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SMALL AND MEDIUM BUSINESS IN UKRAINE: KEY PROBLEMS AND WAYS OF THEIR SOLUTION

Small and medium enterprises play an important role for the country's economy. In 2015 According to the State Statistics Service of Ukraine of the total number of enterprises in the sector of small and medium enterprises were near 99.9% . [5] In 2015 in Ukraine there were only 423 large enterprises (about 0.1% of the total), the rest were SMEs. A significant devaluation of the hryvnia in 2013-2015 led to the fact that part of the business entities, which are large enterprises, had a sales volume of less than 50 mln.[4] Euro, that is why they have been considered as average. The largest number of SMEs are in the sector of services, while large enterprises are concentrated in the areas of production, trade and transport. It is not the first year when the development of business in Ukraine remains slow. First of all, this may be due to: a large number of different licenses, permits and standards, outdated technical standards, weak protection of property rights etc.

Despite all the obstacles, small and medium business of the country is a rather large taxpayer, according to statistics in 2013, the state treasury has received about 260 billion UAH from this type of business.[3] A great advantage of functioning of small business is the creation of a large number of jobs, according to data of State Statistics Service of Ukraine about 78% of Ukrainians work at SME. Also, according to the State Statistics Service of Ukraine small and medium-sized enterprises are more profitable than the large companies. By the number of finished products, they occupy the first place. [2]

Due to the deteriorating state of the Ukrainian economy, small and medium business is under pressure from the tax system, burdened with all sorts of statements and documentary inspections by the state. Domestic enterprises can not withstand such a policy of the state and end their activities after 3 years of functionary. The SMEs were affected by the situation in the east of the country and the annexation of the Crimea (most legal entities from these regions stopped report to the STS of Ukraine. In 2015, the number of small and medium enterprises decreased at 36% and 19%, comparing with 2013.[5]

Business activity of SME in Ukraine shows that this sector needs effective financial support from the government at all levels. But despite all the difficulties that now exist in Ukraine, the small and medium business is a leader in such areas of economic activity, as the wholesale and retail trade, industry, agriculture, transportation and warehousing, etc.

The index of economic policy in the field of SMEs was designed in 2006. This index is an element of comparative analysis for evaluation of small business policy in the emerging economies. According with the index of economic policy in the sphere of SME Ukraine is among countries. The share of SME in the total volume of sales increased from 63% (2015.) to 66%.[1]

The main areas that will help to solve the problems of development of SME in Ukraine are:

1. Improving the legal and regulatory framework for the creation of favorable conditions for business development. In this aspect, attention should be paid to the experience of developed countries.

2. Improvement of the credit policy, namely creating of a state credit institutions, which will provide soft loans to small businesses.

3. Strengthening the state support, namely in the financial aspect, the provision of various grants to SME that functioning in important areas for Ukrainian economy.

4. Provide free trade with the European countries.

5. Promote the development of business in those industries that are at a low level of development.

6. Simplification of the documentary base for SMEs.

7. Networking small and medium-sized businesses with second-tier banks, as well as cooperation between banks, security deposits.

Based on the Sustainable Development Strategy "Ukraine - 2020", signed agreements suggest that the Ukrainian government should make every effort for the development of the sector of small and medium businesses in the formation of a new economic future. By 2020 it is planned to hold a series of activities that will improve the business environment for small and medium-sized businesses. Among the strategic objectives there are: the improvement of the legal, institutional and operational environment for this type of business; improving small business access to financing; simplification of the tax system; strengthening the competitiveness and innovation potential of small and medium businesses.[3]

Now government is working out a new strategy of SMEs development. Most goals of this strategy are very important for domestic SMEs and economic development, but they should be more detailed later. In case of successful implementation of this strategy in 2021 Ukraine will be able to implement more global objectives regarding the development of small and medium-sized businesses.[4]

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