



## PROBLEMS AND PROSPECTS OF SMALL AND MEDIUM BUSINESS DEVELOPMENT

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**Annotation.** The article examines the forecast of graduates of higher education institutions and capital productivity, as well as the quality of economic growth on scenario options in the analysis of the process of intensive growth.

**Keywords.** Capital, productivity, efficiency, scenario, forecast

**Introduction.** The importance of small and medium-sized businesses for the country's economy is recognized worldwide. Small and medium-sized businesses not only make a significant contribution to the development of the modern economy, they develop as an independent sector, and their socio-economic significance is constantly growing. The contribution of domestic small and medium-sized businesses to the development of the economy is determined by the flexibility and mobility of responding to changes in market demand. Small businesses are faster at testing innovations. It is with its development that the prospects for strengthening the middle class, which is the foundation of social stability and modernization, are associated. Small businesses help citizens who have lost their jobs find a new job and maintain their income level. In the context of the negative impact of the coronavirus pandemic on the economy and business, intensive digitalization of business processes of small and medium-sized businesses as a way to save costs, obtain information and feedback from consumers can become a means of survival, and after the crisis is over, a decisive competitive advantage and a factor in further development for small and medium-sized businesses.

The self-realization of an individual in the business sphere, which significantly influences the modern development of society, is gaining a particularly significant sound. And after more than 10 years, B. Obama's thesis on the state's duty to ensure the self-realization of any person, especially in the context of self-realization as a businessman, does not lose its relevance not only for the USA, but also for other countries of the world.

The world today is in difficult conditions associated with the spread of coronavirus infection, which complicates business relations between various participants. Quarantine restrictions lead to economic tension and social imbalance. The question of the role of the state in ensuring support and development of business is becoming increasingly acute. Moreover, the tasks set regarding the possible support of business relations cannot be solved outside the legal field, which is not characterized by the necessary efficiency. The shortcomings of Ukrainian legislation can be observed starting from the most theoretical fundamentals: conceptual structures. Etymologically, the term "business" comes from the English language (business) and means "affair". The origins of this term can also be traced in Old English, where the word "bisid" was used to denote someone who is busy with work; someone who was in motion (active state). The modern understanding of the term "business" is not unambiguous and is interpreted from different sides of its external and internal manifestations. Let us single out several trends in its understanding:

– economic and applied, which manifests itself through a certain type of human activity aimed at achieving a specific economic effect (business is an activity carried out by private individuals or enterprises (organizations) to use natural resources, produce, purchase and sell goods or provide services in exchange

for other goods, services or money for the mutual benefit of interested parties;

– sociobiological, which is revealed through the professional activity of a person who possesses a complex of psychological qualities inherent to him (business is a special professional activity of a person with its own structure and logic, which presupposes the presence of specific motives and value attitudes, special knowledge, skills and abilities, entrepreneurial and marketing thinking and, of course, special personal qualities;

– practical-economic, which, emphasizing relations in the field of business, determines the organic combination of legal and commercial institutions in the implementation of such relations (business is a set of relations between all participants in economic relations and the market economy in general (consumers, employees, etc.) regarding the implementation of a certain algorithm of actions that include the concepts of occupation, own business, agreement, contract, entrepreneurship, business life, profit. There are other trends in the scientific interpretation of the category of “business”, but the ones given are enough to understand the fact that such a category is ambiguous, complex. Hypothetically, the category of “business” may contain other constructs in its composition. The development of small and medium-sized businesses is an important determinant in the modern world, and taking into account the interest of the international community in establishing cross-border cooperation, providing comprehensive support for the development of both the domestic and foreign markets, Ukraine has a powerful potential for the formation of a favorable economic business structures. An important form of regulation of the development of small and medium-sized businesses is state support through the developed tools for doing business, the formation of a favorable investment and innovation climate, a financial mechanism, and an information and legal field in order to ensure the conditions for functioning and development through the implementation of sustainable development strategies.

The growth of the share of small and micro enterprises indicates the formation of a competitive environment in the Ukrainian economy and the creation of favorable conditions by the state for doing business. The variety of forms of entrepreneurship in market conditions has its own specific functional purpose, such as servicing a small number of clients, minimizing development and maintenance costs, profitability due to mass production, etc. The main difference when choosing a type of entrepreneurial activity is, first of all, that enterprises themselves foresee its development to certain sizes. Let us consider each of the forms in more detail, taking into account their interpretation in regulatory documents regulating business entities. Depending on the number of employees and income from any activity for the financial (reporting) year, business entities may belong to small business entities, including micro, medium or large business entities. Noting the positive dynamics in the development of small and medium-sized businesses, it would be advisable to conduct research on the parameters of functioning in the market environment (table 1).

**Table 1**  
**Characteristics of entrepreneurship by size**

<b>Parameters (characteristics)</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Breadth of coverage	One company	Network of businesses in local or regional market	Network of enterprises in national and/or global markets
Ability to adapt	Flexibility to diversify, high adaptability to market conditions	Difficult and slow to adapt to changes	Quite often act as agents of change
Difficulty in attracting investments (investments, loans)	Regardless of the amount	Significant capital infusions	None

The main problems for the functioning and development of small and medium-sized businesses at the national level are: – high competition in the market, which does not allow them to stand side by side with large companies; – administrative barriers to entry and exit in business and a high level of corruption; –

inconsistency of regulatory and legal nature, due to complex legislation of indirect influence, the presence of numerous by-laws, contradictions between legislation at the national, regional and local levels; – imperfection and inefficiency of tax legislation in the field of small and medium-sized businesses; – insufficient support from the authorities for the development of small and medium-sized businesses; – the problem of credit and financial support.

The opinion of scientists coincides in that for the stable development of small and medium-sized businesses, especially at the initial stage, state support is needed. In the absence of effective state assistance, in recent years there has been a decrease in the share of small and medium-sized businesses, the number of employees in them and their share in the national production volumes. The main measures to stimulate the development of small and medium-sized businesses include: legislative support, regulation of entrepreneurial activity, in particular, liberalization of legislation, elimination of administrative barriers and reduction of regulatory factors regarding the functioning of business entities, further development of infrastructure, creation of a mechanism for financial support for enterprises, encouragement of commercial banks to invest in small businesses, and increased effective cooperation with government agencies.

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