

UDC 342.9

DOI <https://doi.org/10.32849/2663-5313/2023.8.05>**Serhii Serykov,***Postgraduate student at the Scientific Institute of Public Law**2a Heorhii Kirpa Street, Kyiv, Ukraine, 03055**Serikovsergey8181@gmail.com***ORCID ID:** 0009-0004-0007-9481

## THE ROLE AND IMPORTANCE OF SUPPORT FOR ENTREPRENEURIAL ACTIVITY IN MODERN CONDITIONS

**Abstract. Purpose.** The purpose of the article is to reveal the role and importance of support for entrepreneurial activity in modern conditions. **Results.** Based on the analysis of scientific views of scholars and provisions of current legislation, the article formulates the author's approach to defining the purpose and objectives of support for entrepreneurial activity in Ukraine. It is emphasised that the essence of the support under study is to provide various forms of assistance to entities intending to or already engaged in entrepreneurial activity in order to create conditions for its sustainable development as the basis of the national economy. **Conclusions.** It is concluded that the essence of support for entrepreneurial activity is characterised by the following: first, it consists of a number of legal, organisational, financial, information and advisory and other measures; second, their implementation should comply with the legal status of the actors involved; third, its overall goal can be considered to be ensuring an optimal balance between the interests of entrepreneurs and the public interests of socio-economic development; fourth, the task depends on the specific area of business activity and objective conditions of reality; fifth, it can be performed by any authorised actors, except for the entrepreneur who will receive it. They may be state authorities, local self-government bodies, public organisations, etc. Therefore, it is the essence of the support under study is to provide various forms of assistance to entities intending to or already engaged in entrepreneurial activity in order to create conditions for its sustainable development as the basis of the national economy. The role of support from the state and local governments is not in regulating all aspects of business activity in detail, which is typical for anti-democratic non-market systems, but in assisting and facilitating the implementation of proactive and independent risky activities with minimising factors that affect or may adversely affect such activities. The support should be dynamic and adequately flexible to changes in social, economic and political life that affect the conditions for entrepreneurial activity.

**Key words:** support, entrepreneurial activity, government programmes, legal and regulatory framework.

### 1. Introduction

Nowadays, Ukraine is undergoing extremely difficult social and economic conditions, primarily due to the full-scale invasion of the terrorist state, which has a negative impact on entrepreneurial activity, including the danger of shelling, especially in the east and south of the country; destruction of natural resources, the impossibility of their use in a large part of the country due to hostilities and occupation, and environmental pollution; destruction of the energy infrastructure; a significant reduction in the male population, including among skilled workers in entire business sectors, etc. In addition, the problems that existed before 2022 are also deepening, including an increase in the tax burden, the general imperfection of the tax system, etc. That is why, in today's realities, support for entrepreneurship is of great importance.

Some problematic issues related to the support of entrepreneurial activity in Ukraine were considered in the scientific works by: D.O. Bezzubov, D.S. Bukreieva, M.O. Bukher, I.B. Hoby, O.V. Huk, K.V. Denysenko, M.I. Melnyk, T.Y. Melnyk, Ye.V. Somova and many others. However, despite the significant theoretical achievements, the role and importance of support for entrepreneurial activity is constantly growing.

Therefore, the purpose of the article is to reveal the role and importance of support for entrepreneurial activity in modern conditions.

### 2. Specific features of state support for business

To begin our research, we note that support is always associated with ensuring a certain interest. As for the support of state and local authorities, it is primarily about reconciling

the public interests represented by these bodies with the interests of business entities. It should be emphasised that the interests in the development of entrepreneurial activity both in individual regions and in the country as a whole coincide with the public interest in terms of increasing the welfare of the population. Therefore, state support is the state's actions implemented in the process of regulatory influence. State support is a part of the broader concept of 'public support for entrepreneurial activity', which is related to the scope of interests that state authorities and local governments represent in these relations. According to O. Bavyko, the state regulatory framework for entrepreneurship is a system of legal, administrative and regulatory measures aimed at solving socio-economic problems by stimulating the development of socially efficient entrepreneurial activity. As part of this mechanism, the author identifies a subsystem of supporting and stimulating influence, which includes privatisation, public procurement, investment, state consulting, export-import policy (Bavyko, 2017). Therefore, the researcher emphasises that the overall goal of state support is to direct entrepreneurial activity to meet the public interest in socio-economic sustainable development.

I.B. Hobyry and M.I. Melnyk characterise the purpose of state support for business as creating equal conditions for all business entities, as well as aligning business structures with other sectors of social production. Small and medium-sized businesses in particular need such support. And not without reason, as these forms of business are the structuring factor of the economy in the new business environment. Large enterprises, which are the backbone of any industry, always embody the results of structural changes, and in this sense, they represent a stable, 'conservative' beginning of the economy (Hobyry, Melnyk, 2015). Therefore, according to the authors, the purpose of this support is to 'smooth out' the negative factors that create an obstacle to entrepreneurial activity.

T. Melnyk understands state support as state regulatory framework for entrepreneurial activity, which primarily involves the deliberate formation by state structures of appropriate direct and indirect instruments of business support, in particular, creation of incentives, use of material, financial and other resources attracted for its actors. The priority of state regulatory framework and support for entrepreneurship in times of war necessitates a transition from direct administrative assistance to the formation of a favourable economic and social environment to

improve mechanisms and tools to stimulate the development of business entities (Melnyk, 2022). The researcher emphasises that the direct administrative influence of the state on the regulation of entrepreneurial activity should give way to measures that directly or indirectly stimulate its development by creating favourable conditions.

The Commercial Code of Ukraine, in particular, in Article 48, defines state support for entrepreneurship as the following activities performed by the authorities in order to create favourable organisational and economic conditions for the development of entrepreneurship under the context and in the manner prescribed by law: provision of land plots to entrepreneurs, transfer of state property necessary for entrepreneurial activity; assistance to entrepreneurs in organising logistics and information services for their activities, and training of personnel; initial arrangement of undeveloped territories with production and social infrastructure facilities with their sale or transfer to entrepreneurs in accordance with the procedure established by law; stimulation of technology modernisation, innovation, development of new types of products and services by entrepreneurs; provision of other types of assistance to entrepreneurs. It also stipulates that the state promotes the development of small business and creates the necessary conditions for this (Commercial Code of Ukraine, 2003). Therefore, the purpose and main trends of state support for entrepreneurship are defined, which are not exclusive.

Given these author's positions on the purpose of the State support, it seems appropriate to formulate it as: first, creation of favourable conditions for the development of entrepreneurship which offset or reduce the role of negative factors affecting entrepreneurial activity; and second, directing entrepreneurship to achieve public social and economic interests of the country. Depending on the specific negative impact, the overall goal is manifested in specific tasks that provide for the achievement of the required result of support measures.

### **3. Areas of the entrepreneurial protection system**

According to D.O. Bezzubov and M.O. Bukher, the tasks of the system of business protection areas follows: participation in the implementation of state programmes in the field of ensuring the security of the economy; creation and maintenance of a specialised information fund of commercial organisations on the security of their activities; development and implementation of an effective mechanism

for protecting capital and material assets of enterprises; facilitating the regulation of the activities of non-governmental organisations working in the security sector on issues affecting the interests of individual commercial enterprises and the state in general; assisting non-governmental organisations in dealing with information security issues; comprehensive protection of the interests of domestic entrepreneurs in their relations with foreign firms; addressing security issues in industrial and financial groups; solving problems of inter-objective exchange of confidential information; facilitating the improvement of the regulatory framework for business security; participating in security inspections of commercial structures; solving complex, unusual and controversial problems related to the security of the country's economic system, as well as groups of enterprises and individual objects; performing special scientific and technical work on business protection; protecting the interests of entrepreneurs in the legislative, executive and judicial authorities on protection against economic espionage (Bezzubov and Bukher, 2017). In addition, the tasks depend on the legal status of the entity that implements the measures to support entrepreneurial activity. For example, the main tasks of the Ukrainian Entrepreneurship Support Fund are to facilitate the implementation of public policy on entrepreneurship development by attracting and efficiently using financial resources on a repayable and non-repayable basis, financing targeted programmes and projects, and partially paying interest on loans issued to entrepreneurs by banking institutions; cooperation with international, foreign and Ukrainian financial organisations in matters of entrepreneurship development; participation in the implementation of international agreements on financial support for entrepreneurship development in Ukraine; participation in the establishment of organisations aimed at providing support to entrepreneurship (On the Ukrainian Entrepreneurship Support Fund: Decree of the Cabinet of Ministers of Ukraine, 1995).

The support tasks are implemented in the forms defined by law or not prohibited by it. There are two main forms of state support for small businesses in the world. One is extensive regulatory state support for small businesses combined with state protectionism. It is typical for the initial stage of small business development. The other form involves moderate regulatory state support for small business and the creation of market conditions for competition and is

typical for more mature market relations (On the Ukrainian Entrepreneurship Support Fund: Decree of the Cabinet of Ministers of Ukraine, 1995). It seems that the optimal combination of these forms is a priority for the effective development of entrepreneurship in the difficult security, social, economic and other conditions that exist in Ukraine, taking into account its European, democratic development path.

Due to the specific task, there should be appropriate support measures. According to D.S. Bukreieva and K.V. Denysenko, the main priority support measures for the development of social responsibility of entrepreneurs should be: state promotion of the importance of social responsibility, its benefits and needs for society; creation of a state fund and attraction of funds from local budgets for partial co-financing of social projects implemented by private enterprises; various tax benefits and creating moral incentives for entrepreneurs who invest in socially important projects; mandatory social reporting at the national level for companies that can list shares on stock exchanges, participate in government tenders, obtain certain licences, etc. (Bukreieva, Denysenko, 2022). The current conditions of the country's socio-economic life are complicated by many factors that significantly affect entrepreneurial activity. According to O. Huk and Ye. Somova, these include a decrease in the production of exported goods, as parts of Mykolaiv, Kherson and Zaporizhzhia regions are occupied, which in turn makes access to ports impossible. The Black Sea is also in question, as there are Russian ships there that pose a threat. In addition, many domestic products, including grain, were exported to the territory of Russia, causing obstacles to foreign trade, disruption of transport and logistics processes, outflow of personnel abroad or partial relocation of labour resources within Ukraine. On 24 February 2022, some domestic enterprises suspended their operations due to the inability to do business, significant damage and losses. The other part of the business was developing strategic plans for the future operations of the companies (Huk, Somova, 2022). Therefore, the task of support under martial law is, first and foremost, to ensure maximum security of business activity and, at the same time, to stimulate economic activity in less secure areas of the country.

An example of such support is the Enterprise Relocation Programme implemented by the Ministry of Economy of Ukraine. This programme involves relocating businesses from areas close to or in the war zone to safe regions of Western Ukraine

(Zakarpattia, Ivano-Frankivsk, Lviv, Ternopil, Khmelnytskyi, Chernivtsi, Vinnytsia, Volyn and Rivne regions). Any enterprise can join the programme by relocating its facilities in full or in part. The programme applies to regions affected by the hostilities. You can apply for the programme by submitting an application for relocation, indicating the specialisation of the enterprise, the number of employees, production capabilities, needs for production space, raw materials, employee accommodation, and the method of transportation. There are no grounds for refusal to relocate. There is a priority for consideration of the application, the possibility of dismantling, the availability of a location with the necessary conditions for work in the host regions and the priority of transportation (Enterprise relocation program, 2020). Furthermore, in one of the regions of Ukraine most affected by the full-scale Russian aggression (Kharkiv region), entrepreneurs were exempted from paying the following taxes: single tax, rent, and real estate and land taxes. In this way, local governments are trying to stop the outflow of entrepreneurs and ensure the revival of economic life, public needs and employment.

#### 4. Conclusions

Therefore, the analysis conducted enables the following statements to be made, the essence of support for entrepreneurial activity is characterised by the following: first, it consists of a number of legal, organisational, financial, information and advisory and other measures; second, their implementation should comply with the legal status of the actors involved; third, its overall goal can be considered to be ensuring an optimal balance between the interests of entrepreneurs and the public interests of socio-economic development; fourth, the task depends on the specific area of business activity and objective conditions of reality; fifth, it can be performed by any authorised actors, except for the entrepreneur who will receive it. They may be state authorities, local self-government bodies, public organisations, etc.

Therefore, it is the essence of the support under study is to provide various forms of assistance to entities intending to or already engaged in entrepreneurial activity in order to create conditions for its sustainable development as the basis of the national economy. The role of support from the state and local governments is not in regulating all aspects of business activity in detail, which is typical for anti-democratic non-market systems, but in assisting and facilitating the implementation of proactive and independent risky activities with minimising factors that affect or may adversely affect such activities. The support should be

dynamic and adequately flexible to changes in social, economic and political life that affect the conditions for entrepreneurial activity.

#### References:

Bavyko, O.Ie. (2017). Neobkhidnist derzhavnoho rehuliuвання pidpriemnytstva ta mekhanizmy yoho zdiisnennia [The need for state regulation of entrepreneurship and mechanisms for its implementation]. *Efektivna ekonomika*. № 12. Retrieved from <http://www.economy.nayka.com.ua/?op=1&z=5985> (in Ukrainian).

Bezzubov, D.O., Bukher, M.O. (2017). Zavadnania systemy zabezpechennia zakhystu pidpriemnytstva v Ukraini [asks of the system of ensuring the protection of entrepreneurship in Ukraine]. *Yurydychnyi visnyk*. № 3 (44). pp. 108-113 (in Ukrainian).

Bukreieva, D.S., Denysenko, K.V. (2022). Sotsialna vidpovidalnist biznesu yak osnova zabezpechennia dilovoi aktyvnosti pidpriemstv: yevrointehratsiynyi aspekt [Social responsibility of business as a basis for ensuring business activity of enterprises: European integration aspect]. *Ekonomika ta suspilstvo*. Vyp. 38. Retrieved from <https://economyandsociety.in.ua/index.php/journal/article/download/1316/1271/> (in Ukrainian).

Hoby, I.B., Melnyk, M.I. (2015). Derzhavna pidtrymka rozvytku maloho pidpriemnytstva v Ukraini v kryzovykh umovakh [State support for the development of small businesses in Ukraine in crisis conditions]. *Ahrosvit*. № 10. Retrieved from [http://www.agrosvit.info/pdf/10\\_2015/12.pdf](http://www.agrosvit.info/pdf/10_2015/12.pdf) (in Ukrainian).

Hospodarskyi kodeks Ukrainy vid 16 sichnia 2003 roku № 436-IV [Economic Code of Ukraine dated January 16, 2003 No. 436-IV]. (2003). *rada.gov.ua*. Retrieved from <https://zakon.rada.gov.ua/laws/show/436-15#Text> (in Ukrainian).

Huk, O.V., Somova, Ye.V. (2022). Vitshyzniani biznes v umovakh viiny [Domestic business in conditions of war]. *Biznes, innovatsii, menedzhment: problemy ta perspektivy*. № 1. pp. 44-45 (in Ukrainian).

Melnyk, T.Iu. (2022). Derzhavna pidtrymka ta stymuliuвання rozvytku biznesu v Ukraini pid chas dii voiennoho stanu [State support and stimulation of business development in Ukraine during martial law]. *Ekonomika, upravlinnia ta administruvannia*. № 2 (100). pp. 3-11 (in Ukrainian).

Pro Ukrainyskyi fond pidtrymky pidpriemnytstva: Postanova Kabinetu Ministriv Ukrainy vid 27 serpnia 1995 r. № 687 [On the Ukrainian Entrepreneurship Support Fund: Decree of the Cabinet of Ministers of Ukraine of August 27, 1995 No. 687]. (1995). *rada.gov.ua*. Retrieved from <https://zakon.rada.gov.ua/laws/show/687-95-%D0%BF#Text> (in Ukrainian).

Prohrama relokatsii pidpriemstv [Enterprise relocation program]. Ministerstvo ekonomiky Ukrainy. 2022. *me.gov.ua*. Retrieved from <https://me.gov.ua/Documents/Detail?lang=uk-UA&id=3e766cf9-f3ca-4121-8679-e4853640a99a&title=ProgramaRelokatsiiPidprimstv> (in Ukrainian).

**Сергій Сериков,**

здобувач

Науково-дослідного інституту публічного права

вулиця Георгія Кірпи 2 а, Київ, 03055

Serikovsergey8181@gmail.com

ORCID ID: 0009-0004-0007-9481

## РОЛЬ ТА ЗНАЧЕННЯ ПІДТРИМКИ ПІДПРИЄМНИЦЬКОЇ ДІЯЛЬНОСТІ В СУЧАСНИХ УМОВАХ

**Анотація. Мета.** Мета статті полягає у розкритті ролі та значення підтримки підприємницької діяльності в сучасних умовах. **Результати.** У статті, спираючись на аналіз наукових поглядів вчених та норм чинного законодавства, сформульовано авторський підхід щодо визначення мети та завдань підтримки підприємницької діяльності в Україні. Акцентовано увагу на тому, що зміст досліджуваної підтримки полягає в наданні різних форм допомоги суб'єктам, які мають намір або вже здійснюють підприємницьку діяльність, задля створення умов її сталого розвитку як основи національної економіки. **Висновки.** Зроблено висновок, що сутність підтримки підприємницької діяльності характеризується тим, що вона: по-перше, складається із низки правових, організаційних, фінансових, інформаційно-консультативних та інших заходів; по-друге, їх реалізація має відповідати правовому статусу суб'єктів, які їх здійснюють; по-третє, її загальною метою можна вважати забезпечення оптимального балансу між інтересами суб'єктів підприємницької діяльності та публічними інтересами соціально-економічного розвитку; по-четверте, завдання залежать від конкретної сфери підприємницької діяльності та об'єктивних умов дійсності; по-п'яте, може здійснюватися будь-якими уповноваженими на це суб'єктами, окрім самого підприємця, який її отримує. Ними можуть бути органи державної влади, органи місцевого самоврядування, громадські організації тощо. Отже, зміст досліджуваної підтримки полягає в наданні різних форм допомоги суб'єктам, які мають намір або вже здійснюють підприємницьку діяльність, задля створення умов її сталого розвитку як основи національної економіки. Роль підтримки з боку держави та органів місцевого самоврядування проявляється не в детальному врегулюванні всіх аспектів підприємницької діяльності, що є властивим для антидемократичних не ринкових систем, а в допомозі, сприянні в реалізації ініціативної та самостійної ризикової діяльності з мінімізацією факторів, що впливають чи можуть негативно вплинути на таку діяльність. Підтримка має бути динамічною та адекватно гнучкою до змін, що мають місце в суспільному, економічному та політичному житті та впливають на умови здійснення підприємницької діяльності.

**Ключові слова:** підтримка, підприємницька діяльність, державні програм, нормативно-правове регулювання.