

THE PARADIGM OF THE STATE REGULATORY POLICY

K. Wackowski
N. Gavkalova

Sustainable economic development is unimaginable without deep changes in the entire economic system. The application of the methodology of institutionalism is the most effective for the given research directions and mechanisms for implementing regulatory policy. This is because the methodology is complex and systemic in nature and allows researchers to analyze the process through a number of factors, determinants, evolutionary patterns and characteristics of national economy. Therefore, the rationale for application of the methodology of institutionalism as a scientific theoretical foundation of state regulation of the economy becomes relevant.

In foreign and domestic researches one can find works on the methodology of institutionalism. D. North [1] analyzes the institutional changes and the economy; O. Gritsenko [2] determines the state places in the institutional environment; O. Prutska [3] considers economic behavior on the bases of the institutional approach; O. Nosova [4] explores the areas of the institutional reform in post-Soviet countries; T. Golikova and V. Melnic [5] analyze deregulation as a way to improve the quality of the institutional environment. Further study on updating the formation of institutional support for state regulation of the economy is needed.

The analysis of scientific publications revealed the significant scientific and practical interest of researchers to the institutionalism theory and its application to the study of the current economic problems of state regulation.

One of the main subjects of the institutional environment is the state, which through its functions realizes economic, social, administrative and other policies. According to O. Gritsenko "as a special kind of institution, the state creates an institutional corset supporting the market environment in the required form" [2, p. 78]. A significant role in shaping the institutional arrangements is played by the state and the quality of the institutional environment is determined by the state regulatory policy.

When analyzing the economic paradigm of innovation formation N. Mamontova [6, p. 76] notes that "the weak point of the modern paradigm is not false methods, but too simplified representation of the object being studied". Thus, determining the current paradigm of the regulatory policy requires a deeper analysis of institutions, rules, principles from the perspective of historical development. It will help find necessary methods and tools for effective government regulation of the economy.

The most generalized concept of institutions was introduced by D. North, who identified the following groups:

- informal constraints (traditions, habits, social conventions);
- formal rules (legislative and administrative acts, judicial decisions);
- enforcement mechanisms that ensure compliance with the rules (judiciary, law enforcement, etc.) [1].

An important role of institutions is given to ownership, because ownership determines the relationship between subjects in society. Analysis of the scientific research on the institutionalism methodology revealed that the main institutions include the following: traditions, habits, religion, property, family, mentality, culture, etc. In the modern sense the concept of the

institute is slightly expanded and it also includes organizations and institutions that deal with regulatory activities within its competence. The main body is the State Regulatory Service of Ukraine.

Environment institutions reduce uncertainty by establishing a stable structural interaction between people [1]. Thus, all institutions interact in close contact with each other and should take into account the interests of the whole society. Note that institutions provide the foundation for understanding the historical process of an economic object (process) and selecting the most effective tools and means of economic regulation.

It is impossible to ignore these transformational process changes because they make a threat to the policy goals and objectives [7, p. 4].

The authors share the opinion of O. Nosova who noted that "the potential economic growth of the state, achievement of higher rates of economic and social development depends more on institutions" [4, p. 261–262]. Institutions determine the basis and are more important for ensuring effective economic policy than the parameters set by the environment in the context of globalization.

In the authors' opinion, the emphasis on such institution as the institution of social partnership offered by N. Olentsevych is important. She indicated: "Social partnership can serve an effective tool of combination of economic efficiency and social justice in society. The decisive role here should be played by an adequate deliberate government policy aimed at promoting social dialogue" [8, p. 466–467]. Social partnership must be considered as a real mechanism of creation and functioning of civil society, where servicing management within the rules established by society is a means of sustainable national development, unity and enrichment of various self-sufficient forms and elements of this development.

The formation and further development of institutions depend on the economic reforms conducted in the country. However, it should be noted that reforming the country faces a number of problems caused by an insufficient attention to issues regarding the state's role in the creation and operation of institutions.

Specific efforts of the state should be determined by national characteristics and state of the economy at any given time. The adaptation of institutions tested in other countries to new conditions takes place in different countries at a different pace and with different efficiency [3, p. 221].

Government actions to ensure the functioning of the institutions should be based on the ideology of "serving the people" and interests of citizens that can be achieved through the mechanism of social partnership.

A. Prutska said that "one of the mechanisms for providing feedback in the economy should be the institution of responsibility. The availability of the institution of responsibility does not only provide doing business full-bore, but also taking into account the interests and expectations of contractors and in accordance with the rules established by the state" [3, p. 139]. It must be emphasized that there must be not only a social responsibility, but also a public responsibility – the responsibility of government for violation of the advocacy of human rights and business entities.

Consequently, the economic development of the sustainable development strategy of Ukraine should

determine the social partnership as a key priority and the mechanism of accumulation and realization of economic, social and cultural potential of the nation. With the association of ideas, efforts and resources of various business entities it is necessary to solve the most urgent and most pressing socio-economic problems of the nation welfare.

The authors also share the opinion of A. Yatsyuk, who states that "the state should play a coordinating and consolidating role, act as a subject of the necessary institutions formation, to be the creator of the environment for the free exchange of information between social groups and be a guarantor of human rights and the proper functioning institutions that provide their implementation" [7, p. 9].

When forming the paradigm of social and economic development, which is based on the sustainable economic development, the key factors (tools, means) acquire more importance in government regulation of economic life. The main instruments of regulatory policy are such traditional instruments as taxes, tariffs, quotas, privileges, etc. The levers of regulation should be aimed at protecting and supporting the national economy, which is transformed. One should also pay attention to the new regulations of economy.

Thus, the institutional establishment in Poland showed that it was important to "provide significant independence to core economic actors, increasing the autonomy of state enterprises while limiting government intervention" [4, p. 267].

Institutional barriers that are the characteristic of Ukraine's economy, adversely affect the performance of particular economic agents and the economy in general. "Ukraine is paralyzed by a huge amount of regulations" [9]. According to the ranking of ease of doing business "Doing Business" Ukraine ranked the 87th place [10]. Despite the fact that the rating position has slightly improved, it still remains low. Swollen bureaucracy is one of the main hindrances to economic development and business environment in Ukraine. The relationship of government and business is not in the circle of social partnership. Constant control and restrictions on doing business – all these restrain socio-economic development.

Foreign experience in regulatory policy proceedings demonstrates the need to abolish barriers and crossings of economic agents. It is obvious that political and economic conditions are different in different countries. Each country has a unique history of development, deregulation and so has a special character.

According to [9] "a consistent, systematic and transparent deregulation is the most effective method to detect and eliminate destructive regulations that block economic development and scare international investors away".

In Ukraine there was an attempt to introduce a "regulatory guillotine" (accelerated review of regulations) in 2005, 2008 and 2011. According to the results of public monitoring of the reform of 2011 the deregulation of business activities through an accelerated review of regulatory acts adopted by officials and local government has failed [10, p. 89].

Factors that negatively affected the conduct of the reform are the following:

- an unreasonably shortened period of rapid review;
- lack of proper logistical support of local authorities;
- significant amount of documents that must be reviewed in the process of the "regulatory guillotine";
- lack of experienced professionals of regulatory policy;
- lack of business associations, academic institutions and specialized NGOs in villages, small towns and cities, etc. [10, p. 88].

The result of any reform should be an effective economic system that has not been formed in Ukraine yet. "Ukrainian experience of reforms impresses with its foregone opportunities" [10, p. 84].

It must be stressed that during the reform of 2011, the state did not create the conditions for institutional and organizational support, which led not only to the failure of reform, but did not create favorable conditions for the future.

Today considerable experience in developing a deregulatory reform of the economic system is available and can be applied to Ukrainian realities. The use of foreign experience of reforms requires implementing the conditions of national economy.

The authors believe that the success of the deregulation of the economy is not possible without ensuring conditions of institutional environments. Further administrative reform which has begun in Ukraine is obvious. The reform of power decentralization should ensure the elimination of bureaucracy and deregulation at the regional level. Staffing issues of civil servants are urgent, because the lack of reformer leadership and highly-qualified civil servants of the executive bodies (decision-makers within the reform) has a negative impact on the reform of deregulation.

The reform of deregulation, the decentralization reform and the administrative reform should be conducted in close connection based on the goals and objectives of deregulation through the implementation of rules of interaction within departments that should together minimize administrative barriers. The authors are convinced that only a complex interaction of institutions will help to achieve this goal and create a regulatory system that both protects the public interest and contributes to economic growth, and ensure the approaching of the regulation norms to the EU standards.

To overcome the negative trends developed in Ukraine, the problem of creating such an institutional system that will actualize the regulatory function of the state and provide the basis for the implementation of regulatory policy should be solved.

The result of the study is the necessity of formation and development of the institutional environment as the basis for state regulation of the economy and the impact of reforms. The institute of social partnership is determined as an effective mechanism for civil society functioning and functioning of institutions in the ideology of "serving the people". To ensure the democratic principles of relationship between the society and authorities, to restore confidence in the government and improve the political situation are the urgent public responsibilities. During the socio-economic development of Ukraine and related reforms, a top priority of government regulation should be given to the creation and operation of the institutional environment of the national economy. An important area of providing the institutional system quality, favourable environment for entrepreneurship and improvement of business climate in Ukraine is deregulation.

References: 1. Норт Д. Інституції, інституційна зміна та функціонування економіки / Д. Норт ; пер. з англ. І. Дзюб. – К. : Основи, 2000. – 198 с. 2. Гриценко О. А. Місце держави в інституційному просторі трансформаційної економіки / О. А. Гриценко // Проблеми і перспективи розвитку банківської системи України : збірник наукових праць. Т. 11. – Суми : ВВП "Мрія-1" ЛТД, УАБС, 2004. – С. 76–82. 3. Прутська О. О. Інституціоналізм і проблеми економічної поведінки в перехідній економіці : монографія / О. О. Прутська. – К. : Логос, 2003. – 256 с. 4. Носова О. В. Институциональное реформирование в постсоветских странах: направление развития / О. В. Носова // Постсоветский институционализм: десять лет спустя : монография. В 2-х т. Т. 1 / под ред. В. В. Деметьюва, Р. М. Нуреева. – Донецк : ГВУЗ "ДонНТУ", 2013. – С. 256–273. 5. Голикова Т. В.

Дерегулювання господарства як способ підвищення якості його інституціональної середовища / Т. В. Голикова, В. П. Мельник // Постсовєтський інституціоналізм: десять років спуща : монографія. В 2-х т. Т. 1 ; під ред. В. В. Демєтьєва, Р. М. Нурєєва. – Донецьк : ГВУЗ "ДонНТУ", 2013. – С. 375. 6. Мамонтова Н. А. Криза сучасної економічної парадигми у формуванні механізму інноваційного розвитку / Н. А. Мамонтова // Наукові записки. Серія : економіка. – 2013. – Вип. 23. – С. 74–77. 7. Яцюк А. В. Гражданское общество и формирование новой парадигмы социально-экономического развития в условиях глобализации / А. В. Яцюк // Экономика Украины. – 2015. – № 12 (641). – С. 4–9. 8. Оленцевич Н. В. Социальное партнерство в системе институтов рыночного хозяйства / Н. В. Оленцевич // Постсовєтський інституціоналізм: десять років спуща : монографія. В 2-х т. Т. 2 / під ред. В. В. Демєтьєва, Р. М. Нурєєва. – Донецьк : ГВУЗ "ДонНТУ", 2013. – С. 458–468. 9. Джейкобс С. Як треба скасовувати дозволи для бізнесу: світовий досвід [Електронний ресурс] / С. Джейкобс, В. Антоляк. – Режим доступу : <http://www.epravda.com.ua/publications/2015/10/5/562205>. 10. Інформація щодо рейтингу про легкість ведення бізнесу "Doing business" [Електронний ресурс]. – Режим доступу : <http://www.doingbusiness.org>. 11. Реформа дерегулювання в Україні: втрачені можливості : аналіт. звіт / О. В. Літвінов, Н. М. Літвінова, Н. В. Стандічук [та ін.] ; за заг. ред. О. В. Літвінова. – Д. : МОНОЛІТ, 2012. – 96 с. 12. Гавкалова Н. Л. Фінансові аспекти стимулювання участі населення в операціях з цінними паперами / Н. Л. Гавкалова, О. Ю. Шутєєва // Актуальні проблеми економіки. – 2014. – № 6 (156). – С. 354–363. 13. Гавкалова Н. Л. Взаємодія органів публічної влади та інститутів громадянського суспільства / Н. Л. Гавкалова, М. В. Грудз // Актуальні проблеми економіки. – 2014. – № 10 (160). – С. 281–291.

References: 1. Nort D. *Institutsii, institutsiina zmina ta funktsionuvannia ekonomiky* [Institutions, institutional change and the economy] / D. Nort ; per. z anhl. I. Dziub. – K. : Osnovy, 2000. – 198 p. 2. Hrytsenko O. A. *Mistse derzhavy v institutsiinomu prostori transformatsiinii ekonomiky* [The place of state in the institutional space of transformational economy] / O. A. Hrytsenko // Problemy i perspektivy rozvytku bankivskoi systemy Ukrainy : zbirnyk naukovykh prats. Vol. 11. – Sumy : VVP "Mriia-1" LTD, UABS, 2004. –

P. 76–82. 3. Prutska O. O. *Institutsionalizm i problemy ekonomichnoi povedinky v perekhidnii ekonomitsi : monohrafiia* [Institutionalism and economic behavior problems in the transition economy : monograph] / O. O. Prutska. – K. : Lohos, 2003. – 256 p. 4. Nosova O. V. *Institutsionalnoe reformirovanie v postsovetskikh stranakh : napravlenie razvitiya* [Institutional reform in post-Soviet countries: the direction of development] / O. V. Nosova // Postsovetskiiy institutsionalizm: desyat let spustya : monografiya. In 2 vol. Vol. 1 / pod red. V. V. Dementeva, R. M. Nureeva. – Donetsk : GVUZ "DonNTU", 2013. – P. 256–273. 5. Golikova T. V. *Deregulirovanie khozyaystvovaniya kak sposob povysheniya kachestva ego institutsionalnoy sredy* [Deregulation of management as a way to improve the quality of its institutional environment] / T. V. Golikova, V. P. Melnik // Postsovetskiiy institutsionalizm: desyat let spustya : monografiya. In 2 vol. Vol. 1 / pod red. V. V. Dementeva, R. M. Nureeva. – Donetsk : GVUZ "DonNTU", 2013. – 375 p. 6. Mamontova N. A. *Kryza suchasnoi ekonomichnoi paradyhmy u formuvanni mekhanizmu innovatsiinoho rozvytku* [The crisis of modern economic paradigm in the formation mechanism of innovative development] / N. A. Mamontova // Naukovi zapysky. Seriya : ekonomika. – 2013. – No. 23. – P. 74–77. 7. Yatsyuk A. V. *Grazhdanskoe obshchestvo i formirovanie novoy paradigmy sotsialno-ekonomicheskogo razvitiya v usloviyakh globalizatsii* [Civil society and the formation of a new paradigm of economic and social development in a globalized world] / A. V. Yatsyuk // Ekonomika Ukrainy. – 2015. – No. 12 (641). – P. 4–9. 8. Olentsevich N. V. *Sotsialnoe partnerstvo v sisteme institutov*

rynochnogo khozyaystva [Social partnership in the system of market economy institutions] / N. V. Olentsevich // Postsovetskiiy institutsionalizm: desyat let spustya : monografiya. In 2 vol. Vol. 2 / pod red. V. V. Dementeva, R. M. Nureeva. – Donetsk : GVUZ "DonNTU", 2013. – P. 458–468. 9. Dzheikobs S. *Yak treba skasovuvaty dozvoly dlia biznesu: svitovyi dosvid* [How should permits for business be cancelled: international experience] [Electronic resource] / S. Dzheikobs, V. Antoliak. – Access mode : <http://www.epravda.com.ua/publications/2015/10/5/562205>. 10. *Informatsia shchodo reitynhu pro lehkist vedenniia biznesu "Doing business"* [Information on the ranking of ease of doing business "Doing Business"] [Electronic resource]. – Access mode : <http://www.doingbusiness.org>. 11. *Reforma derehuliuвання v Ukraini: vtracheni mozhlyvosti : analit. zvit* [Deregulation reform in Ukraine: missed opportunities : analytical report] / O. V. Litvinov, N. M. Litvinova, N. V. Standichuk [et al.] ; za zah. red. O. V. Litvinova. – D. : MONOLIT, 2012. – 96 p. 12. Gavkalova N. L. *Finansovi aspekty stymuliuвання uchasti naselennia v operatsiakh z tsinnymy paperamy* [Financial aspects of stimulating population's participation in securities transactions] / N. L. Gavkalova, O. Y. Shutieieva // Aktualni problemy ekonomiky. – 2014. – No. 6 (156). – P. 354–363. 13. Gavkalova N. L. *Vzaiemodiia orhaniv publichnoi vlady ta instytutiv hromadianskoho suspilstva* [Interaction of public authorities and civil society] / N. L. Gavkalova, M. V. Hruzd // Aktualni problemy ekonomiky. – 2014. – No. 10 (160). – P. 281–291.

Information about the authors

K. Wackowski – Doctor of Sciences in Economics, Professor, Head of the Department of IT Systems of Warsaw University of Technology (85 Narbuta, Warsaw, Poland, 02-524, e-mail: k.wackowski@wip.pw.edu.pl).

N. Gavkalova – Doctor of Sciences in Economics, Professor, Head of Public Administration and Regional Economy Department of Simon Kuznets Kharkiv National University of Economics (9-A Nauky Ave., Kharkiv, Ukraine, 61166, e-mail: ngavl@ukr.net).

Інформація про авторів

Вацьковські Казимеж – докт. екон. наук, професор, завідувач кафедри ІТ-систем Варшавського технологічного університету (Нарбута, 85, м. Варшава, Польща, 02-524, e-mail: k.wackowski@wip.pw.edu.pl).

Гавкалова Наталія Леонідівна – докт. екон. наук, професор, завідувач кафедри державного управління, публічного адміністрування та регіональної економіки Харківського національного економічного університету імені Семена Кузнеця (просп. Науки, 9-А, м. Харків, Україна, 61166, e-mail: ngavl@ukr.net).

Інформація об авторах

Вацьковські Казимеж – докт. екон. наук, професор, заведуючий кафедрою ІТ-систем Варшавського технологічного університету (Нарбута, 85, г. Варшава, Польща, 02-524, e-mail: k.wackowski@wip.pw.edu.pl).

Гавкалова Наталія Леонидовна – докт. екон. наук, професор, заведующая кафедрой государственного управления, публичного администрирования и региональной экономики Харьковского национального экономического

университета имени Семена Кузнеца (просп. Науки, 9-А, г.
Харьков, Украина, 61166, e-mail: ngavl@ukr.net).

*Стаття надійшла до ред.
12.05.2016 р.*