

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Trade and Finance**



**Bachelor Thesis**

**The role of large and small business in Ukraine's economics**

**Ishchuk Veronika**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Veronika Ishchuk

Economics Policy and Administration  
Business Administration

Thesis title

**The role of large and small business in Ukraine's economics**

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### Objectives of thesis

- To study the basic conceptual approaches to defining the concept of business.
- To study the definition of small and large business in world practice and in Ukraine.
- To study business relations in the economic system.
- To analyze the current status and trends of small and large business in Ukraine.
- To analyze small and large business in wholesale and retail trade in Ukraine.
- To analyze lending conditions for small and large business development in Ukraine.
- To study foreign experience of small business support.
- To propose improvement of small and large business development in Ukraine.

### Methodology

Qualitative method was used to understand theoretical approaches to the history and origin of business and its role in evolutionary economic development. Quantitative research was used to confirm theories and assumptions. This type of research was used to analyze the development of small and large business in Ukraine. The research method is used to find out the problem of development of small and large business in Ukraine. The method of generalization was used to make some recommendations and proposals how to improve small and large business development in Ukraine.

**The proposed extent of the thesis**

35 – 40 pages

**Keywords**

small business, large business, entrepreneurship, government support, entrepreneurship development, business activity, the role of small and large business in sustainable development of the economy.

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**Recommended information sources**

- Say J.B. A treatise of political economy. – Philadelphia, December, 1834. – 841p. ISBN13: 9781610160049
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**Declaration**

I declare that I have worked on my bachelor thesis titled " The role of large and small business in Ukraine's economics " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on date of submission

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## **ROLE OF LARGE AND SMALL BUSINESS IN ECONOMICS OF UKRAINE**

### **Abstract**

This thesis is concerned with the role of large and small business in economics of Ukraine. In the beginning of the thesis author make a research of definition 'business', analyze the approaches to the definition of small and large business in world practice and in Ukraine.

After theoretical part author makes some analysis of current status and trends of small and large business in Ukraine. Here the author also mentions the role of small and large business in wholesale and retail trade in Ukraine. Lending conditions for small and large business development in Ukraine are analyzed.

At the last chapter author analyzes the experience of foreign countries the formation of state support to small business, formed in Ukraine in the current economic conditions. And the challenges and prospects of small and large business development in Ukraine are analyzed.

**Keywords:** small business, large business, entrepreneurship, government support, entrepreneurship development, business activity, the role of small and large business in sustainable development of the economy.

## ÚLOHA VELKÉHO A MALÉHO PODNIKÁNÍ V EKONOMICE UKRAJINY

### Abstrakt

Tato práce se zabývá rolí velkého a malého podnikání v ekonomice Ukrajiny. V úvodu bakalářské práce autorka provádí výzkum definice pojmu „podnikání“, analyzuje přístupy k definici malých a velkých podniků ve světové praxi a na Ukrajině.

Po teoretické části následuje analýza současného stavu a trendů malého a velkého podnikání na Ukrajině. Zde autorka zmíní roli malých a velkých podniků ve velkoobchodu a maloobchodu na Ukrajině. V této části jsou také analyzovány úvěrové podmínky pro rozvoj malých a velkých podniků na Ukrajině.

V poslední kapitole autorka analyzuje zkušenosti zahraničních zemí s tvorbou státní podpory malého podnikání, vytvořenou na Ukrajině v současných ekonomických podmínkách. Dále analyzuje výzvy a vyhlídky rozvoje malých a velkých podniků na Ukrajině.

**Klíčová slova:** malý podnik, velký podnik, podnikání, vládní podpora, rozvoj podnikání, obchodní činnost, úloha malého a velkého podnikání v udržitelném rozvoji ekonomiky.

## Table of content

<b>Introduction .....</b>	<b>7</b>
<b>Chapter 1. Objectives of thesis and methodology.....</b>	<b>9</b>
1.1. Objectives of thesis.....	9
1.2. Methodology .....	9
<b>Chapter 2. Theoretical approaches to the history and origin of business and its role in evolutionary economic development .....</b>	<b>1</b>
0	
2.1 Analysis of basic conceptual approaches to defining the concept of business .....	10
2.2 Analysis of approaches to the definition of small and large business in world practice and in Ukraine .....	12
2.3 Analysis of business relations in the economic system.....	14
<b>Chapter 3. Analysis of the development of small and large business in Ukraine .....</b>	<b>17</b>
3.1. Current status and trends of small and large business in Ukraine .....	17
3.2. Analysis of small and large business in wholesale and retail trade in Ukraine.....	23
3.3. Analysis of lending conditions for small and large business development in Ukraine .....	29
<b>Chapter 4. Problems and prospects of development of small and large business in Ukraine .....</b>	<b>33</b>
4.1. Foreign experience of small business support: lessons for Ukraine .....	33
4.2. Analysis of challenges in the development of small and large business in Ukraine .....	38
4.3. Proposals and recommendation to improve small and large business development in Ukraine.....	41
<b>Conclusions .....</b>	<b>45</b>
<b>References .....</b>	<b>46</b>
<b>Appendix .....</b>	<b>49</b>



## Introduction

Formulation of the problem. The most important prerequisite for the development of the economy in a civilized way is the development and improvement of business as a special type of economic activity. Business is one of the most important factors in the development of the national economy. Business is a prerequisite for an innovative type of economic growth, which is based on entrepreneurial initiative in the field of scientific, technical and organizational-economic activity. Business, concentrating in itself the most characteristic properties of market relations, acts as a driving force for the life and development of a market economy. By contributing to the growth of social well-being, creating the conditions for the realization of economic interests, abilities, talents of people, entrepreneurship also promotes national unity, the revival of national consciousness.

Business, being a phenomenon extremely rich in content and equitable, deserves the attention of representatives of various scientific fields. Representatives of the world economic thought for a long time actively engaged in the theory and practice of business.

Unfortunately, in the Soviet period, neither theorists nor practitioners paid much attention to this topic. Today, the conventional economic theory of domestic business has not yet developed, although the need for such a theory has long become very urgent. With the development of a market economy, the role of business is increasing, and this attracts domestic researchers, whose works cover certain aspects of business.

Modern theory of small and large business is the result of scientific thought of more than one generation of scientists. This problem has been studied by R. Cantillon, A. Marshall, S. Simsondi, J. Schumpeter, F. Hayek, and other eminent researchers.

The aim of the thesis is to analyze the role of large and small business in economics of Ukraine.

To achieve this goal there are some tasks in this thesis:

↓— To research theoretical approaches to the history and origin of business and its role in evolutionary economic development\$

↓— To analyze the development of small and large business in Ukraine;

↓— To provide Problems and prospects of development of small and large business in Ukraine.

In recent years, a number of scientific papers have been published by such scientists as Z. Varnalii, G. Vasina, L. Vorotina, L. Verkhovodova, M. Dolishnii, A. Danylenko, O. Kuzmin, M. Kozoriz, V. Miklovda, A. Melnik , S. Mocherniy, V. Pavlov, S. Reverchuk and others.

They reveal the various aspects of small business development, the role and importance of this sector in industrialized and developing countries, particularly in the transition economy. At the same time, the lack of in-depth analysis and a fairly clear understanding of the place and role of business in the current model of market economy do not clearly formulate the concept of a mechanism for supporting small business development in Ukraine at the state and regional levels.

However, analysis of recent research and publications shows that, despite the attention of various scholars to the study of the development of the business sector, the problems of formation and development of certain types of business entities, including large and small, have not been studied enough. Therefore, these issues remain highly relevant today and necessitate further research.

The theoretical and methodological basis of the study is modern economic theory, a synthesis of classical theories and modern views on the problem posed. During the preparation of the thesis various methods were used, including analysis and synthesis method, statistical and analytical methods, comparative analysis of the dynamics of indicators.

## **Chapter 1. Objectives of thesis and methodology**

### 1.1. Objectives of thesis

- To study the basic conceptual approaches to defining the concept of business
- To study the definition of small and large business in world practice and in Ukraine
- To study business relations in the economic system
- To analyze the current status and trends of small and large business in Ukraine
- To analyze small and large business in wholesale and retail trade in Ukraine
- To analyze lending conditions for small and large business development in Ukraine
- To study foreign experience of small business support
- To propose improvement of small and large business development in Ukraine

### 1.2. Methodology

Qualitative method was used to understand theoretical approaches to the history and origin of business and its role in evolutionary economic development. Quantitative research was used to confirm theories and assumptions. This type of research was used to analyze the development of small and large business in Ukraine. Furthermore, the research method is used to find the problem of development of small and large business. The method of generalization was used to make some recommendations and proposals on how to improve small and large business in Ukraine.

## **Chapter 2. Theoretical approaches to the history and origin of business and its role in evolutionary economic development**

### 2.1 Analysis of basic conceptual approaches to defining the concept of business

In economic theory, the concepts of "business " and " businessmen" emerged in the XVIII century, in the era of capitalism. Economists of the era of capitalism have provided the first systematic scientific description of these categories. Thus, the founder of the scientific concept of "business" was the English economist R. Cantillon (1680-1730), who in his work "The experience of the nature of trade in general" (1725) considered business as a special kind of activity associated with the elements risk. According to R. Cantillon, business is a special entity, endowed with the ability to anticipate, risk, and assume full responsibility for the decisions that were made (2, p. 45).

The most complete extension of the theory of risk is obtained in the works of F. Knight (1885-1972), which draws the boundary between the categories of "risk" and "uncertainty", and the business income means the difference between the expected and real monetary revenue of the firm. In his opinion, people who take risks and do not calculate uncertainty, as well as guarantee employees their wages, get the right to manage the activity and to receive the appropriate part of income (7, p. 26–27).

A. Smith (1723–1790), in his research on the Nature and Causes of Wealth of Nations (1776), described businessmen as an owner who was at economic risk for the realization of some commercial idea and profit. He plans and organizes production by himself, with business income being a reward for his work and the risk "the trader must not only receive from his trade income for life, but also receive income that corresponds to his personal qualities that are necessary for a given trade." According to the scientist, the business is mostly a capitalist, the owner of the capital that invests this capital in his own business. A. Smith advocated the development of competition between businessmen and the adversary of the great monopolies, believing that "consumption is the only end and the sole purpose of all production." (23, p.15).

A significant contribution to the development of business theory was made by the French scientist J.B. Say (1762-1832), who outlined his point of view on the nature and function of business in the Treatise on Political Economy (1803). J.B. Say developed the theory of factors of production (land, labor, capital) and paid great attention to business, which is developed through the constant combination of these factors. In doing so, the businessmen "pulls" resources from low productivity and profitability to the area where they can produce the greatest result. J.B. Sei

recognized the active role of the businessmen as a person “taking charge at his own expense and at his own risk and in his favor to make any product” (22, p.31).

At the same time, the scientist emphasizes the innovative nature of business associated with the need to create new combinations of factors of production, finding new opportunities for best results. A significant contribution to the development of business theory by German scientists M. Weber (1864-1920) and W. Zombart (1863-1941), which draw attention to the historical, ethical and social roots of business.

For M. Weber, capitalist business is the embodiment of the rational organization of free labor and the use of the opportunities of business spirit. This new business spirit, according to the scientist, has a religious basis since it came out of the bowels of Protestantism. According to M. Weber, religious ethics contributed to the formation of special economic ethics. Protestant business became the primary form of service to God. Success, accumulated wealth, are regarded as confirmation of the divine election, salvation of the believer. Therefore, as Weber showed, it was Protestantism that gave higher moral sanctions to business activity (30, p.61).

In direct controversy with M. Weber, V. Zombart argues that all the foundations of the business spirit were laid by representatives of Catholicism, and Protestantism almost prevented its birth. But the deepest roots of the business come from Judaism, where the Talmud religion - the only one among the world's religions - never contained the ideal of poverty, but rather preached the ideas of trade freedom (24, p.6).

Analysis of scientists' views on business in the eighteenth and nineteenth centuries allows to conclude that they contain fundamental provisions on business and businessman, which have not lost their relevance today. Given the views of the classics of economic theory and summarizing the main characteristics of business, we can give the following definition of the essence of this concept.

Business is a special type of business activity, connected with risk, uncertainty and responsibility, rationally combines factors of production, constantly pursues innovations and has the main purpose - growth of own business, and secondary - growth of profit. Conclusions from theories of classical economic thought are crucial for the development of modern Ukrainian business (8, p.157).

In the economic literature there are three main functions of business. The first function is resource. Economic resources are required for any economic activity - factors of production. These include, as noted, primarily natural resources - land, minerals, forests and water. Investment resources are important - machines, equipment, tools, transport, other means used to produce goods and services and deliver them to the consumer, as well as financial resources.

The third type of resources is human resources. They are determined by the qualitative and quantitative composition of the workforce, its qualification, specialization, employment level.

Recently, in theory and in practice, more and more emphasis are placed on the importance of another resource – businessmen ability. Businessmen who takes the initiative of an innovative, unconventional combination of factors of production - land, capital, labor - contributes to the growth of production of goods and services, improving the efficiency of the economy. He achieves this by performing the second function of business - organizational. Businessmen uses his or her abilities to provide the combination of factors that will best achieve the goal of earning a high income.

The third function of e business is creative, innovative. Its importance is especially increasing in the context of modern scientific and technological progress.

The following should be taken into account when determining the role of business in social processes:

- ↓— business is a natural manifestation of the need of a part of society for self-expression;
- ↓— business is an active creator of economic relations, above all market ones;
- ↓— quantitative and qualitative correlation of traditional, administrative and market relations in the economic system is determined by the existing social and political systems.

Therefore, business is a unique social phenomenon, inherent in the most active members of society. Business reflects the response of society to changing social conditions and public demand, increasing or decreasing the number of businessmen, depending on the need to increase or decrease the share of market relations in the economic system. The influence of the state, as a major component of the political system, on entrepreneurship must be reduced to creating a favorable political, legal and tax environment for its development, without distorting the conditions of competition. Excessive artificial interference of the political system in the business environment (through direct regulation or subsidization) may not be in the public interest (8, p. 158).

## 2.2 Analysis of approaches to the definition of small and large business in world practice and in Ukraine

The economic systems of different countries have their own definition of small and large business, which has different features of emergence, formation and development, and plays an important role and functions, and therefore has an important impact on the economy. The economic content of the features of small forms of economic activity, which, in essence,

determine its advantages over big business, is supplemented by a system of criteria for enrollment of an enterprise in the category of small business. The definition of such standards is necessary for an effective state policy for the development of small business, especially given its inequality in the number of employees and differences in the value of economic activity related to industry specificity (8, p. 159).

In the world practice there is a rich variety of criteria for the allocation of small business as a special form of business. Typically, the most common indicators on the basis of which business entities are credited to small businesses are: the average annual number of employees in the enterprise, the amount of authorized capital, the annual amount of assets and the volume of turnover (profit, income). It should be noted that in the world practice there are not only uniform quantitative but also qualitative criteria for identifying small business entities. The most common quantitative criteria are: average number of employees; annual turnover (sales volume); book value of assets. Among the qualitative criteria are the following: independence of the business from other economic entities; performance of management functions by the business owner.

There are two main levels of definition of criteria for the division of business into small, medium and large: the level of international organizations; national level. The European Union defines the concept of small business in a slightly different way. In particular, small business is divided into: medium-sized business, small business and micro-enterprises (Table 1), the main factors that determine the size of the enterprise are:

- 1) the number of employees;
- 2) annual turnover or annual balance. Marked indicators are used only for individual business, if the enterprise is part of a group of business these indicators are not used.

Table 1 Entry criteria for small business in EU countries

Category of business	Number of employees	Annual turnover (million euro)	Annual general balance (million euro)
Medium-sized	< 250	$\leq 50$	$\leq 43$
Small business	< 50	$\leq 10$	$\leq 10$
Micro business	< 10	$\leq 2$	$\leq 2$

Source: (8, p.160)

The International Organization for Economic Cooperation and Development (OECD), which includes highly developed countries, offers the following groupings of business by size:

- very small - 1-19 employees;
- small - 20-99 employees;
- medium-sized - 100–499 employees;
- large - 500 or more employees (6).

In the US, small and medium-sized business are considered to have fewer than 500 employees. No annual turnover limits have been set.

In the Republic of Kazakhstan, small business entities are natural persons without legal entity formation and legal entities engaged in business activities, with an average annual number of employees of no more than 50 persons and a total value of assets per year not exceeding sixty thousand times the estimated value (monthly calculation indicator is set in the republican budget) (4).

According to the State Fiscal Service of Ukraine there are micro business, small and large business (3).

Subjects of micro- business are individual persons - businessmen and legal entities - entities of any organizational and legal form and ownership, in which the average number of employees in the reporting period (calendar year) does not exceed 10 people and the annual income from any activity does not exceed an amount equivalent to EUR 2 million.

Subjects of small business are individual persons - businessmen and legal entities - economic entities of any organizational and legal form, in which the average number of employees in the reporting period (calendar year) does not exceed 50 people and the annual income from any activity does not exceed an amount equivalent to EUR 10 million.

Entities of a large business are legal entities - entities of any organizational and legal form, in which the average number of employees for the reporting period (calendar year) exceeds 250 persons and the annual income from any activity exceeds the amount, equivalent to EUR 50 million, determined at the average rate of the National Bank of Ukraine.

So, business in today's economic environment should become a system of built-in regulators that will be able to adequately respond to market signals, formulate effective private economic strategies, and through which the authorities can apply traditional regulators of economic stabilization.

### 2.3 Analysis of business relations in the economic system

The role and importance of business in economic development is that (10, c.24):

- ↓— business is a lever for changing the structure of the economy. For businessmen, the main incentive is profitability. They almost always concentrate their actions on the development of promising areas of economic activity, the impact of which may exceed the average;
- ↓— business development creates a “breeding ground” for competition. By ensuring the development of promising industries, businessmen facilitate faster updating of the



technological base and product range of the company. They stimulate economic activity by supporting competition and the existing market;

- ↓— business can be considered as a catalyst for economic development. This peculiar accelerator significantly influences the structural adjustment in the economy; increases production and service delivery; stimulate the investment activity; increase in supply and demand; acceleration of economic development of the national economy as a whole;
- ↓— business contributes to the saving and rational use of all resources. The business' activity is inextricably linked to economic risk. This circumstance that is a powerful incentive to conserve resources, requiring the business to thoroughly analyze the profitability of projects, responsible attitude to investment, rational use of resources, hiring labor;
- ↓— business provides powerful incentives for high-efficiency work. For the most part, personalities who own their own businesses and therefore have more motives, are more interested in quality and productive work than hired workers. This psychological phenomenon of free labor in order to obtain one's own claim provides an even greater benefit to the economy as a whole.

Business qualities of entrepreneurs and features of entrepreneurship are most clearly demonstrated at the level of small and medium-sized business. Small and medium-sized business carry a considerable semantic burden. Small and medium-sized business have a significant role in employment, production of individual goods, research and development. They create an environment and a spirit of business without which a market economy is impossible, provide the necessary mobility in a market environment, create deep specialization and cooperation, without which high efficiency is impossible. They are able to fill quickly the niches emerging in the consumer field, relatively quickly occupy and create an atmosphere of competition.

Thus, small and medium business provides (1, c. 8-9):

- 1) job creation, employment of working-age population and, as a consequence, reduction in the number of people in need of social assistance. This function is important in the event of instability of the functioning of the labor market, in the presence of a significant number of unemployed and other similar social problems;
- 2) ensuring social stability and reducing poverty. The issue of social stability is always relevant in the case of increasing social tension in society;
- 3) the opportunity for energetic and enterprising people to open their business in industrial, scientific and other activities, realizing in it their abilities;
- 4) increase in budget revenues;
- 5) growth of the share of GDP created by small business;

6) increasing the share of the middle class, and hence social and political stability. If we take income as a basis for division, it can be noted that no type of hired labor, including the most skilled and the most managerial, provides a level of income that can be equated with entrepreneurial;

7) increasing the sustainability and competitiveness of business.

Thus, despite the fact that much of the scientific potential is concentrated on large companies, small and medium-sized firms across a wide range of products are more likely to start developing and launching new products. The success of business in this area can be explained by the following reasons. The deepening of specialization in scientific research has led to the fact that mostly small firms go the simpler or riskier path, work in unpromising fields.

Small and large business interaction, able to help giants survive in today's market environment and rise to small businesses. In the world economy, business is built on the principle of cooperation of large and small business, with large business focused not on the suppression of small business, but, on the contrary, on mutually beneficial cooperation with it (8, p. 162).

Therefore, large and small business complement each other, especially in the field of specialization of individual industries and in innovative developments. If large-scale production is driven by mass relatively homogeneous demand, the production of large batches of standard products, then small businesses operate in small segments of the market, in their chosen niches with a limited range of products.

Market niches are markets for finished goods, especially high technology, which are formed when demand in a particular market cannot satisfy large production due to the small capacity of the market itself or because production cannot reach the size for which it would cover all demand for this market (9, p.124).

### Chapter 3. Analysis of the development of small and large business in Ukraine

#### 3.1. Current status and trends of small and large business in Ukraine

The development of business in today's difficult socio-economic conditions of our country significantly influences the stabilization and recovery of the national economy. The level of efficiency of activity of domestic business depends on the possibility of economic growth of the state, the level of employment and quality of life of citizens. In order to identify certain trends and to characterize in detail the state of development of domestic business, we analyze the dynamics of the number of economic entities and the share of large and small business in the total number of economic entities in Ukraine during 2010-2018 (table 2).

Table 2 Number of small and large business in Ukraine during 2010-2018

	2010	2013	2014	2015	2016	2017	2018
Large business	586	659	497	423	383	399	446
Small business	2161999	1702201	1915046	1958385	1850034	1789406	1822671

Source: (28)

Thus, like in most European countries, in Ukraine the smallest business (including micro-entrepreneurship) has been developing most recently. With regard to individual types of economic entities, statistics show that the number of large entities in 2014-2016 has steadily decreased, and in 2017 alone (399 units) it increased (although these changes may be considered small) by 16 units, compared to 2016 (383 units). Also, in 2018 it increases to 446 units. Regarding the development of small business (including microenterprise) in 2013-2017, statistics show that in 2013-2015 the number of small business entities (including microenterprise) increased, but from 2016 (1850034 units) it started decreasing and already in 2017 was 1789406 units, which is 60628 units less than in 2016. But in 2018 we can see the increasing again, which is 1822671 even more than in 2016.

Table 3 Basic indicators activity of large and small business in Ukraine, 2018

Years	Large business	Small business
Number of employed persons (thsd. persons)		
2013	2383,7	4291,2
2014	1915,1	4115,2
2015	1708,6	3838,7
2016	1586,6	3871,8
2017	1560,9	3956,3
2018	1574,3	4173,7
Number of employees persons (thsd. persons)		
2013	2383,7	2843,9
2014	1915,1	2420,8
2015	1708,6	2098,1
2016	1586,6	2227,1
2017	1560,9	2393,3
2018	1574,3	2603,2
Personnel costs (mln.UAH)		
2013	175677,8	81576,1
2014	154660,8	75415,0
2015	161847,0	80585,7
2016	172765,7	89877,2
2017	212897,9	124778,2
2018	280461,8	154297,1
Turnover (mln.UAH)		
2013	1717391,3	933717,7
2014	1742507,9	981300,1
2015	2053189,5	1318974,1
2016	2391454,3	1651982,0
2017	2929516,6	2067799,2
2018	3515839,5	2496947,6

Source: (28)

We described the dynamics of development of domestic business by analyzing the main indicators of activity of different size of business entities in Ukraine in 2013-2018 (Table 3). According to Table 2, we can conclude that in 2013-2017 the number of employed and employee workers was decreasing. The worst situation in this context was in the entities of large business (as of 2017 the number of employed and employed workers was equal to 1560.9 thousand people), and the best in the entities of small business. But in 2018 its number has increased – to 1574,3 thsd in large business and 4173,7 thsd of employed persons and 2603,2 thsd of employee persons in small business.

The highest personnel costs during 2013-2018 were recorded in 2018 in the activity of large entities, and the lowest in 2014 in the activities of large and small business. Over the period under review, personnel expenditures of large business entities tended to increase and amounted

to UAH 280461,8 million in 2018. The same trends are true for small business entities (including micro-enterprises), with their staff costs for 2018 amounting to UAH 154297,1 million. Statistics show that during 2013-2018 the volume of sold products (goods, services) in the process of activity of subjects of large and small business (including micro-enterprises) is increasing every year. The highest value of this indicator was recorded in 2018 in the activity of large business (UAH 3515839,5million) and small ones (UAH 2496947,6 million).

On the table 4 the share of large and small business in the total number of entities will be analyzed.

Table 4 Share of large and small business in the total number of entities in Ukraine, 2010-2018

Years	Total number	Large entrepreneurship entities	Small entrepreneurship entities
Share of entities by their size in the total number of entities, in %	1839593	0.0%	99,1%
Share number of employed persons of entities by their size in the total number of employed persons of entities, in %	8532,5	18,5%	48,9%
Share number of employees persons of entities by their size in the total number of employees persons of entities, in %	6959,9	22,6%	37,4%
Share personnel costs of entities by their size in the total personnel costs of entities, in %	758739,5 mln.UAH	37,0%	20,3%
Share wages and salaries of entities by their size in the total wages and salaries of entities, in %	624778,8 mln.UAH	37,3%	19,7%
Share social security costs of entities by their size in the total social security costs of entities, in %	133960,7 mln.UAH	35,2%	23,6%
Share turnover of entities by their size in the total turnover of entities, in %	9966804,5 mln.UAH	35,3%	25,0%
Share production value of entities by their size in the total production value of entities, in %	6207687,6 mln.UAH	37,9 %	25,9%

Source: (28)

An analysis of market reforms in Ukraine indicates that the pace of business development is small insufficient to ensure the implementation of the entire set of features it operates in the national economy, and the weak financial base of small enterprises indirectly turns them into an object for capital placement.

The consequences of different types of activity of domestic enterprises are best shown by the financial results of their activity. Therefore, in the context of this study, it is also advisable to analyze the financial results of operations and profitability of large, medium, small and micro enterprises in Ukraine in recent years, which will allow to study in more detail the peculiarities of the functioning of domestic entrepreneurship.

Table 5 Financial results of large and small before taxation in Ukraine in 2013-2017

Years	Financial result (balance)	Profitable enterprises		Loss-making enterprises	
		in % to the total	financial result	in % to the total	financial result
Large business					
2013	28003,5	68,6	88724,8	31,4	60721,3
2014	-189934,1	51,8	81040,7	48,2	270974,8
2015	-145403,9	55,7	105387,9	44,3	250791,8
2016	61222,7	65,8	158665,9	34,2	97443,2
2017	156906,3	73,3	266879,1	26,7	109972,8
2018	175176,2	76,9	277607,7	23,1	102431,5
Small business					
2013	-25057,9	66,0	39640,9	34,0	64698,8
2014	-175262,4	66,5	49156,1	33,5	224418,5
2015	-111906,0	73,9	95483,0	26,1	207389,0
2016	-24151,4	73,3	107312,5	26,7	131463,9
2017	-10724,8	72,7	117446,5	27,3	128171,3
2018	46870,8	74,1	139462,4	25,9	92591,6

Source: (28)Table 5 shows that the largest percentage of enterprises that made a profit (relative to the total number of enterprises) - medium-sized enterprises (in 2017 - 76.6%, which is the highest value of this indicator during the years studied, and only 23.4% of medium-sized enterprises in the same year they received a loss) and the smallest - large ones (in 2014 it was recorded that among large enterprises only 51.8% of the entities made a profit, and as many as 48.2% received a loss). In 2014 and 2015, the balance of the financial result of large enterprises was negative (-189934.1 million UAH and -145403.9 million UAH respectively). This was due to the fact that during this period the percentage of large profit-making enterprises and the percentage of loss-making enterprises (relative to the total number of enterprises) were practically equal (in 2014, these were 51.8% and 48.2%, respectively). in 2015 - 55.7% and 44.3% respectively), and the financial result of the latter was higher than the financial result of those enterprises that made a profit.

The same situation regarding the indicator "financial result (balance)" during 2014-2015 was observed in the process of activity of medium-sized enterprises: in 2014, the balance of financial result of activity of medium-sized enterprises was equal to -199180,3 million UAH, and in 2015 its size amounted to -91161,8 million UAH. The reason for this was that the financial

result of the activities of medium-sized enterprises that received losses (in% of the total number of enterprises) exceeded the size of the financial results of the activities of those entities that made a profit. Regarding the financial performance of small and micro enterprises before tax, statistics show that during 2013-2017, the percentage of profit-making enterprises (relative to the total number of enterprises) significantly outweighed the percentage of loss-making enterprises. However, at the same time, the size of the financial result of enterprises whose activities were profitable in 2013-2017 was smaller than the size of the financial result of enterprises whose activities were unprofitable. Therefore, during the whole period under review, the balance of financial results of small and micro-enterprises was negative. Such tendencies are quite negative for the further development of small and micro enterprises.

Statistics of financial performance of domestic enterprises by size before tax during 2013-2018 indicate the existence of negative trends in the development of large and medium (in 2014 and 2015) and especially small and micro enterprises (throughout the study period), as can be seen from tab. 4, the value of the financial result (balance) from the activities of different types of enterprises by size was generally negative.

Let's analyze the profitability of large, medium, small and micro enterprises in Ukraine in 2013-2018 (Table 6).

Table 6 Profitability of activity of enterprises by their size, by type of economic activity

Years	Profitability of operational activity of business		Profitability of all activity of business	
	Large business	Small business	Large business	Small business
2013	5,0%	2.2%	0.6%	-6.2%
2014	0.7%	-17.9%	-11.1%	-26.5%
2015	4%	-4.2%	-7%	-13.6%
2016	8.8%	5.2%	2.4%	-3.6%
2017	11.2%	6.5%	5.2%	-2.0%
2018	9.1	8.3%	5.2%	2.7%

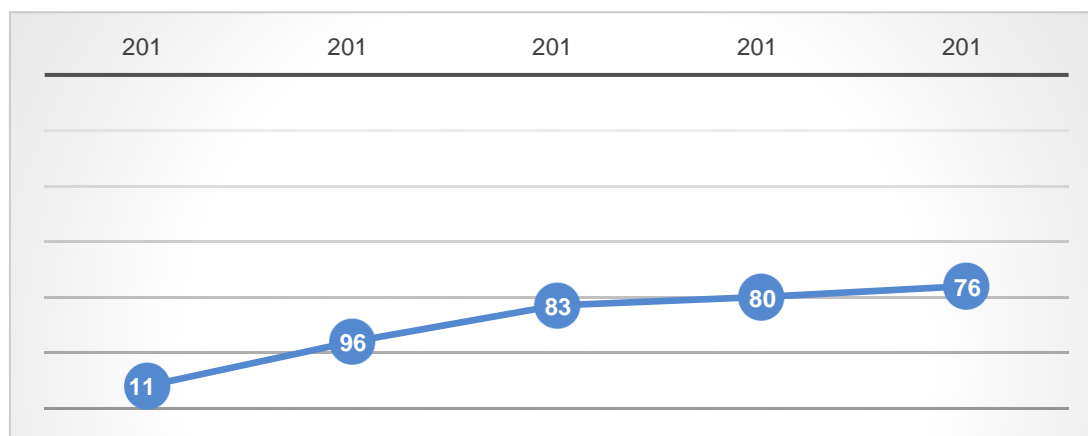
Source: (28)

Statistics show that the operating profitability of large enterprises is quite high during the period under review. As of 2017, the figure was 11.2%. The level of profitability of operating activities of medium and small enterprises (including micro-enterprises) was significantly lower over the whole study period compared to the value of this indicator as a result of the activity of large enterprises, and in 2014 (and in 2015 - for small enterprises) activity medium and small enterprises (including micro enterprises) were generally unprofitable. The worst result - the highest level of loss of operating activity (30.1%) was recorded in 2014 based on the results of micro-enterprises. As for the level of profitability of all activity of enterprises in Ukraine in

2013-2017, statistics show that only in 2013 (by the results of activity of large enterprises) and in 2016 and 2017 (by the results of activity of large and medium-sized enterprises) enterprises) it was recorded that the activities of the respective enterprises are profitable. In 2017, the level of profitability of all activities of large enterprises was 5.2%, which was the highest value of this indicator during the whole study period among all types of enterprises by size. Statistics for other years: 2014 and 2015 for the big ones; 2013-2015 - for medium and 2013-2017 - for small, including micro-enterprises - showed that all activities of the respective enterprises were unprofitable. The highest level of profitableness of all activity was recorded by the results of activity of micro-enterprises in 2014 (40.2%).

In 2002, the World Bank launched the Doing Business project (translated from English as "Doing Business") - a country rating on ease of doing business [16]. This rating covers 190 countries and is based on 10 indicators that are used to identify reforms that are successful in regulating business and to determine where and why they have been effective. According to the Doing Business-2018 survey (as of June 1, 2017), in the ranking prepared by the World Bank on the level of ease of doing business in 2018, Ukraine ranked 76th (between Bhutan and Kyrgyzstan), which is the best result of our country in terms of the last 5 years. Compared to the situation in 2017 (80th place), Ukraine has risen in the rating by 4 units, and in the whole during 2014-2018 - by 24 positions among 190 countries. During this period, Ukraine made the greatest progress among all post-Soviet countries in the Doing Business ranking (Figure 1).

Fig.1 Ukraine's positions in Doing Business ratings during 2014-2018



Source: (3)

Ukraine has succeeded in raising its overall position in the rating of Doing Business by achieving successes in 4 out of 10 categories. Progress can be seen as a change in Ukraine's position in the rating for "building permit" in 2018 (35th place) compared to 2017 (140th place). Such changes were significantly influenced by the Kyiv City Council's reduction in the shareholding infrastructure development to 2% (from 10%), as well as the decrease in the cost of



technical inspection services during construction. Due to the reduction of the Unified Social Contribution and its unification, Ukraine has significantly improved its position in the taxation category by 41 points (from 83 places to 43). In addition, the positions of our state have changed according to the following indicators: "connection to energy supply systems" - by 2 points (from 130 places to 128) and "solutions to insolvency problems" - by 1 position (from 150 places to 149).

As for all other six categories, Ukraine's position in the rating of ease of doing business has deteriorated. According to the indicator "business registration" our state lost the most positions - 32 and dropped in the ranking from 20 to 52 place. In the category of "protection of minority investors" Ukraine - down 11 points (from 70 places to 80); on the indicator "getting a loan" - by 9 units (from 20 places to 29); in the category of "international trade" - by 4 positions (from 115 places to 119) and by 1 position our state lost by such indicators as "property registration" (from 63 places dropped to 64) and "ensuring the fulfillment of contracts" (from 81 seats - by 82). From all regions of Central and Eastern Europe, Ukraine ranks second only to Kyrgyzstan.

### 3.2. Analysis of small and large business in wholesale and retail trade in Ukraine

Trade plays an important role in the domestic economy not only in view of the volume of products sold through the enterprises of wholesale and retail trade, but also because it can cause certain structural changes in the economy of the country and affect the development and balance of the internal market, including affecting domestic sectoral and regional markets, acts as a kind of agent of commodity monetary relations that arise between the owners of the goods, provides employment for a large number of employees, etc.

The importance of the trade sector for the domestic economy can be evidenced by the fact that in Ukraine during the whole period 2012-2018, the share of trade enterprises among the total number of all domestic businesses was the largest, and even by the results of 2012 it was 50%. However, after 2012, there is a clear downward trend in their share. Among the main reasons for this state of affairs, which also affected their competitiveness potential, are the following:

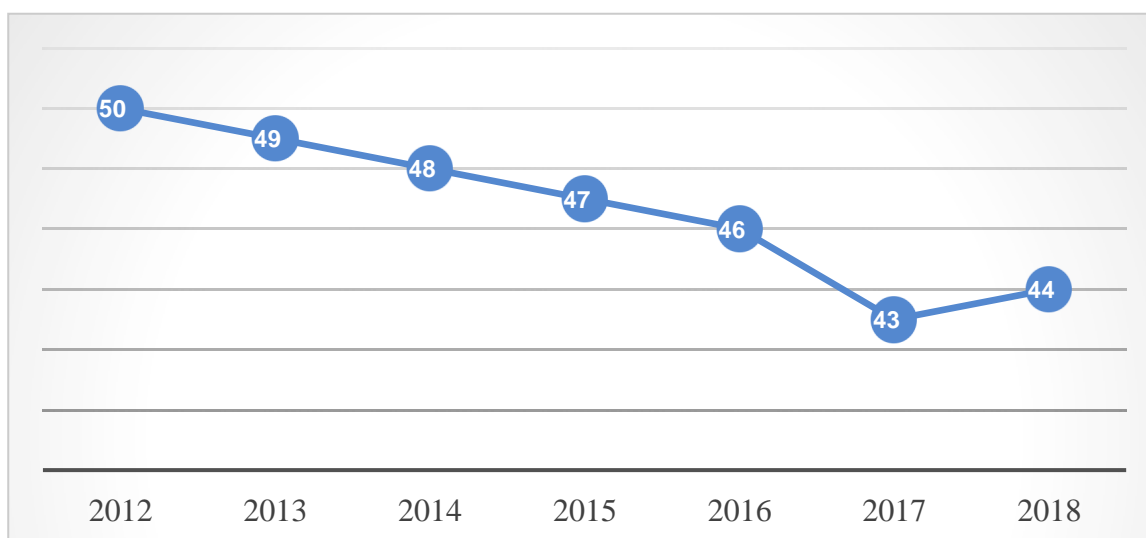
- ↓— the financial crisis of 2013-2014 and its consequences for the economy of Ukraine, the trade industry and consumers;
- ↓— occupation of the territory of Ukraine by the Russian Federation of the territory of the Autonomous Republic of Crimea, Donetsk and Lugansk regions. Due to these factors, a part of domestic enterprises was indeed liquidated and trade enterprises located in the

occupied territories are not analyzed and therefore are not included in the statistics published by the State Statistics Service of Ukraine;

↓ — change of principles of activity and transition of trading enterprises in the Internet space.

During the period 2012-2018, the share of trade business was the largest (Fig. 2).

Fig. 2 Share of trade enterprises in the overall structure of Ukrainian business during 2012-2018,%



Source: (28)

The smallest share of trading enterprises in the overall structure of Ukrainian business was in 2017, which was 43% according to the results of the year. According to the results of 2018, there has been no significant increase in the share of trade business - up to 44%, in our opinion, this is not evidence of its further growth, because the trend of transition to trading business online space is expanding, given the emergence of new various forms of Internet commerce and the ability to minimize business ownership costs, which also directly affected the competitiveness of trading business.

As for the number of trading companies that are directly involved during the years 2012-2018 (Table 7), their number increased steadily during the years 2012-2015 and during this period the growth amounted to 135 700 enterprises (the largest growth occurred in 2013 - 91 113 enterprises, at least in 2015 - only 1 222 enterprises) .In 2016, we have the opposite trend, which is caused by the above reasons. As a result, for the period 2016-2018, their number decreased by 186 885 enterprises to 742 392 commercial enterprises according to the results of 2018, which is 51 185 enterprises lower than at the beginning of the period under study.

Table 7 Number of business entities in the trade sector in 2012-2018

	Years	Number of entities			
		Including banks		Excluding banks	
		Total	Of them sole proprietors	Total	Of them sole proprietors
Total trade	2012	793 577	697 914	793 577	697 914
	2013	836 922	735 367	836 922	735 367
	2014	928 055	841 643	928 055	841 643
	2015	929 277	843 315	929 277	843 315
	2016	853 429	778 035	853 429	778 035
	2017	782 803	700 640	782 803	700 640
	2018	742 392	662 162	742 392	662 162
	Wholesale trade	2012	156 297	81 078	156 297
2013		168 022	87 306	168 022	87 306
2014		182 849	113 548	182 849	113 548
2015		192 990	123 711	192 990	123 711
2016		178 878	117 561	178 878	117 561
2017		172 829	105 573	172 829	105 573
2018		170 237	103 989	170 237	103 989
Retail trade		2012	637 280	616 836	637 280
	2013	668 900	648 061	668 900	648 061
	2014	745 206	728 095	745 206	728 095
	2015	736 287	719 604	736 287	719 604
	2016	674 551	660 474	674 551	660 474
	2017	609 974	595 067	609 974	595 067
	2018	572 156	558 173	572 156	558 173

Source: (28)

Table 8 and Figure 3 also clearly show the characteristics of the structure of trade business - the vast majority of retailers that are close to the end consumer of their services and products, and this must be taken into account when managing the competitiveness of a trading company. Throughout the period, however, has also become a hostage to the global changes that dominate the domestic and global economy, and as a result, there is a clear downward trend in the decline of retailers in favor of wholesalers. In our opinion, this trend will prevail over the next years, for the reasons described above.

Fig. 3 Structure of trade business in the period 2012-2018



Source: (14)

As can be seen from Figure 3, the share of wholesale enterprises has been increasing steadily since 2015 and increased by 3% over the 7 years of the study period - from 20% in 2012 - to 23% in 2018. Moreover, in recent years, the growth rate of wholesale enterprises has become slightly higher and less prolonged. At the same time, despite such an increase in the proportion of wholesale enterprises, their absolute number, as well as the number of retail enterprises tends to decline. Here too it is necessary to distinguish this feature - the tendency to decrease in the volume of retail enterprises lasts 4 years - from 2015, the tendency to decrease in the volume of wholesale enterprises lasts 3 years - from 2016.

The structure of business of the trade industry by size of enterprises is uneven. This peculiarity is characteristic not only for the trade business, but also for the whole domestic economy, which is connected with the peculiarities of taxation and the desire of owners and managers of business to optimize the level of tax burden, improve their competitiveness potential.

Table 8 Number of large and small business entities by type of economic activity in 2010-2018, units

	Number of entities in total		
	Years	Large business	Small business
wholesale and retail, total	2012	173	838 790
	2013	164	886 662
	2014	126	985 378
	2015	106	986 108
	2016	116	907 536
	2017	129	779 702
	2018	122	739 451

wholesale	2012	81	153 498
	2013	80	165 411
	2014	69	180 774
	2015	58	191 129
	2016	62	177 100
	2017	74	170 851
	2018	73	168 289
	Retail trade	2012	86
2013		77	667 842
2014		53	744 239
2015		46	735 417
2016		48	673 688
2017		47	609 093
2018		49	571 162

Source: (14)

The most widespread in the trade and domestic economy (Table 8):

- small businesses - 98-99% of the total volume of registered and working business;
- large businesses - less than 1% of the total number of registered and working business.

We now turn to a more detailed study of the actual indicators (financial, economic and other) activities of domestic trading businesses, as well as the reasons that influenced them during the period under study. During the period under review (2012-2018), the domestic trade sector, like the whole economy, was influenced by the following negative factors (14):

- ↓— first, the financial crisis of 2013–2014 (not to forget about the 2008–2009 crisis that preceded it),
- ↓— secondly, aggression by the Russian Federation with the subsequent occupation of part of the territory of Ukraine. As a result, the study is carried out without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol and part of the temporarily occupied territories in Donetsk and Luhansk regions;
- ↓— third, a significant depreciation of the national currency, which took place in 2014-2015, almost 3 times, at almost 3 times unchanged wage level to the population of Ukraine, which led to its considerable impoverishment and limited consumer demand, change priorities and preferences when visiting trade enterprises;
- ↓— fourth, crisis the domestic banking system and the withdrawal of a large number of domestic banks from the market (during 2014-2018 the National Bank of Ukraine eliminated more than half of domestic commercial banks - more than 87 banks, resulting in: on the one hand, trade enterprises lost a significant portion of their own funds in these banks, which negatively affected their potential capabilities and resources, on the other hand, a significant loss of funds to natural and legal persons who are consumers of the trade sector, which is not compensated by the state, had negative impact on their

capabilities and resulted in a significant decline in their solvency and reorienting their preferences);

↓— fifth, the significant increase in the value of utilities for the population.

All of the above was directly reflected in the indicators of domestic trade (Table 10). However, given the peculiarities and differences of the wholesale and retail trade, the aforementioned factors have differently influenced the directions of these areas of the trade industry.

Table 9 Wholesale and retail trade turnover of businesses of wholesale and retail trade in 2012-2018

	2012	2013	2014	2015	2016	2017	2018
<b>Wholesale turnover of wholesale trade businesses (legal entities), billion UAH</b>	<b>1 076</b>	<b>1 057,8</b>	<b>987,9</b>	<b>1 178,9</b>	<b>1 555,9</b>	<b>1 908,7</b>	<b>2 215,4</b>
index of physical volume of wholesale turnover to the corresponding period of the previous year,%	96,9	97,4	82,1	87,8	104,7	102,8	103,6
<b>Retail turnover, billion UAH</b>	<b>767,1</b>	<b>838,3</b>	<b>901,9</b>	<b>1 018,8</b>	<b>1 175,4</b>	<b>815,4</b>	<b>930,7</b>
index of physical volume of retail turnover to the corresponding period of the previous year,%	114,7	108,6	91,1	79,3	104,3	106,5	106,2
<b>Retail trade turnover of retail trade businesses (legal entities), billion UAH</b>	<b>383,3</b>	<b>409,1</b>	<b>438,3</b>	<b>477,9</b>	<b>555,9</b>	<b>586,3</b>	<b>668,4</b>
Index of physical volume of retail turnover to the corresponding period of the previous year,%	111,6	105,9	90,0	79,0	104,5	106,0	105,8

Source: (14)

Thus, the wholesale turnover of wholesale trade businesses from the beginning of the period under study tended to fall - from 2012 to 2015, the fall of this indicator amounted to 88.7 billion UAH. After that we see a rapid growth of this indicator over the next years: for the period from 2015 to 2018 inclusive growth amounted to UAH 1.227.5 billion, this indicator not only reached the level of the beginning of the study period, but also more than twice exceeded it by the results of 2018.

Our analysis of the dynamics of turnover by segments of domestic trade in Ukraine allows us to confirm that the economic policy of domestic wholesale trade businesses was largely inertial. Retail turnover from the beginning of 2012 to the end of 2016 had a clear upward trend,

with the highest growth of this indicator in 2015 and 2016 - 116.9 billion and 156.6 billion UAH respectively.

In total, during this period retail turnover amounted to UAH 408.3 billion. However, all the efforts, opportunities and benefits of this period were pretty much canceled out in 1 year - in 2017 the fall of this indicator amounted to 360 billion UAH. In part, retailers were able to compensate in 2018, which allowed them to increase their total turnover by UAH 115.3 billion. Retail turnover of retail trade businesses over the entire period from 2012 to 2018 showed a steady upward trend, which amounted to UAH 285.1 billion over the whole period. This can be explained by the peculiarity of this segment, its proximity to the consumer and his primary needs. At the same time, the highest growth of this indicator occurred in 2015 and 2018.

So, it should be noted that in recent years there is a tendency to further increase the share of small businesses, while reducing the absolute number of all domestic enterprises in general and trade enterprises in particular. At the same time, from the very beginning of the period under study, the share of small business entities in the trade sector was slightly higher than among all Ukrainian enterprises, which is related not only to the above reasons, but also to the peculiarities of functioning and construction of business owners of trading enterprises.

### 3.3. Analysis of lending conditions for small and large business development in Ukraine

Today, there is still an unresolved problem of small business development in Ukraine, and it is one of the main factors of macroeconomic stabilization of the country in the post-crisis situation.

In developed countries, such as the United States, the United Kingdom, Germany and Japan, about half of all GDP is in small and medium-sized businesses. The social factor of small and medium-sized businesses can be attributed to the fact that it provides new jobs, reduces social tensions, the impact of innovative technologies on the production process, the profitability of the budget increases and so on. In the EU countries, loans in the structure of small business financing make up at least 60%. And in Ukraine, such a share of credit is less than 20%. Unfortunately, if in the EU countries the revenues from small and medium-sized enterprises make up 30-40% of GDP, then in Ukraine from 7% to 9% (21, p.2-3).

Credit helps to strengthen the economic activity of businesses, because it is a prerequisite for the circulation of production funds and circulation funds. In the context of extended reproduction, the loan provides an opportunity to continuously carry out the process of circulation and, therefore, facilitates the production and sale of products. Due to credit relations

there is no need for obligatory accumulation of own funds and there is a faster attraction of resources in economic turnover at the expense of saving time when purchasing raw materials, etc.

Loans from a banking institution allow to combine all sources of current assets and actively influence the rational formation of stocks of raw materials, finished goods and other types of tangible assets.

In practice, banking institutions are very cautious about lending to small business entities. Factors limiting the ability of small businesses to obtain credit are, on the one hand, the strict requirements of a banking institution to provide guarantees of repayment in the absence of a long-term credit history, increased production risks, mobility of capital, and on the other hand to the small business entities the specific structure of the assets, in which the real estate is represented by a minimum share, which could serve as collateral for the repayment of the loan (Table 11).

Table 10 Characteristics of bank lending service to small business in Ukraine

Bank lending service	The maximum volume	Interest rate, bank reward	Term	Securement
1. Overdraft	15-40% of the average monthly credit amount Turnover	By appointment (relatively overpriced)	Short-term	Turnover at the expense of the borrower
2. Factoring	For the amount of goods delivered or services provided	20-22% plus factoring commission 0.75-5%	Short-term	Not required
3. Urgent loan	By appointment	By appointment (relatively low)	30-60 days (fixed maturity)	Not required
4. Repo operations with goods	For the amount of goods	The bank's reward is the difference between the sale and purchase prices	Short-term	Goods
5. Bank credit line	The loan is granted several times within the established limits limit	20-30% - in national currency, 12-14% - in foreign	Short-term and long-term	Needed
6. Investment lending	The amount of the investment project	Future profit from the activity of the enterprise	Short-term and long-term	Not required

Source: (21, p.4-5)

In addition, banking institutions are more focused on serving large corporate clients, which significantly affects the value of attracted financial resources for small businesses.

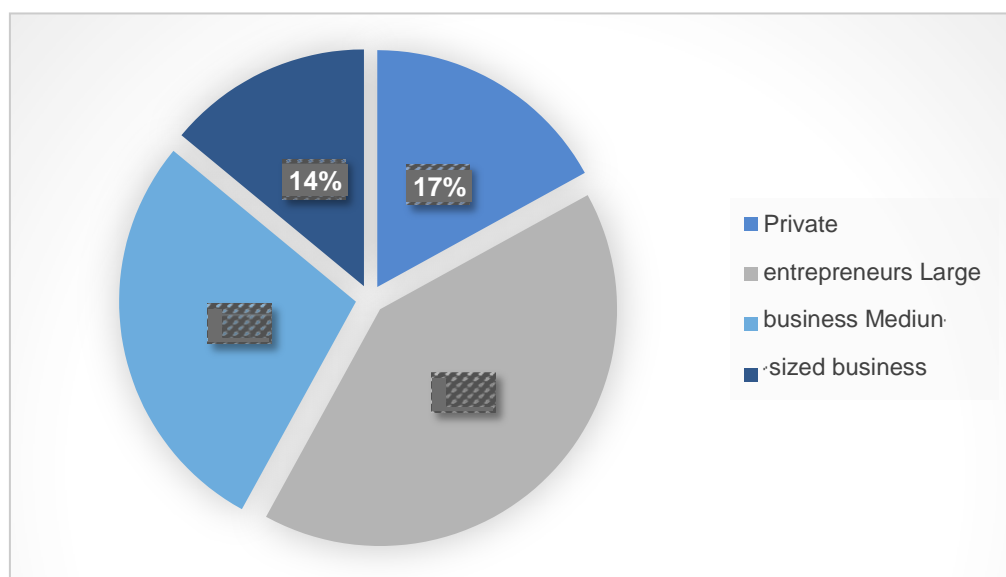


For a banking institution, working with clients who receive small loans (mostly for lending to small businesses) is low-cost. It is clear that the successful development of small and medium-sized business depends to a large extent on its provision of both long- and short-term financial resources.

Among the sources of financial resources of small and medium-sized business, bank loans ranked third after the income from the activity of business entities and the personal funds of the founders. For many years, it was 14.7% in 2015 and 15.1% in 2016 (31, p.84).

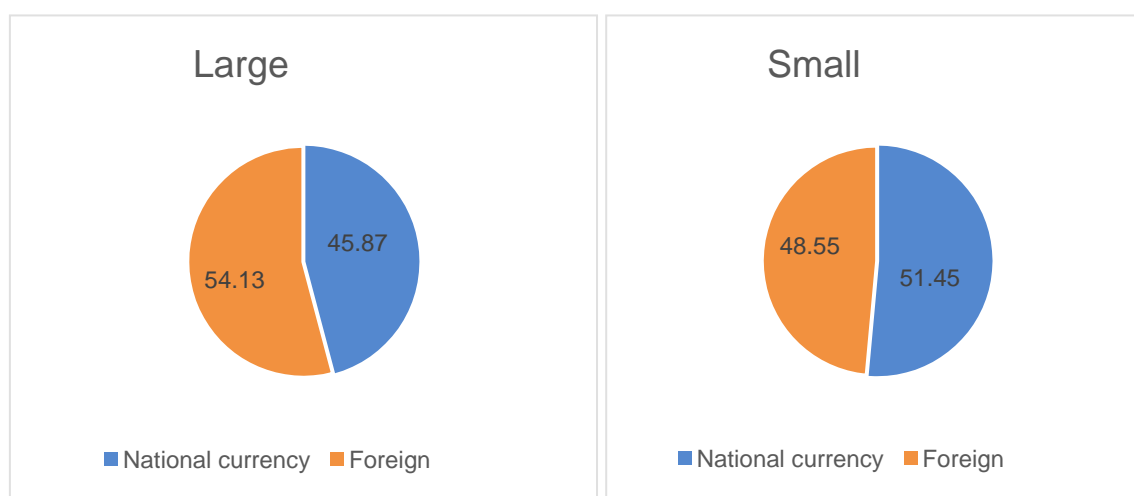
Today, small and medium-sized business collectively generate and sell more than 70% of the annual output of products and services in the non-financial sector of Ukraine, which is not in line with the level of small and medium-sized business lending.

Fig 4. Number of loans issued, by size of companies, 2018



Source: (15, p.38)

Fig 5 Loans to all companies, by currency type and company size, 2018



Source: (15, p.39)

So, measures aimed at enhancing entrepreneurship lending should be in the interests of both entrepreneurs and financial institutions and the state. This is due to the fact that the small and medium-sized sector is traditionally one of the riskiest borrowers, so the requirements for securing such bank loans are the most stringent and the interest rate is the highest.

## Chapter 4. Problems and prospects of development of small and large business in Ukraine

### 4.1. Foreign experience of small business support: lessons for Ukraine

Recognizing the importance of small business for the economy, developed countries are contributing to its quality development by using various instruments of state support: tax breaks, legal and consulting services, educational programs, credit support programs (preferential loans, credit guarantees).

Many countries have set up agencies to support small businesses. For example, in 1953, the United States Congress established the Small Business Administration (SBA), which still protects the interests of small business entities at the state level.

Among the main tasks of the Administration for small business entities are (27, p. 528):

- ↓— technical and informational support;
- ↓— assistance in obtaining loans, providing credit guarantees;
- ↓— assistance in obtaining government contracts and obtaining contracts with large enterprises;
- ↓— direct subsidizing and lending to small businesses at the expense of their own budget.

The government agency for small businesses in Japan is the Small Business Administration, which is subordinate to the Ministry of Foreign Trade and Industry. This department controls the observance of antitrust laws, provides state protection of small business interests in Japan, limits control of owners, determines the responsibility of customers, contractors and subcontractors for non-market contractual relations (11, p.36)

The main government support body for small businesses in China is a specialized agency, the China Center for Business Coordination and Cooperation. The main task of the center is to create the necessary infrastructure for technological cooperation between national and foreign organizations in the field of business support. On the initiative of the Center, consulting and information support for small business is being implemented, trade fairs, exhibitions in the field of innovative product development are organized, seminars, conferences on the study of small business problems and program implementation are held.

Another important body contributing to the development of small and medium-sized businesses in China is the CSMEIO State Information Service, which was established in 2001 (the year of China's WTO accession). This service provides information services to the general public and entrepreneurs about small and medium-sized businesses (SMEs) through its website. The CSMEIO network covers all regions of China, enabling the population to be informed about

the state of the labor market, changes in current legislation, recent developments in science and technology, the development and status of small and medium-sized businesses.

The priority of the Office's activities is to create conditions for long-term export of SMEs by enterprises and to bring them to the international arena. In order to achieve these goals, the Office provides the following types of support to SMEs:

- ↓ compensation for part of the costs of exhibitions (up to 50%);
- ↓ ISO certification;
- ↓ assistance in the registration of intellectual property rights (including up to 50% of the costs);
- ↓ information support;
- ↓ a marketplace for SMEs;
- ↓ improving product quality;
- ↓ support in entering international markets, including legal advice;
- ↓ conducting trainings for SME employees.

In addition, China has set up a system of SME support centers - about 1800 centers, of which 800 are state-owned organizations and 1000 are commercial ones. SME support centers provide the following services: audit (free of charge); staff training; legal assistance; technological support (19**Ошибка! Источник ссылки не найден.**, p.6).

One of the reasons for Canada's economic success globally is the advanced small business sector. By number of small businesses, Canada ranks second in the world after the United States. Most small and medium-sized enterprises are engaged in agriculture, services, wholesale and retail trade. Currently, special programs are being developed in Canada for information, financial and scientific and technical support to small and medium-sized enterprises in the provinces, especially in the north, with the participation of government agencies, banks, universities, chambers of commerce, business unions.

The purpose of such programs is the intensive development of family, women's and youth businesses, the creation of innovation parks, information business centers and business incubators. The government and local governments involve small and medium-sized enterprises in government projects. The Government of Canada also pays close attention to the stabilization of the regulatory system in the field of entrepreneurship. Very strong regulatory pressure is pushing entrepreneurs to move to the "shadow" sector of the economy. In Canada, weakened business regulation is combined with mandatory laws that protect the interests of businesses. For example, the process of starting a new business in Canada takes 3 days, with the shadow economy accounting for only 16.4% (19**Ошибка! Источник ссылки не найден.**, p.4).

The main reasons for Singapore's thriving economy and business include:

↓— Presence of favorable economic environment and attractive investment climate in the country: there is a preferential tax legislation for small business entities aimed at attracting foreign capital and investment.

↓— Small business entities are mostly engaged in the service industry. Most Singaporeans are engaged in individual business, some owning shares and other securities of various companies. Therefore, the middle class in Singapore is about 80% of the total population.

↓— Favorable conditions for creation of business entities and their further functioning: special privileges are calculated for small and medium-sized enterprises created.

Singapore has about 140,000 small and medium-sized enterprises, accounting for about 90% of all businesses in the country. Support for small business in Singapore is dedicated to the specially created Spring agency, which develops and implements various small business support programs. In Singapore, a huge number of preferential lending programs are being implemented, which include special loans, credit risk insurance, subsidies. For small enterprises with a workforce of no more than 10 people, special preferential conditions for obtaining loans are created. The Government of Singapore is funding the training and skills development of small business professionals. For this purpose, state and some private educational institutions are functioning (19, p.4-5).

In the Member States of the European Union, small and medium-sized enterprises are engaged in the wholesale and retail trade, food industry, construction, business strategic services, hotel, restaurant and tourist business. With regard to the development of small and medium-sized enterprises, EU governmental structures also pursue a sound state policy that takes into account the sectoral and regional characteristics of the development and functioning of this segment of the economy. The main goals of the supranational level in the EU are to strengthen the single internal market, to internationalize entrepreneurial activity at the level of its individual entities by involving businesses in e-commerce, to intensify the processes of creation and implementation of innovations, to simplify procedures for the creation of new business structures. At national level, EU policy is aimed at removing obstacles to the effective functioning of business entities. Thus, several programs have been developed and implemented to eliminate bureaucratic obstacles to the creation and functioning of business entities (19, p.5):

↓— SLIM: proposes measures to simplify EU legislation in a particular sector of the economy;

↓— Euro Info Centers: clarification of legislation requirements for business entities;

↓— Simplification of forms and reporting requirements;

- ↓— Organizing European conferences for newly created small and medium-sized business.
- ↓— Program for assessing the impact of regulations on the functioning of business in terms of cost, benefit and risk comparison.
- ↓— Single Window Center: aimed at cooperation between relevant government bodies and business structures, which can be beneficial to both parties.

Another obstacle to the functioning of business entities is the lack of financial resources. Therefore, many government support programs in the EU are aimed at providing them with direct financial assistance. Assistance can also be provided through the creation of mixed forms of financial support, lending on preferential terms, providing guarantees on loans, participation in the capital of business entities. In this direction, the governments of the EU member states are: stimulating the development of the secondary securities market; reduction of tax rates on dividends and other income from investing in small and medium-sized business; stimulating the development of networks that specialize in investor search; providing guarantees for obtaining loans; financing of small, high-risk business in order to stimulate innovation.

To facilitate the tax burden on SMEs in the area of indirect taxation, it was proposed to: harmonize VAT (Value Added Tax), simplify accounting reporting for VAT, submit statistical reporting on VAT every year instead of monthly, exemption of micro-enterprises from the country of payment places for payment of VAT, subject to the use of "remote trade".

In the field of direct taxation in the EU, preferential taxation of the profits of business entities is established. For example, in the UK, the income tax for small and medium-sized enterprises is 25% against 35% for other businesses, in the Netherlands it is 40% against 50%. Quite often, small and medium-sized businesses can be exempted from income tax for a certain period, for example, to encourage investment in research and the latest technology. Double taxation for subsidiaries should also be laundered.

Increasing the innovation activity of small and medium-sized business is one of the priorities of the EU support policy for business. This is one of the most important factors for increasing the competitiveness of these business.

Therefore, the main function of the established small and medium-sized business support bodies in economically developed countries is to do business training, information and assistance.

Unlike developed countries, developing countries or countries with economies in transition have far fewer resources to finance support for business, and it takes place in a context where the process of creating a supportive business environment is far from over. The realities for this group of countries are high corruption, underdeveloped state and public institutions for the protection of the rights of business entities, a large shadow economy, low living standards and so

on. All of the above factors, which hinder the normal functioning of all business structures, especially small and medium-sized enterprises, are characteristic of Ukraine (19, p.5-6).

In this regard, support methods for small and medium-sized enterprises in developing and transition economies are of great interest for the state support system for small entrepreneurship that is emerging in Ukraine. Therefore, it is appropriate to identify the features of small business development in developing countries.

For example, in Brazil, the leading specialized organization that coordinates and finances numerous of small business address support programs is the Brazilian Micro and Small Business Support Service (SEBRAE). The service is funded not directly from the country's budget, but through the National Institute of Social Insurance of the Ministry of Social Security and Labor. Funds for financing consist of deductions of 0.3% of the corresponding social tax, the base for which is the payroll of enterprises. They are then subdivided into regional service units and used for field support. There are currently three small business financial support programs in Brazil: guarantees and loans for small businesses; venture financing for small businesses; microcredit programs.

Today, a special role in the field of state support for small and medium-sized enterprises in Brazil is given to the Federal Entrepreneur Program, which is coordinated directly by the Presidential Administration and the Brazilian Government. Initially, the development of the Program focused on creating conditions for entrepreneurship development (removing barriers to small business development, mobilizing entrepreneurs and entrepreneurial opportunities) and developing support tools themselves. Of particular importance was the training of entrepreneurs and the development of entrepreneurial culture.

The second stage of the Program began in October 2000. Measures to reduce the level of bankruptcy of small enterprises, to involve them in national production, to reduce the number of unregistered enterprises, to train personnel for business, are at the fore. Particular attention was paid to the creation of associations of business structures (clusters) and the promotion of small and medium-sized enterprises to export products.

The third phase of Brazil's Entrepreneurship Support and Development Program was launched in June 2001 and focused mainly on the mobilization and support of various small and medium-sized enterprises and associations. An important role is played by the Local and Regional Socio-Economic Development Program developed and implemented by the Brazilian Micro and Small Business Support Program, an important aspect of which is the provision of access to micro-credit for small and medium-sized enterprises, especially in areas with low socio-economic development index (19**Ошибка! Источник ссылки не найден.**, p.6).

In Moldova, small businesses play a special role because there are a number of objective prerequisites in the country that contribute to their development. First of all, it is a sectoral structure of the economy, which, even before the reform process, consisted of sectors that are predominant for small businesses: agriculture, food, processing and light industry. The system of regulation and support for small business in Moldova does not currently take into account the changes that took place in the economic, political and social spheres of the country at the end of XX - beginning of XXI century (19, p.6).

Having analyzed the world experience of providing small business development, it should be noted that direct borrowing of the practice of regulating business entities in the developed market economies today is not effective for Ukraine, but it is very useful in terms of perspective directions for further development and support of entrepreneurship. Unlike developed countries, developing countries have far fewer resources to finance entrepreneurship support, and it takes place under conditions where the process of creating a supportive business environment is far from over. All this is characteristic of Ukraine. Therefore, the experience of these countries is of great interest for the system of state support for small business, which is formed in Ukraine.

But when developing state programs for small business support, the national and regional peculiarities of their development should be taken into consideration first.

#### 4.2. Analysis of challenges in the development of small and large business in Ukraine

The slowdown of small business in Ukraine is carried out by a number of problems and challenges, which we have divided into problems of state influence and challenges of the economic environment:

The problems of state influence include (4, p. 3-4):

1. The imperfection of the tax system. It is manifested by the significant tax burden on businesses (more than 40% of income) and the opacity (bureaucratization) of tax administration processes. Among the reasons for Ukraine's absence in the list of direct investments for investors from abroad is the incomprehensibility of the tax system in Ukraine and its complexity. This factor is identified by us as the most significant because it, firstly, impedes the emergence of new businesses and attracting investments, secondly, stimulates the emergence of a shadow economy and the phenomenon of "double bookkeeping". Small business in the shadow have no access to either the financial system or the state support programs, nor to law enforcement protection. Instead, shadow businesses fuel the country's corruption system through unofficial payments to law enforcement officials to obtain at least some protection.



2. There is a high level of corruption in the country. In Ukraine, there are conditions for conducting business with significant informal payments and expenses. The bureaucratized tax system stimulates small business owners to make payments to State Fiscal Service representatives for tax evasion, a large number of claims (some of which can simply be withdrawn) from various regulatory authorities, encourages small business to make payments to representatives of these authorities to avoid law enforcement, payments to law enforcement agencies obtaining "informal" protection of the shadow enterprise.

3. The Crisis State of the Ukrainian Economy. Significant reduction in business activity and unpredictability economic situation not only reduces the growth of new small businesses, but also the bankruptcy of existing.

4. Low impact of government support for small business. This is mainly due to the declarative nature of such support and the opacity to receive it.

5. Lack of protection against encroachments on the profits and property of small business (threat of raiding).

The challenges of the economic environment are (4, p. 3-4):

1. Insufficient start-up capital for the full development of small business. A large proportion of small businesses in Ukraine are created at the expense of capital, which is sufficient for the survival and functioning of the enterprise in market conditions. In such a situation, the need for investment for the sustainable development of small business is not ensured. On the other hand, weak start-up capital does not make it possible in the long run to attract investments or loans for development under the pledge of enterprise property, which limits the ability to scale small business.

2. Business culture in Ukraine, which is heavily influenced by the former communist system and the "economic anarchy" of the 1990s in Ukraine. Society in Ukraine is largely formed under the influence of the communist past, which promoted collectivism, fear of the state and hatred of capitalism (entrepreneurship), and business is based on the principles of individualism, assistance State support and public recognition of business achievements. Therefore, people brought up directly or indirectly by the old (totalitarian) system must build a new (entrepreneurial) system, and often this is not possible due to the lack of skills and a culture of business.

3. Crisis of confidence in the economic system, which is manifested in the failure of contracts, non-payments received goods and services, the initiation of business relations with the purpose of fraud and misappropriation of goods and services of a partner.

4. Difficulty in accessing distribution channels. There are frequent cases where access to wholesalers and distributors' networks for small business is closed.

5. Poor small business support infrastructure. The penetration and impact of business incubators, technology parks, information and consulting organizations and associations of business entities is insignificant.

6. Competition with foreign producers, which, by virtue of the economic policies of their countries of origin, are more efficient and competitive in price. Given the difficulty of entry into the market for small businesses, state support plays an important role, it can be manifested through the elimination of corruption at the level of regulatory administration of the state organs of government, preferential taxation, zero-rate government lending to small businesses, the introduction of free qualified advice for the owners of small business with the purpose of introducing into their business qualifications professionals that are not owned by the entrepreneurs themselves. Opening a business requires a large amount of documentation and permits (sanitary ware, fire safety, etc.), due to the lack of proper, detailed and clear to everyone, entrepreneurs are forced to resort to corruption in order to comply with these requirements.

The development of small business lending system by commercial banks in our country is facing many problems, including (4, p. 5):

- ↓— high interest rates on loans;
- ↓— lack of required collateral for small businesses;
- ↓— very short repayment period;
- ↓— lack of financial and accounting reporting since the loan is generally taken at the beginning activities;
- ↓— requiring a double or triple pledge from the borrower;
- ↓— the inconsistency of the financial statements of entrepreneurs who worked under the simplified system taxation, the requirements of banks (in this case it is possible to provide a loan as an individual, secured).

Now let's consider the challenges of developing large businesses.

Modern problems of large business development are rooted in the mechanisms of its origin. Just like in other post-socialist countries, in Ukraine it has arisen not out of place, not from a long accumulation of capital by thrifty and industrious citizens. Its formation was the result of the initial accumulation of capital, that is, powerful redistribution processes, as a result of which social property became private (in its various modifications) and classical state property.

The rent motivation of big business causes significant damage to the development of the Ukrainian economy. It determines the raw material orientation of the domestic manufacturing sector and investment in re-industrialization of the branches of the third technological way instead of the development of high-tech industries. Investments in intangible assets make up only

3.7% of capital investments, investments in research and development account for only 0.2% of all investments in fixed capital, and innovative profit of enterprises - only 2.3% of all their income. As long as business groups are left with the opportunity to receive rental income, they will not have effective incentives to innovate. And without the involvement of big business, as the world experience shows, creating a full-fledged innovation system in Ukraine will remain a dream come true (20, p.21-23).

Rent orientation is the main obstacle to building an innovative system in Ukraine, and not a lack of financing, according to 44% of enterprises. Ukrainian business groups have financial resources, but they bring them out to the masses offshore. Illegal export of capital from Ukraine for 2000 - 2008 is estimated by experts of the research organization Global Financial Integrity (GFI, USA) at \$ 82 billion (5).

One of the most significant sources of rent in Ukraine is the abuse of monopoly power in the market. Monopoly surplus accounts for 42, 8% of enterprises' incomes, and their share increased almost 1.5 times in comparison with the pre-crisis year 2007. Increasing the concentration of production is necessary and inevitable for the creation of powerful integrated corporations. The financial crisis of 2008 only exacerbated this process: in 2010, the level of monopolization of the economy significantly increased in 29 industries (energy, metallurgy, transport services, chemical industry, oil products trade, etc.). Therefore, the focus of the activities of the Antimonopoly Committee should be shifted to combating the negative effects of monopolization, not monopolies themselves. This will reduce the possibility of monopoly rental income and indirectly facilitate the transition of business groups to the innovative path of development (20, p.21-23).

#### 4.3. Proposals and recommendation to improve small and large business development in Ukraine

Today it is important to solve the problems of small business development in Ukraine, to establish its effective and close cooperation with large enterprises. Therefore, in our opinion, the state and regional authorities should (4, p. 6-7):

↓ — promote the development of business infrastructure (information and analytical support centers for small business, business incubators, techno parks, etc.);

↓— Introduce preferential lending programs. Introduce preferential taxation of commercial banks' profits from small business lending. "Power-business", settlement of disputes between enterprises in business relations;

↓— develop legal mechanisms for legalization of shadow business in Ukraine.

This should be implemented through the announcement of a tax amnesty for shadow capital in Ukraine and offshore capital abroad. The mechanism should envisage the application of the entrepreneur to the state structure with the statement of tax amnesty, payment of the tax on the shadow capital in the amount of 5-7% and receipt of the declaration from the state about absence of tax claims from the state as of the date of payment of the tax. This mechanism should be open for a limited period (1 year), after which the tax amnesty will end, and the state will make every effort to investigate and search for shady businesses and offshore capital that did not pass the tax amnesty. The business climate in the region is not only the result of a sound and deliberate public policy. This is first and foremost a consequence of entrepreneurial abilities, combined with organizational skills, knowledge, experience, ability to combine the talents of employees in a single effective system. Businesses that grow in "greenhouse conditions" are doomed to fail in the field of real competition. Responding to the challenges facing small businesses should also be cultivated in the midst of business, not just public policy.

To meet the challenges of today, small business need to (4, p. 6-7):

- focus on scaling the business, converting it into a medium and large size business, which, regardless of government policy, can independently attract loans, investments, implement investment projects, etc.

- actively invest in development key business persons. Business success is created in the minds of the people who created and develop it, and later, through their decisions, is transformed into real results. Therefore, investing in the knowledge, skills, skills of executives and executives will be the key to the success of small businesses;

- to focus production on exports to the EU, Canada, USA, which are highly solvent and highly competitive. A truly high-quality product of Ukrainian production will have an advantage over price. Exports are also an effective competitive tool against foreign companies whose access to the Ukrainian market is open within the framework of the Association Agreement with the EU.

Creating multi-point competition for foreign manufacturers diversifies risks and sources of revenue. Creates associations, associations to uphold their own interests and lobby for state-level solutions that will help SMEs develop. Association in any form is always an opportunity to exchange ideas, ideas, act together for common purposes, work together with stakeholders -

banks, state institutions, international organizations, public organizations, educational infrastructure, investors, etc.

- “think globally, act locally”- a piece of advice that is justified for both small and large business.

In our opinion, small businesses are synonymous with future success. Globalization and, as a consequence, blurring of borders, cultures, thinking, leads to the fact that tools, methods and approaches in management, innovations can be applied locally. If a small business is always on the brink of "novelty" and innovation: new technologies, new business practices, new approaches to management, flexibility, informatization, cost and operations optimization, such a business is inevitably doomed to success as it constantly moves forward.

The focus of small businesses on new technologies and equipment (the key to quality at low costs), innovation in management (productivity growth), investment in training and staff development (creating the basis for further enterprise development) - these are the main areas that will be an effective response to SMEs Ukraine to the modern challenges that lie ahead. The skillful combination of entrepreneurial talents with well-thought-out public policy will turn small business into a solid foundation for sustainable economic growth in Ukraine.

The development of Ukraine's economy and its integration into the European economy must necessarily take place with the use of small business as a powerful lever of this development. Realizing the potential, the main competitive advantages, the true role of small business, is able to increase resilience to global challenges and help lead Ukraine to a path of sustained sustainable growth (4, p. 7-8).

Summarizing the above, we can draw the following conclusions and suggestions for large business (20, p.21-23):

1) the potential of Ukrainian business groups is not used enough to achieve the strategic goals of development of the Ukrainian economy, so the main task of the state is to create the necessary incentives (positive and negative, administrative and economic) for this;

2) incentives should be targeted (not selective), and this requires informal industrial-financial groups to be institutionalized; it will also improve the monitoring and regulation of their activities, help to optimize their structure and specification of property rights;

3) in order to reduce the opportunity to obtain rental income, it is necessary to strengthen the control over the price behavior of monopolists, introduce indicative prices for export transactions, introduce open financial statements of Ukrainian companies and banks, as well as public control of budget expenditures and personal incomes of public servants;

4) Cyprus should be included in the list of offshore zones, as all positive amendments to the Tax Code in the field of combating illegal export of capital may be inactive; impose a ban on investment operations with offshore territories;

5) to identify at the legislative level as priority areas for the development of the Ukrainian economy high-tech industries and to develop specific mechanisms to stimulate the flow of capital of business groups in these areas of activity;

6) the proposed measures will have a positive effect only in the conditions of improving the investment climate in the Ukrainian economy, otherwise they will only increase the level of corruption and will force business groups to more actively "capture" the state and interfere in political processes, trying to take control of this "source" dangers .

While depriving large business of rental income, it is necessary to create clear, stable and fair rules for its operation in the interests of the Ukrainian economy. This is the only way it will turn into a real locomotive of the domestic economy and pull it out of the "peripheral" zone of the world community in which it is now.

## Conclusions

Consequently, small businesses are one of the effective means of addressing priority socio-economic problems. These include: accelerating structural restructuring of the economy, ensuring the saturation of the market for goods and services, creating a competitive environment, creating new jobs through self-employment, ensuring the efficient use of local raw materials and more.

However, despite all the positive developments, small businesses face many obstacles. Its development is uneven, chaotic and contradictory, it is not given due attention by state bodies: support programs are declarative, there is no coherence in the actions of central and local authorities, poor financial assistance and so on. The problem with well-known approaches to stimulating small business development is that their main focus is on stimulating the formation of a new small business, while the issue of consolidation and development of start-ups and small businesses has received little attention. The relevance of the problem of small business development in Ukraine in the long term is determined by the significant contribution of small business to the economy of developed countries and the lagging indicators in Ukraine.

Measures aimed at enhancing entrepreneurship lending should be in the interests of both entrepreneurs and financial institutions and the state. This is due to the fact that the small business sector is traditionally one of the riskiest borrowers, so the requirements for securing such bank loans are the most stringent and the interest rate is the highest. Instead, lending to business entities by non-credit institutions avoids the need to comply with certain requirements of banking law, including the classification of borrowers by credit risk group, the availability of highly liquid collateral and the need to form provisions for possible loan losses, but objectively narrows the possibilities of such financial.

So, given the above, we can assume that small businesses rarely create stable, high-paying jobs, unlike large business. However, small businesses are important drivers in today's economy. The innovations of small businesses and large enterprises are inextricably linked. Because small business creates most new jobs and is an important innovator, it is necessary to step up efforts to stimulate the development of small businesses. While large firms offer better jobs on average and make a significant contribution to creating new jobs and innovations, research and experience show that the process of engaging large businesses in a particular community is complex.

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## Appendix

### List of supplements

Table 1 Entry criteria for small business in EU countries

Category of business	Number of employees	Annual turnover (million euro)	Annual general balance (million euro)
Medium-sized	< 250	$\leq 50$	$\leq 43$
Small business	< 50	$\leq 10$	$\leq 10$
Micro business	< 10	$\leq 2$	$\leq 2$

Source: (8, p.160)

Table 2 Number of small and large business in Ukraine during 2010-2018

	2010	2013	2014	2015	2016	2017	2018
Large business	586	659	497	423	383	399	446
Small business	2161999	1702201	1915046	1958385	1850034	1789406	1822671

Source: (28)

Table 3 Basic indicators activity of large and small business in Ukraine, 2018

Years	Large business	Small business
Number of employed persons (thsd. persons)		
2013	2383,7	4291,2
2014	1915,1	4115,2
2015	1708,6	3838,7
2016	1586,6	3871,8
2017	1560,9	3956,3
2018	1574,3	4173,7
Number of employees persons (thsd. persons)		
2013	2383,7	2843,9
2014	1915,1	2420,8
2015	1708,6	2098,1
2016	1586,6	2227,1
2017	1560,9	2393,3
2018	1574,3	2603,2
Personnel costs (mln.UAH)		
2013	175677,8	81576,1
2014	154660,8	75415,0
2015	161847,0	80585,7
2016	172765,7	89877,2
2017	212897,9	124778,2
2018	280461,8	154297,1
Turnover (mln.UAH)		
2013	1717391,3	933717,7
2014	1742507,9	981300,1
2015	2053189,5	1318974,1
2016	2391454,3	1651982,0
2017	2929516,6	2067799,2
2018	3515839,5	2496947,6

Source: (28)

Table 4 Share of large and small business in the total number of entities in Ukraine, 2010-2018

Years	Total number	Large entrepreneurship entities	Small entrepreneurship entities
Share of entities by their size in the total number of entities, in %	1839593	0.0%	99,1%
Share number of employed persons of entities by their size in the total number of employed persons of entities, in %	8532,5	18,5%	48,9%
Share number of employees persons of entities by their size in the total number of employees persons of entities, in %	6959,9	22,6%	37,4%
Share personnel costs of entities by their size in the total personnel costs of entities, in %	758739,5 mln.UAH	37,0%	20,3%
Share wages and salaries of entities by their size in the total wages and salaries of entities, in %	624778,8 mln.UAH	37,3%	19,7%
Share social security costs of entities by their size in the total social security costs of entities, in %	133960,7 mln.UAH	35,2%	23,6%
Share turnover of entities by their size in the total turnover of entities, in %	9966804,5 mln.UAH	35,3%	25,0%
Share production value of entities by their size in the total production value of entities, in %	6207687,6 mln.UAH	37,9 %	25,9%

Source: (28)

Table 5 Financial results of large and small before taxation in Ukraine in 2013-2017

Years	Financial result (balance)	Profitable enterprises		Loss-making enterprises	
		in % to the total	financial result	in % to the total	financial result
Large business					
2013	28003,5	68,6	88724,8	31,4	60721,3
2014	-189934,1	51,8	81040,7	48,2	270974,8
2015	-145403,9	55,7	105387,9	44,3	250791,8
2016	61222,7	65,8	158665,9	34,2	97443,2
2017	156906,3	73,3	266879,1	26,7	109972,8
2018	175176,2	76,9	277607,7	23,1	102431,5
Small business					
2013	-25057,9	66,0	39640,9	34,0	64698,8
2014	-175262,4	66,5	49156,1	33,5	224418,5
2015	-111906,0	73,9	95483,0	26,1	207389,0
2016	-24151,4	73,3	107312,5	26,7	131463,9
2017	-10724,8	72,7	117446,5	27,3	128171,3
2018	46870,8	74,1	139462,4	25,9	92591,6

Source: (28)

Table 6 Profitability of activity of enterprises by their size, by type of economic activity

Years	Profitability of operational activity of business		Profitability of all activity of business	
	Large business	Small business	Large business	Small business
2013	5,0%	2.2%	0.6%	-6.2%
2014	0.7%	-17.9%	-11.1%	-26.5%
2015	4%	-4.2%	-7%	-13.6%
2016	8.8%	5.2%	2.4%	-3.6%
2017	11.2%	6.5%	5.2%	-2.0%
2018	9.1	8.3%	5.2%	2.7%

Source: (28)

Table 7 Number of business entities in the trade sector in 2012-2018

	Years	Number of entities			
		Including banks		Excluding banks	
		Total	Of them sole proprietors	Total	Of them sole proprietors
Total trade	2012	793 577	697 914	793 577	697 914
	2013	836 922	735 367	836 922	735 367
	2014	928 055	841 643	928 055	841 643
	2015	929 277	843 315	929 277	843 315
	2016	853 429	778 035	853 429	778 035
	2017	782 803	700 640	782 803	700 640
	2018	742 392	662 162	742 392	662 162
Wholesale trade	2012	156 297	81 078	156 297	81 078
	2013	168 022	87 306	168 022	87 306

	2014	182 849	113 548	182 849	113 548
	2015	192 990	123 711	192 990	123 711
	2016	178 878	117 561	178 878	117 561
	2017	172 829	105 573	172 829	105 573
	2018	170 237	103 989	170 237	103 989
Retail trade	2012	637 280	616 836	637 280	616 836
	2013	668 900	648 061	668 900	648 061
	2014	745 206	728 095	745 206	728 095
	2015	736 287	719 604	736 287	719 604
	2016	674 551	660 474	674 551	660 474
	2017	609 974	595 067	609 974	595 067
	2018	572 156	558 173	572 156	558 173

Source: (28)

Table 8 Number of large and small business entities by type of economic activity in 2010-2018, units

	Number of entities in total		
	Years	Large business	Small business
wholesale and retail, total	2012	173	838 790
	2013	164	886 662
	2014	126	985 378
	2015	106	986 108
	2016	116	907 536
	2017	129	779 702
	2018	122	739 451
wholesale	2012	81	153 498
	2013	80	165 411
	2014	69	180 774
	2015	58	191 129
	2016	62	177 100
	2017	74	170 851
	2018	73	168 289
Retail trade	2012	86	636 141
	2013	77	667 842
	2014	53	744 239
	2015	46	735 417
	2016	48	673 688
	2017	47	609 093
	2018	49	571 162

Source: (14)

Table 9 Wholesale and retail trade turnover of businesses of wholesale and retail trade in  
2012-2018

	2012	2013	2014	2015	2016	2017	2018
<b>Wholesale turnover of wholesale trade businesses (legal entities), billion UAH</b>	<b>1 076</b>	<b>1 057,8</b>	<b>987,9</b>	<b>1 178,9</b>	<b>1 555,9</b>	<b>1 908,7</b>	<b>2 215,4</b>
index of physical volume of wholesale turnover to the corresponding period of the previous year,%	96,9	97,4	82,1	87,8	104,7	102,8	103,6
<b>Retail turnover, billion UAH</b>	<b>767,1</b>	<b>838,3</b>	<b>901,9</b>	<b>1 018,8</b>	<b>1 175,4</b>	<b>815,4</b>	<b>930,7</b>
index of physical volume of retail turnover to the corresponding period of the previous year,%	114,7	108,6	91,1	79,3	104,3	106,5	106,2
<b>Retail trade turnover of retail trade businesses (legal entities), billion UAH</b>	<b>383,3</b>	<b>409,1</b>	<b>438,3</b>	<b>477,9</b>	<b>555,9</b>	<b>586,3</b>	<b>668,4</b>
Index of physical volume of retail turnover to the corresponding period of the previous year,%	111,6	105,9	90,0	79,0	104,5	106,0	105,8

Source: (14)

Table 10 Characteristics of bank lending service to small business in Ukraine

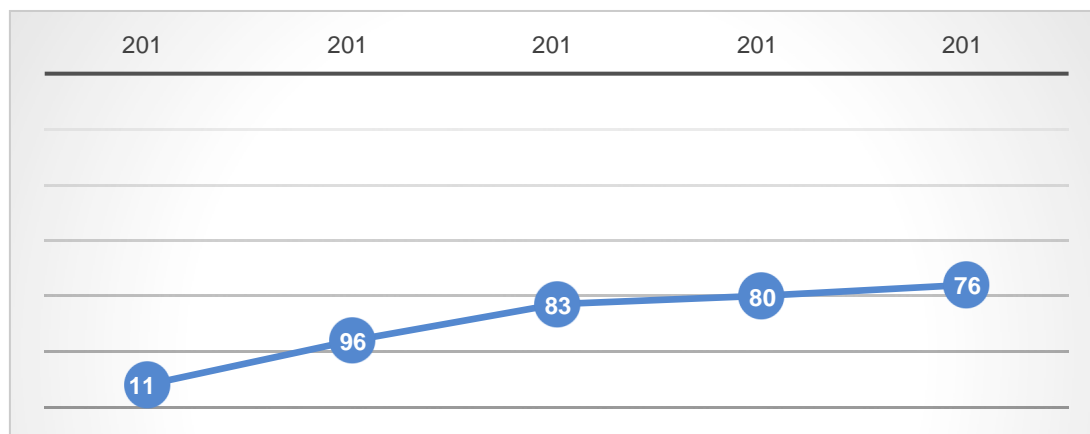
Bank lending service	The maximum volume	Interest rate, bank reward	Term	Securement
1. Overdraft	15-40% of the average monthly credit amount Turnover	By appointment (relatively overpriced)	Short-term	Turnover at the expense of the borrower
2. Factoring	For the amount of goods delivered or services provided	20-22% plus factoring commission 0.75-5%	Short-term	Not required
3. Urgent loan	By appointment	By appointment (relatively low)	30-60 days (fixed maturity)	Not required
4. Repo operations with goods	For the amount of goods	The bank's reward is the difference between the sale and purchase prices	Short-term	Goods
5. Bank credit line	The loan is granted several times within the established limits limit	20-30% - in national currency, 12-14% - in foreign	Short-term and long-term	Needed



6. Investment lending	The amount of the investment project	Future profit from the activity of the enterprise	Short-term and long-term	Not required
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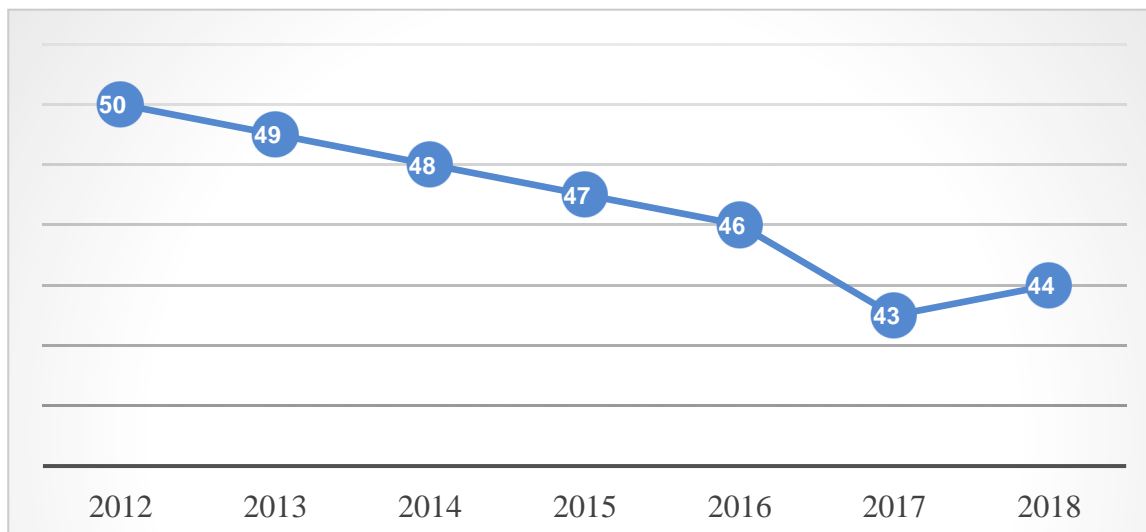
Source: (21, p.4-5)

Fig.1 Ukraine's positions in Doing Business ratings during 2014-2018



Source: (3)

Fig. 2 Share of trade enterprises in the overall structure of Ukrainian business during 2012-2018,%



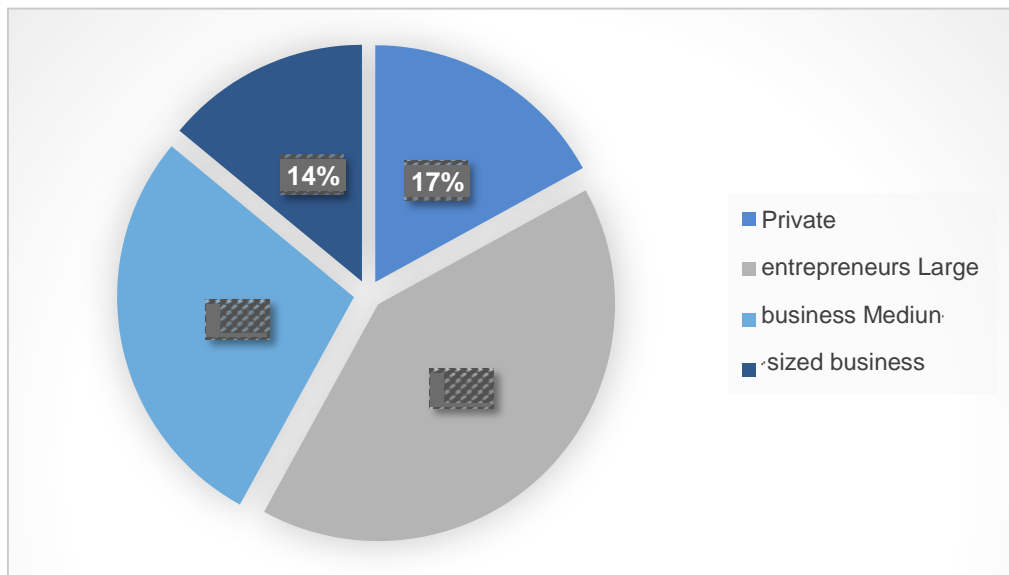
Source: (28)

Fig. 3 Structure of trade business in the period 2012-2018



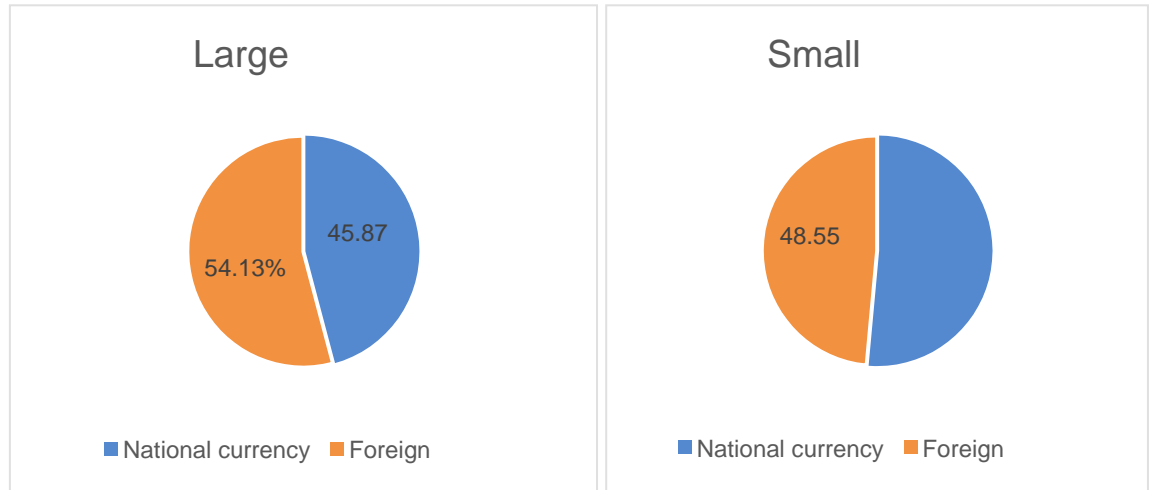
Source: (14)

Fig 4. Number of loans issued, by size of companies, 2018



Source: (15, p.38)

Fig 5 Loans to all companies, by currency type and company size, 2018



Source: (15, p.39)