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THE PRACTICE OF MINIMIZING AND ELIMINATING SHADOW ACTIVITY OF COMPANIES

ЗАХОДИ МІНІМІЗАЦІЇ ТА УСУНЕННЯ ТІНЬОВОЇ ДІЯЛЬНОСТІ ПІДПРИЄМСТВ

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Подольчак Н.Ю. Ванькович Ю.М. Заходи мінімізації та усунення тіньової діяльності підприємств. Науково-методична стаття.

В якості основи для здійснення детінізаційного процесу в Україні слід застосовувати практичний досвід, який накопичено у світовій практиці щодо детінізації економіки. Можна розподілити всі підходи, щодо систематизації принципів побудови та функціонування механізму процесу детінізації економіки, на дві групи: загальні принципи - визначають функціонування всіх систем управління; спеціальні принципи – застосовуються конкретно до процесів детінізації економіки та базуються на специфічних особливостях тіньової діяльності підприємств та притаманних їй закономірностях. На стадії реалізації вже сформованого механізму слід використовувати механізм у вигляді структурно-функціональної моделі. Зменшення частки тіньового сектора в економіці України вимагає зусиль з боку державних органів влади щодо стимулювання розвитку підприємницької діяльності.

Ключові слова: тіньова економічна діяльність, детінізація, загальні принципи детінізації, спеціальні принципи детінізації, структурно-функціональна модель

Podolchak N.Yu. Vankovich Yu.M. The practice of minimizing and eliminating shadow activity of companies. Scientific and methodical article.

As a basis for the implementation of the de-shadowing process in Ukraine, one should apply the practical experience that has been accumulated in the world practice. It is possible to divide all the approaches regarding the systematization of the principles of constructing and functioning the economy legalization mechanism into two groups: general principles - determine the functioning of all management systems; special principles - are applied specifically to the processes of the economy legalization and are based on the specific features of the enterprises shadow activity and the patterns inherent in it. At the stage of implementation of an already established mechanism, one should use the mechanism in the form of a structural-functional model. Reducing the share of the shadow sector in the Ukrainian economy requires efforts on the part of state authorities to stimulate the development of entrepreneurial activity.

Keywords: shadow economic activities, de-shadowing, general principles of de-shadowing, special principles of de-shadowing, structural-functional model

The socio-economic development of Ukraine should be carried out in conjunction with measures to unshadow the economy, ensuring the growth of the competitiveness of the legal sector. In this case, the result of the process of de-shadowing the economy will be a significant update or creation of new economic, legal, social and production systems.

As a basis for the implementation of the de-shadowing process in Ukraine, one should apply the practical experience that has been accumulated in the world practice. Obviously, the level of welfare of the population in the country is associated with a decrease in the scale of shadow activity of enterprises. Improving the well-being of the bulk of the population in Ukraine, in turn, is inextricably linked with the effective application of measures to unshadow the economy, with the development of the tangible and intangible spheres of the economic legal sector, especially in the case of overcoming crisis phenomena in the economy. So, if incentives and motives for working in the legal sector of the economy do not function in Ukraine, a competitive market infrastructure is not formed, then it will not be possible to develop effectively the material and non-material areas of activity and increase the welfare of the country's population. In addition, overcoming the systemic crisis in the Ukrainian economy is not possible without the priority formation of a mechanism for de-shadowing the Ukrainian economy.

Analysis of the recent researches and publications

Gruznov I. points out: "When constructing organizational and economic mechanisms for the main types of activities, a systematic approach and an objectively-oriented method should be applied" [1, p. 71]. At the same time, he insists "in the construction and implementation of management mechanisms the one should take into account the complexity, independence of knowledge about management, coverage of all levels of the national economy" [1, p. 33]. He further clarifies that the mechanism for managing the human activity processes is an integral part of the general science of management and should contain the following main sections - management methodology, general management theory, theory of management types [1, p. 34-35].

Also, a dictionary definition should be presented: "the economic mechanism is a set of organizational structures and specific forms of management, management methods and legal norms, through which society uses economic laws considering complex historical specifics" [2, p. 493].

It should be noted that before the formation of a mechanism for de-shadowing the economy, it is necessary to solve a number of key tasks related to determining: the extent of the economy shadow sector (since this sector of the economy cannot be completely eliminated) in terms of the optimal plan for the country's socio-economic development; the level the state authorities preparation for the implementation of a set of measures to legalize the economy; specific factors inherent in individual regions and industries that affect the formation and functioning of a particular mechanism and measures to unshadow the economy; the role of organizational and information systems in the process related to legalizing the economy.

Purpose of the article is to develop measures for minimization and elimination of enterprises shadow activities.

The main part

The process of the economy legalization is a complex one, covering all areas of public life. Therefore, the mechanism of state regulation of the process of de-shadowing the economy of Ukraine will be a coordinating, correcting, and controlling factor that guides the development of economic activity; a system of the state targeted influence on the process, covering all stages of the society economic life.

It is possible to divide all the approaches regarding the systematization of the principles of constructing and functioning the economy legalization mechanism into two groups: general principles - determine the functioning of all management systems; special principles – are applied specifically to the processes of the economy legalization and are based on the specific features of the enterprises shadow activity and the patterns inherent in it (Fig. 1).

Compliance with principles, both general and special, during the development and implementation of the Ukrainian economy legalization process, will enable creating the effective mechanism for de-shadowing the economy aimed at implementing the goals of the country socio-economic development. The regulation of the economic legalization processes cannot fundamentally differ from the integral national mechanism for regulating the economy enshrined in Ukrainian legislation. At the same time, we should note that the unity of the measures and methods used to influence processes in the country's economy does not exclude their specific combinations in measures to legalize the economy.

At the stage of implementation of an already established mechanism, one should use the mechanism in the form of a structural-functional model (Fig. 1).

The difference of the model, developed by the author, is the system logic of the organization of the economy legalization process in Ukraine. The presented model of the generalizing mechanism is designed for different management levels and includes components of local mechanisms for controlling individual processes that are performed at each level with access to the components of the generalizing management mechanism. As a result, an assessment, analysis and development of measures for the further improvement of mechanisms is carried out with the determination of their results [1, p. 130].

A detailed influence mechanism comprises the purpose, tasks, subjects, objects, methods of transformation, tools block and the one for assessing the efficiency of the object functioning (Fig. 2).

Let us consider the elements of the structure-functional model.

The subjects of regulation evaluate the object of influence. After that, goals and objectives are formed, then the most effective methods and tools are selected that allow you to realize goals and objectives and to implement them in the object. The result will be a new state of the initial relationship, which will correspond to the goal set by the subjects.

The primary principle of the process of state regulation of the Ukrainian economy legalization process is purposefulness, which implies the existence of a system of goals: economic, social, industrial, scientific and technical. This goal system should have a hierarchical structure. The process of de-shadowing the economy of Ukraine is not an end in itself, since reducing the size of the economy shadow sector is necessary as a mean of solving specific tasks facing society. But the composition and content of the goals depend on the actual conditions for the application of specific measures for legalization.

Based on these provisions, the integral goal of the Ukrainian economy legalization process state regulation mechanism was determined – minimizing the level of the shadow sector of the economy and bringing the national economy to a new level by attracting capital of the shadow sector for structural adjustment of the

economy and increasing the share of the legal sector in the material and non-material spheres providing it with competitive development, considering the need to increase the welfare of the population.

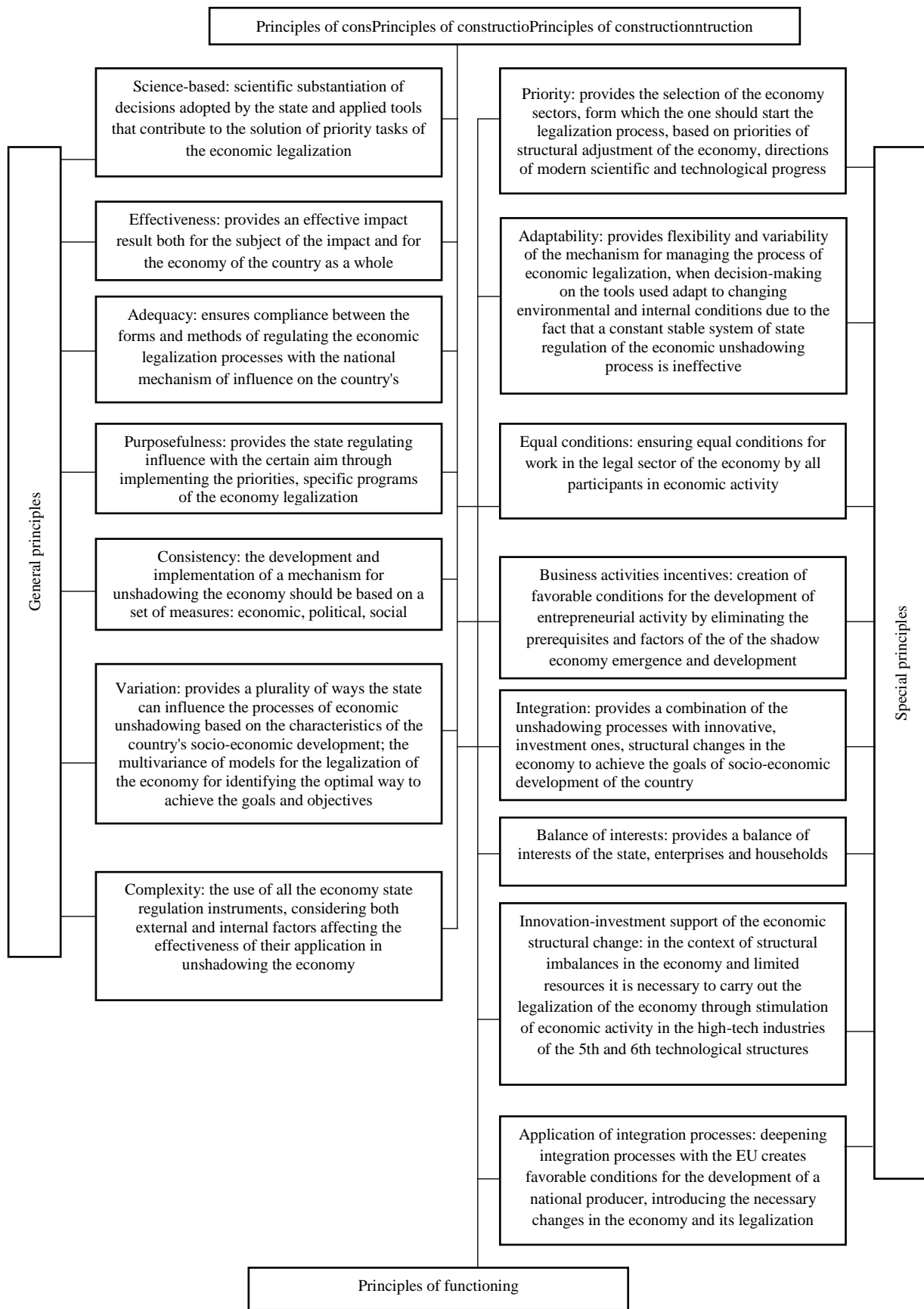


Fig. 1. Principles of construction and functioning of the economy legalization process mechanism
 Source: authors' own development

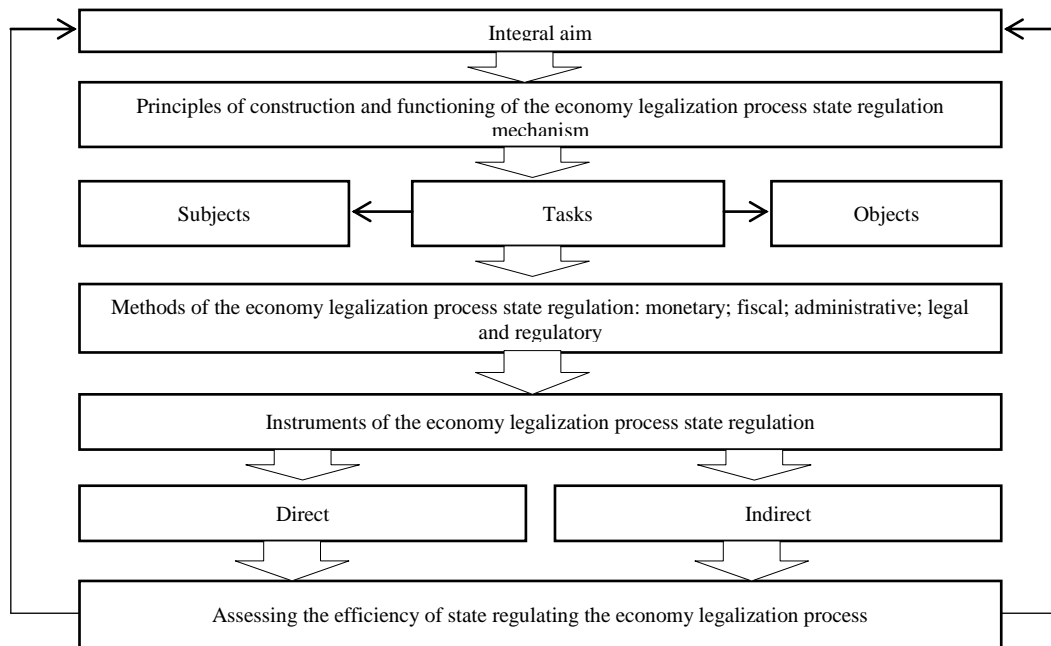


Fig. 2. Structure-functional model of the mechanism of state regulating the economy legalization process of Ukraine

Source: authors' own development

To achieve this goal, it is necessary to solve the following differentiated tasks:

- development of a state strategy for the process of de-shadowing the economy;
- substantiation of the key areas of the economy legalization process for the short, medium and long term;
- identifying priority areas of the economy structural restructuring, in which it will be possible to attract capital from the shadow sector;
- identification of priority clusters at the national and regional levels based on the priority areas of structural restructuring of the economy;
- development of a set of measures to stimulate activities in the legal sector of the economy;
- legal support of measures to unshadow the economy.

The next element of the mechanism is the subjects of state regulation of the Ukrainian economy legalization processes:

- executive branch (State Fiscal Service of Ukraine, Ministry of Infrastructure of Ukraine, Ministry for Regional Development, Construction and Public Housing and Utilities of Ukraine, Ministry of Finance of Ukraine, Ministry for Development of Economy, Trade and Agriculture of Ukraine, Ministry of Justice of Ukraine, Antimonopoly Committee of Ukraine, as well as local and municipal authorities in Ukraine);
- legislative branch (Verkhovna Rada of Ukraine, local government);
- entities targeted by measures related to the economy legalization (households, enterprises, state authorities, industry and business unions, etc.);
- other participants of the process of the Ukrainian economy legalization (the National Academy of Sciences of Ukraine and other academies, higher educational establishments).

Also, to increase the efficiency of the functioning of the economy legalization state regulation mechanism in Ukraine, it is necessary to add a new infrastructure element of government bodies to the subjects - Committee for De-shadowing the Economy of Ukraine (CDEU).

The mechanism of state regulating the legalization of the economy of Ukraine include the objects as follows:

- objects of the de-shadowing process (household sector, real sector, services sector, financial sector, state government sector);
- investment potential of the economy shadow sector;
- activities to implement measures aimed at reducing the size of the shadow sector of the economy of Ukraine;
- forms of organization of the legalization process at the level of the economy as a whole, at the level of individual regions, sectors (regulatory framework, institutional infrastructure, information support, etc.).

In the conditions of the transformational economy of Ukraine, to develop scientifically sound measures to reduce the size of the Ukrainian economy shadow sector, it is necessary to solve two main problems:

1. To determine the economic, social, political goals and a plan of economic transformations, which should be reflected in the program of socio-economic development of Ukraine.

2. To form a system of incentives for business entities, which contributed to their transition to the legal sector of the economy.

In addition, the process of de-shadowing the Ukrainian economy should be based on the cooperation of all branches of government, as well as the effective functioning of the state mechanism. The coordination of the interests of the state and economic entities is the main task of the economy legalization. The process of de-shadowing the state economy can be carried out applying direct and indirect instruments of state regulation.

A. The direct instruments of the state influence on the process of the economy legalization include:

- government programs to support promising sectors of the economy to ensure its structural adjustment;
- support for promising clusters at the national and regional levels;
- attraction of available state budget resources to stimulate priority sectors of the national economy;
- support for the development of cluster infrastructure in the framework of socio-economic programs for the development of regions;
- preferential provision of premises, equipment on lease, national patents etc. within priority clusters;
- state order for research and development in priority sectors of the 5th and 6th technical structures;
- creation of a state leasing campaign to promote high-tech products on the foreign market;
- providing an investment loan to develop innovations at preferential rates.

B. Indirect instruments of influence on the process of economic de-shadowing are the formation of a system of motives and incentives for working in the legal sector of the economy; it will be achievable with the help of a comprehensive tax, budget, structural, customs policy implemented within a set of relevant measures:

- simplification of the current tax legislation and legislation on the regulation of economic activity;
- reducing the tax burden to stimulating for the development of entrepreneurial activity level (based on the Lafer model)
- simplification of access to laws and other normative acts and comments on them on issues of regulation of economic activity and taxation;
- reforming the judiciary to ensure reliable protection of private property;
- reform of public administration and local self-government based on the experience of developed countries;
- a permanent system of effective fight against corruption;
- deregulation due to a decrease in the number of unjustified approvals and licenses;
- state assistance in promoting domestic products on the world market;
- the return of the "investment income tax benefit" for promising sectors and clusters of the Ukrainian economy;
- exemption from VAT of high-tech equipment imported to Ukraine that has no analogues in Ukraine;
- exemption from land tax of enterprises possessing high-tech and research equipment in the priority sectors of the 5th and 6th technical structures;
- introduction of tax "holidays" for industries producing final products and industries of the 5th and 6th technical structures;
- tax exemption for dividends received as a result of the implementation of investment and innovation projects in priority sectors of the economy.

Direct and indirect tools discussed above are part of the model of the economic mechanism of state regulating the process of unshadowing the Ukrainian economy. A clear definition of instruments of influence on the process of economic de-shadowing will make this mechanism more effective, taking into account the characteristics of the transformational economy of Ukraine.

The toolkit of the mechanism of state regulating the Ukrainian economy legalization process will be coordinated by the newly created infrastructure organization - the Committee on De-shadowing the Economy of Ukraine. At the same time, the exceptional complexity of developing incentives for business entities to work in the legal sector of the economy, as well as the priority areas of incentives, requires the involvement of experts and scientific organizations from countries that have been shown to be effective in the process of the economy legalization.

In particular, when choosing priority sectors, one should proceed from national interests and patterns of the economic system development. This will require the CDEU to be protected from political influence and incompetent interference. Organizations that will prepare recommendations on priority areas for de-shadowing the Ukrainian economy should be independent of the executive branch. The staff of experts should consist of highly qualified specialists, capable of both assessing the prospects for the certain industries development and the use of state economic policy instruments to incentive business entities to invest the shadow sector capital in promising industries.

The mechanism of de-shadowing the economy of Ukraine includes an assessment of the effectiveness of the economy legalization process state regulation:

- assessment of the dynamics of key macroeconomic indicators;
- assessment of employment growth in the legal sector of the economy;
- assessment of changes in income in the legal sector of the economy;

- assessment of the economic feasibility of implementing specific measures to reduce the size of the shadow sector of the economy;
- selection of measures to reduce the size of the economy shadow sector having the greatest effect;
- determination of the amount of attracted shadow sector capital in priority sectors of the economy;
- determination of the growth rate of the economy legal sector enterprises profits due to the growth of output;
- determination of the growth rate of tax revenues in the consolidated state budget;
- reduction of the components of the cycle "selection of a set of de-shadowing measures – implementation – growth of the national economy – reduction of the shadow economy".

The development of a policy of economic legalization, as the basis for the functioning of the Ukrainian economy de-shadowing process state regulation mechanism, should be carried out on a regulatory basis subordinated primarily to the formation of motives and incentives for business entities to work in the legal sector of the economy.

Thus, the formation of the mechanism of the economy legalization process state regulation in Ukraine must be carried out considering the basic conceptual provisions of the state policy on the de-shadowing the economy of Ukraine, namely:

- the policy of de-shadowing the economy of Ukraine is formed and adjusted in accordance with the socio-economic situation in the state;
- the policy of de-shadowing the Ukrainian economy should take into account the phases of the economic cycle: crisis, depression, recovery and growth;
- the policy of de-shadowing the economy of Ukraine should be aimed not only at increasing the economy and budget revenues, but also at increasing the welfare of the population;
- bodies of legislative power develop and enact legislative acts that provide state support for the economy legalization program in accordance with the state policy for the de-shadowing the economy;
- the central place in the de-shadowing policy of Ukraine should belong to the staffing of CDEU, that is, the selection, training and advanced training of its managers and employees;
- de-shadowing policy of Ukraine focuses on increasing the supply of domestic goods of the legal sector of the economy, both on the domestic and foreign markets;
- the policy of Ukraine related to the economy legalization should be coordinated with the policy of entrepreneurship development, while among the enterprises being created, special attention should be paid to establishing enterprises in priority sectors of the economy and in the fields of the 5th and 6th technological structures;
- the de-shadowing policy formed will help in solving pressing social problems (for example, filling the Pension Fund and raising pensions, protecting workers, creating new working places in the legal sector of the economy, etc.).

Reducing the share of the shadow sector in the Ukrainian economy requires efforts on the part of state authorities to stimulate the development of entrepreneurial activity, create a favorable economic climate and information environment; as well as increasing the degree of motivating influence of the state tools involved, which contribute to stimulating the development of entrepreneurial initiative on the part of business entities. It is also important that it is necessary to consider the size of the social effect of reducing the size of the economic shadow sector and its impact on the environment in the country, since work in the legal sector does not provide for violation of labor and environmental laws.

Social contradictions that arise in the implementation of measures to legalize the economy affect the interests of all social groups. In the changed economic conditions, relations between the state and economic entities will be built in a new way when solving financial and economic problems, as the corruption component will decrease.

In the creation and effective functioning of the state regulation mechanism of the Ukrainian economy de-shadowing process, it is the state that plays the main role. Along with the formation of strategies for the economy legalization and selecting priority areas, it creates conditions that will stimulate business entities to work in the legal sector of the economy in the sectors of the national economy that are priority for the state. For this, it is necessary to use effectively the instruments of influence on the economy at the disposal of the state. The role of the state in this case will be carried out not from suppressing entrepreneurial activity, but, on the contrary, in stimulating the development of entrepreneurial activity in the legal sector of the economy in its priority areas.

Conclusions

The formation of the mechanism of the Ukrainian economy legalization process state regulation must be carried out taking into account the basic conceptual provisions of the state policy on the de-shadowing the economy of Ukraine, namely: the policy of de-shadowing the economy of Ukraine is formed and adjusted in accordance with the socio-economic situation in the state; the policy of de-shadowing the Ukrainian economy should consider the phases of the economic cycle: crisis, depression, recovery and growth; the policy of the economy legalization in Ukraine should be aimed not only at the growth of the economy and budget revenues, but also at the growth of the welfare of the population; legislative authorities develop and enact legislative acts that provide state support for the economy legalization program in accordance with the state policy for de-

shadowing the economy; the central place in the de-shadowing policy of Ukraine should belong to the staffing of the CDEU, that is, the selection, training and advanced training of its managers and employees; Ukraine's policy is focused on increasing the supply of domestic goods from the legal sector of the economy, both on the domestic and foreign markets; the policy for the economy legalization in Ukraine should be coordinated with the policy for the development of entrepreneurship, while among the enterprises being created, special attention should be paid to establishing enterprises in priority sectors of the economy and sectors of the 5th and 6th technological structures; a legalization policy formed will help in solving pressing social problems (for example, filling the Pension Fund and raising pensions, protecting employees, creating new jobs in the legal sector of the economy, etc.).

Abstract

Purpose of the article is to develop measures for minimization and elimination of enterprises shadow activities. The formation of the mechanism of the Ukrainian economy legalization process state regulation must be carried out taking into account the basic conceptual provisions of the state policy on the de-shadowing the economy of Ukraine, namely: the policy of de-shadowing the economy of Ukraine is formed and adjusted in accordance with the socio-economic situation in the state; the policy of de-shadowing the Ukrainian economy should consider the phases of the economic cycle: crisis, depression, recovery and growth; the policy of the economy legalization in Ukraine should be aimed not only at the growth of the economy and budget revenues, but also at the growth of the welfare of the population; legislative authorities develop and enact legislative acts that provide state support for the economy legalization program in accordance with the state policy for de-shadowing the economy; the central place in the de-shadowing policy of Ukraine should belong to the staffing of the CDEU, that is, the selection, training and advanced training of its managers and employees; Ukraine's policy is focused on increasing the supply of domestic goods from the legal sector of the economy, both on the domestic and foreign markets; the policy for the economy legalization in Ukraine should be coordinated with the policy for the development of entrepreneurship, while among the enterprises being created, special attention should be paid to establishing enterprises in priority sectors of the economy and sectors of the 5th and 6th technological structures; a legalization policy formed will help in solving pressing social problems (for example, filling the Pension Fund and raising pensions, protecting employees, creating new jobs in the legal sector of the economy, etc.).

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