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CONTENT AND MAIN FEATURES OF SMALL BUSINESS

For the developed countries of the West, small entrepreneurship is fundamental in the system of the market economy, an established lifestyle, which was formed on the basis of long years of existence in the system of free social relations.

On the historical path of the transition of the post-socialist countries of Central and Eastern Europe from a command-administrative economy to a market one, the main trend is the creation and development of small and medium-sized entrepreneurship as the fastest way to restore the private segment of the economy, a factor of technological progress, support of a competitive environment, the main source of employment growth, the formation of the middle class, as a guarantor of the construction of a civil society, the reduction of the severity of the socio-economic consequences of market reforms, as a significant factor in the socio-political stability of society.

In recent decades, small business has become an increasingly important factor in the full functioning of market economic systems. Its place in the theory of social cognition in various manifestations as an object of scientific research automatically grows and is actualized. However, in the scientific literature, the inadequate semantic load of certain terms and concepts in the field of small business is often traced, which are sometimes equated without good reason or used to analyze processes and phenomena with different semantic shades. Therefore, to ensure the effectiveness of the research results, first of all, it is necessary to clearly place the semantic accents in the conceptual apparatus, especially regarding those aspects of it that are characterized by different approaches in definitions.

Yes, the concepts of «business», «entrepreneurship», «entrepreneurial activity», etc. can be considered debatable to a certain extent.

The first written evidence of entrepreneurship dates back to over 4 thousand years BC, in which we are talking about bankers who provided loans. Although the history of entrepreneurship goes back centuries, its modern interpretation was formed during the period of formation and development of capitalism.

The scientific concept of «entrepreneurship» was introduced by the English economist-banker R. Cantillon in the 18th century, who considered an entrepreneur to be a person capable of taking risks, who, in order to carry out a certain business (getting a certain benefit, income, psychological satisfaction), mobilizes various resources, means , materials, labor. He buys other people's goods at a known price, and will sell his own at a price that is not yet known to him. Hence the risk as the main distinguishing feature of an entrepreneur[1].

A. Smith characterized an entrepreneur as an owner who takes risks for the sake of realizing a commercial idea and making a profit. He himself plans and organizes production, is responsible for its consequences, etc[2].

French economist of the late 18th – early 19th century Jean Baptiste Sey considered entrepreneurs to be people who are able to produce any product at their own expense and at their own risk and for their own benefit. One of the most essential features of entrepreneurship was primarily the effective redistribution of resources in the economic system – from the lower productivity sphere to the higher one[3].

I. Tyunen and F. Knight considered business profit also as a reward for innovative activity, for entrepreneurial art[4].

The German economist V. Sombart (1863–1941) characterized entrepreneurs as: «conquerors» (strong-willed, persistent, spiritually free people, endowed with a wealth of ideas and ready to take risks); «organizers» (the ability to bring people together for joint work) and «merchants» (the ability to convince people to buy their goods). V. Sombart was recognized by the work «Modern Capitalism» published in 1902. A historical and systematic study of the pan-European economic life from its inception to the present

1 Walton G.M. & F.C. Wykoff. (1998). Understanding Ekonomics Today Boston : Irwin/McGraw-Hill,. 496 p. P. 110.

2 Smith A. (2007). Research on the nature and causes of wealth of nations. M.: Eksmo,. 960 p. P. 262.

3 Hisrich, R. & Peters, (2002). Entrepreneurship . Boston : McGraw Hill, 5th edition, 160 p.P. 9

4 Dynkin A.A. Sterlin A.R. & Tulin I.B. (1992). Entrepreneurship at the end of the 20th century. M. : Science, 222 p. P. 21–22.

day», in which he defined an entrepreneur: «An entrepreneur is an organizer who possesses extraordinary ingenuity and among people he wisely selects the most capable; discerningly looks for the best among products; quickly assesses his chances of success; shows perseverance in trade relations with suppliers; an entrepreneur sees as if he has a thousand eyes, hears as if he has a thousand ears and perceives as if he has a thousand fingers»[5].

E. Dolan and D. Lindsay understood entrepreneurship as the ability to attract everything necessary for the production of goods, to make and implement consistent management decisions, to take risks, to be in search and implementation of something new[6].

Alfred Marshall believed that not everyone who wants to can become an entrepreneur – for this, special entrepreneurial skills are needed, in particular organizational skills[7].

I. Kirzner considered entrepreneurs to be a stabilizing force that ensures the movement of markets to a state of equilibrium, and entrepreneurship is an activity to implement such regulation[8].

The Austrian economist Joseph Schumpeter called entrepreneurs innovators who undertake the implementation of new combinations of production factors and thereby ensure economic development. In addition, J. Schumpeter believed that an entrepreneur is not necessarily the owner of production, but can also be the manager of a bank or a joint-stock company[9].

According to David McClelland and S.L. Brew: Entrepreneurs are energetic people who operate in conditions of little risk[10].

Paul Samuelson called an entrepreneur an innovator, that is, a person who searches, with original thinking and courage. He may not be a scientist who himself discovers a new process, but he himself strives for the successful implementation of new ideas[11].

According to Kazuma Tateishi, today an entrepreneur in a civilized society can be the most gifted and courageous person who quickly responds to customer

5 Bazilevich V.D. (2005). History of economic students: in 2 p. / P.M. Leonenko, N.I. Grazhevska, T.V. Hayday [2nd ed.]. K. : Znannia, 567 p.

6 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P. 67.

7 Syzonenko V.O. (2002). Theory of entrepreneurship: achievements and problems of research. *Economy of Ukraine*. No. 9. P. 45–51.

8 Kirtsner I. (2001). Competition and Entrepreneurship / under the editorship Prof. A.N. Romanov. M.: UNITY-DANA, 239 p.

9 Schumpeter Joseph Aloiz. URL : http://uastudent.com/b-shumpeter-jozef-aloiz/.

10 Campbell R. McConnell & Stanley L. Brew. (1997). Macroeconomics Lviv: Prosvita, 664 p. P. 12

11 Samuelson P. (1993). Economics: [subscription]. Lviv : Svit. 461 p. P. 125.

requests, takes reasonable risks, wants to make a profit in the process of creating new products and maximally satisfying all the wishes of the consumer (including the quality of the product, its cost and type of delivery), is focused only on the interests of serving society[12].

Peter Drucker considered entrepreneurs to be people who are able to use any opportunity with maximum benefit[13].

For Albert Shapiro, an entrepreneur is an enterprising person who organizes social and economic mechanisms, acting under conditions of risk, he bears full responsibility for possible failure.[14]

English professor Alan Hosking claimed that an individual entrepreneur is a person who conducts business at his own expense, personally manages the business and is personally responsible for providing the necessary resources, makes decisions independently. His reward is the profit obtained as a result of entrepreneurial activity and the sense of satisfaction he feels from engaging in free enterprise. But at the same time, he must assume the entire risk of losses in case of bankruptcy of his enterprise[15].

Robert Khizrich defined entrepreneurship as the process of creating something new that has value, and an entrepreneur as a person who spends time and energy on it, takes on all financial, psychological and social risk, receiving money and satisfaction from the achievement as a reward[16].

The economist of the pre-revolutionary school A. Petrazhytskyi considered an entrepreneur to be an entity that conducts economic activity independently, personally and on its own behalf and bears the risk of all property and responsibility of all its possessions[17].

Yu.M. Marshavin defines entrepreneurial activity as the organization of production, marketing, management and financial management[18].

The well-known domestic theoretician of entrepreneurship Z.S. Varnaliy interprets entrepreneurship as an economic category, a special type of

12 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P. 67.

13 Bolotov G.P., Bolotov G.P., Derii Zh.V. & O.B. Semchenko. (2011). Genesis and development of theories of entrepreneurship. *Bulletin of the Chernihiv State University of Technology*. No. 4 (54). P. 7–17. P. 11.

14 Ibib. P. 12.

15 Dryga S. (2009). Small entrepreneurship of Ukraine: development, mechanisms of management and support. K.: «DKS Center» LLC, 362 p. P. 32.

16 Ibib.

17 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P. 68.

18 Marshavin Y.M. (2004). Entrepreneurship as a factor in the development of population employment. K. : IPK DSZU, 234 p. P. 18.

management, where the main subject is an entrepreneur who rationally combines (combines) factors of production on an innovative basis and own responsibility, organizes and manages production in order to obtain entrepreneurial income[19].

V. Selivanov considers entrepreneurial activity to be only such activity that has the following characteristics: is an economically independent and autonomous will of its subjects; initiative; systematic; carried out at your own risk and only under personal property liability; is carried out with the main purpose of obtaining profit; legitimate. And Popondopoulo V.F. adds to these features the need for state registration[20].

According to Yu.V. Nikolenko, entrepreneurship is a certain system of life activities of enterprises, the basis of which is democratic forms of economic activity, ensuring for them the right of initiative in choosing the field, forms, methods of management, economic, organizational and technical creativity and innovation[21].

O. O. Romanovskyi defines entrepreneurial activity in modern conditions not only as a type of activity, but also as a management style, which is based on the constant search for new opportunities, innovation orientation, the ability to attract and effectively use resources from various sources to solve tasks[22].

S. Sobol sees in entrepreneurship a certain type of economic behavior, which is characterized by: initiative, constant search for new opportunities, innovative and unconventional solutions. Flexibility and constant self-renewal, purposefulness and perseverance[23].

A. Vovk defines entrepreneurship as a method of managing the economy, the main condition of which is the independence and independence of economic entities, the existence of a set of rights and freedoms for them to choose the type of entrepreneurial activity, the formation of a production program, the choice of sources of financing, access to resources, sales of products, setting prices for it, disposal of profits[24].

19 Varnalii Z.S. (2006). Basics of entrepreneurship: learning: manual. K. : Znannia-Press, 350 p. P. 86.

20 Sanyakhmetova N.A. (1998). Regulation of entrepreneurial activity in Ukraine: organizational and legal aspects. Odesa : Odessa state law academy, 233 p. P. 20.

21 Vovk A.S. (2004). Socio-economic mechanism of management of entrepreneurial activity at industrial enterprises: autoref. thesis for obtaining sciences. candidate degree economy Sciences: spec. 06.08.01 «Economics, organization and management of enterprises» / Pryazovsky state. technical institute. Mariupol. 20 p. p. 4.

22 Mocherny S., Ustenko O. & Chebotar S. (2001). Basics of entrepreneurial activity: [study. manual] / ed. S. Mocherny. K.: Academy. 280 p. P. 18.

23 Sobol M.S. (1994). Entrepreneurship (starting a business). K.: Ventur. 175 p. p. 8.

24 Nikolenko Yu.V. (Ed). (1992). Fundamentals of economic theory. Enterprise in a market economy : study manual. K.: NMK VO. 232 p. P.8.

Some scientists characterize entrepreneurship from the point of view of a behavior model. For example, Y.F. Pacchkovsky singles out the following main features:

- special sensitivity to changes and desire to change something in one's life (element of initiative);
- taking responsibility for possible failures and defeats, willingness to take risks (risk element);
- promoting the implementation and use of new technological opportunities by implementing inventions and innovations; organization or reorganization of socio-economic mechanisms in order to profitably use available resources and a specific situation (element of innovation);
- independence of judgments when making important decisions (element of freedom);
- focus on actively transforming the surrounding world, building new relationships;
- the ability to anticipate events and lead a competitive struggle (element of activity)[25].

The "Great Encyclopedic Dictionary" interprets entrepreneurship (entrepreneurial activity) as follows: it is an initiative, independent activity of citizens without the formation of a legal entity, aimed at obtaining profit or personal income, carried out in one's own name, at one's own risk and under one's own property liability or on behalf of someone else and under someone's property responsibility. An entrepreneur can carry out any type of economic activity, if they are not prohibited by law, from the moment of state registration as an individual entrepreneur"[26].

The Law of the Ukrainian SSR «On Entrepreneurship» defined entrepreneurship as a direct, independent, systematic, at one's own risk activity in the production of products, performance of works, provision of services for the purpose of obtaining profit, which is carried out by individuals and legal entities registered as subjects of entrepreneurial activity in order, established by law[27].

25 Pachkovsky Y.F. Sociopsychology of entrepreneurial activity and behavior. Lviv : Svit, 2000. 272 p.

26 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P. 70.

27 Law of the Ukrainian SSR «On Entrepreneurship» No. 698-XII dated 02.07.91: as of January 16 2003 / Verkhovna Rada of Ukraine. – Official source: website of the Verkhovna Rada of Ukraine. Url : http://zakon4.rada.gov. ua/laws/show/887-12.

In the Economic Code of Ukraine, entrepreneurship is defined as «independent, initiative, systematic, at one's own risk, economic activity carried out by economic entities (entrepreneurs) with the aim of achieving economic and social results and obtaining profit»[28].

The controversy over the definition of the concept of «entrepreneurship» continues to this day. After analyzing at least the above definitions, it is possible to summarize the main features of entrepreneurship:

- independence (independence, that is, other enterprises do not own a blocking block of shares);
- activity (initiative);
- mostly direct personal participation of the initiator (owner);
- responsiveness (adaptability);
- constant search and generation of new ideas (innovation);
- integration into the market system;
- personalized risk and responsibility;
- profit orientation.

A similar opinion is held by modern scientists, including: F. F. Butynets, A. M. Vynogradska, Z. S. Varnalii, O. O. Hetman, S. M. Ivanyuta, K. V. Romanchuk, V. M. Shapoval and others.

Based on the above, it is possible to formulate a generalized definition of «entrepreneurship» as an activity in the market economy system, characterized by independent active operational innovative actions with personalized risk and responsibility for profit.

The most common point of view among economists equates the concept of «entrepreneurship» with «business».

The «Great Encyclopedic Dictionary» considers «business» as entrepreneurial activity; activity that is a source of income[29].

The «Big Economic Dictionary» defines «business» as an initiative economic activity that is carried out at the expense of own or borrowed funds, at one's own risk and under one's own property liability, the main purpose of which is to make a profit and develop one's own business[30].

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28 Economic Code of Ukraine / Verkhovna Rada of Ukraine. Official publication. K.: Center for educational literature, Alerta, KNT, 2010. 160 p.

29 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P.71.

30 Ibib.

According to the author, specific entrepreneurial activity is a prerequisite for the existence of a business. And business should be considered as a process (activity) in the sphere of economic relations.

There is also no consensus on the concepts of «small entrepreneurship» and «small business». Thus, a number of domestic economists, in particular S. K. Reverchuk, N. V. Savka, N. E. Kubai in their scientific studies emphasize the expediency of their identification[31]. While, for example, V. E. Savchenko, understanding by «small business» only small (or small and medium-sized) enterprises as a whole, notes that «small entrepreneurship» is characterized not so much by the relatively small size or scale of economic activity, but by its quality – a mandatory basis on a risky and innovative basis, full economic responsibility, personalized and flexible management and appropriate organization of reproduction, aimed at obtaining the maximum profit from a unit of spent capital[32].

S. V. Mocherny, O. A. Ustenko, S. I. Chebotar separates the concepts of «entrepreneurship» and «business». In their view, «business» is a more capacious category, as it includes any type of activity that generates income or personal benefit[33].

L. V. Romanova believes that entrepreneurship differs from business by the presence of creative elements in it, the use of innovative technologies at the expense of entrepreneurial abilities[34].

Based on the previous considerations, the author proposes to formulate a generalized definition of «small business» as an activity in the market economy system, characterized by independent active operational innovative actions with personalized risk and responsibility, as a rule, using one's own economic resources, which is characterized by insignificant volumes of production (trade), for profit.

«Small business» can be characterized as the activity of «small entrepreneurship» in the field of economic relations with the aim of obtaining both profit and satisfying other needs of entrepreneurs.

31 Kubay N.E. (1999). Formation and development of private entrepreneurship in a transition economy (on the example of small enterprises of Ukraine): thesis. ... candidate ec. Sciences: 08.01.01. Lviv, 175 pages; Reverchuk S. K. (1996). Small enterprise in the transition economy of Ukraine (macro- and micro-aspects): diss. ... Dr. Econ. Sciences: 08.01.02. Lviv. 413 p.; Savka N. (1997). Macroeconomic problems of entrepreneurship development in the transition economy of Ukraine: thesis. ... candidate economy Sciences: 08.01.03. Lviv. 184 p.

32 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P.71.

33 Mocherny S., Ustenko O. & Chebotar S. (2001). Basics of entrepreneurial activity: [study. manual] / ed. S. Mocherny. K.: Academy. 280 p. P. 18.

34 Romanova L.V. (2006). Management of entrepreneurial activity: training. manual K.: TsNL. 240 p.

The concept of «small private enterprise» is characterized by some relativity – a non-state structure based on private capital, which is owned by one or more partners. After all, the share of private participation, sufficient to classify an economic unit as private, can fluctuate. For example, in some countries, with an equal proportion (50x50 %) of private and state capital, an enterprise is already considered private, but in most countries, a share of non-state capital of more than 50 % is required for private status[35].

Again, it is not entirely logical to apply the same approaches to small enterprises in different areas of the economy. It is also not possible to unambiguously approach cooperatives from the standpoint of criteria for business structures. On the one hand, although the «classic» cooperative movement includes entrepreneurial activity (if we take into account its focus on profit), its main goal, first of all, is the realization of common interests. Therefore, income already becomes a means rather than the main goal. However, the concept of «classical cooperative» is now mostly an anachronism, and its differences from entrepreneurship are being erased. As for the cooperative boom at the end of the 80s of the last century in the USSR, it is generally difficult to compare it with the classic standard. As rightly noted by H.E. Kubay, iit was the «surfacing of shadowy business elements» that could not realize themselves in the conditions of the administrative economy and sought to obtain the greatest profit[36].

There is no unanimous opinion among scientists regarding the content of the main subjects of entrepreneurial activity – enterprises, firms and companies.

For example, the «Great Economic Dictionary» interprets a firm as a structure engaged in the production of goods or the provision of services, and enterprise as an independent economic entity with the rights of a legal entity that produces and sells products, performs work, and provides services.[37] So, here these categories are identified.

The «Great Commercial Dictionary» (edited by T.F. Ryabov) defines a firm as an organization that «owns and manages one or more enterprises (...), an association of enterprises mainly from one branch of industry, which are interconnected by a sequence of technological processes for the production of homogeneous products»[38].

35 Kubay N.E. (1999). Formation and development of private entrepreneurship in a transition economy (on the example of small enterprises of Ukraine): thesis. ... candidate ec. Sciences: 08.01.01. Lviv, 175 p. P. 21–23.

36 Kubay N.E. (1999). Formation and development of private entrepreneurship in a transition economy (on the example of small enterprises of Ukraine): thesis. ... candidate ec. Sciences: 08.01.01. Lviv, 175 p. P. 23.

37 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P.73.

38 Ibib.

R. Campbell, C. McConnell and S. Brew define a firm as an organization that uses resources to produce a good or service for the purpose of extracting profit and owns and manages one or more enterprises. Therefore, the category «firm» is used for the purpose of distinguishing the subject of ownership of this enterprise and is the name of a legal independent merchant under which he conducts his activities and signs contracts. So, the firm acts as an organization that owns business entities – enterprises[39].

The term «company» most often means either a separate economic unit that produces certain products, or a structure that includes several enterprises. However, the «Economic Dictionary» interprets «company» as a voluntary legal association of two or more persons for the purpose of doing business[40].

Without arguing about the specific semantic nuances of the mentioned economic categories, the categories: «business» – «entrepreneurship», «small business» – «small entrepreneurship», «enterprise» – «firm» – «company» are often considered in uncritical economic studies as synonyms.

Another important theoretical problem, which has received special attention of scientists during the last decades, in connection with the boom of small enterprises in economically developed countries, is the definition of small business criteria.

Each country uses its own set of definitions, which corresponds to its economic system and the peculiarities of the development of entrepreneurship. According to World Bank experts, about 50 definitions of small business exist in developing countries.

For example: the amount of capital and the volume of sales (Great Britain, Italy, Japan); non-monopoly position on the market (USA); legal status (France); form of ownership (Hungary); differences between a craft and an industrial firm (FRG); independent or dependent position in a large production structure (Japan), etc[41].

Initially, to characterize entrepreneurship, its quantitative indicators were put into practice – the number of employees; turnover ; book value of assets, etc. And today they are the most common. The legislation of most countries provides for the use of several similar characteristics depending on the field of activity of enterprises or other important factors.

39 McConnell K.R. & Brew S.L. (1997). Economics / trans. from English S. Panchyshina and O. Vatamanyuk. Lviv: Prosvita, 671 p. P. 85.

40 Zavadskyi Y.S., Osovska T.V. & Yushkevich O.O. (2006). Economic dictionary. K.: Condor, 356 p. P. 134

41 Kapinos R. (1995). Small business in the world economy and the economy of Ukraine. *Business information* No. 27–28. P. 28

Although these criteria are convenient due to their accuracy, being only absolute values, they cannot take into account all the characteristics of a small business. In this connection, qualitative characteristics are also used.

In developed countries, the main criteria are the number of personnel and the volume of annual turnover[42]. In global practice, all enterprises with up to 500 employees are included in the category of small and medium-sized enterprises. For example, in the USA, an enterprise with a staff of up to 500 people is considered «small», although the process of determining the criteria has been ongoing since the moment when the question of the status and role of small business in the economy was first raised, and at the government level, the discussion of the optimal characteristics of a small business has been ongoing since 1953 , after the adoption of the federal law on small business, and continue to this day[43].

In European countries, the criteria for determining SE are somewhat different. For example, in Germany and France, a company with up to 50 employees is considered a small enterprise. In Italy, the division into microenterprises (up to 20 employees) and small enterprises (up to 100 employees) is used[44]. In the countries of Central and Eastern Europe, these characteristics are from 30 to 50 people[45].

In general, in order to improve the existing definitions, the European Union has developed a scale of criteria for SE. In the EU, since January 1, 2005, the provisions and norms of Recommendation 2003/361/EC, adopted by the European Commission on May 6, 2003, have been used to define a small business:

micro-enterprises – up to 10 employees, a turnover of up to 2 million euros, or a total balance of up to 2 million euros;

small enterprise – up to 50 employees, turnover up to 10 million euros, or total balance sheet up to 10 million euros;

average – up to 250 employees, turnover up to EUR 50 million, or total balance sheet up to EUR 43 million;

large – more than 250 employees, a turnover of more than 50 million euros, or a total balance sheet of more than 43 million euros[46].

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42 Kapinos R. (1995). Small business in the world economy and the economy of Ukraine. *Business information* No. 27–28. P. 28.

43 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P.74.

44 Shpak V.I. (2015). Publishing business in the conditions of Ukrainian statehood. K. : DP «Ekspres-obyava». 292 p. P.74.

45 Ibib.

46 Lyapin D. (2007). Development of small business in Ukraine and its regulatory support. K.: Nat. Institute of Strategic Studies, 80 p.