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DEVELOPMENT OF SMALL AND MEDIUM-SIZED BUSINESSES TO STIMULATE ECONOMIC GROWTH

Introduction. In today's world, small and medium-sized enterprises (SMEs), as well as large enterprises, play an important role in supporting the economy of the country. Due to the availability, a number of problems are solved, such as lack of jobs, unhealthy competition and lack of innovation. The state should strive to adopt measures to support the development of this sector of the economy. In order to develop, it is possible to significantly increase economic growth, create new jobs, and provide a sustainable development for the country as a whole. This article examines the impact of SMEs on the economy, as well as methods and some recommendations for their development.

Main part. In the modern context, small and medium-sized enterprises are understood as economic entities that have a small size, limited management resources, for example, no more than 100 employees, and limited sales volumes. Medium-sized enterprises, on the other hand, are not only larger, but also have limited management resources and revenue volumes. No more than 250 people can work in medium-sized enterprises. Small and medium-sized enterprises play a very important role in the economic development of society, solving social problems and accelerating scientific and technological progress. Let's examine the main provisions on the impact of SMEs on the economic and social development of the country.

1. Job creation

Small and medium-sized enterprises play a crucial role in providing employment opportunities for individuals who may not fit within the workforce of larger corporations. This category includes the elderly, minors, and individuals with disabilities who may be overlooked by bigger companies. SMEs step in to offer jobs to those willing and able to work, filling a gap in the employment market. In addition, SMEs contribute to the development of non-central regions, not only creating jobs but also enhancing living standards by bolstering urban infrastructure.

By offering employment opportunities, SMEs help combat unemployment and elevate the overall quality of life for communities, which together puts the state in a leading position when assessed on the world stage.

2. Enhancing the country's economic competitiveness

Within a market-driven economy, small and medium-sized enterprises hold a strategic edge over their larger counterparts. When faced with unexpected market shifts, SMEs exhibit a higher level of adaptability and agility due to their streamlined production processes that are both cost-effective and flexible in scale. This enables these businesses to swiftly respond to changing demands, customize products to meet client needs, and innovate by introducing new technologies into their production processes. Moreover, the inherent competition among small enterprises fosters a culture of continuous improvement in both production methods and product quality.

As SMEs are constantly striving for growth and advancement, they create an environment conducive to innovation by attracting skilled professionals and investing in research and development. These combined efforts ultimately lead to the generation of new ideas, the advancement of technologies, and the optimization of operational processes, thereby enhancing overall efficiency in service delivery [1].

3. Contribution to GDP

One of the main effects of the development of small and medium-sized businesses is driving economic growth and boosting GDP. As the number of medium-sized businesses increases and their productivity improves, there is a corresponding rise in production volumes and overall economic output. In the European Union, for instance, SMEs account for 99 % of all companies and 85 % of total employment, highlighting their substantial contribution to the economy. Globally, over 90 % of enterprises fall under the SME category and collectively generate half of the world's GDP. Furthermore, SMEs are responsible for creating 70 % of all jobs worldwide, underscoring their pivotal role in sustaining employment opportunities. In economically advanced nations, SMEs typically contribute 50-60 % to GDP, with countries like the UK (51 %), Germany (53 %), Finland (60 %), and the Netherlands (63 %) showcasing the significant impact of small and medium-sized businesses on national economic prosperity. This underscores the vital role that SMEs play as the cornerstone of developed economies, exerting a substantial influence on GDP formation [2].

State support and stimulation of small and medium-sized businesses

Despite the advantages that SMEs enjoy, a common problem facing this sector is poor access to finance. SMEs have limited financial resources and cannot access credit or investment with the same ease as large corporations, and face bureaucratic barriers and regulatory complexities, which in turn hinder their growth and development. To solve these problems and stimulate the development of small and medium-sized businesses, active intervention from the government and other stakeholders is required.

Despite the myriad benefits that small and medium-sized enterprises (SMEs) reap, a prevalent challenge plaguing this sector is the inadequate access to financial resources. SMEs grapple with constrained financial capabilities, encountering obstacles in securing credit or investments on par with their larger corporate counterparts. They also confront a labyrinth of bureaucratic hurdles and regulatory intricacies that impede their progress and expansion. Addressing these pressing issues and fostering the growth of SMEs necessitates proactive involvement from governmental entities and other vested stakeholders.

There are numerous critical factors that contribute to the prosperity of SMEs. Foremost among these is robust support from governmental bodies, financial institutions, and investors, encompassing initiatives such as offering financial aid or grants, reducing tax burdens, streamlining administrative processes, and establishing specialized assistance and training schemes. Equally vital is the cultivation of an entrepreneurial ethos, entailing the promotion of entrepreneurship within society, educational endeavors, and the organization of instructional programs on business operations, alongside the creation of conducive environments for entrepreneurial endeavors. In the contemporary landscape marked by swift technological advancements and fierce market competition, innovation emerges as a pivotal determinant of business triumph. SMEs that actively integrate new technologies and innovations stand a better chance at thriving and enduring in the marketplace. Thus, it is imperative to foster innovation and technological progress within the sector. Education and professional advancement also stand as indispensable elements in the evolution of small and medium-sized enterprises. Acquiring specific knowledge and skills is essential for effectively managing a business, encompassing training in business administration, marketing, finance, human resources, and other crucial domains [3].

The development and implementation of suitable policies and programs can improve the business environment, create an enabling environment for business, and enhance its competitiveness and sustainability. Providing financial assistance in the form of subsidies, grants or soft loans allows small and medium-sized entrepreneurs to receive start-up capital or additional resources to expand their activities. In addition to financing, government support programs may include training and consulting for entrepreneurs, assistance in promoting products and services on the market, and assistance in organizing exports. In the context of improving the business climate, it is important to reduce bureaucratic obstacles and simplify procedures for registering and licensing enterprises. We also need to create a predictable and transparent business environment that will reduce risks and stimulate investment. The state can also influence the improvement of social infrastructure in the regions, including communication networks, transport systems, and energy resources. This, in turn, helps to increase the number of SMEs not only in the central regions, but also in regional cities, which leads to the efficient functioning of enterprises, increased employment and reduced unemployment. Another important institutional measure to stimulate the development of small and medium-sized businesses is the creation of cooperation and associations that unite entrepreneurs in a particular industry or region. This allows you to reduce costs for marketing, purchasing and training, as well as improve the competitiveness of enterprises. Such organizations can act as lobbying for the interests of small and medium-sized businesses before state and municipal authorities [4].

Conclusion. Thus the development of the country's economy is based on the stability and viability of the economy which has a decisive significance for stimulating economic growth and creating new jobs. MSPs are present in all sectors of the economy. Today compared to other sectors of the economy the advantages of MSPs are much more obvious than their disadvantages. They are a source of innovation and new ideas increase competition and make the economy more efficient. The development of this sector leads to saturation of the market with goods and services and more efficient use of local raw materials. There is less overdue debt owed to local and federal budgets than other enterprises. However, it is necessary to fully realize the potential of SMEs.

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