

## **FEATURES OF BUSINESS DEVELOPMENT IN UKRAINE**

*The state, trends and characteristics of business development in Ukraine in modern conditions are investigated in the article.*

*Key words: entrepreneurship, business activities, business, subjects of economic.*

**Relevance of research.** *In the modern conditions of market economy, further business development is a fundamental condition of Ukrainian economy activation, therefore studies of trends and features of entrepreneurship in Ukraine are necessary and important.*

**Analysis of researches and publications.** *Research of business problems in the market conditions, its theoretical foundations, to business taxation dedicated scientific works of domestic and foreign scientists and economists such as M.G.Lapusta, Y.L.Starostin, E.V.Gluschenko, V.Y.Horfinkel, G.B.Polyak, Z.S.Varnaliy, V.G.Gerasimchuk, L.P.Dashkova, V.A.Sizonenko, S.Mocherny, O.Ustenko and others. But in these publications modern conditions of business in Ukraine reflected not enough.*

**The purpose of the article.** *The purpose of this research is to study and analysis of the trends and features of entrepreneurship in Ukraine in modern conditions.*

**The main material.** *Functioning of a market economy is impossible without carrying out of business activities and entrepreneurship. Therefore, the task of the state - to create normal conditions for the operation of businesses. The State guarantees the freedom of enterprise and its state support. This means that employers have the right, to make decisions without limitation and carry out any activity that is not against the law.*

*In present conditions increases role of the state as a regulator of business activity. State regulation of business is necessary, primarily to create conditions for stable economic growth, appropriate regulatory base for competition replenishment of the state budget, for ensuring a fair distribution of income, it should smooth the structural and regional imbalances in development of business.*

*Subjects of economic engaged in the entrepreneurial activities includes companies - juridical persons and individual entrepreneurs registered in established order for the purpose of doing business. The number of entities that engaged in entrepreneurial activities in Ukraine at the beginning of 2013 amounted to 1600.1 thousands. While the 22.8 percent were reported on the fate of companies and legal persons (364.8 thousand.) And 77.2 percent - on the fate of individual entrepreneurs, whose number amounted to 1235.3 thousand people. Number people employed in entrepreneurial activity was 9948 thousand of workers, the number of employees - 8611.2 thousand people. The volume of sales for the 2012 amounted to 4468.8 billion.*

*The analysis of the state of entrepreneurship in Ukraine, showed that in recent years, unfortunately appeared negative trends in the development of entrepreneurship in the country. This conclusion is supported, according to the poll results of Institute of Economic and Policy Consulting, 49.8% of businesses state. Calculations showed that in date period from 2010 to 2012 the number of businesses in Ukraine decreased from 2183.9 thousand to 1600.1 thousand., ie on 26.8%, including a number of companies - 3, 4% (from 377.8 thousand. to 364 thousand.), the number of individual entrepreneurs - by 31.7% (from 1806.1 thousand. to 1235.3 thousand).*

*Reducing the total number of entities was the most significant in this period of transport (40.3%), construction (33.1%), trade (29.7%). While the typical is that reducing the number of entities in the first place and in a greater degree affected such parts as individual entrepreneurs, their number at the end of 2012 decreased compared to 2010 in almost all activities. Most notable it was in the areas such as construction - 54.9% (20.3 thousand people), transportation - 45.7% (8.2 thousand*

people), industry - 32.1% (33.4 thousand .osib) trade - 32.0% (3 thousand people), agriculture - 30.1% (8.9 thousand people).

Reduced by 2010-2012 also the number of employed workers in the business, from 10,772.7 thousand people in 2010, it decreased to 9948.0 thousand people in 2012, accounting for 7.7% or 824.7 thousand people. Among them 533.6 thousand people, or 64.7% of the total reduction in the number of workers employed in business had on the fate of individual entrepreneurs, which had a negative impact on small business development.

The lowest proportion of individual entrepreneurs in the total number of employees took place in 2012 in agriculture (5.1%), industry (5.7%) and construction (6.7%). The highest proportion was in the wholesale and retail trade (52.8%) in organizations of catering (49.6%), in real estate transactions (23.8%). However, while in most industries the proportion of individual entrepreneurs in the total number tends to decrease.

As a result of this trend, from 2010 to 2012 decreased also the proportion of sales, which came on the fate of individual entrepreneurs: in 2010 the total volume of sales share of products sold by individual businessmen amounted to 6.4% in the next 2011 and 2012 its value - respectively - are 5.0% and 5.7%. This is - one more proof of reducing the role of small business in the economy of Ukraine, contrary to current trends in the development of entrepreneurship in the leading countries of the world.

Economic Code of Ukraine in the version of 22.03.2012 on basic performance indicators is set such criteria relationship enterprises and legal persons by their size to large, medium, small and micro enterprises:

- microenterprises - subjects of management of any organizational-legal form and ownership, in which the average number of employees during the reporting period (calendar year) does not exceed 10 persons and annual income from any activity not exceeding the equivalent of 2 million euro defined at the average annual exchange rate of the National bank of Ukraine;

- small enterprises - the average number of employees not exceeding 50 persons and an annual income does not exceed an amount equivalent to 10 mln.;

- big companies - the average number of employees during the reporting year exceed 250 persons and an annual income exceeding the equivalent of 50 million euros;

- medium-sized enterprises - other entities.

According to statistics of the key structural parameters of enterprises on their size in 2012 in Ukraine, the total share of large enterprises was 0.2% medium-sized enterprises - 5.5% small businesses - 94.3%. While the in industry, this figure was equal to the beginning of 2013 87.0%, transport - 91.4%, agriculture - 93.4%, construction - 96.0%.

The economy basis of modern democratic states is advanced small business, so its support and development are the key priorities for the economic policies of governments of such countries. The importance of small businesses due to a significant contribution to GDP and employment, high innovative activity, resistance to the economic crisis and the ability to quickly adapt to new economic conditions.

The value of small businesses to the modern economy helps to understand the analysis of the structure of the business sector in the EU. According to the data of this analysis, together European minor and small enterprises create 41.4% of value added and almost 50% of jobs in the EU.

Unfortunately, in recent years in Ukraine is reducing the number of small businesses that is certainly a wake-up call. At the time when for the period from 2010 to 2012 the number of large enterprises in Ukraine grew by 19.1%, the number of small enterprises decreased by 6.7% (from 357.2 t.u. in 2010 to 344.0 t.u. in 2012). If the number of employed workers for 2010-2012 in large enterprises increased by 3.5%, the same rate at small businesses fell by 5.7%.

The share of small businesses in the volume of goods (and services), already low, continues to decline, from 16.9% in 2010 it decreased to 15.2% in 2011 to 15.9% in 2012. Many employers report that the volume of production in small businesses continues to decline, falling demand for products, problems with access to capital exists - so, the situation continues to deteriorate.

*Because small business is the foundation of the modern economy, its local problems form a number of negative trends in Ukraine's economy as a whole. Ukraine will not overcome the current recession, while small businesses are stagnating.*

*Experts believe that there is a wide range of problems in different spheres of social relations that cause narrowing of the small business sector. It is difficult or impossible to solve all these problems quickly and at the same time, however, the opinion of many scientists and experts agree that a priority of economic policy should be further reform of the tax system as a whole, including - the system of fiscal support to entrepreneurship and especially to small business.*

*In view of the critical state of public finances in the country, the government of Ukraine initiated tax reform. Working group at the Ministry of Finance, Ministry of Economy, the State Fiscal Service, where the participation of experts, researchers, specialists created changes in tax laws. The main measures envisaged are established, reduction of taxes, simplification of accounting (including the abolition of tax records), support of entrepreneurship in the first place - it is a small business because small businesses proved actually have a higher tax loads than larger ones.*

*Building an effective support system for small business needs to solve two problems - the determination of tax support facilities and choose the most effective tax instruments. However, the solution of these problems is complicated due to heterogeneity of small businesses that differ over financial and economic indicators (income, profit, number of employees), organizational and legal forms (legal entity, individual entrepreneur), and different goals and objectives. Therefore, the solution to these issues should be carried out with the use of personal attention to each of small businesses. For example, to achieve the expansion of domestic financial resources for enhancing operations possible by the use of such tax benefits as lowered tax rate of income tax, or tax holidays (exemption of small businesses for a certain period of payment of income tax).*

*To stimulate innovative activity of small businesses in the advanced countries, the research tax credit is available at much reduced rates.*

*Stimulating the creation of additional jobs can be achieved by cost reduction of small businesses for compulsory social insurance contributions of employers, which are used or reduced rates of social security contributions or tax credit that compensates these costs.*

**Conclusions.** *Reproduced analysis of entrepreneurial business entities in Ukraine allowed to reveal important trends in the development of business, including small business. Implementation of Directions and proposed actions on improvement of the current system of business taxation will promote the creation of small business support system that meets European standards.*

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