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Cooperation of Territorial Communities in the Sphere of Economic Development of Depressed Areas: the Focus of Small Business Stimulation

Abstract. Introduction. *The attention to the problems of inter-municipal cooperation of communities, in particular in the sphere of stimulating the development of small entrepreneurship in rural, remote, depressed territories, has been updated. The purpose of the research is to identify problematic aspects, as well as to justify recommendations in terms of development and increasing the effectiveness of inter-municipal cooperation of territorial communities to ensure the development of small businesses in rural areas of the country.*

Obstacles to functioning and development, as well as the creation of new entities of small business in remote areas are pointed out. The directions and toolkit of the policy of inter-municipal cooperation of communities in the field of activation of entrepreneurial activity in remote areas have been defined.

It has been proven that the comprehensive impact of inter-municipal cooperation on the formation and realization of the development potential of small businesses in depressed territories can be achieved under the condition of full implementation of appropriate measures in the areas of: 1) improvement of the system of financial and resource support of small business entities; 2) improvement of the business environment of their operation; 3) improvement of the system of normative and legal regulation of the development of the small business sector.

The scientific novelty of the research results lies in the expansion of the toolkit of inter-municipal community cooperation in the field of local economic development. The practical significance of the research results is that a list of tools that can be implemented by territorial communities to eliminate obstacles and ensure more effective stimulation of local economic growth is defined.

It is shown that a particularly important aspect in the context of the development of inter-municipal cooperation of territorial communities in the economic sphere is the coordination of the policy of fiscal stimulation in terms of local taxes and fees, inter-municipal cooperation in the field of resource and organizational support of small business entities (in particular, newly established ones), the establishment of cooperation between agencies of local economic development with the tasks of consulting the local population and business, helping the population in creating their own business, supporting it, creating territorial business incubators.

Keywords: *territorial communities; inter-municipal cooperation; development of depressed areas; small business; local economic development.*

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Співпраця територіальних громад у сфері економічного розвитку депресивних територій: фокус стимулювання малого бізнесу

Актуалізовано увагу до проблематики міжмуніципальної співпраці громад, зокрема у сфері стимулювання розвитку малого підприємництва на сільських, віддалених, депресивних територіях. Метою дослідження визначено ідентифікацію проблемних аспектів, а також обґрунтування рекомендацій в частині розвитку й підвищення ефективності міжмуніципальної співпраці територіальних громад щодо забезпечення розвитку малого підприємництва на сільських територіях країни. Вказано на перешкоди функціонування та розвитку, а також створення нових суб'єктів малого підприємництва на віддалених територіях. Визначено напрями та інструментарій політики міжмуніципальної співпраці громад в сфері активізації підприємницької діяльності на віддалених територіях.

Доведено, що комплексний вплив міжмуніципальної співпраці на формування та реалізацію потенціалу розвитку малого підприємництва на депресивних територіях може бути досягнений за умови повноцінного здійснення відповідних заходів за напрямками: 1) покращення системи фінансово-ресурсного забезпечення суб'єктів малого підприємництва; 2) удосконалення бізнес-середовища їх функціонування; 3) покращення системи нормативно-правового регулювання розвитку сектору малого бізнесу.

Ключові слова: *територіальні громади; міжмуніципальне співробітництво; розвиток депресивних територій; малий бізнес; місцевий економічний розвиток.*

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Formulation of the problem. After the decentralization reform, Ukrainian communities received much wider opportunities, including financial and resource ones, but it is necessary to understand that most communities outside regional centers and large cities also inherited the problems of functioning and development of rural, remote, depressed areas. The local resource for their socio-economic development and guaranteeing the proper quality of life is objectively insufficient. Local self-government bodies, of course, can count on centralized support, but the option of internal development using existing potential looks more promising. Local entrepreneurship seems to be the most practical of these. Its activation is able to ensure employment of the population, household incomes, income to the local budget, an increase in the gross domestic product of communities, and improvement of the investment capacity of territories.

Depressed territories in view of the objective circumstances of their remoteness from regional centers and territories of intensive economic growth, centers of accumulation of business activity, capital and investments, intellectual and personnel resources and information flows are characterized by a lower level of investment attractiveness, financial and economic development and high-quality functioning of social spheres. As a result of these and other circumstances, starting and running a small business here is complicated by a number of objective and subjective internal and external obstacles. This, in turn, determines the specifics within the framework of the state regulatory system of supporting and stimulating the development of the small business sector in rural areas.

Given these circumstances, as well as the limited resource potential of local self-government bodies, the option of activating inter-municipal communities in the field of local economic development through the implementation of a joint policy of stimulating the development of small businesses in depressed territories looks promising.

Analysis of recent research and publications. The theoretical and methodological foundations of the functioning and development of territorial communities are sufficiently comprehensively revealed and worked out in the scientific works of O. Bobrovska [1], I. Degtyareva [3, p.141-148], V. Nebrat [7, p.34-49], K. Tyshchenko [9] and other publications. Institutional-legal and institutional-organizational foundations of state and public policy of ensuring socio-economic development of territorial communities are described in the studies of S. Hrab [2, p.25-30], Yu. Kyrychenko [4, p.451-457], V. Nakonechny [6, p. 283-289] and other scientists. To a greater extent, the practical provisions of the functioning and development of territorial communities, including due to the stimulation of small business development in rural areas, have been sufficiently studied and revealed by

R. Lupak and A. Didych [5, p. 248-252], K. Popova [8, p. 290-297].

However, not enough attention is paid to the issues of inter-municipal cooperation of communities. Therefore, further scientific research in the field of finding new, more qualitative and effective mechanisms and tools of cooperation of territorial communities, capable of providing a new impetus to the development of small businesses in the depressed territories of Ukraine, is promising.

Formulation of research goals. The purpose of the article is the identification of problematic aspects, as well as the justification of recommendations in terms of development and improvement of the effectiveness of inter-municipal cooperation of territorial communities to ensure the development of small entrepreneurship in rural areas of the country.

Outline of the main research material. The small business sector, which is formed by the totality of its representatives - small business entities, as well as the relationships between them, assets and resources, rights and the corresponding business environment, plays an important economic and social role. Therefore, it is, on the one hand, an important object of state regulation, and, on the other, an instrument of influence on ensuring qualitative and structurally balanced progress of territories. The criterion for the implementation of such a task is the level of implementation of the potential of small business development as a set of conditions for the functioning of small business entities and the resources they have at their disposal and to which they have access, which allow to achieve systemically and structurally balanced results of the development of the small business sector and its high role in the system of the economic complex of the territory.

Today in Ukraine, despite the large-scale negative consequences of the war, the most problematic aspects of the functioning and development of small business entities in depressed territories are:

- lack of financial, investment and resource support (primarily due to the high cost of bank lending and lack of financially capable investors);
- lack of qualified personnel (caused by the increasing scale of external labor migration, deterioration of human capital, lack of skills necessary for starting and carrying out entrepreneurial activities, low level of prestige of work in the countryside and high unemployment);
- the presence of shortcomings in the regulatory and legal regulation of the development of small business entities (as a result of the lack of effective economic incentives for the formation and development of investment activities of small business entities and the attraction of public funds and labor migrants for investment purposes);
- the presence of systemic deficiencies in the business environment of the functioning of small business

entities in rural areas of the state (underdevelopment of the general infrastructure, insufficiency of financial and market infrastructure facilities, underdevelopment of the domestic market).

As already mentioned, local self-government bodies are the key subjects of implementing the policy of stimulating the development of small businesses in rural areas. However, their capabilities are limited, and, on the other hand, they cannot count on sufficient support from central and regional authorities. That is why attention should be paid to the opportunities that open up as a result of establishing and increasing the scope of inter-municipal cooperation of communities in the field of stimulating the development of small entrepreneurship.

Assessment of the state and degree of implementation, as well as the formation of directions and principles of the policy of community cooperation in the field of formation of the potential for the development of small entrepreneurship requires the identification of its components. As a result of the generalization of the theoretical and methodological provisions, it was established that the components (and their components) of the potential of small business development are economic (natural-resource; financial-investment; material-technical; intellectual-personnel; scientific-technological; innovative; organizational-economic relations), social (reproduction of the population; development of the social sphere; intellectual and labor; development of the labor market and employment; professional and qualification development) and political and social (realization of the development potential of territories; investment environment; capitalization and private property; development of the middle class; democratization of society).

Adherence to the principle of planning of inter-municipal cooperation of communities actualizes the task of developing and implementing in Ukraine local (preferably in a combination of several communities and/or their territories) strategies for the development of small businesses in rural areas, designed to ensure a unified approach to defining strategic guidelines and tasks, directions for the formation of business infrastructure, the implementation of tools for the formation of financial and resource support, methods of monitoring and assessing the state and effectiveness of the implementation of state regulation. Common elements of the strategies should be: analysis of socio-economic prerequisites, factor-resource opportunities and potential of small business; justification of the purpose and strategic goals of strategy implementation; definition of operational goals.

The main goal of the strategy should be the elimination of disparities in business activity, the transfer of business development emphasis from the regional center to district centers and to rural areas to improve the basic indicators of small business development in rural and depressed areas and bring their values closer to the average regional and average state levels, and strategic

goals – 1) realization of the development potential of small entrepreneurship in promising types of economic activity; 2) realization of the potential of the small business sector in the context of the formation of the "European village"; 3) implementation of the innovative potential of the small business sector in the economy of rural areas of Ukraine; 4) development of intellectual and personnel support of small business and implementation of its role in improving the quality of life of residents of rural settlements; 5) realization of the development potential of small entrepreneurship in the system of sustainable development of rural areas. The key elements of the strategy implementation mechanism are regulatory and legal, organizational and managerial, financial and resource support and informational and methodological support, monitoring and control of strategy implementation, tools for its adjustment.

Within the framework of the strategy, strategic and tactical targets of state regulation are determined. But their achievement is ensured as a result of the implementation of specific measures and the use of direct means of state policy, which must be implemented according to the key directions of state policy, which are: (1) development of financial and resource support of the small business sector; (2) improvement of the business environment of commercial economic activity in rural areas; (3) improvement of the regulatory and legal environment of business in rural areas (Fig. 1).

The implementation of the specified measures of state regulation objectively requires the improvement of the system of financial and resource support for the establishment and further development of the small business sector in rural areas of Ukraine. The elements of financial and resource support are financial, labor and raw materials, material and technical support, land plots, premises, technical and technological base, commercial, sales and logistics infrastructure, investments, modern technologies, innovations, consulting, marketing, legal, etc. support, information, knowledge, intangible assets, intellectual property.

Their complex involvement from the following sources can be seen: resources of subjects of the financial and credit system; funds of specialized funds and structures of financial and credit support for small businesses; population resource formed mainly due to income from foreign labor migration; state budget and grant support; funds of international technical assistance funds.

At the same time, the main tools that should be used by local authorities are the institutionalization and implementation of specialized bank financial and credit programs and the attraction of migrant workers' funds; budget and grant support; involvement of international technical assistance; strengthening the social responsibility of business for personnel training; creation and development of local integrated systems and clusters; provision of free land plots and premises for preferential use; support of franchise programs; creation and support of the functioning of electronic and communication sales

platforms and networks; development of consumer, agricultural and credit cooperation in the countryside; support of cooperation projects of small business entities and educational, research structures and innovative firms;

creation of a system of business incubation support for small entrepreneurship and development of effective elements of the business infrastructure; realization of the creative entrepreneurial potential of the rural population.

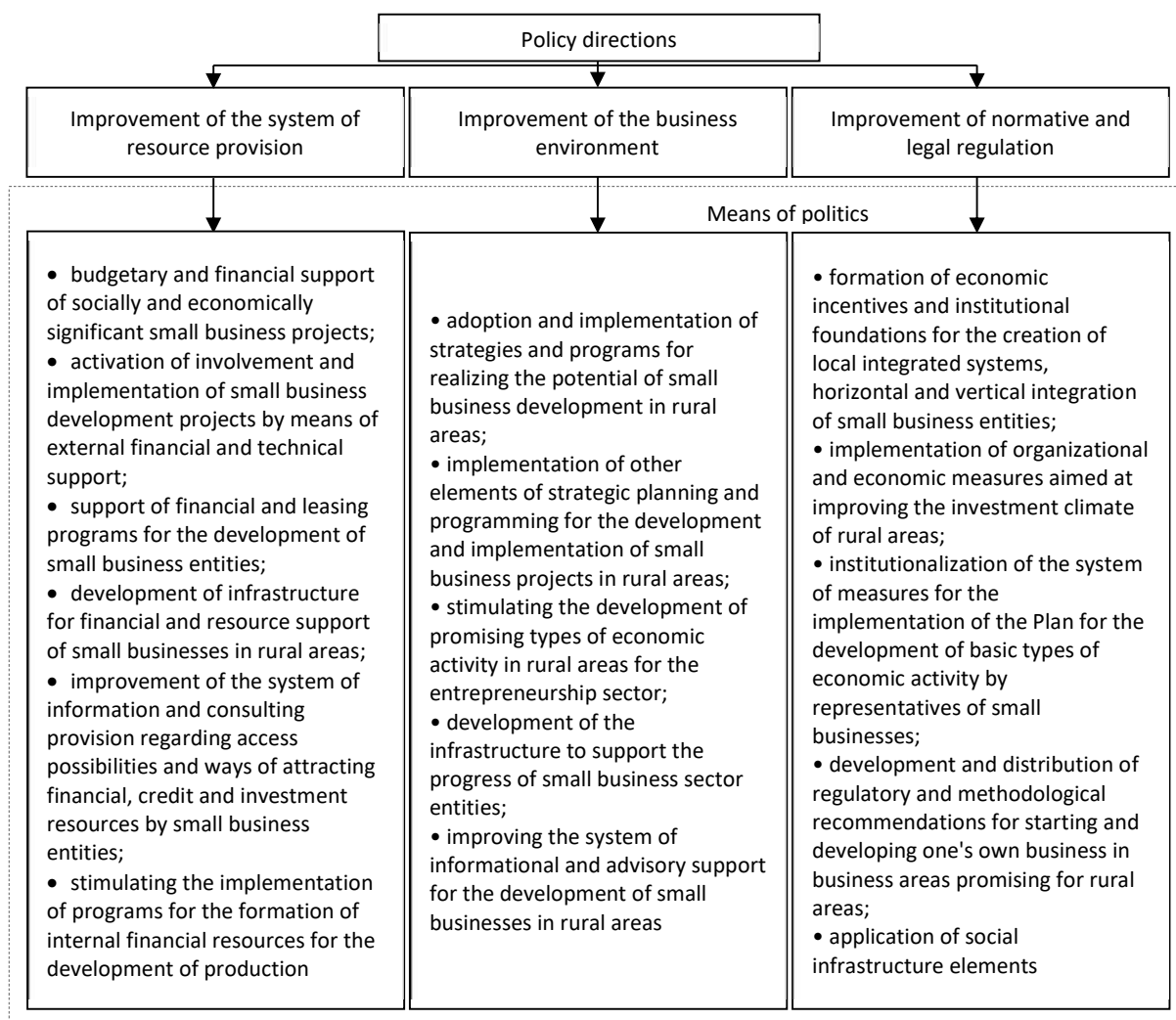


Figure 1 – Directions and means of the policy of inter-municipal cooperation of communities in the field of development of depressed territories by means of small business support

Source: author's development

Assessment of the state and degree of implementation, as well as the formation of directions and principles of inter-municipal cooperation of communities in the field of forming the potential for the development of small entrepreneurship in depressed territories requires the identification of its components, which are economic (natural-resource; financial-investment; material-technical; intellectual-personnel; scientific and technological; innovative; organizational and economic relations), social (reproduction of the population; development of the social sphere; intellectual and labor; development of the labor market and employment; professional and qualification development) and political and social (realization of the development potential of territories; investment environment; capitalization and

private property; development of the middle class; democratization of society).

Considering the objective circumstances of their remoteness from regional centers and areas of intensive economic growth, centers of accumulation of business activity, capital and investments, intellectual and personnel resources and information flows, rural areas are characterized by a lower level of investment attractiveness, financial and economic development and quality functioning of social spheres. As a result of these and other circumstances, starting and running a small business here is complicated by a number of objective and subjective internal and external obstacles. This, in turn, determines the specifics within the framework of the

state regulatory system of supporting and stimulating the development of the small business sector in rural areas.

The study and generalization of the provisions of the world experience in this area is important for its analysis and further adaptation in the implementation of an effective policy in this area in Ukraine. At the same time, the generalization of relevant provisions according to the functions of state policy is of particularly high theoretical and applied importance.

In particular, for the proper implementation of the analysis function within the framework of the policy in the analyzed area, it is important to implement a thorough and comprehensive statistical observation of the state and development trends of small business entities at the level of districts, small towns, and villages, as well as to conduct periodic sociological and expert surveys regarding prospects, as well as obstacles to business development; planning functions - to ensure coordination of the provisions of national, regional and local programs for the development of small businesses, rural areas, agriculture and other types of economic activity that are promising at the sub-regional level; the functions of the organization are to create a centralized and responsible structure for managing the development of rural areas, their economic complexes and sectors of the economy, to develop a consulting system, as well as to ensure the integration of small business representatives of rural areas into the economic complexes of regions, more economically developed and investment-attractive territories and the state; regulatory functions - to implement stimulating measures to overcome monospecialization and improve the structure of the economy of rural areas by supporting the development of alternative types of economic activity, providing guarantees and financial and credit support, tax incentives for the development of production capacities of small business entities; control functions - to create proper tax and fiscal control of finances allocated to support rural areas and small entrepreneurship, to support scientific research on the problems of the development of the small business sector in rural areas, to develop systems of institutions for public control of the policy of sustainable development of rural areas and the formation of high-quality business in them - environments.

Conclusions. Therefore, a promising vector for realizing the potential of local economic development is the cooperation of territorial communities of Ukraine in the sphere of stimulating the development of small

businesses in depressed rural areas. Effective cooperation of communities in this area should be implemented in accordance with a specially developed strategy with the following elements: analysis of socio-economic prerequisites, factor-resource capabilities and small business potential; purpose and strategic goals; operational goals; strategic analysis of alternative implementation scenarios, strategy implementation measures; financial and resource support; method of monitoring control of strategy implementation and evaluating its effectiveness. The goal of the strategy is to eliminate disparities in business activity, to shift the focus of business development from the regional center to the district centers and to rural areas in order to improve the basic indicators of small business development in rural areas and bringing their values closer to the average regional and average state level, and the strategic goals are 1) realizing the potential of small business development in promising types of economic activity; 2) realization of the potential of the small business sector in the context of the formation of the "European village"; 3) implementation of the innovative potential of the small business sector in the economy of rural areas of Ukraine; 4) development of intellectual and personnel support of small business and implementation of its role in improving the quality of life of residents of rural settlements; 5) realization of the development potential of small entrepreneurship in the system of sustainable development of rural areas.

The comprehensive impact of inter-municipal cooperation on the formation and realization of the development potential of small businesses in depressed areas can be achieved under the condition of full implementation of appropriate measures in the following directions: 1) improvement of the system of financial and resource support of small business entities; 2) improvement of the business environment of their operation; 3) improvement of the system of normative and legal regulation of the development of the small business sector. The development of the so-called road maps with the content of measures (correlated in time and space), their executors, financial and resource support, target orientations and expected results, their monitoring methodology, control and responsibility system.

Further scientific research in this direction concerns the formation of management characteristics of the development of cooperation of territorial communities.

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