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## **CONTEMPORARY ISSUES OF THE GOVERNMENT REGULATION SYSTEM OF THE ENTERPRISE DEVELOPMENT IN THE FIELD OF INFORMATION TECHNOLOGIES**

### **СУЧАСНІ ПРОБЛЕМИ СИСТЕМИ ДЕРЖАВНОГО РЕГУЛЮВАННЯ РОЗВИТКУ ПІДПРИЄМСТВ У СФЕРІ ІНФОРМАЦІЙНИХ ТЕХНОЛОГІЙ**

*In this article has been analyzed the research papers of Ukrainian and foreign scientists concerning state regulation of enterprise development. The main attention is paid to the study of works devoted to the modern system of state regulation of enterprises engaged in advertising. The definition of the state regulation system terms has been presented. Various approaches of economic scientists regarding the essence and content of these definitions have been considered, with a comparative analysis carried out. The system of regulation of the advertising market in scientific work has been divided into the following groups: self-regulation and state regulation of the industry.*

*In this article has been analyzed the Law of Ukraine 'On Advertising' and have been presented its fundamental shortcomings. Based on the conducted research, the issues of the system of the enterprise development's state regulation of the IT area have*

*been identified. The mentioned key issues include: the absence of a single center for state regulation of enterprise development; uncertainty of the public authorities' limits of powers, whose competencies, among other things, include the regulation of marketing communications; the absence of clear regulation of the enterprise development in the field of Internet advertising; imperfect legal regulation of the junk mail (spamming) distribution; there is no clear implementation of the introduced methods of comparative marketing.*

*The results are obtained in this scientific work can be used in the research of various scientists, especially Ph.D. candidates and postgraduates, who are working on developing proposals for improving the current legislation on state regulation of business entities' development.*

**Keywords:** development, state regulation, advertising, information technologies (IT), advertising legislation.

*В даній статті проаналізовано роботи вітчизняних та зарубіжних науковців в сфері проблеми державного регулювання розвитку підприємств. Особливу увагу приділено дослідженню робіт, присвячених сучасній системі державного регулювання підприємств, що працюють в сфері реклами. Представлено визначення термінів системи державного регулювання. Розглянуто різні підходи науковців - економістів щодо сутності та змісту згаданих дефініцій та проведено порівняльний аналіз. Систему регулювання рекламного ринку в науковій роботі розділено на наступні групи: саморегулювання галузі та державне регулювання галузі.*

*В статті проаналізовано Закон України «Про рекламу» та наведено його основні недоліки. На основі проведеного дослідження визначено проблеми системи державного регулювання розвитку підприємств в сфері інформаційних технологій. До основних вищезазначених проблем віднесено: відсутність єдиного центру державного регулювання розвитку підприємств; невизначеність меж повноважень державних органів, до сфер компетенцій яких, серед іншого, належить регулювання маркетингових комунікацій; відсутність чіткого регулювання розвитку підприємств в сфері інтернет-реклами; недосконале правове регулювання розповсюдження «спаму»; відсутня чітка імплементація впроваджених методів порівняльного маркетингу.*

*Результати, отримані в даній науковій роботі, можуть бути використані в дослідженнях різних науковців, особливо докторантів та аспірантів, які працюють над розробкою пропозицій щодо вдосконалення діючого законодавства з державного регулювання розвитку суб'єктів господарювання.*

**Ключові слова:** розвиток, державне регулювання, реклама, інформаційні технології, рекламне законодавство.

**Introduction.** In today's market economy, state regulation of business entities creates equivalent conditions for growth and competition for each of the entities. Activities implemented without clearly defined levers of market regulation, and an independent regulatory framework becomes a dangerous tool for spreading misinformation among the population, moreover, during the hybrid media war it overfills the information space. This leads to the deterioration of the habitat in the market of business entities and creates the grounds for developing adverse political, social and economic consequences.

That is why issues related to the imperfect state regulation of enterprises in the IT field are particularly urgent.

Many Ukrainian and foreign scientists such as Lukinov I., Shvaika L., Pavlenko V., Polovinkin I., Mykytenko L., Besaha P., Kramarenko O., Hrynko-Huzevska A., Reverchuk S., Jean Jacques Lambin focused on the mentioned categorical apparatus. Today's world is constantly changing, so some views analysed in this paper differ, which confirms the discrepancy in the viewpoints of scientists in understanding the issues of state regulation of enterprises in the IT field.

**Research objective.** The purpose of this research is to identify and classify contemporary issues of state regulation of enterprises in information technologies by conducting a detailed analysis of these issues for their proper solution.

**Methodology.** During the research, the method of scientific endeavor, and analysis of scientific approaches to state regulation issues have been applied, with the method of comparison, classifying, synthesis and generalization used in the formation and substantiation of research outcome.

**Research results.** The issue of state regulation of enterprise development in the IT area is urgent at the present stage of the Ukrainian economy's evolvement. The influence of the government in the current context is quite significant, but not effective enough. Generally speaking, state regulation means the establishment by the government of quantitative and qualitative restrictions on the freedom of choice and decision-making of individuals or organizations, non-compliance with which threatens the application of sanctions by the relevant public authorities for violating the regulatory framework.

State regulation of enterprise development is based on the principles of stability, and long-term legal protection of the interests of both entrepreneurs and consumers of products and services. Such relations between business entities as the main commodity producers and the state, which acts as an intermediary of public interests, form economic and legal relations.

The relations that develop between enterprises and the state should evolve in two principal areas, first, through state regulation of the entrepreneurial economy due to special steps developed in state programs to support enterprises, and steps contained in the national programs of economic and social development of the country; second, through the interaction of the government and enterprises, which means the economic cooperation of the public authorities and business entities based on the same goals to stabilise the economic growth in Ukraine [1].

To determine the existing challenges of state regulation's system of enterprise development in the field of information technologies, it is crucial to study the existing definitions of the 'state regulation' concept.

Modern scientific literature, in most cases, considers the concept of 'state regulation' as its various forms and methods, for example:

- Mochernyi S.: 'State regulation is a set of basic forms and methods of purposeful influence of public institutions and organisations on the development of the social mode of production (including productive powers, technical and economic, organisational and economic and socio-economic relations) for its stabilisation and adaptation to changing conditions' [2].

- Oreshyna V.: 'State regulation of the economy is the activity of government bodies regarding their influence on the process of social reproduction in order to achieve socially beneficial results' [3].

- Didkivska L. and Holovko L.: 'State regulation means the influence of the government on the social development of the country' [4].

- Stechenko D.: 'State regulation is the influence of the government on the reproduction processes in the economy by appropriate means in order to give guidance to business entities and individual citizens to achieve the goals and priorities of the public policy of social development' [5].

- Mikhasiuk I.: 'State regulation is a set of government's steps aimed at directing business entities so that to achieve the goals set by public authorities and management bodies' [7].

- Khodov L. points out: 'State regulation of the economy in a market economy is a system of standard measures of legislative, executive and controlling nature, taken by competent state institutions and public organisations in order to stabilise and adjust the existing socio-economic system to changing conditions' [8].

- Zukhba D., Zukhba E., and Kapturenko N. believe that: 'State regulation is a set of economic and political measures implemented by public bodies in order to coordinate economic processes aimed at maintaining the best possible proportions of social production and preventing crisis situations' [9].

In our opinion, the most complete description of state regulation is the interpretation of Khodov L. and Mikhasiuk I. That is, synthesising the key statements, we can say that state regulation is a set of standard measures of legislative, executive and controlling nature aimed at directing economic entities so that to achieve the goals set by public authorities and management bodies, carried out by competent public institutions and organisations in order to stabilise and adjust the existing social and economic system to changing conditions.

Especially imperfect is the public regulation of those enterprises that operate in the information business, namely those business entities engaged in advertising activities.

Considering the system of state authorities regarding the management of advertising activities, it should be noted that they are determined by the key legislative act of the state issued in this area, namely the Law of Ukraine 'On Advertising', introduced by the Resolution of the Verkhovna Rada No. 271/96-BP of 03.07.1996. According to clause 1 of Article 26 'Control Over Compliance with the Legislation on Advertising' of the first version of the Law of Ukraine 'On Advertising', the powers of control over activities in advertising are assigned to certain central executive authorities, namely: the Ministry of Press and Information Affairs (control of print media), the State Consumer Protection Committee (control of advertisers, producers and distributors of advertising in consumer protection from violations of advertising legislation), the Antimonopoly Committee of Ukraine (control of compliance with antimonopoly legislation), the National Television and Radio Broadcasting Council of Ukraine (control of TV companies of all forms of ownership) [10].

Subsequently, some of the above-mentioned central executive authorities have been reorganised. In particular, the Ministry of Press and Information Affairs of Ukraine was transformed into the State Committee for Information Policy, Television and Radio Broadcasting. However, due to the vast scope of functions related to the control of print media, the specified central executive authority did not take the required steps in the public management of advertising activities. To that end, the State Committee for Information Policy, Television and Radio Broadcasting was excluded from the list of regulatory bodies in the field of advertising activities in all subsequent versions of the Law of Ukraine 'On Advertising'.

The advertising market regulation system can be divided into the following groups:

- self-regulation of the industry effected by virtue of the following key entities: the All-Ukrainian Advertising Coalition, the Union of Ukrainian Advertisers, and the Ukrainian Marketing Association;

- state regulation of the industry carried out by the following key entities: the Antimonopoly Committee, the National Council for Television and Radio Broadcasting, the State Inspectorate for Consumer Protection;

That is, due to the absence of a single center for state regulation, the process of creating entities for self-regulation has taken place. Those public bodies that are authorised to regulate the activities of entities are faced with a significant issue, that is the uncertainty of the limits of public bodies' powers, whose areas of competence, among other things, include the regulation of marketing communications. This uncertainty stems from the imperfect regulatory framework. Today, there is no single central body in Ukraine for regulating the market of advertising and other means of marketing communications. So, in addition to the public bodies mentioned above, the following authorities are involved in the processes of regulating

exhibition and fair activities, sponsorship, Internet marketing and public relations:

- the Ministry of Economic Development and Trade of Ukraine;
- the Ministry of Foreign Affairs of Ukraine;
- local authorities and a number of other state institutions, whose

powers are mostly not clearly defined.

For example, it is remarkable that in the United States, advertising and other marketing communications are regulated at three levels: by federal, state, and self-regulatory organisations. At the same time, self-regulation plays the most prominent part.

Among federal bodies, the key player in regulating marketing communications markets is the Federal Trade Commission (FTS, [www.ftc.gov](http://www.ftc.gov)). The Commission is an independent agency of the U.S. Government, consisting of 4 commissioners from the Republican and Democratic parties of the United States. [7] The FTS includes 3 divisions: the Competition Bureau, the Economics Bureau, and the Consumer Financial Protection Bureau. It is the last of these structures that directly deals with issues related to the advertising market's regulation.

In the modern world, with the process of market globalisation becoming more rapid, it requires high-rate state regulation to adjust and grow. Currently, the regulation of the development of enterprises operating in online advertising especially needs these efforts. In recent years, this type of advertising has been developing more rapidly to become of top priority in the future.

Analysis of the provisions of Article 1 of the Law of Ukraine 'On Advertising' allows to conclude that it extends its effect to relations arising in the process of production, distribution and placement of online advertising. It should be noted that in addition to the above-mentioned Law, relations in advertising are regulated by other normative acts, too.

If the international treaty of Ukraine, the consent to be bound by which was granted by the Verkhovna Rada of Ukraine, establishes rules other than those provided for by the legislation of Ukraine on Internet advertising, the rules of the international treaty apply.

As of today, a special normative legal act regulating the procedure for providing communication services on the Internet has not been adopted in Ukraine. So, the entire scope of legislative regulation in this area is currently concentrated in the general rules and regulations of civil legislation, the rules of the Law 'On Communications', as well as generally accepted rules of international practice of self-regulatory organisations in the field of Internet.

In the absence of legal regulation of this mechanism, objective difficulties arise regarding the actually created relations in the advertising. This makes it necessary to adopt a legal act regulating the procedure for providing communication services on the Internet.

Besides, the analysis of advertising products on the Internet allows to conclude that the prohibition of advertising goods that are subject to mandatory certification or other mandatory confirmation of compliance with the requirements of technical regulations is most often violated.

The specific issue of legal regulation of the use of e-mails as spam - bulk mailing of commercial advertising on the web – is of particular relevance. According to the Law of Ukraine 'On Advertising', spamming violates a number of basic provisions of advertising legislation. In particular, spamming in some cases can be classified as unfair advertising, which in accordance with Article 10 of the Law of Ukraine 'On Advertising' is prohibited. There is a civil, administrative, and criminal liability for violation of the legislation on advertising, including on the Internet [10].

**Conclusion.** Based on the analysis of the Law of Ukraine 'On Advertising', we can state its incomplete and contradictory nature, or even the absence of certain legal norms of this law. The conducted research allowed us to form the key today's issues of state regulation of the enterprise development in the IT area, namely, the advertising services market entities: the absence of a single center for state regulation of enterprise development; uncertainty of the limits of powers of state bodies whose competencies include regulation of marketing communications; the absence of clear regulation of the enterprise development in the online advertising; imperfect legal regulation of spamming (junk mail); the absence of clear implementation of the introduced methods of comparative marketing.

These shortcomings in the state regulation of advertising activities are only a small part of the issues that need to be addressed. These problems can be resolved by introducing amendments to the Law of Ukraine 'On Advertising', which in turn will serve to more efficient implementation of the proposed norms by public administration bodies in the advertising, and contribute to the protection of consumer rights from unfair advertising and advertising market players from abuse by executive authorities.

Amendments to the Law, in particular regarding the definition of the language, concept and content of comparative advertising, determining the content of internal advertising tools, will enable enterprises to use all advertising opportunities to promote goods and services in the Ukrainian market.

As one of the alternative ways to improve functioning of the system of state management of advertising activities in Ukraine, we propose to boost the activities of the Verkhovna Rada in terms of coordination in the field of advertising under the Cabinet of Ministers of Ukraine, which, in turn, will contribute to the formation of the concept of state management of advertising activities in Ukraine in a transition context.

We believe that the important aspect in streamlining the system of state regulation is the use of foreign experience, namely, with regard to regulating the area of online advertising.

It should be noted, that the findings obtained in this scientific paper can be used in the research of various scientists, especially Ph.D. candidates and postgraduates, who are working on developing proposals for improving the current legislation on state regulation of business entities' development.

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