

## Legal aspects of managing the procurement activities of trade enterprises

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The present-day situation proves that the corporate activities in the field of trade effect on the state and development of the Ukrainian economy. Their main tasks are to ensure the distribution of goods from manufacturers to end consumers, expand sales markets, generate employment opportunities, stimulate competition by improving the quality of goods and services, and replenish budgets of various levels, which finance education, healthcare, economic and social sectors. They rely on studying and meeting the market needs, complying with the current trade legislation, and addressing a range of marketing and logistics issues, which ultimately helps them achieve business goals, solve regional problems, and strengthen their competitive position. One of the determining factors for the successful operation of trade enterprises in today's environment is the effective management of procurement activities.

The content of procurement activities of trade enterprises encompasses:

1. Preparatory operations. At this stage, the marketing strategy is adjusted to the market requirements; demand, supply, and market development are studied and forecasted; an operative procurement plan is elaborated; sources and possible suppliers are studied, and draft contracts for the supply of goods and services are developed.

2. Actual procurement operations. This involves entering into agreements and contracts, preparing and submitting purchase orders to suppliers, emendating and clarifying specifications, arranging their receipt and payment of goods.

3. Final operations. These involve verifying suppliers' compliance with contractual obligations, applying regulatory measures against mala fide business associates and making decisions on further cooperation with them, determining the contribution of procurement activities to the overall performance of the trade enterprise [2].

Procurement management should be considered as an activity based on information about the external and internal environment, involving the use of functions, methods, development and adoption of management decisions aimed at achieving procurement

objectives in particular and ensuring the effective functioning of the trade enterprise in general. In doing so, it is necessary to comply with the current legislative framework, since the work of trading companies in the procurement of goods and services involves cooperation with other individuals and legal entities, contractual relations between them, and a range of other legal issues governed by a number of legal acts of Ukraine. The legal side of procurement is particularly relevant for business entities planning to cooperate with foreign suppliers. In such circumstances, it is essential to know the provisions of international law and the features of the legislation of the country where the potential supplier is registered. These factors are a prerequisite for conducting foreign economic operations, which will minimise likely risks and establish cooperation with a foreign partner on a reciprocal basis.

Management of procurement activities of trade enterprises involves consideration of a number of legal aspects, among which the following are worth singling out:

1. Legal requirements for procurement activities. Legislation governing procurement activities includes rules on the procurement of goods and services, antitrust laws and other relevant regulations. Compliance with these requirements will help to avoid legal challenges and ensure that procurement activities comply with applicable laws.

2. Contractual relations with suppliers. It is crucial to draft and define the terms of contracts properly, including price, delivery terms, warranties, force majeure and other aspects, in order to protect the company's interests in the event of failure or improper fulfilment of its terms.

3. Confidentiality and data security. Procurement management may involve the interchange of confidential data with suppliers. In such circumstances, measures should be taken to guard this information from unauthorised access and data leakage to prevent eventual legal issues and financial losses.

4. Accountability for product quality and safety. Businesses should ensure that the products they purchase meet quality and safety requirements. This may include checking quality certificates, packaging and labelling requirements.

5. Tax and customs matters. Businesses must comply with tax and customs legislation when conducting procurement to avoid tax fines and other negative repercussions.

Strong focus in procurement activities should be placed on contractual relations with suppliers. The foundation for cooperation between trade enterprises and suppliers is contractual arrangements. Modern legal thought acknowledges that a contract is an agreement between two or more parties to establish, change or terminate respective rights and obligations. An analysis of the relations in which a commercial contract is liberally applied testifies that it (the contract) is a legal form of relations between business entities, which determines their property obligations and is aimed at achieving a certain economic result [3]. The Commercial and Civil Codes of Ukraine regulate contractual relations between business entities. Article 180(2) and (3) of the Commercial Code of Ukraine stipulates that a commercial agreement is deemed to be concluded if the parties have agreed on all its essential terms in the manner and form prescribed by law. Essential terms are those recognised as such by law or indispensable

for contracts of this type, as well as those terms on which agreement must be reached at the request of one of the parties. When entering into a commercial agreement, the parties are obliged to stipulate the subject matter, price and term of the agreement in any case [1]. Noteworthy, part 3 of Article 6 of the Civil Code of Ukraine provides for the parties to a contract to derogate from the provisions of civil law and settle their relations at their own discretion [5]. Entering into agreements should also comply with part 1 of Article 181 of the Commercial Code of Ukraine and Article 639 of the Civil Code of Ukraine, pursuant to which an agreement is generally drawn up as a single document signed by the parties and sealed, in compliance with the general procedure for entering into agreements set out in Article 181 of the Commercial Code of Ukraine. It is allowed to conclude commercial contracts in a streamlined manner, which applies to contracts concluded upon free will, provided that they comply with the general procedure for concluding contracts established by Article 181 of the Commercial Code of Ukraine (Article 184(2)). Thus, part 2 of Article 639 of the Civil Code of Ukraine provides that if the parties agree to conclude an agreement by means of information and communication systems, it is deemed to be concluded in writing, unless the law establishes special requirements for the form and procedure for concluding this type of agreement under the Commercial Code of Ukraine [1, 5].

The legal aspects considered are the determining components of procurement activities, which, for one part, ensure compliance with the current legislation, and, for another part, target economic efficiency. To determine the economic efficiency, a number of financial and non-financial, absolute and relative indicators are available that assess the procurement, transportation and storage of purchased goods. In terms of absolute financial indicators of the procurement process, the actual and planned purchase quantity, procurement costs, accounts payable and the volume of undelivered goods deserve mention. In terms of financial relative indicators, it is worth considering the level of fulfilment of the planned purchase quantity, the level of procurement costs to operating expenses, the level of accounts payable for purchased goods and the share of undelivered goods. These indicators should be measured with the planned data or with the data of previous periods, which will allow tracing the dynamics of the efficiency of the main procurement processes and identifying development trends over a certain period of time [4].

Thus, legal aspects are crucial in the procurement of goods and services, ensuring compliance with the current legal framework and protecting trade enterprises from unplanned financial expenses. This part of procurement activities requires undivided attention, namely:

1. Monitor the legislation governing procurement activities. This process is vital to ensure that businesses are compliant with the law and to prevent potential violations. A regular assessment of changes in procurement laws and regulations should also be made to determine whether and how these changes might affect procurement.

2. Develop precise internal procedures. Enterprises should have strict and consistent internal procedures for procurement that comply with the law and internal standards.

3. Employ electronic procurement management systems. Electronic systems offer the potential to automate procurement processes, track contracts and ensure compliance with legal requirements.

4. Manage and train staff. Procurement staff should have sufficient knowledge of the legal aspects of the process. Training and education on legal issues is a good way to ensure compliance and mitigate potential risks.

5. Audit and establish internal controls. Regular audits and an established internal control system serve to identify any legal risks or irregularities that may arise in the procurement process. 6. Cooperation with legal advisors. Engaging legal advisors can be beneficial for businesses in dealing with complex legal issues and ensuring compliance with applicable laws.

**Keywords:** trade enterprises, procurement activities, management of procurement activities, valid legislative framework, economic efficiency.

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