



## **ABSTRACT OF THE WORKING PAPER 5.19**

### **The role of local institutional environment for the development of multinationals and SMEs in Ukraine: transition economies perspective**

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The working paper consists of the following parts: introduction; a chapter on institutional embeddedness of firms, introducing a discussion on the interrelatedness of formal and informal institutions, multiscalar institutional co-dependence and importance of institutions for the subsidiaries of multinational enterprises (MNEs) in the host location and domestic small and medium size enterprises (SMEs); a chapter with analytical framework of the paper, introducing the main hypotheses of the research; a chapter on the data and methods used in the paper for the empirical analysis of the results of the enterprise survey, carried out in Ukraine; a chapter presenting the results of the empirical research; a chapter with the discussion on the results; in the end the working paper introduces the overall summary and policy implications.

The paper aims at the analysis of the interrelatedness between formal and informal institutions as a prerequisite of the quality of local institutional environment, which impacts the development of MNEs as well as small and SMEs within a certain economic system. The role of MNEs, their subsidiaries in the host markets and cooperation of the latter with the domestic SMEs, are investigated with regard to the embeddedness of firms within the local institutional system based on the paradigm of a multiscalar approach in a transition economy. The paper empirically analyzes the primary data of the enterprise survey, carried out in Ukraine as one of European Neighborhood Policy (ENP) states. The focus of empirical analysis is centered on the assessment of institutional quality and its region-specific characteristics by firms, the determination of the differences in local institutional quality perceptions by MNEs and domestic SMEs and identification of the prerequisites of such disparities.