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CONTENTS

Liudmyla Bezuhla, Tetiana Herasymenko, Mariia Bieloborodova	
Volunteering and volunteer tourism: challenges and realities	1
Nadiia Hryshchuk	
The key basis of the financial mechanism in ensuring the development of small business representatives	9
Andriy Stasiuk	
The impact of international migration processes on the economy on the example of Ukraine	21
Mykhailo Suvorov	
Economic model of the formation of a small alternative energy cluster in the region	29
Inna Tomashuk	
Development of entrepreneurship in Ukraine in the conditions of European integration	36

DEVELOPMENT OF ENTREPRENEURSHIP IN UKRAINE IN THE CONDITIONS OF EUROPEAN INTEGRATION

Inna Tomashuk¹

Abstract. *The purpose* of the article is to study the peculiarities of the functioning of entrepreneurship institutes with fundamentally new tasks in the conditions of European integration of Ukraine and to develop conceptual proposals for supporting and improving the development of entrepreneurship in Ukraine in the conditions of European integration. *Methodology.* In the process of solving the tasks of scientific research, general scientific and special research methods were applied: descriptive-analytical method, systematic approach, method of analysis and synthesis, method of systematization, graphic method, method of dynamic series and structural analysis, method of cost analysis, method of comparison, method of average points evaluations, the method of scientific generalization. *The results.* Today, the development of entrepreneurship is one of the most important factors in the socio-economic growth of Ukraine. The effective development of entrepreneurship creates a competitive environment for business entities of various types of economic activity for the development of which there are favorable conditions and a sufficient scale of resource potential, the interest of foreign and domestic investors. At the same time, the successful activity of entrepreneurship solves a number of important tasks, in particular, contributes to the replenishment of the budget, saturation of the consumer market with goods and services, creates new jobs, increases the employment of the population, while reducing the unemployment rate. *Practical implications.* The process from the beginning of entrepreneurial activity to its termination is related to decision-making. The desire to open one's own business, as a rule, is accompanied by the hope of the future entrepreneur to succeed, while the factors of the external environment play a key role, influencing the future entrepreneur's decision. Over time, the result of the action of these factors, combined with the results of the action of the factors of the internal environment, may lead to the entrepreneur's decision to stop entrepreneurial activity due to the fact that his expectations were not met. In addition, one of the most important problems of managing a small enterprise is the lack of specialists in certain specialties, for example, marketers, financiers, programmers, etc. This is due to the fact that small businesses often cannot afford to keep such specialists. Outsourcing can be a rational way out of this situation. At the same time, the choice of the country's economic development strategy significantly affects the development of enterprises. Based on the global practice of the production sphere, a smart strategy makes it possible to create a "flexible" high-tech industrial production, where business can easily adapt, in addition, this approach will lead to sustainable economic growth, which is able to provide and promptly respond to any challenges of the globalized world economy. Today, European integration opens up great opportunities for domestic enterprises to expand foreign economic activity. When determining one or another vector of foreign policy, domestic enterprises need to assess the prospects of other global competitors. *Value/originality.* Stimulating the development of entrepreneurship reduces the problems of their functioning and ensures rapid integration into the European Community and highly developed economies of the EU countries. A reduction in the tax burden on small business entities is possible due to the reduction of total payroll charges, the introduction of lower income tax rates, and the exemption of small business entities from paying income tax during the first years of existence. Also, an important element of the state support system for small businesses is information and consulting services, within the framework of which assistance should be provided with problems of the formation and functioning of small enterprises.

Key words: integration, entrepreneurship, reform, transformations, sustainable growth, progress, business climate, initiative, investments, projects.

JEL Classification: H12, H21, H25, F63, J43, L10

¹ Vinnytsia National Agrarian University, Ukraine (*corresponding author*)

E-mail: tomashuk.inna@ukr.net

ORCID: <https://orcid.org/0000-0001-6847-3136>



1. Introduction

At the current stage of the development of the economy of the regions of Ukraine in the conditions of decentralization of power and the formation of new united territorial communities, the entrepreneurial sector of the regions needs special attention from the state management bodies, since the institutional conditions of its functioning are changing, which constitutes a complex organizational and economic problem that requires detailed study and providing scientifically based recommendations on improving the business management system.

The long period of cooperation between Ukraine and the EU has already contributed to the formation of complex tools, their use should become the basis for sustainable economic growth and development at the level of not only the state, but also the transformation of all social spheres and the introduction of European standards for the sake of increasing the quality and standard of living of the population of our country.

The economic prerequisites of European integration are the growth of traditional exports of agricultural goods to the EU as a result of duty-free access for Ukrainian agricultural goods within the framework of tariff quotas; increase in the volume of supplies of goods and services by Ukrainian enterprises in accordance with contracts within the framework of public procurement for EU countries; increasing the level of competition in the field of procurement, redistribution of public resources in favor of more efficient companies, especially small and medium-sized ones, which, subject to compliance with the principle of non-discrimination of participants, will be able to gain access to procurement procedures.

The development of Ukraine and its national economy can be ensured precisely by the components of the European integration vector of our country.

2. Adaptation of the domestic entrepreneurship support system to the European model

European integration today occupies a special place in the sphere of international economic relations of Ukraine, which is confirmed by its defining role in the world political system, the presence of achievements in the socio-economic

sphere, which testify to the effectiveness of the strategy chosen by Western European countries, as well as the effectiveness of the mechanisms and methods of the integration process, improvement, as well as growth of the final results of the enterprise.

Adaptation of the domestic support system to the European model will make it possible to count on partner participation in the implementation of European programs of scientific, technological and innovative development (Table 1).

Entrepreneurship is a source of sustainable economic growth, social stability and ensuring employment in the country, which directly affects the improvement of the level and quality of life of the population. Stabilization and economic growth are impossible without business development, which requires the development and application of effective business mechanisms in the country. This requires constant identification of the requirements and trends of the global business environment and an appropriate response from business and government structures (Prospects for the development of entrepreneurship in Ukraine under the conditions of globalization and European integration, 2022; Prychepa).

3. The essence of "transformation of the national economy" and the form of economic integration of markets

Taking into account the peculiarities of the national economy of Ukraine, in particular, the processes of continuous improvement of the legislative and regulatory framework, tax, pension, social reforms, informatization and digitalization of society, as well as challenges caused by global crisis phenomena, we suggest that the understanding of the essence of the "transformation of the national economy" be considered as a process of qualitative transformation of the economy with the tools of restructuring, reorganization, digitalization, infrastructural reconstruction of the economic system, which are caused by the influence of the European integration processes of the national economy and the need to adapt to the risks of their uncertainty, the consequence of which is the creation of a new model of the national economy, the objective necessity of which is determined by the key factor – the European

Table 1

Implementation of possible European programs of scientific, technological and innovative development in Ukraine with the support of the EU

№	Program content
1	– Development and implementation of budget programs for financing the end-to-end innovation process – from scientific development to the production of prototypes in the technological areas identified as priorities.
2	– Provision of state grants for small and medium-sized enterprises for the development of innovative products (goods or services) in priority technological directions, involvement in the financing of such grants, funds from international programs (in particular, the European Horizon-2020 and COSME).
3	– Formation of a number of long-term credit programs for financing innovative projects of small businesses, which will be carried out by state banks, with the involvement of funds from international funds and international technical assistance for their financing, while coordination with the technological priorities of the EU industrial revival program is important.
4	– The creation of a specialized venture lending bank with the participation of state capital with an extensive regional network, with a focus on lending to small businesses, the formation of the policy of such a bank with the prioritization of lending to innovative projects, based on the existing experience of Great Britain, Germany, France, and the Netherlands.
5	– Regulatory and organizational support for the creation of communal banks focused on lending to innovative local development projects implemented on the principles of public-private partnership.
6	– Providing legal and methodical support for the capitalization of intellectual property created by scientific and technical collectives and business entities.
7	– Facilitating the formation of a network of venture capital funds with appropriate regulatory definition of their legal status, regulatory restrictions, rights and obligations.
8	– Creation of information and search systems and databases of innovative projects and enterprises, progressive technologies, needs for new developments and technologies.
9	– Establishing a system of information and educational support and direct legal and methodical support for obtaining microloans by business entities.

Source: generated from data (*Prospects for the development of small business in the conditions of the European integration of Ukraine with the EU, 2019, Temna*)

integration orientation of the state policy, which takes place at the current stage of the informational development of society, in addition to the adaptation of European business standards, involves taking into account the results of the fourth industrial revolution, namely:

- technological innovations and development of digital technologies. Achievements in the field of technology and innovation policy contribute to the improvement of the national economy of countries, open access to global markets and knowledge networks at a relatively low price;
- spread of electronic business and electronic commerce. The Internet provides a platform for millions of daily online transactions and communications, making a significant contribution to individual economies;
- digital transformation, which has a positive impact on the development of small and medium-sized enterprises as a key tool for economic development. It provides new opportunities for the development of small businesses, helps to increase their competitiveness on local and global markets due to innovations in products, services, production processes;

- globalization, which contributes to the improvement of interaction between societies and governments in the process of cross-border mutual economic integrations and the involvement of the national economy in the world market;
- popularization of smartphones. Smartphones of the new generation make it possible to use the capabilities of electronic government in full, to implement the "state in a smartphone", establishing a direct connection between the population and the state, minimizing the loss of time and money for obtaining administrative, information and advisory services;
- the use of artificial intelligence for the distribution of important information, the implementation of tools of the national economy. In particular, the use of chatbots imitating written or verbal communication can facilitate the implementation of economic support programs by the state and international organizations and governments;
- development of robotics. The use of robots contributes to the automation of production processes, releasing labor potential for more intelligent, highly qualified work (The impact

of European integration processes on the development of rural areas of Ukraine, 2021, Baldynyuk, Tomashuk; Development directions of the management of small enterprises of Ukraine in the conditions of European integration, 2015, Sugonyako).

Intensification of crisis phenomena in the national economy may lead to deterioration of business development prospects in Ukraine.

In this context, an important direction of support should be the stimulation of the development of innovative entrepreneurship in the country. Under modern conditions, the innovative path of development for the enterprise is the most promising. It is widely recognized that innovation is a central factor in the growth of production and labor productivity. Thanks to advances in technology and increased information flows, knowledge is seen as a major driver of economic growth. It is innovative solutions that direct enterprises to qualitative changes in all business processes and are the basis for achieving a positive result (Economic justification of innovative solutions: study guide, 2015, Kavetsky, Prychepa, Nikiforova). Table 2 shows the forms of economic integration of markets. The following main forms of international economic integration are distinguished as theoretically justified and practically tested: zone of preferential trade; free trade zone (association); Custom Union; common market, economic and political unions.

The signing of the Association Agreement between Ukraine and the European Union on the simplification of trade procedures definitely affects the activities of domestic business structures. The Action Plan for the Implementation of the Association Agreement between Ukraine and the EU approved by the Government of Ukraine contains 136 out of 1,943 items

related to the simplification of international trade procedures and customs reform, which means reducing bureaucracy when goods cross the border, as well as simplifying access to trade facilitation information in general. Under such circumstances, the subjects of entrepreneurial activity definitely change their market behavior (Activities of entrepreneurial structures in the conditions of European integration, 2022).

A large number of permits, long waiting times for export clearance and complex rules for determining the origin of goods remain significant obstacles for exporters, while importers are hindered by complex customs and tax legislation and opaque determination of the customs value of imported goods. Actual problems remain: imperfect customs legislation, corruption and bribery, insufficient transparency and openness of customs (Regional feature of entrepreneurship development in the conditions of European integration, 2021, Kryvosheya; Activities of entrepreneurial structures in the conditions of European integration, 2022).

The business environment will benefit from the implementation of the Association Agreement, and more than half also expect a positive impact of European integration on business activity (Activities of entrepreneurial structures in the conditions of European integration, 2022). Table 3 provides information on ways to create a favorable business climate in the development of small entrepreneurship in Ukraine.

In the "Concept of the National Program for the Development of Small and Medium-sized Enterprises for 2014–2024" approved by the Cabinet of Ministers of Ukraine, the reasons that prevent the development of small and medium-sized enterprises are indicated, the main ones of which are: a shortage of internal financial resources and the difficulty of accessing external

Table 2

Forms of economic integration of markets

Main characteristics	Elimination of customs barriers in mutual trade	Uniform tariffs, respectively, of third countries	Free movement of capital and labor	Coordination of economic policy	Implementation of a unified economic policy
Forms					
Preferential trade zone	partial	-	-	-	-
Free trade zone	+	-	-	-	-
Custom Union	+	+	-	-	-
Common market	+	+	+	-	-
Economic union	+	+	+	+	-
Full integration (political union)	+	+	+	+	+

Source: formed based on research results

Table 3

Ways of forming a favorable business climate in the development of small entrepreneurship in Ukraine

№	Content of events
1	– Formation of trusting relations among business players and with power structures, cooperation and mutual support.
2	– Ensuring a stable tax system: constant experiments with the Tax Code should be stopped and a simple, transparent, understandable system should be established.
3	– Joining efforts to implement quality changes: it is necessary to create a single platform for sharing experience and communication between the government, business and public business associations.
4	– Dissemination of information about available business opportunities (various grants and support from public and international organizations).
5	– Formation of business culture: business relations require equal responsibility of all participants in the process – both the state and entrepreneurs.
Measures of legal support of entrepreneurship	
6	– Improvement of current legal acts regulating business activities with the aim of eliminating internal legal contradictions and canceling provisions that inhibit the development of entrepreneurship.
7	– Implementation of state regulatory policy in the field of economic activity with the aim of creating a favorable business environment.
8	– Improving the substance, content and effectiveness of laws; determination of the content and effectiveness of administrative-legal and economic-legal responsibility.
9	– Improvement of the legal mechanism for ensuring the implementation and protection of economic and social rights and interests of entrepreneurs.
10	– Activation of financial and credit and investment support for entrepreneurship.
11	– Facilitating the creation of infrastructure for the development of entrepreneurship.
12	– Improvement of the tax system, which would ensure a sufficient volume of payments to the budgets of all levels, effective functioning of the country's economy, a fair approach to taxation of all categories of taxpayers.
13	– Formation of the appropriate legal environment for the development of innovative and scientific and technical activities, increasing the entrepreneur's motivation for highly productive and high-quality activities through the improvement of the system of economic stimulation by making changes to tax and customs legislation.
14	– Implementation of legal measures to eradicate corruption in the economic and public spheres.
15	– Establishing the order of balancing state and public interests with the interests of business entities (public and private).
16	– Organization of measures to adapt national legislation in the business sphere to European legislation.
17	– Formation of the economic and legal mechanism of legalization of shadow capital, shadow activity and shadow economy.

Source: generated from data (Prospects for the development of small business in the conditions of the European integration of Ukraine with the EU, 2019, Temna)

Table 4

Capital investments of enterprises in Ukraine, divided into large, medium, small and micro enterprises in 2010–2020, thousand UAH

Years	Capital investments – everything			
	large enterprises	medium enterprises	small businesses	of them are micro-enterprises
2010	59141659	50433506	21189440	6511418
2011	77953873	80750140	34320388	7402039
2012	114812960	77860007	36814222	12092180
2013	104094848	74125006	38767078	9284162
2014	87239943	63211269	27933685	8681484
2015	99170796	78400886	35906476	9767774
2016	108694081	113036119	59937697	16016779
2017	139294067	139368087	80497649	22353863
2018	217278118	169872251	83965173	23412349
2019	239957640	200079086	84437348	15960309
2020	190109186	163690967	44677926	1410176
Deviation 2020 (+/-) 2010				
	130967527	113257461	23488486	-5101242

Source: generated from data (Official website of the State Statistics Service of Ukraine, 2022)

sources of financing and attracting investments; inadequate level of development of infrastructure supporting small and medium-sized enterprises; imperfection of the partnership mechanism between the state and small and medium-sized enterprises; low level of activity of small and medium-sized business entities in protecting their own interests; inadequate level of informational, advisory and methodical provision of entrepreneurial activity, imperfection of the system of training, retraining and upgrading of qualifications of personnel for subjects of small and medium-sized enterprises; low level of involvement of youth and rural population in small and medium-sized enterprises, etc. Table 4 shows the dynamics of capital investments of enterprises in Ukraine, divided into large, medium, small and micro enterprises in 2010–2020.

To eliminate the above-mentioned problems, directions are proposed that are closely related to the state policy in the field of small business development in Ukraine (On the approval of the Concept of the National Program for the Development of Small and Medium Enterprises for 2014–2024, 2022).

Article 16 of the Law of Ukraine "On the Development and State Support of Small and Medium Enterprises in Ukraine" states that financial state support is provided at the expense of state and local budgets, its main types are: partial compensation of interest rates on loans provided for the implementation of sub-projects of small and medium-sized enterprises, as well as leasing, factoring payments and payments for the use of guarantees; provision of guarantees and sureties for loans of small and medium-sized enterprises; loans, including microloans for starting and running one's own business; loans for the acquisition and implementation of new technologies; compensation of expenses for the development of cooperation between small and medium-sized enterprises and large enterprises; financial support for the introduction of energy-saving and environmentally friendly technologies; other types of financial support are not prohibited by law (On the development and state support of small and medium-sized enterprises in Ukraine, 2022).

To ensure the effective development of enterprises and increase the level of their competitiveness, it is important to solve the following problems: improvement of the legi-

slative and regulatory framework regulating the activities of enterprises; containment of inflation; cessation of devaluation of the national currency; overcoming corruption; strengthening of financial and credit provision of entrepreneurship; simplification of rules and procedures for their creation, etc.

4. Interaction of Ukraine's integration initiatives with the EU

Promising directions at the current stage of Ukraine's development are the support and development of the closest international ties and cooperation with European and developing countries.

The single European market enables citizens of Ukraine to move freely through the territory of EU member states, study or work in any of these countries (The influence of European integration on the strategic development of the enterprise, 2020, Volkovska). At the same time, an important measure to ensure the development of small business is the formation of a modern financial infrastructure to support entrepreneurship in Ukraine according to the European model. Priority in simplifying access to financing for small businesses should be given by encouraging financial institutions to expand microcredit programs, in particular through the introduction of specialized regulatory requirements for such institutions. Figure 1 shows the interaction of Ukraine's integration initiatives with the EU.

The need to ensure the further development of small entrepreneurship is relevant today in Ukraine at all levels: state, regional and directly in the field of small business. Solving this problem opens up opportunities for accelerating the process of European integration, modernization of the economy and transferring it to an innovative path of development and is based on finding the most effective models of supporting small businesses. According to the European Small Business Charter, small business should be considered as one of the main driving forces of innovation, employment, as well as social and local integration into Europe (European Small Business Charter, 2022). Table 5 shows the number of active entities of large, medium, small and micro enterprises in Ukraine in the period 2010–2020.

The limitation of own funds forces small and medium-sized businesses to develop both

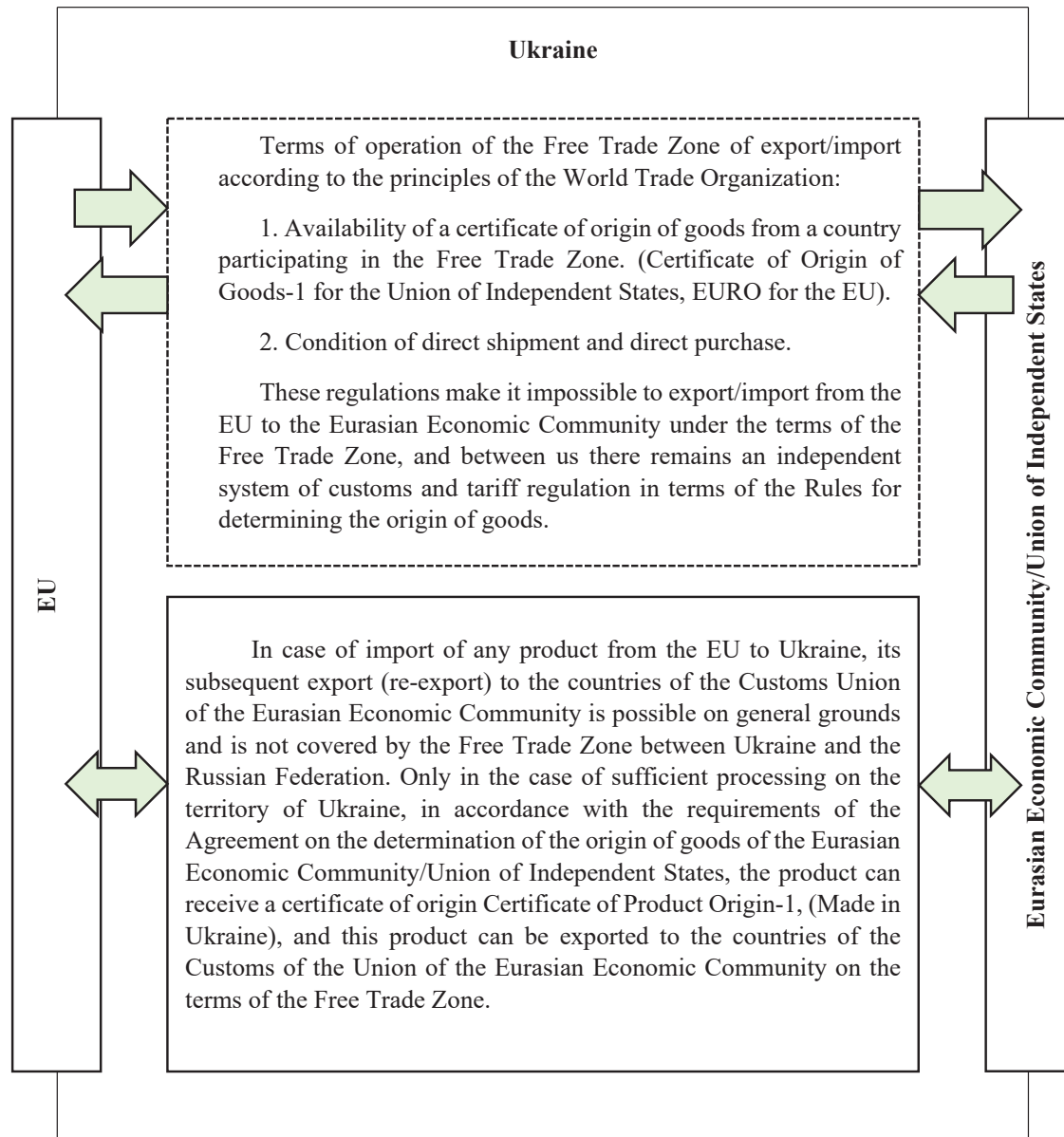


Figure 1. Interaction of Ukraine's integration initiatives with the EU

Source: created by the author based on research results

banking and non-banking credit relations. Lending plays an important role in ensuring business continuity and business development, however, modern credit relations in the field of small business are complicated by a number of objective and subjective factors that require theoretical and practical solutions (State support for the development of small entrepreneurship in the conditions of the European integration processes of Ukraine, 2022, Pedchenko, Strelets). However, it is necessary to note positive trends towards strengthening the state's participation in "Small Business Bank" relations, in particular,

through the use of the state compensation program "Affordable loans 5-7-9%". This program is budgetary and offers partial compensation of the interest rate on the loan in hryvnia in combination with the mechanism of partial credit guarantees to solve the problem of lack of financial security and insufficient credit history. The program is implemented by the Entrepreneurship Development Fund (formerly the German-Ukrainian Fund) established under the Ministry of Finance of Ukraine through a network of partner banks in partnership with the Ministry of Economy and the Office for the Development

of Small and Medium Enterprises with the aim of preventing the emergence and spread, localization and elimination of outbreaks of epidemics and pandemics of acute respiratory disease COVID-19, caused by the SARS-CoV-2 coronavirus, as well as to prevent and overcome their consequences (Portal for entrepreneurs, 2022).

Grant funding is an important source in foreign countries for starting and running a small business, which includes the resources of various funds and organizations. However, an important condition for the provision of funds is the fulfillment of a number of requirements regarding the intended use and clear direction of the received funds.

Thus, the practice of using grants and state-guaranteed debts is widespread in EU countries (Development directions of the management of small enterprises of Ukraine in the conditions of European integration, 2015; Sugonyako). Table 6 shows the dynamics of the volume of production (goods, services) of large, medium, small and micro enterprises of Ukraine in 2013–2020.

Currently, there are many programs that contribute to the attraction of investment funds for the creation, stabilization and development of

small and medium-sized businesses, in particular in the areas of direct or indirect financing: loans or guarantees, often through third parties, such as banks and partner organizations, education, training and mentoring; creating networking opportunities at fairs and sales offices. Those programs supporting small entrepreneurship that are currently effectively implemented by banking institutions of Ukraine together with international institutions should be singled out separately:

- "Joint with the European Investment Bank Lending Program for small businesses and institutions with medium capitalization." As part of the agreement between the public joint-stock company "State Export-Import Bank of Ukraine" (JSC "Ukreximbank") and the European Investment Bank, Ukrainian small and medium-sized businesses, projects in the field of energy efficiency, environmental protection and other priority projects for the development of the local private sector, overcoming consequences of climate change and adaptation to them, etc.;
- "Program to promote lending to small and medium-sized businesses." The program is intended for business entities, legal entities and individual entrepreneurs, it is implemented to

Table 5

The number of active subjects of large, medium, small and micro enterprises in Ukraine in 2010–2020

Years	The number of active business entities							
	In total							
	subjects of large enterprises, units	in % to the total indicator of economic entities of the corresponding type of activity	subjects of medium-sized enterprises, units	in % to the total indicator of economic entities of the corresponding type of activity	subjects of small business, units	in % to the total indicator of economic entities of the corresponding type of activity	of them micro-enterprise subjects, units	in % to the total indicator of economic entities of the corresponding type of activity
2010	586	0,0	21343	1,0	2161999	99,0	2093688	95,9
2011	659	0,0	21059	1,3	1679902	98,7	1608819	94,5
2012	698	0,0	20551	1,3	1578878	98,7	1510776	94,4
2013	659	0,0	19210	1,1	1702201	98,9	1637180	95,1
2014	497	0,0	16618	0,9	1915046	99,1	1859887	96,3
2015	423	0,0	15510	0,8	1958385	99,2	1910830	96,8
2016	383	0,0	15113	0,8	1850034	99,2	1800736	96,5
2017	399	0,0	15254	0,9	1789406	99,1	1737082	96,2
2018	446	0,0	16476	0,9	1822671	99,1	1764737	95,9
2019	518	0,0	18129	0,9	1922978	99,1	1864013	96,0
2020	512	0,0	17946	0,9	1955119	99,1	1898902	96,2
Deviation 2020 (+/-) 2010								
	-74	0	-3297	-0,1	-206880	0,1	-194786	0,3

Source: generated from data (Official website of the State Statistics Service of Ukraine, 2022)

Table 6

The volume of production (goods, services) of large, medium, small and micro enterprises of Ukraine in 2013–2020

Years	The volume of production (goods, services) of business entities							
	That's all							
	subjects of large entrepreneurship, million UAH	in % to the total indicator of economic entities of the corresponding type of activity	subjects of medium-sized enterprise, million UAH	in % to the total indicator of economic entities of the corresponding type of activity	small business entities, million UAH	in % to the total indicator of economic entities of the corresponding type of activity	of them micro-entrepreneurs, million UAH	in % to the total indicator of economic entities of the corresponding type of activity
2013	1136699,8	43,8	942923,0	36,4	513644,1	19,8	228704,3	8,8
2014	1222747,7	42,4	1046728,6	36,3	616086,2	21,3	305223,0	10,6
2015	1439883,0	41,7	1264937,8	36,7	745058,7	21,6	373995,5	10,8
2016	1581304,9	37,5	1622317,0	38,5	1014203,7	24,0	528897,0	12,5
2017	2039421,2	38,3	1970221,7	37,0	1319332,3	24,7	706357,0	13,3
2018	2354328,5	37,9	2247973,6	36,2	1605385,4	25,9	875906,6	14,1
2019	2503075,1	35,9	2507601,5	35,9	1971187,0	28,2	1113631,3	16,0
2020	2457507,4	33,7	2509824,2	34,4	2327115,6	31,9	1342011,7	18,4
Deviation 2020 (+/-) 2013								
	1320807,6	-10,1	1566901,2	-2	1813471,5	12,1	1113307,4	9,6

Source: generated from data (Official website of the State Statistics Service of Ukraine, 2022)

facilitate lending to small and medium-sized businesses with the aim of expanding production volumes, improving quality and expanding the range of products, increasing labor productivity and creating new jobs by financing investment projects due to additional financial resources (Entrepreneurship and development of rural areas in Ukraine, 2021; Kolomiets, Tomashuk; Development directions of the management of small enterprises of Ukraine in the conditions of European integration, 2015; Sugonyako);

– "Program to promote lending to small and medium-sized businesses (Program of the Credit Institution for Reconstruction (FRG) (KfV)". The KfV program is intended for business entities, legal entities and individual entrepreneurs and is implemented to facilitate lending to small and medium-sized businesses with the aim of expanding production volumes, improving quality and expanding the range of products, increasing labor productivity and creating new jobs by financing investment projects at the expense of KfV resources (State support for the development of small entrepreneurship in the conditions of the European integration processes of Ukraine, 2022; Pedchenko, Strelets);

– "Lending Program together with the European Investment Bank". A financial agreement was

concluded between JSC "Oschadbank" and the EIB, the main purpose of which is the financing of domestic small and medium-sized enterprises, companies of medium capitalization and other priority projects.

5. Special rules for doing business in Ukraine today

From April 1, 2022 and until the termination or abolition of martial law in Ukraine, special business rules apply to individual entrepreneurs, which may differ depending on the category of business entity.

For example, entrepreneurs of groups 1 and 2 of the simplified taxation system have the right not to pay a single tax and a single contribution for themselves. During the period of martial law, private enterprises of the 3rd group (regardless of income) can switch to a simplified taxation system in the amount of 2% of income. To switch to a simplified system, you need to submit a corresponding application to the control body. Simplified taxation will be effective from the next business day after the application is submitted. Also, the FOP is released from responsibility for late payment of taxes, fees or submission of reports provided for by the

Tax Code of Ukraine, if it fulfills its obligations within three months after the termination or cancellation of martial law. Penalties and fines provided for by the Law of Ukraine "On EUV" do not apply during the period of martial law (FOP: business support during the war, 2022).

The Cabinet of Ministers of Ukraine made changes to the previous decisions regarding the provision of financial state support to business entities. The relevant resolution was developed by the Ministry of Finance to create a unified approach in the application of the state programs "Affordable loans 5-7-9%" and "Affordable financial leasing 5-7-9%", as well as with the aim of expanding the possibilities and subject range of these programs.

Table 7 shows the dynamics of added value by production costs of large, medium, small and micro enterprises of Ukraine in 2013–2020.

Since the beginning of the full-scale Russian aggression against Ukraine, the "Affordable Credits 5-7-9%" program has urgently undergone changes to adapt it to the challenges of the times, to ensure the availability of credit to a wider range of business entities and to stimulate critical infrastructure industries under martial law conditions. In particular, to ensure the sowing campaign.

The Government's decision regulates the terminology of previously adopted resolutions related to the implementation of the state programs "Affordable loans 5-7-9%", "Affordable financial leasing 5-7-9%" and the provision of credit support based on portfolio guarantees. This makes it possible to create a unified approach in the application of these regulations in practice for providing financial state support to business entities (Support for entrepreneurs: important changes to programs. 2022).

In many developed countries of the world, the understanding of this approach has led to the emergence and development of a separate branch in the economy – ecological entrepreneurship, i.e. innovative activities of business entities in the production of products, execution of works and provision of services for a special (environmental) purpose, aimed at ensuring environmental safety, rational use of natural resources, increasing the level of environmental protection for the purpose of profit.

Also, one of the main factors in the development of ecological entrepreneurship in Ukraine is the active position of the state, which is declared in the Constitution of Ukraine (Articles 3, 16, 50), the Law of Ukraine "On the Basic Principles (Strategy) of the State Environmental Policy

Table 7

Added value by production costs of subjects of large, medium, small and micro enterprises of Ukraine in 2013–2020

Years	Added value based on production costs of economic entities							
	That's all							
	subjects of large enterprises, million UAH	in % to the total indicator of economic entities of the corresponding type of activity	subjects of medium-sized enterprises, million UAH	in % to the total indicator of economic entities of the corresponding type of activity	small business entities, million UAH	in % to the total indicator of economic entities of the corresponding type of activity	of them micro-entrepreneurs, million UAH	in % to the total indicator of economic entities of the corresponding type of activity
2013	416121,0	40,1	414308,8	39,9	207981,4	20,0	94808,3	9,1
2014	530792,3	41,0	489536,7	37,9	273266,3	21,1	132672,9	10,3
2015	585131,8	41,9	540215,6	38,7	270938,7	19,4	123311,5	8,8
2016	680193,2	37,7	741417,7	41,0	383978,1	21,3	186174,7	10,3
2017	844774,1	37,4	870095,5	38,6	542427,7	24,0	284242,3	12,6
2018	895101,1	35,7	964765,1	38,4	650790,2	25,9	345244,4	13,8
2019	999622,4	33,6	1182182,4	39,8	791831,3	26,6	432427,8	14,5
2020	935890,6	29,8	1147683,0	36,5	1057290,6	33,7	588366,7	18,7
Deviation 2020 (+/-) 2013								
	519769,6	-10,3	733374,2	-3,4	849309,2	13,7	493558,4	9,6

Source: generated from data (Official website of the State Statistics Service of Ukraine, 2022)

of Ukraine for the Period Until 2020" and others documents, which can be implemented through the implementation of business management (normative legal regulation, planning, management and control) by such an enterprise.

It should be noted that the European Union in Ukraine is also a donor to the project "Waste Management of the European Economic Community – East", the Twinning project "Support of the Ministry of Environmental Protection in the Implementation of the Law of Ukraine "On Environmental Audit", the project "State Management of Atmospheric Air Quality in the European Economic Community – 6 East" and the project "Assistance to Ukraine in the implementation of the Espoo Convention and the Aarhus Convention"; donor/executor of the projects "Strengthening the management and financial sustainability of the national system of nature-protected areas in Ukraine", "Implementation of the Strategic Action Program for the Dnipro Basin in order to reduce pollution by persistent toxic pollutants" and "Transformation of the market for the promotion of energy-efficient lighting" (The global technology revolution, 2020; Enterprise development strategy: innovation and internal flexibility, 2021; Tomashuk). The Association Agreement between Ukraine and the EU provides for the introduction of the principle of extended producer responsibility in Ukraine within five years, which requires, among other things, the adoption of legislative decisions regarding the responsibility of entrepreneurs for the disposal of the packaging in which their products are located. By the way, such a system of extended producer responsibility is successfully operating in 27 EU countries.

6. State policy in the field of small business development in Ukraine

Among the main effective directions of state policy in the field of small business development in Ukraine, it is possible to mention the improvement and simplification of the procedure for keeping records for taxation purposes; introduction of a simplified taxation system; involvement of small business entities in the implementation of scientific, technical and socio-economic programs, supply of products (works, services) for state and regional needs; promoting the

development of small business support infrastructure; organization of training, retraining and advanced training of personnel for small business entities, etc.

To improve the business climate of small business and create conditions for its development, the European Charter of Small Enterprises was adopted, according to which small enterprises are considered as the basis of the European economy, as well as one of the main driving forces of innovation, employment, social and local integration into Europe (European Charter of Small Enterprises, 2022; The main aspects of effective formation and use of resource potential in agricultural enterprises, 2017; Honcharuk, Branitskyi, Tomashuk). Based on the needs of small businesses, the Charter outlines the following areas of activity aimed at supporting its development; training and professional training for entrepreneurship; opening a new company is cheaper and faster; improvement of legislation and regulation; availability of qualifications adapted to the needs of small businesses; improving access in "on-line" mode; obtaining greater benefits from the single market; taxation and financial issues; strengthening the technological potential of small enterprises; encouraging small enterprises to use the most effective methods and their adaptation; stronger and more effective representation of the interests of small businesses in the EU and at the national level.

In modern conditions, small entrepreneurship is an important component of the country's economic system and needs significant attention. In developed countries, where business conditions are favorable and the processes of starting one's own business are not complicated, the termination of entrepreneurial activity most often occurs due to unsuccessful management. In countries where the conditions for the development of small business are unfavorable, including in Ukraine, demotivating factors of the external environment are added to the above reasons (Development directions of the management of small enterprises of Ukraine in the conditions of European integration, 2015; Sugonyako). It is quite logical that in unfavorable conditions, the implementation of entrepreneurial activity requires better management, a correctly chosen strategy, and, most importantly, qualified personnel. If in such conditions a small

enterprise not only survives, but also manages successfully, it has every chance to compete with small enterprises of developed countries that carry out business activities in "greenhouse" conditions. Competitive advantages can be obtained with the help of modern business technologies, continuous improvement of the quality of human capital.

7. Conclusions

The significant dependence of Ukraine's economy on complex globalization processes and the low competitiveness of the domestic economy on the international arena actualize the need to form the potential for competitive development of the national business sector and find directions for its growth.

An important task of state policy in the direction of stimulating business development

in Ukraine should be the simplification of start-up procedures and the improvement of business conditions, the formation of favorable and relatively predictable conditions for the successful development of national entrepreneurship in the future.

A necessary condition for the activation of the entrepreneurial initiative and the stimulation of the development of the private sector of Ukraine is the provision of a high-quality extensive state infrastructure for the development of the private sector, which is designed to form a strong information base for the development of small businesses, facilitate access to financing and contribute to reducing the impact of the risks of the transformation of the national economy at the early stages of business creation and its exit to new sales markets.

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