

Тематична рубрика: ЕКОНОМІКА ТА УПРАВЛІННЯ ПІДПРИЄМСТВАМИ
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**ПІДПРИЄМНИЦТВО В УКРАЇНІ, РЕГІОНАЛЬНИЙ РОЗВИТОК ТА
ПЕРСПЕКТИВИ ІНТЕГРАЦІЇ**

**BUSINESS IN UKRAINE, REGIONAL DEVELOPMENT AND
INTEGRATION PERSPECTIVES**

У статті розглянуто становище підприємництва країни та перспективи розвитку малого підприємництва при участі України в євроінтеграційних процесах. Визначено місце і роль малого бізнесу на сучасному етапі розвитку суспільства. Зазначено ефективні важелі впливу на ведення бізнесу і результати фінансово-господарської діяльності. Окреслено перспективні напрями подальшого вдосконалення бізнесу за сприяння облікової політики.

Ключові слова: підприємництво, малі підприємства, регіональний розвиток підприємництва, євроінтеграційні процеси, облікова політика підприємства, співробітництво.

В статье рассмотрены положение предпринимательства страны и перспективы развития малого предпринимательства при участии Украины в евроинтеграционных процессах. Определено место и роль малого бизнеса на современном этапе развития общества. Указано эффективные рычаги влияния на ведение бизнеса и результаты финансово-хозяйственной деятельности. Определены перспективные направления дальнейшего совершенствования бизнеса при содействии учетной политики.

Ключевые слова: предпринимательство, малые предприятия, региональное развитие предпринимательства, евроинтеграционные процессы, учетная политика предприятия, сотрудничество.

In the article the business situation of the country and prospects for small business development with the participation of Ukraine in European integration processes. The place and role of small business in modern society. Indicated effective leverage on the business and results of financial and economic activity. Outlined promising areas for further improvement of the business with the assistance of accounting policies.

Keywords: *business, enterprises, small businesses, regional business development, European integration processes, accounting policy of the enterprise, cooperation.*

Problem statement. The development of the entrepreneurship as a separate element of the market economy and the improvement of the efficiency of the business sector is one of the main factors of positive structural changes and modernization of the national economy, the emergence of new resources of the economic development and the improvement of people's lives. Business development significantly affects the structural changes at the level of regions and the country as a whole and fastens the process of the reconstruction of society on the basis of expanding economic freedom. Small and medium enterprises make up opportunities not only to solve economic and social problems, but also to meet the needs of the internal and external markets.

Recent publications analysis. The question of formation and development of small entrepreneurship and its features on the regional and local levels has been studied by many scientists, for example B. Adamov [3] G. Campo [4] V. Marachov [5] A. Sidun [6]. Such scientists as V. Lyashenko and V. Hahulin [7; 8] considered the features of economic and legal forms of support of the small business in terms of different models of market-oriented economy of the mixed type (American, European and Japanese) and transition economies. Z. Varnaliy in his scientific works investigated the complex of problems related to the process of development of small business and its governmental support in Ukraine. The scientist also analyzed the socio-economic consequences of these processes. [9]. It is also worth noting that in existing scientific heritage there is a lack of comprehensive and systematic research of theoretical, methodological and practical aspects of small entrepreneurship

development in the context of regional priorities, and improving of the quality of organizational and economic support of this process, hence there is the urgent need for carrying out the scientific research of the specified questions.

The aim of this article is to research the aspects of the level of entrepreneurship development in Ukraine, basing on the need of society, and to enlighten the current socio-economic situation in Europe, Ukraine and Sumy region.

In terms of post-crisis economic recovery in Ukraine it becomes vital to solve the problem of development of small business in the regions, so to make it possible to achieve the strategic goals of socio-economic development of regions and the country as a whole. These goals include employment generation, which allows to reduce social tensions and achieve social stability in society; increasing of the income level (and hence raising the indices of the productivity and solvency of population); the formation of the competitive environment on the supply of goods and services on the local markets and improvement of their quality; the revival of economic activity in the regions; increasing of the flow of capital to the regional economy; introduction of innovative and energy-saving technologies, improvement of ecological situation; increasing of the revenues to state and local budgets; decreasing of the level of migration of the active working population to other regions and abroad; increasing of the number of middle-class society.

The main material. The determining of the role of small business in modern society is a topical issue that should be considered in the context of the relationship of economic, social and political content as well as interference to the relevant elements of the social structure in specific circumstances.

At the present stage of development transformation the public authorities at all levels emphasize the importance of the promotion of entrepreneurship. In order to reach this goal such laws of Ukraine were accepted and implemented: "On the development and state support of small and medium-sized business in Ukraine", "On the national program to promote small business in Ukraine", "On the state registration of legal entities and individual entrepreneurs on simplifying registration as taxpayers", decrees of the Cabinet of Ministers of Ukraine "On approval of the

Concept of the National program of small and medium-sized enterprises in the years 2014-2024 ", "On the establishment of territorial bodies of the State service for regulatory policy and entrepreneurship development", regional and local programs to support small and medium-sized business.

Nowadays the public policies of business regulation are being enhanced. The positive results of this activity include improvement of licensing procedures and registration (including electronic) of the real rights to property, facilitation of the process of opening and closing a business, obtaining administrative services, narrowing the direct administration of state control over the activities of entities and reforming of the administrative services, easing the tax burden, improvement of the business infrastructure in order to provide financial, logistical, information, consulting, marketing, human resources, accounting and educational support.

However, the vast majority of reforms and simplifications of the licensing practices concerns specific issues that do not apply to a wide range of businesses. The reforms took place either through the direct aggregation of procedures or through the associating of the functions of the entrusted public authorities, or just through replacement of the clear document permits with the same ones but such of the sectoral orientation.

It means that the variety of the reforms implemented during the previous years was not able to answer the question about how in fact the existing economic system was going to be rebuilt. In spite of the fact that a lot of laws and regulations that were meant to change the business and investment climate in Ukraine were applied, this did not lead to any real changes. On the contrary all these caused the activation of the economic agents that means that the effect was opposite.

As the result these changes have not yet provided any improvement of qualitative or quantitative characteristics of the business development. In the functional and procedural meaning the system still has the previous defects that (based on the example of the activities in 2010) can cause the process of disorganization of the management system. Therefore, the effectiveness of the policy of economic reforms and anti-crisis policy that would be adequate to the market

situation significantly reduces due to the too slow process of formation of the indivisible and systematic institutional environment that would be able to ensure the implementation of legal provisions in practice of public administration, business and population of Ukraine.

Analyzing the main areas of entrepreneurship promotion, it is important to identify the ways of improving the legal framework, infrastructure business, providing investment support to small and medium enterprises, the introduction of effective coordinated regional development programs of entrepreneurship, and the support for small business in terms of integration into the EU. Improving the regulatory framework provides for the simplification of the licensing system, administrative procedures of entry and exit of business, reducing the time and cost of administrative procedures, simplifying workflow and the development of electronic registration and electronic access to administrative services.

The mentioned above actions and reforms allowed Ukraine to climb in the ranking “Doing Business – 2015” from 112 to 96 position among 189 countries. For example, significant progress in two main items - "registering property" (position 59) and "paying taxes" (108 position) was achieved. However a number of positive steps is slowed down due to their selectivity in practical terms and inability to systematically influence the transformation of Ukraine's economy into a new quality growth model. In particular, there was a deterioration in seven of the ten areas covered by the study. A number of important indicators remain at extremely low levels. For example, in a long time in Ukraine controversial reforms were carried out that, based on the findings of the World Bank, first showed a significant improvement in business conditions, then, on the contrary, the rapid decrease in comparable positions.

While analyzing the statistics it is vital to note that there is a tendency of the decreasing of the number of all business entities, including small and medium enterprises in Ukraine in the period from 2010 to 2013 year. For instance, the number of small enterprises reduced by 13193, micro-enterprises – by 13984, and medium-sized enterprises – by 794 entities.

A number of employees working on these businesses decreased accordingly. At the same time the amount of revenue from product sales has increased in medium-sized enterprises by 373065.9 mln UAH., small enterprises by 104386.3 mln UAH, micro-enterprises by 30748.1 mln UAH. Besides small and micro entrepreneurs in Ukraine have also increased revenues from sales by 32703.1 and 35393.8 mln UAH accordingly [1]. This on the one hand shows the positive trends (increasing of productivity, increasing of the share of mechanized work using the latest equipment), and on the other hand suggests the possibility that the "undocumented" workers paradigm takes place in the economy. To deal with this problem it is required to make the thorough research, to activate the work of the supervisory bodies and to improve the policies in order to promote business practices.

Figure 1 shows the dynamics of large, medium and small businesses in Ukraine in the period from 2010 to 2013 in the percentage shown. It demonstrates a significant share of small businesses (an average of more than 90%), including micro-enterprises (more than 70%).

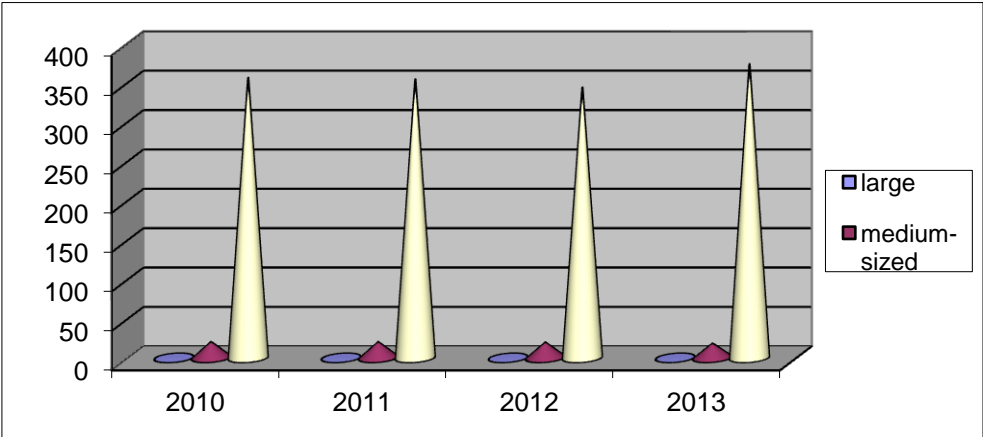


Figure 1. The number of the enterprises by the size in the period of 2010-2013 years (based on the data of the State Statistics Service of Ukraine [1])

In fact, in the 2013-2014 biennium the practice of the previous years in the sphere of promoting business activities was continued, meaning that Ukraine went on implementing reforms that improved international ratings of the country without providing real business processes and enhancing the speed of the recovery of the national economy.

The implementation of real reforms gradually slowed and inhibited, causing the total destruction of the first positive expectations of domestic and foreign enterprises on the prospects of the business climate and investment attractiveness of Ukraine.

Due to the results of 2013, the structure of domestic business share of small enterprises was 94.3%, medium-sized - 5.5% and large - 0.2%. In the years 2010-2013 the figures have not experienced any significant changes. As for the distribution of economic activity it should be noted that the priority areas of small business are retail and services (car repairs, household goods and personal consumption), whose share of total sales (goods and services) is over 50%. The share of small businesses in the industry is only 11.7%, the share of agriculture, forestry and fisheries is 12.6%, the sector of real estate, leasing, engineering and services businesses totals in 9.1%, construction - 9.4% and transport and communications share is about 4.1% [10].

An important indicator of analysis of the economic state of entrepreneurship in the country and in region is an index of the number of small companies per 10 thousand people. This index in 2010 - 2013 in Ukraine remained almost unchanged and amounted to 70 small enterprises, which is significantly lower than in the previous years. The best value of this indicator (84 units) was in 2007.

The regional aspect of small and medium-sized enterprises activity has shown an interesting tendency. Due to the information provided by the statistics agencies as of January, 1, 2013 the number of medium-sized enterprises per 10 thousand people of the Sumy region population was 3 units while the quantity of small businesses was 44 units.

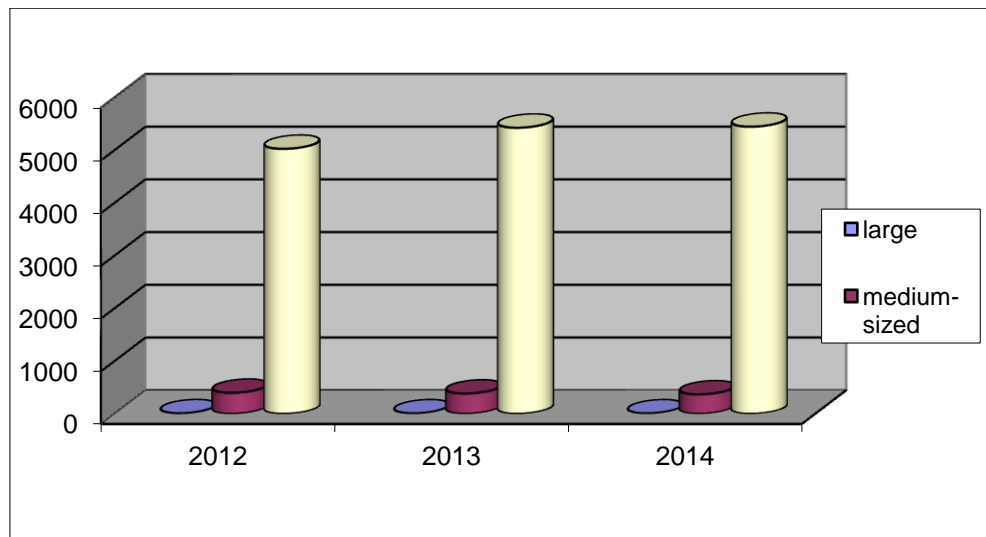


Figure 2. The number of the enterprises in Sumy region by the size in the period of 2012-2014 years (based on the data of the State Statistics Service of Ukraine [2])

As of January, 1, 2014 the total number of registered small businesses of the region was 58.4 thousand units (legal entities - 5.0 thousand units, individual entrepreneurs - 53.4 thousand units) that is by 2.3 thousand units more comparing to the previous reporting year.

As of January, 1, 2013 the number of acting small enterprises in the region was 5025 units that is 19 enterprises more than the previous financial year. At the same time there were 398 medium enterprises acting on the regional market that is by 12 units less compared to the reporting period of the previous year.

Table 1

The main indicators characterizing the size and structure of business in Ukraine, Poland, Germany and France in the year of 2014

Indicators	Countries			
	Ukraine	Poland	Germany	France
Area, thousand hectare [12]	57,932	30,621	34,854	54,756
Population, mln people [11]	42,499	38,434	79,725	67,084
The number of enterprises, units [13;14]	341001	1520142	2231533	2890800
Including large	497	3114	10633	4401
medium-sized	15906	14489	55806	20808
small	45676	55985	324836	132340

micro	278922	1446554	1840258	2733251
The share of business,%				
large	0,15	0,20	0,48	0,15
medium-sized	4,66	0,95	2,50	0,72
small	13,39	3,68	14,56	4,58
micro	81,80	95,16	82,47	94,55
The number of enterprises per 10 000 people, units	80	396	280	431
Including				
large	0,1	0,8	1,3	0,7
medium-sized	4	4	7	3
small)	11	15	41	20
micro	66	376	231	407

The level of employment on the small and medium-sized enterprises in Sumy region as of the beginning of 2014 year was 103.3 thousand workers, including 35.6 thousand people working at the small business entities and 66.1 thousand workers of the medium sized enterprises. That is, respectively 8.2% and 2.5% less compared to the previous year results.

In order to further study the question of the business development in Ukraine it is vital to compare the results of business activity in this country to the figures of the leading European countries so that to define what to move to.

Classification criteria for enterprises is based on the average number of employed persons, micro - enterprises are the businesses employing up to 9 people, small - from 10 to 49, medium-sized - from 50 to 249 employees, large - more than 250 employees.

The share of employment in enterprises classified by the business size on average in the EU, France, Germany, Poland and Ukraine in 2014 year is shown in Fig. 2.

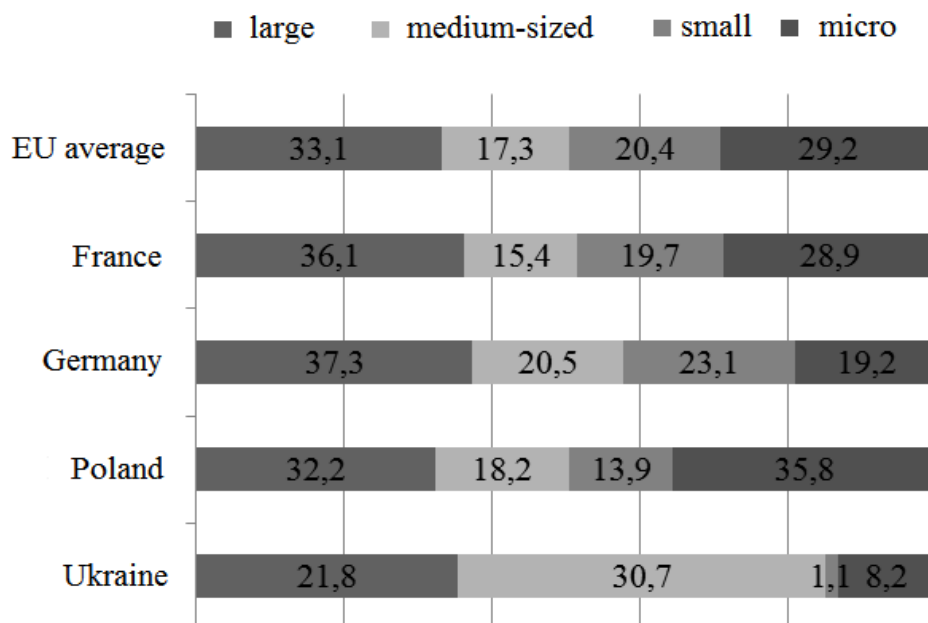


Figure 2. The share of workers employed in enterprises by size on average in the EU, France, Germany, Poland and Ukraine in 2014,%

According to the European Commission, small and medium-sized businesses make up 99.8% of the total number of companies registered in the European Union. To compare, in Ukraine the trend is similar, since numerically large enterprises account for only 0.15% of all businesses.

On average in the EU every two people out of three work in the small and medium enterprises, and over 90% of them are employed in micro. In Ukraine this figure is about 8%.

The number of enterprises classified by the business size in Ukraine, Poland, Germany and France is shown in Fig. 3.

Significant regional differences in the development of small businesses are caused by the influence of certain trends in the economic development of Ukraine. On the one hand, the dynamic economic development of Ukraine was not accompanied by structural changes in the regions and, therefore, had an extensive character. This means that the strong traditional industrial centers development was growing while regions with lower levels of industrial capacity remained stagnant. On the other hand, the differences can be explained by the existence of the formal for most post-socialist countries phenomenon of the so called “capital city maximum”

business activity. The predominance of concentration of business activity in the capital city has a significant impact on the formation of inter-regional differences in the development of small business and leads to the regional imbalance rising for most traits.

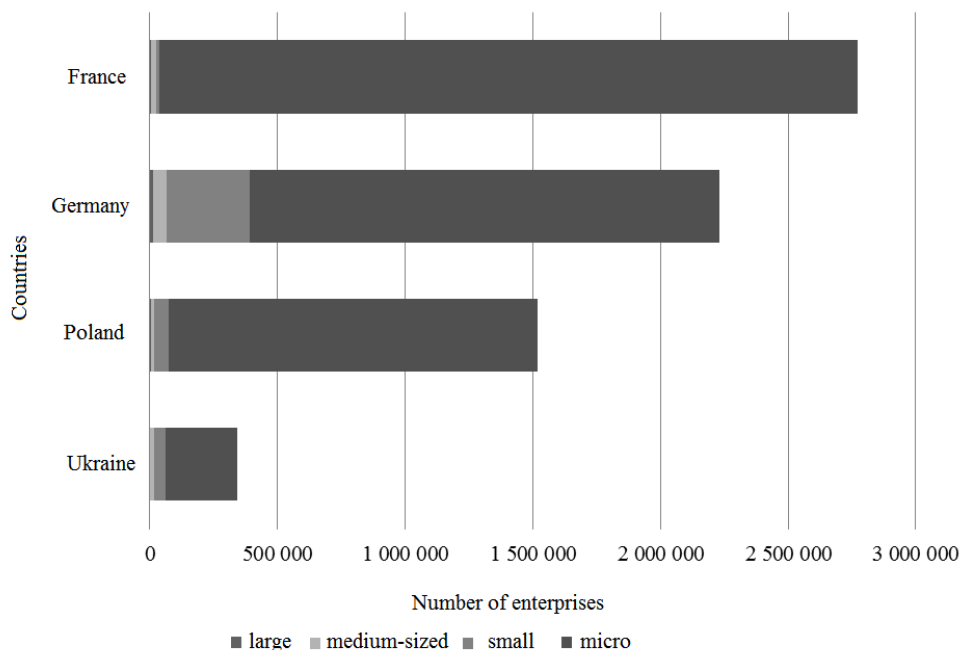


Figure 3. The number of enterprises classified by size in Ukraine, Poland, Germany and France as of 2014, units.

But it is important to note that not the number of small businesses, but the effectiveness makes a significant impact on the socio-economic development of the state and the regions. One of the important indicators characterizing the efficiency of business is the volume of sales.

The dynamics of this index in the period from the year 2006 to 2012 is growing (except for the crisis in 2009). However, in 2013 the volume of products (and services) sales decreased slightly comparing to the results of the previous year, with over 60% of the products created by trade, 10% by real estate, renting and business activities, about 9% by the industry activity and 7% - construction. In the regional context, there are significant differences in the volume of sales by small businesses.

In order to ensure the efficient operation of small and medium business in Ukraine it is necessary to create effective leverage over the process and results of financial and economic activity. In our opinion one of such an effective leverage is

the development of an information base on demand of management (shareholders), which now is “a language of business” and has its special characteristics of reflecting of the business transactions in every business entity. Identification of accounting of each company is provided by the manager and chief accountant by developing accounting policies. These policies ensure the efficient use of accounting information to business management and the introduction of scientific approaches in the process of running the company. The focus of accounting policies is defined by its strategic objectives in key areas. A precondition to the development of effective accounting policy is the validity of the approaches to its formation and the direct connection with the functions of the company management.

There are three main approaches to the formation of the enterprise management system: resource, process and organization approach that can be also interpreted as the approaches to the formation of accounting policy. The process approach has significant advantages over the others.

The majority of management problems arising at enterprises are connected with the registration of economic operations, which lead to the use of resources, income, and the formation of financial results. They are diverse in their economic content, hence the need of the allocation of part of their homogeneous populations for which there are fundamentally different goals and means of achieving them, and thus the problems that are to be solved within the accounting policies.

Conclusions. Implementation of the developed areas will facilitate the release of small business in Ukraine to the European level of development, improve the business climate, strengthen the position of small business in the total structure of the national economy, improve the modernization in small business aimed at increasing its contribution to the socio-economic development of the state, increase the efficiency of small businesses through the introduction of an effective accounting policies, including an increase of its component in the volume of domestic industrial and agricultural production, pumping up the state and local budgets.

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