

ADMINISTRATIVE PREREQUISITES FOR FINANCIAL MANAGEMENT AND MARKETING OF SMALL BUSINESSES AT THE REGIONAL LEVEL

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Abstract. The *purpose* of the study is to examine the administrative prerequisites for financial management and marketing of small enterprises at the regional level. *Results.* Thus, it can be argued that the financial management of a small enterprise includes the following basic principles, methods, forms of effective and rational management of financial resources and relations of the enterprise. The *main goal* of financial management of small businesses is to ensure uninterrupted sustainable production and economic activity to maximise profits and increase the competitiveness of the business entity. An important component of small business development in Ukraine is the financial management system. As practice shows, marketing for a small business is a system of organising its activities with the adoption of basic marketing measures. Although marketing is not completely ignored, most small business units use only some of its tools (mostly various types of advertising their own goods or services). A small business is often characterised by a lack of resources, which presents a serious challenge: the choice of marketing tools must be made responsibly and with great care. The likelihood of making mistakes must be minimised, as the consequences can have a significant impact on the company's financial health. The research was conducted on the example of the private enterprise "AHROTEMP PLIUS" located in the town of Yampil, Vinnytsia Oblast. A complete picture of the assessment of the financial management and marketing of a small enterprise cannot be imagined without a study of the liquidity ratios, which characterise the liquidity of the balance sheet, i.e., the ability of the enterprise to pay its short-term debt obligations with its current assets in the form of working capital when the payment terms are approaching. *Value/Originality.* Several coefficients are used to assess the financial management of a company. First of all, there is the coefficient of financial independence, which shows what proportion of the total investment in the enterprise is made up of equity capital. It characterises the financial independence of the company from external sources of financing its activities. Thus, after analysing the main financial indicators of PE activity, it can be stated that the company achieves maximum financial results, increases its own capital and strengthens its position on the competitive market with the help of financial policy and financial instruments. Mechanisms have been developed to support entrepreneurial activity. Small business is an important sector of the economy, which acts as a locomotive for the functioning of the entire system of social and economic relations. Researched state programmes to support the development of small business units at the regional level should be coordinated with the resource base of their functioning, and implementation deadlines and direct executors should also be established. The main goal of state administrative policy is to coordinate the actions of all bodies interested in the development of entrepreneurship. Small business (small entrepreneurship) is a business activity carried out by subjects of the market economy in accordance with the criteria established by laws, state bodies or other representative organisations. The primary function of small businesses is the generation of employment opportunities, the swift adaptation to market fluctuations in supply and demand, and the replenishment of financial resources. This is particularly pertinent in contemporary contexts where the financial viability of small

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businesses is a salient concern. To categorise an enterprise as either a small or large business, various criteria are employed to determine the maximum size of an enterprise. Since 2015, the state has revised the criteria for classifying an enterprise as a small business. Now the rules for registering companies as small enterprises are even more different and have clear characteristics. The differences concern: shares in authorised capital; average number of employees; amount of turnover. Small and medium-sized enterprises have clear registration criteria. They depend on the type of enterprise and the working conditions. If the enterprise employs 15 persons, it is classified as a micro-enterprise. In the event that the number of employees in a commercial organisation exceeds 101, said organisation is classified as a medium-sized business. By contrast, a small business can have between 16 and 100 employees. In view of this, the following recommendations can be made regarding the priority measures of effective support and the identification of the main prospects for the development of small entrepreneurship at the regional and local levels. The development of state policy in this direction presents a range of prospects for further research. These include the coordination of the actions of all subjects interested in the development of entrepreneurship. Such subjects include authorities at all levels, subjects of entrepreneurship, associations and unions of entrepreneurs, science, institutions of market infrastructure. The formation and implementation of effective state and public systems of its maintenance, support and protection is also a key area for research. In the context of expanding economic independence at the regional level, the role of business in regional development, particularly in terms of financial management and marketing, is undergoing a transformation. The financial management and marketing of small business entities is focused on the management of financial resources and financial relations that arise between business entities during the process of financial resource movement.

Keywords: financial management, marketing, small business, entrepreneurship, regional level, state support, leadership, partnership.

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1. Introduction

The modern stage of the development of the world economy is characterised by the growing interdependence of the economies of different countries and the intensification of economic relations between them, the rapid development of integration processes, the growth of the knowledge market and the intensive transition of developed countries to the innovative type of economy, which makes it necessary to take into account the influence of external factors and relevant trends in the formation of the national potential of competitive development. The main priority of the country's economic development is the effective and rational use of the existing potential of resources and gradual entry into the international market zone. The modern international space in the period of active development of globalisation processes recognises leadership in the competitive struggle not in countries that have many natural resources, but in countries that prioritise business and processes of its reproduction, market mechanisms of support of entrepreneurial activity, effective use of science, knowledge system and information technologies.

Small business is a source of sustainable economic growth, social stability and employment in the country, which has a direct impact on improving the level and quality of life of the population. Stabilisation and economic growth are impossible without business development, which requires the development and

application of effective mechanisms to support entrepreneurship in the country.

The social and economic transformation requires constant monitoring of small business as a structurally creative element of the national economy in order to develop effective tools to promote the efficiency of its activities and improve financial and other mechanisms of state support. Small business (or sometimes it is called small business) is a critical subject of the economic system of Ukraine. It is of great importance for the formation of the structure of the country's economy, as well as for its development.

It should also be noted that small business performs several important socio-economic functions, for example: creating jobs, increasing competition in the country, participating in the formation of budgets at all levels, etc. Small business is an important part of the country's economic system. It plays an important role in shaping the structure of the country's economy and its development. It is important that small business performs many important socio-economic tasks, such as creating jobs, increasing competition in the country, participating in the formation of budgets at all levels, etc. The subject of small business is of significant importance within the context of the nation's economic structure. Its role is not only instrumental in the formation of the economic system, but also plays a crucial role in its advancement. Furthermore, small business undertakes a number of pivotal socio-economic functions, including job creation, the promotion

of competition, and the contribution to budgetary processes at all levels. Consequently, the flourishing of small business is a prerequisite for sustained economic growth.

Financial management can be represented as a certain process of determining the purpose of financial management, as well as influencing the financial resources of the enterprise using certain methods and levers of the financial mechanism. According to the above definition, financial management and marketing at the regional level of small enterprises includes financial strategy and tactics.

The strategy of financial management and marketing represents the general directions and ways of using financial resources in order to achieve the main goal of financial activity of business entities. At the same time, when determining the financial strategy, it is necessary to take into account a number of rules and economic restrictions.

The employment of particular methods and techniques within specific conditions to achieve this objective is known as the tactics of small businesses. The primary functions of financial management tactics comprise the selection of the most optimal solution and the selection of the most appropriate methods and techniques of small business management in this economic situation.

Accordingly, the following definition can be proposed for the concept of financial management in the context of small business enterprises. The financial management of small business encompasses the following fundamental principles, methodologies, and forms of effective and rational management of financial resources and relations of the enterprise. The primary objective of financial management in small businesses is to ensure uninterrupted, sustainable production and economic activity, thereby achieving maximum profit and enhancing the competitiveness of the economic entity. A pivotal element in the advancement of small businesses within the Ukrainian context pertains to the financial management system.

As practice shows, marketing for small enterprises is a system of organising their activities with the adoption of basic marketing measures. Despite the fact that marketing is not completely ignored, most small businesses use only some of its tools (mostly various types of advertising their own goods or services). The peculiarity of small enterprises is often the lack of resources, which poses a serious challenge to them: the approach to the choice of marketing tools should be responsible and well thought out to the smallest detail. In this respect, it is necessary to minimise the likelihood of making mistakes, as the consequences can have a significant impact on the financial health of the company. They are usually run by the founders of a small business or a close person

appointed by them. They are therefore personally responsible for everything that happens in the business. This creates problems in delegating marketing decisions to specialists in the field and leads to a delay in development. Unlike in large companies, small business owners often believe that they should be involved in solving operational problems. The way out of this situation may be to create a marketing department with the authority to do so, or to work with a marketing agency. The specialists who work there usually have both the experience and the necessary knowledge, which should help to overcome the effect of mistrust.

The *methodological basis* of the study was dialectical, logical, system-functional and other methods of economic analysis, the basic provisions of globalisation and internationalisation, as well as statistical methods – methods of comparison, grouping, comparison, analysis and synthesis. Empirical material for the study was drawn from statistical data published by the State Statistics Committee, as well as the results of a series of observations focused on small entrepreneurship. In addition, the study drew on the results of a sample survey of managers of small enterprises in Vinnytsia, as well as data from the Small Business Support and Development Department.

The purpose of the study is to examine the administrative prerequisites for financial management and marketing of small enterprises at the regional level.

2. Economic Crisis Effects on Consumer Behaviour

The Food and Agriculture Organization of the United Nations (FAO) has released its first forecast for 2024/25 MY (July/June), according to which global grain production will reach 2846 million tonnes, almost equal to the record production in 2023/24. World production of maize and wheat is projected to fall, while production of barley, rice and sorghum will increase. However, recent adverse weather conditions in the Black Sea region are expected to reduce world wheat production, which is not yet reflected in the forecast. Total world cereal consumption is projected to increase by 0.5% to a new record level of 2851 million tonnes in 2024/25, driven by an increase in food consumption, especially rice. World cereal stocks are expected to increase by 1.5% from the start of the year to a record level of 897 million tonnes. Stocks of maize, barley, sorghum and rice are expected to increase, while wheat stocks may fall. The world stocks-to-use ratio is expected to remain at 30.9%. FAO forecasts that world cereal trade will decline by 1.3% to 481 million tonnes compared to last year, due to deteriorating prospects for maize trade. International rice trade is forecast to grow rapidly.

Trends before full-scale invasion

The area under cultivation has increased in recent decades and will reach more than 26 million hectares by 2021.

Crops included in the model: wheat, barley, corn, rye, oats, rapeseed, sunflower, soybeans, and processed products (meal and oil).

Effects caused by war

As a result of the full-scale invasion of the Russian Federation in 2022, the area under crops decreased by 21%.

In 2022-2023, about 5.4% of the territories used for crop production were returned, and about 15% remain under occupation.

Problems with access to fertilisers and fuel have led to lower yields

Production has continued to decline as labour shortages and attacks persist. More than two-thirds of the total grain and oilseed harvest is exported, accounting for a significant share of foreign trade revenues. The blockade of seaports has led to a significant drop in exports (Aleskerova, Fedoryshyna, 2023).

Although the signing of the Grain Agreement and the establishment of a dedicated grain corridor have partially facilitated exports, high logistical costs continue to negatively affect domestic prices and prevent farmers from fully benefiting from export corridors.

In 2024, Ukraine is expected to increase the profitability of all types of grains and oilseeds. But this will happen only if the security situation and exports by sea do not deteriorate and the situation on the western borders stabilises. This assertion is supported by the findings of the third edition of the study "UKRAINE: The Impact of War on the Profitability of Agricultural Production", which was conducted by the Ministry of Agriculture in co-operation with the Ukrainian Club of Agrarian Business (UCAB) with the support of the Global Fund for Disaster Risk Reduction and Recovery (GFDRR), which is administered by the World Bank, as reported by the press service of the Ministry of Agrarian Policy.

In 2024, yields are expected to fall by around 4-5%. The cost of elevator services will become more expensive due to an increase in electricity prices. "In addition, a slight increase in land rent is expected – by about 5% to 125 USD per 1 ha in connection with

the opening of the land market for legal entities", the study says.

As mentioned above, among cereals, wheat will have a minimum yield, while maize and barley are expected to remain unprofitable. At the same time, all oilseeds are expected to be profitable. If this positive outlook is realised, the expected level of profitability for this year's results will still be ten times lower than in the period before the full-scale invasion.

According to the State Statistics Service, the largest increase in profits of large and medium-sized enterprises in the first half of 2024 was observed in agriculture.

The sector demonstrated remarkable profitability, with a substantial increase of 502% in profit growth. Furthermore, significant growth was observed in education (498%) and professional, scientific, and technical activities (369%).

3. Differences in Consumer Spending Behavior Among age Groups

The ability of any enterprise to function in a stable manner is contingent upon the judicious selection of a strategy for entrepreneurial activity. The financial management and marketing strategies employed in the creation of this strategy are of pivotal significance. This study will examine the financial management and marketing strategies employed by a typical private enterprise engaged in the cultivation of grain and industrial crops, with a focus on its growth trajectory and the effectiveness of its operational practices. The PE "AHROTEMP PLIUS" is located in Yampil, Vinnytsia Oblast.

The financial results of a private enterprise depend not only on many macroeconomic factors, but also on the efficiency of the company's financial management.

Table 1 shows an increase in net income from the sale of products (goods, works, services). During the period studied, the private enterprise received the highest indicators in 2022. This growth was due to the increase in prices of sold products in 2022. Accordingly, in 2022 the production costs increased twice as much as in 2021, which is connected with the increase in the price of fertilisers and pesticides.

Net profit increased by 1,195.1 thousand UAH in 2022 compared to 2021, and by 164.4 thousand UAH in 2023, due to fluctuations in the growth rates of net income from sales and cost of sales.

Table 1

Analysis of profitability indicators of PE "AHROTEMP PLIUS"

Indicator	2021	2022	2023	Absolute deviation 2023 from 2021, (+;-)
Net income from sales of products	30099,8	54919,9	50556,3	+20456,5
Value of sales	23428,3	47200,3	43603,8	+20175,5
Net profit	2347,2	3542,3	2511,6	+164,4

Source: calculated by authors

Table 2

Dynamics of the composition and structure of capital formation sources of PE "AHROTEMP PLIUS"

Balance sheet items	2021	2022	2023	Absolute deviation from 2023 to 2021 thousand, UAH
Registered (share) capital	256,8	256,8	256,8	-
Unallocated Profit (uncovered loss)	44643,9	48187,2	49524,6	+4880,7
Total	44900,7	48444,0	49781,4	+4880,7

Source: calculated by authors

Financial management and marketing studies methods of efficient use of the company's equity and debt capital, ways of achieving the greatest return with the least risk and rapid capital growth. The sources of financing of PE are evaluated by analysing its equity and debt (leveraged) capital.

The main source of financing for PEs is equity. Table 2 shows that the equity of this entity is formed by the following items: registered (share) capital and retained earnings (loss).

PE "AHROTEMP PLIUS" at the end of 2023 has a total share of 49781.4 thousand UAH. In recent years it has increased by 1.1 times. The amount of the registered (share) capital did not change during the period under review, which indicates the stability of the private enterprise's functioning. The share of the registered capital is 5% of the total amount of funds.

The most important item related to the assessment of financial performance is "Retained earnings (uncovered loss)", this balance sheet item reflects the accumulated amount of profit or loss of the enterprise for the entire period of its operation. For the period from 2021 to 2023, the PE increased the amount of retained earnings by 4880.7 thousand UAH. The profitable activity of PE "AHROTEMP PLIUS" increased the company's equity, as the value of retained earnings is included in the result of the "Equity" section. The return on equity in the period under review ranged from 5.04% in 2023 to 7.3% in 2022.

The intensity of capital use, its business activity, is characterised by the indicator – capital turnover.

PE "AHROTEMP PLIUS" in 2021-2023 decreased the capital turnover from 712 days in 2021 to 407 days in 2023. The capital turnover ratio was 0.67 in 2021, 1.13 in 2022 and 1.01 in 2023, which indicates the continuous optimisation of PE's work.

The financial activities of PE "AHROTEMP PLIUS" are financed not solely from internal reserves; this approach is not universally beneficial for a PE entity. The utilisation of borrowed capital can augment financial activity, expand the volume of operations, and enhance the return on capital.

The borrowing capital of PE "AHROTEMP PLIUS" comprises short-term loans from banking institutions, receivables for goods, works, and services; settlements with the budget, insurance, wages, and other current liabilities. The dynamics of the formation of borrowing capital in PE "AHROTEMP PLIUS" are illustrated in the accompanying table.

Current liabilities include debts to be repaid within one year. This includes short-term bank loans, accounts payable for goods, works, services and other current liabilities under various settlements. There is a decrease in the amount of borrowed funds on PE "AHROTEMP PLIUS" by 7194.7 thousand UAH, by reducing the amount of short-term loans from banks by 2.5 times. The value of the leverage ratio, which shows the share of borrowed capital in the total amount of funds advanced in its activities, decreased from 0.24 in 2021 to 0.13 in 2023. The return on debt increases almost twofold, reaching 15.89% in 2021, 20.39% in 2022 and 33.55% in 2023. The increase in the

Table 3

Dynamics of sources of borrowing capital formation in PE "AHROTEMP PLIUS"

Balance sheet items	2021	2022	2023	Absolute deviation from 2023 to 2021 thousand UAH
Short-term loans from banks	12653,7	14166,0	5551,0	-7102,7
Current receivables for goods, works and services Settlements with the budget	536,6	2118,6	-	-
Insurance settlements	113,8	192,8	259,2	+145,4
Payroll settlements	39,0	37,5	59,7	+20,7
Other current liabilities	119,3	125,0	140,8	+21,5
Total	1216,6	730,5	1473,6	+257
Total	14679,0	17370,4	7484,3	-7194,7

Source: calculated by authors

value of this indicator reflects the company's effective financial management. At the same time, the value of the leverage ratio increases from 2.05 in 2021 to 3.16 in 2022 and 6.75 in 2023.

The financial resources of PE "AHROTEMP PLIUS" have two sources of formation – own and borrowed (leveraged). Despite the fact that from the point of view of costs it is preferable to use own funds, PE "AHROTEMP PLIUS" usually uses borrowed funds as well. The financial position of the company depends on how optimal the ratio between equity and debt is. The table shows the dynamics of capital over the period analysed.

The present study investigates the uneven accumulation of financial resources as demonstrated by PE "AHROTEMP PLIUS". The analysis of the calculated data reveals that the primary financial resource is equity, which accounted for 75% in 2021 and 87% in 2023, respectively. These figures indicate a gradual increase in financial stability (Savitska S., 2023).

4. Survey Methodology

It is not possible to obtain a comprehensive understanding of the evaluation of the financial management and marketing of a small enterprise without first conducting a study of the liquidity ratios that characterise the liquidity of the balance sheet. That is to say, the study must include an analysis of the enterprise's ability to repay its short-term debt obligations as payment dates approach, given its current assets in the form of working capital.

According to Table 5, which characterises the liquidity indicators of PE, it can be concluded that all values of the current and quick liquidity coefficients for the period under review are higher than the normative ones. Regulation No. 323 developed in Ukraine gives its theoretical value, which should be not less than 2.0-2.5. The dynamics of the current

liquidity coefficient of PE for the period 2021-2023 showed the sufficiency of working capital, which can be used by them to repay their current liabilities. The quick liquidity ratio characterises the ability of a company to repay current liabilities with current assets at a discount to inventories. The sufficient quick liquidity ratio is a ratio of 1:1. The value of this ratio in PE "AHROTEMP PLIUS" is low in 2021-2022 and optimal in 2023.

In terms of absolute liquidity, the analysis shows that this PE has a cash deficit in the period under review, which has affected the value of this ratio, which is low. It is well known that if the value of the absolute liquidity ratio is below a critical level of 0.25-0.20, the company is considered insolvent. However, a low value of the absolute liquidity ratio should not be considered critical if the company is able to generate sufficient cash.

It is also possible to evaluate the financial management of the company and the manufacturing activity from the point of view of financial stability and return on capital.

Several coefficients are used to assess the financial management of the enterprise. The financial independence coefficient shows what proportion of the total investment in the enterprise is equity. It characterises the financial independence of the company from external sources of financing its activities. The optimal value is above 0.5. Thus, the value of the financial independence indicator in PE "AHROTEMP PLIUS" is optimal and ranges from 0.73 in 2022 to 0.86 in 2023.

The financial risk factor (financial leverage) characterises the ratio of borrowed funds to own funds. The recommended value is less than 1. The financial risk quotient shows the number of borrowed funds attracted by the enterprise per 1 UAH invested in the assets of its own fund. In the context of PE "AHROTEMP PLIUS", the value of this ratio is low

Table 4

Dynamics of the capital composition of PE "AHROTEMP PLIUS"

Indicators	2021	2022	2023	Absolute deviation from 2023 to 2021 thousand UAH
Equity	44900	48444	49781	+4881
Borrowed capital	14679	17370	7484	-7195
Total	59579	65814	57265	-2314

Source: calculated by authors

Table 5

The dynamics of liquidity indicators of PE "AHROTEMP PLIUS"

Indicators	2021	2022	2023.
Current liquidity ratio	2,62	2,14	4,05
Quick liquidity ratio	0,59	0,42	1,11
Absolute liquidity ratio	0,03	0,02	0,16

Source: calculated by authors

Table 6

Dynamics of indicators of financial stability and profitability of PE "AHROTEMP PLIUS"

Indicators	2021	2022	2023
Financial independence ratio	0,75	0,73	0,86
Financial risk factor	0,33	0,35	1,5
Fixed assets to equity ratio	0,46	0,53	0,53
Profitability of equity, %	5,27	7,3	5,04
Profitability of borrowed capital, %	15,98	20,39	33,55

Source: calculated by authors

in 2021-2022, indicating a low risk of investing capital in the enterprise. In 2023, however, the value of this factor exceeds the regulatory value. This is due to a decrease in the amount of current liabilities by 2.3 times in 2023.

The ratio of fixed assets to equity is indicative of the extent to which fixed assets are secured by own sources of financing. The value of this quotient on PE "AHROTEMP PLIUS" is stable and high, as the financing is mainly from own funds.

Return on equity (financial return) characterises the level of return on the equity invested in each company. This indicator is important first of all for the owners, as it shows what income the company generates for them. During the period under study in PE "AHROTEMP PLIUS", the return on equity is low. Return on borrowed capital shows how much net profit is accounted for per 1 UAH of borrowed capital. In PE "AHROTEMP PLIUS" this figure is high, but it is constantly increasing.

Thus, after analysing the main financial indicators of PE activity, it can be argued that the company achieves maximum financial results, increases its own capital and strengthens its position in the competitive market by means of financial policy and financial instruments.

5. Findings

It is imperative that comprehensive support for the entrepreneurial sector is based on a system that regulates, restores, develops and supports it. The system consists of the following elements: firstly, sources of support that establish the presence and number of entities directly involved in the support; secondly, support mechanisms that disclose the possible types of support; thirdly, support tools; and fourthly, administrative technologies that disclose the management methods or methods by which the guiding influence of the entrepreneurial sector is exercised. The relationship between economic entities in each region is based on a system of market relations. With the help of a market mechanism, the decisions of free economic entities are considered, aggregated and mutually balanced. The more effective this mechanism is, the more potential opportunities for entrepreneurs are revealed. However, a market economy cannot

automatically regulate all economic and social processes in society. From the perspective of private capital, the sector and the sphere, the necessity for investments in small enterprises does not yield profitable outcomes. The resolution of employment issues within the population, the transcendence of crisis phenomena in the economy, and the maintenance of external economic balance necessitate the implementation of national and regional regulation. The following presentation will outline the subjects of support for the entrepreneurial sector (see Table 7).

The next, no less important, source of support is the market in which the buying and selling takes place; it is the regional market that provides the necessary number of jobs for small and medium-sized enterprises, creates supply and demand, provides the necessary banking structures to carry out the necessary transactions, creates regional funds to support entrepreneurship, and so on (Barker, 2010).

Infrastructure support is effective in the presence of regional or market support, while creating business incubators, technoparks, clusters that help to create, develop and maintain a business at the appropriate level. International support is also necessary, it is especially interesting and promising for startups and entrepreneurs, because due to lack of funds they do not have the opportunity to open their own business, and thanks to international investors entrepreneurs can participate in various tenders, grants and as a result receive the necessary financial resources.

Since effective support for business systems cannot be provided without the creation of appropriate mechanisms, it is necessary to use the socio-economic potential of enterprises and thus to use budgetary resources effectively. Table 2 presents mechanisms for supporting business systems in the economic environment.

The aforementioned mechanisms facilitate the establishment of a comprehensive vision of the areas in which support is required; the identification of problem areas in the development of entrepreneurship; the identification of specific processes; and the identification of institutions, with the aim of ensuring the implementation of certain directions of management activity. An analysis of the experience of developed countries demonstrates that the effective

Table 7

Supporters of small business activities at the regional level

Subject of support	Direct impact	Indirect impact	Functional
State	Allocation of budget funds for preferential financing, free lease of state property.	Subsidies, subventions, grants.	Organisational and marketing measures: simplified procedure for registering entrepreneurs; counselling. Financial and taxation measures: encouraging banks and insurance companies to lend to and insure businesses. Property measures: leasing operations.
Region	Infrastructure development: innovative regional funds to promote entrepreneurship, development of financial and scientific and educational infrastructure.	Create a stable and flexible system of financial and credit support in the region, including facilitating access to credit and investment resources for businesses.	Establishment of information centres to support entrepreneurship, informing about the possibility of participating in public procurement, and compensation for information services.
Local level	Introduction of regulation equivalent to the level of market relations.	Formation of a favourable business environment; development of a network of municipal public and professional associations of entrepreneurs (unions, associations, agencies, etc.) whose activities are aimed at protecting the interests of small businesses.	Organisational and marketing measures: forming a network of institutions in the city that will support large and small enterprises in finding potential partners for co-operation and generally contribute to the city's competitiveness; developing and implementing youth entrepreneurship programmes; promoting dialogue between business, government and science.

Source: formed by the authors on the basis of their own research

Table 8

Mechanisms for supporting entrepreneurship

Mechanism name	Characteristics
Economic mechanism	<ul style="list-style-type: none"> - Direct and indirect financial support; - levelling the regional situation; - advantages in the formation and development of business; - stimulation of public demand; - modernisation of the regional economic complex; - ensuring fair competition.
Social mechanism	<ul style="list-style-type: none"> - Creation of an effective system of training and retraining of entrepreneurs; - support for the formation of the middle class; - increase the number of jobs; - creation of a positive image of entrepreneurs in society; - enhancing the role of the intellectual capital of the population.
Information mechanism	<ul style="list-style-type: none"> - Timely provision of timely, objective information and possession of it; - establishment of an information and consulting company at the national and local levels; - creation of databases of Internet resources; - development of online business diagnostic systems.
Innovation mechanism	<ul style="list-style-type: none"> - Effective implementation of modern scientific and technological innovations; - creation of technology parks, clusters, business incubators, technology and innovation centres; - creation of research centres at universities and research institutions.
Legal mechanism	<ul style="list-style-type: none"> - Formation of a legislative framework that provides for the establishment of legal guarantees of freedom and protection of private property; - elimination of legal contradictions and conflicts, cancellation of provisions that hinder the development of private initiative; - effective interaction of public authorities at various levels with trade unions and business associations.
Cultural mechanism	<ul style="list-style-type: none"> - Formation of ethical norms and an appropriate culture of behaviour; - formation of a positive public opinion on entrepreneurship; - reproduction of the best standards of corporate culture.
Motivational mechanism	<ul style="list-style-type: none"> - Establishment of institutions to support and stimulate entrepreneurial systems; - simplification of the licensing system and liquidation of enterprises; - assistance in establishing international relations.

Source: formed by the authors on the basis of their own research

development of entrepreneurship systems and the realisation of existing entrepreneurial potential is possible in the presence of systematic state support for this sector of the economy, as well as in the presence of effective tools of entrepreneurship support.

It is also necessary to focus on the creation of infrastructure to support the development of small businesses at regional level, which aims both to ensure integrated innovation activities and to maintain and develop the scientific and technological potential of the region and the country for the benefit of society, including overcoming the decline of production, its structural restructuring, diversification of goods and services.

The development of small businesses at the regional and local levels is hampered by the following systemic problems:

1. Inadequate (non-guaranteed and irregular) funding of regional programmes for the support and development of small business (local executive authorities were supposed to allocate funds in the total amount of 165.7 million UAH for the implementation of regional and local programmes for the development of small and medium business by local executive authorities). The corresponding decisions of the Councils of the Autonomous Republic of Crimea, regions, cities of Kyiv and Sevastopol in 2013 approved the volumes for the implementation of the activities of these programs in the amount of 53.6 million UAH, which is 32.3% of the planned funding).
2. Inadequate control over the use of funds allocated to small businesses, as a result of which part of the funds is spent on inappropriate purposes (in the structure of financing programme activities, the leading place is occupied by the financing of business projects on a return basis, preferential loans – 28.4%, 3. 2% of the total approved amount was allocated to educational and methodological work, exhibition events, publication of newsletters, prospectuses, directories – 12.4%, creation of new infrastructure facilities to support entrepreneurship and replenishment of authorised and revolving funds of existing facilities – 6.6%, interest compensation on bank loans – 0.8%, other measures – 48.6%).
3. Lack of an effective system of interaction between large and small enterprises at local (regional) level.
4. The uneven location and development of small business in the regions of Ukraine, which is due to the general economic situation in the region. After all, small business directly depends on the solvent demand of the region's population, on the stable development of "growth points" and efficient "areas" of industrial and agricultural production. That is why in depressed, peripheral (including monofunctional) regions the pace of development of small business is low.

In Ukraine, there are also no clearly formulated guidelines for state support of small businesses at the

regional level (taking into account the peculiarities of each region).

Implementation of the planned strategic directions will contribute to the processes of development of small business of Ukraine to the European level, improvement of the business climate, strengthening of the positions of small business in the general structure of the national economy, modernisation in the sphere of small business aimed at increasing its contribution to the socio-economic development of the country, increasing the efficiency of small business, including increasing its component in the volume of domestic industrial and agricultural production, filling of income parts of state and local budgets.

6. Conclusions

Small business is an important sector of the economy, acting as a locomotive of the entire system of socio-economic relations. The place and role of the state in such circumstances is not in doubt, because the state policy in the field of business should be aimed at creating an appropriate platform for increasing its competitiveness and dynamic growth. In this regard, it is necessary to establish priority directions and approaches to the formation of such policy, which are focused on ensuring the competitive status of entrepreneurial formations of all organisational and legal forms.

State programmes supporting the development of small business units at the regional level should be coordinated with the resource base of their functioning, as well as set deadlines for implementation and direct executors.

The main purpose of the state administration policy is to coordinate the actions of all entities interested in the development of entrepreneurship. In particular, on the part of the state and regional and local authorities: increasing the transparency of state spending, the budget process at all levels; introduction of transparent mechanisms of state supervision and control, policy consistency based on long-term strategies; creation of joint working groups on problematic issues with mandatory participation of authoritative business representatives; introduction of a culture of friendly and attentive attitude towards entrepreneurs in state institutions; education of state representatives on the role of entrepreneurship; public-private partnership programme. On the business side: activation of dialogue with the state, active participation in existing institutions of partnership with the state; establishment of interaction with the expert community, including financial support for analytical work and developments that business needs. On the part of the expert community: promotion of dialogue between business and the state in various dimensions – from the purely organisational to the development of analytical products; educational

activities. Small business (tiny enterprise) is an entrepreneurial activity carried out by market economy entities according to established laws, state bodies or other representative organisations. Small business is, first of all, creation of new jobs, quick response to market changes in demand and supply, replenishment of budgets.

In the contemporary context, the issue of the financial viability of small businesses has become particularly salient. The classification of an enterprise as either a small or large business is determined by various criteria indicative of its marginal size. Since 2015, the government has undertaken a series of revisions to the criteria for the treatment of small businesses. Consequently, the regulatory framework for classifying firms as small businesses has become more disparate and characterised by distinct criteria. The differences relate to shares in authorised capital, average number of employees and size of turnover. There are clear eligibility criteria for small and medium-sized enterprises. They depend on the type of enterprise and the working conditions. If the company employs 15 people, it is classified as a micro-enterprise. If the number of employees exceeds 101, these commercial organisations are classified as medium-sized enterprises. Small enterprises can have between 16 and 100 employees.

The main purpose of the state policy in this direction is to coordinate the actions of all entities interested in the development of entrepreneurship, in particular, authorities at all levels, business entities, associations and organisations of entrepreneurs, science, institutions of market infrastructure, as well as to create and implement an effective public-civil system of its maintenance, support and protection.

With the expansion of economic independence of regions, the role of business in regional development is defined in a new way, namely its financial management and marketing. Financial management and marketing of small business entities is aimed at: managing the movement of financial resources and managing the financial relations that arise between economic entities in the process of movement of financial resources.

In view of this, the following recommendations can be made on priority measures to effectively support and identify the main prospects for the development of small businesses at the regional and local levels:

1. To promote a favourable business climate (to bring existing regulations of local state administrations and local governments in line with the principles of state regulatory policy; to develop a mechanism for partial reimbursement of interest rates on loans taken by small and medium-sized enterprises for investment projects from local budgets; to create regional databases of investment proposals of small businesses).
2. To create new jobs, reduce unemployment and stimulate entrepreneurship (local authorities should

promote self-employment of the unemployed by providing them with a one-time financial assistance to start their own business; in retraining and upgrading the skills of the unemployed, special attention should be paid to professions that are not only in demand on the labour market but also provide an opportunity to start their own business; holding seminars and trainings for all those wishing to start their own business).

3. Take measures to develop small businesses in rural areas (develop mechanisms for providing financial assistance to small enterprises that produce environmentally friendly agricultural products, process and export them; promote the reorientation of the released labour force to new types of activities in agriculture and in the development of "green tourism"; promote the involvement of unemployed persons registered in cities in employment in newly created jobs in rural areas).

4. Stimulate regional competitions (tenders) for the purchase of goods and services by small enterprises at the expense of the state and local budgets, as well as the participation of entrepreneurs in the execution of regional orders.

5. To introduce mechanisms of public-private partnership in the field of support of small business at local level (to involve small business entities in participation in the formation of regional policy, to create Regional Councils of Entrepreneurs under siege administrations; to stimulate the introduction of innovative and energy-saving technologies in the regions through joint financing of projects in the scientific, technical and innovation spheres carried out by small businesses; to establish quarterly monitoring of the availability of production and non-production premises owned by municipalities and available for rent to business entities).

6. In order to provide information to small entrepreneurs and facilitate their access to the necessary information, create a database in the regions that will accumulate and systematise information on the norms of the current legislation of Ukraine; information and analytical materials on the development of entrepreneurship in the region, the price situation, regulatory policy, existing banking institutions and credit unions with a list of their services in the field of lending to small businesses.

Concurrently, mechanisms must be implemented to ensure the enhancement of economic, social and environmental indicators of economic activity of entrepreneurial formations. These mechanisms should also increase their contribution to solving problems of employment of the population and filling of budgets of territories. Furthermore, they should contribute to increase the activity and influence of this sector of the economy on the process of formation of civil society.

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