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## **THE ROLE AND PROSPECTS OF SMALL BUSINESSES IN THE ECONOMY OF UKRAINE**

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It is impossible to imagine the modern development of the global, national, and regional economies without the intensification of entrepreneurship. Investment in small businesses is an important component of the state's economic growth as a whole and in individual regions, which is confirmed by the successful practice of many countries worldwide. Small enterprises saturate the consumer market with consumer goods, provide the able-bodied population with additional jobs, and therefore positively impact the socio-economic situation of a particular region and the country and contribute to solving several social problems. The priority direction of development of the leading countries of the world is comprehensive state support for small businesses. Therefore, a thorough analysis of the essence and role of small businesses in developing the national and regional economies is relevant.

Based on the current Law of Ukraine known as «On the Development and State Support of Small and Medium-Sized Enterprises in Ukraine», micro-entrepreneurship entities are individuals who are registered as individual entrepreneurs. They must have an average number of employees for the reporting period (a calendar year) not exceeding 10 people while the annual income from any activity must not exceed the amount of EUR 2 million, determined at the average annual exchange rate of the National Bank of Ukraine. This category also includes legal entities of any organizational and legal form and form of ownership. These entities must have an average number of employees not exceeding 10 people, and their annual income from any activity must not exceed the amount equivalent to 2 million euros, determined at the average annual exchange rate of the National Bank of Ukraine [1].

Small business entities are individuals who have been legally registered as individual entrepreneurs. They have an average of 50 or fewer employees during a

calendar year and earn an annual income from any activity that does not exceed the amount equivalent to ten million euros at the exchange rate of the National Bank of Ukraine. Legal entities, including business entities of any organizational and legal form and ownership, are also considered small business entities if they have an average of 50 or fewer employees during a calendar year and earn an annual income from any activity that does not exceed the amount equivalent to 10 million euros, determined at the average annual exchange rate of the National Bank of Ukraine [1].

It is important to note that small enterprises have certain advantages over large businesses. These include high mobility, a flexible production structure, simplified organizational and managerial relationships, narrow specialization of business types, a focus on areas of activity that are unprofitable or unattractive to large business structures, the promotion of free competition, adaptability to changing market conditions, and the ability to implement innovative technologies. Small businesses have their own set of challenges, including lower profitability, heightened competition, and limited financial resources for implementing new technologies and innovations. These factors often lead to a high rate of bankruptcy and business renewal in the small business sector.

Small and medium-sized businesses play important roles in the state's economy by carrying out specific socio-economic functions [2].

Firstly, it contributes to the processes of demonopolization, privatization, and denationalization of the economy, and stimulation of economic competition through the formation of many market entities.

Secondly, it promotes the involvement of material, natural, financial, human, and information resources in economic turnover, which is beyond the attention of large companies.

Thirdly, it improves the market situation by regulating demand, supply, and price levels. It also partially compensates for supply losses during the restructuring of large companies. Additionally, it caters to the individualization of supply and differentiation of demand, market saturation, and satisfaction of specific needs of local consumers.

Fourthly, outsourcing the production of small-scale and piece products can benefit enterprises by freeing them from unprofitable operations that cater to individual demands. This can lead to increased efficiency in their overall activities. Additionally, for large companies, collaborating with small businesses can provide greater production flexibility and reduce commercial risks.

Fifthly, it provides additional jobs and places for employees who were left without a job after the restructuring of large enterprises.

Sixthly, it stimulates the increase in business activity of the population and the development of the middle class, which constitutes the social basis of economic reforms and ensures the stability of society.

Seventhly, it reduces social tension by weakening property differentiation and increasing the incomes of the population.

Eighth, it increases the flexibility of the national economy and market supply by the current conditions of an open economy.

Ninthly, it contributes to the process of democratization of society, and rationalization of the system of economic organization and management.

The operating environment for small enterprises in Ukraine is highly unstable and unpredictable. As a result, external instability can cause significant losses or even bankruptcy for these enterprises. Unfortunately, small enterprises have limited opportunities to defend their interests in state authorities and local governments, which creates unequal conditions for economic activity. Moreover, small enterprises frequently face problems related to taxation, regulatory, and administrative barriers in management bodies of executive power and local self-government. These issues are often challenging to overcome and considerably complicate their operations. Small businesses must continuously compete for survival and are compelled to adapt and develop in response to current market conditions.

At the present stage, it is possible to identify priority areas for starting a small business. There are the next [3, p. 581]:

- opening an online store has advantages, including small investments and a quick payback period;
- organizing a food delivery service is a promising business as office workers prefer to order lunch at their workplace to save time visiting a restaurant;
- a franchise business offers the advantage of a quick start, proven methods for organizing work, and attracting customers;
- educational courses relevant to the dynamic labor market require qualified personnel.

The effective functioning of small businesses and optimal conditions for their development should become a government priority, as the economic and social development of Ukraine depends on it.

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## **ЕВОЛЮЦІЯ КОНЦЕПЦІЇ СТАЛОГО РОЗВИТКУ**

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У 1980-х роках виникла активна дискусія щодо екорозвитку та необхідності розвитку, який не завдає шкоди природі. "Всесвітня стратегія охорони природи" (ВСОП), ухвалена у 1980 році за ініціативою ЮНЕП, Міжнародного союзу охорони природи (МСОП) і Всесвітнього фонду дикої природи, вперше визначила концепцію стійкого розвитку на міжнародному рівні. Друге видання ВСОП, "Турбота про планету Земля — Стратегія стійкого