A ROLE OF THE SMALL BUSINESS IN ECONOMY OF UKRAINE

One of the most important role in the economy developed countries plays small business. It is one of major effective factors of economic development of society, which leans against the market methods of management. Small business provides the evolitional structural re-erecting of economy, maximization of the economy growing, increase of organizational efficiency of the use of human and other national resources. According to above-mentioned, the theme of determination of the small business’ role in economy is relevant at present.

According to Wikipedia, the legal definition of «small business» varies by country and by industry. In the United States, the Small Business Administration establishes small business size standards on an industry-by-industry basis, but generally specifies a small business as having fewer than five hundred employees for manufacturing businesses and less than $7.5 million in annual receipts for most non manufacturing businesses.

The European Union generally defines a small business as one that has fewer than fifty employees. However, in Australia, a small business is defined by the Fair Work Act 2009 as one with fewer than fifteen employees. By comparison, a medium-sized business or mid-sized business has fewer than five hundred employees in the US, and fewer than two hundred in Australia.

In accordance with Commercial Code of Ukraine, there are two ways of definition of the small enterprise:

- individuals registered in the manner prescribed by law as natural persons - entrepreneurs whose average number of employees for the reporting period (calendar year) does not exceed 50 persons and the annual profit from any activity does not exceed the amount equal to 10 million euros (determined for the average annual rate of the National Bank of Ukraine);

- legal entities (economic entities of any organizational form and form of ownership) in which the average number of employees for the reporting period (calendar year) does not exceed 50 persons and the annual income from any activity does not exceed the equivalent of 10 million euros (determined by the average annual rate of the National Bank of Ukraine).

The first indicator, that can help us to determine influence of the small business is number of enterprises with a division into large, medium, small and micro enterprises. Total, in 2016 were registrated 306369 enterprises (its number decreased
by 37071 units compare to 2015). The share of large enterprises amounted 0,12% (382 units), medium enterprises – 4,9% (14869 units), small enterprises – 95,0% (291118 units). In 2015 these quotas were 0,1% (423 units), 4,4% (15203 units) and 95,5% (327814 units) respectively.

The second indicator is the number of employees. Total, in 2016 the number of employees amounted 5,761 mln. (its number decreased by 0,127 mln compare to 2015). The share of employees on large enterprises amounted 27,5% (1,584 mln), medium enterprises – 44,6% (2,567 mln), small enterprises – 27,9% (1,609 mln). In 2015 these quotas were 29,0% (1,709 mln), 44,2% (2,605 mln) and 26,8% (1,576 mln) respectively.

The third indicator is volume of sold products (goods, services). Total, in 2016 volume of sold products (goods, services) amounted 6214729 mln UAH. (its increased by 1055662 mln UAH compare to 2015). The share of volume of sold products (goods, services) by large enterprises amounted 38,4% (2387762 mln UAH), medium enterprises – 41,9% (2602416 mln UAH), small enterprises – 19,7% (426467 mln UAH). In 2015 these quotas were 39,8% (2053190 mln UAH), 42,0% (2168746 mln UAH) and 18,2% (937113 mln UAH) respectively.

The fourth indicator is salary expenses. Total, in 2016 salary expenses amounted 359709 mln UAH. (its increased by 63902 mln UAH compare to 2015). The share of salary expenses by large enterprises amounted 39,9% (143505 mln UAH), medium enterprises – 43,9% (157883 mln UAH), small enterprises – 16,2% (58321 mln UAH). In 2015 these quotas were 41,2% (121936 mln UAH), 42,9% (126884 mln UAH) and 15,9% (15414 mln UAH) respectively.

According to underline indicators, the small business in Ukraine is:

- the largest part of economic entities;
- an important part of the mechanism that provides the economy with workplaces;
- an integral part of the GDP’s formation;
- an important part of the mechanism that provides human welfare.

Evidence increasingly suggests that the right approach is usually to focus on developing an attractive and supportive environment that might enable any business, whether small or large, to flourish, and to allow the market to sort out which businesses succeed. An efficient using of the existing advantages of small business with the simultaneous implementation of state regulation will help to realize strong growth potential of the country.