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INSTITUTIONAL IMPLEMENTATION OF SOCIO-ECONOMIC DEVELOPMENT TO REGIONS IN UKRAINE

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Introduction and purpose of the research: An important stage in the preparation of measures to improve the institutional environment in the region is the assessment of the relationship between the establishedi institutions and economic effects derived from their implementation and functioning.

Hypothesis of scientific research. Understanding the importance of the development of small and medium-sized businesses by the country's leadership has attracted the formation of goals and principles of state policy in the field of small and medium-sized businesses. Development of the Institute entrepreneurship is one of the priority directions of development of the Ukrainian economy, in particular its regions.

The purpose of the study. It is the development of methodological tools for assessing the impact of entrepreneurs on socio-economic development of the region and its testing.

Research methods: during the research used retrospective, logical, systemic and complex analysis, the method of typology construction, classification, as well as specific methods. Research in the field of institutional analysis and regional economics.

Results: development of methodological evaluation tools influence of institutions on the socio-economic development of regions, allowed to conclude that the Dnipropetrovsk, Transcarpathian, Zhytomyr and Lviv regions in the pre-crisis period were identical in status institutional environment and socio-economic development. But due to different institutional policies of the regions, they become more alternative to each other.

Conclusions: using the proposed methodology in the regions showed that, despite the high degree of similarity institutional environment and the dynamics of socio-economic development, the economy of the regions in different ways reacted to the negative impact caused by the crisis. It found reflection in the change in the values of the similarity coefficients institutional environment and the dynamics of socio-economic development regions. This technique allows us to determine the dependence of dynamics socio-economic development of the region from its institutional environment.

Keywords: institute of entrepreneurial activity, entrepreneurial environment, entrepreneurial coefficient of similarity, entrepreneurial activity, crisis.

Statement of the problem and its connection with important scientific and practical tasks. The transition of the economy of Ukraine from business as usual, to modernization on the innovative basis is impossible without creation of the institutional environment. Ensuring high level of social and economic development of the regions and increasing their competitiveness.

It is obvious that the outdated technological base, a shortage of staff, poor condition of infrastructure, the lack of competitive projects does not allow Ukrainian regions to achieve economical growth without improving the entrepreneurial environment of economic development. At the same time, such

modernization is not adequately reflects interest in the development strategies of the regions because of the poorly developed theoretical and methodological foundations, approaches, and lack of practical recommendations.

Analysis of the recent publications. For the formation of the author's approaches, to the study of the entrepreneurial environment, updates, additions, and specification of the main categories and concepts in this area. Author studied the fundamental work of the founders of economic thoughts of P. A. Brusser [5], A. S. Galchinsky [6], S. A. Yerokhin [10], L. I. Vorotina [11], Y. A. Shumpeter [12] and others.

Unresolved parts of the study. However, despite the significant number of developments in this field of study, many aspects of the problem are far from their solution. Issues associated with the development and justification of the directions and ways of modernizing the regional entrepreneurial environment.

The purpose of the study. It is the development of methodological tools for assessing the impact of entrepreneurs on socio-economic development of the region and its testing.
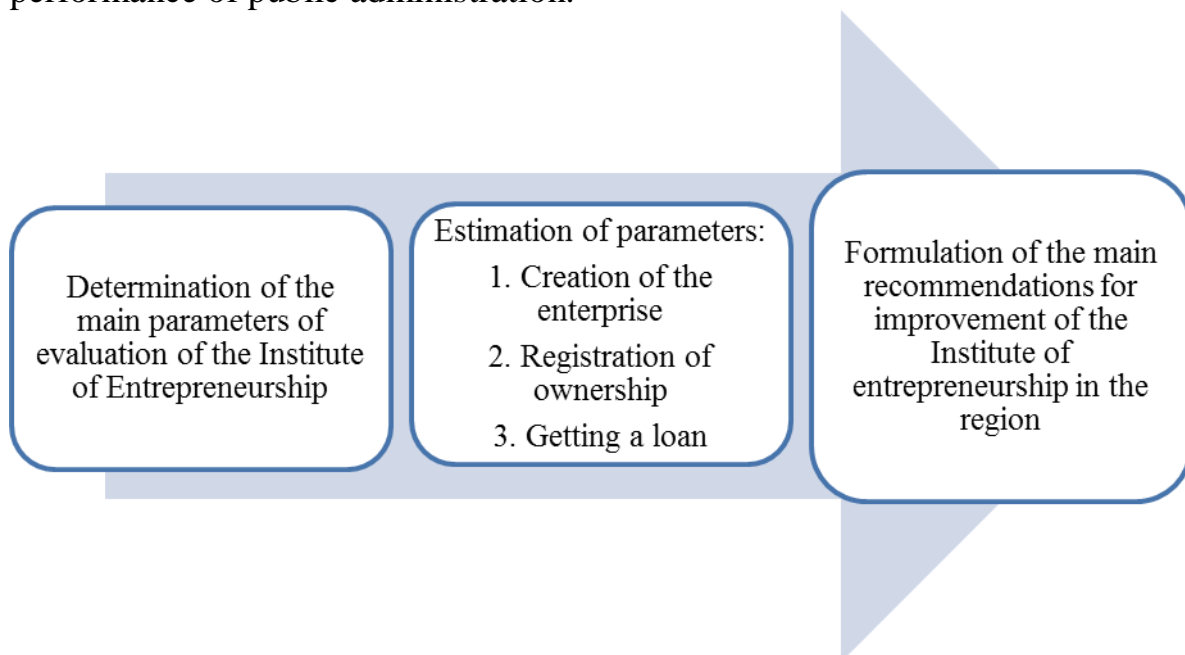
The summary of the main results and their justification. The differences in economic and social development of the Ukrainian regions depend on established institutions and entrepreneurs. Today the importance and necessity of institutional reforms is not in doubt. The problem of assessing the impact of institutions on various social and economic indicators of the region development is of particular relevance for the development of entrepreneurship in Ukraine.

From how much effectively will be developed and implemented such transformation, largely depends economic and social development of the regions. An important step, in the development of measures to improve the institutional and entrepreneurial environment in the region, is to assess the relationship of existing institutions with the economic effects obtained as a result of their functioning.

In the study, we propose to assess the impact of institutional and entrepreneurial environment on the socio-economic development of the region by the algorithm presented in Fig. 1.

As a tool for assessing the impact of the institutional environment on the socio-economic development of the region, we propose to calculate the following coefficients: the coefficient of similarity of the institutional environment (K_1), the coefficient of similarity of the dynamics of socio-economic development of the region (K_2) and the coefficient of interconnection of the institutional environment and dynamics Socio-economic development of the region (K_3); While using the following indicators that reflect the institutional characteristics of the economy of the regions of Ukraine. The share of private sector in the economy (reflecting the depth of privatization processes), this

indicator is used in the World Bank's "Doing Business" project and in the calculation of the Business Competitiveness Index. The ratio of total government revenue to GDP (characterizing the degree of direct participation of the state in regulating the economy of the region) is used when calculating the "Economic Freedom of the World" index by the Fraser Institute (Canada) and when calculating the Business Competitiveness Index. The share of unprofitable enterprises (reflecting the rigidity of budget constraints, the effectiveness of the institution of bankruptcy, the tendency (or the lack of commitment of economic agents to fulfill obligations) - is used when calculating the Fraser Institute of the Index "Economic Freedom of Peace", the World Bank in measuring the performance of public administration.

Determination of the main parameters of evaluation of the Institute of Entrepreneurship

Estimation of parameters:
1. Creation of the enterprise
2. Registration of ownership
3. Getting a loan

Formulation of the main recommendations for improvement of the Institute of entrepreneurship in the region

Source: *calculated and constructed by the author.*
Fig. 1. **The system for assessing the impact of institutional environment on the socio-economic development of the region**

The share of small enterprises (describes involvement of population in entrepreneurial activity and the institutional conditions for development of entrepreneurship) - was used in calculating Inst Frédéric of the Index "Economic Freedom of Peace", in the World Bank's Doing Business project, when calculating the Business Competitiveness Index.

The coefficient of similarity of the institutional environment is calculated by the formula:
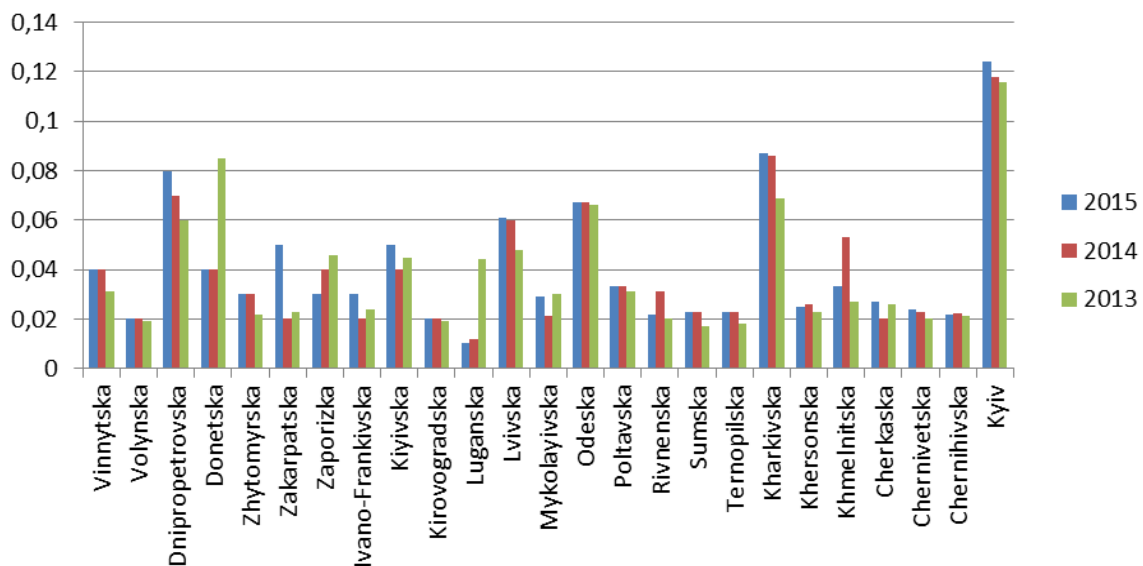
$$K_1 = 1 - \frac{2 * \sum_{i-1}^{n} \frac{|x_{i1} - x_{i2}|}{I_i}}{n}, \qquad (1)$$

where x_{i1} – value of *i*-th parameter of the economy of the first region; x_{i2} – value of *i*-th parameter of the economy of the second region; I_i – an indicator that performs the normalization function, calculated as the difference between the maximum and minimum values of the i-th parameter among the two regions for the period under study; *n* – number of parameters.

The value of the coefficient K1 varies from +1 to -1. The maximum (+1) corresponds to the identical institutional environment in two regions, the minimum (-1) – for alternative (example, decentralized market system and centralized). The proximity of the value of K_1 to zero indicates that the data structure can't be attributed to similar or alternative ones.

Let's calculate the coefficient of similarity of the institutional environment for the regions of Ukraine. The values of the parameters x1 and x2 for the regions are taken according to the State Statistical Service [5].

For the calculation of indicators of similarity factors, we identified 2013 – as the pre-crisis period, 2014 – as the crisis period, and 2015 – as the post-crisis period. It was during these years that there were profound changes in the socio-economic system of the country, which led to the fundamental change in vector, conditions and mechanisms for the further functioning of the regional economy (Fig. 2). During this period, in many regions of Ukraine arise the need to adjust social and economic development to strategies. The essence of these needs is now denoted by the notion of "European integration".
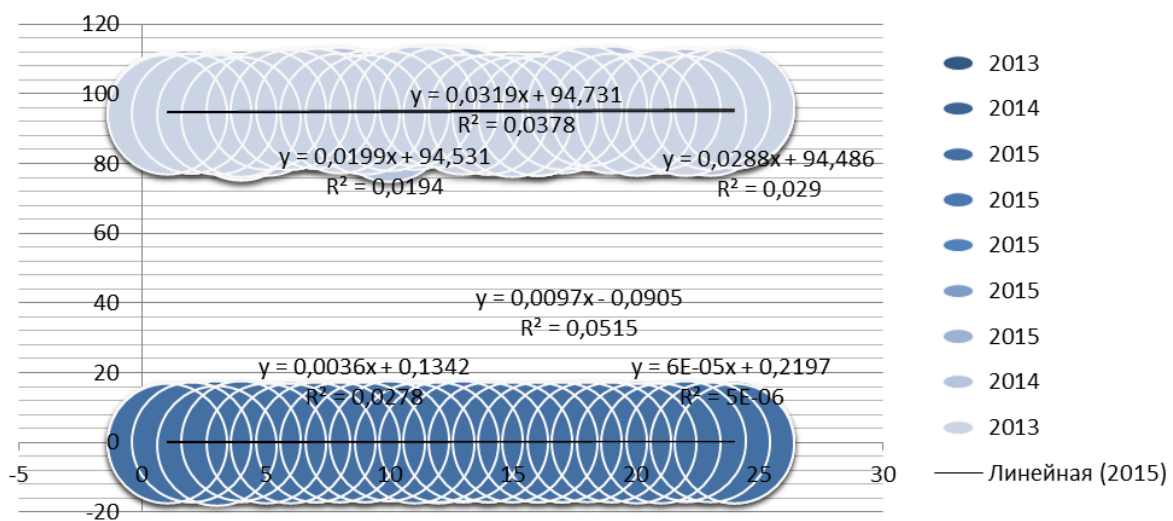

Source: *calculated and constructed by the author based on* [8].
Fig. 2. **Dynamics of indicators of the share of economic entities in the economy of regions of Ukraine in 2013-2015**

In Fig. 2 it is clearly seen that in the so-called post-crisis period, the share of the non-governmental sector has decreased in such areas as Donetsk, Luhansk and Zaporozhye regions, which in turn is associated with the loss of the territories and the conduct of the anti-terrorist operation (ATO). The most positive dynamics are in Kyiv, Transcarpathian, Kharkiv, Lviv and Dnipropetrovsk regions.

In the calculation of the coefficient of similarity of the institutional environment is also an indicator of the ratio of all incomes of the region to the GRP, whose dynamics for the analyzed period is presented in Fig. 3.

Source: *calculated and constructed by the author based on* [8].

Fig. 3. **Dynamics of the ratio of the total income of the population of the region to the GRP for 2013-2015**

The analysis of the dynamics of the ratio of all incomes to the GRP, as well as the share of the non-state sector in the economy, reflects the nature (degree) of the institutional environment in the regions of Ukraine for the analyzed period. In all regions there was a decline in performance.
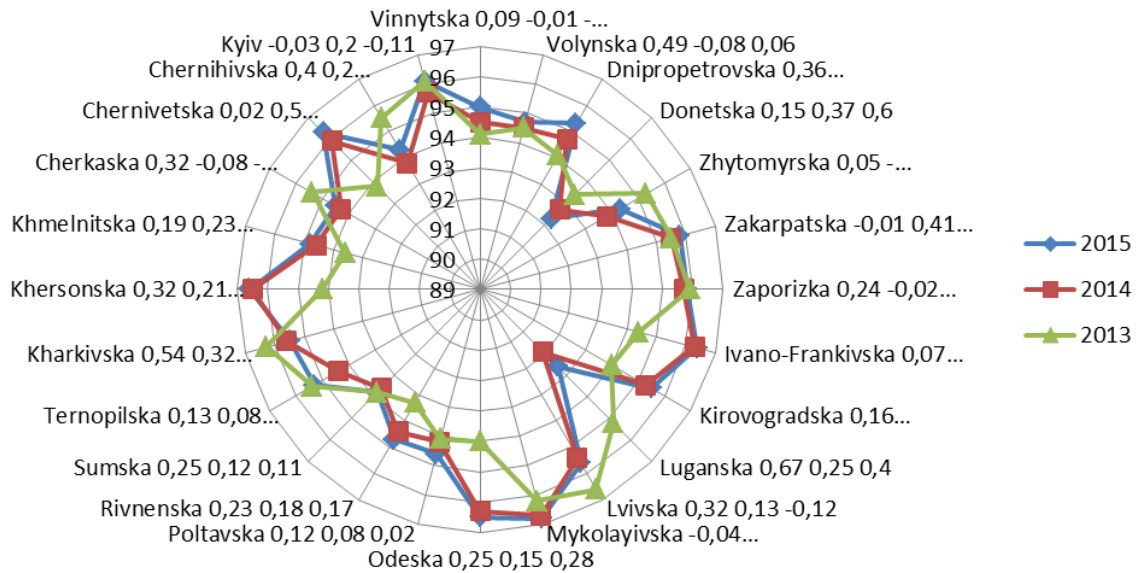
In Fig. 3 shows that the value of the analyzed indicator for 2013 and 2014, significantly exceeds the indicators for 2015.

The institutional environment in the region reflects the percentage of small enterprises in the total number of enterprises in the region, which we also propose to include in the similarity factor of the institutional environment. The dynamics of the indicator is presented in Fig. 4.

From Fig. 4 it is evident that in 2015 has been sharp increase in the share of small enterprises in all regions of Ukraine, except Donetsk and Luhansk regions.
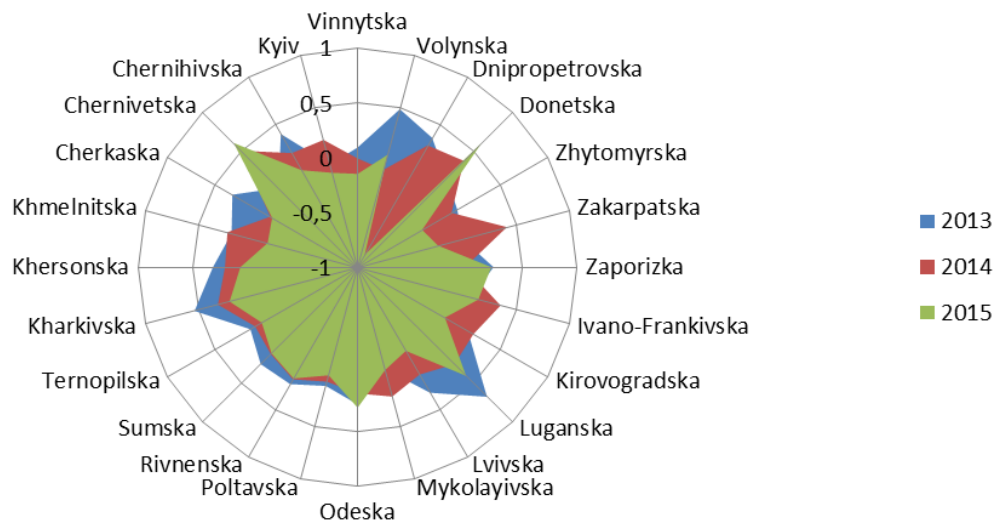
Substituting the data obtained in formula (1), calculate the coefficient of similarity of the institutional environment K_1 in 2015. For further analysis X_1 – will be the first region, X_2 - will be the economic parameters of the Kyiv region.

Take into account the importance of the *i* parameter of the economy of other regions of Ukraine. *I* - will be calculated as the difference between the maximum and the minimum values of the *i* parameter. The dynamics of indicators is presented in Fig. 5.

Source: *calculated and constructed by the author based on* [8].
Fig. 4. **Dynamics of the share of small enterprises in the total number of regional enterprises in 2013-2015, %**

Source: *calculated and constructed by the author based on* [8].
Fig. 5. **The dynamics of similarity coefficient K1 of the institutional environment in the regions of Ukraine for 2013-2015**

Any sudden adverse change in external or internal conditions can be seen as a kind of test for the economy. From this point of view, the crisis is testing the stability of the regional economy and efficiency of its institutional environment. Despite the high degree of similarity of the institutional

environment and the dynamics of socio-economic development, the economy of Ukrainian regions responded differently to the negative impact caused by the crisis. Regional authorities have implemented their own special program for tackling the crisis, but not all have proven successful. This was reflected in the change in the values of the coefficients of similarity of the institutional environment and the dynamics of socio-economic development of the regions. These techniques allow determine the dependence of the dynamics of socio-economic development of the region from its institutional environment.

The analysis shows that Dnipropetrovsk, Transcarpathian, Zhytomyr and Lviv regions witnessed significant decline in the value of K_1. This means that in these areas have grown institutional differences, due to the development of small business and entrepreneurs in the post-crisis period.

Conclusions. The Institute of Entrepreneurship plays the key role in the socio-economic development of the region. It establishes one of the most important areas of economic reforms and promotes to develop the competitive market environment. It fills up the consumer markets with goods and services, creates new jobs, forms wide range of owners, helps to grow Small and Medium Businesses. The Institute of Entrepreneurship is an integral part of a market economy. It consistently maintains the achieved positions, increases its influence on the formation of general economic indicators every year in various branches of the economy. It is the small and medium sized businesses that are capable of generating the most effective and innovative projects. They react more rapidly to changing market conditions, and work on those markets niches, where the large companies are disadvantageous or even have weak positions. Small businesses have the higher turnover rate of capital, economic maneuverability, decision-making flexibility, and territorial-spatial mobility, everything that is necessary for the regional economic development.

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