

STATE POLICY OF DEVELOPMENT OF INDUSTRY IN UKRAINE: TERRITORIAL ASPECTS

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INTRODUCTION

In Ukraine, the regional industrial policy is in the stage of formation, it is necessary to take into account the rich experience of the countries of the European Union in its implementation. Thus, the main directions of the regional policy of the European community, which included industrial policy directions at the regional level, were set out in February 1987 in the report of the European Commission. The regions were defined as backward, depressed and borderline. Deprived are considered to be regions that have a traditionally low standard of living compared with the bulk of the country's regions. Typically, for such regions characterized by long stagnation, low efficiency of economic activity, non-diversified industry structure of industry, underdeveloped social sphere. Depressed regions are fundamentally different from the backward ones because, in the absence of current socio-economic indicators in the past, these regions belonged to developed regions of the country. As a rule, they have a fairly high level of production and technical potential, a significant part of industrial production in the structure of the economy, skilled personnel. But for various reasons (due to lower demand for basic products or reduced competitiveness, exhaustion of minerals), such regions have lost their former economic value. At the same time, the duration and depth of regional depression is determined by the composition of those industries, the crisis in which became the main cause of the spread of depression throughout the region's economy. According to this feature, depressive regions can be divided into old-industrial, agro-industrial and mining. As a rule, the cause of the formation of depressed regions is the transformation of the country's economy within the transitional phase. Old industrial regions suffer, as a rule, from the severance of economic ties, the reduction of state orders for defense products, and imbalances in prices. Typically, the old industrial regions are characterized by a set of common features in different countries. Extractive depressive regions arise, as a rule, in local

mining and forestry zones located in sparsely populated areas of the state. The dominant problem of this group of depressed regions is the lack of opportunities for the creation of alternative productions, the need to maintain the functioning of the infrastructure, and the organization of the resettlement of the surplus population.

The notion of "border region" implies that its territory is significantly affected by the state border. In the new border regions there is a need to change the configuration of transport and engineering communications, reorientation of the economy, changes in the regime of nature use, etc. The development of foreign economic relations of the border regions should compensate for their remoteness from the economic centers of the state, but, on the other hand, this should not create problems for intra-regional interregional economic ties.

According to this classification, in the current regional policy of the European Union countries are distinguished the main directions of implementation of industrial policy, in each direction developed international programs that address the circle of common problems for a certain category of regions. And they already have so-called "growth poles" and "poles of development", which are formed on the basis of dynamic branches of production (machine-building, chemical, electrotechnical industry, etc.). Economic entities operating in such industries have a dynamic impact on the environment, that is, they increase the demand for products of passive industries (light industry, agriculture, etc.) and cause the formation of poles of development in this territory. Similar "poles" in different territories tend to one another, and therefore between them gradually established economic ties, that is, there are areas of development. In turn, development zones are united through communications and create a complex system of mutually beneficial economic structures that can go beyond the country. As we see, the modern regional industrial policy of the EU countries is directly integrated with the innovation and science and technology policy, based on the common principles of economic growth on an innovative basis.

1. State regional industrial-innovation policy and territorial aspects of industrial restructuring

Ukraine's regional industrial policy is mainly aimed at mitigating the disparities in regional development. That is, the desire (mainly at the

legislative level) to develop and implement a set of measures to eliminate the unevenness of territorial development, especially in depressed and backward regions. And only at the conceptual level it is proclaimed that regional industrial policy should be adapted to the conditions of a post-industrial society.

Recently, regional policy has gradually adapted to the conditions of the post-industrial society. The development of the regions implies shifting the emphasis in the industrial-innovation policy to the regional level. Important steps in this process are the forecasting and programming of regional industry development. Creation in the region of an industrial complex of an innovative type, the structure of which would correspond to the resource potential of the state and the needs of the market, requires the forecasting and programming of industrial development, which becomes the main means of influencing the state administration to increase the manageability of the regional economic system. Promoting industrial development in the region is a promising development and application of combined methods: the principle of resource approach, extrapolation methods, regression and correlation models, normative forecasting of expert assessments, etc. Using European experience, in order to solve specific problems at the regional level, it is necessary to develop and adopt regional programs that cover several priority directions of industrial and innovation development.

Given the international experience of market reforms, the reform of the Ukrainian economy during the last decade was controversial. Basically, the foundation of a market economy has been formed, a critical mass of market transformations has been accumulated, and a mechanism for market self-regulation of the economy has been launched.

At the same time, in the last decade, measures to reform the economy have been inadequate, but largely inconsistent. This hampered the achievement of the expected results in the development of a highly effective, socially oriented economy¹.

The social conditions prevailing in transition countries dictate the need for a more courageous active policy of industrial restructuring at the local level.

In Ukraine, there is an excessive centralization of the policy of industrial restructuring. In fact, the restructuring of the industry takes place at the local

¹ Бодров В.Г. Трансформація економічних систем: концепції, моделі, механізми регулювання та управління. Навч. Посібник. – К. : Видавництво УДАУ, 2002, – 101 с.

level. It is here that people lose their jobs and then are forced to seek new employment opportunities. Basically, at this level there is a side effect of "localization" and "delocalization". Services should be provided locally and practically fully dependent on conditions created by local authorities. New enterprises and entrepreneurs are also formed at the local level. Therefore, growing interest in examining the role of local conditions and policies of local authorities in the context of restructuring is quite natural.

In Ukraine there is a significant number of mono-industrial cities. In terms of industrial restructuring, these territories create a number of very difficult problems compared to other areas with a diversified economic structure and cover many manufacturing sectors. This is due to the fact that in the latter case, the effect of restructuring and reduction of production in some industries can be offset by growth in others, and people who have lost their jobs can often find employment in the same area (ideally within the range of public transport in the area).

In mono-industrial cities, a local enterprise (in some cases the only large enterprise or association) not only produces a lion's share of production, but also often provides the bulk of services to the local population, including the organization of work for kindergartens, health care institutions, primary schools, provision housing, etc. In many such cities, the enterprise actually forms the city, and the local authorities themselves often provide a very modest set of services and, accordingly, poorly funded. In good times, under favorable economic conditions, such a mechanism can work very successfully, but in times of economic turmoil and in conditions of collapse in demand for their main products, the situation is unlikely to be sustainable. If the city-making enterprise takes restructuring measures, then employees can get rid of not only their work but also access to all other services provided by the enterprise. On the other hand, if such an enterprise is not rebuilt and will continue to provide the population with all the necessary services, then it will require large subsidies. Authorities in such a region are often prepared to accept this provision because they consider that the enterprises concerned are "too big to fail." In similar circumstances, the launch of the restructuring process requires synchronous reforms at once in several areas:

- the transfer of functions of local public services to local authorities (this reduces the cost of restructuring, which is significant for the company itself and, possibly, for the local population);

– the reform of the local government financing system so that the financing of these services does not depend on the taxes of a local large enterprise but provided on the basis of taxes collected at the national level or at least at a wider regional level;

– a policy aimed at supporting alternative business in these areas (cities); Such a policy may include, in particular, measures for infrastructure development, as well as legislative consolidation of forms of state regulation and entrepreneurship support, including the use of subsidies and subventions; state and local orders; providing loans and guarantees by state and regional authorities; assistance in the development of financial and industrial groups; financial support of regional financial institutions².

– the policy of facilitating the retraining of employees, aimed at ensuring their employment opportunities in new specialties;

– policies aimed at increasing the degree of labor mobility (in some mono-cities, such a policy may be the only viable long-term solution).

Here it is worth noting that some of these strategies involve enormous costs and in the short term may not be feasible. In addition, reforming funding mechanisms is a very complicated process, and it may take a long time to implement it effectively, especially in such a large country with heterogeneous conditions like Ukraine. On the other hand, the continuation of the practice of subsidizing non-prospective enterprises is also a costly business, since it leads to diversion of resources from more productive activities that could be developed at the expense of subsidized funds to artificial barriers to the creation of new enterprises in those or other sectors and sends the business community extremely harmful signals that economic insecurity can be tolerated, especially in single-sector cities.

In some cases, mono-cities are part of a larger region with a reasonable degree of diversification of the economy, which has prospects for the development of new activities. In such cases, when developing a proper policy for mono-cities, support can take into account the specifics of the relevant regional context, since problems that may seem insurmountable and related to excessive expenditures at the city's own level may be more likely to be solved within a larger territorial unit.

In the process of restructuring the industry at the local level, social costs are typical. These costs are related to unemployment, which, in the

² Державне регулювання економіки: Навч. посібник. – С.М. Чистов, А.Є. Никифоров, Т.Ф. Куценко та ін. – К. : КНЕУ, 2000. – 316 с.

case of a sufficiently dynamic economic development and the creation of a sufficient number of new jobs, should only be temporary.

In practice, in many transition countries, there is a completely different situation characterized by high unemployment, and these levels persist for a long time. In addition, empirical data on labor market behavior in countries with economies in transition show that many new businesses find their employees among individuals already employed in the private or public sector, and those who have lost their jobs as a result of restructuring often replenish an army of stagnant unemployment.

Implementation of public administration of the employment process at the present stage of development of the country is a qualitative indicator of the effectiveness of the state social and economic policy. The level of public administration in the employment process is directly determined by the state of the economy in which Ukraine is now. Among the problems in the labor market, the structure of employment and its efficiency remained difficult, which was directly related to the situation in different sectors of the economy, illegal labor migration and shadow employment. The inefficient employment structure reflects a model of economic development based on cheap labor. Therefore, the current state of the Ukrainian economy requires public authorities to develop a particularly well-balanced employment policy, since only positive changes in the structure of employment, in particular, the free movement of labor, leading to structural changes, could ensure the country's exit from the crisis and the transition to economic growth.

The main task of public administration in the process of employment of the population today is to reorient the course of solving social problems to the expansion of the labor market, which requires a clear organization of assistance in providing or seeking employment for all who wish to work. And only a comprehensive solution to these problems can lead to their successful solution. The new Law of Ukraine "On Employment of the Population"³ contains norms, which allow to bring Ukrainian public employment policy closer to European standards. The entire content of the public administration activities in implementing the employment policy should reflect the entire spectrum of active and passive measures of the state in the labor market and apply the most effective methods and methods of public administration taking into account the specifics of a particular region.

³ Закон України «Про зайнятість населення» [Електронний ресурс] / – Режим доступу: <http://zakon3.rada.gov.ua/laws/show/5067-17>

An important task of public authorities is the formation of a state employment policy, the essence of which manifests itself when it takes on the nature of managerial action that can solve the existing problems of society and the state. It is precisely the policy of employment that determines the system of priorities for state intervention in the economy and the social sphere of the country, which allows a reasonable distinction to be drawn between the objectives of public administration and the means of achieving them. But each stage of society's development corresponds to a certain concept of employment, because it highlights the processes of functioning of society⁴. Consequently, the concept of employment is not something unchanged, and its priorities, directions of development and other aspects can change, leaving, however, the unchanging socio-economic essence of employment. The achievement of the maximum possible employment is based on the current state of the economy in which Ukraine is now. There will be this goal until a full-scale systemic transformation takes place in Ukraine and no stable civilized market relations are established.

Only a modern approach to employment in public policy and, at the regional and local level, provides the right direction for solving all complex issues of employment.

The main functions of public administration bodies in implementing the policy of employment of the population are: definition of the purpose and tasks of the state management of employment of the population; strategy formation, current and long-term employment programs; coordination of interests of all subjects of public administration by the employment process; stimulating the processes of social and economic development for solving employment problems; monitoring and analysis of employment policy outcomes; control over the execution of specified tasks⁵. An important condition for the realization of these functions is the effective operation of all the institutions, which are defined as the subjects of the implementation of the employment policy, the development of scientifically based forecasting of processes taking place in the labor market.

⁴ Корецька С. Державна політика на ринку праці / С. Корецька // Вісн. НАДУ. – 2004. – № 4. – С. 291–296.

⁵ Гнибіденко І.Ф. Нові теоретико-методологічні аспекти дослідження властивостей та функцій сфери зайнятості / І.Ф. Гнибіденко // Проблеми науки. – 2005. – № 2. – С. 5.

In modern conditions, the Ukrainian state begins to evaluate in a new way the essence of the problem and its tasks, which stem from the general state of its socio-economic development. One of the essential features of the latest paradigm in managing the employment process of the population is its acquisition of a systemic character, which corresponds to those changes occurring at the level of objects of management⁶. In particular, the system approach involves the designation of governance models at their national, regional, and local levels. Since employment of the population is a multifaceted, complex problem, then all the structures of public administration can not be isolated from it. The stated position is based on the fact that they are in one way or another involved in the development and implementation of the national employment policy, the State and regional employment programs.

The implementation of a policy of employment by public authorities based on a systematic approach should be based on the following four principles:

- subordination to the requirements of the development of society, economy;
- priority measures that ensure socio-political stability in society;
- creation of economic conditions for a decent level of welfare of people;
- elimination or minimization of inequality in obtaining and preserving work, living standards, arising from the causes of disability, family circumstances and others.

The priority direction of improving public employment management is a profound analysis of the employment status, which should be considered not as a purely social phenomenon, which causes interest only in terms of unemployment, its professional aspects, but to be significantly deeper, since the structural crisis of the economy is also a crisis of the structure of employment, prevailing in the national economy of the country⁷. Under the conditions of long-term crisis reduction of production against the backdrop of progressive inflation processes, the problem of analysis and forecasting of employment of the population appears to the public authorities as an important condition for the effective development

⁶ Фірсова С.Г. Управління зайнятістю: системний підхід / С.Г. Фірсова // Формування ринкових відносин в Україні. – 2006. – № 12. – С. 162.

⁷ Вдовіна Г.О. Аналіз ринку праці: пропозиція та попит на неї / Г.О. Вдовіна. – Л. : Вид. ЛНУ імені Івана Франка, 2011. – 145 с.

of a well-founded integrated system of measures for solving employment problems. It enables to identify the nature and trends of ongoing processes and timely intervene when necessary to correct them.

At the state level, national employment policy priorities, state employment programs, legislative and regulatory frameworks should be developed. At the regional level, the strategy for implementing the employment policy is determined taking into account the specifics and features of regional development, location and territorial organization of production. At the sectoral and production levels, the employment policy is associated with specific production and economic tasks.

In a market economy, when the right to work is realized not through social guarantees, but through personal initiative, the problem of employment becomes especially acute, especially young people. Almost half of the unemployed in the world are young people aged 15 to 24 years old. It is only a quarter of the total population of working age, the probability of unemployment for young people is three times higher than for adults.

This problem is relevant for Ukraine as well.

The main factors influencing employment and inclusion of young people in work activity are personal potential and self-esteem, motives and value orientations, the degree of professional self-determination, level and quality of education, place of residence, degree of awareness, availability of work biography, social security and activities of the State Employment Service and etc.

According to the results of the surveys, almost 70% of school graduates are focused on studying at higher educational institutions, which is the result of the lack of a systematic approach to the formation of a conscious choice of professions required in the labor market. Unfortunately, enterprises and organizations practically do not engage in vocational guidance in general education schools, do not pay attention to these issues and the media. To date, the professional training of many young professionals who have graduated from higher education institutions practically does not meet the requirements of modern employers.

According to psychologists, after six months of job search begins the most dangerous phase of unemployment. For the phase, there are signs of destructive changes in personality, and in the future helplessness and

reconciliation with the situation. A person begins to get used to inactivity, loses professionalism and acquired skills.

Ukraine is still in a state of economic crisis, characterized by a significant decline in living standards, a decline in domestic production, which leads to unemployment. Especially in depressed regions.

Youth unemployment today is not only a problem for such regions of Ukraine, but has reached a global level and needs immediate resolution both in our country and in other countries; therefore, to overcome it is necessary to study both good and negative experience of other countries; joint efforts need to be implemented. from the governments of all countries and international organizations.

Negative consequences of such a situation on the global youth labor market, provided that the situation is not fully resolved, is difficult to predict.

State regulation of the youth segment of the labor market is still too complicated, does not always correspond to the realities of modern life, requires some adjustments and changes. The huge legal and regulatory array of youth sphere is not completely systematized, it requires some improvement and a more attentive attitude towards its formation.

Thus, a considerable number of issues of legal, economic, organizational, social nature that arise during the formation and functioning of the mechanism of the regional labor market have not yet been considered.

The mentioned problem is the subject of attention of research structures that analyze the problems of integration of young people in modern economic relations, consider the practice of state support for young people's economic activity. Legally stipulated obligations of the state to provide the able-bodied youth of the first workplace for a period of not less than two years, which is enshrined in Art. 197 Code of Labor Laws⁸ and Art. 7 of the Law of Ukraine "On Promotion of Social Formation and Development of Youth in Ukraine"⁹. The effect of these norms extends primarily to young people who have completed or stopped studying in general, vocational, educational and higher education

⁸ Кодекс законів про працю України [Електронний ресурс] – Режим доступу до ресурсу: www.rada.gov.ua

⁹ Закон України «Про сприяння соціальному становленню та розвитку молоді в Україні» [Електронний ресурс] – Режим доступу до ресурсу: www.rada.gov.ua

institutions, completed their professional training and retraining, and also retired from a regular military or alternative (non-military) service.

For legal provision of the practical implementation of the state youth policy, considerable work was done on the creation of a legislative and regulatory framework. The foundations of the state youth policy in the independent Ukraine were laid down in the Declaration "On the General Principles of the State Youth Policy in Ukraine" (December 15, 1992) and the Law of Ukraine "On Promotion of the Social Formation and Development of Youth in Ukraine" (February 5, 1993).

The Declaration "On the General Principles of the State Youth Policy in Ukraine" defined the place of the state youth policy in the activities of the state, its main tasks and principles of implementation. It was called the age of the citizens of Ukraine, which is subject to state youth policy: initially it was limited to 15–28 years, and in 1999 the Supreme Council of Ukraine lowered the lower threshold, defining it by 14 years¹⁰.

The Law of Ukraine "On Promotion of Social Inclusion and Development of Youth in Ukraine" regulates the issue of providing youth employment, creating youth labor centers, youth business centers, business incubators in Ukraine for the implementation of youth training programs for youth entrepreneurship.

The experience of countries with a developed market economy shows that the extent of state intervention in the labor market system is significant. The special policy of employment in the specified group of countries is measures for the employment of young people who are not trained. The state encourages employers to hire a given category by providing them with special guarantees, subsidies, tax breaks, etc.

This policy contains legal regulation in this area of government activity, the main aspects are enshrined in the laws. One of the forms of this mechanism is the creation of a network of state-owned specialized institutions, as well as financial support of the relevant youth organizations.

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¹⁰ Про загальні засади державної молодіжної політики в Україні: Декларація від 15 груд. 1992 р. № 2859-ХІІ [Електронний ресурс] – Режим доступу до ресурсу: www.rada.gov.ua

above main features of the situation mean that social restructuring costs are likely to be very high for those who are losing their jobs at companies undergoing restructuring. Therefore, it is important to consider ways to reduce these costs and the extent to which they create barriers that can slow down or block restructuring in practice. If we talk about reducing costs, then it is necessary to create a system of social insurance that would provide for people who have lost their jobs, at least defined basic minimum income, and such financial support should be supplemented by measures under the so-called active labor market policy. Such a policy implies addressing measures for the professional retraining of unemployed persons who have lost their jobs at specific enterprises, the unemployed who belong to the most vulnerable groups of the population. Although the performance indicators of such policies in many countries are very heterogeneous, some data indicate that such schemes yielded good results in Poland and Hungary, making it possible for those involved in such programs to find decent long-term work.

Consequently, active labor market policies can be effective if they are well-planned and supported by other strategies to support the development of local businesses. Such strategies are also more important from the political point of view because workers who are struggling as a result of restructuring are convinced of the desire and willingness of the state to give them a helping hand, and this should help the state to enlist the support of the workers even in a very tight policy. No less useful are the various forms of social dialogue with the participation of trade unions at the enterprise level, or tripartite negotiations between trade unions by employers' representatives and the government at the national level. Each participant – a state, a trade union and the directorate of an enterprise – is given a definite role in ensuring successful restructuring.

Much attention should also be paid to overcoming barriers to the professional and geographical mobility of the workforce. Ukraine has concerns about the protection of workers moving to new places on wages and working conditions, as well as, in some cases, on the age distribution of workers remaining in the enterprise undergoing restructuring.

Employers often do not pay close attention to labor force adaptation, perhaps because they simply assume the existence of an appropriate policy aimed at providing support and assistance to employees. The situation on the external labor market is often used as a threat to push internal

transformations into one or another enterprise. Geographic mobility is considered to be the most suitable option for most skilled and highly paid workers, but for most others it is unlikely to be an attractive or realistic way out. At the same time, large enterprises can often organize internally branded professional retraining to improve internal flexibility, and measures in this direction may include providing employees with a choice of work at another company or another company in the same group.

In Ukraine, the restructuring process is moving slowly within sectoral plans. Market forecasts on which such plans should be based may not be entirely reasonable, and the experience gained so far shows that employment and production volumes are not changing fast enough to increase productivity, product quality and sales revenue. Consequently, the progress made is insufficient for the most successful enterprises to become truly competitive and viable, and there are certain fears that the main market signals may not even stimulate "potentially healthy" enterprises to the most effective restructuring (under the "potentially healthy" enterprises are understood, capable of providing long-term profitability).

Summarizing the successful restructuring experience in some regions, cities and regions, and somewhat schematically, it can be argued that the restructuring problem is reduced, on the one hand, to the organization of a managed process of closure of unprofitable enterprises and industries in specific cities and regions, and on the other hand – to search alternative, economically viable activities that could provide sustainable employment and source of income for the local population. And here the active role of the state involves creating incentives both for enterprises in the process of restructuring and for new enterprises appearing on the local market. In addition, the strengthening of the regulatory function of the state should be directed to deepening the market transformation of the economy, creating the necessary regulatory and legislative framework and infrastructure, training personnel able to work for qualitatively new conditions, overcoming the previously tolerated deformations¹¹.

One can conclude that an effective solution to the problem of youth employment will give an impetus to the development of the domestic economy through the development of small business. It will contribute to the formation of Ukraine as a stable, developed country.

¹¹ Державне регулювання економіки: Навч. посібник. – С.М. Чистов, А.Є. Никифоров, Т.Ф. Куценко та ін. – К. : КНЕУ, 2000. – 316 с.

2. State policy for promoting business environment and mechanisms for regulating entrepreneurial activity

Insufficient depth of branch specialization, significant structural disproportions, unevenness and contradictory territorial distribution of small enterprises significantly affect the overall level of development of small business in the country. In this regard, the actual state of small business does not correspond to the economy, its production, scientific and technical, labor potential (taking into account the small share of small enterprises in the total employment and production volumes). Such inadequacies require a thorough study of this problem, a comprehensive objective assessment of the real level of development of small business.

There is a natural question – how to improve the efficiency of small business in Ukraine? We are convinced that state policy should contribute to the improvement of the business environment in which small businesses operate. Priority we consider the following tasks:

- liberalization of entrepreneurial activity in Ukraine and minimization of the regulatory role of the state. After all, the entrepreneur, as a rule, can only do what he is allowed to, and not vice versa – when you can do everything but unauthorized;

- ensuring a transparent and consistent regulatory environment through the implementation of the regulatory policy law and expanding the scope of the "conflict of interest" principle. It's not so scary to business that the law is imperfect. Much worse is the fact that it has a double interpretation, which is used by those who check the company, and is constantly changing;

- achievement of the balance of the system of taxes and social payments through review and reduction of tax privileges and the unification of all social funds into one; completion and adoption of the Tax Code;

- creation of an effective system of public administration through the provision of information openness of the authorities;

- provision of guarantees for the protection of property rights through the improvement of legislation in this area and the creation of out-of-court mechanisms for the protection of property rights – control over the activities of the authorities and public institutions from the public.

Consequently, the formation of prerequisites for the competitiveness of enterprises requires the creation of conditions for reducing the costs of

functioning of the mechanisms of economic coordination. In the national economy, the increase of the degree of competitiveness of market structures by reducing administrative barriers is of particular importance. However, the development of release mechanisms should be made taking into account the peculiarities of the institutional structure of the national economy.

In our view, the expansion of state regulation is one of the main obstacles to the effective development of market relations in Ukraine. Created state institutional administrative barriers distract the resources necessary for the full development of business. The effect of institutional barriers in practice is expressed in increasing the level of transaction costs, both medium and aggregate, in the economy. The development of market relations in a transition economy leads to the emergence and development of the transaction sector¹². According to their interpretation to the transactional sector are industries whose main function is to ensure redistribution of resources and products with the lowest average transaction costs. Indeed, due to administrative barriers and constraints, average transaction costs in Ukraine remain at an unacceptably high level, limiting the volume and number of transactions, resulting in an increase in the marginal costs of enterprises exposed to them.

Thus, today's system of state support for entrepreneurship is characterized, on the one hand, by a large number of legislative and normative acts declaring support for small businesses, and, on the other, by the lack of mechanisms for such support. The legislation regulating the activities of small enterprises is controversial. Failure by the state to assume obligations creates uncertainty in the future, leads to a decrease in business activity of the population, stimulates the development of shadow business.

The analysis of the dynamics of laws, decrees and regulations that are adopted and issued in the country shows that the active phase of the formation of a normative base in Ukraine was completed after the peak of normative activity of central authorities in 1998–1999. However, the increased number of normative acts adopted after 2001, does not allow to conclude that stabilization of the normative field in the country.

Since a qualitative normative act implies the same understanding by all subjects of regulation, it is possible to determine the quality of a law or

¹² Інститут конкурентного суспільства. Міжнародний індекс прав власності. Режим доступу: <http://www.ics.org.ua/ua/news.php?id=236&start=0>

by-law act by how its provisions and norms are clearly interpreted. According to the survey, there has been an increase in the number of enterprises that believed that the interpretation of normative acts by state authorities over the last three years has improved overall. Nevertheless, far from all managers of enterprises believe that civil servants correctly interpret the regulations governing business. Most managers of enterprises are dissatisfied with the interpretation of normative acts by employees of the tax administration and customs¹³. An arbitrary interpretation of normative acts is not limited to executive bodies. Only 30% of company managers believed that local authorities in their area clearly and steadfastly adhere to all laws and regulations of central authorities. Even less – 20% – believed that local authorities ensure equal conditions for doing business.

As you know, inconsistent interpretation of normative acts and unofficial payments to resolve misunderstandings are signs of corruption. Based on the Corruption Perceptions Index. At the same time, the change in the index does not indicate a decrease in the level of corruption in Ukraine in 2019, but on the contrary increase.

Corruption in state and municipal authorities remains a serious problem, which is one of the factors behind the creation of unequal economic conditions, that is, the creation of competitive advantages for some business entities and institutional barriers to entrepreneurial activity for others. The expansion of corruption is due to the fact that, unlike the romantic expectations of the formation of a US or European type of market economy in the post-Soviet area, it has developed a mercantilist economy characteristic of the Latin American countries, whose main features are high differentiation of incomes and high levels of corruption.

In addition, state and municipal officials may have a significant impact on the change in financial flows and issue permits for engaging in those or other types of economic activity, which is an objective basis for rent-seeking behavior and appropriation of administrative rent.

As the research shows, corruption and the accompanying factors – the instability of legislation and political instability – are the main problems in the relationship between business and government in Ukraine. Therefore, the improvement of the relationship between business and government is possible only after eliminating the cause of corruption in the country.

¹³ Кобиляцький Л.С. Формування системи управління конкурентоспроможністю підприємства / Л.С. Кобиляцький, Ю.С. Чишевський // Наукові праці МАУП. – 2009. – Вип. 10: «Управління конкурентоспроможністю в умовах глобалізації». – С. 94–97.

In fact, as a result of crushing licensed types of entrepreneurial activities and exceeding the authority of officials, their number exceeds 500¹⁴.

In Ukraine, the main law in the field of licensing is the Law of Ukraine "On Licensing Certain Types of Economic Activity", which defines the legal basis for licensing 59 types of economic activity.

For the implementation of activities about 40% of enterprises each year need licenses. Most often, enterprises received licenses for trade in alcoholic beverages (16% of licensed enterprises), tobacco trade (11%) and construction (12%). More than half of licensed enterprises were inclined to assess the current licensing procedures as complex and very complex¹⁵.

The most problematic aspects in the process of obtaining licenses are the large number of required documents (55% of the respondents who stated difficulties), long terms for reviewing the application for a license (35%), frequent changes in procedure and lack of clarity of the requirements (23% of respondents). About half (45%) of enterprises that received licenses paid state agencies for services in preparing documents for obtaining a license. At the same time, two thirds of the companies that paid for these services complained about their high cost. The issuance of each fifth license was accompanied by unofficial payments¹⁶.

Negative influence on the development of entrepreneurship is also carried out, as well, the lack of common requirements for the certification and standardization of products, goods and services. Adopted in 2001, the Laws of Ukraine "On Confirmation of Conformity" and "On Standardization", the purpose of which was to approximate the sphere of technical regulation of Ukraine to the EU, is still not fully implemented.

The biggest complaints of enterprises caused the need to obtain several certificates of conformity. One third of the respondents who passed the procedure had to certify both components and finished products. One in five companies that undergo compulsory certification complained about unofficial payments and a large number of required documents¹⁶.

The reform in the sphere of standards affects the interests of every fifth enterprise of Ukraine, but enterprises do not actively participate in its

¹⁴ Дубовик О.В. Управління маркетинговими дослідженнями у процесі формування конкурентних переваг: [монографія] / О.В. Дубовик. – Л.: ЛБІ НБУ, 2005. – 230 с.

¹⁵ Кобиляцький Л.С. Формування системи управління конкурентоспроможністю підприємства / Л.С. Кобиляцький, Ю.С. Чишевський // Наукові праці МАУП. – 2009. – Вип. 10: «Управління конкурентоспроможністю в умовах глобалізації». – С. 94–97.

¹⁶ Кобиляцький Л.С. Формування системи управління конкурентоспроможністю підприємства / Л.С. Кобиляцький, Ю.С. Чишевський // Наукові праці МАУП. – 2009. – Вип. 10: «Управління конкурентоспроможністю в умовах глобалізації». – С. 94–97.

implementation. According to sociological surveys, 92% of enterprises whose products are subject to standardization are in no hurry to submit their proposals for the development of state standards. Among the reasons for this passivity, the authors point out the lack of interest of state bodies in involving companies in the development of standards, a small number of industry associations and simply frustration of enterprises in the effectiveness of any action in this direction¹⁷. Each fifth enterprise independently developed technical conditions. For this category of companies, the longest and most expensive was the registration of technical specifications. Every tenth enterprise that applied standards or registered technical specifications indicated the need for unofficial payments¹⁸.

The current system of granting permits in the sphere of economic activity in Ukraine covers all enterprises and remains one of the main regulatory obstacles for the development of entrepreneurship. 64% of companies who received dosages rated the procedures for obtaining permits as complicated and rather complicated¹⁹. The licensing system of Ukraine is characterized by the total coverage of enterprises, the complexity of procedures, their duration and the high cost of permits. The analysis of the current legislation, the experience of other countries and the expert conclusions of the relevant state bodies show that the creation of a normally functioning system of permits in Ukraine can only be based on significant reforms, which should be directed to:

- optimization of the number of permits;
- creation of transparent and qualitative permitting procedures;
- reduction of the number of bodies involved in the process of issuing a single permit;
- settlement of issues related to official payments in the process of obtaining permits;
- optimization and adaptation to EU legislation and WTO standards, sanitary-epidemiological, veterinary and sanitary rules, fire safety rules, building codes and other regulatory documents.

¹⁷ Інститут конкурентного суспільства. Міжнародний індекс прав власності. Режим доступу: <http://www.ics.org.ua/ua/news.php?id=236&start=0>

¹⁸ Кобиляцький Л.С. Формування системи управління конкурентоспроможністю підприємства / Л.С. Кобиляцький, Ю.С. Чишевський // Наукові праці МАУП. – 2009. – Вип. 10: «Управління конкурентоспроможністю в умовах глобалізації». – С. 94–97.

¹⁹ Кобиляцький Л.С. Формування системи управління конкурентоспроможністю підприємства / Л.С. Кобиляцький, Ю.С. Чишевський // Наукові праці МАУП. – 2009. – Вип. 10: «Управління конкурентоспроможністю в умовах глобалізації». – С. 94–97.

In addition to the statutory regulations, there are artificially created barriers due to discretionary regulation at the level of subordinate acts of ministries and departments, as well as the opportunistic behavior of individual officials. Thus, for the release of a business entity on the market, various agencies overstate the requirements for violations of which impose penalties, which are often directed to the maintenance of controlling bodies. Even public organizations, in particular consumer protection organizations, today raise the issue of legislative consolidation of control and punishment functions, which is the prerogative of the state.

Another important obstacle to business development in Ukraine remains the existing system of inspections. The main features of the system of inspections in Ukraine are mass character, high cost and ineffective detection and prevention of violations²⁰.

Each fifth verified company admitted that it had made unofficial payments to inspectors. Often, unofficial payments were received by employees of the Ministry of Internal Affairs, the bodies of fire supervision, the sanitary-epidemiological service and the tax administration.

Two thirds of entrepreneurs consider adopting a law that would regulate the conduct of inspections, in the most effective way to reduce their number. Thus, more than 30% of entrepreneurs believe that reducing the number of inspections will help the transition of the enterprise to the simplified taxation system. Business associations may also be affected by the situation if they take on the role of entrepreneurs expressing their interests and will participate more actively in shaping the regulatory framework.

Important to solve the problem of reducing administrative barriers is the question of the composition and "comparative bargaining power" of parties interested in reducing them. Paradoxically, the struggle against administrative barriers created by state and municipal authorities is mainly carried out by the same state, represented by the Antimonopoly Committee.

Worldwide practice shows that business associations can successfully represent the interests of small and medium-sized enterprises, acting as intermediaries in the dialogue between business and government.

²⁰ Кобиляцький Л.С. Формування системи управління конкурентоспроможністю підприємства / Л.С. Кобиляцький, Ю.С. Чишевський // Наукові праці МАУП. – 2009. – Вип. 10: «Управління конкурентоспроможністю в умовах глобалізації». – С. 94–97.

Unfortunately, the role of business associations in this process is insignificant.

Despite the unfavorable influence of the authorities, which most Ukrainian companies feel, only a small part of them are trying to defend their interests by association in the association. Almost 80% of enterprises that are not members of business associations do not believe that such membership will benefit them.

Thus, in today's globalized world, each country trying to find its place in the system of international division of labor and securing certain competitive advantages determines the policy of promoting the development of a small economy as an integral part of the overall development strategy of the state. However, the establishment of national systems for promoting small business in the world took place much later than in the United States. In Western Europe, the state institutional formalization of the sphere of a small economy, as a management system, falls in the middle of the 60-s of the last century. All national small business support systems have their own peculiarities, which are related to the historical aspects of the formation of market relations in one or another country. They, in turn, directly depend on the social, political, cultural, religious and mental situation in each particular country.

State regulation of entrepreneurship is an actual problem at the present stage of development of the Ukrainian economy. The influence of the state is significant, on the one hand, and on the other hand, it is not sufficiently effective. Therefore, the need to determine effective state regulation for entrepreneurial activity should identify such issues as: ensuring the effective functioning and profit making, as well as creating prerequisites for balanced growth of the country's economy.

The regulation of entrepreneurial activity in Ukraine is due to the goals of economic policy aimed at the effective and sustainable development of the state and its regions, as well as to ensure the constant growth of economic indicators that characterize the level of welfare and quality of life of the country's population.

Ukraine as an independent, independent state guarantees today equal rights for all entrepreneurs and creates equal opportunities for functioning, access to material, technical, financial, labor, informational, natural and other resources, subject to the execution of works and supplies for state needs. Bodies of state administration build their relations with

entrepreneurs, using: a tax and financially lending system that sets tax rates and interest on government loans; tax privileges; prices and pricing rules; targeted grants; exchange rate; the size of economic sanctions; state property and a system of reserves, licenses, concessions, leasing, social, economic and other norms and norms; scientific, technical, social, state and regional programs; contracts for works and supplies for state needs²¹. State regulation is a set of forms and methods of purposeful influence of state institutions and organizations on the development of the social mode of production with the aim of stabilization and adaptation to changing conditions²². State regulation of entrepreneurial activity is carried out on the following principles:

- Long-term;
- Stability;
- Protection of interests.

Relationships between entrepreneurship and the state should be developed in two main directions:

– firstly, by means of state regulation of the entrepreneurial economy through special measures developed in state programs of entrepreneurship support, and measures contained in national programs of economic and social development of the country;

– secondly, through the interaction of the state and entrepreneurship, which is the economic cooperation of power and business structures on the basis of the unity of the goals of stabilizing economic growth in Ukraine²³.

The main method used by the state for the management of business regulation is regulatory acts that regulate entrepreneurial activity.

The creation of effective and favorable conditions through state administration of entrepreneurial activity in Ukraine is one of the priorities for state policy at present. However, the means of business management currently used in Ukraine do not have the proper effect, and even on the contrary, cause difficulties in the work of enterprises.

A feasible and effective state intervention in entrepreneurial activity will provide an opportunity not only to make entrepreneurial activity effective and profitable, but also bring it to a new level of development.

²¹ Комарницький І.М. Організаційно-економічні механізми розвитку підприємництва / І.М. Комарницький. – Л., 2000. – 226 с.

²² Дідківська Л.І., Головка Л.С. Державне регулювання економіки. – К., 2002

²³ Данилейчук р. Б. Основні напрями вдосконалення державного регулювання процесів інтеграції у галузі підприємництва / р. Б. Данилейчук // Інноваційна економіка . – 2005. – № 6. – С. 221.

Consequently, the formation of prerequisites for the competitiveness of the national economy Ukraine needs to create conditions for reducing the costs of functioning of economic coordination mechanisms. In the national economy, the increase of the degree of competitiveness of market structures by reducing administrative barriers is of particular importance. However, the development of release mechanisms should be made taking into account the peculiarities of the institutional structure of the national economy.

CONCLUSIONS

Recently, regional policy has gradually adapted to the conditions of the post-industrial society. The development of the regions implies shifting the emphasis in the industrial-innovation policy to the regional level. Important steps in this process are the forecasting and programming of regional industry development. Creation in the region of an industrial complex of an innovative type, the structure of which would correspond to the resource potential of the state and the needs of the market, requires the forecasting and programming of industrial development, which becomes the main means of influencing the state administration to increase the manageability of the regional economic system.

In Ukraine there is a significant number of mono-industrial cities. In terms of industrial restructuring, these territories create a number of very difficult problems compared to other areas with a diversified economic structure and cover many manufacturing sectors. This is due to the fact that in the latter case, the effect of restructuring and reduction of production in some industries can be offset by growth in others, and people who have lost their jobs can often find employment in the same area (ideally within the range of public transport in the area).

Summarizing the experience of restructuring in certain regions, cities and regions, and somewhat schematically, it can be argued that the problem of restructuring is reduced, on the one hand, to the organization of a controlled process of closure of unprofitable enterprises and industries in specific cities and regions, and on the other hand – to find alternative economically viable activities that could provide sustainable employment and source of income for the local population. And here the active role of the state involves creating incentives both for enterprises in the process of restructuring and for new enterprises appearing on the local market. In addition, the strengthening of the regulatory function of the state should be

directed to deepening the market transformation of the economy, creating the necessary regulatory and legislative framework and infrastructure, preparing frames capable of working for qualitatively new conditions, overcoming the previously tolerated deformations. In the process of restructuring the industry at the local level, social costs are typical. These costs are related to unemployment, which, in the case of a sufficiently dynamic economic development and the creation of a sufficient number of new jobs, should only be temporary.

Only a modern approach to the problem of employment in state policy at the regional and local levels provides the right direction for solving all complex issues of employment, especially among young people who really strive to work together with the implementation of an effective youth policy of the state aimed at getting young people aged 15–24 years of work with sufficient working conditions will improve the situation of youth unemployment and increase the level of it.

The level of public administration in the employment process is directly determined by the state of the economy in which Ukraine is now. Among the problems in the labor market, the structure of employment and its efficiency remained difficult, which was directly related to the situation in different sectors of the economy, illegal labor migration and shadow employment. The inefficient employment structure reflects a model of economic development based on cheap labor. Therefore, the current state of the Ukrainian economy requires public authorities to develop a particularly well-balanced employment policy, since only positive changes in the structure of employment, in particular, the free movement of labor, leading to structural changes, could ensure the country's exit from the crisis and the transition to economic growth.

To improve the efficiency of small business in Ukraine, public policy should help improve the business environment in which small businesses work.

The main method used by the state for the management of business regulation is regulatory acts that regulate entrepreneurial activity.

The creation of effective and favorable conditions through state administration of entrepreneurial activity in Ukraine is one of the priorities for state policy at present. However, the means of business management currently used in Ukraine do not have the proper effect, and even on the contrary, cause difficulties in the work of enterprises.

SUMMARY

Complex development of the regions is determined by many factors, among which the administrative and regulatory influence is exercised by the authorities and bodies of local self-government. The article examines the effectiveness of such influence, which is determined, first of all, by the size of competence, the clarity of structuring and the division of powers of the central and regional levels of state executive power, on the one hand, local government and local self-government bodies – on the other.

The main factors influencing employment and inclusion of youth in work activity are highlighted. The problems of integration of young people in modern economic relations, the practice of state support of youth economic activity are analyzed. The place of the state youth policy in the activity of the state, its main tasks and principles of implementation are determined. Proposed measures to reduce the unemployment rate among young people aged 15 to 24 years, improve the situation of youth employment.

The prerequisites for the competitiveness of the national economy of Ukraine have been formed, which requires the creation of conditions for reducing the costs of functioning of economic coordination mechanisms. The development of national systems for promoting small business development in the world is explored.

State regulation of entrepreneurship is an actual problem at the present stage of development of the Ukrainian economy. The influence of the state is significant, on the one hand, and on the other hand, it is not sufficiently effective. Therefore, the need to determine effective state regulation for entrepreneurial activity should identify such issues as: ensuring the effective functioning and profit making, as well as creating prerequisites for balanced growth of the country's economy.

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