MECHANISM OF BUSINESS, AUTHORITIES AND LOCAL GOVERNMENT PARTNERSHIP

The increased interest in using the mechanism of public-private partnership in many countries of the world is due to the fact that its use allows the public sector to realize large-scale capital-intensive and resource-intensive projects in the field of socio-economic infrastructure at the expense of the optimum time and with the smallest cost. In the context of limited budget opportunities, the expansion of the practice of using the mechanism of public-private partnership can be a significant stimulus factor that will ensure the necessary growth rates of the country's economy. The main aspects of the mechanism of public-private partnership functioning are identified and described. The development of the modern cities economy is analyzed. The article analyzes the elements of the institutional environment, stimulating and / or restraining public-private partnerships on example of each given aspects.

Keywords: mechanisms of partnership between state and business, public-private partnership, economy of modern city, program of partnership development between businesses and authorities, partnership.
competitiveness at the national and international levels. In modern cities, new development strategies are being born, new economic niches are opened, and centers of creativity, innovations and communications are created, which in aggregate are the driving force behind the development of individual territories and countries. Modern cities with a developed area of entrepreneurship not only develop, relying on market forces, they provide employment of the population, solve the social and environmental problems that arise, contribute to the establishment of local policies in the interests of this population.

The process of managing the development of public-private partnership institutes places a special place in the Strategy of Sustainable Development of Ukraine for the period up to 2030 [1]. In this connection, the necessity of developing the theory and methodology of providing partner interaction between public authorities, local governments and business, science, education and civil society organizations is becoming more vital. Public-private partnership ensures the attraction of private capital to the implementation of strategically important infrastructure objects and thus contributes to reducing the budgetary burden in full for the social and economic development of the country. The real results of fruitful cooperation between the state and business are confirmed by an increase in the number of projects implemented under the conditions of public-private partnership.

The Law of Ukraine defines the meaning of the term public-public partnership as «cooperation between the state of Ukraine, the Autonomous Republic of Crimea, territorial communities in the person of its relevant state and local self-government bodies (state partners) and legal entities, except state and municipal enterprises, or individuals – entrepreneurs (private partners), which is carried out on the basis of the agreement in the order established by this Law and other legislative acts, and corresponds to the features of state-privately partnership defined by this Law» [2]. Professor Zapatrina I.V considers public-private partnership as a regulation of contractual relations between the public sector, local governments and the private sector in the implementation of publicly significant projects [3]. Comparing the definitions that reveal the essence of the mechanism of partnership between the state and business, it is necessary to note the various semantic approaches of Ukrainian and foreign authors. So, if foreign authors in the definition of private-public partnership give priority to private business, then in Ukrainian practice there is an exchange process with the external environment, the right to use the assets of other members of the partnership, in the distribution of income in general and to private business, then in Ukrainian practice there is an increase in the number of projects implemented under the conditions of public-private partnership.

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The use of public-private partnership mechanisms allows: to increase the efficiency of using budget funds; to ensure more effective project implementation; realize a larger number of projects within a certain time frame.

Nevertheless, an analysis of the practice of implementing projects on the terms of public-private partnership shows that the negative effects on the development of public-private partnership are influenced by the contradictions that arise as a result of poorly elaborated legislation on public-private partnership projects in the social sphere at the state level, and above all in the communal economy. This is due to the fact that at the regional level, the legislation focuses mainly on the implementation of transport infrastructure objects, and on the ground mainly projects in social infrastructure and utilities are carried out on the principles of public-private partnership [4]. In addition to attracting private investment by type of economic activity, the role of public-private partnerships plays an important role in the development of private sector enterprises that are part of the partnership. This is due to the transaction exchange, carried out both within the public-private partnership, and at the external level. In the process of internal transaction exchange, the transfer of ownership of state assets to private sector enterprises takes place. Ownership of state assets, such as the right to use, the right to income, the right to manage, give the enterprise the opportunity to take part in the management of joint assets of a public-private partnership, in the distribution of income in general and to obtain additional income from the synergetic effect when using material- real assets in the process of implementing a joint project. This gives reason to believe that the use of mechanisms of public-private partnership as a result of internal transaction exchange, the transfer of ownership rights to the state, which should be defined as ownership rights of an organizational nature. These should primarily include the right to represent the enterprise in the external environment, the right to sign external contracts. By acquiring the ownership rights to use the assets of other members of the public-private partnership, the enterprise, along with obtaining additional income, which provides him with the growth of his own assets, receives the opportunity to ensure an increase in the assets of the enterprise as a whole more rapidly than in the increase of assets in its autonomous functioning. At the same time, with the use of mechanisms of public-private partnership: the quality of services provided is increasing; part of the risk is transferred to the private sector; more efficient use of resources is achieved. In order to understand whose interests prevail in the process of partnership interaction between business and government, in our opinion, it is necessary to more clearly identify the target installations of the subjects of this interaction, which are presented in Table 1.

Along with the internal transaction, an external transaction is carried out, which can be considered as the process of implementing infrastructure objects, as well as projects in the development of natural resources. Any exchange process with the external environment threatens the enterprise with an increase in transaction costs, but the public-private partnership institute provides some degree of reduction in the transaction costs of enterprises that are part of it. Transaction costs include information costs relating to the search for information, analysis and storage; expenses incurred in conducting negotiations, as well as costs associated with conducting internal control over the activities of partners, the cost of protection from third parties in order to protect...
Goals of the state | Business Goals
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1. Increasing the living standards of the population, «human capital» development | Expansion of opportunities for capital reproduction, penetration of its previously unavailable sectors of the economy.
2. Overcoming structural imbalances in the strategy of economic growth | Participation in projects implementation using budget funds.
3. Supporting the competitiveness of business in the domestic and foreign markets | Possibility of obtaining state guarantees and lending projects of social significance by foreign financial organizations.
4. Improvement of the services quality provided to the population, which are within the competence of the state | Reducing the tax burden, providing benefits and preferences for businesses.
5. Implementation of large infrastructure projects that could not be realized due to budget deficits or other reasons | Participation in profitable realization and development of state property objects. Preservation of strategic control over created assets.
6. Reducing disproportions in the socio-economic development of the regions | Facilitation of obtaining licenses, permits, conclusions of supervisory bodies.
7. Integration of domestic enterprises into the world economy | Creating a positive image of companies.
8. Ability to use managerial experience, skills and professionalism of private business, introduction of advanced management methods | Developing a dialogue between government and business in all sorts of spheres, stimulating innovative thinking, finding new and promising methods of interaction.

Source: built by the author on the basis of [3; 4]
new types of specialization and development of new types of production activity are created. Particularly large role of project management for socio-economic and organizational and managerial directions of enterprises development within the partnership, as the organizational structure of the company changes and the possibilities of democratization in the management of the enterprise are expanding. The use of process management leads to a change in the format of the participants’ interaction in business processes.

An enterprise within a public-private partnership gets the opportunity to study the flow simulation of the interconnected and interrelated business processes and monitor their implementation. In general, it can be noted that process management facilitates the development of an enterprise in such areas as industrial, technical, technological, socio-economic, organizational and managerial. In addition to project and process management, companies within the public-private partnership have the opportunity to use elements of public management and management of commercial enterprises in the enterprise management system, which allows to intensify control in various forms and, above all, extend the powers of public control, public audit and public supply. Public management helps to build business processes in the enterprise, determine the criteria and directions of enterprise development in the future, the choice of less costly forms of advanced training and improve the competence of enterprise’s employees. Public management also provides enterprise adaptation to the external environment, which is especially important for him after leaving the partnership, as it enables the integration into production networks. The analysis of the enterprise management system as part of the public-private partnership shows that management of commercial organizations creates conditions for the development of the enterprise development strategy in the future, provides technical modernization of production, identifies the strategic advantages of the enterprise, based on how these benefits will be sufficient for the enterprise in the future [4]. The combination of public management and management of commercial organizations allows to realize the principles of rationality and efficiency of production and economic activity in the company’s activities; orientation to public values in the production of services and in the implementation of infrastructure projects; the principle of excellent combinatory advantages of the enterprise with a certain margin of safety in production and economic activity and the opportunity to take a favorable position in the market when leaving the partnership; the principle of stabilization of the production and economic activity of the enterprise and the successful interaction with partners and employees of the enterprise. In the implementation of projects involving public-private partnerships, the principle of social responsibility plays an important role. Social responsibility is considered as a collective social responsibility of business partners in conjunction with the collective responsibility of the state as part of the partnership. Thus, the social responsibility of the public-private partnership should be considered as a synthesis of socio-economic and political aspects in the activities of the state and business, which express the involvement in the national needs, aspirations and interests of the people and the country [4].

According to experts, about 70% of the infrastructure services of territorial units in England are implemented on the basis of models of public-private partnership. Experts expect a significant increase in such projects worldwide, for example, in countries with strong urbanization trends and a major disadvantage of public capital (Latin America and Africa) or in reformed countries of Eastern Europe, where decentralization at the state level leads to the definition of new tasks at the regional or communal levels. Provision of services and improvement of the quality of community life are the main tasks of the municipalities.

Practically all modern cities are faced with the problems of establishing effective mechanisms of interaction between the state, business and the population, the whole thing is how local administrations react to them, how they integrate their efforts and efforts of local community, business for their successful solution.

It should be formulated key problems that impede the effective interaction of the population, business and government: the high volatility of the economic and financial situation in the country; lack of a unified system of governance and institutions capable of coordinating the process of interaction; the unwillingness of the authorities and business to engage in partnerships and implement public-private partnership projects; a high level of bureaucracy and corruption, which hinders the establishment of trust and constructive relations with entrepreneurs; poorly developed social orientation of business, its interest in solving not only its private but also local problems; lack of tight practice; the passivity of the territorial administration bodies to initiate and jointly promote projects on the terms of public-private partnership.

It should be noted that many of the listed problems are successfully addressed in modern cities seeking to break the crisis. Adopted by the territorial management bodies of the program for developing business and government partnerships include modern mechanisms that allow building sustainable trust in power, business and government authorities in the cities. Transformation of the modern cities economy can be associated with the transition to a new state that cannot be achieved without generators of innovation, new knowledge. Only by relying on it, it can be get a new look and opportunity to discuss such a city environment as «intelligent city», «intellectual», «educational», «self-developing», «sustainable». It is no accident that the terms «smart city» and «intellectual territory» were introduced in the early 1990’s when Singapore became an «intellectual island», while Toronto and the Silicon Valley were «smart cities» and «smart valleys». It should be noted that the advancement of urban technological transformation did not immediately provide such business and government partnerships, the specificity (industrial orientation) of which negatively affected the economy and social transformations, because they did not pay much attention to innovations. The theory of «living cities» is presented in the works of Jane Jacob [5] and other authors whose research was devoted to the strategies of urban planning.

In developing strategy of its development, «smart cities» are not only developed through market forces or local self-government, they affect employment, production growth, using a wide range of tools in a globalized environment. Such cities with limited types of production are forced to exhibit creativity and dynamics, to anticipate events, to mobilize local intellectual, economic, social and political resources in a single management process that allows them to realize the strategy of their socio-economic development and to provide competitive advantages.

It should be distinguished the following areas for improving the interaction of the population, business and government in «smart cities»:

1) formation of institutional conditions, acceptable for all subjects of public-private partnership interaction;
2) creation of stable and attractive conditions for investment activity in “smart cities”;
3) support and guarantees of the state to partners from the private sector;
4) development and institutionalization of a single concept of development of public-private partnership in the country;
5) use of business associations and public organizations to conduct dialogue with the state on the problems of effective interaction of the population, business and government;
6) creation of “centers of competence” as organizational structures for initiating and managing projects of public-private partnership in “smart cities”;
7) organization of informational and educational work in the framework of public-private partnership promotion.

**Conclusions from the conducted research.** Summing up, it should be concluded that the mechanism for managing the development of the enterprise in the system of public-private partnership is provided at the expense of regulatory influence on the choice and implementation of the directions of enterprise development with the help of tools and methods of project management and process management. The operation management of the enterprise is implemented on the principles of commercial organizations management and public management. It is the emphasis to use the elements of commercial organizations management and public management, which contributes to the orientation of industrial and economic activity of the enterprise on the public values, the identification and development of its own excellent competitive advantages, which ensure the stabilization of its main activities, as well as the development of new types of production and the opportunity to take the leading position on market after leaving the partnership.

**REFERENCES:**