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## Stimulating the development of entrepreneurship in rural areas: Theoretical-legal characteristics

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### **Abstract**

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The relevance of the study is due to the urgent need to form a qualitatively updated legal field in entrepreneurship development in rural areas as one of the determining factors for the growth of the welfare of the population and the motivation of the economically active stratum to employment in rural areas. The purpose of the study is to define the category “stimulating the development of entrepreneurship in rural areas” and determine the tasks and fundamental principles of this activity. Achieving this goal was made possible by a comprehensive analysis of theoretical sources and provisions of current and future legislation. As a result of the study conducted, the author’s definition of the concept of “stimulating the development of entrepreneurship and rural areas” is formulated through its understanding as a set of measures of legal regulation and national policy. The purpose of these measures is to simplify

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the procedure for creating business entities and the procedure for conducting business activities within rural areas, which will increase the economic attractiveness of business in rural areas. The expansion of the field of stimulating business activities in rural areas that are not related to the production of agricultural products is considered promising, which is especially important in the realities of finding additional ways to support the population in the conditions of war and post-war reconstruction. The principles of stimulating the development of entrepreneurship in rural areas, on which legislation in this area and the regulation of relevant relations should be based, are defined. The practical importance of the study lies in the fact that it can become a source for formulating the content of regulatory acts in the field of stimulating the development of entrepreneurship in rural areas

**Keywords:** state support; legal regulation; rural areas; agri-industrial complex; agricultural activities; employment of the population; economic attractiveness

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## **Introduction**

Effective solutions to the problems of current legal regulation and national policy in the field of stimulating the development of entrepreneurship in rural areas should be based on the best practices of theoretical-legal content. The current place in this is occupied by the formulation at the theoretical level of a clear categorical apparatus, basic principles and tasks. Ultimately, the lack of a clear understanding on the part of the state of what exactly should be the stimulation of the development of entrepreneurship in rural areas, what is its ultimate goal, and what principles should be subordinated to the state's activities to implement such incentives, is one of the factors of imperfect national policy and legal regulation in this area.

The problem of legal terminology in the field of stimulating the development of entrepreneurship in rural areas remains out of due attention of researchers. Existing writings focus on defining a tangent, but not identical area – state support for agriculture. In a comprehensive study by Kh. Hryhorieva (2019), devoted to the problems of legal support for state support for agriculture, detailed attention is paid to the concept of “state support for agriculture” with the formulation of

its definition by the author. The development of entrepreneurship in rural areas, based on the very essence of entrepreneurial activity, attracts the attention of researchers – representatives of economic sciences. In particular, considerable attention is paid to this by T. Balanovska and O. Gogulya (2018). In his study, D. Titov (2020) describes the realisation of the potential of entrepreneurship in rural areas, identifies the features of entrepreneurship in rural areas, and formulates a list of priority measures to support such activities. In the paper of V. Krupa and O. Krupa (2018), the most promising areas of entrepreneurship in rural areas are identified (the authors justify belonging to such non-conventional and sparsely distributed types of activities) and named the promotion of entrepreneurship as measure for their implementation.

The analysis of foreign sources also shows a shift in the attention of researchers towards the practical component of the development of entrepreneurship in rural areas and a certain disregard for the theoretical foundations of this area. The bulk of the papers is devoted to identifying promising areas of entrepreneurship in rural areas. For example, a study by D. Barber III

*et al.* (2021), draws conclusions about the need to equalise opportunities for the development of entrepreneurship in the city and in rural areas and substantiates the need to consider the specific features of rural areas. In the paper by S. Polbitsyn and A. Earl (2022), the necessity to create an integral system of rural entrepreneurship is substantiated, and when developing and implementing programmes to support entrepreneurship in rural areas, it is necessary to involve not only state authorities and local self-government but also rural entrepreneurs, representatives of professional self-regulatory organisations, and directly the rural population. In their study, J. Freiling *et al.* (2022) focus on such a new area in supporting entrepreneurship in rural areas as business incubators. The strategic vector of the national policy for the development of entrepreneurship in rural areas is defined as the stimulation of entrepreneurial activity in the study of I. Forkun *et al.* (2021). The paper on the economic socialisation of entrepreneurship in rural areas as a factor of ensuring the well-being of the population, conducted by V. Radko *et al.* (2022), also deserves attention, the main conclusion of which was the statement about the substantial impact of entrepreneurial activity on the well-being of people living in rural areas and their quality of life.

The list of papers devoted to the development and promotion of entrepreneurship in rural areas can be continued, but from the above, it can be concluded that researchers do not pay enough attention to the issue of general theoretical characteristics of the legal regulation of stimulating entrepreneurship in rural areas. The purpose of filling this gap, in particular, to form an appropriate conceptual framework, will be fulfilled by this study. The achievement of this goal will be realised through the solution of the following tasks: the formulation of the concept of “stimulating the

development of entrepreneurship in rural areas” and the definition of tasks and principles for stimulating the development of entrepreneurship in rural areas.

### **Materials and Methods**

A comprehensive and objective examination of the problem was made possible by the use of a set of methods of scientific knowledge, which included the dialectical method, the formal-logical method, methods of analysis and synthesis, and the formal-legal method. The dialectical method allowed examining the concept of “stimulating entrepreneurship in rural areas” in the relationship between legal and social factors. The formal and logical method was used as the basis for the concept of “stimulating the development of entrepreneurship in rural areas”, and the definitions “state support for entrepreneurship”, “stimulation”, “entrepreneurship”, “rural territory”, and “rural area”. The method of analysis has become useful in investigating scientific approaches to the definition of the concept of “stimulating the development of entrepreneurship in rural areas” and related categories. The method of analysis was also used in the study of the content of normative acts containing legal definitions of the concepts of “rural area”, “rural areas”, “entrepreneurship”, “agricultural entrepreneurship”, “agricultural commodity production” and other similar concepts. The synthesis method in combination with the formal legal method defines the main tasks of stimulating business activity in rural areas and identifies the main principles and basics of promotion of business activities in rural areas.

It became possible to achieve the goal set by the authors of the study through the use of a number of regulatory legal acts as the basis for research. First of all, economic legislation – Economic Code of Ukraine (2003) and Law of Ukraine

“On Development and State Support of Small and Medium Business in Ukraine” (2012) were used as a basis for the legal regulation of entrepreneurship in Ukraine in general. Acts of Agrarian legislation became the basis for investigating the specific features of stimulating entrepreneurship in rural areas, considering the characteristic features of agricultural production, the subject-object composition of the relevant relations, and when formulating the principles of stimulating entrepreneurship in rural areas among them: Law of Ukraine “On Agricultural Advisory Activity” (2004) in terms of defining the concept “rural area”, Law of Ukraine “On State Support of Agriculture of Ukraine” (2004) on the definition of the concepts of “agricultural enterprise” and “subject of the agri-industrial complex”, Law of Ukraine “On Agricultural Cooperation” (2020) on defining the types of activities of agricultural cooperatives, Law of Ukraine “On Stimulating the Development of Agriculture for the Period 2001-2004” (2001) in terms of such incentive measures.

Conclusions about the need to review the existing approach, according to which entrepreneurship in rural areas is reduced exclusively to agricultural activities, are largely based on the provisions of such a programme document as the Concept of the Development of Rural Areas (Order of the Cabinet of Ministers of Ukraine No. 995..., 2015) and the norms of perspective lawmaking – Concept of Stimulating the development of Entrepreneurship in Rural Areas until 2030 (Draft Order of the Cabinet of Ministers of Ukraine..., 2021).

## **Results and Discussion**

### ***The concept of stimulating the development of entrepreneurship in rural areas***

As for the concept of “stimulating the development of entrepreneurship in rural areas”, given its

complexity, to clarify its content, it is necessary first of all to define each of its components separately. In addition, not all components of the concept under study are unambiguous both from the standpoint of their legal definitions and from the standpoint of doctrinal understanding. In particular, this applies to the concept of the term “rural areas”.

Firstly, despite a substantial array of legislative acts devoted to rural territories and their development, the administrative-territorial structure of Ukraine, regional policy, etc., today the only legal definition of the concept of “rural area” is reflected in the Law of Ukraine “On Agricultural Advisory Activity” (2004). According to this, the countryside includes territories characterised by two main features. First: location outside of cities. Second, they are represented by rural development and agriculture production zones. Notably, the concept of “rural areas” is operated by the concept of rural development, approved by the corresponding Order of the Cabinet of Ministers of Ukraine (2015), however, it does not provide a definition of this concept.

There are various doctrinal interpretations. In particular, V. Urkevych (2010), developing the above-mentioned legal definition of rural areas, also considers their location outside cities as a key feature of rural areas. The second factor that allows, according to the researcher, classifying territories as rural is their purpose – rural development and agricultural production. However, there are also approaches that are not tied to the regulatory definition. For example, S. Melnyk (2004) states that the definition of rural territory is based on such a factor as the “historically formed element of the settlement network”, which, from the researcher’s standpoint, is a combination of such units as settlements, villages, farms, etc., with their subordination to village (settlement) councils. According to Ya. Oliynyk

and A. Stepanenko (2003), rural areas connect people and territories. Such small settlements and other landscape resources must necessarily be located outside the borders of large cities and urban centres and not be included in the field of economic activity of the latter.

Therewith, analysing the full range of doctrinal and normative definitions of this concept, it should be noted, that for the most part the concepts of “rural area” and “rural territories” are not delineated and are identical, and that most definitions somehow link rural territories to the territories where agricultural activities are conducted. As N. Khomiuk (2018) notes, this approach is somewhat outdated, and currently, it cannot be considered that the vast majority of the rural population is engaged in agriculture. In addition, the very fact that the territory is located outside the city does not mean that it is automatically classified as rural. The territory must be permanently inhabited or at least be close to populated areas to be rural or urban – otherwise, territories occupied, for example, by forests or mountains that are unsuitable for permanent residence on them, would also be considered rural. Considering this and the administrative-territorial structure of Ukraine (in particular, the presence of united territorial communities), it is advisable to define rural territories as territories that are within the jurisdiction of village and settlement councils, and within the limits of rural united territorial communities defined by law, intended for permanent residence of people or conducting economic activities.

The next component of the content of the category “stimulating the development of entrepreneurship in rural areas” is the concept of entrepreneurship itself. This concept is defined in Article 42 of the Economic Code of Ukraine (2003). The characteristics of entrepreneurship are: independence; initiative; systematic economic activity.

The purpose of entrepreneurs’ activities is to make a profit. Therewith, the question arises what exactly should be understood by entrepreneurship in rural areas as an object of incentives.

Special legislation in the agricultural sector provides a number of definitions of agricultural entrepreneurship, agricultural commodity production, and other similar concepts. For example, in accordance with paragraph 2.15-2 of Article 2 of the Law of Ukraine “On State Support of Agriculture of Ukraine” (2004) an agricultural enterprise is a legal entity. An agricultural enterprise can only be an agricultural commodity producer. The latter is defined by paragraph 2.15-1 of Article 2 of this law, according to which, to be classified as an “agricultural commodity producer”, a subject must meet the following criteria. First: be a legal entity (the legal form does not matter) or have the status of an individual entrepreneur, or be a family farm (which, according to the law, do not have the status of a legal entity), registered as payers of the single tax of the fourth group. Second, the main goal of the activity should be the production of agricultural products, their primary processing (production processing capacities can be either owned or leased), and operations for the supply of such products. In addition, an agricultural producer can be engaged in fish farming (Law of Ukraine No. 1877-IV..., 2004).

A slightly broader meaning is another concept defined in this law – a subject of the agri-industrial complex. By it, the legislator understands a business entity whose activities cover not only the production and processing of agricultural products but also their storage and sale. The possible area of activity of subjects of the agri-industrial complex is also determined by the provision of services for material and technical maintenance of agricultural production (Law of Ukraine No. 1877-IV..., 2004).

However, entrepreneurship in rural areas as an object of state incentives should be understood even more broadly. Ultimately, as noted by O. Gafurova (2015), in the examination of rural social development, the state's efforts should be directed not only to support agricultural producers but also to preserve and develop the rural settlement network, create favourable conditions for living in rural areas, diversify agricultural production, etc. – in other words, to develop the entire rural area.

The authors of the concept of rural development, approved by the Order of the Cabinet of Ministers of Ukraine No. 995-r (2015) also agree with this approach, which, in particular, notes that the increase in gross agricultural production itself was not a factor that positively affected the social and economic development of rural areas, improving the quality of life of the population of villages. Therefore, there remains a need to develop an integrated approach to stimulating rural development based on the basic principles of sustainable development.

The same position is supported by the authors of the project of the Concept of Stimulating the Development of Entrepreneurship in Rural Areas until 2030 (Draft Order of the Cabinet of Ministers of Ukraine..., 2021), developed by the Ministry of Agrarian Policy. In this document, the main component of the process of development of the agricultural sector is defined as rural development of an integrated nature. It should directly cover rural development, entrepreneurship in rural areas, contribute to improving the working and living conditions of the population, and positively influence the environment, ensure the use of natural resources based on sustainability and restoration.

Returning to the question of determining the content of entrepreneurship in rural areas as an object of incentives from the state, it can be

concluded that the object of such incentives should be any business activity in rural areas that is not prohibited by law, regardless of its sectoral area, since conducting any business activity on the territory of the village contributes, firstly, to filling local budgets, secondly, to the development of social and commercial infrastructure, and thirdly, to the employment of the rural population.

In this context, it is worth evaluating the rather broad list of activities of agricultural cooperatives provided in Article 5 of the new Law of Ukraine "On Agricultural Cooperation" (2020). These include direct production of agricultural products; their processing; activities for the procurement/purchase and storage of agricultural products; operations for their sale in internal and foreign markets. They also cover a number of types of service provided to members of the cooperative: supply of production facilities, material and technical resources, provision of various services (transportation, land reclamation, repair, construction, veterinary services, breeding work, accounting and audit services, scientific-consulting support). Thus, the list of activities of agricultural cooperatives – and their activities and support from the state is one of the effective levers for stimulating the development of entrepreneurship in rural areas, considers a number of types of services that were not conventional for cooperatives during the period of the previous Law of Ukraine "On Agricultural Cooperation" (1997) (for example, accounting and auditing, scientific-consulting services), but access to which is extremely necessary for entrepreneurs in rural areas. Another advantage of this rule is that the list of activities of agricultural cooperatives given in it is not exhaustive – and therefore, they can provide any other services necessary to support agricultural enterprises (for example, legal support for their activities).

However, most other existing legislative acts that regulate certain aspects of the promotion of entrepreneurship in rural areas, mainly reduce such entrepreneurship to agricultural activities. This applies to the already analysed above Law of Ukraine “On State Support of Agriculture of Ukraine” (2004), which provides for a fairly wide range of support measures, but only for agricultural enterprises, and, for example, Law of Ukraine “On Stimulating the Development of Agriculture for the Period 2001-2004” (2001), Law of Ukraine “On Farming Enterprise” (2003), etc.

Completing the examination of the concept of “stimulating the development of entrepreneurship in rural areas”, it is also necessary to identify the content of the very concept of “stimulating”, and to distinguish it from another, more commonly used in legislation, the concept of “state support”.

In general, the concept of “stimulating” is primarily an economic and philosophical category, given that there are no legal definitions of this concept in the legislation of Ukraine. As for doctrinal definitions, they are quite diverse and mostly depend on the field of knowledge that a particular researcher represents. In particular, as for the representatives of economic sciences, for example, V. Nyzhnyk and O. Drach (2011) define stimulation as an external influence (process) on a person that encourages them to take certain actions. According to the researchers, this process can be aimed at forming a person’s motivation for purposeful actions. For Example, Yu. Franchuk (2015) notes that stimulating is a combination of means (external) that affect a particular object of the stimulation, and the interests and goals of both the object and subject of stimulating are considered.

Stimulating is interpreted somewhat differently in the theory of public administration. For example, V. Kopylov (2012) defines it through such components as the type of power manifestation

and the form of power. The power subject, according to the researcher, using possible techniques, contributes to the formation of the object of management’s interest to act in such a way that it is consistent with the instructions of the subject of management. Such stimulation is based solely on positive methods of influence.

As for the interpretation of the content of the concept of “stimulating” in legal science, this category is mainly used in the theory of law and branch sciences. For Example, O. Nizhnychenko (2012), as part of a study of the theoretical foundations of understanding incentives in environmental law, justifies the expediency of considering incentives as a system covering legal, organisational, economic, and other measures of incentive content. The purpose of all these measures, according to the researcher, is to improve the state of ecological and legal behaviour of subjects in relations related to the use of natural resources, their protection in particular and the environment in general, compliance with environmental safety requirements.

Speaking about incentives in the context of state support for agriculture, Kh. Hryhorieva (2019) notes that in this case, it is only possible in a “narrow”, positive sense. That is, the state should use such methods, create such conditions (primarily legal) that will lead to the implementation of actions directly by an agricultural economic entity that are beneficial to both society and the state. This statement is also correct for understanding the concept of incentives in the context of the subject discussed in this study since only positive factors can stimulate a potential entrepreneur, for example, preferential conditions for establishing or conducting business activities, and not restrictions or liability measures.

The definition of the concept that is related to stimulating the development of entrepreneurship should also be conducted – “state support for

entrepreneurship". Analysing the content of Article 48 of the Economic Code of Ukraine (2003), in which state support for entrepreneurship is understood as such measures as, for example, assistance in providing entrepreneurs with a material base (land plots and other property), material and technical support, information support, assistance in the formation of personnel, stimulating the modernisation of technological processes, encouraging innovation, expanding the range of products and services, etc., and part one of Article 15 of the Law of Ukraine "On Development and State Support of Small and Medium Business in Ukraine" (2012), according to which, the state supports business entities belonging to the category of small and medium businesses through support for various aspects of activities: providing financial, information, and advisory services, stimulating innovation and research, assistance in export activities, support for management and staffing of businesses, it can be concluded that state support for entrepreneurship is primarily a set of state – management measures aimed at simplifying the conduct of business activities or increasing its economic feasibility.

Most doctrinal interpretations of this concept generally proceed from the same understanding of state support. For Example, L. Prokopets and V. Gubchak (2017), in their study on the definition of "state support for small businesses", argues that it includes any financial measures applied by the state that give business entities certain advantages and can be evaluated in monetary terms. State support for entrepreneurship is interpreted somewhat more broadly by O. Diachun and I. Nahorniak (2021), considering it the creation by state institutions of the most favourable conditions for the creation and further development of small businesses. For this purpose, the state uses financial and material resources. However, one

way or another, state support is always a certain set of legal support measures and national policy.

Therewith, state support cannot be fully identified with entrepreneurship and its stimulation. In particular, Orlova (2011) delineates these concepts and notes: "if support is a manifestation of 'concern' for entrepreneurship, then stimulation is support to achieve certain changes, which is more pronounced, has specific goals and regulatory impact." It is worth considering the provisions of special acts of agricultural legislation that use both of these terms and give them different content. In this context, The Law of Ukraine "On Stimulating the Development of Agriculture for the Period 2001-2004" (2001), can be mentioned that among the main principles in Article 2 mentions both stimulating the development of private entrepreneurship and supporting agricultural producers and infrastructure of the agricultural market, that is, does not identify these terms.

Based on the above, stimulating the development of entrepreneurship can be compared with its state support as a part and in general since all measures to stimulate the development of entrepreneurship are actually simultaneously measures of its state support, but not all measures of state support are aimed at stimulating the development of entrepreneurship: some of them are more aimed at financial support for existing enterprises, overcoming crisis phenomena on them, etc., for example, provided for in Article 13 Law of Ukraine "On State Support of Agriculture of Ukraine" (2004) credit subsidies.

Therefore, summarising the entire array of studies of certain aspects of the concept of "stimulating the development of entrepreneurship in rural areas", it can be defined as a set of measures of legal regulation and national policy aimed at simplifying the establishment and conduct of business activities or increasing its economic

attractiveness, intended for business entities, regardless of the organisational and legal form and type of activity that conduct such activities within rural areas.

***Current state, tasks, and basic principles of stimulating entrepreneurship in rural areas***

Agriculture for Ukraine has always been a strategic sector of the economy, which provided the largest amount of export income and created a substantial number of jobs. As noted in the National Council for the Recovery of Ukraine from the Consequences of the War (2022) project, before the full-scale invasion of the Russian Federation, the state received about 22 billion USD from agricultural exports. This accounted for almost half (41%) of all exports. Agriculture of Ukraine occupied a leading position in the production of certain types of food in the world. For example, Ukraine was one of the largest exporters of sunflower oil, rapeseed, and barley (third and fourth places in the world, respectively), etc. (National Council for the Recovery..., 2022).

The reasons for the dominant position of agriculture in the national economy are complex: these are climatic conditions, rich historical traditions of agriculture, and some of the largest, at least in Europe, areas of land suitable for commodity agriculture, because Ukraine, which is only the 44th largest mainland country in the world, while ranking 9th among the world's countries in terms of arable land area (Ukraine ranks ninth in the world..., 2018). However, one of the factors in the development of Ukrainian agriculture is its support from the state, which in one form or another existed throughout the entire period of independence of Ukraine and is provided for only by dozens of laws, and a number of bylaws.

Therewith, for many decades, both during the period of Ukraine's independence and before its

acquisition, the economic, social, and demographic gap between city and village, despite the state's declaration of the need to overcome it, has not only not been reduced – on the contrary, this gap has only deepened over time (Vikhrov, 2018; Nivievskyi, 2020). The uneven development of urban and rural areas is not unique to Ukraine – on average, rural areas account for 75% of the total area in the world, but only 51% of the world's population lives in them, and together only 32% of world GDP is produced in all rural areas (Stehnei, 2013).

However, in the case of Ukraine, rural decline trends are particularly threatening. The steady trend of gradual reduction of the able-bodied rural population, in particular, due to their labour migration to cities, is quite rightly defined by the authors of the draft concept of stimulating the development of entrepreneurship in rural areas until 2030 as one of the main reasons for the decline of the Ukrainian villages (Draft Order of the Cabinet of Ministers of Ukraine..., 2021).

Given the challenges that the COVID-19 pandemic and later the full-scale invasion of the Russian Federation presented to agriculture and rural areas in general in the future, there are very real concerns that the trend towards a reduction in the rural population, in particular, the employed, has only worsened. According to the working group "New agrarian policy" of the National Council for the Restoration of Ukraine from the Consequences of the War, more than 25% of available acreage was lost due to the fighting and temporary occupation. In addition, the consequence of armed aggression was the decommissioning of substantial areas of land due to mining, damage by explosions, etc. A large number of infrastructure facilities were destroyed. These include agricultural enterprises, warehouses, transport, energy infrastructures, and processing industry facilities (National Council for the Recovery ..., 2022).

Therefore, there is reason to expect that the trend towards depopulation of rural areas will continue even after the end of hostilities and the de-occupation of temporarily occupied territories, since a substantial amount of potential jobs in agriculture has been lost.

The reasons for this negative trend and the dominant role of agriculture in the Ukrainian economy, which were mentioned above, are primarily economic, not legal factors. Among other things, it is necessary to note the following: low level of remuneration of farmers; lack or inadequate level of the basic infrastructure of villages; low level of provision of housing and communal services; replacement of manual labour in agricultural production with automated and mechanised processes and, as a result, a decrease in the need for labour, etc. (Barynova & Nesterenko, 2020).

However, focusing on supporting agricultural production, the state pays relatively little attention to the development of rural areas in general and stimulating the development of entrepreneurship in such territories in particular. Although, world experience shows that rural development is a priority among the areas of development strategies of countries. Especially in the countries of the European Union (Balanovska & Gogulya, 2019). The development of entrepreneurship in rural areas – not only in the field of agriculture itself but also primarily in the areas of trade, service, logistics, construction, etc. – is one of the determining factors for the development of rural areas in general.

### ***Tasks and basic principles***

#### ***of stimulating business activity in rural areas***

No regulatory legal act or programme document provides a list of tasks for stimulating business activities in rural areas. Therewith, a number of laws and programme documents contain norms

that indirectly allow formulating their indicative list independently.

In particular, as for the tasks (or goals) of stimulating entrepreneurship in rural areas, first of all, it is necessary to note the draft concept of stimulating the development of entrepreneurship in rural areas, in which the purpose of the concept is defined: the formation of necessary prerequisites for the development and implementation of national policy in the field of stimulating the development of entrepreneurship in rural areas (primarily small and medium businesses, family farms); highlighting those priority areas of national policy and determining ways to implement them, which are aimed at stimulating the development of small and medium businesses, primarily producers of agricultural products, increasing the standard of living of the rural population, preventing the progression of poverty, and stopping the process of depopulation of rural areas of the state. The Draft Concept defines the formation of appropriate conditions for assistance in the implementation of entrepreneurial startups of rural youth among the tasks of the state (Draft Order of the Cabinet of Ministers of Ukraine..., 2021). Describing this provision of the Draft Concept, the focus inherent in the current legislation and programme documents on stimulating primarily agricultural enterprises is notable, which, as already analysed above, is a more erroneous approach.

A more comprehensive approach to the formulation of tasks for stimulating entrepreneurship in rural areas is offered by the Concept of rural development (Order of the Cabinet of Ministers of Ukraine No. 995-R..., 2015), which, although it is a more general document, nevertheless contains a number of tasks that directly relate to the promotion of entrepreneurship in rural areas. In particular, the concept defines such tasks as the formation of conditions for the development of

the entire possible range of economic activities, organisational and legal forms of management; the growth of the role of tourism and recreation among possible areas of activity of entrepreneurs in rural areas; ensuring easy access of the population of rural areas to financial resources; comprehensive support of the rural population in the information field (regarding the potential of entrepreneurship, business activities), etc.

As for the principles of stimulating the development of entrepreneurship in rural areas, their indicative list can be formulated based on the analysis of legislation on state support for agriculture, norms on state support for certain organisational and legal forms of farming in rural areas, and the provisions of legislation on state support for entrepreneurship in general.

Principles of national policy in the field of development of small and medium businesses in Ukraine, such as the effectiveness of support for small and medium businesses; availability of state support for small and medium businesses; creation of equal opportunities for access of small and medium businesses to receive state support, etc. (Article 3 of the Law of Ukraine "On Development and State Support of Small and Medium Business in Ukraine", 2012). Among the principles of state support for agriculture provided for by the legislation, such as predictability and consistency, transparency, and publicity, and target orientation are suitable for stimulating entrepreneurship in rural areas (Law of Ukraine "On State Support of Agriculture of Ukraine", 2004). However, considering the fact that, unlike state support for agriculture, the promotion of entrepreneurship in rural areas should concern not only agricultural producers but also business entities engaged in other types of economic activities in the interests of the rural population.

The principles of legal regulation of relations concerning certain organisational and legal

forms of agribusiness entities should also be considered. In particular, in this context, two provisions of Article 4 of the Law of Ukraine "On Agricultural Cooperation" (2020) are worthy of attention, which to a certain extent balance each other: on the one hand, this is the principle of promoting the development of agricultural cooperation, and on the other – the principle of considering the interests of the territorial community. That is, when conducting activities, an agricultural cooperative should not be limited solely to the interests of its members, but simultaneously act in the interests of the territorial community. This will contribute to the sustainable development of the territorial community.

Among the principles of stimulating entrepreneurship formulated in the doctrine, in particular, economic sciences, attention should be paid to such principles as complexity (stimulating entrepreneurship as a single system, covering all components of the potential of entrepreneurship in a certain territory), harmonisation of state, regional, local interests (economic, environmental, social) and the interests of entrepreneurship in the region, and compliance of policies and tools for stimulating entrepreneurship with the territorial features of the region (Vakhovych & Sheiko, 2016).

considering all the above principles and adapting them to the concept of stimulating the development of entrepreneurship in rural areas formulated in the study, and its goals, the following list of principles for stimulating the development of entrepreneurship in rural areas is proposed (which, however, is not exhaustive):

- ✓ predictability, validity, and effectiveness of measures to stimulate the development of entrepreneurship in rural areas, which are manifested in the responsibility of developing national and local programmes of such incentives that would provide for clear tasks and indicators of their

implementation, proper control over their actual implementation;

- ✓ transparency and publicity of measures to stimulate the development of entrepreneurship in rural areas, which consist in the broad involvement of business representatives and the public at all stages of discussion, adoption and implementation of the above-mentioned national and local programmes;

- ✓ complexity of stimulating the development of entrepreneurship in rural areas, which means extending incentive measures to all business entities that conduct types of economic activities that are not prohibited by law in rural areas;

- ✓ parity of the interests of the state and territorial community, on the one hand, and business entities, on the other hand, which consists in the fact that measures to stimulate the development of entrepreneurship in rural areas should be sufficiently substantial to attract the interest of potential entrepreneurs, but not excessive, to avoid harming the interests of the state or territorial community in the form of, for example, a substantial shortfall in revenues from state or local budgets;

- ✓ differentiation of measures to stimulate the development of entrepreneurship in rural areas in the context of individual administrative-territorial units – since such measures should be applied primarily to those administrative-territorial units that require the greatest support from the state (the so-called depressive and labour-intensive regions, geographically remote, for example, mountainous populated areas, etc.).

### **Conclusions**

Thus, as a result of the theoretical-legal characteristics of stimulating the development of entrepreneurship in rural areas, the authors of the study formulated the following conclusions, which are

characterised by scientific originality and indicate the achievement of the goal study.

An improved definition of the concept of “rural territories” was proposed to increase the effectiveness of the formation of the legal framework for regulating relations in the field of stimulating the development of entrepreneurship in rural areas – these are “territories that are within the jurisdiction of rural and settlement councils, and within the limits of rural united territorial communities defined by law, intended for permanent residence of people or conducting their economic activities.”

The necessity of expanding the legal terminology with the definition “stimulating the development of entrepreneurship in rural areas” was justified. The author’s definition was formulated as “a set of measures of legal regulation and national policy aimed at simplifying the establishment and conduct of business activities or increasing its economic attractiveness, intended for business entities, regardless of the organisational and legal form and type of activity that conduct such activities within rural areas.”

It is concluded that the current prevailing approach to narrowing incentives exclusively for agricultural enterprises is erroneous. The position on the need to encourage other types of business activities in rural areas, including those that are not related to agricultural production, was supported.

A system of principles for stimulating the development of entrepreneurship in rural areas was developed, which includes predictability, validity, effectiveness, transparency, and publicity of measures to stimulate the development of entrepreneurship in rural areas; complexity of stimulating the development of entrepreneurship in rural areas; parity of interests of the state and territorial community, on the one hand, and business entities; differentiation of measures to stimulate the development of entrepreneurship

in rural areas in the context of individual administrative-territorial units.

The results obtained can be considered in law-making activities to regulate relations in the field of development of entrepreneurship in rural areas. The obtained conclusions can also be used to develop specific ways and measures to encourage entrepreneurship in rural areas. The prospect of scientific research should be the development of proposals for legal support

of entrepreneurship in the Ukrainian villages, considering the devastating economic, environmental, social, and demographic consequences of military operations.

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### **Conflict of Interest**

None.

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## Стимулювання розвитку підприємництва на сільських територіях: теоретико-правова характеристика

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### **Анотація**

Актуальність дослідження зумовлено нагальною потребою сформувати якісно оновлене правове поле у сфері розвитку підприємництва в сільській місцевості як одного з визначальних чинників зростання добробуту населення та мотивації економічно активного прошарку до зайнятості саме на сільських територіях. Мета дослідження – окреслити категорію «стимулювання розвитку підприємництва на сільських територіях» і визначити завдання та основоположні засади цієї діяльності. Досягнення поставленої мети стало можливим завдяки комплексному аналізу теоретичних джерел і положень чинного та перспективного законодавства. У підсумку проведеної роботи сформульовано авторську дефініцію поняття «стимулювання розвитку підприємництва та сільських територіях» через його розуміння як комплексу заходів правового регулювання та державної політики. Обґрунтовано мету цих заходів спростити порядок створення суб'єктів підприємництва, а також порядок ведення підприємницької діяльності в межах сільських територій, що підвищить економічну привабливість бізнесу саме на сільських територіях. Перспективним визначено розширення сфери стимулювання видів підприємницької діяльності на сільських територіях, не пов'язаних з виробництвом сільськогосподарської продукції, що особливо актуально в реаліях пошуку додаткових способів підтримки населення в умовах війни та повоєнної відбудови. Визначено принципи стимулювання розвитку підприємництва на сільських територіях, на яких мають базуватися законодавство в цій сфері та врегулювання відповідних відносин. Практична значущість роботи полягає в тому, що вона може стати джерелом для формулювання змісту нормативних актів у сфері стимулювання розвитку підприємництва на сільських територіях

**Ключові слова:** державна підтримка; правове регулювання; село; агропромисловий комплекс; сільськогосподарська діяльність; зайнятість населення; економічна привабливість