

17. Current State and Problems of Development of Small Business in Ukraine

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Introduction. Nowadays, small business has been actively developing in Ukraine, and its share in the sphere of national economy is growing. This is the main reserve for creating jobs and overcoming unemployment. Today there are over 5 million people in Ukraine engaged in small business producing about 12% of the total gross domestic product. And they admit that they have to survive in extremely difficult conditions.

Materials and methods. General scientific methods and special techniques were applied. In particular, the methods of logical analysis and synthesis, comparative analysis were used.

Results. The main reasons of putting the brakes on small business development in Ukraine and its regions are: the absence of an effective mechanism for implementing the state policy on supporting small businesses; the incredibly heavy tax burden that forces many small business entities to get into the shadow economy; low rates and distortions in the process of property reform; limited or complete lack of material financial resources. Many small businesses started their activities due to the lack of sufficient amount of start-up capital, their own production space and equipment; imperfection of the accounting system and statistical reporting of small business, limited information and consulting support.

The tendency of small business development in Ukraine is directly influenced by the negative dynamics of the main macroeconomic indicators. In particular, the decline of GDP has led to a decrease in the domestic financial resources of the state, working capital in the business entities, decrease in purchasing power of the population, etc. The main macroeconomic factors that influence on the development of small business are limited domestic demand and the existence of a crisis of domestic sales due to the lack of available financial resources of enterprises, lower real incomes, insignificant investment activity.

Moreover, enterprises, especially small ones, finance their further growth from profits. If the enterprises could leave most of their income, the overall level of investment would increase significantly. This measure would also help the new entrepreneurs would be willing to take risks and invest their money and power either in newly created firms or in existing companies. Lowering the level of taxes would help to make the level of Ukrainian investments less dependent on infusions of foreign capital. Small businesses would be less dependent on government lending.

Ways to ensure the positive development of small business in Ukraine are: creation of the appropriate legal and regulatory framework; implementation of the simplified accounting and reporting system of small enterprises; making corresponding amendments and additions to the laws of Ukraine "On Entrepreneurship", "On Enterprises in Ukraine", "On Property", etc.; to create a specialized banking institution or small business lending institution.

Conclusion. Implementation of measures to ensure the development of small business will help to solve socio-political tasks; the formation of a wide range of small owners (the middle class), which is the basis of socio-economic reforms, the guarantor of political stability and democratic development of society, and, accordingly, the weakening of the trend towards social differentiation of the population.