

INSTITUTIONAL ENVIRONMENT FOR THE FORMATION OF SOCIAL CAPITAL

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The article is devoted to the topical issues of determining the institutional environment for the formation of social capital.

In the process of its development, the society creates certain socio-economic, legal conditions for the inception and development of the enterprise and entrepreneurial activity, and may also affect the suspension of the enterprise or its liquidation.

In Ukraine, the process of free enterprise establishment began with the transformation of the economic system and the beginning of the process of denationalization. The temporary vacuum of economic coordination, which characterized this process, had a negative impact on the formation of the political and economic situation in the country, exacerbating social problems in the society.

We identified the main factors of the institutional environment that affect the formation of social capital, which can include taxation policy, the lack of transparency in local government, and obstacles to registration of enterprises.

The development of entrepreneurship in Ukraine is also hampered by high taxes, corrupt government officials, imperfect and unstable legislation, high interest rates on loans, low paying capacity of the population and other factors. All this created significant

obstacles to the formation of a favorable business environment.

The significant imperfection of the market environment in the transition period was manifested in the underdeveloped and distorted nature of the monetary system, the shortage of domestic demand, limited mobility of resources and a weak financial system, the irrational structure of the productive forces, and the imperfect legislative sphere.

The world experience and processes of institutionalization of entrepreneurial activity were investigated, adaptation of which to the conditions of Ukraine can bring positive results.

However, it should be noted that despite the negative tendencies, conditions for the formation of a modern system of institutions for supporting entrepreneurship have been created in Ukraine, which in turn will have a positive effect on the formation of social capital.

In the article we outlined the main directions for raising the level of social capital in the agrarian sector using external and internal factors. The increase in the level of social capital will also be facilitated by monitoring the activities of business support institutions, as well as the introduction of an indicator of the efficiency of business support institutions functioning.