Inclusive Entrepreneurship Infrastructure Development Special Aspects in Ukraine

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Abstract

The purpose of the scientific article was to formulate a model for the infrastructure development for inclusive entrepreneurship in Ukraine. For this purpose, the approaches of domestic scientists and practitioners concerning typology and identification of the main features and functions of inclusive entrepreneurship are generalized. It has been determined that inclusive development of entrepreneurship in contemporary conditions is considered as a policy for ensuring the possibility of starting their own business or self-employment for all groups of the population. The world experience of the inclusive entrepreneurship formation and development is generalized and the main factors hindering the activation of inclusive entrepreneurship in Ukraine at micro and macro levels are revealed. The funding sources structuring for inclusive entrepreneurship development at the territorial level was carried out. European models adaptation development problem of inclusive entrepreneurship in Ukraine for various social groups of the population is explored. Certain proposals for the implementation of vectors development inclusive enterprise, architectural, construction, financial, economic and social are formulated. Practical recommendations are developed, which will promote the development of inclusive business systems and improve the access of society all members to economic benefits, through the establishment of their own business or employment.

Keywords: business model, development, inclusive entrepreneurship, infrastructure, inclusion

1. Introduction

International human rights standards are based on the idea of everyone participation in public life on an equal and non-discriminatory basis. The spread of inclusive entrepreneurship in Ukraine, that is, the conduct of business with people with disabilities is not only a reflection of time and an actual vector of economic development in European countries. The inclusive vector of entrepreneurship development in Ukraine is an effective step towards ensuring the full realization of human rights with special needs.

The generalization of the views on the problem of the inclusive entrepreneurship development in Ukraine and the EU states suggests that ensuring the well-being of people with disabilities is central to the most sates regional, national and international economic policy. Education, infrastructure, ethics, investment, employment and social protection have become the main factors behind the creation of a new economic policy for the development of inclusive entrepreneurship.

Inclusive entrepreneurship makes it possible to fully realize regions and countries productive forces social and economic potential on the basis of all strata of the population employment. Inclusive development was explored by a number of foreign scholars in their papers. Among them are D. Asmaglow, D. Robinson, E. Rainett, S. Golander, R. Boling, S. Bedos, E. Duflo. The study of the inclusive economic growth influence on the social and economic development of Ukraine was also dealt with domestic researcher’s works, in particular T. Zatonak, S. Kozhemyakin, I. Taranenko, A. Bazlyuk, Y. Barva. New approaches consideration to the inclusive entrepreneurship development that is used in the world is important for Ukraine, since the social aspect small and medium-sized businesses development in domestic practice is not sufficiently investigated. The weakness of certain territories internal potential, the lack of proper infrastructure and incentives for the inclusive enterprise development creates tight barriers to their economic growth. Therefore, the search for optimal business models for inclusive entrepreneurship development in Ukraine, based on the all existing factors mobilization for existing infrastructure development and improvement, is relevant and gives possibility to formulate the study purpose.

2. Research Problem

The economic essence concept "inclusiveness" is most fully disclosed in the works of modern economists - Dzh.Robinson and R.Hahn: inclusive is involvement in the process of all, without distinctions and restrictions [5, 12]. According to the Ukrainian scholars A. Basiluk and I. Taranenko, inclusion is to adapt the system and institutions to human needs [1, 15, 16]. European countries inclusive development main concepts idea is that each economic entity is important, unique, valuable to society and has the capacity to meet its needs [3, 10]. Consequently, in the generalized sense, inclusive is the latest contemporary development interpretation and the essence is the need to increase all strata of the population involvement in development problems solving.
Inclusive development achievement is a key task that is focus for governments of many countries, as a high level of inequality negatively affects welfare and economic growth. So, in the UN report "Ensuring Sustainable Human Progress: Reducing Vulnerability and Building Resilience" for 2015, it is noted that 2.2 billion people in the world are living below or below the poverty line [9]. According to World Bank estimates, by 2015, 12% of the world's population lived in poverty; almost 1 billion people live less than $1.25 a day.

Thus, with the economic development dominant model, inequality is increasing, absolute poverty is not reduced (with the exception of China), a significant proportion of the population does not improve welfare, especially people with disabilities. Research also suggests that deep inequalities represent a threat not only to innovative development of the economy, but also to market democracy, public trust and free circulation of capital [12].

The last few years the world manifest the need for a more socially inclusive approach to generating economic growth. The World Economic Forum calculates a composite index that ranked countries based on a composite indicator, the Inclusive Development Index (IDI). This new global index has a more comprehensive content of economic development relative state compared to generally accepted GDP per capita ratings.

Countries such as Cambodia, the Czech Republic, New Zealand, South Korea and Vietnam have obtained much better estimate based on the IDI index than based on GDP per capita. This suggests that they have shown a good result in terms of creating processes that make their growth more inclusive. 52 of the IDI-rated 105 countries recorded a decline in inclusive development over the past 5 years, indicating that public opinion is justified by the inability of politicians to transform economic development into social progress.

In 42% of IDI countries, even though GDP per capita has increased, it has declined. Property inequality is the main culprit for reducing IDI y in more than 75% of global markets.

Ukraine ranks 47th in the IDI rating, which is significantly lower than it was 5 years ago. Long-lasting hostilities in the eastern part of the country erase the effect of existing progress, as they adversely affect the poorest strata of the population and encourage talented people to leave the country to search better opportunities.

Ukraine has one of the highest indicators of inequality of well-being among all developing countries (According to the World Bank, Ukraine is a member of developing countries group). Today, only the Ukrainian educational system supports inclusive growth, with a rather high level of opportunities for students from different socio-economic levels. Compared to other countries in the "developing countries", modern changes in the health care system and unemployment assistance help Ukraine to be the first in its income group on the level of social protection. World Bank experts put forward a number of priorities for inclusive growth of the economy, which should include improving training and retraining opportunities, reducing the administrative and tax burden when creating a new business, expanding funding for entrepreneurs, and stepping up the fight against corruption.

The social and demographic crisis in Ukraine is considered to be main challenges to the state national security in the humanitarian and social sphere. Over the past decades, Ukrainians mass migration abroad has taken place in order to find work, and highly qualified specialists and scientists are leaving. In addition, there is a constant loss of human capital, mainly young, able-bodied population, as a result of hostilities in the eastern part of the country. These factors significantly affect state economic, scientific, labor and intellectual potential [13]. According to the Ministry of Social Policy in Ukraine, there are 2.8 million citizens with disabilities, including retirement age. And only 37% of working-age people are officially employed; pensioners for January 1, 2017 amounted to 12.3 million people.

Gross Domestic Product (GDP) (2016) amounted to 91.66 billion dollars. US at current prices, or $ 2080 Per capita (according to United Nations standards, it is established that the population living at the level of $ 5 per day is below the poverty line, our country has about 80% of the population); the unemployment rate according to the methodology of the International Labor Organization (average in 2016) was 7.5% at the age of 15-70 years, and at the beginning of 2016 it was 9%, while the unemployment rate among young people under 25 years grew by almost 23%.

In Ukraine, poor people are officially considered to be people with a profit below 75% of the average subsistence level, therefore, according to statistics, there are more than 11 million people in our country, or 28% of the total population. According to official figures, the number of employed people in Ukraine in 2016 amounted to 16.5 million people, and the number of unemployed people was 1.638 million. The rural population, which in 2016 amounted to 13.2 million people, is a significant segment for implementing inclusive development policy necessity and inclusive innovations implementation [17].

It is necessary to state that in Ukraine there is no proper system for accounting: children with physical and / or mental disabilities and children with disabilities in health terms. According to the State Statistics Service, in 2016 there were 151.1 thousand children with disabilities in Ukraine. However, according to UN experts, children quantity with physical and / or mental disabilities is much higher.

In the current conditions in Ukraine, the development of inclusive entrepreneurship is extremely relevant. However, inclusive entrepreneurship in Ukraine is not yet massive, and doing business is risky more than 70% newly-created enterprises are bankrupt during the first year of activity [14]. Foreign experience analysis in the integrated and inclusive development entrepreneurship implementation proves that the leading role in this process belongs to the state, while the state's policy regarding persons with disabilities is based on equal rights and special rights guarantees to ensure their life [2]. Given the state in the development of inclusive entrepreneurship role exceptional importance, it should be emphasized that the macro-level barriers are of the highest importance. Building an effective system for the inclusive entrepreneurship development in Ukraine is possible due to various factors interaction, first of all administrative and office buildings ensuring accessibility, transport and pedestrian mobility, people with disabilities, increasing financial and grant support for innovative and creative business ideas. In our opinion, the most significant macro-, meso- and micro-level, capable to intensify inclusive entrepreneurship development are as follows (Fig. 1).

An important issue in the inclusive business implementation is economic institutions development promoting employment and encouraging existing businesses to employ people with disabilities. Inclusive institutions contribute to institutional environment development for science education mandatory participation, business and government, public institutions and international organizations able to generate inclusive business ideas and influence and form the legal framework that governs the contractual architectural, construction, transport, communication and social and economic entrepreneurial activity conditions.

Inclusive business current policy development and implementation important aspect for appropriate infrastructure availability in Ukraine is inclusive business models selection and formation of (Eng. Inclusive business model) - scheme of doing business, which includes people with disabilities as consumers, customers, employees, producers and entrepreneurs at all stages of the value added chain, providing mutually beneficial development for all its participants [4, 7]. Among the benefits of inclusive business models:

- For business is individual, creative and innovative approaches in business management development and markets expansion;
For people with disabilities increasing productivity, sustainable income, expanding opportunities, promoting life high quality standards. It is obvious that inclusive business development is the strategic partnership that helps accelerate local economy productivity growth by encouraging investment in new and existing businesses with high potential and creating conditions for inclusive economy development.

Inclusive entrepreneurship development in Ukraine should be directed towards the greatest goods amount production and maximum work relief through enterprises and the region as a whole competitiveness benefits. It may be possible in terms of local small and medium enterprises that beat their competitors from other regions (sales, exports, productivity, income) and the source is the local business environment. Business support development European experience, including its inclusive vector based on the European Charter for small businesses, implementing the principles declared by the Association Agreement between Ukraine and the EU.

The European approach small and medium-sized businesses promotion, including its inclusive vector, is to create favorable conditions for its functioning. At the pan-European level, the framework program "Competitiveness and Innovation" (CIP, 2007-2013) was adopted. This program is intended to promote the small and medium-sized enterprises innovative development, provide broad access to financial resources and business support services. Program total budget amounted to 3621 million euros. Its successor was the Program for Competitiveness of Enterprises and SMEs (COSME) 2014-2020. One of the CIP components is the Entrepreneurship and Innovation Program (EIP), which aims to support innovation and Star-Up funding, especially those that promote the development of inclusive education and entrepreneurship infrastructure [3].

European programs cost is not comparable to Ukrainian capabilities, but not so much programs scale is important, but the available infrastructure for their implementation and mechanisms for its improvement. Newly industrialized countries experience (South Korea, Chile, Mexico, and Israel), which managed to achieve significant advance in inclusive entrepreneurship economic development and entrepreneurial activity stimulation, suggests that EU principles and instruments are acceptable and can be applied under very limited resources.

Among the world's most effective practices in stimulating entrepreneurial activity, one should note the USA positive experience in solving access small and medium-sized businesses problem financial resources, like Small Business Investment Companies (SBIC). The main aspect of this mechanism is that the SBIC program does not obtain funding from the US state budget for business development at all. The risks of the state regarding possible loss of money are offset by a special insurance fund SBA (Small Business Administration).

The structures and infrastructure to support inclusive entrepreneurship in Ukraine are also much less integrated than the corresponding western structures, and it can be applied to both bilateral and multilateral ties. In addition, Ukrainian business support infrastructures are poorly involved with international networks due to lack of relevant information.

The implementation of regional and local programs to support inclusive entrepreneurship in Ukraine and the provision of business infrastructure development should be based on the transition to a systematic and balanced planning based on a project-based approach. The project approach involves the cooperation of executive authorities territorial subdivisions representative offices, local governments, business and the public to avoid duplication or excessive attention to certain problems and trends of inclusive growth.

Based on domestic and foreign scientists scientific works analysis, it is possible to identify inclusive entrepreneurship infrastructure development six main models in Ukraine.

1. Financial and grant support for inclusive entrepreneurship model.

The essence of this model is in the fact that the development of infrastructure is aimed at providing the inclusive financial services company target audience, necessary for the successful start and development of its own business.

Model realization advantages:
- providing legal, financial and administrative advisory support to entrepreneurs who intend to work in the field of inclusive business, create conditions for gender equality in access to financial resources and markets for the sale of goods and services;
- improve the access of people with low credit worthiness to financial resources for business development through the introduction of new specialized programs and / or quotas and preferences in existing models of business financing in Ukraine;
- initiate and stimulate the creation of financial and credit products for business entities that produce goods or provide services in economic activities with the work of people with disabilities.

2. Employment model (work on integration)

The essence of this model is in the fact that infrastructure development is carried out through the mechanism of public-private partnership in order to provide employment and training of people with disabilities [7, 15]. Enterprises carry out employment or conduct training for those who wish to obtain a profession that does not require high qualification and there is demand in the market. But this model is only possible for use at enterprises that have reached the stage of sustainable development and are able to support their business on their own.

Model realization advantages:
- promotion people integration with disabilities into employment at enterprises for inclusive economic growth among private investors and the general public;
- innovative business approaches development and introduction of start-up ideas is based on the use people with disabilities creative potential;
- ensuring a gender balance at enterprises through quota and clear sanctions for non-compliance with quotas.

The introduction of the small and medium-sized enterprises practice into inclusive entrepreneurship infrastructure development model is one of the most important aspects.
### 3. Subsidy model

The essence of this model is in the fact that infrastructure development is carried out through the mechanism of subsidizing small and medium-sized businesses that attract people with disabilities to work and create conditions for inclusive business development. Subsidization is mainly carried out at the expense of local budgets and offsets the total production and administrative costs associated with the work of a worker with disabilities [6].

Model realization advantages:
- socially vulnerable sections active population involvement in work and other inclusive business models usage;
- new activities launch stimulation, the search for new technologies, business ideas and innovative approaches in the inclusive entrepreneurship field.

### 4. Model “service charge”

The essence of this model is that the development of the infrastructure is carried out by creating new or improving the work of existing enterprises, which are created on the initiative of public organizations (associations of citizens) or cooperatives involving people with disabilities to employment. These enterprises operate in the service sector. [9]. The infrastructure development model for inclusive entrepreneurship is one of the most common in Ukraine. In this case, the products or services offered must be competitive in the market. This will enable the generation of sufficient financial resources not only to ensure...
the survival of the enterprise, but also to cover the costs associated with providing the target audience with these goods for free or at a reduced price. Some domestic scientists consider [11] that enterprises belonging to this model are best adapted to Ukrainian realities. They are the most innovative, creative and flexible. Moreover, they usually do not require significant resources to set up.

Model realization advantages:
- to stimulate the creation of business entities in the field of impact assessment and inclusive entrepreneurship monitoring activities on the region economic development;
- the ability to increase the welfare of its employees and customers, increasing their market share and activities profitability.

5. Organizational support and development of public institutions model

The essence of this model is in the fact that infrastructure development is mainly carried out by non-governmental organizations, associations, individual entrepreneurs or companies seeking financial independence and autonomy. They use the work of volunteers, and their field of activity may range from production to service provision [12, 16].

Model realization advantages:
- inclusive businesses involvement in the inclusive business sector of the population which have fallen into difficult living conditions, internally displaced persons, single and elderly people, rural population;
- inclusive business new enterprises creation of in the field of green energy and ecological services, tourism, inclusive construction, waste treatment and reuse of materials, social services various types provisions;
- associations, unions and business associations creation;
- conducting social advertising campaigns for the inclusive business positive image formation, spreading the success stories of entrepreneurs in the business sector.

Table 1: Potential projects for the inclusive entrepreneurship infrastructure development and their financing sources analysis at the local level

<table>
<thead>
<tr>
<th>Infrastructure development vectors</th>
<th>Development projects</th>
<th>City budget</th>
<th>Financial resources of business</th>
<th>Regional budget</th>
<th>Foreign investors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Creation of construction objects for business, forums, exhibitions, presentations, conditions of free movement in public places</td>
<td>25 20 15 0 25 15</td>
<td>Funds for international technical assistance and grants</td>
<td>State and regional development funds</td>
<td></td>
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<tr>
<td></td>
<td>Logistics infrastructure improvement</td>
<td>25 45 5 0 25 0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Availability of architectural and construction objects</td>
<td>Accessibility of business environment objects and territories coverage communications communications</td>
<td>10 60 0 20 10 0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Equality of movement and transport mobility</td>
<td>The program of financial support and insurance of business risks</td>
<td>10 60 10 10 10 0</td>
<td></td>
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<tr>
<td>Social Vector</td>
<td>Establishing cooperation between educational institutions and business for the development of the labor market</td>
<td>25 40 15 10 10 0</td>
<td></td>
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<tr>
<td>Quality of education and retraining</td>
<td>Support for innovative technologies aimed at balanced use of business resource potential</td>
<td>10 30 10 10 10 30</td>
<td></td>
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<tr>
<td>Wages and other types of rewards</td>
<td>Development of investment plans for the development of territories</td>
<td>40 40 10 10 0 0</td>
<td></td>
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<tr>
<td>Productive employment</td>
<td>Improving the quality of administrative services and the regulatory environment</td>
<td>55 0 20 0 25 0</td>
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</tbody>
</table>

6. Business education and retraining institutes model

The essence of this model is in the fact that inclusive entrepreneurship infrastructure development is carried out by organizing at the local level the conditions for the staffing of people with disabilities and passing training courses, trainings, round tables, conferences, meetings with entrepreneurs who have a successful experience in this segment. small and medium business.

Model realization advantages:
- stimulating public-private partnerships and creating training and consulting centers for people who intend to create an inclusive one;
- experience and knowledge dissemination while inclusive business among the population introduction.
- popularization of the idea and realization at the local level the best European practices inclusive business development as a communities and regions sustainable development factor.

Based on a composite business model for developing inclusive entrepreneurship infrastructure in Ukraine, key local, regional and national projects that will ensure the implementation of the development vectors, as shown in Figure 1.
Table 1 can be formed. Presents potential projects for inclusive entrepreneurship infrastructure development and their financing sources analyzes. Based on a detailed analysis of the local and regional budgets dynamics formation, which over the past 3 years increased the available financial resources at times, under the influence of decentralization processes in Ukraine; own investment resources of small and medium enterprises; projects investment attractiveness in Ukraine for foreign investors, the authors have formed the structure of available funding sources for inclusive entrepreneurship infrastructure development at the local level, which is shown in Figure 2.

3. Conclusion

Introduction of effective business new forms management provides a reliable mechanism of society market stability. The interconnection of the economic blocs "the state - inclusive entrepreneurship - trade unions (non-governmental organizations)" enables to find optimal solutions in the market imbalances conditions in order to stabilize the situation on the labor market and in general in the economy.

Inclusive entrepreneurship infrastructure development should take into account territorial features and require a project approach based on a combination of different models development and diversification sources of their implementation. It can be possible if the priority inclusive development tasks and needs are implemented:

- knowledge popularization and dissemination about inclusive business and inclusive economic growth among representatives of local self-governmental bodies, business representatives, non-governmental organizations;
- stimulating the growth of interest from private investors, the general public to the inclusive business and its potential in solving social problems of cities;
- studying and disseminating experience of national and foreign examples of successful activities of inclusive small and medium enterprises through seminars, trainings, meetings with active entrepreneurs;
- ensuring favorable conditions for the development of social partnership between state organizations, business and non-profit sector, to initiate discussions on the development of inclusive business models;
- small and medium enterprises access promotion to credit resources within inclusive business development the framework;
- the most promising and socially meaningful niche of development identification, where there is no or minimized competition with commercial business, to stimulate the creation of a network of business partners with experience, contacts and skills and are ready to provide support to inclusive businesses;
- to promote beginner initiators business ideas inclusive business development and their integration into the local entrepreneurial community;
- initiate inclusive business models development to address specific social issues.

References