross-border region transaction costs for information search (25%) prevail, which for the Ukrainian-Polish cross-border, the region is insignificant (only 5%).

Another is the share of different types of transaction costs in the Ukrainian-Slovak cross-border region, where the cost of concluding transactions and settlements prevails (by 25%), whereas in the Ukrainian-Romanian and Ukrainian-Ugric cross-border regions the share of the last indicator is the smallest of all analyzed (10% and 15% respectively).

The expert research carried out also showed some differentiation in the level of influence of each element of the customary field on the magnitude of transaction costs in transboundary regions formed with the joint participation of neighbouring administrative and territorial units of Ukraine and E.U. member states; for example, mental stereotypes, social traditions and customs have a high impact on the magnitude of transaction costs for security in the Ukrainian-Polish, Ukrainian-Hungarian and Ukrainian-Romanian trans-border regions, whereas, in the Ukrainian-Slovakian, their influence on this indicator is average (as in the search Information and border crossing).

Mostly low and below average is the influence of the cultural and historical environment on most transaction costs in the Ukrainian-Polish and Ukrainian-Slovak cross-border regions. On the other hand, the magnitude of its influence in the Ukrainian-Hungarian and especially Ukrainian-Romanian cross-border regions is markedly higher, fluctuating for various components of transaction costs of the average and above average (Table 1).

To identify the integral value of the influence of each component of the customary field on different types of transaction costs in the cross-border area between Ukraine and the E.U., an appropriate model had developed for the use of the theory of fuzzy logic.

In modern studies of complex socio-economic systems, fuzzy equations gain considerable weight. They arise, in particular, in making decisions in economic and other tasks, where the parameters are unclear, or they need to erase, and sometimes they are defined subjectively.

To develop the fuzzy solutions; it is necessary to carry out, first of all, an analysis of arithmetic operations on fuzzy numbers, which "do not have the opposite and inverse numbers, and when added and multiplied - commutative, associative, but in general not distributive"[4].

The use of the built-in model allowed us to obtain a matrix of solutions that reflect the influence of the components of the customary field on the magnitude of different types of transaction costs in the cross-border area between Ukraine and the E.U. (Table 2).

Table 2. Influence of the “custom field” components on transaction costs across the border between Ukraine and the E.U.

Components of custom field Transaction costs	Mental stereotypes, social traditions and customs (x_1)	Dominant interests (x_2)	Main problems (x_3)	Socio-economic goals, intentions, the vision of the future (x_4)	Cultural and historical environment (x_5)
For security	3,71	2,54	2,83	2,19	2,41
For searching for information	2,65	1,77	1,54	2,39	1,86
At the border crossing	3,52	3,71	3,69	2,85	1,88
On agreements	2,04	2,54	1,46	2,07	1,36
To make calculations	1,90	3,05	1,65	1,78	1,37

That is, the reduction of the influence of mental stereotypes, social traditions and customs on one position according to the scale of assessment (for example, from high to higher average) will lead to a reduction of transactional security costs across the entire trans-boundary space between Ukraine and the E.U. by about 3.71 % similarly, it will reduce transaction costs for information searches -

roughly 2.65%, for border crossings - by 3.52%, for transactions - by 2.04%, and for settlements - by 1.9%.

As can be seen from the presented matrix, the most noticeable decrease in transaction costs in the investigated trans-boundary space will be influenced by the growth of the influence of dominant interests for border crossing costs (by 3.71%), as well as mental stereotypes, social traditions and customs for security costs (on Same size). Close to it, there is an indicator of the influence of the central problems of residents. The border-land transaction costs of crossing the border (a decrease of 3.69% with a decrease in the impact of this indicator on one position).

At the same time, it should be noted that the established relationship between the above-described components of the customary field of the cross-border area between Ukraine and the E.U. with the magnitude of certain types of transaction costs for the implementation of foreign economic activities within their borders may vary with the influence of various institutional and customary barriers, which will be the prospect of further scientific research

CONCLUSIONS.

The problems identified in the study of the influence of the institutional and customary environment on the development of foreign economic activities in the transboundary regions between Ukraine and the E.U. require the search for new approaches to the formation of institutional support for cross-border cooperation. Solving this problem will enable to form a coherent system of stimulation of trade and economic relations, the realization of investment projects, deepening of humanitarian and socio-cultural cooperation in the studied trans-boundary regions.

BIBLIOGRAPHIC REFERENCES.

1. Goblik V.V. (2015). Foreign Economic Relations in Trans-boundary Regions: Experience of Ukraine and E.U. Countries / Mukachevo State University. – M.: CEF and M. – 318 p.

2. Melnikova V.I. Institutionalism and its role in the study of the national economy, National Economics /V.I. Melnikova, O.P. Melnikova, T.V. Sidlajuk and others. – 2nd form., processing. – K.: CEL, 2012. – 248, p. 8.
3. Kuzab-Bonk K. Socio-economic convergence in the transborder space between Ukraine and the E.U.: trends, challenges, tasks / Katarzyna Kutsab-Bonk; State Enterprise «Institute of Regional Studies named after M.I. Dolysnyh of the National Academy of Sciences of Ukraine». – Lviv, 2016. – 243 pp.
4. Greenwood J. and Jovanovic B. (1990). Financial Development, Growth and the Distribution of Income, *Journal of Political Economy* 98(5): 1076–1107 pp.
5. Polterovich V. Institutsionalnyie lovushki i ekonomicheskie reformy / V. Polterovich // *Ekonomika i matematicheskie metodyi*. – 1999. – T. 35. – Vyp. 2. – 1–37 pp.
6. Borshchevskiy V. Vplyv instytutsiinykh dysfunktsii na efektyvnist vykorystannia sotsialno-ekonomichnoho potentsialu rozvytku silskykh terytorii / V. Borshchevskiy // *Rehionalna ekonomika*. – 2014. – № 3. – 149–161 pp.
7. Hoblyk V. Vneshneekonomicheskie svyazi v transgranichnih regionah: opyt Ukrainyi i stran Evrosoyuza: monografiya / V. Hoblyk; Mukachevskiy gosudarstvennyi universitet. – M.: TsSP i M, 2015. – 318 p.
8. Rybitska O. Mathematical Modelling in Conditions of Uncertainty, O. Rybitskaya, M. Syavalko. – Lviv: Ukrainian Technologies. – 2000. – 320 p.
9. Klaes M. (2008). The History of Transaction Costs; *The New Palgrave Dictionary of Economics*, 2nd Edition. Durlauf, S. N. and Blume. L. E. (eds.), Palgrave Macmillan.
10. Levchenko A. A. (2007). Institutional Quality and International Trade, *Review of Economic Studies* 74(3): 791–819 pp.

DATA OF THE AUTHORS.

1. Sandeep Kumar Gupta. Professor; Sharda University, Greater Noida, India. ORCID: 0000-0002-2670-2858, SCOPUS-57209245165. E-mail: skguptabhu@gmail.com
2. V.V. Hoblyk. Professor, Mukachevo State University, Ukraine. E-mail: hoblik_v@ukr.net
3. T.D. Shcherban. Professor, Mukachevo State University, Ukraine.
E-mail: schtata2015@gmail.com
4. L.I. Medvid. Senior Lecturer, Mukachevo State University, Ukraine. E-mail: hoblik_v@ukr.net
5. N.P. Reznik. Professor; National University of Life and Environment Science of Ukraine. ORCID: 0000-0001-9588-5929 E-mail: nadya-reznik@ukr.net

RECIBIDO: 4 de octubre del 2019.

APROBADO: 15 de octubre del 2019.