

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
ХАРКІВСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ  
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**СУЧАСНЕ УПРАВЛІННЯ  
ОРГАНІЗАЦІЯМИ: КОНЦЕПЦІЇ,  
ЦИФРОВІ ТРАНСФОРМАЦІЇ,  
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## **CURRENT PROBLEMS OF SMALL BUSINESS IN UKRAINE**

Small and medium-sized enterprises (SMEs) are an important segment of the market economy. SMEs ensure the country's economic stability, fill the budget, create jobs, saturate the market with goods and services, and create a competitive environment. SMEs are flexible in the conditions of fast-moving social processes, adapt to market changes and introduce the latest technologies. The development of SMEs contributes to the formation of the middle class, the development of civil society, the reduction of social inequality and tension, the promotion of democratization of market relations and the strengthening of social stability.

The role and market function of small and medium-sized enterprises (SMEs) is clearly defined by modern economic theory and the practice of implementing national economic policy. The main economic advantage of this sector of the economy is that small businesses can respond much faster to changes in the market situation, quickly identify and fill free market niches and develop and effectively introduce new goods and services that are in demand, even in conditions of fierce competition. At the same time, SMEs effectively take over the most technologically complex and resource-intensive production tasks of large enterprises, cooperating on a contractual and subcontract basis.

The sector of small and medium-sized enterprises permeates all sectors of the world economy and becomes the functional basis of giant industries and large enterprises. This is the sector that contributes to the rapid restructuring of the economy, saturates the market with goods and services and ensures maximum employment of the entire working population. However, the development of small and medium-sized enterprises in Ukraine is currently slowing down due to Russia's military actions.

Many Ukrainian SMEs suffered serious losses as a result of the total war launched by Russia, which led to their closure and increased unemployment in the country. Therefore, the recovery and development of SMEs is a multifaceted and extremely important task. Ukrainian business has been in a state of total war for almost three years. Despite numerous difficulties, Ukrainian business not only survived, but also began to develop quite actively in 2023 [1].

Both small startups and large enterprises quickly adapted to the new situation. Based on the assessment of the results of the activities of the enterprises of the agricultural sector, industry, IT and other sectors, it can be said that they continue to support and develop their business, entering new markets, diversifying their products and investing in technology.

Despite various obstacles, many businesses plan to grow, and some even plan to increase the number of employees. However, the challenges faced by Ukrainian SMEs are multifaceted.

The start of the war dealt a devastating blow to Ukrainian business. According to general estimates, the losses of small and medium-sized enterprises exceeded 83 billion US dollars. In 2022, about 10 million Ukrainians lost their homes; some of them became internally displaced persons, and most fled abroad. At the end of the year, the situation changed dramatically. Many enterprises returned to the market, and a significant part of the workforce returned: if in 2022 enterprises worked in survival mode, not planning their activities even months in advance, then in 2023 they began to adapt to new conditions and form full-fledged development plans. As of the end of 2023, there were more than 2 million individual entrepreneurs in Ukraine [2].

Currently, the most important problems for doing business in Ukraine are:

Missile attacks on business assets and critical infrastructure.

Health and mental health of employees.

Decrease in economic and consumer activity.

Access to electricity, water, heating and mobile communications.

Attracting and retaining qualified personnel.

Problems with transport and logistics.

Representatives of SMEs also point to increased pressure from government authorities, regulatory problems, lack of customers and low solvency. Most SMEs meet their needs on their own. Since the beginning of the war, many of them have taken the following measures to maintain their activities:

Relocation - hundreds of SMEs have moved to central and western regions due to hostilities.

Bringing products and services into line with current needs - companies have redefined products and services that are currently in high demand, such as the production of long-term storage products, the tailoring of clothing for soldiers and the production of drones.

Increase in the import of goods.

Obtaining loans on favorable terms, etc.

The driving force behind the development of SMEs is the resilience and ingenuity of entrepreneurs who are not ready to close their own business in difficult times. Despite the total war, Ukrainian small and medium-sized businesses are developing. After a sharp economic decline, after starting to grow a year later, despite the difficulties of the war, many enterprises nevertheless returned to stable work.

The business community's efforts are supported in part by new investments, grants and funding. However, challenges still remain, such as unstable government policies and pressure from government agencies. Despite everything, representatives of the Ukrainian business community are optimistic: many entrepreneurs plan to further expand their business, and these plans are quite realistic under favorable conditions.

## REFERENCES

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