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**WAYS OF FURTHER DEVELOPMENT OF SMALL  
ENTREPRENEURSHIP'S SUBJECTS IN REGION\***  
**ШЛЯХИ ПОДАЛЬШОГО РОЗВИТКУ СУБ'ЄКТІВ МАЛОГО  
ПІДПРИЄМНИЦТВА В РЕГІОНІ\***

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*In article is shown the range of problems, which are faced nowadays entrepreneurs, which run small business in Cherkasy Oblast; the tendencies, which are formed in different types of activity are characterized, the ways of improvement the managerial system for activation of economic activity are proposed.*

***Small enterprises, subjects of entrepreneurship, management of small enterprises, regions, economic situation, small enterprises activity, rural area.***

In Ukrainian legislation small enterprises are determined at a base of two criterions: an average quantity of workers over a reporting period (calendar year) and an annual income from any activity.

According to the Ukrainian Law "About a development and state support of small and medium entrepreneurships in Ukraine" № 4618 from 22.03.2012 [2], the small entrepreneurships are called the juridical (natural) person – the economic entities of any organizational and legal form and form of property, in which an average quantity of workers over a reporting period (calendar year) doesn't exceed 50 persons and an annual income from any activity doesn't exceed 10 million euro, which determined from an average annual rate of National bank of Ukraine.

**Analyses of basic researches and publications.** Works of such foreign scientists as: J. Burgess, K. Bowie, J. Van Horne, T. Dickey, R. Dornbusch, M. Mescon, I. Maitland, D. Dzh. Rechmen, J. V. Twyll, P. Wilson, S. Fischer, K. Howard, R. Shaleny, J. Steinhoff and others were dedicated the problems of functioning of small enterprises and ways of their further development. Among modern native scientists, which researched the problems of formation and development of small enterprises, it's necessary to note such scientists as: V. Gorovyi, Z. Varnalyi, L. Vorotyina, I. Gryschenko, T. Gorvushko, O. Kyrychenko, M. Malik, O. Polovian, V. Usyk, A. Shtangret and others. However in works of mentioned specialists, the issues of small enterprises functioning, peculiarities of managing of their development and ground of ways of increasing the production effectiveness continue to be researched not sufficient.

The **purpose of the article** is to overview the peculiarities of small enterprises' functioning and searching the possible ways to improve the management of their development in providing the economic security of region.

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Small enterprises are rather widespread and effective form of activity. They are most able to operatively react for a state of market and thus give a necessary flexibility for economy. This peculiarity of small agro business gains a special significance in modern conditions, when the rapid individualization and differentiation of consumer demand, the acceleration of scientific and technological progress, the expansion of nomenclature of goods and services occurs. Founders of small enterprises can be enterprises and organizations, and also members of family, other persons, who does business jointly. Accordingly, an every created small enterprise, saving the priority of its founder, is state, collective and private.

The activity of every of them are regulated by an active legislation. Small enterprises are antimonopolistic even in its nature. It becomes apparent in different aspects of its functioning. On the one hand, a small enterprises act as rather appreciable competitor, that undermines monopolistic positions of large corporations.

In the table № 1 are represented the characteristics of small enterprises development in Cherkasy Oblast.

In the sphere of small business are engaged more than 110 thousands of business entities, including 9,0 thousands in agriculture or respectively 29,8 and 23,3 % from all employed population of Oblast.

Cherkasy Oblast takes a seventeenth place in Ukraine by a quantity of small enterprises. While, according to the calculations of quantity of small agricultural enterprises per 10 000 available persons by Ukrainian Oblasts in 2011, Cherkasy Oblast is at the seventh place (176,3 % to average figure in Ukraine) (table № 1). In this sphere approximately every fourth from general quantity of employees of Oblast are employed (it is only twentieth place among Ukrainian Oblasts).

### 1. Indicators of development of small agrarian enterprises in Cherkasy Oblast

	2006	2009	2011
<i>Quantity of small enterprises, units</i>			
<b>Ukraine</b>	<b>16131</b>	<b>16545</b>	<b>17001</b>
Cherkasy Oblast	879	1017	1008
<i>Quantity of small agrarian enterprises to 10 thousands persons of available population</i>			
<b>Ukraine</b>	<b>3,2</b>	<b>4,1</b>	<b>3,8</b>
Cherkasy Oblast	6,2	6,7	6,7
<i>Quantity of employed workers (in percentage to general quantity)</i>			
<b>Ukraine</b>	<b>16,4</b>	<b>20,0</b>	<b>20,9</b>
Cherkasy Oblast	18,5	20,8	23,3
<i>Average monthly wage of employed works (UAH)</i>			
<b>Ukraine</b>	<b>421,4</b>	<b>834,0</b>	
Cherkasy Oblast	586,4	908,4	1361,4
<i>Sales volume of goods (works, services) of small enterprises in general sales volume of goods (works, services)</i>			
<b>Ukraine</b>	<b>23,6</b>	<b>21,0</b>	<b>27,4</b>
Cherkasy Oblast	17,0	18,9	24,4

\*Computation of author.

Source: [3,4]

The first place by an employment in small agrarian entrepreneurs among districts of Cherkasy Oblast in 2011 were occupied by Gorodyschensky district (48,1 % from all employed in district), second – Monastyrshchensky – 45,6 %, and third – Drabivsky district – 42,5 %. The least number of employed in small entrepreneurs were in Zolotonishsky district – 12,1 %, Kanivsky – 14,1 %, and in Chornobaivsky district – 14,6 %. Wages of employed workers of small enterprises in Oblast is lower than in average by small agricultural enterprises in Ukraine (1252,36 UAH as against 1520,17 UAH).

In some way, it is also related with low profitability of small enterprises in Oblast (table № 2).

## 2. Operations profitability of small agricultural enterprises, %

	2006			2011		
	General, %	including agricultural, forestry and hunting		General, %	including agricultural, forestry and hunting	
		%	+, -		%	+, -
Ukraine				5,6	22,9	+17,3
Cherkasy oblast - general	0,0	3,4	+3,4	8,4	25,1	+16,7
including districts:						
Monastyrshchensky	3,9	18,9	+15,0	29,3	49,3	+20,0
Chornobaivsky	-0,9	4,8	+5,7	9,9	19,9	+10,0
Gorodyschensky	2,9	11,8	+8,9	13,5	16,0	+2,5
Drabivsky	3,1	16,6	+13,5	27,7	40,3	+12,5
Zolotonishsky	-4,7	22,4	+27,1	6,3	12,3	+6,0
Kanivsky	-11,1	9,7	+20,8	28,1	28,8	+0,7

\*Computation of author.

Source: [3,4]

Indicators of profitability are positive, and even in three times higher in compare with an average in region, only in agriculture. At the same time, with a positive result in Cherkasy Oblast ended in 2011 year such small enterprises as: wholesales (+9,2), educations (+11,1 %), and financial activities (+111,1 %).

Transformational processes in economy changed the fixed stereotypes in economic activity organization, in particular in agriculture. These changes become apparent in reorganizations of collective enterprises and in giving an opportunity for peasants to do business. But a small entrepreneurship develops in villages rather slowly.

So, only every 23-th small enterprises of Oblast operated in agriculture. Among enterprises of this branch the biggest quantity of small enterprises are engaged in plant growing and service the crop sector (83 % and 7 % in accordance), the rest is a share of small enterprises, which operate in livestock sector (6 %), forestry and services which related with them. The biggest quantity of small agricultural enterprises per 10 000 of available population is registered in Manivsky district – 17 units, 14 belong to Monastyrshchensky and in Lysianivsky and Kanivsky districts 13 units in each.

Small enterprises positively affect to the development of rural areas, give guaranteed workplaces for it population. Thus, in 2011 from general quantity of workers, 7,6 % (it approximately 3500 person) was involved in agriculture. From them more than 2600 persons were hired workers; the most of them were employed in crop (above 2000 persons).

In the last period in region forms the principally new economic situation, in which small enterprises start to play the role, which are characteristic for small enterprises of countries with market economy. The state support policy in region carried out at the base of tax breaks, creating a civilized legislative space, informational support, personnel education, formation a meshes of business-centers, arranging of effective coordination in this branch between regional center and districts.

One of the ways of activity of local bodies of executing authority in the development of small entrepreneurships is a maximum territorial approaching the subject of small business to infrastructure elements with a range of services, which satisfy entrepreneurs' requirements.

With an aim to train the personnel for small entrepreneurship, the regional job centers carry out the professional education and retraining the professions and specialties, which give an opportunity to start entrepreneurship and organize own business, in particular: seller, hairdresser, driver, seamstress, arc welder, auto repairman, mason, painter, blacksmith, plasterer etc. Altogether at such courses in 2009–2011 studied approximately 10 thousands unemployed persons on 36 professions, specializations and directions. From January to September 2012 3389 persons educated. From the beginning of 2011 were conducted 363 seminars "How to start own business", 272 working seminars "From business idea to own business", 247 – about the agriculture green tourism, in which participated more than 13,6 thousands persons.

For persons with high education were proposed the refresher courses on directions "Management of small business", "E-commerce organization and creation web-sites", "Business organization and finance management", "Management organization" "Manager of insurance". Thus, at the base of enterprises of region in 2009 – 2011 passed study courses 796 persons with high education, including in 2011 – 67 persons.

For unemployed persons, who want to receive one-time payment of help on joblessness in order to organize business, the local placement services propose the education at the two-week courses "Entrepreneurship and business planning". Over the time of 2010 – 2011, such courses visited 865 persons (annually 52 groups). As of 01.01.2012 494 persons finished education, approximately 500 persons have already started their own business, from them 46% – women, 272 – young people up to 35 years old, 139 – rural citizens.

Cherkasy regional association of entrepreneurship development jointly with regional job center and their agencies in the field with involving scientists continue to conduct the professional oriented seminars for unemployed men, women, youth on courses: "Woman and business", "Successful woman", "Youth and business", "Small business – perspectives and problems of development", "Development nonagricultural business in rural areas".

In general, the conducted analyze of the condition of small entrepreneurship development in region evidence about activity increasing in this sphere.

But at the same time, there are problems, which restrain the development of small entrepreneurship. **There are main problems, which impede to small entrepreneurship development in region, as:**

- discrepancy, instability and imperfection of current regulatory legislative enactments, which regulate small business activity;
- inadequate financial and credit support of small entrepreneurship;
- inadequate resource and information support of small entrepreneurship;
- inadequate development of support infrastructure of small entrepreneurship;
- imperfection of educational system in business sphere.

Thus, the analyses of main factors of activity and development of small entrepreneurship give an opportunity to determine the main problem in this sphere, i.e.: the vital need to improve the conditions for foundation, formation and development of small entrepreneurship in region.

**Conclusions.** In Cherkasy Oblast in the last years, the small agrarian entrepreneurship receives a proper attention, viz.: the crisp concept is almost developed and the program of development of this form of activity is comprehensively grounded. The special part of program is devoted to the development of small and medium entrepreneurship in villages. But, the system of financing, material and technical provision of foundation and development of small agribusiness in region remains imperfect. Mainly, the legal and organizational activity aspects are still unsolved completely.

Even in such no simple conditions the small agricultural enterprises learned to adapt for difficulties of market by themselves. So, they actively diversify economic and investment activities in order to increase their vital activities. More than a half of non-trade profile enterprises, besides principal activity, also go in trade business, as non-complicate but relatively profitable activity with quick term of money turnover.

For fixing and further development of positive tendency of increasing small entrepreneurships in villages, cardinal expansion of activity sphere is necessary the activation of state support in all levels. In the first place in entrepreneurships there are needs in the sphere of crediting and insurance of small agribusiness and stimulation of its investment activity. Extraordinarily important is also the expansion of innovation and scientific activities.

The main preconditions for essential transformations may become:

1. Creation an appropriate normative legal base, i.e.:
  - acceleration of passing the Ukrainian Law “About small business”, which would determine the general legal, organizational and economic bases of small entrepreneurship support, would give just one reading of proper definitions, would define main directions of state regulations and support of small entrepreneurships;

- elaboration and passage the Ukrainian Law “About private property”, its aim is to determine legal bases of private property, ensuring legislative defense and inviolability of private property;

- elaboration and implementation of simplified system of bookkeeping and reports of small enterprises.

2. Solution of issue about organizational support of small entrepreneurship, first of all:

- elaboration and accepting target and regional programs of development and support of small entrepreneurship with proper financial and organizational support;

- implementation the united system of bodies of executive powers for issues of small entrepreneurship from the Cabinet of Ministry of Ukraine to the regional and state district administrations;

- elaboration of united system of registration and legalization of small entrepreneurship subjects.

3. Formation and development of the financial support system of small entrepreneurship:

- carrying changes and additions to the Ukrainian Law “About system of taxation” and other laws, in which it is necessary to foresee: the decreasing the number of duties and deductions, adoption of united aggregated tax, implementation the patents system for persons-entrepreneurs (natural persons), liberation from taxation of profit part (income), which would be directed to refinancing of small entrepreneurship subjects;

- usage of state line of credit for support of small entrepreneurship with determination an average loan size, interest rate and credit sectors on conditions the creation new workplaces;

- creation specialized banking organizations or organizations for crediting the small entrepreneurs;

- elaboration the mechanism of target usage of Fund of assistance to population employment for the development of small entrepreneurs;

- implementation the order of small entrepreneurs credit by commercial bank on a security of budgetary funds;

- attribute the expenses, which are connected with the formation of insurance fund (reserve for covering the possible costs) at crediting the small enterprises to prime costs.

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*Висвітлено коло проблем, що стоять нині перед суб'єктами малого підприємництва в Черкаській області; охарактеризовано тенденції, що склалися, зокрема, у різних видах діяльності сільського господарства, запропоновано вдосконалення системи управління малими підприємствами для активізації господарської діяльності.*

***Малі підприємства, суб'єкти підприємництва, управління малими підприємствами, регіон, економічна ситуація, діяльність малих підприємств, сільські поселення.***

*Освещен круг проблем, актуальных в настоящее время для предпринимателей, занимающихся малым бизнесом в Черкасской области; охарактеризованы тенденции, сложившиеся в разных видах деятельности, предложены пути совершенствования системы управления для активизации хозяйственной деятельности.*

***Малые предприятия, субъекты предпринимательства, управление малыми предприятиями, регион, экономическая ситуация, деятельность малых предприятий, сельское поселение.***