DOI 10.26886/2520-7474.5(37)2019.1

UDC: 331.108.2

**FOREIGN EXPERIENCE FOR ECONOMIC DEVELOPMENT
SMALL AND MEDIUM-SIZED BUSINESSES**

N. Denisenko, Professor, Dr. of Economics,

<http://orcid.org/0000-0001-8767-9762>

O. Budiakova, PhD of Economical Sciences,

<http://orcid.org/0000-0001-6028-2650>

T. Kondratieva, Master student

Kyiv National University of Technologies and Design, Ukraine, Kyiv

To ensure the sustainable economic development of Ukraine important to study and introduction of international experience of small and medium enterprises, which directly determines the degree of development of the economy as a whole. Thus, in the EU small and medium-sized businesses account for about 90% of the total number of enterprises. Implementation small and medium-sized businesses its substantial economic and social role is only possible with sound public policy full support for this sector.

Assistance and support SME is an independent component of public policy in many countries. Therefore, there are special state (government) authorities (coordination) and support for small and medium businesses.

Key words: investment, innovation, small and medium-sized businesses, the economy.

In 2019 Ukraine has risen to seven positions in the ranking of Doing Business, taking 64 th place among 190 countries [1]. Ukraine improved its performance in six of the 10 indicators that takes into account the World Bank in the preparation of the rating. The greatest progress occurred in

terms of "protection of minority shareholders", followed by Ukraine rose immediately to 27 points thanks to the discovery of ultimate beneficiaries.

Also improved position in terms of "obtaining a building permit," "Electrical connection", "International Trade", "registering property", "access to credit".

"Increasing Ukraine's ranking in Doing Business-2020 7 right position – a result that speaks for itself. This is a positive signal for the Ukrainian businessmen and "green light" to foreign investors. But this is only the beginning and we continue to work in this direction: three days Code earned bankruptcy a few weeks ago – the law on the promotion of investment, intensify the process of deregulation ", – said Alexey Goncharuk prime rating.

Note that the rating Doing Business-2020 regulatory changes covering the period from May 2018 to May 2019. That this growth is provided by the previous government.

The world leader in ease of doing business were New Zealand, Singapore, Hong Kong, Denmark, Korea, USA, Georgia, Great Britain, Norway and Sweden. The worst situation in Libya, Yemen, Venezuela, Eritrea and Somalia (last place).

Among the neighbors Ukraine the highest place in Russia, Poland 28. It is located at 40 place, Moldova – 48, Belarus – 49, Hungary – 52 and Romania – 55.

Recall that in the World Bank in 2019 on ease of doing business [2] among the group with incomes above average Ukraine took only 71 seats. In the three leaders entered the country with high incomes, in particular, New Zealand – the first place, Singapore – the second place, Denmark – third, Hong Kong SAR, China – shared fourth, Korea, Rep. – in accordance with the fifth. In this important role in the structural and technological modernization of the economy of developed and developing countries plays

the most flexible form of business organization – small and medium businesses.

The economy of Ukraine and the European Union is characterized by a large share of small and medium enterprises – more than 80%. Medium-sized enterprises in foreign countries are characterized by high productivity and innovation activity – investment in research and experimental development work medium enterprises is one of the highest. The structure of employment in small and medium enterprises of Ukraine and the EU also has its own peculiarities. For example, the number of employed wage earners in micro-enterprises in the EU is almost three times more than in Ukraine. Thus the number of employees in small enterprises in Ukraine exceeds the corresponding figures of 2.3 times the EU [3; 4].

The economy innovatsionno orientirovannyh-dominated sector of business services, where competitive advantages are based on information and communication technology and high innovation activity. The highest rates of involvement of entrepreneurs in high-tech sectors in Japan, Sweden, Norway, Israel and Luxembourg the lowest rates – in Panama, Zambia, Colombia and Suriname.

International experience shows business activities that create a technological platform for the development of small enterprises in the high technology sectors of the economy advanced considerably increases the competitiveness of the economic system and reduces the possible threat of industrial decline in times of global financial turmoil.

To encourage the development of high-tech sectors is needed reorientation of existing government policy and minimize support export resource areas that will help move to innovative type of economic development. Therefore, the formation of a mixed economy principles that will ensure a gradual upgrade of structural and technological potential of

Ukraine requires the development of innovative SMEs as one of the main catalysts of scientific and technological progress.

Unfortunately, today in Ukraine there is insufficient support of small business, but the state is taking steps to address this problem. Therefore, to promote business support infrastructure, including entities providing financial, logistical, information, science and technology, consulting, marketing, human resources and educational support is one of the main issues to be addressed at the state level and regulated Cabinet of Ministers of Ukraine "on approval of the Concept of National program for small and medium-sized businesses for 2014-2024 years" [5]. To ensure the sustainable economic development of Ukraine important to study and introduction of international experience of small and medium enterprises.

Small and medium enterprises in developed countries at present is the middle class that serves as a base for sustainable economic development. Even former developing countries is the development of small and medium enterprises made great economic leap (Taiwan, Singapore, Indonesia and others.). Small and medium business in Europe is the basis of socio-economic development of the EU. In the European Union there are over 20 million small and medium-sized businesses, which provide more than half of total turnover and value added. The number of employed in small business in Europe is around 70%. The largest number of small businesses established in the trade, construction and food industries [4; 6].

Small and medium enterprises in Europe stimulated competition "causes" large companies adopt new technologies and improve efficiency. The efficiency of the entire EU economy depends on the success of small and medium businesses. Therefore, within the European Union the policy of support for small and medium enterprises, whose main goal – to balance the interests of the state and business, providing optimal conditions for entrepreneurial activity, increasing the competitiveness of small businesses.

Unique system of regulation and support SMEs in Europe began to emerge in the 70s of the last century. To maximize stimulate small and medium enterprises in Europe have taken steps to remove administrative barriers for small businesses. First introduced amendments relating to value added tax, adjustments financing conditions and changes in social policy.

In addition, the developed European Charter for small businesses in Europe. In this document, European governments recognized the great potential of small enterprises and stressed the importance of creating favorable conditions for repeated attempts to create their own business, even if the former employer attempts were not very successful. The provisions of the European Charter were included in the multi-year program, and the first year was launched 11 projects for their implementation.

State regulation of small businesses in Europe by creating and monitoring of regulations legislation, development and implementation of programs of financial, technological, information and human resources to promote small and medium enterprises. To encourage the development of small businesses have developed new legal model (European joint stock company, the European economic interests of the pool), which allow small businesses from different countries entering into business relationships effectively solve the problem of differences of legal systems of different countries.

Policy to support small businesses in Europe through the activities of states and through special programs implemented under the auspices of the European Union. Funding measures to support small businesses carried out with EU structural funds, such as Regional Development Fund, Social Fund.

Also, please note features mixed economy. In modern economic literature there are several such models. In particular, the release of the

model: liberal (American) neoliberal (German), Euro-Keynesian, Swedish (Social Democratic) Japanese.

Analysis of international experience should be viewed through a model of economic development, which is a combination of elements that ensure the functioning of the economy (technological, economic, social, political, psychological, religious, etc.) in their relationship and interaction. The criteria for classification are, as a rule, the proportion of state ownership, its qualitative composition, direction and means to implement public policies, forms a market economy and so on. Thus, liberal (American) model of pure and sold in the US comes from the idea of maximizing freedom of economic activity. It involves the state in the regulation for the "residual": interference aspects are not able to regulate the market; State creates the most favorable conditions for the operation of private capital, particularly small businesses.

Neoliberal (German) modelWhich is made in Germany, government regulation focuses on removing obstacles to competition, which supports playback conditions, including incentives, small business employment policies and so on. The slogan of this model: "The market – for all", so much emphasis on the social orientation of the market, there is an extensive system of social benefits.

Euro-Keynesian modelsometimes referred to in English, although today it is more clearly expressed in France, Italy and Austria. Under this model, a significant role played by the public sector in the economy, which reaches a significant size. The main purpose of the Keynesian model is to ensure the most efficient allocation of resources with some insurance against unforeseen impact the interaction of private economic interests.

Social Democratic (Swedish) modelpracticed in the Nordic countries and partly in Portugal, Spain and Greece. It focuses on the social sphere, employment policies and social security, labor relations, tight income policy.

The model of market economy of Japan has specific features. The main subject here is corporations and combining them into a financial and industrial group – "keiretsu". Specific features of the Japanese model is the policy of income equality, a special labor policy, effective use of national mentality.

Noteworthy experience of complex (multi-faceted and comprehensive) support small businesses in the US. For example, the US government has diversified support small businesses through the activities of various structures: small business committees in the Senate and House of Representatives SILA; Small Business Center of the Ministry of Trade; Special units and targeted programs help certain groups of enterprises in other ministries and government departments; Chamber of Commerce; business associations; Special support bodies in the states; Small Business Administration.

The greatest role in the regulation of US small businesses play a Department of Trade and Administration Small Business. Ministry of Commerce has created a special service system for small businesses, providing them with the necessary information and technical assistance in the following areas: provision of materials on the new technology in the US and abroad from the archives of the National Technical Information Service (2 million documents), which operates within the Ministry (75 % of its customers – small firms); management software licenses on the dynamics of technological inventions made in government laboratories across the ministry; US government allows private companies to license and permit their use (65% of licenses available to small firms); help small firms in the development of research in the field of energy; advising on the use of the best results of Energy; providing information on labor productivity and product quality; maintenance of the Bureau of Standards of the Ministry

technical data standards, information on the materials used, methods of control and measurement.

A unique phenomenon is the Small Business Administration (AMB). No other country in the world has a similar independent body whose purpose – protecting the interests of small businesses. As a government agency, AMB was established by decision of Congress under the Small Business Act in 1953.

Stimulating public policy on small and medium-sized businesses (the so-called "mittelshtanda") by the Government of Germany. "Mittedshtand" – "middle class." Measures to support small and medium enterprises focused on providing the right conditions for competition "mittelshtanda" regulated by the state and based on the principle of providing assistance that encourages the development of "self-help" in such structures. The main piece of legislation with acts of cartel law, which was first introduced in 1957.

Federal Government implements measures for small and medium businesses. They aim at ensuring proper conditions of competition for the "mittelshtanda." The main lever – cartel law, which legislated in 1957 and repeatedly since Viewed in terms of strengthening the position of SMEs. The state regulates the entry of the process of merging firms. If discrimination small firms can apply to the relevant authorities at the federal and state levels.

The main principle, which is the basic state support to small and medium enterprises in Germany – assistance that encourages the development of "self-help". The overall objective of state support – improving the efficiency and competitiveness of this sector. Now come to the fore the problem of stimulating these companies in the new states of Germany.

SMEs assisted in the innovation sector, training of entrepreneurs and managers, various advisory services and so on.

State support for small business is the French system of measures, which cover almost all aspects of life of businesses, creation, production, commercial activity, finance, investment, innovation and more. Small and medium-sized businesses in France up 99.9% of all firms produce nearly 50% of GDP and concentrate almost 2/3 of the employed population [5]. This system is considered one of the most developed and the most complex among Western countries (except the US). For the development of business structures France 1500 species can receive assistance from the state. The state on the one hand acts as guarantor and principal guarantor to the banks, and also participates in the formation of funds of enterprises.

All financial activities of the state is not only aimed at increasing direct financial capacity of businesses, but also have a stimulating character and designed to guide the development of considering national problems. The state supports small and medium businesses, usually in areas such as investment, employment, innovation, export, regional deployment. This arsenal is quite diverse financial measures.

Specific measures of state influence on increasing the financial capacity of small and medium businesses in France are divided into three groups – direct, indirect and financing through venture capital company.

Formation of small business in Spain dates back to the 70s of last century. High level of small business development contributed to the high level of the economy. Employers provide no unemployment in the country and influenced the improved economic situation in the country as a whole.

The Spanish government particularly supports the small businesses that are active in the social policy of the country by creating jobs for disadvantaged people. The largest share of small business in Spain working in agriculture – 80% in other industries such as construction,

industry, shipbuilding proportion of small businesses is about 25-30% [6]. Spain Current small business development program based on European programs in force in most European countries. Common in Spain are structures that protect the interests of small and medium business, small business association and Chamber of Commerce. Branches of these structures are located in every city in Spain.

The positive aspects of small business development in Spain include the low level of bureaucracy. To register a small business and a license proprietors spend up to 24 hours. The same conditions apply to non-residents. As a result, foreign citizens involved in small business development of the country.

Interestingly experience in regulating small and medium enterprises in the Nordic countries. For example, the Kingdom of Denmark, under the agency Doing Business in 2019[2; 3] from 190 countries for availability of starting a business occupies third place among European countries first. The country has virtually no corruption; transparent tax, legal and judicial system, and a minimum of bureaucracy and government restrictions to open and run a business very simply and effectively. For example, the state program «Start-up Denmark» allows a foreigner to receive a residence permit and register of Denmark in his own company [5].

Own a business of Denmark for foreigners, including Ukrainian, is a good opportunity to move into economically and socially developed European country forever and eventually get Danish citizenship, not only entrepreneurs but also close relatives.

Thus, small and medium enterprises is a key element of the economy leading the world. Implementation of small and medium enterprises of the significant economic and social role is only possible with sound public policy full support for this sector, which is a separate component of public policy in many countries. These countries have a number of legislative acts that

regulate complex issues for small and medium enterprises, has developed a system of state programs of financial, technological, foreign trade, consulting, staffing promoting entrepreneurship.

Research and implementation in Ukraine international experience of small and medium enterprises will enable to solve complex economic problems primarily by enhancing investment and innovation process to ensure the improvement of economic competitiveness in the global environment, a socially oriented economy of the modern type, which would allow to bring the standard of living the population of the requirements of social standards of developed countries.

References:

1. *World Bank. 2020. Doing Business 2020: Comparing Business Regulation in 190 Economies.* <https://www.doingbusiness.org/>
2. *World Bank. 2019. Doing Business 2019: Training for Reform.* Washington, DC: World Bank. World Bank. <https://openknowledge.worldbank.org/handle/10986/30438> License: CC BY 3.0 IGO.
3. *World Bank. 2019. Global Economic Prospects, January 2019: Darkening Skies.* Washington, DC: World Bank. World Bank. <https://openknowledge.worldbank.org/handle/10986/31066> License: CC BY 3.0 IGO.
4. *World Development Indicators / The World Bank* [Electronic resource]. - Available at: <http://data.worldbank.org/datacatalog/world-development-indicators>.
5. *On approval of the Concept of the National Program for the Development of Small and Medium-Sized Enterprises for 2014-2024* (2013). Order of the Cabinet of Ministers of Ukraine. 28.08.2013 g. Number 641-p. URL: <http://zakon3.rada.gov.ua/laws/show/641-2013-%D1%80>.

6. Varnalii Z. (2008). *Small entrepreneurship: the basics of theory and practice*. T-vo Znannya (KOO), 302 p.

7. Mykola Denysenko, Alona Melnyk, Zorina Shatskaya, Olena Budiakova (2019). *International regulatory experience business activity. Doslidzhennia ta innovatsii*, p. 55-58. Available at: <http://conferencii.com/files/archive/2019-02.pdf>