

**State Organization «Institute of Market and Economic&Ecological
Researches of the National Academy of Sciences of Ukraine»**

**Summary of scientific novelty for research 3.1.8.82/B
"INSTITUTIONAL MODERNIZATION OF THE ENTREPRENEURIAL
SECTOR IN THE CONDITIONS OF LOCAL SELF-GOVERNANCE
REFORM"**

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The work was carried out at the request of the Directorate for the Development of Local Self-Government, Territorial Organization of Power and Administrative-Territorial Structure of the Ministry of Development of Communities and Territories of Ukraine (letter No. 7/34.2/16598-21 dated September 15, 2021) and the Department of Economic Policy and Strategic Planning of the Odessa Regional State Administration (letter 01.1-27/1777 dated October 2, 2019).

The scientific novelty of the most significant research results is as follows:

Within scientific&methodological aspects:

- *the essence of institutional modernization of entrepreneurship* as a process of improving the regulatory environment and regulatory and legal support for the implementation of the initiative of business entities to carry out activities aimed at the restoration and sustainable development of regional economic systems of Ukraine, based on the effective use of the resource potential of communities and territories, the creation of greater added value, increasing the internal and global competitiveness of domestic goods, works, services, models and processes of business organization in accordance with the provisions of the Recovery Plan, strategies and goals of sustainable development of the state in the context of complementarity with European norms and rules for regulating business activity, is substantiated;

- *The dominants (key areas) of institutional modernization of entrepreneurship* as a driver of economic development of communities and territories of Ukraine in the conditions of post-war restoration and improvement of the local self-government system are identified, which are based on the principles of resilience, sociocentricity, sustainability, self-sufficiency, reflection, urgency and include: strategizing and programming of spatial and sectoral organization of business on the basis of resource self-sufficiency of communities and territories, end-to-end vertical and horizontal coordination of regulatory processes on the principles of partnership, maximum inclusiveness of the system of regulating entrepreneurial activity, increasing welfare and employment, social capital based on the development of entrepreneurial competencies, transformation of the budget and tax system into a real mechanism for stimulating entrepreneurship, implementation of the priorities of industrialization, innovation and maximization of added value, digitalization and information and communication organization, preparedness to participate in international programs of financial stimulation of

entrepreneurial activity, the implementation of which will be achieved measures structured in terms of the stages of the military-mobilization economy, reconstruction, and new economy in accordance with the Recovery Plan of Ukraine;

- *The categorical apparatus of the theory of entrepreneurship development* in socio-economic systems has been developed by defining the term “economic self-sufficiency (capacity) of a territorial community to ensure the development of entrepreneurship as the ability to effectively use internal resources, prerequisites and opportunities in social production in order to, firstly, meet the needs of the community and related stakeholders in the economic, social, environmental, administrative-managerial, financial-budgetary dimensions; secondly, ensure self-development, self-reproduction, viability and sustainability of the socio-economic system of the community, as well as ensure the reproduction and preservation (economic use) of resources; based on the principles of autonomy, subsidiarity, sustainability (resilience), independence and systemic efficiency;

- *a conceptual and methodological approach to assessing the resource provision* of the economic self-sufficiency of a territorial community on the principles of self-development, self-reproduction, resilience and viability has been developed, which involves analyzing the available resource potential, opportunities and prerequisites for the entrepreneurial sector of the community to perform the functions of institutional modernization of territorial and economic systems in the sectoral dimension (selection of priority types of entrepreneurial activity) and spatial dimension (identification of locations with the necessary resource provision for the placement of business structures) in accordance with the tasks of Program No. 8 of the Recovery Plan of Ukraine and Strategic Goal No. 2 of the State Strategy for Regional Development to increase competitiveness in the context of integration into world and European markets;

- *The methodological principles of a comprehensive assessment of the effectiveness of entrepreneurship development* in the regions of Ukraine in the context of capitalization are substantiated by substantiating the transition from methods of determining an integral indicator and using a large number of indicators to a limited range of indicators in terms of three components: economic productivity, social and environmental performance of entrepreneurship, which are represented by two levels of indicators: basic (value added per capita, quality of life and income level of the population, volumes and share of waste-free business processes in the business sector) and additional ones, which detail the structural characteristics of sustainable entrepreneurship development in the regions and communities of Ukraine;

- *Scientific and methodological approaches to justifying the innovation component* in entrepreneurship development programs in territorial and economic systems have been developed by applying a differentiated approach to developing tools for innovative entrepreneurship development in territorial and economic systems depending on the level of their financial capacity, in particular, innovative platforms have been proposed as a tool for self-organization of entrepreneurs and implementation of scenarios for stimulating innovative development in

communities depending on the level of budgetary, financial and economic capacity, in the context of implementing the programs of the Recovery Plan of Ukraine;

-A methodological approach to the quantitative and qualitative assessment of the innovative component of entrepreneurship development in territorial economic systems is substantiated by distinguishing two blocks: quantitative assessment, which is based on statistical indicators grouped according to the components of the regional innovation system; and qualitative analysis, for which tables of expert assessments are proposed, which allow overcoming the limitations of statistical data.

At scientific and practical level:

- a draft program (program measures) for the development of small (micro) entrepreneurship in territorial communities has been developed, the measures and tools for the implementation of which are characterized, firstly, by their focus on solving specific problems at the community level, secondly, by their compliance with the Sustainable Development Goals and the National Programs of the Recovery Plan of Ukraine, thirdly, by their selective application depending on the level of economic capacity of the community, and include general and specific organizational, economic, budget and tax, financial and credit and information support tools with an emphasis on the development of social, environmental, women's, and inclusive entrepreneurship;

- organizational, economic and institutional mechanisms have been developed to ensure the implementation of post-war recovery programs and support for the development of small and medium-sized businesses in territorial communities, which are based on the principles of subsidiarity, rational simplification and balance in the distribution of powers and functions for managing the development of entrepreneurship and include tools: investment agreements between entrepreneurs and community administrations; delegation of most permitting procedures and powers to regulate the development of entrepreneurship to the level of territorial communities; electronic facilitation of reporting and registration tax procedures with the implementation of materiality limits officially recognized in International Standards on Auditing and Financial Reporting to optimize control actions, minimize obstacles to business processes and save time and resource costs; strategizing and programming spatial and sectoral organization of business on the basis of resource self-sufficiency of communities and territories; digitalization and information and communication organization of business processes and regulatory measures, which provide for inclusion in national, European and international business networks of interaction and cooperation; ensuring the development of human capital, self-realization and inclusiveness, increasing the level of education and competence of representatives of the business sector;

- a system of proposals for regulatory acts aimed at simplifying the conditions for doing business, attracting investments, creating new jobs and promoting effective relocation, adaptation of enterprises and the restoration of their business activity in the context of countering military aggression has been formed,

which include measures to support the localization of state regulation systems (amendments to Articles 34-36 of the Law of Ukraine "On Local State Administrations"); measures to reduce the burden and implement the incentive function of taxes (recommendations to Sections 1 and 14 of the Tax Code of Ukraine and the "Procedure for the Functioning of the Electronic Taxpayer's Cabinet"); measures for strategizing and programming the spatial and sectoral organization of business on the basis of resource self-sufficiency of communities (recommendations for the implementation of the Law of Ukraine "On State Forecasting and Development of Programs for the Economic and Social Development of Ukraine"); measures for digitalization and implementation of the vector of innovative development of entrepreneurship (recommendations for achieving the goals of the State Development Strategy for 2021-2027, which generally contribute to the implementation of the programs of the Recovery Plan of Ukraine;

- *a draft passport of resource provision and capacity of a territorial community* (settlement, settlement council, small town) and its constituent entities regarding local provision of entrepreneurship development has been proposed, compiled on the basis of the relevant methodological tools, which include 9 analytical blocks for assessing: structural taxonomy, natural resource, production material and technical provision, development of the social sphere, human resources, commercial, communication infrastructure, business activity and self-employment, financial and budgetary provision of the community;

- *a methodological toolkit has been developed for compiling programs for the development of entrepreneurship at the basic level* in the context of the recovery of the national economy, which, unlike the existing unified approach to planning the development of SMEs, is based on taking into account differences in the socio-economic and financial capacity of territorial communities for development and the role of SMEs in socio-economic and environmental development and includes an understanding of the development of SMEs at the basic level as part of the socio-economic block of local development strategies, in particular, the development of social entrepreneurship, which allows solving social problems of communities at the expense of funds received from entrepreneurial activity;

- proposals have been developed for the regulatory support of *innovative development* and structural modernization of entrepreneurship in sectoral and spatial dimensions, *which include* measures to create favorable conditions for attracting and reproducing investments in the field of innovative business at all levels of government, strengthening institutions for effective training and human development in the field of innovative self-employment, forming a multi-level infrastructure for the development of innovative entrepreneurship and financial and tax incentives for the integration of science, education and business, ensuring the development of institutions for the generation, transfer, distribution and consumption of innovations in territorial communities in the context of the implementation of the Recovery Plan of Ukraine (in particular, programs: No. 1 Strengthening defense and security; No. 2

Aspiration for integration into the EU, synchronization with the Copenhagen criteria, access to markets; No. 5 Improving the business environment; No. 8 Development of value-added sectors of the economy; No. 12 Development of the education system) and sustainable development goals (8 "Decent work and economic growth", 9 "Innovation and infrastructure", 11 "Sustainable development of cities and communities");

- proposals have been formulated to improve the methodology for digital administration of business processes by introducing into the Procedure for the functioning of the taxpayer's electronic cabinet (No. 637 of July 14, 2017) a procedure for simplified tax audit of SME reorganization (relocation) operations using key criteria for monitoring the entrepreneur's activities, including the absence of debt to the budget, employees, contractors, the absence of official objections and encumbrances on previously submitted tax and financial reporting, and conducting accelerated state registration on an application basis using the taxpayer's electronic cabinet;

- recommendations have been developed to improve the institutional environment for the formation and implementation of the concept of stimulating socially-oriented investments, in particular, amendments to Article 5 of the Law of Ukraine "On State Support for Investment Projects with Significant Investments in Ukraine" have been proposed, which consist in including in the list of criteria for granting a preferential taxation regime such indicators that characterize the social orientation and significance of capital investments.

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