

CHAPTER 1

MODERN TRENDS IN PUBLIC ADMINISTRATION

STATE SUPPORT OF BUSINESS IN UKRAINE

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Abstract. The article highlights the main directions of state support for small and medium-sized businesses and the functions of the state as a supporter of entrepreneurship development, which consist in providing not only financial, but also informational support, creating and maintaining institutional support and infrastructure. The purpose of the article is to review and analyze the instruments of state regulation and support of entrepreneurship in the countries of the world and the measures and programs introduced by the Government of Ukraine to support and stimulate domestic business. Analysis, synthesis and modeling methods were used to study the state of research. The results of our research was carried out with the help of empirical methods: pedagogical observation, questionnaires, interviews, testing, the method of experimental evaluations. Mathematical statistics methods were used to process the research results. The reasons for the inefficient activity of enterprises are considered, which are connected, among other things, with an unbalanced state policy and the lack of protection from the state. Current areas of support for small and medium-sized businesses are described, including taking into account European programs. State support for small and medium-sized businesses today can be considered insufficiently effective, as evidenced by a number of examples and the consequences of ill-considered decisions by the authorities, which, with the aim of stabilizing the economy in the state, inflict a tangible blow on the activities of small businesses and threaten the existence of a large part of them. The directions of management of small business structures have been determined, the primary tasks of their further functioning and development were outlined, public opinion regarding their activities was formed.

Keywords: small and medium-sized businesses, state support for small and medium-sized businesses, financial support for small and medium-sized businesses, support for the development of entrepreneurship, financing, regional programs.

JEL Classification: H12, H39, H56

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Introduction. The state is the subject of economic relations, whose competences and capabilities in terms of creating favorable conditions for starting and carrying out entrepreneurial activities are the widest. The possibility of forming a favorable and predictable legal field for the development of entrepreneurship and the realization of the right to it, which is an integral component of socio-economic development and economic security of the state, a priority function of public administration bodies in the conditions of a market economy, depends on the effectiveness of the economic policy of state administration bodies. which is necessary for the democratization of society, ensuring the well-being of citizens, the formation of a civilized competitive environment [4], the economic development of the state, especially in the conditions of accelerating the processes of European integration.

The development of small entrepreneurship, as a specific sphere of market relations, plays an important role in ensuring the sustainable development of Ukraine's regions. The effectiveness of its functioning is associated with innovative changes in the structural modernization of the regional economy, the solution of social problems in the process of supporting the population and rational use of nature and environmental protection.

The effective development of the small business sector creates a competitive environment for business entities of various types of economic activity in the system of the regional economy, for the development of which there are favorable conditions and resource potential, the interest of foreign and domestic investors. At the same time, the successful activity of the small business sector solves a number of important tasks in ensuring regional development, in particular, it contributes to the replenishment of budgets at various levels, the saturation of the consumer market with goods and services, creating new jobs, increasing the employment of the population and reducing the unemployment rate.

Certain principles regarding the formation and development of small business entities have been formed in society. During the years of Ukraine's independence, this type of management went through a complex organizational path of formation and development with the approval of certain trends in entrepreneurial activity.

Literature review. The state support of business in Ukraine is a critical issue, especially in the context of the ongoing conflict and economic challenges the country faces. Several key documents and initiatives highlight the strategies and measures undertaken by the Ukrainian government and international bodies to bolster business resilience and growth.

According to the Center for Strategic and International Studies (CSIS), there are few touch points to integrate the broader business sector into support mechanisms. The Ukrainian government has launched various initiatives to assist SMEs, which are crucial for the country's recovery and reconstruction (CSIS Report).

The US Embassy provides a wide range of services to help businesses pursue their goals in Ukraine, including matchmaking between trading partners and joint ventures. This highlights the role of international support in fostering business development in Ukraine (US Embassy in Ukraine).

The Ukrainian government has introduced an investment incentives system

intended for new large-scale investment projects. This is detailed under the law “On State Support for Investment Projects with Significant Investments in Ukraine” (UkraineInvest).

The European Business Association (EBA) discusses the importance of supporting Ukrainian businesses to ensure the country's economic capacity during the war. This includes various state support measures to help businesses navigate the challenges of the conflict (European Business Association).

The Ukrainian government's commitment to economic integration with the EU includes support for the inclusion of Ukraine into the pan-European business-support network. This aims to align Ukrainian business practices with European standards (European Commission PDF).

Governor Newsom's order for state agencies in California to ensure contracts comply with sanctions on Russia and support Ukraine reflects the global dimension of support for Ukrainian businesses (Governor Newsom's Order).

Research on the state support and business stimulation in Ukraine underlines the importance of the agricultural sector and the latest state programs for supporting and stimulating this market (Research on Agricultural Market).

The International Trade Administration (ITA) supports Ukraine by facilitating private sector engagement to help meet the country's needs. This includes supporting U.S. businesses in engaging with Ukrainian markets (International Trade Administration).

The Ukraine Business Initiative by the U.S. Chamber of Commerce ensures critical financial, military, and political support for Ukraine and promotes private sector investment by maintaining conducive reforms. (U.S. Chamber of Commerce)

The Department of Commerce reiterates its support for Ukraine, emphasizing ongoing support amidst Russian aggression and the importance of sustaining business activities (U.S. Department of Commerce).

Problems of state regulation, support and stimulation of business development have always been in the center of attention of both domestic and foreign economists. Such scientists as: O. Bilousova (Bilousova O.S., 2017), N. Zayarna (Zayarna N.M., 2011), I. Komarnytskyi (Komarnytskyi I. M., 2000), L. Mamatova (Mamatova L.Sh., 2017), I. Shovkun (Shovkun I.A., 2017) devoted their research to this topic.

At the same time, the current state of economic development determines the need to form a special view on the nature of state support and stimulation of business development as a sphere that, on the one hand, is key to the economic growth of the country, and on the other hand, is in constant ineffective reform.

Aims. The purpose of the article is to review and analyze the instruments of state regulation and support of entrepreneurship in the countries of the world and the measures and programs introduced by the Government of Ukraine to support and stimulate domestic business.

Methodology. Analysis, synthesis and modeling methods were used to study the state of research. The results of our research was carried out with the help of empirical methods: pedagogical observation, questionnaires, interviews, testing, the method of experimental evaluations. Mathematical statistics methods were used to process the

research results.

Results. The development of entrepreneurship in Ukraine has reached a stage where the improvement of regulatory policy determines its future prospects. State regulation of entrepreneurship is a system of legal, organizational, and regulatory and control measures of the state aimed at creating a favorable business environment and managing the public sector to ensure the efficiency and competitiveness of the national economy. Ukraine as an independent, independent state today guarantees equal rights to all entrepreneurs (regardless of their chosen organizational forms of entrepreneurial activity) and creates equal opportunities for functioning, access to material and technical, financial, labor, information, natural and other resources, provided that work is performed and supplies for state needs (Komarnytskyi I. M., 2000).

The state regulates business activities through:

- legislative provision of freedom of competition, protection of consumers from manifestations of unfair competition and monopoly in any spheres of business activity;
- tax and financial and credit policy, including the establishment of tax and interest rates for state loans, tax benefits, prices and pricing rules, exchange rates, the amount of economic sanctions;
- determination of social norms of enterprise functioning, according to which the entrepreneur is obliged to provide appropriate working conditions, labor protection, wages not lower than the established minimum level, as well as other social guarantees, including social and medical insurance and social security;
- establishment of environmental norms and standards;
- involvement of entrepreneurs in the implementation of various scientific, technical and economic regional and state programs;
- conclusion of contracts for the performance of works and provision of services for state needs (Melnyk V.V., 2023).

Small and medium-sized businesses in most leading countries contributed to political and socio-economic stabilization, the creation of a middle class (in France, Great Britain, Belgium, Germany, Canada, Spain), overcoming the recession (in Israel, the USA), the creation of new markets (in Mexico, Canada, Singapore, Japan), successive implementation of reforms (in China, Poland, the Czech Republic, Hungary, Slovakia) (Zayarna N.M., 2011).

In China, state support for small innovative enterprises is carried out as part of the general development strategy: creation of business incubators; assistance in the organization of venture capital funds for small enterprises; placement of state orders in the small business sector, etc. (Zayarna N.M., 2011).

The German government also provides assistance to its small and medium-sized enterprises in the form of loans and subsidies. In post-war Germany, the original model of credit guarantees for small businesses was used. In 1948, the Bank of Credit Guarantees was created to manage the funds received under the Marshall Plan for the Reconstruction of Europe.

At the same time, regional credit corporations were created. Now the Bank of Credit Guarantees is one of the ten leading banks in Germany and unites 24 regional institutions. The capital of the bank is fully state-owned, with 80% owned by the

federal administration and the remaining 20% by the state administration.

As for regional credit institutions, they are in the hands of private capital and have the form of joint-stock companies. The profits of these companies are exempt from tax in view of the important social role they play. During its existence, this system provided small and medium-sized entrepreneurs with more than 100,000 guarantees for a total amount of 10 billion marks (Zayarna N.M., 2011).

Countries with a developed market economy are characterized by a higher level of small business development and the degree of its participation in ensuring the competitiveness of national economies. Thus, more than 62 million people (or 50% of all workers in the private sector) are employed in small businesses in the USA, which create more than 50% of the country's GDP. Over the past 15 years, 64% of the total number of new jobs created in the segment of the US national economy - small business (Bilousova O.S., 2017).

Tools, or methods, of state regulation and support of entrepreneurship can be divided into economic, administrative, and psychological. Among the administrative methods, the most significant and promising is the regime of the greatest support for the development of entrepreneurship under the implementation of the appropriate legal framework, which would not interfere with the functioning of large business structures and state enterprises. Economic methods are divided into three groups. Financial methods of entrepreneurship development are: preferential lending, availability of investment resources, subsidization, joint financing of socially significant projects.

No less relevant are fiscal methods, a reasonable reduction of the tax burden on business structures, which contributes to the expansion of business. The resource method is the development of human resources, including training and retraining of labor resources based on state training programs; information provision, including participation in exhibitions, conferences, fairs and access of business structures to material resources. Therefore, the mechanism of public administration is a complex and systemic entity that organically combines various components: economic, motivational, organizational, political and legal (Mamatova L.Sh., 2017).

Small entrepreneurship adds the necessary flexibility to the market economy of Ukraine, mobilizes significant financial and production resources of the population, carries a powerful anti-monopoly potential, contributes to the smoothing of social conflicts, plays an important role in the socio-economic survival of certain sections of the population and entire regions of the country. It should be especially emphasized the fact that, by its very nature, a small business objectively gravitates to a certain territory, which creates a favorable local socio-economic climate for its functioning and development.

It is the regional centers as integral territorial socio-economic entities that are the sources of transformations in the general system of social ties and relations in the state, including economic ones, that create relatively favorable conditions for the development of viable small entrepreneurship. There are a number of reasons for this. Firstly, all components of society – population, production, housing, infrastructure, bodies of state, local, public administration and self-government – were concentrated to one degree or another in a relatively small space within the boundaries of a large

city. Secondly, within the boundaries of a large city, several reproductive cycles occur in its main subsystems (for example, socio-demographic, investment-construction, budgetary, etc.).

Thirdly, all the largest cities are traditional administrative centers of Ukraine, which are endowed with important political, cultural, and economic centers and play the role of supporting nodes in the territorial organization of society. Fourthly, the largest cities have at their disposal a huge potential in the form of a suitable economic and geographical position, a multifunctional structure of the economy, a combination of production with science, culture, and education. This makes them leaders of socio-economic transformations, they ensure the formation of a single economic, cultural, scientific and information space of Ukraine. Fifth, large cities are the most important centers of commercial and financial and budgetary activity. In particular, they are the main donors of funds to the local and state budgets of Ukraine.

Sixth, the largest cities play a significant role in the formation of market infrastructure. It is here that legal offices, marketing, consulting, auditing organizations, brokerage offices, stock and currency exchanges, insurance companies, advertising agencies, exhibition complexes, centers for providing services for the development of information technologies and means of business communication, associations of entrepreneurs, public and state assistance funds are located. development of entrepreneurship (Shovkun I.A., 2017).

Discussion. Today, the priorities of the state policy for the development of entrepreneurship are:

a) achieving mutual understanding between regulatory bodies and the business environment when developing and monitoring the implementation of regulatory procedures. It is necessary to introduce effective formats of public consultations with small business entities, taking into account industry and regional characteristics. This will make it possible to identify weaknesses in regulation and find the most effective tools of state intervention without creating tension in the small and medium business sector;

b) ensuring the order of adjustment of regulatory norms based on the results of assessment of the achievement of the goals of the current regulation. Completion of the cycle of public administration is impossible without analyzing the effectiveness of regulation and making an appropriate decision to continue its operation, make adjustments to it, or cancel it when the goal is achieved. This requires increased attention of state authorities to the implementation of state regulatory policy procedures in terms of performance tracking.

For this purpose, it seems appropriate to introduce a procedure for planning and tracking performance, as well as accompanying these procedures with public consultations;

c) simplification and cheaper regulatory procedures for small and medium-sized businesses. It is necessary to ensure proper compliance by state authorities with the requirements of the regulatory policy regarding the determination of the purpose and goals of regulation, the calculation of its value for small businesses. Regulation developed without following the necessary procedures increases the costs of business

entities and reduces investment attractiveness. Analysis of the cost of regulation before it enters into force allows finding the necessary compensatory tools and introducing its format, which will not cause resistance from entrepreneurs;

d) introduction of effective models of financing entrepreneurial activity.

Conclusions. Therefore, considering the experience of state regulation of entrepreneurship in EU countries, it is important to emphasize that the concept of supporting small and medium-sized businesses in them is clear and understandable. It takes into account national and pan-European interests, includes the goals and principles of the relevant policy, and also has mechanisms and organizational structures for its implementation. Therefore, the formation of a favorable business climate in Ukraine must depend on the coordinated and rapid promotion of reforms and the implementation of tasks to stimulate investment activity, macroeconomic stabilization, deregulation, development of the domestic market and diversification of foreign economic cooperation. Actualization of the development of small entrepreneurship in conditions of decentralization of power requires special attention from the state, since the establishment of positive trends and the implementation of measures to improve business activities in the region are directly dependent on formation of targeted, consistent and predictable state regulatory policy and actions of local authorities and management bodies in the field of business activity.

Activation of its growth will be based on effective institutional support, elimination of administrative barriers and reducing the regulatory factors of the functioning of business entities, forming a mechanism for financial support and encouraging investment in the field of small business, increasing effective cooperation in the state-business-society format.

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