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ENTREPRENEURSHIP AS A FACTOR OF REGIONAL ECONOMIC SECURITY

Modern transformational processes taking place in Ukrainian economy attract significant scientific and practical interest to the matters of economic security both on the macroeconomic and regional level.

It is important to note that there are various conceptual approaches addressing the notion “economic security”. Russian scientist L. Abalkin proposes to view it as a set of conditions protecting a certain object (enterprise, region, state) from external and internal threats. According to another approach, economic security means a state ensuring the most efficient utilization of economic resources with the objective to mitigate existing threats and creating necessary environment for stable functioning of economic system at present and future times. As for the regional economic security, in our opinion, the most appealing is the approach viewing the economic security as a set of conditions and factors that ensure stability and possibility of sustainable development of the regional economy in the context of its integration into the economy of the country.

Indeed economic security of the region to a large extent depends on the level of governmental support and state programs of regional development.

The following areas should become key parts of the regional economic policies focused on achieving higher economic security of the region:

- Supporting better utilization of natural, productive, and labor resources of the region;
- Determining the directions of developing industrial and social infrastructure of the region;

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- Encouraging production of export and import-substituting goods and services in the region;
- Forming the basis of high technological production facilities;
- Analysis of the implications economic activities have for the environment;
- Establishing directions for development of small and medium business;
- Evaluating quantity and modernization prospects of existing jobs as well as the potential for creating new jobs.

Growing importance of the regional economic processes and transformation of market relations strengthened the role of entrepreneurship in the development of local economic complexes.

The experience of developed countries convincingly shows that in the crisis environment of transitional period development of entrepreneurship catalyzes systematic, structural, cyclical positive implications on all levels of the economic system.

Development of entrepreneurship is especially important in the countries that have significant economic potential and developed industrial infrastructure but experience long-term crisis caused by numerous transformational complications, such as not well thought out privatization, abusing monetary tools of macroeconomic management, under-development of the stock market and its infrastructure. Ukraine belongs to the group of such countries as its economy is highly dependent on heavy industry as well as continuously needing sizable capital inflows, which have been insufficient for a long time. Therefore, entrepreneurs who are most interested in generating the highest added value should focus financial resources on the most profitable types of activities that in the future would be able to pull base industries of national economy out of the crises.

In terms of industrial development, regions of Ukraine are quite diverse and entrepreneurship is important for all of them. In more industrially developed regions, it reinforces commercialization of the formerly state run large production facilities. Therefore, the main objective of entrepreneurship are:

- Expediting technical and technological reorganization of production capacities;
- Ensuring diversified growth for industries that lost its traditional markets due to low competitiveness of existing product offerings;
- Expediting of restructuring large industrial conglomerates;
- Implementing resource and energy savings policies;
- Creating new jobs for employees seeking new opportunities due to decrease in production volumes;
- Encouraging external economic activities and searching for new markets.

Many countries have laws that direct, support, or sometimes restrict entrepreneurial activities if they cause damage to the society. Every state forms its own system of legislative norms that most properly address the needs of the society. However, none of the countries has been able to get rid of the shadow and criminal pockets of the economy. Importantly, shadow economy prospers in the environ-

ment when laws do not cover all areas of economic and social relations, are unnecessarily strict, and limit entrepreneurial activities.

International experience convincingly demonstrates the importance of development of small businesses. In the local environment of limited investment and innovative resources, small businesses can play an important role in intensive utilization of industrial potential. Unlike medium and large enterprises, small businesses are intrinsically regionally focused and address the needs and abilities of the local markets. Therefore, small business should be seen as one of the most important tools of implementing structural policies of market economy in the context of supporting economic independence of the regions.

Stabilization of social and economic conditions in a region can be achieved by means of giving a priority to the development of small businesses. Small entrepreneurship consists of numerous small owners that due to its higher numbers determine economic and political profile of the region. According to its life style and social status these owners belong to the majority of the populations and are both producers and consumers of the wide spectrum of goods and services.

Small businesses create the most diverse and optimal network of enterprises that are directly connected with the mass consumer of goods and services. Small in size, mobile, and flexible in terms of technology, production, and management, small enterprises quickly react to changes in the market conditions. This often allows them to avoid unfortunate cases of financial instability and bankruptcy. Moreover, high mobility and mass character of small enterprises ensure stability of development of social-economic and ecological systems. High social efficiency of small enterprises can also be attributed to the fact that operating conditions of small businesses and their status as both active producers and consumers incentivize them to build strong relations with regular and potential clients from various social groups. And this can be achieved only by producing high-quality affordable goods and providing quality services.

Small enterprises actively facilitate solving the problems of resource supplies in a region since they utilize all types of resource in most optimal way: small businesses cannot afford to have unnecessary equipment, redundant raw materials, and underemployed staff.

In general social and economic role of entrepreneurship during the regional transformation process is to:

- support gradual formation of wide spectrum of owners who would be able to able to ensure their own well-being and adequate life style and were a basis for social and economic reforms, political stability, as well as democratic development of the society;
- ensure economic restructuring by means of attracting more people to independent activities that are in demand in the local and external markets;
- create new jobs;
- change social psychology and life objectives of population;
- form regional markets.

Strengthening entrepreneurial activities is one of the most important components of state regional policy. Nowadays, when the outcomes of systemic economic crisis are still present, entrepreneurship should play a particularly significant role in structural and systematic changes in the majority of industries. Therefore the state is obliged to create favorable environment for development of entrepreneurship as soon as possible.

Development of entrepreneurship on all of its managerial levels requires certain factors to be present. One of the tasks that need to be solved urgently is improvement of information and communication flows. Inadequate informational exchange makes choosing the directions of economic development more difficult as well as slower. It also brings about a higher probability of mistakes that is, in turn, the reason for low efficiency of modern enterprises. And this indeed undermines economic security of specific firms and of a region as a whole.

One of the potential solutions of the problems might be development and implementation of scientific approaches to organization of informational exchange for entrepreneurs. These approaches would facilitate selection of most efficient directions of strategic development of small businesses and strengthen general level of regional economic security.

Modern economic conditions demand new forms and methods of information organization as a set data about social and economic conditions that are taking place or should take place in the economy of the region. Methodological and applied aspects of information organization are among the most important but the least researched problems of entrepreneurship.

Information basis is the key factor to analyze and make managerial decisions about the prospects of entrepreneurial development in the region.

In our opinion, information basis necessary for development of entrepreneurship in the region should be understood as a system of information (economic indicators, data, news, etc.) that reflects various economic aspects of entrepreneurial activities and is being formed by the regional state and self-governmental authorities with the objective of managing processes of developing entrepreneurship in the region.

Information basis necessary for efficient management of regional development should contain information about:

- supporting of developing transportation system;
- developing industrial and social infrastructure;
- servicing export and import operations and transit activities;
- more efficient utilization of natural resources, production capacities, and scientific potential;
- using local natural, industrial, and labor resources;
- producing of export of import-substituting goods and services;
- ensuring structural changes in regional economy;
- building highly technological production capacities;
- reorganizing existing production capacities;

- reconstruction of industrial potential;
- preserving and modernizing existing as well as creating new jobs;
- creating preferential conditions for those types of economic activities that develop because of small and medium businesses;
- developing environmentally-friendly production capacities;
- reducing ecological pressures due to economic activities.

Types of information listed about should be used in a differentiated manner and taking into account character of the region, availability of territories of prioritized development and special economic zones.

Providing entrepreneurs with better information about the state and strategy of regional development will become an important factor contributing to a more active development of the region and will positively influence economic security of the region.

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Abstract

Działalność przedsiębiorcza jako czynnik ekonomicznego bezpieczeństwa regionu

W artykule omówiono rolę tworzenia i rozwoju biznesu na poziomie regionalnym. Uzasadniono pozytywne skutki takiej działalności w formacji bezpieczeństwa gospodarczego regionu oraz zaproponowano kryteria udzielania informacji dla struktur biznesowych dotyczących priorytetów rozwoju polityki regionalnej.

Entrepreneurship as a factor of regional economic security

The article analyzes the development of entrepreneurial activities on the regional level and illustrates the positive impact of such activities on forming economic security of the region. The article suggests some organizational criteria for providing entrepreneurs with information concerning the existing priorities in regional development.

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