

ECONOMIC AND LEGAL PREREQUISITES FOR THE FUNCTIONING OF STARTUPS IN MODERN SOCIETY: ISSUES OF INTERNATIONAL AND NATIONAL LEGAL REGIMES

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Abstract. The *subject* of the present study is the conceptual, theoretical, methodological and applied foundations of the legal and economic nature of the functioning of a startup as a form of innovative activity. *Methodology.* The present study employed a combination of general scientific and special legal methods. The analysis determined the quantitative and qualitative parameters of the organisational, legal and economic principles of determining startups in modern conditions. The synthesis yielded common features inherent in the phenomena of socio-economic and legal nature, which serve as a prerequisite for the functioning of a startup. The employment of a comparative legal methodology has facilitated the identification of both the common and distinctive characteristics inherent in the legal consolidation of a startup within the legislation of individual countries, with due consideration for legal and economic prerequisites. The formal legal method established the necessary foundation for formulating conclusions regarding the effectiveness of the regulatory consolidation of the concept and characteristic features of a startup as an innovative product and a subject of the corresponding organisational and legal form, and outlining the corresponding normative proposals. The *purpose of the article* is twofold: firstly, to establish the state of determination of a startup as an economic category; and secondly, to highlight the prerequisites for the formation and development of such products in the context of international and national legal regimes. This will be achieved through the study of the legal and economic foundations of the specified phenomenon. The *results* of the study demonstrated that the economic and legal prerequisites for the functioning of a startup are derived from the innovative essence of such a form of entrepreneurial activity and are projected into the plane of implementation of the corresponding product and the exercise of legal personality of a certain participant in such relations within the framework of both national and international legal regimes. *Conclusion.* From an economic perspective, a startup is regarded as a technological innovation in the context of entrepreneurial activity. Its primary objective is to ensure the most optimal and effective utilisation of available and accessible resources, which are inherently limited in the modern context. It is evident that the emergence and development of a startup is contingent on a number of economic prerequisites. Primarily, there is a necessity for the effective implementation of the formula "small investments – significant profit". Furthermore, there is the possibility of an intensive transition from small to large-scale projects, and the attraction of additional resources in the form of so-called incubators. A startup is defined as a form of innovative activity, characterised by a distinct operational production cycle and a focus on maximised efficiency (defined as the ratio of costs to benefits received, with a high probability of achieving innovative outcomes in comparison to other forms of such activity). A complex combination of means of achieving the set goal and the probability of forming the defining features of a startup (operationality, resource limitations, novelty, innovation) is the most effective when compared with other forms of innovative activity. For nascent enterprises, the investment procedure is a highly effective mechanism that facilitates exponential growth, albeit at the expense of various sources unrelated to the project's originator and the constituents of the pertinent legal entity, which is the form of its implementation. The contract thus serves as the primary instrument for the execution of the startup's legal personality, which is subject to variation in

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accordance with the diverse scope of its activities. In the context of economic activity, a startup is synonymous with the legal personality of an individual entrepreneur, a private enterprise, a limited liability company, or, in certain circumstances, a structural unit of a specific business entity. Empirical evidence has demonstrated that the organisational and legal structure of a nascent enterprise is predominantly characterised by one of the recognised forms of business entity, with a particular emphasis placed on those models that impose limitations on the contributions of its stakeholders. Conversely, in instances where the initiation of a project is undertaken within the ambit of a structural unit of a legal entity, the latter may not be applicable to business companies. In order for a startup to function legally, it is necessary to determine the legal status of those involved in this type of innovative activity, in terms of both the nature of the object and ensuring the implementation of their powers, in view of the needs of society and the individual.

Keywords: results of creative, intellectual activity, startup, economic prerequisites, legal prerequisites, investment activity, entrepreneurial activity, economic activity, intellectual property.

JEL Classification: E22, K15, M13

1. Introduction

The integration processes taking place in modern society at global, regional and national levels are primarily due to the development of the characteristics of the information space. The information space fully contributes to the penetration of information in all its forms into the deepest foundations of social existence, reflecting the formation and development of a post-industrial information society.

Indeed, the modernity of social existence is directly related to the plethora of information available, which is a defining feature of the information society. In this context, information of various kinds, in an extremely wide variation, serves as a means to satisfy a number of needs in a particular sphere of manifestation of private or public interests. Concurrently, the economic experience of developing the most successful projects demonstrates that a significant means to achieve such a result is the utilisation of innovative tools in the organisation of the functionality of the system of measures that mediate the achievement of a specific goal. It is evident that startups occupy leading places among the latter.

A study of the global ranking of startups reveals that projects pertaining to the processing of information of various kinds, utilising neural network tools and other advancements in the domain of information technologies, which amalgamate modelling tools and other methodologies of processing data of a diverse nature, dominate the initial positions. Consequently, within the Ukrainian iteration of this evaluation, the top ten products encompass innovative information and technology initiatives that are either directly or indirectly associated with the utilisation of artificial intelligence and software products as a medium for addressing challenges across a wide spectrum of social domains (Startup Ranking, 2025). It is evident that the content of startups is intrinsically linked to the IT sphere. Consequently, there is a necessity to elucidate their nature and establish their position within this

particular legal relationship. This is inclusive of the introduction of various information and technology products into a specific domain of social life, as well as the outcomes of intellectual and creative endeavours.

It is imperative to examine the fundamental nature of a startup as a participant in IT relations within the socio-economic and legal context. This analysis reflects the characteristics of the legal status of the subject and the legal regime of the object of the relevant relations. The study employs extant scientific research and the provisions of current legislation in this area, encompassing both international and national frameworks.

These issues have attracted considerable attention from scholars and practitioners in the fields of economics and law. Among the key economic studies, several notable areas of focus can be highlighted. These include research on the volume of financial capital as a core resource for startup operations (Singh & Subrahmanya, 2020); the role of incubators in supporting startup development (Sousa et al., 2018); the selection and alignment of marketing strategies to ensure the successful market entry of startups (Tokarev & Shkarovskiy, 2020); the integration of startups into the global economy (Bailetti, 2020); and the commercialisation of startup projects (Eslamloo, Brown & Biyouki, 2025). Further studies have explored the implementation of startup initiatives across various sectors, such as software development (Melegati & Goldman, 2016), the use of artificial intelligence in recruitment (Laun, 2023), and applications within segments of the creative industries (De Lazzari, 2018).

In the context of scientific studies examining the legal regulation of public relations in the context of a startup, it is essential to distinguish those works that elucidate its innovative essence (Kornukh, Makhanko, 2014), and those that explore the implementation of the legal personality of participants within the national innovation system (Hlibko, Georgievsky, 2018). From the perspective of the legal personality

of a company that fully implements startup projects in its own activities, this issue was considered in terms of the legislative basis (Boyarinova, Kopishynska, 2017) and legal prospects for its improvement (Zelisco, Solomka, 2021). In the context of various national legal frameworks, particular emphasis is placed on the subject of regulating startups, both in terms of its objective and subjective nature. This phenomenon has been examined in countries such as Brazil (Pimenta, Lana, 2022), Indonesia (Rohendi, Asriani, Kharisma, 2023), and Slovakia (Patakyova et al., 2020).

The extant and referenced studies serve to update the corpus of knowledge pertaining to the economic and legal nature of a startup as an innovative phenomenon in the modern international and national context, in the context of the prerequisites for its emergence and development.

2. Economic Prerequisites for the Functioning of Startups in Modern Society

Economics, when considered within the context of a multidimensional space, is concerned with the various manifestations of numerous phenomena. Collectively and in their interconnectedness, these phenomena are directed towards the primary objective of achieving the most optimal and effective use of available and accessible resources. These resources are limited a priori in the modern existence of mankind.

The economic introduction of a number of products is a notable innovation, with a particular emphasis on the prominent role of startups. Indeed, there are several approaches to the nature of a startup as a social category, the predominant essence of which is directly reproduced in the economic plane. In particular, it is proposed to perceive a startup as a form of organising entrepreneurial activity, which finds development in a certain idea, a plan for its promotion on the market, a company development strategy and at the same time combines the optimal (limited) use of resources (Oksenyuk, 2019). Steve Blank, a pioneering figure in the field of entrepreneurship, defines a startup as a temporary organisation used to search for a repeatable and scalable business model (Blank, 2013). The Startup Ranking web resource defines a startup as an organisation with high innovative competence and a strong technological base, which is endowed with the ability to accelerate growth in economic terms and maintains independence in time with a maximum implementation period of up to 10 years (What is a startup, 2025).

It is posited that, in consideration of the results which indicate that financial capital constitutes the primary resource component of the functioning of a technological startup, three fundamental financial requirements of a resource nature should

be distinguished: human, research and social capital (Singh, Subrahmanya, 2020). It is imperative to concur with the authors' assertion concerning the categorisation of the aforementioned types of resource capital, which is presented as an irrefutable assurance of the success of a devised and executed innovation project in the form of a startup. In particular, human and social capital are a sufficient parameter in the functioning of a startup, and research capital is necessary. The absence of research capital results in the determination of a startup as a means, rather than as a form of innovative activity. It is research capital that engenders innovativeness and impulsiveness in achieving the most effective, even revolutionary, solution to a scientific and technical task in the relevant sphere of social life.

A retrospective analysis of the development of startups as economic phenomena reveals several notable trends. Firstly, there has been a transition from small to large-scale projects. Secondly, there has been an exponential level of success in overcoming all stages of entrepreneurship. Thirdly, there has been a proliferation of new technological solutions and an intensification of existing ones. Fourthly, there is a high probability of project failure at the initial stages. Finally, the need for additional resources is partly met by incubators (Sousa et al., 2018).

In the context of the selection and correlation of marketing strategies for the successful implementation of a startup in entrepreneurial activity, it is imperative to consider the following parameters: the formation of an appropriate basic economic toolkit; the systematisation of the principles of such activity based on the results of monitoring and processing of implemented cases within the framework of relevant startups; the determination within the marketing of innovative activity of the stages of implementation and introduction of a startup; and the presence of specifics of the selection of tools for the implementation of a startup at each stage (Tokarev, Shkarovskiy, 2020).

A significant aspect of a technological startup is its integration into the global economy, which is facilitated by the capacity of such a venture to operate from its inception within the global market and to undergo a transformation in its operations to align with the demands of both the national and global economies. Concurrently, the following component models of startup globalization, among other forms of innovative activity, are proposed: the scale of the problem; stakeholder commitment; joint entrepreneurship; capital; legitimacy; global opportunities (Bailetti, 2020). It is imperative to acknowledge that the fundamental prerequisite for the establishment of a startup is the necessity to develop and implement a set of rules and models that would ensure the viability of such an innovative endeavour to address a specific scientific and technical problem within a designated industry sector.

A cross-contextual comparative study of the phenomenon of startup commercialisation was conducted, and it was concluded that this process is significantly influenced by the combination of accelerator programmes and the startup ecosystem. Conversely, the success of startup accelerator programmes is hindered by factors such as inadequate future investments, the immaturity of the ecosystem, inefficient public administration, limited enthusiasm among young people, and inherent defects in the programme itself (Eslamloo, Brown, Biyouki, 2025). It is evident that the aforementioned researchers' position warrants support, as they posit that the capacity of the devised system to self-regulate its institutionality through the monitoring of outcomes and the subsequent realignment of phases in the implementation of a given product, manifesting as a startup, is of considerable significance to the evolution of such entities.

The following criteria are proposed for evaluating startups by the client firm itself, ensuring their ranking for effective implementation in one or another sphere of social life: the level of innovation and achievement of a specific goal and fulfilment of the corresponding task, the ratio of the received benefit to the invested support and resources in the development of the startup (Wouters, Anderson, Kirchberger, 2018). It is evident that validation of this assertion is to be found in the inherent nature of a startup, which is defined by its status as a venture necessitating minimal investment in comparison to the benefits it provides to its participants.

The implementation of startups in various industrial sectors is an issue that is characterised by certain peculiarities, which are appropriately reflected in scientific works. As previously stated, the software industry is the most dynamic of the economic sectors, a prerequisite for the establishment and development of high-technological innovative products in a relatively timely manner (Melegati, Goldman, 2016). This area is distinguished by a notable absence of clarity regarding the initial parameters, in comparison to other areas, and a pronounced restriction of resources available for the establishment of a technological project in the form of a startup.

The utilisation of artificial intelligence in the domain of recruitment by startups has garnered notable attention. This is attributable to the fact that artificial intelligence is employed by business entities on a global scale to optimise production processes and attain enhanced economic activity indicators. This was a prerequisite for the introduction of startups as innovative products based on artificial intelligence in various variations of their use, taking into account the quantitative and qualitative characteristics of a certain sphere of social life. The aforementioned factors have enabled the interpretation of the

capabilities of artificial intelligence in a business model, which is technologically represented by a corresponding startup with a specific goal and means (Laun, 2023). The researcher's reasoning appropriately highlights the need to ensure accountability, confidentiality, fairness and standardisation of rules, clear legal standards and ethical principles within such a model as a means of increasing trust in artificial intelligence technologies and minimising potential legal conflicts, which serves as a significant prerequisite for the successful implementation of the startup created on this basis.

The following conclusions are drawn on the basis of the results of the study of the experience of implementing British startups inspired by sustainable development (SIBS) in the creative industry, using the example of fashion and gifts. Firstly, it is evident that the aforementioned industries are among the most in demand, and therefore require entrepreneurs to have a variety of business models in order to attract as many consumers as possible. This is a prerequisite for the creation and implementation of startups as innovations. Secondly, it is necessary to ascertain the significance and function of business drivers or business models as the foundation for established initiatives in the mechanism of emergence and implementation of the content of the product of innovative activity in the form of a startup. Thirdly, the startup models in the form of SIBS are guided by the motivation of the founder, who seeks to incorporate aspects of sustainable development in his own business activities. This is in opposition to the classic startup model, which is mediated by the movement of money and the fixation of profit. Fourthly, in comparison with energy companies, where startups clearly correlate with certain financial strategies, for SIBS models such an approach is completely leveled. This gives reason to talk about a certain uncertainty for a longer period of implementation of such a product. Fifthly, the success of SIBS as a startup model in the early stages is contingent on the awareness and implementation of two financial aspects, namely financial literacy and financial significance (De Lazzari, 2018).

Accordingly, a nascent enterprise is regarded as a technological creation of an innovative nature in the context of entrepreneurial activity. It is conceived to ensure the most optimal and effective utilisation of available and accessible resources, which are inherently limited in the modern existence of humankind. The economic category in question is characterised by a robust technological foundation, a high level of innovative capacity, the capacity to facilitate accelerated economic growth, a relatively circumscribed operational span, and the presence of diversified resource capital, including human, research, and social capital. In the context of the economic prerequisites for the emergence and development of a startup, it is

essential to consider the effective implementation of the formula "small investments – significant profit". Furthermore, the possibility of an intensive transition from small to large-scale projects must be taken into account, as well as the attraction of additional resources in the form of so-called incubators.

3. International and National Legal Regime of Startups in Modern Conditions

The legal framework governing startups in contemporary national and international legislation is characterised by a substantial dispositive element, a phenomenon that is inherently justified by the extensive scope of application of such a construct – entrepreneurial activity.

Thus, within the framework of Ukrainian legislation, according to the Regulations on the competitive selection of projects for state incentives for the creation and use of inventions (utility models) and industrial designs, approved by the Order of the Ministry of Economic Development and Trade of Ukraine "On Approval of Regulations on Competitive Selection of Projects for State Incentives for the Creation and Use of Inventions (Utility Models) and Industrial Designs" dated December 12, 2018 No. 1879 (The Order of the Ministry of Economic Development and Trade of Ukraine "On Approval of Regulations on Competitive Selection of Projects for State Incentives for the Creation and Use of Inventions (Utility Models) and Industrial Designs"), a startup is defined as a project related to the creation and/or use of inventions, utility models, industrial designs, know-how and other results of intellectual, creative activity. A system-structural analysis of the regulatory provisions of the provision in question indicates the perception of a startup as a type of project, which is essentially a form of innovative activity that can be implemented with the creation for this purpose of a certain business entity, within the framework of an existing business entity or by concluding and implementing the content of an agreement on joint activities with a corresponding investment purpose. It is important to note that the broadened interpretation of the phrase "and other results of intellectual, creative activity" is applicable to other forms of such results, including those that are subject to copyright protection. It is also noteworthy that the latter can be represented in the content of objects of intellectual property law directly defined by this regulatory act, for example, industrial designs, trademarks, and so forth. According to a divergent approach, a startup is regarded as an element of the national innovation system, distinguished by the corresponding legal personality within the framework of the specified type of activity. At the same time, a startup, as a subject of economic activity

of the corresponding type, is fully identified with the legal personality of an individual entrepreneur, a private enterprise, a limited liability company or, even, a structural unit of a certain economic entity (Hlibko, Georgievsky, 2018). This position is fully consistent with the definition of innovative activity as one that is aimed at the use and commercialisation of the results of scientific research and development and leads to the release of new competitive goods and services to the market, as contained in Article 1 of the Law of Ukraine "On Innovation Activity" (The Law of Ukraine "On Innovation Activity"). The aforementioned definition of 'innovative activity' is distinguished from the content of art from the perspective of its expression. Article 325 of the Ukrainian Commercial Code, which deals with long-term scientific and technical programmes and scientific and technical achievements in the context of such activities (The Commercial Code of Ukraine). Conversely, the utilisation of long-term for a startup is somewhat constrained due to its comparatively brief operational (production) cycle, which dictates its classification among other forms of innovation. Furthermore, the characteristics of a startup as an innovative product are in alignment with the provisions outlined in Article 16 of the Law of Ukraine "On Innovative Activity". According to this Article, an innovative enterprise is defined as an enterprise (association of enterprises) in which the proportion of innovative products and (or) innovative products in monetary equivalent exceeds 70 percent.

According to Article 14 of the law under consideration, an innovative product in all its variations is the implementation of an intellectual property object (such as an invention, utility model, industrial design, topography of an integrated microcircuit or selection achievement), which provides an increase in the scientific, technical and technological level and is endowed with novelty and higher technical and economic indicators. Its creation during the period of the existence of the information society is therefore designed to reproduce the corresponding achievements in the IT sphere, as explained by the above statistics on the emergence and development of startups. It is submitted that this should also be the case in relation to the fundamental nature of innovative products in the context of startup activities.

From the point of view of considering a startup as a form of entrepreneurial activity, it is proposed to define the following characteristics: 1) high adaptability; 2) high probability of achieving set innovative goals focused on market needs; 3) minimal resource expenditure by the startup authors; 4) high speed of project implementation; 5) maximum efficiency of project implementation in terms of the ratio of costs incurred to benefits received; 6) the ability of such a project to scale up through repetition

and expansion; 7) short cycle of operational activities within the project. Concurrently, a prerequisite for the implementation of such a form of investment and entrepreneurial activity is proposed to recognise the need for effective and prompt implementation of an innovative project as opposed to a more capacious and longer period of its implementation within the activities of large corporations (Kornukh, Makhanko, 2014).

In the context of nascent entrepreneurial endeavours, the probability of attaining the stipulated innovation objectives, which are oriented towards addressing market necessities, is a salient factor. It is noteworthy that this pursuit is concomitant with a significant likelihood of project failure in its nascent stages. This phenomenon is widely characterised as "permanent uncertainty, lack of stability, and high risk of failure even in the early stages" (Demchyshak, 2021). The synthesis and examination of the somewhat contradictory opinions regarding the considered feature of a startup indicates that the risk of project "failure" is indeed present, since the entrepreneurial activity in question is characterised by increased risk in terms of achieving the result and in forming the optimal ratio of resources spent and results obtained for the implementation of the project. Furthermore, in comparison with other forms of innovative activity, a complex combination of means of achieving the set goal and the probability of forming the defining features of the startup (speed, resource constraints, novelty, innovation) is the most effective. Consequently, within the paradigm of a nascent enterprise, it is pertinent to deliberate on the likelihood of its implementation in consideration of societal demand, whilst acknowledging its defining characteristics.

It is evident that a nascent enterprise is distinguished by its pioneering spirit and originality. These characteristics are identified through the undertaking of entrepreneurial endeavours within a specific domain of social activity (Zelisco, Solomka, 2021). It is evident that, in consideration of the aforementioned points, such an opinion should be provided with full support, with the following observations. Innovation, defined as an activity aimed at the utilisation and commercialisation of the outcomes of scientific research and development, and culminating in the introduction of novel competitive goods and services to the market, reflects the generic characteristic of the remaining forms of innovative activity previously discussed. However, given the classic structure of a startup as an economic category, it is worth paying attention to the features that are specific to this form of innovative activity. The most important of these are the short production cycle and maximum efficiency, which are reflected in two algebraic indicators: 1) the ratio of costs to benefits received (minimal costs and maximum benefits); and 2) a high probability

of achieving an innovative result compared to other forms of such activity.

As previously mentioned, a distinguishing feature of a startup is the minimal resource contribution of the participant (author) of the project, but a high level of investment due to the interest of external investors in its economic essence and the implementation of the given algebraic formula. The economic model under discussion is of a geometric progression nature, which is conducive to the implementation of the project during the growth stage. This progression combines the project's launch and expansion stages, thereby constituting the investment nature of the given phenomenon. In such circumstances, it is logical to differentiate a comprehensive list of investment sources, including a venture fund, business accelerator, crowdfunding, business incubator, and so forth (Davydenko, Volkov, 2022). In the context of the content of the Law of Ukraine "On Investment Activity", investment activity is interpreted as a set of practical actions undertaken by individuals and legal entities with a view to investing various types of property and intellectual values in objects of entrepreneurial and other types of activity. The result of such actions may be the creation of profit or the achievement of a social and environmental effect. Indeed, the investment component of a startup is a defining feature of this form of entrepreneurial activity. This is ensured by the wide involvement of resources from various sources, which are crucial in achieving the result determined by the author of the project.

The assertion that the array of functions, methodologies, strategies, and means for developing and promoting a particular project idea (marketing) to the market is pivotal in the execution of a startup is valid. In such circumstances, it is possible to conclude that a significant proportion of startups are successfully implemented, provided that the most optimal and effective marketing strategy is employed (Polyakova, 2023). It is evident that the term refers to the legal entity itself, its organisational and legal form, and the boundaries of its legal personality. The content of the latter, and the form of its implementation, must also be related to the socio-economic and legal instrument that ensures the achievement of the goal set within the project.

In continuation of the aforementioned, it is proposed to perceive a startup as a recently created company that represents an innovative form of entrepreneurial activity, endowed with limited resources and plans to implement such legal personality on the market (Chazov, 2013). It is evident that attention is directed towards distinctive features, including the brief period of existence and the incorporation of the constituent documents of this innovative activity into the content. This incorporation serves to delineate the hypothetical nature of the given form of innovativeness

by establishing the corresponding objective. It is evident that such reasoning must be appealed to, given that there is no necessity to restrict the form and content of innovative activity within the scope of startup activity. Moreover, the delineation of hypothetical aspirations within the constituent documents relating to the commercialisation and implementation of the results of intellectual, creative activity and other scientific and technical achievements within the startup may be appropriate only in the case when dealing with a special legal personality of a legal entity, which is personified by the considered type of innovative activity. Concurrently, the aforementioned features should be fully perceived in the content and forms that personify the legal personality of a legal entity, namely in the decisions of management bodies and the contractual practice of such a startup as a subject. Furthermore, it is the contract that determines the implementation of the content of the legal personality of a startup, which is accordingly differentiated in the possible directions of its activity. Concurrently, within the ambit of contractual instruments that facilitate the establishment of legal personality in a nascent enterprise, extant literature has a point when it identifies the author's contract as a foundational legal instrument for the governance of relationships between the originator of the project (work) and the founders of the startup (Boyarinova, Kopishynska, 2017).

Finally, with regard to the organisational and legal form of a startup, it is pertinent to cite I.M. Kucherenko, who, based on an analysis of extant developments, termed the organisational and legal form of legal entities a specific characteristic of legal entities, the basis of the allocation of which is a set of certain features determined by the legislation, which engender grounds for distinguishing one legal entity from another in external manifestation. At the same time, she identifies the presence or absence of the founders' property rights, the type of liability, and the right of participants to receive property after the liquidation of the legal entity, as well as the imposition of such property obligations, as features that distinguish between different organisational and legal forms. Concurrently, the purpose, type, methods of achieving the purpose, features of the formation and disposal of the property of a legal entity, in her opinion, in no case can be taken as a sign of distinguishing one or another organisational and legal form as such, which are not civil law in their essence. This finding aligns with the prevailing perspective that specific characteristics of legal entities are indicative of their organisational and legal structure, with others reflecting the intricacies of their operational activities (Kucherenko, 2004). Concurrently, the proposal has been made to distinguish three organisational and legal forms of a startup as a type of innovative activity:

individual entrepreneur, private enterprise, and limited liability company (LLC) (Boyarinova, Kopishynska, 2017). In consideration of the aforementioned points, it can be concluded that the most accurate interpretation of such forms would be as types of startup, rather than as organisational and legal forms of a legal entity. Concurrently, it is imperative to expand this list, taking into account the nature of the remaining organisational and legal forms of legal entities and the features of the manifestation of the startup features analysed above.

The constraints imposed by the proposed forms of startup are attributable to the founders' limited resources and the prioritisation of marketing tools in the implementation of the project and the achievement of its defined goals. Thus, in support of the LLC as an organisational and legal form of a legal entity, which corresponds to the essence of a startup by nature, the following advantages are expressed: limited liability only by the participants' contributions; simplicity of profit distribution between the company's participants; and an unlimited number of founders of different origins. Furthermore, the text goes on to highlight certain disadvantages of a startup in the form of a legal entity represented by an LLC. A study of the experience of foreign countries regarding the activities of startups in the form of legal entities concluded that the implementation of this particular model of startup implementation at the initial stage of project implementation is appropriate (Hlibko, Georgievsky, 2018).

From the perspective of the organisational and legal form of legal entities in which a startup can be implemented, opinions are expressed regarding the priority of entrepreneurial companies due to the entrepreneurial nature of the implementation of such a project (Zelisco, Solomka, 2021). Concurrently, entrepreneurial activity and innovative activity in the form of a startup are occasionally distinguished as discrete approaches to business (Levchuk, Oprya, 2023). This assertion is refuted by the considerations previously outlined concerning the extensive array of startup procedures that can be conducted within the framework of a contract, an extant legal entity, or its constituent unit. This reasoning is similarly employed in scientific works (Polyakova, 2023).

In the Republic of Azerbaijan, the regulatory framework governing startups is enshrined in the provisions of the country's Tax Code and the subordinate regulatory legal acts adopted to develop its content. Thus, according to Art. 13 of the Tax Code of the Republic of Azerbaijan, a startup is recognised as an entrepreneurial activity carried out on the basis of an innovative initiative. It must meet the criteria established by the designated relevant executive body and support the development of micro-entrepreneurship and small and medium-sized businesses. The person

carrying out such an activity will be issued with a 'Startup' certificate by the specified body or institution (The Tax Code of the Republic of Azerbaijan, as amended on July 11, 2000, No. 905-IQ).

The administration of the registration of startups and the issuance of a corresponding certificate is provided for by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan dated January 29, 2021 (No. 21). The Agency for Innovation and Digital Development, which is under the jurisdiction of the Ministry of Digital Development and Transport of this country, is identified within the aforementioned Resolution as the operator of such a register. The functions of administration and state management in the matter of identifying technological products as startups and ensuring their legal protection are performed by the Agency (Rules for maintaining a register of innovation projects open to the public and issuing a Startup certificate: by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan as amended on January 29, 2021, No. 21).

Concurrently, the criteria that are presented to the initiators of obtaining a "Startup" certificate and to the product that is declared as a startup are highlighted. It is particularly noteworthy that the initial list includes the following stipulations: the categorisation of the individual in question as a micro or small business entity, the stipulation that the share of founders belonging to medium or large business entities should not exceed 49 per cent, and the stipulation of the individual's legal status as a resident taxpayer. Secondary criteria include: creation of a product within the framework of entrepreneurial and innovative activity; creation of added value through the reorganisation of existing production and service processes; creation of added value through the introduction of new technological solutions; an appropriate level of competitiveness; increased demand in the short term; it must be new and not identical to an existing product in the relevant field (On approval of "Criteria for determining a startup": by the Resolution of the Cabinet of Ministers of the Republic of Azerbaijan as amended on January 29, 2021, No. 20).

It is evident that Azerbaijani legislation comprehensively delineates the nature of a startup as a form of innovative activity associated with the pursuit of profit, the resolution of a technological problem at a qualitatively novel level, and the introduction of a novel method (form) of achieving a cost-effective outcome, constrained by specific temporal and resource limitations. Concurrently, the entity responsible for implementing the startup is determined, a process that is facilitated by the relevant registration procedure, which results in the issuance of a legitimisation document.

The study of the nature of startups and their legal basis in Brazilian legislation is of particular interest and relevance. In this study, an attempt is made to

determine a startup from a technical and legal point of view based on the analysis of the positive law of this country (Pimenta, Lana, 2022). It is proposed that a startup be regarded as an innovative solution, which has the following features: scalability, repeatability, flexibility, efficiency, repeatability in different segments of the economy, a high risk on the way to achieving the goal, non-standardity in solving the task.

It is evident that a nascent entity within the national and international legal regime is reflected in the context of the implementation of a certain innovative initiative. Moreover, the entity that ensures the implementation of this form of innovative activity in its own management is also of significance. In this case, the first approach is upheld, and only indirectly is there a delineation of the legal status of the entities involved in such activity in view of their organisational and legal form in the context of its substantive elements.

4. Conclusions

To conclude the preceding deliberations on the economic and legal prerequisites for the operation of startups in contemporary society, as observed within the context of both international and national legal frameworks, the following observations are warranted.

In the economic sense, a startup is perceived as a technological product of an innovative nature in entrepreneurial activity. It is designed to ensure the most optimal and effective use of available and accessible resources, which are limited a priori in the modern existence of mankind. The economic category in question is characterised by a robust technological foundation, a high level of innovative capacity, the capacity to facilitate accelerated economic growth, a relatively circumscribed operational span, and the presence of diversified resource capital, including human, research, and social capital. In the context of the economic prerequisites for the emergence and development of a startup, it is essential to consider the effective implementation of the formula "small investments – significant profit". Furthermore, the possibility of an intensive transition from small to large-scale projects must be taken into account, as well as the attraction of additional resources in the form of so-called incubators.

A startup is defined as a form of innovative activity, characterised by a distinct operational production cycle and a focus on optimising efficiency (as measured by the ratio of costs to benefits received) in comparison to other forms of innovative activity. A complex combination of means of achieving the set goal and the probability of forming the defining features of a startup (operationality, resource limitations, novelty, innovation) is the most effective when compared with other forms of innovative activity.

For nascent enterprises, the investment procedure is a highly effective mechanism that facilitates exponential growth, albeit at the expense of various sources unrelated to the project's originator and the constituents of the pertinent legal entity, which is the form of its implementation.

The contract thus represents the foundational instrument through which the content of the legal personality of a startup is implemented, with the startup's potential activities being delineated accordingly.

A startup is a business entity which is entirely synonymous with the legal personality of an individual entrepreneur, a private enterprise, a limited liability company, or even a structural unit of a certain business entity.

Empirical evidence has demonstrated that the organisational and legal structure of a startup is

predominantly implemented through one of the types of business companies, where priority is given to those that limit the contributions of participants. Conversely, in instances where a nascent project is executed within the ambit of a structural unit of a legal entity, the latter may not be applicable to business associations.

The legal prerequisite for the functioning of a startup is the need to determine the legal status of the subjects of this type of innovative activity in terms of both the object nature and ensuring the implementation of their powers in view of the needs of society and the individual.

This study has the potential for further development in the context of investigating the nature of a startup as one of the primary products and subjects of the digital environment.

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