

THE CURRENT STATE AND PROSPECTS FOR THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES IN UKRAINE

Everyone knows that due to the beginning of a full-scale invasion by Russia, everything stopped working for a certain time. Including the economic sphere of life in Ukraine. Thanks to our soldiers of the Armed Forces, entrepreneurs were able to resume their work relatively quickly to boost the economy, which also speeds up our victory.

During the month of the war, Ukrainian business lost more than during the two years of the pandemic. The extent of all the damage and the long-term consequences of the war are difficult to assess, because the hostilities in the country are still ongoing.

According to a survey conducted by the European Business Association, only 17% of companies are operating at full capacity, and one in three is not operating. A third of enterprises plan to resume operations.

The total direct losses of small and medium-sized businesses in Ukraine during the full-scale Russian invasion are estimated at 64-85 billion US dollars.

The development of small and medium entrepreneurship is important and necessary of Ukraine. This is the basis of our country's economy. Small and medium-sized enterprises perform important functions: they contribute to the creation of new jobs, the growth of the gross domestic product, additionally stimulate the development of competitiveness and innovative potential of the economy.

In modern realities, small and medium-sized business entities (legal entities and individual entrepreneurs) face many problems. The biggest obstacle to doing business in Ukraine is the unstable political situation. It is difficult for SMEs to operate and plan their operations in an environment where government policy is often complex and unpredictable, and business requirements are constantly changing. Such a situation exhausts small and medium-sized enterprises, as well as restrains their growth.

Another big problem faced by small and medium-sized businesses is the unfavorable economic situation in Ukraine. In the conditions of martial law and economic recession, the purchasing power of the population of Ukraine decreased and, as a result, the demand for goods and services from small and medium-sized businesses decreased. As a result, their profits fall, and with it - the chances of the business to survive in the market.

As of November 2022, the UBI (Ukrainian Business Index) business activity index was 30 (out of a possible 100). If we compare with the summer months, we can see that the trend has improved, but compared to September, it has deteriorated somewhat. A positive finding is that businesses are bringing back laid-off workers. Therefore, managers are gradually restoring business processes, thus creating new jobs, but still cannot return to the usual ways of planning and managing their own projects.

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