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DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES AS A FOUNDATION FOR ECONOMIC GROWTH

In the context of wartime challenges, macroeconomic instability, structural imbalances, and the need for post-war economic recovery in Ukraine, the development of small and medium-sized enterprises (SMEs) acquires strategic importance. This sector ensures the national economy's adaptability to internal and external changes, serving as a key driver of its transformation and modernization. The experience of developed countries demonstrates that active entrepreneurship forms the foundation of sustainable economic growth, enhances a country's investment attractiveness, and strengthens its social resilience.

The role of SME development as a fundamental basis for economic growth is primarily manifested in the formation of a flexible economic structure capable of responding promptly to fluctuations in market conditions, changes in consumer demand, and logistical challenges. Due to the mobility of managerial decisions and relatively low organizational inertia, SMEs are able to quickly reorient production, implement innovative solutions, enter new market segments, and create sustainable competitive advantages, thereby ensuring the dynamism and adaptability of the national economy.

SMEs also make a significant contribution to employment and the formation of the middle class as the socio-economic foundation of a stable society. Job creation, the development of self-employment, and support for entrepreneurial initiative contribute to reducing unemployment and social tension, particularly in regions where the activities of large enterprises are limited or unstable.

The development of small and medium-sized enterprises strengthens the competitive environment by stimulating improvements in product and service quality, refining pricing policies, and intensifying innovation activities among business entities. An increase in the number of economically active enterprises contributes to a more efficient allocation of resources and enhances overall economic productivity.

At the same time, the SME sector serves as an important source of state and local budget revenues through tax payments, which is especially significant in conditions of limited financial resources. The expansion of entrepreneurial activity promotes the decentralization of economic activity, strengthens the financial capacity of territorial communities, and increases their investment attractiveness.

Small and medium-sized enterprises are also a key driver of regional development. Entrepreneurial initiative ensures economic activity in small towns and communities, stimulates the development of local infrastructure, generates added value, and increases household incomes. In this context, SMEs act as an effective instrument for reducing regional disparities and ensuring socio-economic balance [4, p. 85].

Thus, small and medium-sized enterprises are particularly important for Ukraine, as they create conditions for the rapid adaptation of the economy to crisis phenomena. They contribute to the diversification of production, the emergence of new goods and

services, and the expansion of competition in the domestic market. Moreover, SMEs perform an important social function by ensuring employment and forming the middle class, which constitutes the basis of a stable democratic society [4, p. 84].

At the same time, the realization of the potential of small and medium-sized enterprises requires the creation of a favorable institutional environment and effective mechanisms of state support. Without adequate regulatory, financial, and educational support, entrepreneurial development becomes significantly more complicated, thereby reducing its contribution to sustainable economic growth.

In this context, state programs aimed at developing business competencies and stimulating entrepreneurial initiative are of particular importance, including the Diia. Business platform, which provides free educational opportunities, advisory support, and practical tools for starting and developing a business [1]. These instruments contribute to the formation of a modern entrepreneurial culture, enhance managerial competencies, and strengthen the competitiveness of business entities.

In addition, in 2024, the Cabinet of Ministers of Ukraine approved the Strategy for the Development of Small and Medium-Sized Enterprises until 2027 and the operational action plan for 2024–2027. The document outlines the key priorities of state policy in the field of entrepreneurship support, including improving SME access to financial resources, developing entrepreneurial education, digitalizing business processes, stimulating innovation activities, and expanding the export potential of enterprises [2]. Particular emphasis is placed on ensuring the green transition, digital transformation, innovative development, and business inclusiveness, with the active involvement of women, persons with disabilities, internally displaced persons, and veterans [3, p. 82]. The implementation of the identified strategic directions is aimed at strengthening the long-term economic resilience of the state and creating the prerequisites for deeper integration of Ukraine into the European economic area.

Given the importance of entrepreneurship for stabilizing the economy during crises, state support for small and medium-sized enterprises should remain a priority for the government and regulatory authorities. The development and implementation of effective support programs will enhance the competitiveness of the national economy and ensure its sustainable development in the long term [3, p. 78].

An important factor in strengthening the role of SMEs in today's environment is the digitalization of business activities. The use of digital technologies makes it possible to optimize costs, improve interaction with clients, automate accounting and management processes, and expand sales channels for goods and services. In this context, the Diia.Business platform plays a significant role by fostering the development of entrepreneurs' digital competencies and providing practical tools to enhance their competitiveness [1].

Therefore, small and medium-sized enterprises act as a system-forming element of Ukraine's economic development, as they ensure employment, stimulate innovation activity, support a competitive environment, and contribute to balanced regional development. The implementation of the state strategy until 2027 and the development of digital support instruments for entrepreneurship create additional opportunities for intensifying business initiatives. At the same time, achieving sustainable economic growth requires a comprehensive approach that involves financial support, the reduction of administrative barriers, the ensuring of a stable regulatory environment, and the systematic stimulation of entrepreneurial activity.

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