

## **Analysis of Regulatory Policy in the Context of Sustainable Development of Eastern European Countries**



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### **ABSTRACT**

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The purpose of the article is to study the peculiarities of the implementation of regulatory policy on the example of Eastern European countries in the context of sustainable development. The methodological basis of the study is a comprehensive approach to the improvement of the methodology for determining the system of integral indicators of the implementation of the regulatory policy of economic development through the statistical analysis of the determination of the indicators of international ratings of the business environment and the assessment of the determining integral indicators of the regulatory policy according to the criterion of sustainable development. Completing the calculations of the proposed stages of the study made it possible to rank the countries selected for analysis. The article examines the factors of sustainable development of countries that generate a set of indicators of the factor load of the system of economic, social, innovative and infrastructural components based on the results of the implementation of the regulatory policy of the studied countries. The system of directions and measures for increasing efficiency, as well as improving the regulatory policy, which are expedient to implement in order to create conditions for the sustainable development of research objects, are substantiated. Based on the results of the research, it was established that the defining directions of improving regulatory policy in the context of sustainable development of Eastern European countries at the current stage are: increasing competitiveness, increasing economic activity of economic entities, improving public administration and regulatory tools. The proposed measures are aimed at improving the effectiveness of regulatory policy implementation.

## **1. INTRODUCTION**

Last century has brought many changes in the political and socio-economic systems of Eastern Europe. Together, they determined the current state of economic systems - new, with a qualitatively higher degree of development. The basis of their development mechanism were transformational processes of regulatory influence, which determined the need for change in society, the periodic exhaustion sense of the potential for progress and at the same time provided a hunt for ways and means of change. Today, various reforms and regulatory measures are being taken in each country to ensure economic development, competitiveness and prosperity.

Regulatory process is a priority way for government to influence the country's market economy, as it affects all economy sectors and aspects of life. However, in the absence of clear understanding of such impacts consequences, such measures will be ineffective and therefore the most important task of public policy is to ensure the expected economic

benefits from regulatory changes and its predominance over economic costs [1]. Poorly designed regulation can stifle economic activity and ultimately contribute to the economic downturn. Regulatory policy effectiveness is manifested in the dynamics of quantitative and qualitative values of sustainable development systemic indicators, including economic, but regulation should improve the socio-economic, environmental, political situation at minimum cost or with maximum net benefits to society [2].

Today, the regulation of economic processes in the state is the subject of active scientific discussions. Regulatory policy is a driver of economic growth, the effectiveness of which is reflected in the stabilization and adaptation of the socio-economic system to changing conditions. Effective regulatory management makes it possible to form a comprehensive approach to the mechanism and tools of the state's regulatory policy.

Regulatory policy issues and its impact on the development of country, due to the system of rapidly changing factors, have

been a focus for scientists and practitioners for many generations and remain relevant today. The study of these processes requires adequate approaches and correct choice of systems for their diagnosis in order to successfully implement regulatory influences in a sustainable development [3]. Therefore, the aim of study is to select a method for modeling factor impact on the effectiveness of state regulatory measures in the context of sustainable development and the possibility for developing proposals to improve the regulatory system on the example of Eastern Europe. According to defined tasks the author's vision of the estimation mechanism of regulatory policy efficiency in the conditions of sustainable development of the countries is offered, and also the priority directions of its improvement are defined.

## 2. LITERATURE REVIEW

Market economy requires clear rules for effective functioning. Without legal framework, free enterprise system cannot exist. Regulations affect all aspects of life, supporting markets, protecting rights and safety of citizens, and ensuring goods and services delivery. Regulation can facilitate market operations and can lead to significant economic, social and political benefits. At the same time, unreasoned regulation causes significant economic costs, which provoke the emergence of "regulatory burden".

In current scientific studies, there is no clear definition of the mechanism of regulation of the economy, because this concept must take into account the unstable state of the modern economy of the country, its dynamism, instability. Therefore, this mechanism should be unique, adapted to any changes in directions, goals and objectives of economic policy. And therefore, the theoretical toolkit must fully meet the set requirements and clearly form the theoretical foundations of the very complexity of the regulation process.

Zhavoronok et al. [4] define regulatory process as an official rule or law that dictates norms of activity. Regulatory policy scholars Glushko and Marchyshynets [5] believe that regulations are administrative laws through which government implements its goals. Araújo et al. [6] and Kravchuk et al. [7] see regulation as specific standards or instructions for the actions of subjects of economic relations. Britchenko et al. [8], Danylyshyn et al. [9], Djakona et al. [10], Dubyna et al. [11], Grigoraş-Ichim et al. [12], Grosu et al. [13], Lee and Borchering [14] advocate the opinion that modern models of regulatory policy should be based on principles of democratic management and involve a wide array of subjects at different management levels and private sector based on established standards.

In modern scientific literature, state regulation is considered as a set of basic forms and methods of influence of state institutions and organizations on the development of the social mode of production for its stabilization and adaptation to changing conditions.

The history of economic relations forces us to agree with the opinion of Hummel et al. [15], Vdovenko [16], Kholiavko et al. [17], Kosach et al. [18], who believe that state authorities need to intervene and regulate economic processes only when the market is considered to be one that leads to an uneven distribution of income and wealth, and access to public goods and services regardless of the ability to pay differentiated.

Given the need for the state to participate in the processes of regulation of all spheres of society, its actions should be

aimed at directing subjects of economic activity to achieve the goals of the state authorities and management in order to stabilize and adapt the socio-economic system to changing conditions.

Author's team believes that the integration of evidence-based impact assessment of new and existing regulation, the creation of powerful regulatory management institutions, and paying more attention to regulatory subjects should be important elements of achieving planned goals.

Today, all world countries face the task of achieving sustainable development in order to ensure economic growth and at the same time protect the resource base and the environment, taking into account interests of future generations [19, 20]. As a result, we consider the stability of economic development to be such an economy condition, in which the stability of initial (final) parameters of the production development, social and economic indicators is maintained [21-24].

The study of the essence of the concept and nature of sustainable development began more than 30 years ago, focusing on such components: resource provision, quality of the environment, person's standard of living. It is necessary to note special importance of the sustainable development concept [25-27]. Since the introduction of "sustainable development" term, scientists have formed a separate direction in economic theory and substantiated the meaning and role of sustainable development concept in the territories' socio-economic management of any level [28-31]. This concept determines the direction of socio-economic systems' regulatory influence, incorporating social criteria in the formation of economic strategies [32, 33]. It became possible not only to increase the efficiency of administration, but to achieve the efficiency of regulatory policy implementation in the context of sustainable development. This approach highlights the importance of state regulatory policy measures.

A pleiad of scientists approaches the understanding of economic development sustainability in two ways. So, Alexander [1] is of the opinion that maintaining the stability of a given level applies to any final economic indicators. The author believes that maintaining stability provides an increase in marginal indicators of economic growth (maintenance of certain rates of annual GDP growth or inflation maintenance) within given limits. In this case, it is about dynamic stability. The idea of sustainable socio-economic development has firmly entered an arsenal of state administration due to the effective implementation of the regulatory policy of the state.

The development of evolutionary economics theory, at the origins of which stood N.D. Kondratiev, is based on the fact that in the economy, after certain periods of time, one dominant technological system is displaced by another, which, in turn, itself becomes a dominant system. Each subsequent arrangement turns out to be in a certain sense more effective than the previous ones [34-36]. We believe that taking into account these transitions from a system to system, accompanied by an increase in the scale of production, labor productivity, the complication of economic ties and relations, there is a need to regulate the process of economic evolution at macro level, taking into account of which allows maintaining the sustainable economy development.

Having carried out a literary excursion [37, 38] author team is of the opinion that the sustainability of growth is considered as a socio-economic concept and is defined in the form of economic relations and structural indicators system, which provides continuous stability support for political, economic

and social growth in conditions of optimal proportionality at minimal costs and environmental security, which contributes to a more complete satisfaction of material and spiritual needs of the country and its regions population.

Ensuring the improvement of regulatory influence cannot occur without a constant and deep analysis of the regulation results, while the correct application of assessment methods remains important. Most scientists Kholiavko et al. [39], Pasko et al. [40], Popelo et al. [41], Rossi and Tarquinio [42], Shaposhnykov et al. [43], Shkolnyk et al. [44], Kopytko et al. [45], Gavkalova et al. [46] focus on the need to apply factor influence analysis with a wide system of factors on the final result by means of compressing the matrix of features into a matrix with a smaller number of variables that preserves primary information and finding an optimal basis. The idea of factor analysis originally belongs to K. Pearson, and today it is an effective mechanism for processing a significant array of statistical data. The scientific theorization of the system of integral indicators of the results of the implementation of the regulatory policy of economic development through the prism of determining the level of the factor tax burden allows to determine and specify the directions for improving the regulatory policy in the context of sustainable development based on innovations in changing the research methodology and the tools of the state's regulatory influence on economic conditions.

Thus, scientists' theoretical and practical approach is fundamentally important for clarifying the essence of regulatory policy in the conditions of sustainable development, as well as when choosing procedures for modeling the impact of assessing the effectiveness of its implementation.

### 3. METHODOLOGY

When creating indicators for the regulatory policy assessment in the context of sustainable development of socio-economic systems, global and national indicators must be taken into account.

As part of the effectiveness assessment of an economic environment regulatory policy of the countries in the studied region, based on global indicators, 4 international indices were analyzed that characterize the quality of regulatory environment for conducting business:

1. World Bank Ease of Doing Business Index «Ease of Doing Business» (DB) [47].

2. Global Competitiveness Index of the World Economic Forum «The Global Competitiveness Index» (GCI) [48].

3. Regulatory Quality Ranking – one of six indicators as a part of Public Administration Quality Index (Worldwide Governance Indicators), which is calculated annually by the World Bank (WGI RQ) [49].

4. Area 5C. Business Regulations / Economic Freedom of the World, provided by Canadian Fraser Institute (EW 5C) [50].

The analysis sources were arrays of retrospective data posted on websites of the relevant ratings (indices) [48].

The system of proposed international ratings is a practical toolkit for conducting a comparative analysis of the states' development and determining, on this basis, promising directions for improving regulatory policy and specifically factors that influence and restrain country's economic growth. The positions analysis the countries selected for the study in international rankings is also important for identifying their

competitive advantages in comparison with leading developed and developing countries on the scale of the world economy as a whole.

The approach to assessing regulatory policy effectiveness in the context of sustainable development at the national level should include construction of an indicators system and the calculation of an integral indicator. That is why an important issue is the choice of a model and, as part of it, a system of influence indicators on economic and welfare results, which will determine directions and tools for improving this regulatory policy.

The main study problem is the lack of a single and universal approach to assessing the impact of regulatory policy. Complicating matters is the fact that economic impact of a regulatory policy often involves a complex set of interrelated variables, each of which can influence the final outcome and makes it difficult to isolate the proportion of observed impact due to the initial regulatory intervention. Each group of specified factors generates a set of indicators in its composition. Taking into account indicated difficulties, we consider it expedient to single out following factors that actually determine the sustainable development of the country (Table 1).

**Table 1.** Factors influencing the effectiveness of regulatory policy, which determine the country's sustainable development

Factor	Essence
Economic	the level of economic development (GDP per capita), economic activity efficiency and the investment potential of development (total amount of investments)
Social	the level of social tension (income level) and the level of health care development
Infrastructural	indicators of transport infrastructure development level, which determine business mobility and transportation costs
Innovative factors	increasing labor productivity and technological modernization of economy. That factors are represented by the cost on education, cost on innovation and level of access to the Internet.

Based on the data presented in the Table 1, we see that the mathematical basis of the effectiveness of regulatory policy is a multifactor model that implements cluster and discriminant analysis and determines the impact of a large number of grouped characteristics. The source of primary calculation data is the official statistical economic, social, innovation and infrastructure indicators of Eastern European countries for 2015-2021. The processing array of statistical data was carried out using IBM SPSS Statistics software complex.

To ensure the reduction of statistical data dimensionality and its normalization, principal component methods were chosen as the basis. To establish determining factors of influence, the method of analyzing the sensitivity of indicators to the socio-economic system was applied. In general, the method of assessing factors influence on the level of regulatory policy implementation consists in bringing statistical indicators characterizing the influence of various factors on it in a form that allows to determine the influence level of each of the factors on relevant socio-economic indicators of Eastern European economies.

The analysis of theoretical provisions from the study of the methodology for determining the existing system of integral indicators of the implementation of the regulatory policy of

economic development makes it possible to form the conclusion that today there is no single methodology for analyzing the effectiveness of the regulatory policy according to the criterion of sustainable development. This process includes:

1. Statistical analysis of determining indicators of international ratings of the business environment.

2. Evaluation of the determining integral indicators of the resolution policy according to the criterion of sustainable development.

Method of principal components consists in the sequential search for factors. Initially, model contains the same number of  $F_k$  factors (principal components) as indirect features. Thus, a model of the main components is defined as:

$$X_i = \sum_{k=1}^n a_{ik} F_k + a_i, \quad (1)$$

$X_i$  – manifestation of the x-factor,

$a_{ik}$  – factor load,

$a_i$  – free member,

$F_k$  – type of factor,

$i = 1, 2, \dots, n$ .

Factors must be linearly independent. The idea of principal components method is to search for an orthogonal system of  $n$  vectors with special properties. The covariance matrix of features through  $R$  will take the following form:

$$R = (cov(X_k, X_l))_{k,l=1}^n = \begin{pmatrix} 1 & r_{12} & \dots & r_{1n} \\ r_{21} & 1 & \dots & r_{2n} \\ \vdots & \vdots & \ddots & \vdots \\ r_{ni} & r_{n2} & \dots & 1 \end{pmatrix}, \quad (2)$$

An integral component of factor analysis is the study of variances and correlations within the factor analysis model. The next step is to find the eigenvalues  $\lambda_1, \lambda_2, \dots, \lambda_n$ , which are recognized as variance, and the eigenvectors of the matrix  $R$  in the principal axes:

$$\hat{R} = \begin{pmatrix} \lambda_1 & 0 & \dots & 0 \\ 0 & \lambda_2 & \dots & 0 \\ \vdots & \vdots & \ddots & \vdots \\ 0 & 0 & \dots & \lambda_n \end{pmatrix}, \quad (3)$$

Accordingly, those main factors corresponding to large variance values explain most of the diversity of the analyzed set of objects. Having identified determining factors that coincide with the significant main components, on the basis of (4) it is possible to calculate factor loadings:

$$\hat{r}_{ki} = a_{ki}, \quad (4)$$

The assessment of regulatory policy effectiveness is established by the value of integral indicator ( $I_{RP}$ ) for each of the blocks of factors (economic, social, infrastructural and innovative):

$$I_{RP} = \sqrt[n]{F_{ec} * F_{soc} * F_{inf} * F_{inn}}, \quad (5)$$

By carrying out the calculations of the proposed research stages, it will be possible to rank the analyzed countries according to the level of effectiveness of regulatory policy implementation in the context of sustainable development.

#### 4. RESULTS

Modern world is experiencing a complex period of radical changes, ambiguous in their consequences, threatening various levels of economic systems foundations, which are manifested in a decrease in their systemic stability and are accompanied by crisis phenomena.

As evidenced by regulatory policy results, it is implemented in three main directions:

1) liberalization of economic relations by dismantling the centralized distribution of resources;

2) institutional changes related to the property relations reform, the formation of independent market entities and creation of its infrastructure;

3) positive quantitative and qualitative changes in the development of real economy.

Individual national and cultural, historical features, natural resources, economy structure, specialization, level of economic development, social infrastructure, administrative and political system determine measures and tools for the regulatory policy implementation of the countries of Eastern Europe aimed at ensuring sustainable development. We will conduct a study of international ratings indicators of the under study functioning countries (Table 2) [47-50].

Presented data determine the analysis results of positions of the countries under study and make it possible to state that according to the results of previous years, ambiguous changes in the values of rating indicators were noted in all countries. Among countries declared in the analysis, Bulgaria and Czech Republic occupy leading positions in these directions. Romania and Poland have shown the worst results. At the same time, participation of countries in the integration association is an important factor in economic development, which involves more effective use of national competitive advantages combined with integration opportunities, as well as best practices exchange in the field of regulatory policy implementation.

**Table 2.** Indicators of international ratings characterizing the quality of the regulatory environment for doing business in Eastern European countries

Indicator	2018 year				2019 year				2020 year			
	DB	GCI	WGIRQ	EW 5C	DB	GCI	WGIRQ	EW 5C	DB	GCI	WGIRQ	EW 5C
Poland	114	51	0.7	99	123	49	0.6	102	125	48	0.6	86
Bulgaria	91	37	1	72	97	37	0.9	64	104	49	0.9	65
Slovakia	103	41	0.9	112	106	42	0.8	85	109	57	0.8	85
Romania	109	52	0.6	103	116	51	0.5	98	119	51	0.4	92
Hungary	112	48	0.6	88	117	47	0.6	77	116	47	0.6	69
Czech Republic	94	29	1	83	99	32	-	61	105	33	-	56

In the “Doing Business” rating for 2018-2020, the highest position among studied countries was occupied by Bulgaria (104th place in 2020) out of 190 economies according to the sub-indicators “property registration”, “ensuring the fulfillment of contracts”, “connection to electricity networks” and “obtaining loans”.

However, compared to the 2018-2019 rating, value of the indicator deteriorated by 413 and 7 positions, accordingly. Similar negative dynamics are characteristic for all other countries, due to the action of factors range, including the consequences of COVID-19 global pandemic.

Competitiveness is an indicator that makes it possible to assess factors that affect the long-term growth and development of the country’s economy and allows you to find out the strengths and weaknesses and, based on them, to develop a long-term development strategy. Only Czech Republic (29th place) demonstrated the best results of global competitiveness during the research period, thereby taking high positions in the sub-indices “market size”, “ICT implementation”, “innovative activity”, “dynamics of business development”. At the same time, insufficient development of the financial market is a problem common to all countries.

The indicator of state regulation quality among the Eastern European countries for 2018-2020 is the highest in Bulgaria (there are no official data for Czech Republic during 2019-2020). Strengths of Bulgarian regulation are demonstrated by the sub-indicators “efficiency of public administration”, “quality of regulation”, “political stability and absence of crime”, “law rule”, “accountability of public opinion and accountability of state bodies” and “control over corruption”. Romania has the worst position among the countries.

According to the indicator of economic freedom index in the world for 2018-2020, the highest value among indicators of the countries is Czech Republic characteristic (56th place in 2020). The country’s strengths are characterized by sub-index “reliable money”, “freedom of foreign trade”, “regulation”, “legal structure and property rights”. The lowest value in the rating according to the results of 2020 was occupied by Romania (92nd place).

In the course of implementation experience analysis of Eastern European countries regulatory policy in 2018-2020, certain of their features were established:

1. In the field of tax regulation, Hungary implemented measures to simplify taxes payment by updating the internal electronic tax system, reduced paying taxes costs, and also lowered social costs by reducing tax rate paid by the employer. Changed rules regarding overtime work of employees.

2. In the energy sector, Poland has accelerated the acquisition of electricity by implementing a new customer service platform that allows the utility to better track

applications for new commercial connections, by reducing the cost of its supply. An increase in time for registration in the Register of land, mortgages and other property was established as a negative step in the field of regulation.

3. In the field of business regulation, Romania has eased procedures for starting a business, allowing voluntary VAT registration to take less time than mandatory registration. Also, there was a decrease in the cost of paying taxes, canceling five taxes and contributions - obligations for employers. At the same time, Romania introduced a new labor insurance contribution for the employer.

4. Slovak Republic simplified starting a business by canceling the requirement to receive and submit information on tax debt. There was also an increase in the salary allowance for work performed on weekly rest days and at night.

Thus, regulatory influence main trends of the studied countries are:

1) active integration processes of national socio-economic systems into the world;

2) institutional transformations due to increased cooperation with foreign countries;

3) processes of global informatization and digitalization under the influence of NTP and information revolution;

4) changes in socio-economic systems as a result of new regulatory influences;

5) socialization and heighten in the population life quality.

The quality of public administration, as well as national regulatory policy, are considered key parameters for long-term countries’ development and the choice of direction regulation. In the short- and even medium-term perspective, there are many factors that influence, in particular, economic development.

In order to solve one of the main problems of the study - the lack of a single and universal approach to the assessment of the impact of regulatory policy in the context of sustainable development, impact factors were selected (Table 1), according to the criteria of which a selection of statistical information was carried out to calculate the coefficients of the factor load level of countries. These indicators are the basis for determining the integral indicators of the results of the implementation of the regulatory policy of the economic development of Eastern European countries and their ranking.

In order to find estimated value of regulatory policy effectiveness of each Eastern European country (an integral indicator), main influencing factors were selected and factor load level was determined for each of the countries. Resulting data of factor influence by the method of principal components and by rotation method: Varimax with Kaiser normalization according to results of these countries’ management are presented in Table 3.

**Table 3.** Summarized results of determining factor load level of Eastern European countries for 2015-2021

<b>Factors</b>	<b>Romania</b>	<b>Bulgaria</b>	<b>Hungary</b>	<b>Czech Republic</b>	<b>Slovakia</b>	<b>Poland</b>
Education costs	0.500	0.955	0.912	0.949	0.273	0.960
Costs of innovation	0.720	0.921	0.609	0.717	0.600	0.959
Internet access	0.726	0.913	0.805	0.565	0.790	0.947
Medical expenses	0.573	0.906	0.788	0.505	0.233	0.841
Minimum wage	0.639	0.894	0.825	0.580	0.651	0.945
GDP per capita	0.787	0.389	0.531	0.369	0.790	0.851
Volume of transportation	0.763	0.669	0.180	0.769	0.896	0.472
Profit	0.874	0.609	0.627	0.944	0.853	0.365
Investments	0.493	0.751	0.943	0.403	0.659	0.277

Table 3 data proves the non-uniformity of factor load value in the countries of Eastern Europe. Arguments for this are differentiated political-economic, social, cultural and other features of business entities economic activity, results of which determine the level of country development in general.

Thus, for the vast majority of studied region countries, a high level of influence on sustainable development is exerted by education costs (the highest value is 0.960 - Poland), minimum wage (maximum value is 0.945 - for Poland) and profit (0.944 - the highest value in Czech Republic).

Comparison of the reserves map for regulatory policy results growth, compliance with strategic development documents and indicators of economic development of each Eastern European country allows to determine the use level of available reserves for the regulatory policy effectiveness growth of the studied countries in the concept of their sustainable development.

Thus, comparing indicated data for Romania, we find that in its development strategy, this region singles out two indicators that are present in the map of competitiveness growth reserves – “investment” and “training costs” among the indicators of competitiveness growth. According to Bulgaria results, “GDP per capita” and “volume of investments” act as reserves for economic indicators growth. For Hungary, strategic development should be ensured by the means of increasing GDP per capita volume, the development of transport infrastructure and the volume of transportation. Czech Republic can ensure sustainable development by increasing: GDP per capita, investments, health care costs, minimum wage increasing, as well as by expanding Internet access. In the economic conditions of Slovakia, it is possible to increase regulatory policy effectiveness by increasing the financing of education and medical expenses. For Poland, main such factors should be an investments growth, an increase in the level of profitability and volumes of transportation.

On the basis of factor load levels data on the development results of Eastern European countries during the research period and the use of integral indicator method (I<sub>RP</sub>), the level of regulatory policy effectiveness of these countries was established (Figure 1).

Among those submitted to the analysis of regulatory policy effectiveness of Eastern European countries, the highest value of the integral indicator for 2015-2021 was found in the Czech Republic and Bulgaria - 6.773 and 6.772, respectively. Such data testify about the right directions choice of the regulatory policy of such countries, as well as about the responsibility and effectiveness of its implementation. It is expedient for Slovakia to review principles and directions of regulation of

economic conditions in the country.

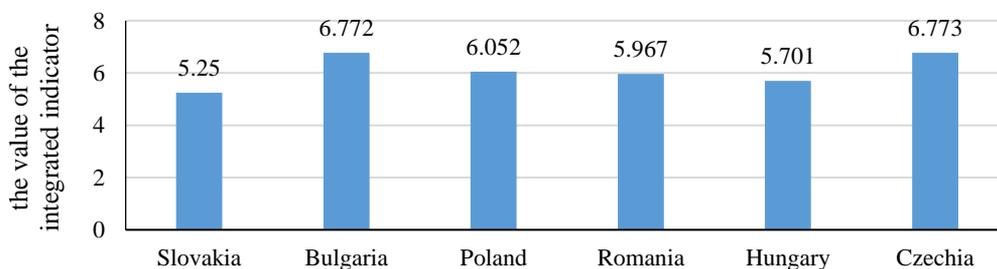
Taking into account presented analytical material, we come to conclusion that it is the so-called “human capital” that ensures activation of innovation-oriented economic growth, contributes to ensuring stable reproduction of all component subsystems: infrastructural, financial, economic, industrial and social. As a result, all of them, by their nature, provide for an increase in the level and quality of population life, which is an important condition for economy growth, preservation of its competitiveness - in general, sustainable development.

We believe that presented method of analyzing the efficiency of regulatory policy of Eastern European countries according to the sustainable development criterion, based on the factor analysis of an indicators set that characterize the level of their economic, social, innovative and infrastructural development, generates opportunities for developing the main ways to improve the regulatory policy efficiency of the countries under study.

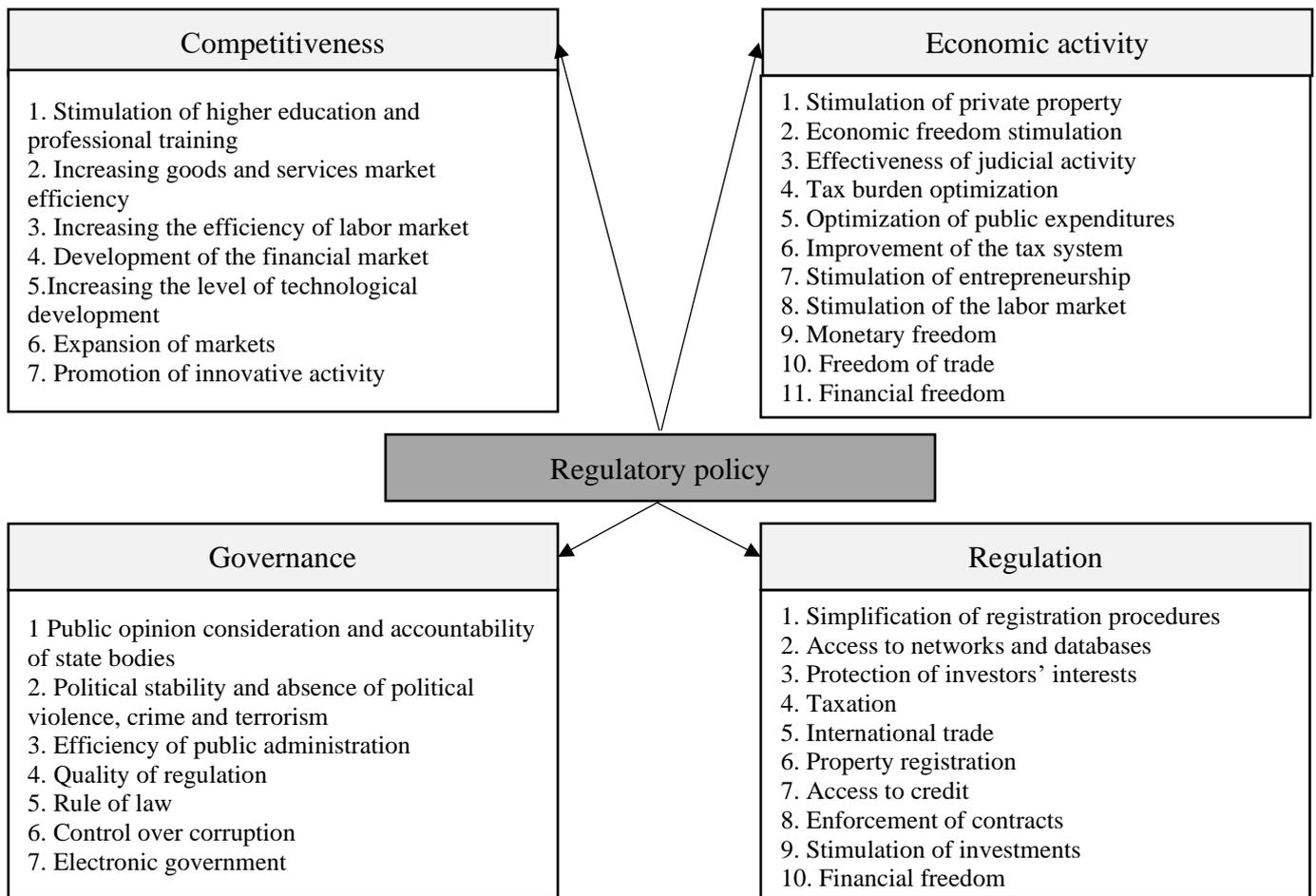
Along with this, taking into account identified directions and areas of the economy, in which countries of Eastern Europe occupy weak positions, including in ratings, may be promising for the implementation of measures and tools for improving regulatory policy, in particular: development of cooperation and international trade, minimization of income inequality, improving the efficiency of control bodies, in particular customs, improving management quality and other measures presented in Figure 2.

We believe that implementation of improved methodology and tools of Eastern European countries regulatory influence should be based on the following provisions:

- 1) intensive national economy transformation based on a wide range of alternative management actions and analysis of possible development trajectories in the integration and economic space;
- 2) regulatory policy principles should be determined by mechanisms of self-determination in the external environment, freely manipulating own resources and effectively adapting to external environment;
- 3) urgent and effective structuring and systematization of factors, risks, types of reaction to changes in the economy, analysis schemes development in the socio-economic system.
- 4) continuous and enhanced organization and use of electronic data exchanges between national and external information systems, use of special software tools for providing access to databases through global information networks, as well as organization and use of special software tools for optimization and solutions for organizational, management and economic implementation tasks of regulatory policy.



**Figure 1.** Integral indicators of regulatory policy results of Eastern European countries economic development for 2015-2021



**Figure 2.** Directions for improving regulatory policy in the context of sustainable development of Eastern European countries

## 5. CONCLUSIONS

Based on the results of the analysis, the author's vision of the mechanism for ensuring the effectiveness of the regulatory policy through the scientific theorization of the system of integral indicators is outlined, which allows to determine and specify the directions for improving the regulatory policy in the context of sustainable development based on the improvement of the research methodology and the tools of the state's regulatory influence.

The results of modeling the factor influence on the effectiveness of the regulatory policy of the studied countries showed a sufficiently high level of financing of the innovative resource potential of these countries, however, in order to ensure better results of the regulatory policy, there is a need to increase such financing. Also, the method of analyzing the effectiveness of the regulatory policy of Eastern European countries according to the criterion of sustainable development based on the factor analysis of a set of indicators that characterize the level of their economic, social, innovative and infrastructural development is presented, generating opportunities for developing the main ways to improve the effectiveness of the regulatory policy of the countries under study.

Thus, multifactorial mathematical analysis model and assessment of the regulatory policy effectiveness proposed in the study allows to determine the nature of influence of factors' system on the position of country's management process. This made it possible to determine the areas of resources concentration and the adoption of measures and tools system

for ensuring regulatory policy effectiveness of each country in the conditions of sustainable development.

It has been established that the defining directions of improving regulatory policy in the context of sustainable development of Eastern European countries at the current stage are: increasing competitiveness, increasing economic activity of economic entities, improving public administration and regulatory tools. The proposed measures are aimed at increasing the effectiveness of regulatory policy implementation in the context of sustainable development.

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