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STRATEGIES FOR ECONOMIC DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES IN MODERN CONDITIONS

СТРАТЕГІЇ ЕКОНОМІЧНОГО РОЗВИТКУ МАЛИХ ТА СЕРЕДНІХ ПІДПРИЄМСТВ В СУЧАСНИХ УМОВАХ

The article studies the current aspects of the economic development strategy of small and medium-sized enterprises in modern conditions. The state of development of small and medium-sized enterprises in Ukraine is analyzed. It is established that flexibility and the ability to quickly adapt to changes in the external environment make small and medium-sized enterprises key participants in transformation processes in the modern economy. It is determined that to develop an economic development strategy regardless of the market and country, enterprises should use: PESTLE analysis, SWOT analysis, "Porter's Five Forces", etc. It is determined that among the state support instruments that can be included in the economic development strategy, the use of tax breaks, subsidies, grant programs, etc. can be considered. For the sustainability of small and medium-sized enterprises, it is worth considering work within clusters and cooperation, which allows reducing costs through the joint use of resources and increasing competitiveness. Effective implementation of strategies for the development of small and medium-sized enterprises will contribute to increasing the sustainability of the economy, its competitiveness and integration into global processes.

Keywords: strategy, economic development, small and medium-sized enterprises, planning, financing.

У статті проведено дослідження актуальних аспектів стратегії економічного розвитку малих та середніх підприємств в сучасних умовах. Проаналізовано стан розвитку малого та середнього підприємництва України. Встановлено, що гнучкість та здатність швидко адаптуватися до змін зовнішнього середовища роблять малі та середні підприємства ключовими учасниками трансформаційних процесів у сучасній економіці, що характеризується високими ризиками та невизначеністю на фоні воєнних дій на території України. Обґрунтовано, що такі глобальні виклики як економічна нестабільність, пандемія COVID-19, геополітичні конфлікти та зростаюча конкуренція, а також воєнні дії на території України, створюють нові ризики та бар'єри для розвитку малого та середнього підприємництва, що обумовлює те, що обрані підприємствами стратегії економічного розвитку стають вирішальним чинником для забезпечення їхньої стійкості та конкурентоспроможності. Визначено, що для розробки стратегії економічного розвитку незалежно від ринку та країни підприємствам варто використовувати: PESTLE-аналіз, який допомагає оцінити політичні, економічні, соціальні, технологічні, правові та економічні фактори, які впливають на бізнес; SWOT-аналіз, адже він також визначає загрози і можливості як у зовнішньому так і у внутрішньому середовищі підприємств; «Porter's Five Forces», який дозволяє визначити рівень конкуренції в галузі, загрози з боку нових учасників ринку або замінників товарів, а також силу покупців та постачальників тощо. Серед фінансових інструментів, які допомагають визначити оптимальні джерела фінансування в рамках формування стратегії економічного розвитку, оцінити ефективність інвестицій і забезпечити контроль витрат дозволяє метод дисконтованого грошового потоку. Визначено, що серед державних інструментів підтримки, які можна включати в стратегію економічного розвитку, можна роз-

глядати використання податкових пільг, субсидій, грантові програми тощо. Для стійкості малого та середнього підприємництва варто враховувати роботу в рамках кластерів та кооперації, що дозволяє знижувати витрати завдяки спільному використанню ресурсів і підвищувати конкурентоспроможність. Ефективна реалізація стратегій розвитку малого та середнього підприємництва сприятиме підвищенню стійкості економіки, її конкурентоспроможності та інтеграції в глобальні процеси.

Ключові слова: стратегія, економічний розвиток, малі та середні підприємства, планування, фінансування.

Problem statement. The issue of economic development strategies for small and medium-sized enterprises (SMEs) is becoming particularly relevant in the context of globalization challenges and economic instability. SMEs form the basis of the economy of most countries, creating jobs, providing innovation and promoting economic growth. However, current conditions, in particular the impact of the pandemic, inflationary processes and the war in Ukraine, significantly complicate their activities. The main problems are limited access to finance, high level of competition and lack of proper state support. There is also an insufficient level of integration of innovative technologies and digital solutions into the work of SMEs, which limits their competitiveness. The development of effective development strategies that take into account regional characteristics and sector specifics is becoming an important condition for their survival and growth. It is important to find or develop a balance between stimulating investment, access to resources and creating conditions for long-term development. In this context, strategic planning is a key tool that helps SMEs adapt to the changing economic environment.

Analysis of recent research and publications. It is worth noting that the concept of “economic development strategy” was formed relatively recently. In general, the development strategy of enterprises was studied by many scientists in the world - the philosophers of Ancient Greece, for example, Aristotle, Plato and Xephon considered management, efficiency, prosperity, but they formulated them from the point of view of the prosperity of the state and the economy as one of the influential mechanisms. Later, the classics of political economy, such as A. Smith and D. Ricardo, as well as others, developed fundamental theories of a market economy, division of labor, competition. Within the framework of their statements, ideas were formed that became the basis for many modern theories of strategic management, which influence the decisions of entrepreneurs to this day. In the twentieth century. A. Chandler explained the impact of strategic decisions on the long-term success of companies. Also at this time, enterprise strategies and their effectiveness were studied by: M. Porter, I. Ansoff, G. Mintzberg, G. Klein, R. McGough-Klotz, etc.

Nowadays, there are also scientific schools and centers that are engaged in research in the field of strategic management: Harvard Business School, Stanford Business School, London School of Economics, Kyiv School of Economics.

In Ukraine, research in the field of economic strategies for the development of small and medium-sized businesses was conducted by: O. Amosha, V. Vasyuta [1], O. Grebeshkova, M. Kyzym, V. Klochkovska [4], R. Miroshnyk [5], S. Mocherny, V. Otenko, Yu. Pogorelov, L. Sachynska [8], N. Sytnyk, I. Smolin, V. Tretyak [10], O. Tur, V. Yukhymuk, etc.

Paying tribute to the scientific achievements of domestic scientists, it is necessary to note that the issues of building strategies for the economic development of small

and medium-sized businesses in the current conditions of military operations on the territory of Ukraine are relevant and require further development.

Formation of the objectives of the article. The purpose of the study is to identify key areas and tools of SME economic development strategies that ensure their effective integration into modern economic processes. In particular, attention is paid to the issues of diversification of economic activity, the introduction of innovative technologies and expanding access to financial resources.

To achieve the set goal, the authors:

- substantiated the relevance of this study;
- analyzed the state of development of small and medium-sized businesses in Ukraine;
- determined the tools for developing SME economic development strategies;
- identified tools for supporting SMEs from the state;
- substantiated that the effective implementation of SME development strategies will contribute to increasing the sustainability of the Ukrainian economy in modern conditions.

Presentation of the main material. Small and medium-sized enterprises (SMEs) are the basis of the economic systems of many countries, as they contribute to the growth of the Gross National Product, the creation of a large number of jobs and the development of regional economies. According to a study by the United Nations Development Program in Ukraine, as well as according to the State Statistics Service of Ukraine (see Table 1), small businesses make up the lion's share of Ukrainian business – 99.98% of all companies, they generate two-thirds of added value and provide over 80% of jobs in the country [2].

The data presented in Table 1 make it possible to note that the percentage ratio between the number of small, medium and large business entities in 2014–2023 has almost not changed. Small enterprises as of 2023 account for 95.2% of the total, medium enterprises – 4.61%. However, it should be noted that during the period under study, significant changes occurred in the number of enterprises. Thus, the smallest number of enterprises was observed in 2022 and amounted to 261924 enterprises, including 246647 small enterprises, 14783 medium and 494 large enterprises. In 2023, there is a revival of business activity and an increase in the number of small and medium enterprises, but their number is less than in the pre-war year 2021.

Flexibility and the ability to quickly adapt to changes in the external environment make small and medium-sized enterprises key participants in transformation processes in the modern economy. However, global challenges such as economic instability, the COVID-19 pandemic, geopolitical conflicts and growing competition, as well as military operations on the territory of Ukraine create new risks and barriers to their development. In this context, the economic development strategies chosen by enterprises become a decisive factor in ensuring their sustainability and competitiveness.

Table 1

Number and share of small, medium and large businesses in Ukraine for 2014–2022

Year	Business entities						
	Large enterprises		Medium enterprises		Small enterprises		Total
	од.	%	од.	%	од.	%	од.
2014	497	0,15	15906	4,66	324598	95,19	341001
2015	423	0,12	15203	4,43	327814	95,45	343440
2016	383	0,13	14832	4,84	291154	95,03	306369
2017	399	0,12	14937	4,42	322920	95,47	338256
2018	446	0,13	16057	4,51	339374	95,36	355877
2019	518	0,14	17751	4,66	362328	95,20	380597
2020	512	0,14	17602	4,71	355708	95,15	373822
2021	610	0,16	17502	4,72	352722	95,12	370834
2022	494	0,19	14783	5,64	246647	94,17	261924
2023	512	0,19	14070	4,61	293270	95,20	307852

Source: compiled by the authors based on [2; 3]

For large enterprises, economic development strategies are developed in the long term, taking into account market and general economic risks in the country, because such companies are more resistant to fluctuations and risks [5, p. 64; 11, p. 43; 13, p. 385]. In the case of small and medium-sized enterprises, such strategies are developed for shorter periods, namely: for small enterprises – up to three years, for medium-sized enterprises – up to five, because any economic, technological, production, personnel, political fluctuations and other risk fluctuations can significantly affect the work and economic stability of enterprises, as well as the demand on which such companies are highly dependent.

In general, to develop an economic development strategy, regardless of the market and country, enterprises should use PESTLE analysis, which helps to assess political, economic, social, technological, legal and economic factors that affect the business.

To determine the strengths and weaknesses of the enterprise, its market position among competitors, it is also worth using SWOT analysis, because it also identifies threats and opportunities in both the external (for example, in the industry) and internal environment of enterprises.

Additionally, analysts and risk managers use Porter's Five Forces analysis, which allows to determine the level of competition in the industry, threats from new market participants or substitutes for goods, as well as the power of buyers and suppliers.

Among the financial tools that help to determine the optimal sources of financing within the framework of the formation of an economic development strategy, assess the effectiveness of investments and ensure cost control, the following allow: the discounted cash flow (DCF) method, which is used to estimate the future value of projects; break-even point analysis, which helps to calculate the sales volumes necessary to cover costs; as well as stress testing of financial plans, which allows you to check the company's resilience in the face of changes in the external environment.

Among the state support instruments that can be included in the economic development strategy, you can consider: the use of tax breaks, subsidies, as they help reduce costs; grant programs to support projects or increase the number of jobs; export credit agencies to facilitate entry into international markets. One of the programs to support SME innovation is the European Union program "Horizon Europe", which offers grants to companies through preferential financing.

In addition, for the sustainability of SMEs, it is worth considering work within clusters and cooperation, as cooperation between enterprises within clusters allows you to reduce costs by sharing resources and increase competitiveness. In Ukraine, clusters are considered an important factor in economic resilience, a reliable partner for small and medium-sized enterprises and governments, an engine for innovative development of territorial communities and companies. Clusters support critical infrastructure and industries, and also plan and implement effective recovery programs. For example, IT clusters in Ukraine contribute to the development of innovations and the attraction of foreign investors [7; 9].

To regulate SMEs in Ukraine, the Cabinet of Ministers approved the Strategy for the Development of Small and Medium-sized Enterprises until 2027 [6], which includes a number of important tasks for the restoration and development of small and medium-sized enterprises. Unlike many other strategic documents, the Strategy for the Development of Small and Medium-sized Enterprises is developed as part of a comprehensive process in conjunction with the largest think tanks and business associations. The document pays great attention to environmental technologies, digitalization, especially the creation of equal opportunities for women, people with disabilities and veterans, as well as the restoration of destroyed companies.

The Strategy for the Development of Small and Medium-sized Enterprises includes the following four main goals:

- restoration and simplification of doing business;
- innovative development, digital transformation and "green transition";
- development of human capital and entrepreneurial culture;
- increasing competitiveness and increasing export potential [6].

According to the Ministry of Economy of Ukraine, the implementation of the Strategy is expected to lead to an improvement in the economic freedom index in 2027 from the current 61 points to 100 points and a decrease in the unemployment rate from 18.3% to 11% [3].

In turn, the Ministry of Economy of Ukraine is working on business development and economic growth. Thus, the SME Development Strategy is another

important document that helps to correct the shortcomings of regulatory and tax policies that hinder the recovery of the economy. One of the innovations in the SME Development Strategy is the launch of an independent annual business survey on bureaucratic burden, which is planned to measure the number of man-hours needed by small and medium-sized enterprises to comply with all legislative requirements, the cost of compliance with regulatory requirements per employee, and the burden on small and medium-sized enterprises in the field of tax and customs administration [6].

The strategy also provides for a number of important tasks related to simplifying the business environment and protecting businesses, building inclusive institutions, and reforming the system of state supervision in the field of economic activity.

Conclusions. Small and medium-sized enterprises are an important component of the economy, ensuring dynamic development, job creation and innovation. In today's conditions of global instability and economic challenges, the development of strategies for their economic development

is becoming one of the key tasks for state policy and the business environment. Economic development strategies must take into account the multifactorial nature of the external environment, including digitalization, economic challenges and globalization.

Effective implementation of SME development strategies will contribute to increasing the sustainability of the economy, its competitiveness and integration into global processes. It is important to create conditions for attracting capital, supporting innovation and ensuring equal access to resources. Thus, the development of SME serves not only economic but also social stability.

The practical significance of the study lies in the possibility of using the results obtained for the development of state programs to support SME, as well as for business planning in conditions of high market instability.

Further scientific research is required on issues related to the development of innovative small and medium-sized businesses and the development of mechanisms to support them, which will contribute to the post-war recovery of the Ukrainian economy.

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