

Розділ 3. Фінанси, банківська справа та страхування

УДК 336:330

DOI: 10.31732/2663-2209-2020-57-50-57

МОДЕЛЮВАННЯ ІНСТИТУЦІЙНОЇ ІНФРАСТРУКТУРИ ФОРМУВАННЯ ФІНАНСОВОГО ЗАБЕЗПЕЧЕННЯ СУБ'ЄКТІВ ГОСПОДАРЮВАННЯ ЛЕГКОЇ ПРОМИСЛОВОСТІ

Денисенко М.П.¹, Селіверстова Л.С.²

¹ д.е.н., професор, професор кафедри бізнес-економіки та туризму, Київський національний університет технологій та дизайну, м. Київ, вул. Неміровича-Данченка, 2, 01011, Україна, тел.: (044)-256-21-56, e-mail: profden3@gmail.com, ORCID: <https://orcid.org/0000-0001-8767-9762>

² д.е.н., професор, професор кафедри фінансів, Київський національний торговельно-економічний університет, м. Київ, вул. Кіото, 19, 02156, Україна, тел.: (044)-544-29-31, e-mail.: DrIs252@ukr.net, ORCID: <https://orcid.org/0000-0002-2231-0558>

MODELING OF INSTITUTIONAL INFRASTRUCTURE FOR THE FORMATION OF FINANCIAL SUPPORT FOR LIGHT INDUSTRY ENTITIES

Denisenko M.¹, Seliverstova L.²

¹ Doctor of science (Economics), professor, professor of business economics and tourism department, Kyiv national university of technology and design, Kyiv, st. Nemyrovych-Danchenko, 2, 01011, Ukraine, tel.: (044)-256-21-56, e-mail.: profden3@gmail.com, ORCID: <https://orcid.org/0000-0001-8767-9762>

² Doctor of science (Economics), professor, professor of finance department, Kyiv national university of trade and economics, Kyiv, st. Kioto, 19, 02156, Ukraine, tel.: (044)-544-29-31, e-mail.: DrIs252@ukr.net, ORCID: <https://orcid.org/0000-0002-2231-0558>

Анотація. Ефективна діяльність суб'єктів господарювання є однією з найважливіших сучасних ознак ринкової економіки й основною передумовою розвитку національної економіки будь-якої країни світу, незалежно від рівня її розвитку. Сьогодні відбувається процес поступової інтеграції України в Європейський союз з його специфічними жорсткими умовами на ринку, які ставлять проблему виживання перед вітчизняними суб'єктами господарювання. Промисловість відіграє дедалі важливішу роль у створенні нових робочих місць, розвитку конкуренції та сприянні економічному зростанню країни шляхом створення значної частини національного доходу і валового суспільного продукту. Легка промисловість є складовою переробної промисловості України та багатопрофільним сектором економіки, що відіграє вагомий роль у забезпеченні економічної і стратегічної безпеки, зайнятості населення та підвищенні його життєвого рівня. Легка промисловість України за потенційними можливостями здатна задовольняти попит населення продукцією достатньо високої якості, але через нераціональну внутрішню політику, державну політику у сфері регулювання та нестачу фінансових ресурсів характеризується негативною динамікою. У статті запропоновано науково-практичні рекомендації щодо вдосконалення інституційної інфраструктури формування фінансового забезпечення суб'єктів господарювання легкої промисловості, яку розглянуто на макро-, мезо- та мікрорівні. На макрорівні запропоновано створення різних горизонтальних об'єднань підприємств під сумісні інвестиційні і виробничі проекти та пільгове оподаткування галузі; на мезорівні доцільним є застосування міжнародної сертифікації продукції та стандартизації процесів виробництва; для мікрорівня важливим є структурно-інноваційне вдосконалення виробництва та реалізація ресурсозберігаючої моделі розвитку, що сприятиме розширенню можливостей фінансового забезпечення суб'єктів господарювання галузі.

Ключові слова: інституційна інфраструктура, фінансове забезпечення, фінансові ресурси, легка промисловість, суб'єкти господарювання.

Формул: 0, рис.: 1, табл.: 0, бібл.: 10

Annotation. Effective activity of economic entities is one of the most important modern features of market economy and a basic prerequisite for the national economy development of any country in the world, regardless of its level of

development. Today there is a process of gradual integration of Ukraine into the European Union with its specific harsh market conditions, which pose a problem of survival for domestic economic entities. Industry is playing an increasingly important role in creating new jobs, developing competition and fostering the country's economic growth by generating a large portion of national income and gross domestic product. Light industry is a component of the Ukrainian manufacturing industry and the multidisciplinary sector of the economy, which plays an important role in ensuring economic and strategic security, employment and raising its standard of living. Light industry is a component of the Ukrainian manufacturing industry and the multidisciplinary sector of the economy, which plays an important role in ensuring economic and strategic security, employment and raising its standard of living. Ukraine's light industry, by its potential, is capable of meeting the demand of the population with products of sufficiently high quality, but because of irrational domestic policy, state policy in the sphere of regulation and lack of financial resources is characterized by negative dynamics. The article proposes scientific and practical recommendations for improving the institutional infrastructure for the formation of financial support for light industry entities and is considered at the macro, meso and micro levels. At the macro level, it is proposed to create various horizontal mergers of enterprises for joint investment and production projects and preferential taxation of the industry; it is advisable to use international product certification and standardization of production processes at the meso level; for the micro level, structural and innovative improvement of production and implementation of a resource-saving development model are important, as they will help to expand the possibilities of financial support for the economic entities of the industry.

Key words: *institutional infrastructure, financial support, financial resources, light industry, economic entities.*
Formulas: 0, fig.: 1, tabl.: 0, bibl.: 10

Introduction. The development of the light industry of Ukraine as a whole and the individual industry entities in particular is possible only at the expense of a constant and continuous flow of financial resources. The current economic conditions provide the independent determination of formation, mobilization forms and use of financial resources of economic entities. The rational choice of sources of financial resources and the justified determination of the optimal directions of their use is the key to the efficient use and quantitative growth of financial resources of light industry entities, which is one of the most important directions of financial policy of their development.

At the same time, the implementation of financial support for light industry entities in Ukraine occurs in the conditions of unstable economic development, which negatively affects the financial and credit sphere, lack of direct state financial support and proper management of their respective financing process through the financial infrastructure. This is what determines the urgency of addressing the institutional infrastructure improving issue for the formation of financial support for light industry entities.

Literature review. Financial infrastructure is one of the main topics considered by national and foreign leading scientists, in particular the issue of financial infrastructure has been investigated in the works of O. Vasylyk, O. Ivanitskaya, J. M. Keynes, S. Levochkin, L. Misesom, V. Mishchenko,

V. Oparin, N. Stukalo, F. Hayekom, I. Fisher, M. Friedman, V. Fedosov, O. Shkolnik, Y. Shumpeter, S. Yurii, and other researchers. However, the results of research and scientific work do not fully cover all aspects and peculiarities of financial infrastructure formation, in particular, the question of financial infrastructure formation, its constituents for light industry entities, which substantiates the feasibility of further research in current areas of financial infrastructure sphere.

Aims. The aim of the article is to determine the nature and characteristics of the main financial infrastructure components for light industry entities.

Results. Any business entity must be tailored to the environment in which it operates. In the process of developing light industry businesses, the level of adaptation is influenced by the selection of best practices that help to achieve a dynamic balance with the environment. There are two different types of adaptation of an entity to the environment: the first type is related to changes in the entity's structure and functions; the second type of adaptation relies on changes in behavior without changes in the subject's structure [1].

Creating an entity begins with fixing and reproducing an already existing institutional matrix. This matrix contains formal and informal frameworks and institutions that must be matched by the scale and nature of the entity's business. Creating an entity in a

certain aspect can be considered as a transformation "from external to internal" [1]. The entity and the environment in which it operates are only responsive to one another, retaining their special nature. Their interaction and interdependence is, in essence, a process of asymmetric exchange in which institutions and structures act as the leading side [2].

The financial policy of light industry entities, which is focused on ensuring their development, is formed taking into account [3]: state policy in the field of financial support for light industry entities; infrastructure financial support; opportunities for expanding self-financing.

Institutional infrastructure of financial support for light industry entities is designed to create and implement effective mechanisms for creating an optimal system of access to financial resources, sources of their formation, opportunities to obtain them in the required amount and at the right time for the needs of functioning and development, and also in regulating their relationship with financial infrastructure institutions on mutually beneficial and acceptable terms. The most significant feature of this category is its role in creating general prerequisites for the reproduction process and general development conditions [4].

Forming and properly distributing the financial support of light industry entities, while implementing the main provisions of the financial strategy and policies for their development, allows a developed institutional environment to function.

Institutional infrastructure is predominantly formal institutional constraints that determine possible organizational forms and options for economic interactions in particular economy areas and sectors. It is the institutional infrastructure that determines the specific rules and mechanisms of economic interaction, taking into account industry and other features of economic activity [5].

Institutional financial infrastructure is a collection of financial institutions operating in the financial services markets, performing the functions of mobilizing, moving and investing resources. These institutions form the

domestic economy financial sector and have a direct and indirect interest in ensuring the rational and efficient use of financial resources. But there is another problem - aligning the financial institutions' own interests with those of the owners of these resources: although they are largely the same (each entity wants to maximize profits), controversy may still arise. Taking into account such specificity of financial institutions, their activity is obligatory regulated by the state in the person of regulatory bodies and the central bank [6].

The business entity's institutional environment is an orderly system of institutional system elements that have binding rules, criteria, and prescriptions for the entity, and therefore directly or indirectly limit the field of available rational choice alternatives.

We believe that the support of the institutional infrastructure for the development of light industry entities is carried out at the macro, meso and micro levels, and therefore the priority tasks of such support should be considered at these levels. At the same time, it is advisable to divide the institutional infrastructure entities into external (state and sectoral level) and internal (entity level). The components of the institutional financial infrastructure and its instruments are shown in Pic. 1.

The state is interested in the light industry entities being deeply modernized, in order to innovate and develop their human resources. Support of businesses development may be in the following areas:

1. Improvement of state financial support for the development of light industry
2. Improvement of opportunities for financing the development of light industry entities at the expense of the financial resources of financial and credit institutions.
3. Expansion of opportunities for financing the development of light industry entities at their own expense.

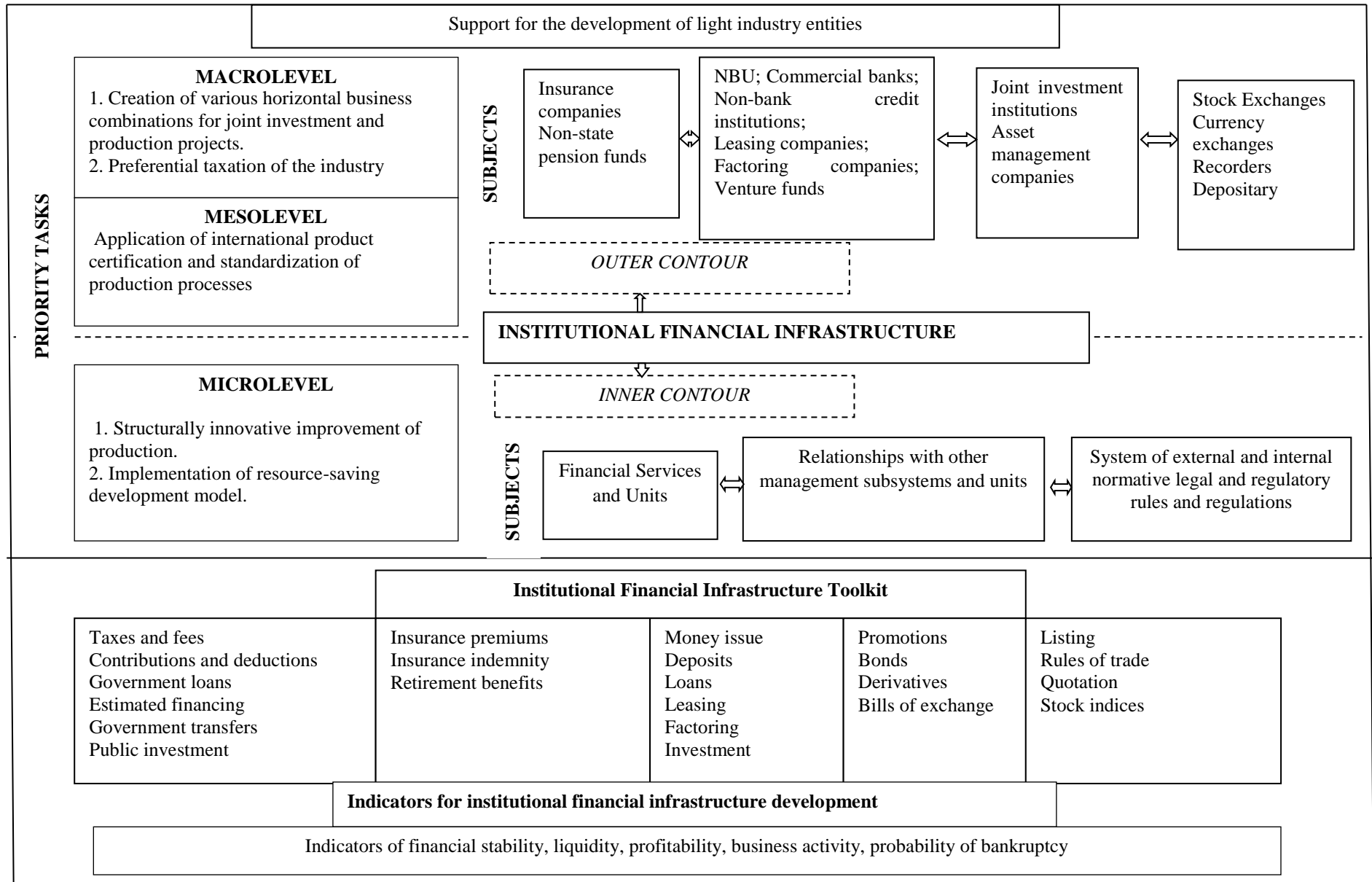


Fig. 1. Components of institutional financial infrastructure and its instruments

Source: created by the authors

Therefore, the priority tasks of state support in improving the institutional environment of the financial infrastructure of light industry entities should be:

1. At the macro level, it must be the creation of various horizontal mergers of enterprises for joint investment and production projects and industry preferential taxation.

According to the Economic Code of Ukraine, associations of enterprises are called economic ones, created to coordinate their production, scientific and other activities in order to solve common economic and social problems [7]. The benefits of combining businesses into a single structure include the following:

- variability of structural restructuring and establishment of industrial and technological links, which, through coordination and coherence of activities between all branches of management networks within the association, help to attract financial resources for the development of business entities;

- joint lobbying of common interests;

- transfer of capital from less promising types of economic activity to more promising ones; that ensures the implementation of complex economic projects (in case the company does not have sufficient financial resources, it is possible to obtain credit from partners on favorable terms or attract investments);

- interconnected development of science and technology, which promotes the integrated use of raw materials and energy resources, especially in the case of association with a design or research organization [9].

An argument for enterprise integration is the example of well-functioning associations such as Mitsubishi, Mitsui, Sutimoto, Hyundai, Samsung, Deu and others. These enterprises provide a significant volume of production and sales of products both in the territory of the country and abroad, increasing its share of export in the world market.

Nowadays, the Government of Ukraine plans to start new businesses and increase the average wage of industry workers by 30%. One step in this direction is the adoption of a package consisting of 35 bills that will help

protect the light industry and access resources. In addition, the country introduced a two-year installment payment for VAT on the import of equipment [10].

It is important to note that Ukraine is obliged to adapt the system of state support (assistance) of economic entities in accordance with the system of state aid monitoring and control at the request of Ukraine to fulfill its obligations under the Association Agreement signed in 2014. Integration into the EU compels international standards on state support for business.

State support policies should be limited to ensuring that conditions are conducive to the ongoing development of business entities. Therefore, in determining its essence we should proceed from the following:

- financial support is a component of state regulation;

- support of business entities is beneficial not only to the business entities themselves, but to the entire economy and the state as a whole.

State aid is, actually, an effect on competition and trade in the form of subsidies, tax breaks and other forms of government concessions for the benefit of certain enterprises, and may therefore have an adverse effect on other entities. However, as far as support is concerned, in every country (including all EU and WTO countries), economic support is supported to a greater or lesser extent (such as support of industrial sectors, certain firms, regional development, innovation, investment, trade, small business), as well as key industries such as light industry, defense industry, transport, agricultural sector) by introducing various instruments, including subsidies, tax breaks and other measures that have less direct impact.

Thus, the prerequisites for the financial support of the activities of light industry enterprises, as the basis for their effective development, are laid down by state policy, which provides the regulation of organizational principles related to the creation, registration, choice of the taxation system by an entity, etc. Appropriate measures of the state are aimed at the

development of light industry and determine the possibilities, structure, terms and forms of external and internal sources of financial resources of economic entities use. Existing problems of practical implementation of financial support require reforms that should be aimed at developing support of light industry entities by financial infrastructure entities. The important steps in this direction are:

- budget financing of research, development and research works, development of new technologies;
- introduction of centralized planning in the industry, which will help to calculate the required quantity of manufactured products for the needs of the economic entities of industry and the partner companies, which will help to reduce the filling of the domestic market with imported goods and increase the number of goods of light industry of own production;
- development of a coherent government policy towards consolidation of the state budget funds, economic entities' own funds, as well as loans and attracted investments;
- lower prices for raw materials and energy for light industry entities, which will reduce the cost of production and reduce the imbalance between commodity prices and purchasing power of the population;
- simplification of customs procedures for economic entities subject to giving schemes and export of products;
- the allocation of targeted financing for the industry, which will reduce the volume of work under tolling schemes.

On the meso level, the priority, in our opinion, is to apply international product certification and standardization of production processes.

Standardization is the organizational and technical basis of economic, scientific and technical cooperation between countries, an effective means of expanding ties in international markets and eliminating technical barriers to international trade. Strengthening scientific, technical and economic ties draws attention to the standardization of all developed countries and developing countries, as well as technical,

economic, international, regional and national organizations, firms and enterprises. This is a consequence of the objective need for standardization in the management of economic and production processes.

This will allow light industry entities to increase business activity, increase their share in aggregate and regional GDP, increase employment and productivity of the active population, and promote industry development.

At the micro level, the priorities are:

1. Structurally-innovative improvement of production.

Structurally-innovative improvement of production should be carried out by:

- realizing the competitive advantages of individual industries whose products are in high demand, applying international quality standards;
- accumulation and further use in the production of scientific, technological, resource and intellectual potential.

2. Implementation of resource-saving development model.

An important area of development of light industry in Ukraine is the introduction of innovative processes in its activity, which allow the industry to be low-tech production, that is, resource-saving, which will allow to produce competitive products of high quality at a relatively low price. Businesses in the production of fabrics, clothing and footwear must constantly expand and update their range, ensuring high quality products, focusing on the needs of consumers of different ages and fashion trends of Ukraine and the world.

The current economic situation of the Ukrainian economic system determines not only the expediency, but also the necessity of its movement to resource saving, to the type of production, which requires increasing the efficiency of use of all without exception types of resources: material, energy, technical and technological, financial, information, labor, intellectual. The resource-saving model of light industry development will allow the economic entities of the industry to reach an equal forecasted state, increase their market potential, and attract real credit investors.

Such a model becomes one of the key factors for market success, which is a major competitive advantage in the system of finding new opportunities for developing the financial capabilities of light industry entities.

The financial policy implementation of light industry entities development depends directly on the support of the financial infrastructure. The subjects of financial infrastructure of the light industry include: banking system (National Bank of Ukraine and commercial banks), non-bank credit institutions, leasing and factoring companies, venture capital funds.

The securities market is extremely important for the formation of business entities' capital. The priority of the securities market is to provide the conditions for attracting investments by companies, access of economic entities to cheaper capital compared to other sources, as well as attracting and redistributing capital in those sectors of the economy, where this is necessary from the point of view of economic feasibility. Co-investment institutions are important investors of business entities, since their sole activity is to invest in various sectors of the economy in order to generate and distribute profits among investors [10]. In Ukraine, at the legislative level, there are two types of joint investment institutions, which, depending on the order of creation and operation, are divided into corporate investment funds and mutual funds. A significant role in the activity of joint venture institutions is played by the asset management company of the joint venture institutions, since the KUA ICI is a legislator with the function of managing the assets of investment funds.

Audit and information consulting firms, appraisers, actuaries are service organizations in the institutional infrastructure of financial support for light industry entities.

Infrastructural institutes and service organizations promote the cooperation of light industry entities with other components of the infrastructure, form a system of economic relations and have a direct impact on the activity of the support infrastructure of light industry entities (clusters, business

incubators, network structures, etc.). Modeling the possibilities of financial support for the light industry entities development at the expense of the financial resources of financial and credit institutions requires:

1) improvement of organizational and coordination activities of regional authorities aimed at increasing the volume and improving the efficiency of bank lending to the development of light industry entities (a large part of which are small and medium-sized enterprises). Thus, regional guarantee funds can be created on loans (with parity financing of funds from local budgets, financial and credit sector entities, business associations, trade entities), with the aim of diversifying risks when attracting large investment projects of sponsoring firms (guarantor firms) with motivation to generate income from the project implementation or business expansion, to create a system with the formation of delivery or sales channels;

2) enhancement of the investment attractiveness of the region territories, which will enable to attract investors;

3) improving the institutional environment by accumulating investment and coordinating integration processes, including the creation of investment parks;

4) intensification of insurance institutions participation in providing access of light industry entities to financial and credit resources. One of the mechanisms in this direction in the developed countries of the world is the creation of insurance guarantee funds in the form of non-profit state or communal organizations.

Of course, state and infrastructure financial support for light industry is crucial and provides opportunities to create conditions for the development of economic entities of the industry, but the measures they have implemented must find adequate implementation and continuation directly at the level of economic entities. Moreover, business entities also have some arsenal of tools for their development.

Important in this direction is the creation (or ordering) of an internal corporate institutional infrastructure for financial management, which consists of financial

services and units, relationships between them and other management subsystems and structural units, systems of external and internal normative legal, regulatory and methodological regulations and rules of behavior. Its "strengths" are: financial and human resources, ability to cooperate with financial institutions, clients, suppliers, manufacturers, intermediaries, providers of marketing, logistics, outsourcing services, quality of financial and investment activity, quality of marketing activity and strategic decisions. The activity of such internal infrastructure within the financial support of light industry entities determines the sources of financial resources and their distribution within the enterprise.

The development-oriented activities of a lightweight business entity's in-house financial infrastructure may include actions such as an analysis of the potential adverse financial consequences of the marketing development, commercial subsystems of the entities regarding the condition and changes in profitability, financial soundness and liquidity; studying the securities market regarding the attractiveness state of economic entities securities to attract financial assets and investments for the development of economic entities, as well as the protection of shares from unauthorized seizure and control over the assets of the economic entity; evaluation of investment projects on similar parameters; study of commercial and business offers, etc.

An important feature of the financial infrastructure of light industry at the present stage should be the creation of wholesale distribution networks, which will increase the volume of exports of clothing, footwear, textiles.

Extension of financial support capabilities of light industry entities in the context of improving institutional infrastructure is carried out at mark and level, taking into account the state financial and infrastructural support and capabilities of micro-level inter-company infrastructure.

Conclusion. Thus, the given scientific and practical recommendations for modeling the institutional infrastructure of light industry

entities are to justify the need to create various horizontal associations of enterprises for joint investment and production projects and preferential taxation of the industry - at the macro level; the application of international product certification and standardization of production processes - at the meso level; structural and innovative improvement of production and implementation of the resource-saving model of development - at the micro level, will help to strengthen the role of the infrastructure component in ensuring the financing of light industry entities.

References:

1. Yaremenko, O. L. and Pankratova, O. M. (2008), *Business Development Management: monograph*. National Ukr. Acad. Kh.: View of NUA. 500 p.
2. Denysenko, M. P. (2013), Strategy of economic development of Ukraine: investment-innovative aspect. *Effective Economy*, retrieved from : <http://www.economy.nayka.com.ua/>.
3. Hodgson, D. (2003), *Economic theory and institutions : A manifesto of modern institutional economic theory*. Moscow : Case, 2003. 464 p.
4. Blank I. O. (2011), *Financial support of business development : a monograph*. Kyiv : KNTEU. 2011. 343 pp.
5. Volchik, V. V. (2009), The hierarchy of institutions within the economic order. *Terra Economicus*. Vol. 7, №2. P. 65-73.
6. Fedosov, V. M. (2020), *Theory of finance. Components of financial infrastructure*, retrieved from : <https://westudents.com.ua/glavny/100516-14-skladov-fnansovo-nfrastrukturi>.
7. Economic Code of Ukraine, retrieved from : <http://zakon3.rada.gov.ua/laws/show/436-15>.
8. Adamenko, I. P., Seliverstova, L. S. (2018), Features of development of the financial market of Ukraine. *Investments: Practice and Experience*, 2018. №9. P.13-17
9. Bondarenko, Yu. G. (2020), *Business integration as a mechanism for increasing the efficiency of investment activities in the region*, retrieved from : <http://ena.lp.edu.ua:8080/xmlui/handle/ntb/31543>.
10. Seliverstova L. S, Parkhatska O. M. (2018), The mechanism of financial policy making to ensure the effective development of business entities. *Determinants of socio-economic development of Ukraine in the context of transformational shifts: a collective monograph / by General. ed. Ph.D. of sciences, prof. VP Ilchuk*. Chernihiv: National Technical University, 2018, pp. 111-126.

Стаття надійшла до редакції 28.01.2020 р.