

Lessons to Be Learned from Ukraine’s Positioning in International Rankings: The Need for Institutional Support and Financial Support for Economic Creativity

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Abstract

Purpose: To develop proposals on the directions of institutional support for the processes of creativity of the Ukrainian economy.

Design/methodology/approach: The analysis of trends in the creativity of the Ukrainian economy is carried out and proposals are developed for conceptualizing institutional support for these processes. The authors set out to develop proposals for institutional support for creativity processes and offer

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recommendations for systematic updating of Ukrainian legislation in the areas of state regulation of high-tech business. The information base was the information materials of the State Statistics Service of Ukraine, Ministry of Economic Development and Trade of Ukraine, the statistical databases of the European Commission, OECD and World Bank for the period 2014–2020. The research methodology is based on scientific tools that include comparative analysis and economic and mathematical modeling.

Findings: Building a national program of public investment in creative development will allow us to systematically approach the issue of institutional support for technological breakthroughs.

Research limitations/implications: Recommendations on the development and improvement of legislative instruments of deregulatory policy, harmonization with European standards are substantiated. Directions of systematic updating of legislation on guaranteeing foreign investment of creative projects and targeted investment of joint research projects of academic science and creative organizations are proposed. The implementation will allow a systematic approach to the issue of institutional support for the technological breakthrough of Ukraine.

Originality/value: There is a need to step up institutional activities in the field of organizing research centers, introduce targeted investment in the academic science and research activity of creative organizations.

Keywords: competitiveness, creative economy, investment, inter-state entrepreneurial interaction.

JEL: C43; D78; F15; G18; O11

Pozycja Ukrainy w rankingach międzynarodowych – potrzeba instytucjonalnego i finansowego wsparcia kreatywnej gospodarki

Streszczenie

Cel: opracowanie propozycji dotyczących obszarów instytucjonalnego wsparcia procesów kreatywności w gospodarce ukraińskiej.

Projekt/metodologia/podejście: przeprowadzono analizę trendów kreatywnego rozwoju ukraińskiej gospodarki i opracowano propozycje konceptualizacji instytucjonalnego wsparcia tych procesów. Autorzy postawili sobie za zadanie opracowanie propozycji instytucjonalnego wsparcia procesów twórczych oraz rekomendację systematycznej aktualizacji ukraińskiego ustawodawstwa w zakresie państwowej regulacji biznesu high-tech. Bazą informacyjną były materiały informacyjne Państwowej Służby Statystycznej Ukrainy, Ministerstwa Rozwoju Gospodarczego i Handlu Ukrainy, statystyczne bazy danych Komisji Europejskiej, OECD i Banku Światowego za lata 2014–2020. Metodologia badań oparta jest na narzędziach naukowych, w tym analizie porównawczej oraz modelowaniu ekonomiczno-matematycznym.

Wnioski: stworzenie narodowego programu inwestycji publicznych w rozwój twórczy pozwoli na systematyczne podejście do kwestii wsparcia instytucjonalnego przełomów technologicznych.

Ograniczenia/konsekwencje badania: zalecenia dotyczące opracowania i udoskonalenia instrumentów legislacyjnych polityki deregulacji, harmonizacji z normami europejskimi. Zaproponowano kierunki systematycznej aktualizacji ustawodawstwa w celu zapewnienia zagranicznego inwestowania kreatywnych projektów oraz celowego inwestowania we wspólne projekty badawcze nauki i organizacji kreatywnych. Realizacja pozwoli na systematyczne podejście do kwestii wsparcia instytucjonalnego przełomu technologicznego na Ukrainie.

Originalność/znaczenie: konieczne jest zintensyfikowanie działań instytucjonalnych w zakresie organizacji ośrodków badawczych, wprowadzenie celowych inwestycji w rozwój nauki i badań organizacji kreatywnych.

Słowa kluczowe: konkurencyjność, gospodarka kreatywna, inwestycje, międzypaństwowe interakcje biznesowe.

1. Introduction

The irreversible integration of Ukraine into the global economic system extremely actualizes the issue of increasing the knowledge-intensive status of its economy and creating high-tech competitive products with high added value. However, today there is a high risk for Ukraine to take the place of an exporter of cheap human resources or become an agricultural raw material supplier for developed countries. In this study, we show Ukraine's place in a number of important international ratings, which allows us to clearly position the real state and identify problem areas of institutional support for economic creativity. We also highlight a number of specific competitive prerequisites of an institutional, political and socio-economic nature necessary for the effective development of economic processes in Ukraine. To compare the level of institutional support for the creative development of the economy, we chose countries of traditionally established democracies and countries with approximately the same starting positions at the time of Ukraine's formation as an independent state. We show that the Ukrainian government has started to take certain steps towards transparency and accountability, but the government's actions to liberalize business, activate interstate entrepreneurial interaction involve citizens of "marginal" age groups in the processes of public reproduction, accelerate the development of digital technologies, and create creative markets for goods and services, yet are still insufficient. Thus, the development of proposals for conceptual directions of state support for a technological breakthrough requires a thorough analysis of trends in the creativity of the Ukrainian economy.

2. Analysis of Recent Research and Publications

In a post-industrial society, the knowledge economy is defined as an uncontested strategic direction of development (Hirooka, 2006; Carrillo, 2014; Florida, Mellander, & King, 2015; Park & Magee, 2017). Creative management and innovation are the most important tools for the development of modern economies, which are too sensitive to modern crises, financial instability, long-term global problems of the environment, energy and poverty. Of course, creative management in the knowledge economy can provide a technological infrastructure and a springboard for innovative approaches and fresh thinking about the nature of distributed knowledge systems and the effective exchange of scientific information, especially in relation to generalized energy and food crises (Peters, Marginson, & Murphy, 2008). The concept of creative management involves launching innovative processes in the economies of countries and is an effective

approach for encouraging new ideas and solutions and expanding innovation practices (Berman & Kim, 2010). The introduction of the concept of creative management into the economy requires the development of competitive strategies aimed at fundamentally new value orientations, reorientation of the market economy ecosystem to mutually beneficial cooperation and cooperation strategies (Brown & Lauder, 2006).

Most Ukrainian researchers argue that the growth of economic competitiveness clearly requires state support for the development of innovative industries (Vasyl'tsiv, Lupak, & Shtets', 2018; Shtefan, 2019; Zhalilo, 2019). But in Ukraine, there is a slowdown in the creative activity of business, as a result – a decrease in the level of economic security of the state. Moiseyenko (2019) calls the reason for this the presence of systemic problems of public administration and the lack of a consistent economic policy regarding innovative development. The formation of effective institutional support for economic creativity is an urgent problem on the path of the post-industrial vector of economic development. However, despite the large number of regulatory legal acts, the current institutional support is fragmented and inefficient (Bocharova, 2019). Adopted by the Ukrainian government in 2019, the strategy for the development of the sphere of innovation activity for the period up to 2030 (Cabinet of Ministers of Ukraine, 2019) has a number of systemic shortcomings, in particular, its goals are in no way based on an analysis of the real state and opportunities for creativity of the Ukrainian economy. Shushkova (2020) also notes that this strategy lacks specific tools and mechanisms for achieving goals, does not specify the sources and volumes of financial and resource support for its implementation.

Foreign scientists emphasize such a defining difference between the knowledge economy and traditional economic concepts as the continuity of technological innovations with self-reproduction of the knowledge component in the processes of economic exchange (Machlup, 1981; Druker, 2001; Brown & Lauder, 2006; Alslev et al., 2011; Doz & Wilson, 2012; Garcea, 2015; Barath, 2016). Modern research concerns, for the most part, nuanced views on the creativity of the economic space. In particular, the researchers emphasize that the uncertainty of demand for a creative product creates management and organizational problems, the structure, staff and capital investment of project teams are often temporary, and economic performance depends on the productivity of individuals working in interactive and adaptive modeling of a new product (Černevičiūtė & Strazdas, 2018). From the point of view of institutional support for the development of creative industries, the problems of optimizing the institutional support for copyright protection (Ncube, 2018), conditions for creating an educational and scientific environment for the development of creative individuals (Stojanov, 2017), regional aspects of the development of creative industries related to the production of goods or services for

functional purposes (Sanchez-Serra, 2016; Gregory & Rogerson, 2018) are considered.

A significant informational boost to our study was provided by the findings of Mazzucato (2013), who argues that governments need to prioritize economic growth driven by innovation. Note that this study was received rather ambiguously by economists, the author was reproached with excessive populism (Mingardi, 2015), and reservations were expressed about government interference (Westlake, 2014). Instead, we agree with the latter author that the role of government in successful economies should go beyond building the right infrastructure and setting rules. In the Ukrainian reality, especially considering that having moved away from socialism, Ukraine has not reached the capitalist type of economy, institutional support plays a leading role in technological restructuring, and the government should become a leading agent in achieving a creative breakthrough that will allow Ukraine to take a decent competitive position in the world. Valuable is the recommendation of Mazzucato (2013) to actively create a strategy for creativity and finance the most uncertain phases of research and even control commercialization, which private businesses in the context of constant Ukrainian crises cannot implement without institutional support.

In view of the topic of our research, of particular interest are scientific works devoted to the formation of the theory of development of the basic model of institutional support for the creativity of industries capable of creating industrial products with high added value, which allows you to ensure the competitiveness of the economy and creative economic cooperation between business entities, society and government institutions (Sasongko, Rifa'i, & Suci Sayekti, 2018). The study of institutional support for industrial creativity in Latvia was also important for us. Its authors note that most of the export capacities of the developed countries of the European Union rely on creative capital, but the level of innovation and labor productivity of the Latvian population is lower than in the developed regions of Europe (Dunska & Marcinkevica, 2017), which is quite comparable to the conditions and problems of Ukrainian innovation business. The research of Polish and Romanian economists who studied the causes and consequences of state intervention in the development of creative sectors of the economy is also valuable (Drab-Kurowska, 2017; Istudor, 2018). At the same time, the issues of macroeconomic aspects of creative development and its integration into global trends in the development of future society, subject to globally organized international cooperation, remain unresolved for the Ukrainian economy today.

The aim of the article is to develop proposals on the directions of institutional support for the processes of creativity of the Ukrainian economy based on the analysis of the data of international ratings, taking into account the relevance of creativity of the Ukrainian economy in the modern global institutional environment.

3. Data and Methodology

The research methodology is based on scientific tools that include comparative analysis of statistical data. The information base was provided by open sources such as State Statistics Service of Ukraine, information materials of the Ministry of Economic Development and Trade of Ukraine, as well as diverse databases of statistical data of the European Commission, OECD and the World Bank for the period 2014-2020. In particular, the study uses data from the Global Innovation Index, which examines detailed indicators of innovation in 126 countries using 80 indicators, including the political environment, education, infrastructure and complexity of business; databases “Doing Business” to determine the quality characteristics of business regulation in 183 countries in terms of ease of starting a business; Global Indicators of Regulatory Governance, which process information from 185 countries on transparency, civic participation and accountability of their governments; the global creativity index, which provides an opportunity to multivariate the economic rating of countries by levels of creativity and talent, technological equipment and tolerance; FDI Regulatory Restriction Index, which measures statutory restrictions on foreign direct investment in 68 countries of the world and covers 22 sectors of the economy; Global Competitiveness Index, which allows you to track factors influencing the dynamics of changes in the competitiveness of the economy of 140 countries of the world.

4. Results of the Study

In the context of the rapid development of the knowledge economy, when it is the personalization of business processes that becomes the basis of creative management, it is the regulatory policy of most economically developed countries that is a tool for ensuring creative renewal of the economy. However, even today, after 29 years of independence, the Ukrainian economy still cannot be considered highly developed, the state is rapidly moving towards the position of an agro-raw material supplier and a source of cheap human resources. Without properly selected assessment tools, the government is limited to small investment programs that have almost no impact on changing the technological and economic paradigm. At the same time, we see that global trends in economic development are radically different from Ukrainian realities. To compare individual indicators of institutional support for the creative development of the economy, we chose both countries of traditionally established democracy (Germany, France, Sweden, etc.) and countries which at the beginning of Ukraine’s formation as an independent state were in approximately the same starting positions (Poland, Romania, Latvia).

As can be seen from the analysis of the rating comparison of global indicators of the regulatory management of the World Bank (The World Bank, 2020a), which annually processes information from 185 countries of the world on transparency, civic participation and accountability of their governments. The regulatory policy of Ukraine as a whole is correlated with the institutional support of socio-economic processes in countries such as Germany and Poland (Table 1). For example, the introduction in 2018 of electronic information services made it possible to open more than 300 state registers for public use, and thanks to active deregulation, the list of permits for opening business activities was reduced by 40% (Industrial Property in Figures, 2018).

Question for the Transparency of Rulemaking	Ukraine	Germany	Poland
Do ministries or regulatory agencies develop forward regulatory plans – that is, a public list of anticipated regulatory changes or proposals intended to be adopted/implemented within a specified time frame?	Yes, in some ministries/regulatory agencies only	Yes, throughout government	Yes, throughout government
Are these plans available to general public?	Yes	Yes	Yes
Do ministries or regulatory agencies publish the text or summary of proposed (not yet adopted) regulations before their enactment?	Yes, in some ministries/regulatory agencies only	Yes, throughout government	Yes, throughout government
Where is the draft text or summary published?	On the website of the relevant ministry or regulator	On a unified website where all proposed regulations are published; on the website of the relevant ministry or regulator	On a unified website where all proposed regulations are published; on the website of the relevant ministry or regulator
Do ministries or regulatory agencies have the legal obligation to publish the text of proposed regulations before their enactment?	Yes, throughout government	Yes, throughout government	Yes, throughout government
Is the entire text of the proposed draft published?	Yes, throughout government	Yes, throughout government	Yes, throughout government
Is there a period of time set by law for the text of the proposed regulations to be publicly available?	Yes	Yes	No

Tab. 1. Comparison of the "Transparency of Rulemaking" parameter for business development in Ukraine, Germany and Poland in 2020 (according to the World Bank's Global Indicators of Regulatory Governance, 2020).

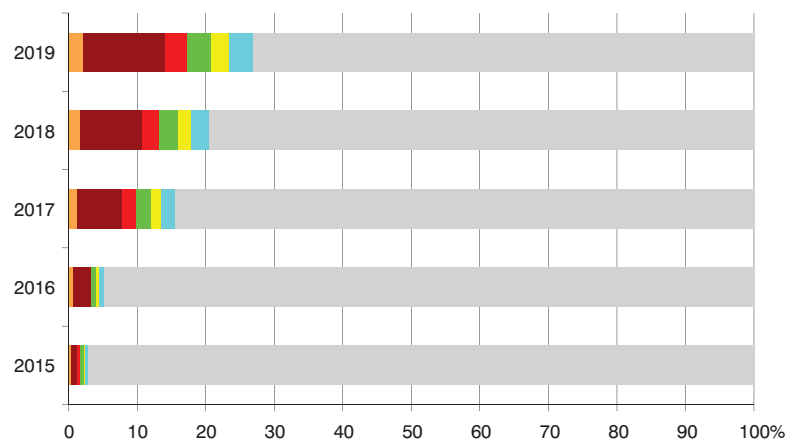
At the same time, we consider Ukraine's rating too low in a study conducted by the Organization for Economic Cooperation and Development (OECD) to determine legally defined restrictions on foreign direct investment in 68 countries around the world. In particular, the indicators of overregulation of business activities and reporting in Ukraine are almost twice as high as the corresponding indicators in highly developed countries, and the overall estimate of Ukraine in October 2020 was 0.130 against the average total 0.094 for EU member states (OECD, 2020).

According to the authors of the study, effective creative development of the Ukrainian economy requires urgent orientation of institutional regulation of the business environment to the general principles of the OECD, including the introduction of a policy of state financing of scientific and technical projects at the government level. Public investment management is complicated by the need for joint responsibility of the state and business structures in the context of a constantly growing number of market participants and rather uncoordinated processes of interaction at different levels of government in Ukraine. Accordingly, public financing, which we see as one of the most important tools for ensuring the success of creative development of the Ukrainian economic space, largely depends on the coherence of economic and political interactions at various levels of public administration to coordinate and develop scientific and technical potential for the development and implementation of creative investment projects. Insufficient development of state financing programs not only causes limited public resources and reduces public confidence, but also is a significant obstacle to the country's future economic growth opportunities. An adequate solution to institutional impact issues related to public financing should be based on the OECD recommendations developed in 2014 to assess the strengths and weaknesses of public investment potential in a multi-level management perspective, taking into account the realities of the institutional structure and the degree of decentralization in Ukraine.

It should be noted that according to the OECD, current trends in the globalization of the economic space in 2019 were characterized by the following trends in the field of public investment in creative industries:

- public investment in OECD countries accounts for an average of 15% of total investment in high-tech and high-precision manufacturing and development;
- public investment accounts for 2.6% of OECD countries' GDP;
- on average, 50% of public investment goes to educational programs and creative business support (OECD, 2020).

At the same time, the analysis of the distribution of funding for scientific, technical and inventive activities of Ukrainian high-tech and high-precision industries (Figure 1) indicates the need for urgent implementation of effective public investment programs for creative businesses in Ukraine.



	2015	2016	2017	2018	2019
at the expense of other means	0.3	0.6	1.3	1.6	2.1
due to lending	0.8	2.7	6.5	9.0	11.9
at the expense of foreign investors	0.4	0.1	2.1	2.5	3.3
at the expense of domestic investors	0.5	0.6	2.1	2.6	3.4
at the expense of local budgets	0.3	0.4	1.5	2.0	2.6
at the expense of the state budget	0.4	0.8	2.0	2.7	3.5
at their own expense	97.2	94.9	84.5	79.5	97.2

Fig. 1. Distribution of funding for scientific, technical and inventive activities of enterprises by sources in 2015-2019, %. Source: According to data of State Statistics Service (2020).

This requirement is especially relevant in the context of the difficult financial and economic state of the Ukrainian economy, because it can become an important tool for developing the country's collective creative potential, increasing the effective return on public investment. In order to quickly integrate the Ukrainian economy into the global economic space, it is appropriate that the development of these programs should be based on the basic principles of the OECD (OECD, 1976) and include measures aimed at the effective use of public investment:

1. coordination of state investment in creative development with the current policy of managing the development of economic processes in the state:
 - use an integrated strategy adapted to the specifics of regional development;
 - develop effective tools for coordinating investment programs at the national and local levels of public administration;
 - horizontally coordinate investment between local governments on an appropriate scale.

2. strengthening the capacity for effective returns on public investment by taking into account current trends at all levels of public administration:
 - anticipate the long-term consequences and risks of public investment;
 - attract all possible groups of stakeholders throughout the entire investment cycle;
 - mobilize the creative potential of private economic entities and financial institutions to diversify sources of financing and strengthen capacity;
 - strengthen the qualifications of civil servants and institutions involved in public investment;
 - focus on performance and promote the training and development of scientific and research activities;
3. ensuring appropriate framework conditions for public investment at all levels of public administration:
 - develop appropriate changes to the organization of the state's fiscal system, taking into account investment goals, adapting it to European standards;
 - develop tools for proper and transparent financial management of public investment processes and creative development of economic entities at all levels of government;
 - develop tools to ensure compliance with strategic development goals and transparency in the use of public procurement at all levels of public administration;
 - constantly monitor regulatory systems, striving to consistently improve their quality and efficiency.

So, the use of these principles of the OECD in the construction of a program of state financing for the creative development of subjects of the Ukrainian economic system should differentiate the relations of government institutions both in a vertical format, between the levels of public administration, and in a horizontal one, covering all regions and sectors of the economy. Such differentiation will make it possible to systematically coordinate the mechanisms developed to manage these interactions and thus contribute to a significant technological breakthrough of the Ukrainian economy.

The pace of institutional liberalization of the Ukrainian economy still does not allow it to take its proper positions in the ease of doing business rating (The World Bank, 2020b). The development of the information base of the World Bank's annual Doing Business Report allows for a systematic analysis of institutional conditions that improve or limit business activity in 190 countries around the world, providing quantitative indicators on business rules, property rights protection, tax regulation, dispute resolution procedures, foreign economic relations, and the state of regulatory reforms. According to the results of the rating in 2020, Ukraine has risen by 7 positions over the past year and took the 64th place (Figure 2).

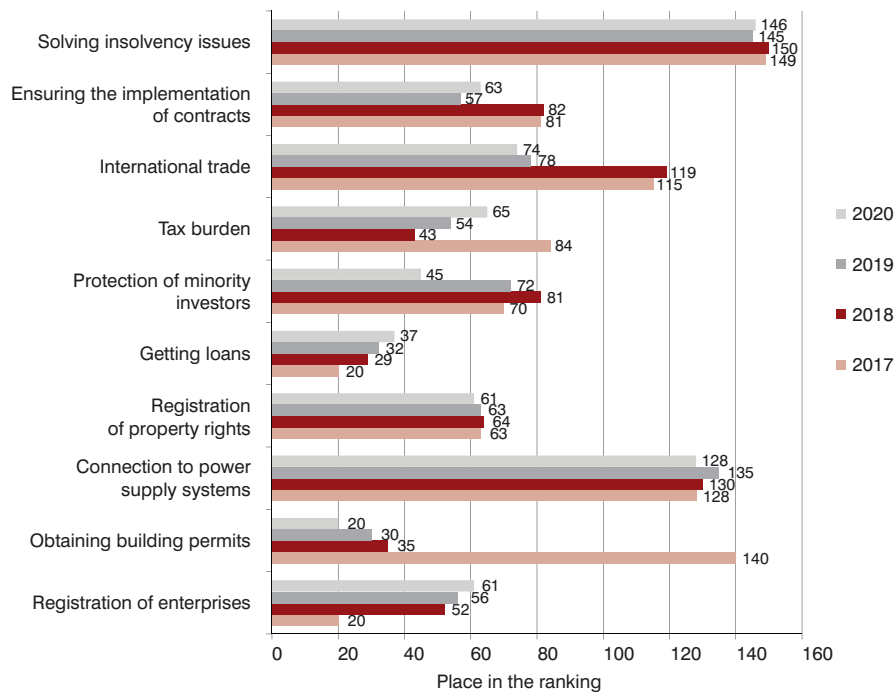


Fig. 2. Rating positions of Ukraine on institutional regulation of doing business in 2017–2020 according to the World Bank estimates. Source: According to data the World Bank. *Doing Business* (2020).

In particular, the conditions for obtaining construction permits have significantly improved (an Internet notification system has been introduced), as have connection to power supply systems (the issuance of technical specifications has been streamlined and a geoinformation system has been introduced), enterprise registration (simplification of property registration by increasing the transparency of the land management system), obtaining loans (improved access to credit information by creating a credit register with the National Bank of Ukraine) and tax conditions. It should be noted that the deterioration of indicators for the absolute majority of parameters was insignificant. But the positions for which Ukraine received the worst ratings, that is, which were ignored by the national reform of business conditions, require increased attention. A comparison of the rating assessments of Ukraine with other countries that had similar initial business conditions, according to individual indicators, allows us to better identify competitive advantages and weaknesses in the areas of institutional regulation of the economic space, which require urgent intervention and correction (Table 2). As you can see, Ukraine occupies the 128th position in terms of connection

to energy supply systems, providing for 5 procedures, the passage of which requires an average of 281 days from the organization. This situation requires immediate simplification of the procedure for connecting enterprises to life support resources, because, for example, in Georgia over the past year, the number of such procedures has decreased from 4 to 3.

Indexes	Georgia	Poland	Kazakhstan	Belarus	Ukraine
Index of business	9	27	36	38	76
1. Registration of enterprises (position)	4	120	41	30	52
– number of necessary procedures	2	5	5	5	6
– average time for processing (days)	2	37	9	5	6.5
– cost (% of GDP per person)	2.5	12	0.3	0.6	0.8
– minimum authorized capital (% of GDP per person)	0	10.7	0	0	0
2. Obtaining a building permit (position)	29	41	52	22	35
– number of necessary procedures	11	12	19	16	10
– average time for processing (days)	63	153	123	115	76
– cost (% of GDP per person)	0.3	0.3	1.9	0.5	3.1
3. Connection to power supply systems (position)	30	54	70	25	128
– number of necessary procedures	3	4	7	4	5
– average time for processing (days)	71	122	77	105	281
– cost (% of GDP per person)	176.8	18.6	47.4	110	525.2
– electricity price (US dollars per kWh)	7.4	14.1	6	17.1	6.9
4. Registration of property rights (position)	4	38	17	5	64
– number of necessary procedures	1	6	3	2	7
– average time for processing (days)	1	33	3.5	3	17
– cost (% of the cost of the object)	0	0.3	0.1	0	1.8
5. Receiving loans (position)	12	29	77	90	29
– index of protection level of credit information (0–12)	9	7	4	3	8

Table cont.

Indexes	Georgia	Poland	Kazakhstan	Belarus	Ukraine
6. Protection of minority investors (position)	2	51	1	40	81
– index of information disclosure level (0–10)	9	7	9	7	7
– index of directors' responsibilities (0–10)	9	9	9	8	6
– share management index (0–10)	8.3	6.3	9	7.3	6
– shareholder rights index (0–10)	7	9	10	6	5
– index of development of the management structure (0–10)	9	5	8	8	5
– corporate transparency index (0–10)	9	8	9	8	8
7. Taxation (position)	22	51	50	96	43
– payments (quantity per year)	5	7	7	7	5
– time (number of hours per year)	269	260	178	184	327.5
– total tax rate and deductions (% of profit)	16.4	40.5	29.2	52.9	37.8
– income taxes (% of profit)	14.3	14.5	16.2	10.8	11.9
– salary taxes and deductions (% of profits)	0	25	11.2	39	24.8
– other taxes (% of profits)	2.1	1	1.9	3.1	1.1
8. International trade (position)	62	1	123	30	119
– time for customs control in export operations (hours)	48	0	133	5	26
– the cost of customs control in export transactions (USD)	383	0	574	108	75
– time for documentary processing of export operations (hours)	2	1	128	4	96
– cost of documentary processing of export operations (USD)	35	0	320	140	292
– time for customs control during import operations (hours)	15	0	2	1	72
– cost of customs control in import operations (USD)	396	0	0	0	100
– time for documentary registration of import operations (hours)	2	1	6	4	168
– cost of documentary registration of import operations (USD)	189	0	0	0	212

Table cont.

Indexes	Georgia	Poland	Kazakhstan	Belarus	Ukraine
9. Enforcement of contracts (position)	7	55	6	24	82
– time (days)	285	685	370	275	378
– cost (% of claim amount)	25	19.4	22	23.4	46.3
– quality index of the judicial system (0-18)	12.5	10.5	14	9	9
10. Decision of insolvency issues (position)	57	22	39	68	149
– index of the effectiveness of the regulatory framework (0–16)	11	14	15	10	7.5
– indebtedness management index (0–6)	5.5	6	6	5.5	4
– index of reorganization procedure (0–3)	0	3	2	0.5	0.5
– index of participation of creditors (0–4)	3	2	4	2	1

Tab. 2. Rating positions of Ukraine and some other countries on separate positions on ease of doing business in 2018. Source: According to data of the World Bank (2018).

The above analysis shows that despite a significant improvement, Ukraine's low rating in 2020 is observed in terms of ease of international trade (74th place), while neighboring Poland managed to raise its rating positions to the first place back in 2018. We believe that this situation is facilitated by a number of stimulating factors, in particular, excessive spending of time and financial resources during the organization's export/import operations, due to the extensive bureaucratization of the requirements of the current legislation for documentation processing, passing customs control, and so on. Therefore, according to the authors of the study, at the institutional level, it is necessary to review the existing rules and develop a program for systematic updating of legislation in the field of international economic relations.

Regarding the registration of enterprises, it is necessary to introduce online registration with simplified authorization of a person (using a passport ID, bank ID), introduce registration of a business entity as a value-added tax payer during the day, and cancel the preliminary submission of a notice of employment of employees. To improve the situation with connecting to the power grid, it is necessary to make it free of charge, provide public access to available capacities and the ability to apply for connection online. Property registration indicators can be improved by creating electronic registers of land and real estate ownership. It is also necessary to introduce the possibility of administrative appeals against the actions of state registrars and

provide citizens and businesses with the opportunity to draw up contracts for the purchase and sale of real estate in administrative service centers. It is important to open public access to the register of encumbrances of movable property with the ability to view the history of changes. In the field of taxation, it is necessary to reduce the tax rates on the salary fund, replace the income tax with a tax on withdrawn capital. To ensure the fulfillment of contracts, it is necessary to create a special electronic platform for filing claims and petitions, provide creditors with the opportunity to finance the debtor to restore its solvency, introduce and financially support mediation services. Such proposals are primarily determined by the need for rapid integration of the Ukrainian economy into the world space, strengthening creative and industrial-scientific interaction of business entities at the interstate level.

The 85th place in 2019 also indicates the high complexity of doing business in Ukraine. in the world competitiveness rating, which includes a comprehensive study of 141 countries for more than 100 parameters grouped by sub-indices “basic requirements”, “productivity enhancers” and “innovations and factors of improvement” for 12 spheres of influence on the competitive position of the state in the global economic space – by indicators of institutional and infrastructure support of socio-economic life, assessment of the macroeconomic environment, healthcare system, state of educational processes, development and efficiency of markets, technological readiness of business and creative and innovative potential (Figure 3).

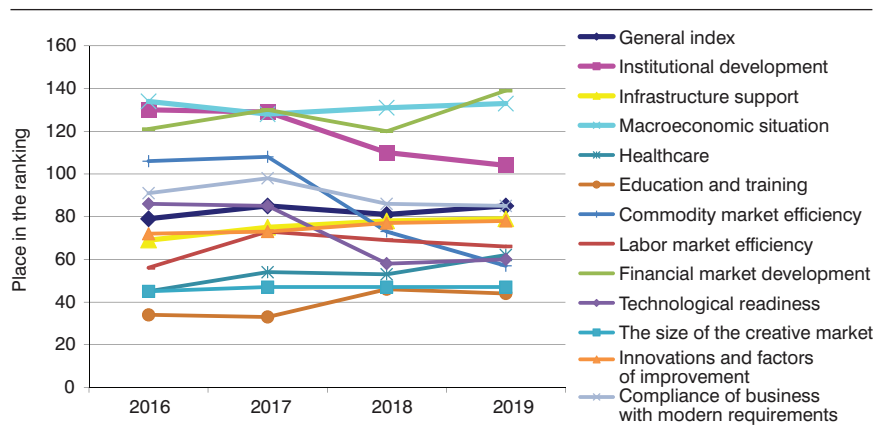


Fig. 3. Dynamics of Ukraine's rating positions on key indicators of competitiveness. Source: According to data of the World Economic Forum (2019).

Unfortunately, the results of research indicate a deterioration in Ukraine's competitive position in 2019 in terms of financial market development (by 19 points) and in the healthcare sector (by 9 points).

Education indicators increased slightly (from 46th to 44th place) as did the level of business development (from 86th to 85th place). But the indicators of implementation of engineering and design technologies (from 77th to 78th place), macroeconomic stability (from 131st to 133rd place) and innovation opportunities (from 58th to 60th place) worsened. At the same time, the positions are improving according to the criteria “goods market” (from 73rd to 57th place), “labor market” (from 69th to 66th place) and “institutional development” (from 110th to 104th place).

Thus, the need for consensus between regulatory authorities and economic entities in the field of business deregulation determines the priority of finding effective tools for high-quality updating of regulatory norms. It should be noted that Ukraine is a signatory to the Declaration on International Investment and Multinational Companies (OECD, 1976) and, accordingly, a member of the OECD Investment Committee, which requires legislative implementation of international investment standards and the development of institutional mechanisms to promote the attraction of foreign direct investment. The elimination of current restrictions on foreign investment will improve the competitiveness of Ukrainian markets and contribute to the growth of creative and innovative activity of businesses and increase their social responsibility in accordance with the principles of the international economic community.

The authors of the study consider the improvement of infrastructure support for businesses, which will attract additional investment flows for the development of enterprises in various industries, to be an important factor in reviving the creative and innovative activity of the Ukrainian economy. In terms of infrastructure development in 2019, Ukraine ranked only 79th out of 138 (The World Bank, 2020b). Such a low rating requires immediate intervention by state institutions and elimination of existing obstacles to infrastructure development. Therefore, the authors are convinced that the development of relevant legislative initiatives by the Ukrainian government should concern tools for guaranteeing foreign investment – macroeconomic stabilization, deregulatory policy on foreign economic projects, and the development of the domestic market.

According to the World Bank analysts, the country’s growth of only 1 point in the investment attractiveness rating determines its additional external investment in the amount of USD 350–500 million. In 2019, the United States, Germany, Poland, and Turkey significantly intensified their own activities in the Ukrainian market, which showed an increase in investment attractiveness to 2.95 (out of 5 possible), increasing financial flows by an average of 15–20% (World Economic Forum, 2019). At the same time, the structural socio-economic transformations that have begun in Ukraine require awareness of the need for a certain transformation of relations with international financial organizations at the highest level of management. Joint high-tech and creative industries, the development

of high-tech industries should become a priority when concluding interstate agreements on attracting portfolio foreign investment, and the coordination of Ukraine's innovative infrastructure with international standards can be the first step towards the European technology space. For the same reason, it is advisable to develop targeted programs of state support for patent activity in the field of high technologies.

Research of indicators of technological readiness of the Ukrainian economic space for a creative breakthrough (Table 3) gives grounds to assert that a program to promote creative activity of organizations should be developed immediately at the institutional level.

Index	Rating				
	2015	2016	2017	2018	2019
1. Components of the technology readiness index	85	86	85	82	77
– availability of the latest technologies	113	96	93	93	83
– technology development by organizations	100	100	74	88	79
– direct foreign technological transfer	127	117	115	121	115
2. Internet users, % of the population of the country	82	80	80	81	83
– the number of broadband access subscribers per 100 people	68	72	64	64	65
– bandwidth of the Internet, kbps for 1 user	50	64	68	68	69
– the number of subscribers of mobile broadband access per 100 people	107	121	130	136	138
3. The components of the index of creativity	81	54	52	51	47
– the ability of scientific and technical creativity	82	52	49	44	42
– quality of scientific institutions	67	43	50	36	29
– costs of organizations for research and development	66	54	68	64	65
– cooperation of science and industry in the field of research and development	74	74	57	61	59
– government procurement of high-tech products	123	98	82	72	76
– provision by engineers, scientists and researchers	48	28	29	29	28
– the number of patents received under the procedure of the Patent Cooperation Treaty per million people	52	50	49	51	51

Tab. 3. Dynamics of Ukraine's rating positions in terms of technological readiness. Source: According to data of the World Economic Forum (2019).

The World Bank experts in the field of creativity for successful creative and innovative development of national economies recommend directing targeted public funding for these purposes in the amount of at least 2% of GDP (Dutta et al., 2018). Global trends in state support for creative development and high-tech production are estimated at 2–4% (Dutta, Lanvin, & Wunsch-Vincent, 2020). At the same time, despite the annual increase in research spending in Ukraine, its share in GDP still has not reached the level of 1%, in particular, in 2019 it was only 0.47%, including: at the expense of the state budget 0.21% (State Statistics Service, 2020), which in no way correlates with similar expenditures in the member states of the European Community (Figure 4). So, according to the authors of the study, a qualitative growth of creative activity of Ukrainian business is possible only if institutional activities in the field of organizing research centers are activated in accordance with the best practices in the countries of the European Union (Eurostat, 2019), along with planning at the highest level of state management targeted expenditures for the development of both academic science and research activity of organizations aimed at creating and operating high-tech industries.

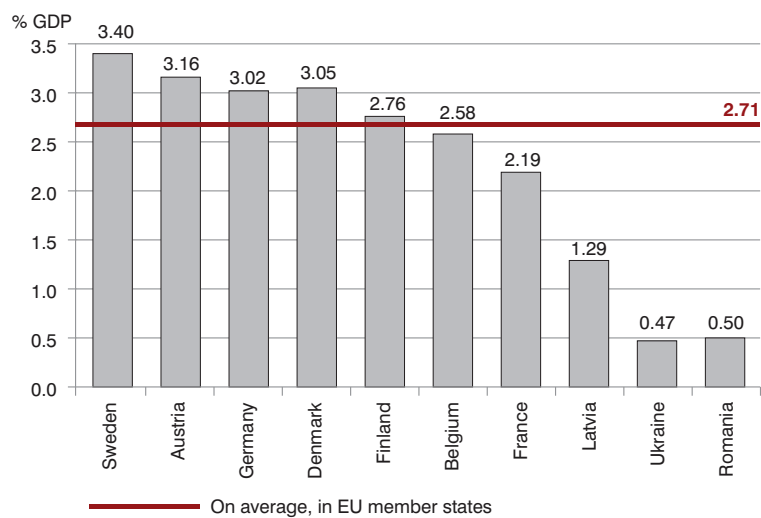


Fig. 4. Shares of the volume of expenditures on research activities in the GDP of Ukraine as compared with some other countries in 2019. Source: Constructed according to data of Eurostat (2019), State Statistics Service (2020).

Based on the assessments of the World Bank experts (The World Bank, 2020a), the authors of the study believe that the priority direction of the state policy of Ukraine's integration into the international economic community should be harmonization with European standards of existing certification and

standardization systems in Ukraine. This will allow enterprises, especially in high-tech, technogenic – dangerous and socially oriented industries – rocket engineering, chemical industry, oil production, pharmaceutical industry, medical technologies, etc. to ensure compliance of imported equipment and technologies with state requirements, and when exporting Ukrainian goods and technologies – compliance with European standards.

The creative path of development today is the only basis for ensuring long-term competitive advantages in the world markets, but no less important is the development of domestic high-tech markets. In 2017, simultaneously with the rapid increase in industrial investment (Industrial Property in Figures, 2018), for the first time in the years of independence of Ukraine, there was a phenomenon of state support for consumption, which manifested itself, in particular, in the legally defined amount of the minimum wage, a jump in pension provision, a wide subsidy for housing and communal services and a general increase in social standards (Table 4). This naturally caused a response from the domestic consumer market, there was a significant increase in wholesale and retail trade turnover, and a reorientation of consumer priorities from food to non-food group (State Statistics Service, 2020).

Indicator	2014	2015	2016	2017	2018	2019
Cost of living (total indicator), UAH	1176	1330	1544	1700	1936	2027
Minimum wage, UAH	1218	1378	3200	3723	4173	4723
Average monthly pension, UAH	1581.5	1699.5	1828.3	2429.2	2445.1	2845.55
Total amount of allocated subsidies, mn UAH	2346	5704.7	3980.1	2704	981.09	1299.87
Wholesale trade turnover of enterprises (for the year), billion UAH	1178.9	1556	1908.7	2196	2215.37	2322.17
Volume of retail trade turnover of retail and restaurant enterprises (for the year), billion UAH	1018.8	1175.3	815.3	928.6	930.63	1094.05

Tab. 4. Dynamics of state support for consumption in Ukraine in 2014–2019 (at the end of the year). Source: According to data of State Statistics Service (2020).

5. Conclusions and Recommendations

1. The research results indicate an urgent need to conceptualize institutional support for the creative development of the Ukrainian economic system and develop adequate mechanisms and tools for its implementation. The development of tools for coordinating investment programs should be

carried out at the national and local levels of public administration, which will allow us to qualitatively adapt strategic guidelines to the peculiarities of regional development of Ukraine.

2. The authors of the study propose to develop legislative initiatives taking into account the trends and prospects of macroeconomic stabilization of Ukraine, harmonization with European standards, which will allow achieving a qualitative transformation of relations with international scientific and financial organizations. Suggestions:

- introduce online registration of businesses with simplified individual authorization, simplify the provision of preliminary notifications and reduce the registration period to one day;
- provide public access to existing power grid capacities, introduce online applications for connection;
- create electronic property registers and introduce the possibility of administrative appeals against the actions of state registrars;
- open public access to the register of encumbrances of movable property;
- reduce the tax burden on the salary fund, replace the income tax with a tax on withdrawn capital;
- create an electronic platform for submitting complaints about unfair business conduct, provide creditors with the opportunity to finance the debtor to restore its solvency, and introduce mediation services.

3. By coordinating the policy of creativity of the Ukrainian economy with national strategies for the development of the economic space, it is important to implement world achievements in the areas of development of the high-tech ecosystem, in particular regarding the fiscal burden and financial management of public investment processes. Building a national investment program for the creative development of economic entities will allow us to systematically approach the issue of financial support for the technological breakthrough of Ukraine. In the future, there is a need to step up institutional activities in the field of organizing research centers, introduce targeted investment in the development of academic science and research activity of creative organizations.

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