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Entrepreneurial Activity**

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Conceptual Basis of the Socially Orientated Economy of Ukraine
(the experience of methodological analysis of small entrepreneurship development)

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Thesis

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General Description of the Work

Topicality of the Research Subject.

Having declared the desire to enter into the world economic society, to develop a public society, and to develop a market economy, Ukraine has faced a very important task – to provide social-economic development through the scientific-based policy and to elaborate the mechanisms of its realization, since among the key priorities of today's society are the following ones: the process of intensification of the social orientation of the economic systems and subordination of economic policy of a state to the tasks of human development. The times when production could be developed due to people have already passed. Modern economy demands a complex labour force, highqualified workers, and their work, in its turn, demands a deserved payment. Income of the population forms an effective demand which is the main development engine in the market economy. Therefore, the increase of the welfare is not only a result, but also an absolutely necessary condition of the economic development. This statement itself makes social tasks preferable. Due to this reason, on the current stage, there is an aim of theoretical comprehension and analysis of the essence of this function of the state as a basis for development of practical recommendation concerning introduction of mechanisms of its realization.

We reckon, that for better understanding of the essence of the concepts “social functions of the state” and “social policy”, it is necessary to appeal to conditions of creation, formation, and evolution of such concepts, and to clarification of etymology of such categories.

The concept “social oriented economy” is associated with the achievements of post-war German economic school, particularly, with Ludwig Erhard who supposed that in Germany in 60 years of the XX century, the classless society was already built, so called “formed society”. We often hear about “social state”, “social market economy”, “social defence” etc. Average men understand such concepts similarly and often even the same. Precondition of the development of modern social market economy is also an economy of “free pricing” with its peculiar advantages and disadvantages.

French economist Jean Pierr Lorio has defined a “market economy” as a system where goods turnover and prices depend on the demand and supply on the free basis (free pricing). Character features of free market economy are the following ones:

1. Private property for means of production;
2. Activity on the basis of resources economy;
3. Pricing by means of free competition on the markets.

More then two hundred years ago, a type of the economy with such features was called “free market economy”. The main principle of the economic theory of that time was the principle of “free enterprising”. It was assumed, that economy is self-sufficient formation and has all possibilities to develop freely, without any outer intervention. An “invisible hand” of the market would solve its problems itself (A. Smith).

Except of the known advantages, “free market economy” has an essential disadvantage, in time, left on itself, it destroys and disproves its own principles – it subordinates the private property of goods' producer to huge monopolies, in time, “free pricing” is being spoiled by monopoly. Main productive force of the society – hired labour suffers a negative influence, as a result of excessive supply of labour force, from time to time, the income of workers comes down to the level which is lower then subsistence minimum. In such a way, “free market economy” gradually leads to social upheavals, and, as a result, to impoverishment of the new sections of population. As a final result, it endangers its existence.

By means of a durable evolution, the developed countries gradually have begun to elaborate such social-economic system which would combine advantages of the market economy, namely, the economics with a distributed responsibility (quick technical progress, stimulation of production and labour productivity on the basis of competition preservation), with simultaneous removal of defects of “free economy” (existence of monopoly, social-economic impoverishment of the workers, etc.).

Historically, the new social-economic system, which is named “social market economy”, was formed. New system has already included the increase of a well-founded interference of the state into economic and social processes. It is admitted, that a state should maintain the operation mechanism of the competitive environment to enable the economy to operate in favour of all levels of population and does not decline, and also secures fulfilment of the Targets of the Millennium (UNO, 2000). *In such a way, “social market economy” is a social-economic system, an economic basis of which is distributed responsibility which should show itself on different markets, but it could not solve a lot of social problems, therefore, it is necessary to correct the influence of a state.* Such social-economic system and appropriate policy have some fundamental aims. In general, economics has to develop on the market basis; each person should receive enough freedom in the economic sphere. Personal initiative of the private entrepreneurs receives the biggest assistance and encouragement from the state, and has state intervention into functioning of “social market economy”. *Main target of the social market economy is a securing of gradual development of world society, and also a creation of conditions for thorough development of citizens and satisfaction of their needs. Own welfare should not be received due to the others; goods should be distributed on the fair basis. All members of the society have to receive a certain secured subsistence minimum, adequate to person as a personality.*

Uncertainty of such basic concepts as “social relations”, “social policy of the state”, “social function of the state”, “social sphere” leads to a big amount of gaps in the practical activity of the state concerning solving of social problems, since social policy is inadequate to increasing of the needs of the society.

Let’s apply to the etymology of concepts “function” and “policy”. Term “policy” is derived from Greek “politika” (state, social affairs, “polis” – state); “function” – from Latin “functio” (fulfilment, realization, i.e. activity, duty, work, outer show of qualities of any object in this system of relations). In accordance with the stated above, the role of the state in realization of social reforms should be considered not only from the point of view of elaboration of the standards and declarations, but, first of all, as a duty, a rule for introduction of social living standards. Social policy of the state should be considered as a coordinated, scientifically based system of measures, oriented on securing of appropriate conditions for fulfilment of the stated duty.

Talking about the complexity of the process of realization of social standards declared by Ukrainian state, some “barriers” on its way should be marked.

First of all, at the present stage, Ukraine only starts its way to the creation of civilized market relations with development of appropriate infrastructure. This is done with an aim not to come back to essentially opposed tendencies of the state with an absolute centralism (not taking into consideration the whole layer of actively working population) and dictate of mass irresponsibility (which is also called “planned economy”). Therefore, this process could not be momentary, it is necessary to go through difficult formation period. This period is a transit from one type of economic thinking to essentially new, more progressive one. However, today there already exists a legislative regulation of many social issues. It concerns, for example, working time, activity of branch trade union structures, etc. This process is being developed in the necessary direction and no time limits should be determined.

Secondly, today there exist an essence uncertainty, and, therefore, imperfect idea of a social sphere in general. Till now, one uses literature (of analysis of some official documents) where it is considered as a totality of institutions and systems of non-production character which provide services in the sphere of culture, health protection, etc. Such understanding leads to artificial conflict situations and improper practical orientation, since the production, as a main sphere of a vital activity of the society, in such a condition, is out of the limits of the social sphere. Therefore, if social sphere is considered only as a totality of non-productive establishments which provide social services, then a lot of phenomena which are also constituent parts of such a sphere are left unattended by the state institutions which elaborate a social policy and are responsible for its implementation. The result of such sponsored theorization in the notion of social sphere is the existence of big amount of gaps in a practical activity concerning solving of social issues, since social policy is inadequate concerning problems of the society. Therefore, to our mind, at the

present stage, the most important task is to clarify the “competence” of the state concerning regulation of the social processes, and also the rights and obligations of the state in the process of fulfilment of its social function. First of all, it concerns the solving of the problems which threaten the integrity or even the existence of the society (securing of sufficient level of living for each person, prevention of poverty and excessive income differentiation of the population, etc.).

Thirdly, as a result of unfavourable conditions for a self-realization of social potential of a person, the fulfilment of an effective social policy is slowed down. Here, the main motive power is a development of social-status relations on the basis of the formation of average class. Historical experience witnesses that a democratic society is possible only providing the support of the citizens which in material plan do not depend on power itself, but, at the same time, they may create economic and social-political pre-conditions for support of the state and existing social institutions in the society. “Vectors” of all social-economic transformations should be subordinated to the interests of those, the most numeral levels of the population, which in western sociology and politology are determined as an “average class”. Exactly this part of the population in any country has always been and now is a reliable basis for social-economic, market-democratic transformations in the social society. Western model of the average class characterizes it as an economically active part of the population which have appropriate for a person of the XXI century level of material welfare. They reach it with their own labour, understanding their social and economic interests and do everything for their full realization.

In consideration of the issue of development of economics on the market basis with high social standards, it is necessary to pay attention to the role of small business as a basis of social transformations and guarantee of irreversibility of positive processes. Nowadays, a problem of social responsibility of the business has obtained a high importance, and necessity to increase of social investments of enterprising activity. It should be said, that this problem concerns not only state institutions, which realize social policy, international organizations or financial establishments – it is an obligation of entrepreneurs themselves (businessmen) and other multiple representatives of social society. It should be said, that this problem concerns not only state institutions, which realize social policy, international organizations or financial establishments – it is an obligation of entrepreneurs themselves (businessmen) and other multiple representatives of social society. Among other constituent parts of the social role of the small enterprises, it is necessary to mention its contribution to softening of inevitable property inequality, support of socially sensitive levels of the population, change of the property structure, regulation of employment of the population on the local level and as a buffer zone of competitive economics which is able to soften the results of structural changes inside of it.

Scientists-economists occupy a significant place in forming of a unified concept of small enterprising development, namely: Z. Varnaliy, V. Syzonenko, L. Vorotina, S. Mochernyy, D. Lyapin, V. Podsolenko, V. Yakovlyev, A. Busygin, V. Vasylyev, O. Turetskyy, etc. Scientific works of famous Ukrainian economists N. Chumachenko, I. Lokinova, V. Geyts, A. Galchunskyy, and O. Kuzhel draw our attention to the separate issues of enterprising development in the conditions of formation of market economics. Scientists of the USA, first of all F. Chayek [3], P. Drucker [23], P. Samuelson, D. Rechmen, M. Mekson [11], and others have made an inestimable contribution to the research and systematization of the theory of enterprising. For the last years, in Ukraine, the basis for formation of the unified model of enterprising development is the range of methodological approaches of the leading native and foreign economists, practical recommendations of experts-analytics of the sector of a small business.

Moreover, nowadays, a lot of theoretical and applied issues of the development of small enterprising remain unsolved, which makes the implementation of the systematic approach impossible, first of all, in state regulation and support of the subjects of small enterprising. Ukraine has also problems in bringing of national classification of the subjects of small enterprising into conformity with the classification of EU (Recommendation 2003/361/EU dated 06.05.2003).

Not taking into consideration a big amount of investigations of theoretic-methodological basis of the activity and development of small enterprises, including in Ukraine, it should be said, that among scientists, specialists of bodies of executive power, and subjects of enterprising activity

there is no unified meaning about the most effective realization of the factors of organization, economic, and legal character. Therefore, for example in Ukraine, there are different approaches to the estimation of effectiveness of small enterprising activity which function under the conditions of simplified taxation system, accounting, and reporting. Among the issues which belong to discussion ones are also the ways of financial-credit support of the small enterprises activity, levers of indirect correction of their activity, and many others.

Taking into consideration the Targets of the Millennium, the aim of the research is an elaboration of the modern methodologically based concept of creation of the competitive economics with a distributed responsibility which fully uses the potential of the subjects of small enterprising (SSE).

In the process of investigation, it is necessary to consider the following issues:

- to examine the main tendencies and problems of development of small enterprising in transformation period of the economics development which is directed to prioritive functioning of industrial-financial groups (IFG) on the world markets;
- taking into consideration the retrospective analysis of the development of small business in the USA and developed economics of the European Union to predict the changes in solving of social-economic issues by small enterprising of cluster and general types;
- to ground the use of integral index of labour profitability while analysing the efficiency of functioning of the small enterprises both in general system, and in the integrated formings with “soft” and “holding” business performing.
- to define the essence of such categories as “efficiency” and “social-economic efficiency” of small business from the point of view of microsystem analysis;
- to show the appropriateness to concern the activity of the leadership of small enterprises from the point of view of innovation and operation approaches;
- to define the ways of improvement of mental-psychological climate in the society due to creation of small enterprises with the aim of social effect realization;
- to reveal the modern tendencies of the increase of social responsibility of small business in the conditions of overcoming of world financial crisis.

Stage of Issue Elaboration.

Uncertainty and unconformity of general accepted criteria of the relation of the enterprises with the sphere of small business has led to essential differences in estimating of the size of average and small enterprises which makes comparison of their activity on the interregional level impossible. For example, in the European Union, an enterprise is considered as a small one if the number of employees is less then fifty, in the USA – if less then five hundred, etc. The same situation is with the volume of the annual balance. In Ukraine, the enterprise is considered as a small one if the volume of gross income from realization of the products (work, services) for a financial year is less then 70 million UAH, yet, in the European Union – if less then 10 million Euro. What is the reason? Lots of specialists have tried to give the answer for this question. Among them S.Borner, Christopher A. Bartlett, Paul A. David, Edward Denison, Rudiger Dornbusch, Lawrence Franko, Peter H. Gray, Albert O. Hirschman, Michael E. Porter, and many others. Yet, they still were not successful in elaborating of a generally accepted criterion for the division of enterprises for small, average, and big. Most likely, it is possible, since, not taking into consideration different approaches concerning the one and the other enterprise or the one and the other category of size, the scientists of almost all the countries have found a common language while analysing the enterprises activity and, without controversies, have distinguished them as small, average, and big. What is the determinant criterion? Certainly, the determinant feature is not a size or a number of employees, but, most probably, the influence of one or another enterprise on the social environment, on the satisfaction of the needs of a certain level (quantitative dimension) of the population, and on the level of solving of essential social issues. The specialists, almost without mistakes, perceive this, and other criteria play the part of auxiliary.

On the small enterprises, a special attention is drawn to the innovation and operational approaches to the solving of the issues of enterprise management. The works of V. Tereshchenko, which analyze the experience of the production organization in the USA and describe on the

scientific basis the process of leadership, but there is no unnecessary accent on the innovation in the process of executing of the common administrative actions, occupy an essential place. This fact proves the existence of the law of conservation of work (1999) and its action in the process of production. Yet, the action of this law is not considered under the condition of interaction of small enterprises in clusters and in industrial-financial groups, development of which, lately, take place in Eastern Europe the most rapidly.

At the same time, the crisis of the third and fourth technological structure acquires expansion in the countries of CIS and lagging from not only European Countries, but also countries of Southern America, increases. In such countries as Ukraine and Byelorussia, this crisis only makes its first steps. It almost has not touched the wide range of population yet in such an extent, as the mass media reports. Under such circumstances, the traditional approach to the development of small enterprises with slogan “overcoming of the crisis by means of its development” would not give the expected results. And we reckon that, in the first place, it is due to wrong aim for a small business, particularly, only receiving of income without any real steps towards recovery from the recession.

For example, in Ukraine all crisis management measures are mercilessly criticized by the specialists of all parliament fractions. Therefore, their positive impulse weakens on the stage of forming of such measures. Now, they almost does not influence the real economic sector which exists due to non-conformity with institutional norms and rules of play, and are unattractive to collaboration with industrial-financial groups (IFG) of the developed countries. Inconsolable perspective for the economics of Ukraine can be seen while getting familiar with the National Strategy of Development “Ukraine – 2015” which was created by the Institute of Economics and Forecasting of NAS of Ukraine, Institute of Demographic and Social Investigations of NAS of Ukraine, and regional branch of the National Institution of Strategic Investigations in the city of Kharkiv under the President of Ukraine. Specialists and experts in the sphere of economics, politics, law, humanitarian and social development have the same point of view. It is based enough in the research “Strategic Challenges to the Society and Economics of Ukraine in XXth Century” edited by Academician of NAS of Ukraine V. M. Geyts, Academician of NAS of Ukraine V. P. Semynozhenko, Corresponding Member of NAS of Ukraine B. S. Kvasyuk. See document 432 at www.cic-wsc.org.

There also less important methodological but very important practical issues for a small business which are related to providing bank services for a small business. The needs and ways of improvement of the accounting, analysis, and planning of the bank activity are considered in the works such native authors as: O. D. Zaruba, A. V. Kalina, G. V. Mytrofanov, L. O. Prymostka, K. Ye. Rayevskyy, R. I. Tyrkalo, Z. I. Shchybyvolok, and such foreign scientists as: O. V. Kukushkina, Yu. S. Maslyenchenkov, V. Ye. Cherkasov, A. D. Shcherbakov. There are also more young scientists who more or less have researched the specified this issues, among them: Ruslan Nabok [48], Roman Chumak [52], Volochov Viktor [43] which also have examined the issue of the correlation of administrative accounting and income of the bank establishments. Such famous native scientists have devoted their works to the issues of organization and methodology of administrative accounting as: M. V. Kuzhelnyy, A. M. Moroz, M. S. Pushkar, V. I. Rychakivskyy, M. I. Savluk, M. G. Chumachenko, and some foreign ones: M. Vebera, K. Druri, T. P. Karpova, T. Scoun, A. D. Sheremet, U. Sheffer, and others.

Not taking into consideration a big amount of publications concerning the issues of accounting and analysis in bank establishments, still, there are lack of works which are devoted to the complex study of methods of accounting of income and expenses of a bank (particularly, administrative accounting), their analysis, planning, and forecasting. V. Buryak and V. Volochov state, that one of the main features of the administrative accounting is the fact, that all the expenses are divided into two main types:

- a) marginal (variable);
- b) permanent.

The definition of marginal (variable) and permanent expanses as a specified above concepts which are used in economics of small enterprise. A perfect and meaningful addition to the interpretation of the concept “variable expanses in bank activity” is a following thought: “usually in

administrative accounting correct enough is an assumption that the marginal expenses for a unit of provided service are the same for each additional unit”.

Essential contribution to the elaboration of conceptual approaches to development and administration of small business is made by the higher leaders of industrially developed countries. The measures of “Reyganomika” in the USA of the President Ronald Reygan, program of Margaret Thatcher in England, program of Small Business Support in 2003 in the USA at times of President George Bush and others may be concerned as an example of such positive influence.

At the same time, the analysis of the literary sources and world practice allows us to make a conclusion, that there no conceptual basis for a development of economics with an absolute use of possibilities of small enterprise and business in a world economic science. This fact makes the process of attraction of positive experience with its adaptation to the conditions of Ukraine more difficult.

Subject of the research – determination of the tendencies and contradictions in a social-market economics with analysis of positive experience of use of small enterprising and business for reaching of stable development.

Object of the research – the economics of Ukraine with peculiar features of the economics of post-Soviet society in the state of inconsistent reconstruction and under the conditions of social-politic pressure.

Methodological and theoretic basis of the work are the results of the research in economic theory and in econometrics of the latest years, particularly of such Laureates of the Nobel prize in economics as: Saymon Kuznec (1971), Wassily Leontief (1973), Leonid V. Kantorovich (1975), Gerard Debreu (1983), Sir Richard Stone (1984), Robert Solow (1987), Harry M. Markowits (1990), Gary S. Becker (1992), Robert Lucas (1995), Robert C. Merton (1997), Robert A. Mundell (1999), James J. Heckman (2000), George A. Akerlof (2001), Vernon L. Smith (2002), and others. We consider a proving of action of the fundamental law of economics – Law of Labour Conservation (Vasylyev O. V., 1999-2003) in reaching of an effective work of a small enterprising and business as a modern basis of the main conclusions. Moreover, we determine the appropriateness of the law of non-destroying of intellectual-moral work while development of organization structure of small enterprises and mechanisms of correlation of small enterprises and industrial-financial groups (IFG). The scientific works of prof. Goutam Dutta (India), prof. Frank L. (Canada), prof. Pritviraj Chattopadhyay (New Zealand) are used in the thesis.

Scientific novelty of the research is in a complex analysis of the problems of forming of conceptual basis of social-market economics, in establishing of general regularities and contradictions, specific features and their development in the period of inconsistent transformation of the economics to the conditions of economics of the distributed responsibility. Well-founded and established concept of the changes in solving of social-economic issues by small enterprising of cluster and general types with an aim of reaching of prioritive functioning of industrial-financial groups (IFG) on the world market.

New results of the researches may be formulated as the following:

1. the main tendencies and problems of the development of the subjects of a small enterprising in transformational period of economics development which is directed to prioritive functioning of industrial-financial groups (IFG) on the world markets are established;
2. the changes in solving of social-economic issues of small enterprising of cluster and general types are forecasted;
3. the use of integral index of labor profitability while analyzing of the efficiency of functioning of small and average enterprises, both in general system, and in integrated forming with “soft” and “holding” business management is based;
4. the essence of the categories of “efficiency”, “socially-economic efficiency” of small business from the point of view of microsystematic analysis is determined;
5. the appropriateness of examination of the activity of the leadership of small enterprises from the point of view of innovational and operational approaches is based;

6. the ways of improvement of moral-psychological climate in the society due to creation of small enterprises with the aim of receiving of a social effect are determined;
7. the modern tendencies of the increase of social responsibility of small business under the conditions of overcoming of financial crisis are revealed;
8. the action of the Law of Labor Conservation (Vasylyev O. V. 1999-2003) in the reaching of the efficient work of small enterprising and business is shown;
9. the appropriateness of the regard of the law of indestructibility of the intellectual-moral work in the process of development of organization structures of small enterprising and mechanisms of the collaboration of small enterprises and industrial-financial groups (IFG) is determined.

Practical Essence of the Work

The practical essence of the researches consists of the possibility of use of the received results in practice of small enterprising development, organization of the efficiency of correlation of small business with industrial financial groups (IFG), of positive influence on the system of values of civil society and of attitude of the average class, and also of practical suggestions concerning the creation of innovational enterprising under the conditions of inconsistent transformation of the post-Soviet society.

Certain suggestions concerning financial supply of the development of the system of small enterprising through the bank sector, particularly, improvement of the administrative accounting in ensuring of the profitability of a commercial bank may be concerned as a practical essence of the researches .

Statements and conclusions of the thesis research have practical direction and may be used for correction of the programs of social-economic development both on a regional and on an interregional level, for determination of the strategies of national development on a macro- and micro levels, and also for creation of the basis of balanced and stable functioning of economic system.

The final one would provide a practical realization of the Target of Millennium (UNO, 2000).

Realization of the results of the research and their approbation.

The results of the research and practical suggestions of the author are included into scientific reports of the State Academy of Statistics, Accounting and Audit, and also Institute of a world economics of NAS of Ukraine. They were appropriately estimated on the II International Scientific-Practical Conference “Problems and Mechanisms of Reproduction of Resource Potential in the Context of Euro integration” (19-20 October 2006, National University of Water Management and Nature Resources Use, city of Rivne), on the International Scientific-Practical Conference “Corporal Administration in Ukraine: Management, finances, and Audit” (4-5 May 2006, NUWMNRU, Rivne), on All-Ukrainian Teaching Scientific-Practical Conference “Financial System in Ukraine: Formation and Development” (20-21 April 2007, National University of Ostroh Academy), on All-Ukrainian Scientific-Practical Conference “Financial System of Ukraine: Formation and Development” (16-17 May 2008 National University of Ostroh Academy), on III International Scientific-Practical Conference “Problems and Mechanisms of Reproduction of Resource Potential in the Contest of Euro integration” (9-10 October 2008, NUWMNRU, Rivne). They have made a basis of succession of the lectures which are read by an author in a State Academy of Statistics, Accounting and Audit of the State Statistics Committee of Ukraine (Rivne branch) and in private high educational establishment “European University”.

On the basis of the author’s researches, 9 works are printed (total volume of 8 printed sheets), number of the theses and speeches.

Thesis structure: aims and tasks of the research have determined the logic and structure of the work:

Chapter 1. Theoretic-Methodological Basis of the Research of the Development of the Small Enterprising and Business.

- 1.1. Conceptual Approaches Concerning the Role of Small Enterprising in a Social Economics.
- 1.2. Place of the Small Enterprises in State Economics.
- 1.3. Theoretic-Methodological Approaches to the Determination of Economic Efficiency of a Small Enterprising.

Chapter 2. Tendencies of the Development of a Small Enterprising.

- 2.1. The Necessity of the Development of Small Enterprising as a Specific Sector of Economics of Ukraine.
- 2.2. Social-Economic Efficiency of Small Enterprising: Methodical Aspect.
- 2.3. Small Enterprising in Socially Oriented Market Economics.

Chapter 3. Small Enterprising in Ukraine from the Point of View of Worldwide Civilization Improvements.

- 3.1. Formation of Average Class in Ukraine – the Most Important Task for a Small Business.
 - 3.2. Securing of the Activity of Small Enterprises Due to Improvement of Administrative Accounting of Financial-Credit Establishments.
 - 3.3. Formation of Innovational Small Enterprising in Ukraine.
 - 3.4. Social Responsibility of the Business in a Civil Society.
- Practice of Implementation of the Results of the Research and Conclusions.
List of Used Literature.

List of Printed Works of the Author in Specialized Editions Proved by the Presidium of VAK of Ukraine.

Main statements of the thesis

Chapter 1. Theoretic-methodological basis of the research of the development of the small enterprising and business

1.1. Conceptual approaches concerning the role of small enterprising in a social economics

The problem of business in general, especially of a small one, became a typical problem during the critical period of development of the so-called "socialist countries" which had to transform on the basis of the market principles. It is clear that the type of socio-economic system, which denies and rejects business as a kind of entrepreneurship (socialism) and market type of socio-economic organization, and which is essentially based on the enterprise activity, – is conducted by the opposing conceptual approaches even in the system of the ideological values. In planned economy the main criteria of the business activity were national economic efficiency and expediency, but in the market economy, these criteria are replaced by the microeconomic profitability. Modern approaches concerning the role of entrepreneurship in general, especially small one, are even more complicated because of the constructive terms of social-oriented economy (SOE). In such economy, commercial lucrative stimuli in the activity of business structures are caused by necessity to solve some social problems, create new market derivations, introduce new forms and methods of productive organization and to produce competitive goods etc.

In order to understand modern conceptual and methodological ideas concerning the role of small business in SOE, it's necessary to make a short retrospective survey of the problem background.

In the ancient times, and during the Christian church history, the activity of "huckster" (businessman) was considered as «indecent», "disgusting" and "sinful". Such attitude came from Aristotle, who contrasted the philosopher's way of living ("life with dignity) with huckster's activity, which was deprived of inner peace. St. Izostom, Archbishop of Constantinople (IV-V

centuries) considered that the merchants can hardly follow sinless life. In the famous canon law book - "Gratians" (XII century.) it was noticed: "Merchant is leastwise acceptable before God, or is not in the sight of God at all" [1].

Saint Thomas Aquinas (XIII century) also stated that the profession of the merchant has the inferior character. But despite the ethical and moral verdicts, with the lapse of time, Catholic economic ethics recognizes the value of future business for social welfare achieving, which is put in the essence of the economic development (Johannes Messner). The general welfare factor was put as the economic prosperity basis and a starting point for the evaluation of the new commercial enterprises. According to this conception, entrepreneurship had to correspond to the of public welfare interests, and the income received by entrepreneur had not to contradict morality.

Adherents of the medieval morality, condemning usurer's interests, had an indulgent attitude towards capital gains from business activities. Therefore, they considered that an entrepreneurial profit categorically excluded usury, and became a part of its nature.

Over the centuries, human hostility to the enterprising businessman personality had also social and psychological roots, which were determined by conservatism, underdevelopment of economic relations in pre-industrial era and ancient human psychological perception of peasant as a peaceful ploughman and representative of the traditional lifestyle in contrast to which appeared an entrepreneur - the destructive character, which offered not always positive changes [1].

The conception "enterpriser" (fr. entrepreneur) in the academic community was introduced by an English banker and economist Richard Cantillon (1680-1734), who systematically examined entrepreneurship. Under this term, he understood the function, which was associated with risk. Cantillon defined the entrepreneur as a person who, for a definite price bought means of production in order to produce products and sell it for profit. This person suffered some expenses and did not know in advance prices of the products realization. He considered businessmen to be the people with changeable income (craftsmen, merchants, farmers and others.), i.e. small producers engaged in economic activity in conditions of instability and unpredictability of prices. Thus, Robert Cantillon supposed readiness to take risks to be as the main feature of entrepreneur. He designated the small entrepreneur as a person, who made decisions and satisfied his interests in conditions of the complete uncertainty.

In the economic theoretical works of classical writers, especially in works of A. Smith (1723-1790) and D. Ricardo (1772-1823), entrepreneurial activity was determined as the activity, which inevitably associated with risks and was directed on business income receiving, and the entrepreneur was identified as the owner of capital. In future, in connection with "separation" of ownership and management functions, understanding of business was a little changed. In the work of the French economist Jean Baptiste Say (1767-1832) - "Traité d'économie politique" (1803), the entrepreneur was considered not only as owner, but more as a manager. Organization and management of the production process, which were directed at finding the optimal combination of production factors (labor, land, capital), and could make it possible to receive the entrepreneurial income were recognized as his main functions.

Consideration of the theory about entrepreneurship in historical aspect would be incomplete without analysis of the scientific views of the "petty bourgeois" representatives and their direction in the economic science (second half of XVIII - first half XIX century). During the period of worsening of the separation process, impoverishment of the overwhelming population majority and discrepancy in "harmony of private and public interests", the problem of economic crises became more evident and the necessity to change outlook on social and economic levels became more objectively. Mentioned above problems became the starting point for building of theoretical and methodological structures of "economic romanticism" apologists.

For example, Jean Charles Léonard de Sismondi (1773-1842), the Geneva representative of aristocracy, fustigated the whole capitalist system because of the deplorable state of workers and overproduction crisis, but most of all, he criticized it for the ruin and misery of small producers, which, as he considered, were the support of society. Only the "third persons" - "intermediate classes and communities (especially small producers, craftsman) could significantly improve the solvency of the society, accumulate capital, and to even weaken the economic crisis.

The adherent of small business, French economist Pierre-Joseph Proudhon (1809-1865) consistently defends the small-scale production and transferring of large-scale production to property of their groups. To improve capitalism with the help of reforms in favor of "small producers" - that is the approach, which defined the matter of scientific statements of the "social reformer" - Proudhon.

In general negative attitude towards institute of business lasted until the end of the XIX century. And only at the beginning of the XX century, when the era of mass production was changed by the era of marketing, which was characterized by rapid diversification of products on the basis of active strife for consumers, scientists began to recognize the leading importance of constructive businesses for studying of factors, which are the result of the market in general and for further economic development of the market type enterprises.

A special place in the development of the theory about entrepreneurship at the beginning of the XX century belongs to works of the Austro-American economist and sociologist Joseph Alois Schumpeter (1883-1950). In his opinion, the nature of an entrepreneur consists in innovation, in turning point of the established traditional processes for the establishment of qualitative new ideas, which can provide the economic system development. In order to be able to perform business functions, the individual must have specific features, such as definite vision, readiness to be ahead of time, have active initiative, authority, gift of prediction and be able to influence on other people [2].

Point of view, which considered an entrepreneur to be some kind of innovator and originator in his own environment, was first introduced by Joseph Schumpeter. It became a kind of methodological basis and was the beginning of the regulatory theory of entrepreneurship.

Considerable contribution to the development of the global entrepreneurship conception was made by Austrian liberal economist, Nobel Prize winner in Economics - Friedrich August von Hayek. The academician defined entrepreneurship not only as the leading type of activity, but mainly as a "searching and studying of the new economic opportunities, characteristics of behavior" [3]. The purpose of business activity, according to ideas of Hayek, was the obtaining of business profits, for which the entrepreneur tries to find new, not known to other individuals opportunities to receive these profits. The author considered general economic balance in country as a desirable tendency, but not as a normal state of the economy and business, which at the same time ensured the movement of markets to a stable equilibrium.

Modern western economists primary associate entrepreneurial activity with innovations, searching and realization of the new opportunities. For example, Joseph John Campbell and Stanley L. Brue define entrepreneurship as "...person's ability to use some combination of human resources for the production of goods, make consistent decisions, create innovations and take risks" [4].

Completely new scientific approaches, from the present existing scientific theories concerning entrepreneurship, can be found in methodology of the well-known American expert in the economic structure of modern society, a leading manager of our time - P. Drucker. He considers that entrepreneurs are not "capitalists" or "investors" (in contrast to ideas of D. Ricardo, Karl Marx) in the full sense of these conceptions. One of the defining functions of an entrepreneur, which is the main subject of market relations, consists in obtaining results different from the previous (*rerum novarum cupidus* – from Latin: "aspiration for new"), but not in improving of something already existing. Enterprisers, according to ideas of P. Drucker, tend to consider changes in the economic environment as the norm and a feature of prosperity of the "own business" [5, s.51].

So, a brief retrospective overview of the origin and development of the category "Entrepreneurship", depending on the socio-economic, political, legal, concrete historical and social conditions gives us grounds to state that mentioned above category is a complex, multifunctional, and mainly - significant. From this point of view, which embraces dynamic rapid globalization and transformation processes in the global economy, inevitability and necessity of building of market economy with social direction in Ukraine, concentrated generalization of world business theories becomes more necessary.

Therefore, entrepreneurship should be viewed as a type of economic human conduct with its characteristic features:

- readiness to take reasonable chances, considerable economic marginalization of the business subjects. The entrepreneur bears personal (property, finance, legal) responsibility for the results of managing; makes independent decisions about possible directions and type of his activity, finding business partners, suppliers of resources, product markets, pricing, etc.
- innovation, constant search for new opportunities and areas for capital investment. Mentioned above features identified entrepreneurship as the important type of the human commercial activity in the past and as indispensable and defining factor of social progress nowadays and in future;
- market flexibility, creating of the new consumer needs. As the main "player" of the market environment, the entrepreneur perfectly studies market demand and its possible fluctuations, the degree of goods saturation of different groups, and as a result – quickly makes decisions regarding his participation in this market segment;
- diligence and systematicness. We have a considered opinion that entrepreneurial activity – is a very "touch-and-go business" (according to points of view of many businessmen) because of the reason that only a few business owners have the full understanding of what they are doing, consciously and clearly outlined for themselves their tactical actions. Most of them (entrepreneurs) have not got the system for realizing of their activity. Business - is not a single operation, but a process and it must be operated with consideration of all objective economic laws;
- desire to obtain relevant socio-economic effect from activity. Resources which are used by an entrepreneur in the process of production of goods (works, services), are mostly "economic": capital, natural resources (land, buildings etc.); labor, management, time. But entrepreneurship cannot be restricted only by economic sphere, and it is not quite correct to speak only about economic eventual result (profit, excess profits) in business activity due to very important social component;
- the expression of the inner potential of a person. Entrepreneurial talent should be appreciated today as an indispensable intellectual capital and developing of the national entrepreneurial potential should be considered as the most powerful resource for economic growth in Ukraine, which can give us a lot of prospects, as well as it should be considered as necessary basis for successful development of the country.

The conceptual meaning of the term "business" lies in organic relationship and interdependence of economic, political, historical relations between separate individuals and between the whole social groups. The long history of entrepreneurial matter formation under the influence of primary and secondary institutions results in a natural interest of scholars, practitioners, experts of government authorities to investigate "the phenomenon" of the market economy. The most accurate, extended and complete (correct) definition of entrepreneurship is mentioned in the Economic Code of Ukraine: "Entrepreneurship – is an independent, initiative, systematic, established at one's own risk economic activity, which put into practice by business entities (enterprisers) in order to achieve economic and social results and profits"[6]. Such interpretation of the basic market economic category can not be considered as satisfactory, especially from economic and legal point of view.

The main point of entrepreneurship can not be reduced only to the personal factor. Domination in the general entrepreneurial business system of businessmen and entrepreneurs is an indispensable point, but such position is not a sufficient condition for the development of entrepreneurial potential of region, district or country. The modern entrepreneurial theory directs "its operations" mainly towards consolidation of small business structures by their full or partial absorption, which is an objective reaction to motivations of the global economy in general and reasoning of particular national markets. Moreover, while examining of business institution as the fourth fundamental factor of production and with full understanding of the complexity of such classification approach (we can consider certain impossibility), we can affirm, that capital, labor (management control), physical resources can effectively create a logical combination in business

organizations, with placing of business executive and management innovator in the central point of the commercial enterprising process.

Legal imperfection of the above mentioned definition of "entrepreneurship" associated primarily with different approaches concerning the problem of economic competence of subjects of business activity. It is a well known fact, that except physical persons (entrepreneurs), to subjects of business activity belong more businesses and legal entities - enterprises of different classification groups (Article 55 ECU). Thus, the referred above definition does not answer on the question: should state-run enterprises, public enterprises, and other companies be considered as establishments, which perform business activity, because "an independent, initiative ... venturesome economic activity" can perform only the owners of means of production or their authorized business leaders, but not managers and executives, who are accepted for employment on short term and on the contract basis. As mentioned Professor Vorotina L.I., "business is not an activity of producer, banker, trade or service worker, but only the activity of the owner, who independently establishes and performs (or with the help of the hired labor) production, rendering of services, etc.". The appearance of the term "entrepreneurship" had its basic feature and was formed on the basis of full understanding of difficulties and, that is the most important, comprehending of risks of this kind of activity. Genesis of this complex socio-economic category also had justified risk elements as the main feature; this made it essentially different from any other human activity. Economic science of the early XXI century was still unable to make a "scientific verdict" about reducing of the economic risks in the complex and multiple-aspect structure of business. Hereby, while comparing the risks of enterprises that implement their economic activity on the basis of property rights and record keeping or operational control, we believe that it would be right to talk about full "incompatibility" of such risks and their matter.

Completely new scientific approaches concerning the mentioned definition were formed by Nikolenko Yu. V., who claims that "entrepreneurship - is a system of business life activity, the basis of which constitute democratic forms of the economic activity, providing with the initiative right to select areas, forms, methods of management, economic, organizational, technical creativity and innovation. The main subject of this system is an entrepreneur, – competent owner, who is able to organize business management on the basis of the latest economic and technical achievements"[8, p.4].

Summing up some complex scientific generalization, which consider complicated, multivariable category "entrepreneurship" on different stages of commodity production development and market economic system, we can ascertain the duality of the enterprising nature: from one point, the entrepreneurial economy is a distinctive feature of a businessman and independent economic entity, and from the other - an entrepreneurial activity is an indispensable component of a market economic system that determines the effectiveness of its development and change intension. It means *that entrepreneurship can be defined as the systematic economic activity of the business subjects, which is based on the rational combination of production factors including innovations, and which is performed from one's own initiative and at his own risk (in limits of the economic competence), and the final goal of this activity is a business income, which combines personal benefits and public advantages.*

So, the special features of entrepreneurial activity in accordance with the current legislation of Ukraine and modern theoretical and methodological approaches are: independence in decision making (concerning property, business), systematized arrangement, risks, legitimacy (registration under the prescribed order) and orientation to meet the socio-economic needs of society.

It should be noticed that today, along with definition "entrepreneurship" is widely used the term "business". Despite of the considerable number of works on this problem, unfortunately, there are no clear formulations based on scientific definition theory of these economic categories. In the works of many authors there is no well-defined definition, that's why it is not always possible to figure out which category is mentioned: "business" or "entrepreneurship" [9]. In order not to diminish the contribution of scientists-economists in the integrated concept about entrepreneurial development, including small businesses, it becomes obvious that there is a certain contradiction between points of view about the nature and matter of this market economy phenomenon.

Entrepreneurship and business historically have common significant features - sharing, orientation on commercial success, profit receiving (income) and so on. That is why mentioned features determine, as we consider, such complete identity of these categories in the works of the vast majority of modern economists, and especially the vocabulary of the ordinary citizens. However, the definition "business" is somewhat broader than the term "entrepreneurship".

Business, from our point of view, - is the activity of enterprises of different scale groups, ownership forms and individual citizens (physical persons) directed on profit receiving. It may be said that any activity of the mentioned entities, which is directed to realization of personal economic interests. Thus, unlike the entrepreneurship, in its principles it is not necessary to cover elements of risk (production, commercial, financial), to bring elements of innovation and to adhere to the basis of full economic responsibility. This is the qualitative difference between the conceptions of "business" (small business) and "entrepreneurship" [10, P.25]. Newly established companies and enterprises with significant experience in economic activity; small and big enterprises; private enterprises or establishments of other ownership forms become entrepreneurial structures, in the full sense of this term, only when they begin to create products (services) of a qualitatively new value - the value of the new consumers need creating. That is the reason why in modern Ukraine, unfortunately, the most part of the newly established and existing enterprises (especially medium and large) still belong to the category of "business sector" and do not correspond to the spirit and matter of the real entrepreneurship".

Entrepreneurial activity is characterized by "multi-vectorial" activity, many ways for capital investing, different approaches to final result evaluating. So, in the modern market economy were developed the following types of entrepreneurial activity: manufacturing enterprise; commercial enterprise (trading, trading-purchasing and trade dealership), financial business (banking, auditing, leasing, activity of stock-markets etc.); advisory enterprising (consultative).

In economic theory and practice, entrepreneurial activity, excluding its specific identity, should be considered as one of the three main categories – large scale (big), middle and small entrepreneurship. Without taking into consideration the evidence of such relative classification, certain advantages of such classification approach should be mentioned. First of all, it provides an opportunity to identify and analyze strong and weak points of the every mentioned above subject, determine the best variants for their relations and interaction, and on this basis to develop appropriate recommendations. Big and small entrepreneurship, even taken within a particular area or a separate market area, are not usually interchangeable, and even more - to be excluded. They are orientated on different consumer groups and they have different ways to achieve financial and economic problems. Small enterprises have their special place in business activity, for which large scale enterprises with their production measures and assets simply don't "fit". That is why; large, medium and small entrepreneurships complement each other by creating a coherent mechanism of the market economy. The absence of one of these elements - is an empty point in economy, the development misbalance of the productive forces, which can result in a logical conclusion of the overall efficiency reduction of the national production.

It is traditionally believed that economic "indicators" of the any developed country are large scale enterprises and unions, and presence of the powerful economic forces of a big capital mainly determines the level of scientific, technical and industrial potential. It is difficult to disagree with such approach, because it is a well known fact, that "big business made Germany as the largest industrial country of the first half of the XX century, the USA became the most developed country of the 20s – 60s of the same reason, and Japan became the leader of the last decades" [11]. And, nevertheless, during the whole entrepreneurial history, a small business is a basis of market economy. It is the most popular and most dynamic form of human activity, and at the same time, it is an element for alignment of all social groups and classes of the population, when it is necessary to obtain socio-economic well-being and prosperity.

Small business combines all advantages of small forms of management (flexibility, mobility, efficiency in decision-making management etc.) and benefits of the entrepreneurship (risk, innovation, full responsibility for the results of activity). In this relation a small business should be considered as a part of the something total - the dominant element in the enterprising structure.

While considering the object of our thesis, we denote the basic positions for further scientific analysis of the category "small enterprise".

According to the Law of Ukraine "About making of amendments in some legislative acts of Ukraine on regulation of the entrepreneurial activity" from September 18, 2008 № 523-VI, the subjects of small entrepreneurial activity are:

- Physical persons, which are registered in accordance with the prescribed by law order for entities;
- Legal persons – are subjects of the entrepreneurial activity of any organizational-legal form and ownership, in which the average number of employees during the reporting period (calendar year) does not exceed the number of 50 people and annual gross income does not exceed 70 mln. [12].

The average number of employees is determined by general number of all employed people, including those who work under contracts and for more than one employer, and also workers of the representative offices, subsidiaries, branches and other separate units.

Thereby, under the current legislation of Ukraine, "sphere of action" of small entrepreneurships is represented by powerful groups - "teams", that can be relatively divided into two categories: physical bodies and small entrepreneurs without regard to areas and type of business activity. The entrepreneur, as a personal factor of reproduction, - is the individual that is ready to take risks from his own initiative and innovation basis. He rationally combines factors of production in such way to get the entrepreneurial income, which reflects personal elements of satisfaction and social impact. This definition fully fits for the other small subjects of the small entrepreneurship - small business structures, with the only exception, that they are focused on ample opportunities (resources, finances etc.) for primarily industrial activity. Behavior peculiarities of entrepreneurs, the reasons for their business activity and sources of stimuli (external, internal) may constitute a separate matter of scientific research.

While detecting the subjects of a small entrepreneurship, there should be primarily determined basic properties of this type of activity: economic freedom, realization of resources, innovation, opportunity to make independent management decisions, etc. That is why, examining of the economic nature of small entrepreneurship should be made on two theoretical levels:

- Socio-economic analysis of used forms of ownership;
- Analysis of specific organizational and legal forms of small entrepreneurship.

As a part of the thesis we consider both the above mentioned approaches for completeness and validity of conclusions about the possible directions of the institute of small entrepreneurship in our country in conditions of conversion to the socially-oriented market economy.

One of the most characteristic features of small entrepreneurship is finding of the optimal ratio of businesses and property categories. For economic science, the problem of relations between capital owner and entrepreneur is not new. For example, R. Cantillon noted in 1725 that the function of capital (property) is significantly different from business functions. That "difference" determines, as to our firm belief, all completeness of small business matter, that is mainly consists in inseparable dialectical unity of ownership, management and personal control of the business entity.

It is a well known fact, that property - is the fundamental economic category. It defines the socio-economic structure of society, economic and political situation of classes, social groups of people and relationships between them, as it forms the basis of production relations of society and reveals their inner nature. Considering the long historical evolution of ownership, it is possible to define the increasing tendency towards private property and its possible combinations on the basis of other kinds and forms. This is true because of the economic separation processes of the entrepreneurial entities and individualization of production. Private property and its basis became conditions for the market economy, which provided a powerful impulse to the development of the productive forces. Distinguishing of authorities of the regulatory entities and private property becomes a precondition of economic cooperation that is business itself.

Being an economic category in small business environment, private property is realized primarily as a right that gives the opportunity to owner to take independent decisions. The major components of this combination are the following rights: the right to use property, the right to receive income from property, the right to convert the property and the right of disposal

(alienation). Private property, concentrating with the help of entrepreneurs and their most comprehensive "package of authorities", provide the possibility to make decisions on resources usage. It helps to understand the qualitative difference between private ownership of other types and forms of ownership, which were created by human civilization.

In addition, private ownership has indisputable advantages of social nature. It creates the right of appropriation of the results of its usage - business income and property simultaneously serves as a powerful motivational basis of small business structures. According to Z. Varnaliy, "within the three possible forms of social motivation for work - enforcement, promotion and identification" – the last two are the most recent and consistent with the requirements of this form of ownership. Interests of each individual worker or entrepreneur coincide with the interests of enterpriser much better than the other forms [10, p.24].

The role and significance of the private property institute in the development of small business contains characteristic of specific properties. Being very popular (the possibility to cover most of the resources), private ownership provides the conditions for the development of small businesses in various sectors of economic activity. Particular identification (consolidation of powers by certain entities) provides the opportunity for "new business" with the help of independent choice. Divisibility of private property (the ability to make changes in the structure and size) enables to implement business activity in a large-scale variety of legal forms. Estrangement as a special feature of private property is an important condition for the effective allocation of resources, as it allows them to move "from the realm of low productivity in higher one".

Mentioned above does not mean that small entrepreneurship is a limited sphere of influence on private property. With its special advantages, (the entrepreneurial property) includes significant deficiencies. It is hard to disagree with the scientific views of the famous English economist and economic knowledge scientist of the second half of the XIX century - John Stuart Mill (1806-1873), who gave in his works the definition of the importance of the private property laws, which lately were subjected for sharp criticism: "such laws do not ensure fair equality between people". "The principles of private property - wrote Mill – had not been ever experienced in any country ..." [13, p.24]. The principle of economic freedom provides its implementation only in the extent to which it does not harm others. This can be fully attributed to private property, in situation when it acts as the subject in the overall structure of presently existing forms and systems of property rights in our country.

It should however be noted that the analysis of the relationship of small ownership always certainly completes by the category - "profit". Without going into a detailed assessment of "income" by different economic schools, and individual representatives of economic science of industrial, postindustrial period and era of the market economy (including the political economy of movement views of Marks), you can still notice the common opinion of scientists on profit receiving by business bodies, and that is why, it is a certain fair assessment of the public vocational personality together with his individual contribution (capital) in production. It is logically, as to the context of the above mentioned, to make a conclusion about the possibility of full implementation of the discussed above points. We can make a conclusion that an entrepreneur in conditions of production or in non-production sectors of activity can only exist as a part of a powerful motivational mechanism, which is not even interested in entrepreneurial income (profits), but primarily, is interested to be the part of private (not governmental) ownership of the vast majority of resources that determines the depth of economic and social nature of small businesses and is an external stimulus for its implementation.

So, small entrepreneurship - is a special type of economic activity, which is undertaken by small companies and physical persons – entrepreneurs. The distinguishing features of it are: independence, risk, systematic character and innovation, the basic features of it are unity of ownership, management and control on behalf of the small entrepreneurship, the goal of which - is getting the business income in order to meet personal and social needs. At the same time in modern conditions it is necessary to maintain social effect, which is not always the result of business income. Therefore, there is a problem to form a new paradigm of outlook for small enterprises, such as activities for social impact in reaching the level of profitability of the entrepreneurial activity.

1.2. Place of the small enterprises in state economics

Small business creates a very small numerical category of owners who due to their mass largely determine the socio-economic and partly political level development. By its standard of living and social status small owners belong to the majority of the population and represent direct manufacturers and consumers a wide range of products and services simultaneously. In turn, small businesses are integral parts in the system of small business. Small business is composed of a combination of all small businesses, as, while specific social form of petty production in the market.

Talking about the existence of enormous economic potential of enterprises belonging to the category of "small", it should be noted the proper assessment of their activities in highly developed market countries. Thus, in Lisbon, the European Union set a goal to become the most competitive and dynamic the intellectual world economy, which would be characterized by steady economic growth, more jobs, qualitative improvement of working conditions and greater social cohesion. Therefore, small firms in the EU are considered as primary source of innovation, employment and social and local integration in Europe.

Considering the notion of "small business", "small business", "small enterprise" should state that, despite the significant number of works on this problem in our country is still not clear, evidence-based definition of these concepts and, as practice shows happen their identification. So, today, is still considered an open problem structuring categories, indicating the existence of conflicting views on this phenomenon and its essence.

Despite the large number of studies of theoretical and methodological foundations and development of small enterprises, including in Ukraine, it should be noted that among scientists, specialists authorities, businesses no consensus on the most effective implementation of organizational factors, economic and legal, there are different approaches to assessing the effectiveness of SI, which function in a simplified system of taxation, accounting and reporting. In disputes are also financial and credit support of small businesses and many others.

To achieve this goal should be to solve the following tasks:

- identify conceptual approaches to the role of small enterprises in the economy;
- investigate factors that influence the development of small enterprises;
- consider the features of formation of financial resources SI;
- develop organizational and economic approaches to improve the development of small businesses in our state.

Analyzing the work of many scholars, representatives of local authorities is clear identification of the concepts of "small business" and "small businesses". Of course, these concepts are very similar by the many criteria of companies, but not identical. Let us examine the legal regulation of these differences. Thus, in the Economic Code of Ukraine states: "a company (regardless of ownership) are recognized companies, with an average number of employees for the accounting year does not exceed fifty persons, and gross income from sales of products (works, services) for this period exceeds 70 million." [14]. In turn, according to the Law of Ukraine "On state support of small business" are small business entities, but entities - small businesses and even individuals - entrepreneurs, registered in the established by legislation as the subjects of economic relations [15]. Thus, the term "small business" is more volumetric and covers the whole set of small enterprises, creating a special, a leading economy on the one hand and a specific kind of human activity - on the other.

Analyzing the current state of development of small enterprises in Ukraine, it should be noted that the dynamics of their growth slows down considerably, which to some extent can be attributed to many factors ("external" - as the vulnerability of the bureaucracy and the criminal influence and pressure and "internal" - "sub 'subjective concerns "for their status as normative and morally uncertain, not built on persistent social standards that legalize entrepreneurial activity in individual consciousness). For example in 2005 the number of small businesses (including farms) amounted to 337.1 thousand units (71 units on 1 thousand of population) with the volume of sales (services) 85086,1 million. [16]. Compared with 2004 the number of IM increased only 4.1% since 2000 - at 35.4% and 1995 - in 3, 1 times. In 2005, almost all regions of Ukraine, increasing the

number of small enterprises, and in Kiev, Zaporozhye, Chernivtsi, Odessa, Khmelnytsky, Rivne regions and Kiev and Sevastopol, increase that figure exceeded the average country in 0,4-7,7%. At the same time, in Donetsk and Volyn regions the number of small businesses decreased to 2004, according to 0.1% and 0.3% [17]. Domestic small businesses provide jobs for only about 12% of the total number of employees, while in many countries with market economies similar figure exceeds 50%. The contribution of small business creation in Ukraine's gross domestic product is 8-10% (in developed countries - 40-60%) [18].

Comparing the quantitative growth of IM in Ukraine and the European Union should be noted a slight gap between domestic enterprises (e.g., 47.8 small businesses per 1000 of population in Ukraine against 59 small businesses per 1000 of population in the UK) of leading the market in Europe [16]. Analyzing the qualitative state of development of small businesses, we can say that comparing their contributions to the national economy of Ukraine and any other EU country or the world will be valid only if the comparison base for IM will be given to common agreed standards. Note that the first attempts in this direction were made by national legislators (particularly the initiative of the Parliamentary Committee on Industrial and Regulatory Policy and Entrepreneurship - author K. Liapina, etc.). And the Verkhovna Rada of Ukraine adopted the Law № 523-VI from 18.09. 2008 upper limit of the amount of annual gross income was changed to 500 thousand euros to 70 million that, actually, at that time and approved in line with European Union criteria for classification of IM. However, the effects of global financial and economic crisis and, especially, political and institutional instability, the lack in our country have led to significant and irreversible inflation and devaluation. As a result, difference in the criteria for assigning attributes enterprises as "small" in our country and Europe is now 35 million at 03.05.2009 (70 million in Ukraine against 10 million euros in EU). Therefore, all attempts of domestic analysts and scientists in an effort to bring the base comparison of small enterprises in different countries in a single field today were unsuccessful.

Operations on the local market, rapid response to changing conditions of the market, direct communication with the consumer, narrow specialization in a particular segment products and services markets, the possibility to start their own business with a relatively small start-up capital - all of these small enterprises are limits, while, their benefits, which increase stability in the domestic market, but under certain conditions are shortcomings that hinder the development of SI. On the one hand, rapid response of small businesses on change conditions of making them more mobile, but on the other making them depending on market conditions, the dynamics of external social - economic and political conditions. Relatively small capital narrows the scope of production, limits the possibility of additional resources (scientific, technical, financial, industrial, labor, etc.). The limited scales of production and a small number of employees causing the simplicity and efficiency of enterprise management. However, characteristic for the combination of small business owner and manager functions in the face of the host enterprise, informal management style, and «floating» administrative expenses may lead (and often lead) for operation and overtime. Volatility of small businesses because of limited resources is much higher than in large and medium-sized businesses. The development of small enterprises in Ukraine during the transition to a socially oriented market economy, in our opinion, the greatest impact has the following factors:

- expansion of activities and services can be provided by small businesses;
- reduce cost and simplify the use of information systems;
- increasing general level of people with simultaneous accumulation of experience in large companies;
- high competitive by lowering overhead costs and lower wage fluctuations.

Small businesses are emerging and decaying for many reasons. The share of bankruptcies of small businesses is always higher, because, following on the risk, the owner of a company solves the thorny problem of competitive products. Novice manager-owner at the beginning should make its production at higher cost than private employers of existing firms. The initial value put of the company founders in disadvantageous position in comparison with the "elders" of local markets. In this regard, the newly created company always has higher production costs. The most frequent

causes of bankruptcy of small enterprises are a failure in sales, and insufficient expertise and lack of relevant managerial experience.

Owners of small businesses are increasingly aware of the need for not only the benefits of specialization, special atmosphere of interest, but the opportunities offered by industrial cooperation (including large enterprises), namely: economies of scale, joint research and development, separation risk and so on. Significant plus small businesses are that many of them were more adapted to the conditions of development in the crisis periods for the economy. For the survival of small firms are often forced to review its production and sales activities. Those enterprises that have managed to adapt to new conditions is survived others went bankrupt. And should be noted that the development of small businesses at overcome of many economic crisis served as an important tool for economic recovery. Above all it's explained with role and functions that make the SI in a complex, multifaceted economic mechanism of state. At first, they provide necessary mobility in the market conditions, create deep specialization and cooperation and are integral to their high efficiency. Secondly, small firms are able not only to fill a niche formed in the consumer sector, but also pay off relatively quickly. Thirdly, create an atmosphere of competition. Fourth, SI creates such environment and entrepreneurial spirit, without which the market economy is impossible.

As experience shows, the main causes of failures of small businesses most often were:

- incompetence;
- unbalanced experience (for example, an experienced engineer, but an inexperienced manager);
- lack of experience in financial operations, procurement, production, ability to establish and maintain business relationships, contacts, etc..

The dynamic development of small enterprises in our country nowadays constrained by the peculiarities of formation and uses their financial resources. So here, the effective support from the government and large companies search for new methods of financing small businesses and creating focused on their financial infrastructure. The main investment source remain own financial resources and family loans. Bank credits are limited use because the large interest rates and lack of highly liquid assets or collateral. As noted by Professor Z. Varnaliy, "... finances of small business actors have importance to formation of state finances. There are created various direct and inverse relations between macro level and many micro levels of economic unit's finances" [19]. Paying taxes in state and local budgets, small businesses received direct and indirect subsidies, used "the immunity law" during inspections their activity by state agencies.

Finances of small businesses in a structure of financial relations of market economy play an important role because they served the main link of social production where created tangible and intangible benefits and formed the significant mass of financial resources of all country. Main principles of organization of financial resources of small businesses include:

- tough centralization of financial resources that provide quick maneuverability by them;
- financial planning that determine for the future all cash flows of economic actors and main ways of its using;
- formation of financial reserves that provide stabilized work in conditions of possible fluctuations of market conjuncture;
- unconditional fulfillment of financial obligations before partners[19].

Speaking about the importance of consideration and study of the theoretical and methodological aspects and peculiarities of formation and usage of the financial resources of small businesses, we should say that "The plan to implement in 2007 the Nation Program for development of small business in Ukraine" approved by Government of Ukraine [20] looks very optimistically. Thus, among the priority tasks, which are given to small enterprises, the right to acquire the membership in the credit unions and make offers for improvement of the simplified tax system, accounting and reporting, allows accumulating and retaining of the part of the financial resources for production expand capacity.

In a practical plane of support of small enterprise sector by Government, it should be considered that the financial stimulation is largely depends on realization of socio-economic potential of the economic units. The possibility of financial stimulating effect is connected with a number of

external factors: the level of development of the financial market, general macro economic situation in the country etc., and the main stimulate directions can be: enhanced financial stimulation of innovative activity of small businesses, a network of the specialized banks that serve for the small enterprise sector on a local level, stimulation of a venture capital, tax system stimulating and special order depreciation etc. Taking into account the peculiarities of the Ukrainian National economy, we can speak about usage of these above mentioned factors but not about their practical application, which is hampered because of the number of the objective circumstances: lingering crisis of the macro economic situation, national financial market is still on the stage of development and its peculiarities are used as a limited set of financial tools and services, general imperfection of the institutional environment, dearness of the financial resources, large proportion of “hidden” monetary turnover. It’s clear that nowadays the main sources of financing development of the domestic small enterprises as the characters of the updating process are their own working and investments of the internal sources. Thus, the adaptation for current changes on the markets of goods (services) is by small businesses mostly individual.

Special place in the consideration of our research problems is taken to the importance of implementation by small enterprises of the innovative technologies. It should be mentioned that the world and domestic experience show that in modern situation the first position considers not only for possession by capital resources and tangibles, but for ability to design and implementation of the innovations. Scale development of new technologies shows that in the world the growth is more determined by the equivalent of production and equipment that contain advanced knowledge and modern solutions. The most effective results of researches and developments are introduced to the market within small enterprises. Today the part of the intellectual capital in total scale of capitalization of medium modern and high technical business is reached 85%. More often small businesses due to the enthusiasm and knowledge gained previously can effectively develop and release samples of new production, modify it under the requirements of customers, can found resources for production and realization of the first small parties. That’s why these enterprises should be integrated in the modern financial and industrial groups (FIG) as active innovation-oriented components of the organizational structure. For example: Japan with its ”Kairacu” which was an enterprise based on a large number of small units with private ownership, that work effectively in crisis, clearly demonstrated the need for such a symbiotic.

To one of the most important functions that perform the small businesses on the current stage of the Ukrainian economic development should be included the ability to substantially mitigate the social voltage and strengthen the democracy of the market relations because these small enterprises are the fundamental basis of middle class creation in society. As the practice shows, small enterprises contribute the reducing the tendentious for social differentiation and expansion of social base of reforms. Without orientation on such social basis of the market environment, which is introduced to middle class by reforms, all these factors will definitely fail. That’s why it is impossible to make positive steps without accumulation of positive effects of intellectual and spiritual work in the broad layers of population which take part in building of system of social relations in XXI century. Action law about saving of intellectual work requires it understanding and compliance conditions for it maximum positive display.

Summarizing the above mentioned, we would like to point out that the construction of social-oriented market economy in our country should be clear the necessity to strengthen the role of the small enterprises where one can always improve the production including the law of work saving: perform the new production technologies or create new quality goods or new type of services to reach a new level of compliance constant amount of live and materialized labor, realizing the intensive way of development not due of extensive accumulation of materialized work and reduction live labour. But we suppose that it shouldn’t resort to unilateral approach, which estimates benefits of small enterprises that finally can lead to one of the extremes in science views – deindustrialization of social production. In social life it isn’t exclusively negative or positive phenomenon. Every of them reveals their features that mainly positive or mainly negative in some conditions. But today it’s clear that fact that from the time prohibited, primitive, small enterprises in our state are transformed in specialized high technical productions and in many ways is in addition

for the large enterprises. Effectiveness of small enterprise activity in this time not yields by the large companies. Considering the fact that technological basis of small business is united and in large enterprises it is created by the objective grounds to combine advantages of small and large businesses in a single social-organized production cycle. The world practice shows many examples of quick formation of modern organization structure. For example, Russian Federation till 2001 was formed from 96 industrial and financial groups (IFG) that include more than 1361 entities that include 1251 industrial enterprises and other organizations and 110 financial and credit institutions. At that time the charter capital of the main companies of IFG is 3,9 billions of people. They of them are combined from 4 to 60 firms and it means that the involvement of large amount of small businesses cooperates with IFG.

Considering the complicated situation with employment in Ukraine, the high level of unemployment in the small enterprises became a significant factor of solution for many social problems of society. In conditions of economic transformation of Ukraine the creation and development of competitive sector of small production should be the basis of social restructuring of society that provides preparation of population and transformation of all state economy in the “world” of market economy.

1.3. Theoretic-methodological approaches to the determination of economic efficiency of a small enterprising

Modern tendencies of world economy development affirm the increasing role of enterprise section in general structure of the national economy of developed countries of the world. The issue of enterprise should be considered first of all from the point of view of small enterprise as an inseparable and irreplaceable component of the general mechanism of human productive activity in conditions of development of the market social-oriented economics. The necessity of enterprise section development is connected with the possibility to solve an urgent triple issue of the modern society – economical, social, and political stabilization through the increasing of gross domestic product of the country and rise of competitiveness of the economics, increase of the number of work positions and tax income into budgets of different levels, public activity of the population and possibility of adaptation of entrepreneur in complicated social environment through realization of personal characteristics and professional competence.

The experience of the developed countries confirms the truth, that reformation and strengthening of the economics is associated with formation of the economic initiative and enterprise structures, close cooperation of large, middle, and small enterprises. This is vivid in effective mobilization and use of the resources, implementation of the new forms and methods of the enterprise organization, solution of the whole range of socially significant tasks.

Transformational period of the development initiates the necessity of the fundamental structural changes in all spheres of the economics of Ukraine which affect, first of all, the economical behavior of the subjects of economy. Transit from the order-administrative system of economical life of society to absolutely opposite – “expanded order of cooperation” in our country needs qualified administration of enterprise structures operating. Under the conditions of increased competitive relationship, the effective management of the enterprise not from the point of view of a separate enterprise, but like fundamental, multifunctional system is on the first place nowadays.

Wide range of the recent issues (legislative, organizational, financial, investment ones etc.) was considered on June 2, 2008 during the hearings of the Committee of the Supreme Council of Ukraine where the question of industrial and regulation policy and enterprise were risen. It was stated that nowadays etymological approaches of the scientists to determination of such fundamental categories as “enterprise”, “business”, “small business” etc. are not definitely agreed. There are some problems to bring the national classification of the subjects of small enterprise into accordance with the classification EU (Recommendation 2003/361/EU dated 06.05.2003). Numerous reports, public speeches of scientists and state employees, reports of state establishments

contain almost no information concerning efficiency of small enterprises in dynamic and comparative aspects, there are only fragmentary references.

Let's formulate main tasks of the research for more fundamental understanding of the economic efficiency of small enterprises:

- to consider main tendencies and problems of development SSE during transformational period of development of economics of Ukraine;
- to determine the essence of the categories "efficiency", "social-economic efficiency" of small business from the point of view of micro systematic analysis;
- to estimate the condition and competitive positions of native small enterprises in accordance with offered approaches.

Economic policy of the state of market type should be built in accordance with strategic vectors of development and on the basis of the own home-economical potential. And such a potential, together with other factors of social reproduction (resources) is enterprise – special and specific kind of human productive activity. It is necessary to point out, that peculiar feature of the countries with developed market economy is the development of export potential of the subjects of enterprise, systematic policy of state antimonopoly regulation, access of the entrepreneurs to certain markets and competition protection. For the countries with transitional economic formation the main tasks are still quantitative parameters of enterprise development, corruption prevention, institutional supply of enterprise activity, reduction of administrative barriers for business promotion etc. That is why this range of immediate tasks was the basis of state concept of development of native enterprising during the first years of independence.

While analyzing statistical and informative sources concerning the number of SSE in Ukraine for the last years it is possible to state the constant dynamics of their growth both in the country in whole and in separate regions in particular. So, the number of SSE as of the date of 01. 01. 2007 was equal to 2327,3 thousand units, which is by 73,6 thousand units more, than in 2005. Accordingly, for each 10 thousand people in our state, there are 496 subjects of small enterprise [21], which corresponds to the middle level of similar indexes of development of small enterprise in countries-member of EU. In the context of this analysis, it is necessary to point out essential growth in the year 2006 of financial results from the common activity to taxation of small enterprises, which, in contrast to the last years, was positive and was equal to 249,5 million UAH. The positive dynamics of the growth of the number of enterprises of small-size groups was also in the year after, particularly: judging from the results of the year 2007, there were 324,0 thousand of small enterprises in Ukraine, which is by 16,6 thousand (5,4%) more than in the year 2006. In middle, for each 10 thousand of population there were 70 small enterprises. In comparison to the year 2006 this index rose by 4 enterprises, or by 6,1 %.

Accordance of the quantitative indexes of the development of small enterprises in Ukraine with similar characteristics of development of the sector of small business of European Union, taking into consideration stable dynamics of its growth during the last years, makes it possible to make decisions concerning achievement of the most important aims of the Concept of state support of small enterprise development No. 404 dated 03. 04. 1996, other conceptual documents, and, accordingly, start of the transition to the next, higher level of state policy concerning national small enterprise.

While considering the financial and economic indicators of the activity of small enterprise, their competitive advantages in national economics, the level of technological equipment, social and economic essence, it is necessary to make a comparative analysis of this sector of economics with other organizational forms of implementation of enterprise activity (by middle and large business). And here, small efficiency of native small enterprise in such directions where they must play dominating role and confirm the status of market forming sector of economics is vivid. In particular, the part of product amount (works, services) which was realized by SSE to general indexes in economics of Ukraine in the year 2006, is equal to around 12 %, the contribution of small enterprises was equal to only 4,8% while the general amount of realization of products, works, and services of similar subjects in industrially developed countries was equal to 50-60%. 34,5% of all small enterprises of Ukraine were unprofitable and received negative financial result

amounting to 10276,7 million UAH. It is necessary to point out that one of the most negative factors in the activity of small enterprises is still insufficient (miserable) amount of technological innovations which in 2006 were able to implement into their economic activity only 0,17% out of general number of SE for total amount of 15,8 million UAH which is by 8,3 million UAH less in comparison to the year 2004. Thorough analysis of the given and other statistical data brings us to conclusion about absolute absence of enterprise basis in the form of innovational component in national business and about its low social and economic efficiency.

Within this research, it is necessary to indicate basic positions of further consideration and to examine the essence of the basic categories and terms for construction of the entire model of the research of small enterprise efficiency.

Efficiency means “ability to create effect, efficiency of the process, project etc., is determined as ratio of the effect, result to expenses which ensure this result” [22, p.62]. Accordingly, the problem of research of economic efficiency and elaboration of methods of its determination is in identification of quality and efficiency of economics for reaching of social and economic aims. The basis of efficiency forms the principle of advantage of use of certain resources which determines the choice of better, the most effective variant of production, which secures the highest possible difference between results and expanses. Such approach may be also used in comparative analysis of different sectors of economics concerning issues of more effective implementation of determined aims, which is small enterprise concerning large and so on. Important stage in analysis of the theory of efficiency is determination of criterion of efficiency – generalizing index in the form of correlation of results and expanses by reaching of in advance determined social parameters of the subject of economics. The complicity of determination of such criterion is related to existence of great amount of efficiency forms (complete, general, economical, social, macroeconomic and microeconomic etc.) and different macroeconomic nature of productive forces of society – determinant component of production expanses. In most cases, instead of one integral index the system of separate indexes is used which in total makes it possible to estimate the efficiency of the project, branch, sector of economics. Stated above range of issues is the subject of separate research, and within this analysis we are going to consider the efficiency of small enterprise mainly from the point of view micro systematic approach.

Social and economic efficiency is efficiency of the production process and its realization in the course of aims which lead to creation of financial conditions for social prosperity rise. Criterion of social and economic efficiency is creation of the highest possible social and economic effect under the condition of entire use of determined resources of production. This criterion on the level of separate enterprise may correspond to such indexes as: gross income, profitability of products and production, current liquidity of the enterprise, amount of own investment financial resources, efficiency of labor (!) and so on. Thus, difference between essence of social-economical and economical efficiency is not absolute.

In the process of analysis of economic efficiency of small enterprises the important place takes choice of a certain methodology of calculation of indexes of efficiency out of all totality of methodology which exist in native and foreign theory of economic analysis. While choosing of such methodology it is necessary to follow such circumstances: since small enterprises are limited in material and financial resources, it is necessary to use such approaches which do not demand considerable use of time and financial means, and which are comparatively easy in their methodology of conducting, to use methods which are used for calculation of efficiency on the level of small enterprises and for relatively small amounts (sums).

Out of indexes considered above which may be used in the course of inner analysis of economic efficiency of SSE, the most generalizing is, to our mind, index of labor efficiency:

$$R = P / (Z_p + \Phi_{\text{coy}}),$$

Where P – is an income of the subject of small enterprise;

Z_p – wages;

Φ_{coy} – obligatory charge into the wages fund.

It is known that economic profitability of the enterprise is exactly proportional to the size of income and inversely proportional to total expenses and it is necessary to determine the ways which facilitate profitableness increase. For this purpose the diagram of break-even enterprise activity and formula of calculation of point of break-even.

Under the conditions of competitive market, an entrepreneur can influence on reduction of the amount of minimal break-even volume of sale with the help of such means as: reduction of constant expenses, reduction of variable expenses, price increase.

Subject of small enterprise can choose first two ways of increase of enterprise profitableness, since the price increase can make the volume of product (services) realization, and, accordingly, amount of gross income during the analyzed period sufficiently worth. In case when entrepreneur can reduce constant expenses, then it is a direct and the most effective way of reduction of minimal break-even volume for sufficient increase of profitability of enterprise stock. For small enterprises this method of profitableness increase may show great interest, since specific gravity of constant expenses in production cost price on such enterprises is considerable (rent, amortization, wages for managerial stuff). Accordingly, if the conditions of expenses decrease are created, first of all rental ones or maintenance of office-production apartments, then the efficiency increases. For this reason, in Ukraine in state programmes of small enterprises support should be provided reserves to reduce the rent rate for new enterprises and enterprises of innovational direction to increase their competitive stability on the markets of funds, goods, and services etc. Among them, more intensive use of available equipment by entrepreneur may facilitate reduction of constant expenses.

The other way of increase of small enterprises profitableness is reduction of the part of variable expenses, as a result of this, income increases and, at the same time, minimal break-even volume decreases. This way is also important for an entrepreneur, since it is easier to control variable expenses, than constant ones. However, small production volume and comparatively small amount of variable expenses in small enterprises decreases the effect of influence of reduction of these expenses on total profitability which inspires to essential changes, to innovations.

In such a way, the most rational way to increase small enterprises efficiency is to reduce the part of constant and variable expenses by unit. State together with entrepreneurs should be interested in use of such approach.

Internal and external factors influence on increase of efficiency of SSE economic activity. Since the consideration of external factors demands more basic approach and separate analysis, within this research we are going to consider only internal factors of efficiency.

Internal factors (depends on enterprise) may be divided into three large groups: industrial, organization-administrative, individual ones.

Industrial factors. Small enterprises have limited means to increase of efficiency due to attraction of additional resources into industrial process, i.e. to use extensive way of development. However, they have a possibility to increase efficiency of activity due to more rational use of available resources with invariable turnover, i.e. to use intensive way of development. This preference of small enterprise structures makes them flexible and adjusted in such directions of activity where the obligatory conditions are production energy conservation, professional training of engineers and technicians, use of latest devices of control, registration of materials etc. Main factors in such case are the following ones: increase of capital productivity; material productivity, labor productivity, acceleration of reversibility of turn-over means, increase of the coefficient of capital investments efficiency.

Organization administrative factors. Recently, interest to these factors steadily increases. Among them it is necessary to mark the following ones: ability to receive and use new information and technologies, quality of enterprise organizational structure, ability to use main features of small enterprise such as flexibility, risk etc.

P. Drucker in his work "Theory of Business" points out: "... New view on the problems and role of information consists in the fact, that information is a basis for further actions, but not a registration of actions which are happening now" [23, p.104].

Use of information and industrial technologies makes great influence on the quality of production organization. Such factors as rational organization, centralization of administration, mastery of new technologies, intuitive strategic process gives small enterprises absolute competitive advantages, increase their efficiency.

Individual factors – it is a characteristic of a personality of the owner of economic unit. As an absolute majority of decisions on the enterprises of small size groups are made by a manager-owner and his individual qualities and competence have determinant influence on strategy, enterprise efficiency and is more important, than individual qualities of the manager of a large firm. Not casually modern management gives more attention to the problem of influence of individual qualities of entrepreneur on efficiency of enterprise work. Such qualities of a director of a small enterprise as ability to estimate creatively the situation; make corresponding and complicated decisions, intelligence, sociability, being kept informed help to make effective decisions. This, in its turn, leads to reaching of high indexes of enterprise work.

It is necessary to point out, that important role has attitude of a director to new technologies, as they are a source of increase of competitiveness of the enterprise. Thus, innovational process on a small enterprise is determined by experience and skills of a director, level of his scientific and technological culture, and this gives us a possibility to understand the essence of the quality of educational process in universities and further extension of a qualification level (!). The last one has a specific display during the period of financial crisis (naturally, it is a relative definition, as modern crisis is a crisis of stagnation of implementation of new elaborations into production rather than financial one).

So, gradual integration of Ukraine into world economic community and demands fast and adequate changes both value priorities of social and economical development of the country, and realization of the importance of small enterprise support – sector of economics which activates market competitive relations (creates a system with divided responsibility) and facilitates social stabilization inside the country. Experience of the countries with developed market economy shows, that creation of special conditions for development of enterprise sector helps it to be more effective, stable and competitive. This, in its turn, ensures economic efficiency in whole.

It is obvious, that a level of enterprise development under modern conditions is a signal about the state of democratic transformations in the country, indicator of expediency of development of economic partnership and investment attractiveness of the economics. Therefore it is necessary to further study, analyze and generalize the activity both the enterprise sector of economics in whole and small enterprise in particular.

Chapter 2. Tendencies of the development of a small enterprising

2.1. The necessity of the development of small enterprising as a specific sector of economics of Ukraine

A small enterprise is one of the leading sectors of market economy which determines the rates of economic development, in a great measure influences on a structure and high-quality description of GDP, has a high mobility, rational forms of management, and facilitates the development of competition. Existence and development of small enterprise in a great measure answers on three important problems of development of the modern society – economic, social, political.

It is necessary to point out that in Ukraine during the years of the independence was created a powerful enough sector of enterprise on the whole and small in particular, yet efficiency of its existence still remains low. Researches show that reasons of low return of small economic units in Ukraine consists in their complete apartness from strategic directions of development of the state and absence of innovative constituent which results in the concentration of small business entities mainly in trade, but not in a production sphere.

Today in Ukraine the issue of development, support, state regulation, financial support, taxation, development of infrastructure of small business entities are intensively enough developed and are in the circle of scientific interests of many domestic economists, sociologists, and representatives of local authorities. However, a lot of questions in relation to support of effective development of small enterprise still remain unsolved and often debatable, namely: attributing of enterprises to the separate size groups (small, middle, micro enterprises), existence of a simplified system of taxation of account and accounting on small enterprises, introduction of foreign integration experience and partner relations of small and large business (venture financing, subcontract, leasing etc.).

Stated above circumstances stipulate the special topicality for Ukrainian economic science of research of the complex of problems which brake efficiency of functioning of small enterprise and development of the corresponding conceptually methodological approaches concerning its development and support, taking into consideration the experience of highly developed market countries and domestic practice. The aim of this research consists in deepening of theoretical positions and applied recommendations concerning the necessity of development of small enterprise at the construction of the socially oriented market economy in Ukraine.

A concept “enterprise” combines a complex and capacious enough system of economic, legal, political, historical, and psychological relations both between separate individuals and between whole social groups.

For the first time, a concept «businessman» (French *entrepreneur*) in a scientific turnover was introduced by a banker-economist Richard Cantillon (1680-1734), who examined an enterprise using objective and systematic approaches [25]. Cantillon determined a businessman as a man who buys the means of production in order to make products and sell it with the purpose of income receipt, and who experiences necessary expenses does not know beforehand, at what prices it would be possible to sell the products. A significant place in the development of an integral theory of enterprise is occupied by labors of the Austrian-American economist, sociologist Joseph Alois Schumpeter. According to his opinion, the essence of businessman consists in an innovation that is in the change of fixed traditional processes for the sake of establishment of new ones, which provides dynamism of the economic system. For implementation of this important social and economic function, the individual must have a number of specific qualities (personality, professional ones), that actually selects it in a society as a «creative destroyer» of a fixed method of production.

The considered above «historical landmarks» of origin and evolution of enterprise as a type of human activity as a determining feature have such a fact, that, in a course of time, society began to acknowledge the necessity to carry out radical changes in the production sector and in the sphere of circulation to regulate growing production lines, yet without an individual-businessman this process is essentially more complicated (if not to say impossible at all). As a change of a basic determining feature – enterprise risk of Cantillon times, came more perfect function of enterprise activity – innovation of Y. Schumpeter and continues to alter in forms which determine stability and progress of the economic system.

Conceptually methodological (from Lat. *conceptio* – perception, system of views) [27] approaches in relation to the leading role of enterprise in general, and small business in particular, are based and closely related to consideration of the theme of realization of enterprise potential of a nation. Under the conditions of modern unstable political situation and hard social and political fight new-formed and sufficiently weak and amorphous small enterprise, is the important factor of the subsequent economy increase and achievement of normal standard of living of fellow-citizens [28].

The modern formation of the market in Ukraine has coincided with global structural reforms which are implemented on the basis of transformation of both financially material and social-economic pattern of social production and transition to the socially oriented economics. The fundamental objects of these reforms are small (not large) enterprises which unlike large ones are characterized by special operating conditions.

Small enterprises under the conditions of our state can provide the considerable increase of economic efficiency, first of all due to the better use of capital and current expenses. It is generally known, that development of any economics, first of all, is determined by the accumulated knowledge, but not only by materials and resources. So, return from innovative activity, large scale adaptation and specialization distinguishes small enterprises among all number of other enterprises.

The analysis of economic description of small enterprise is determined by two circumstances: it objectively exists and develops as integrity, a sector of economics (national, regional, local levels); it is a special type of enterprise activity. The structure of economics in size provides the coexistence of enterprises of different sizes, in particular small which form a corresponding group. This totality of industrial centers, small in scale, characterises a notion "small production". The public form of small production unit under the conditions of market economy is a small enterprise. Its basic economic features are:

- apartness (that is an individual manage on the own fear and risk);
- specialization on a certain type of activity;
- realization of production commodities (services) through a purchase-sale at the market.

A generally recognized fact is that today a small enterprise is an obligatory member of the market; it is an important factor of development and effective functioning of economics. As it is pointed out by specialists, "There are two whales, on which an economics stands. From the one side, the large structures which provides stability and manageability for the economics, open the way to the large-scale innovation, and, from the other side, a small enterprise, which forms a competition environment and provides flexibility, and production individualization" [29].

The role of small enterprise in life of the society consists in that it as one of leading sectors of market economy is formed on the principles of small-scale production, determines the rates of economic development, structure and high-quality description of GDP, carries out structural alteration of economy, is characterized by rapid recoument of charges, freedom of market choice; provides a market saturation of consumer goods and services of everyday demand, gives additional workplaces; has high mobility, rational structure of management; forms the new social layer of businessmen-proprietors; facilitates reduction of monopolism and development of competition for realization of innovations.

In the process of solving numerous economic issues a sector of small enterprise is a universal utilizer, which is able to solve the problem of the most complete and effective use of the limited financial, investment, and material resources. This sector facilitates the solution of problems of quick reorientation of resources from a less effective production into more effective one during the changes of the situation on the market.

So, a small enterprise is the obligatory member of a market economy, an engine of economic, scientific and technical process in the society, an important stabilizing mechanism, and a mean of realization of the special enterprise potential of the population.

A specific role of a small enterprise in the sphere of domination of financial-industrial groups attracts special attention. As a producer of commodity production and services a small enterprise takes upon itself functions, which are not peculiar to specialization of large companies (auxiliary production, repair service, adaptation of products to the local market, sale activity etc.). In many developed countries at large enterprises untype productions are excluded from technological processes and passed to the small subcontract firms. For example, in the USA and Western Europe a degree of dependence of production of large enterprise from partners-subcontractors is equal to 50-60 %, and in Japan – 70-80 %. It is scientifically proven, that to the basic factors which stimulate large corporations to conclude contracts with small enterprises also belong factors of comparatively lower expenses in the stated specializations in combination with high quality of products [30].

All these plans of mutual relations of large, middle, and small enterprises scientists suggest building on the principles of autsorting, subcontracting, franchising and others, including cluster forms of business. Economic efficiency of such plans in itself excites no (it is well-proven by world experience). However, this experience needs additional analysis and adaptation to the concrete national terms.

Vivid example in which direction from the point of view of power should evolutionate the relations among small enterprise, state, and large business, may be the experience of our neighbours – Russia towards practical introduction of “Italian industrial districts”.

The first steps of introduction of Italian experience were positive: Russians accepted necessary legislative acts, „explaining” directives, in the central regions of Russia pioneer projects were created in the sphere of production of domestic equipment [31].

The centuries-old Russian bureaucratic machine began to work parallelly: there appeared discussions about creation of economic clear zones, conducting of tenders and discussion of role of executive branches in a management of “districts”.

Embodiment of Italian experience on the Russian territories was completely different from the Italian prototype. Instead of small enterprises there were created large ones (investment entrance fee for firms which desired to become residents of special economic zones was equal to 10 million dollars). Instead of the process which would start from below, from a local municipal level – decreeing from above: the selection of applicants on the receipt of a status (and proper privileges) in the Russian districts was conducted in an interministerial commission. So, if small enterprises have appeared in special economic areas, they could be only auxiliary (by contract, subcontract) at basic residents.

Considered above scheme of industrial districts which was unsuccessfully introduced on the territory of Russia does not mean, that cluster forms can not „get accustomed” in Ukraine. On the contrary, having theoretical developments and practical experience in our country, there are all of pre-conditions for adaptation of the models approved in other countries of the world. And main factor here, certainly and obviously, is not a literal printing-down of a foreign practice, is not a creation of the proper „prototypes”, but creation of the proper favourable environment for realization of enterprise potential of the population.

Speaking about the role of small enterprise on the modern stage of development of the market relations, it should be noted, that still there is no a unique opinion concerning the most effective realization of organizational, moral, social, legal factors in this sector of economics among scientists, businessmen, specialists of bodies of executive power. Accordingly, structure formation of small business entities is not completed yet, in particular, forming of the high-quality legal framework. Today, entrepreneurial activity in Ukraine is regulated by 32 laws, 22 decisions of Cabinet of Ministers, and 14 decrees of the President. Only during the last years, about 1000 changes and additions were introduced to these normatively legal documents which often contradict already operating norms or just cancelled them. Such a great amount of laws, bylaws, and changes to them in no way assists normal development of enterprise; it brings a mess and disorganizes this process.

Without any state support and without own inside group co-operation, it is hard for small business to resist large capital in competitive struggle, to defend the economic, political, and social interests. Yes, by estimate of the State Statistics Committee, in the year 2005 the profits of small enterprises made only 5,5 % out of all profits of domestic economy, the volume of the realized products (works, services) in 2007 made only 106,0 billion dollars, or 4,4 % from the total volume of realization of the economics of Ukraine. In comparison to the year 2006, these indexes diminished accordingly by 1,8 and 0,4 g.p. (for comparison, in Denmark – 80 % of national product, in Italy – 60 %; and middle payment of small enterprises in GNP of the countries of Western Europe – 63-67 %). Without any regard to declarative growth of profits of Ukrainian small business, its share in the production of GDP goes down steadily, beginning from the year 2000.

Potential of small enterprises still remains unrealized. There are serious economic and administrative obstacles for the appearance of new small enterprises on the market and development of their activity. To our opinion, obvious is the fact of development of the known „bureaucratic machine” parallel with development of private enterprise which tries to strengthen itself through difficult and capacious procedure of delivery of temporal permissions for the beginning of activity etc. Plenty of small enterprises are forced to be „in shade” due to an unsteady legislation. State which arose opens immense possibilities for a corruption, and the most mass victim of which at the local level is a representative of small business.

However, more and more number of citizens joins small business. Being engaged in the own business, as a true form of display of human capacities and realization of his/her civil laws, form the conditions of creation of independent social level of people who make the social-political base of the real civil democratic society. Political influence of small business in the economic developed countries is very large, as social layers of businessmen became basis of the middle class, the most representative one on its quantity and political weight.

Transition to the socially oriented market economy in Ukraine is too delayed. We consider that one of the reasons of the modern system crisis is an underestimation of both small enterprise, and a person of businessman. Although a businessman is a key figure at the market, he is still deprived of numerous civil laws and freedoms. There is still no change in the consciousness of citizens, related to understanding of the roles of enterprise and businessmen. It is now time to reconsider the role of „handicraft manufacturer and street vendors” – in his time, the ex-president of Ukraine L. Kuchma named in such a way the representatives of small business, and it is time to give them the proper role in the economics of our state.

2.2. Social-economic efficiency of small enterprising: methodical aspect

One of the tasks of primary importance of market transformations in Ukraine, on the modern stage, is still the forming of effective, competitive enterprise environment. In the general system of enterprise activity, a special place occupies a small enterprise, as exactly this sector corresponds to the essence of market economy.

Small business, unlike large one, in the most forms needs insignificant initial capital investments that, in its turn, facilitate access to many interested people to carrying on enterprise activity. A small enterprise, efficiently reacting on the changes of the state of affairs of the market, gives a market economy enhanceable mobility and flexibility. It provides high profitability in producing goods, which became disadvantageous, or even unprofitable for large enterprises. A small enterprise promotes employment, creates favourable conditions for more rational industrial-economic co-operation [25].

At the same time, for years of independence of Ukraine, during the conduction of the whole complex of market reforms, the environment of small business in our country is still not created. It is necessary to acknowledge, that plenty of small enterprises which were created at the beginning – in the middle of the ninetieth of the last century were liquidated owing to unfavourable external conditions and self-contradictions, some of them joined the sector of „shadow economics”, or started to primitivism the technologies and organization of production. Overwhelming majority of small enterprises function today in the field of trade and services [32]. The quantity of subjects of small business in the real sector of economics still remains low, in the field of hi-tech productions and innovative activity it is catastrophically small.

It should be pointed out, that in spite of growing attention of scientists-economists, specialists of bodies of executive power, and businessmen to the problems of small business, still there are sufficiently a lot of open methodological, theoretical and practical questions in this direction. Insufficient efficiency of financial, organizational, and legal support of small enterprise on national, regional, and local levels, as well as the tasks for its adaptation to the specific conditions of domestic economics, need more detailed theoretical comprehension and research of this problem.

Famous western theorists of enterprise and management: M. Peters, P. Druker, Khizrich considered the issues of efficiency in their labours. However, due to different social-economic conditions of development in the countries with the developed market economy and in Ukraine, it is almost impossible to introduce developments and suggestions of foreign scientists in the domestic macroeconomic environment. Besides, modern economic literature considers the issues of efficiency, mainly, from the position of the theory of production possibilities, and the problem of choice in the economics which considerably narrows the object of the researches. Concerning efficiency of small enterprise, this problem is yet on the stage of research. Yet the domestic theory

of social-economic efficiency and, all the more, of efficiency of small enterprise under the conditions of market economy, need subsequent systematization and detailed study.

The stated above circumstances stipulate the choice of purpose of this research which consists in consideration of essence of small enterprise as a major market forming factor and determination of the system of criteria of efficiency from the position of micro- and macro- levels of subjects of economic activity.

The principle of quality of ménage in the form of correlation of expenses of public labour and received profit forms the basis of economic efficiency. Tasks for research of efficiency and development of methods of its analysis consist in the exposure of quality and effectiveness of ménage for achievement of social-economic aims. One of the fundamental bases of economic efficiency is the principle of „comparing advantages”, i.e. advantages of the use of the resources in comparison with other. It is possible to refer it to efficiency of different sectors of economics concerning more effective implementation of the aims, which is small enterprise concerning middle and large ones.

A criterion of economic efficiency is maximal effectiveness of the use of present resources for achievement of the proper social-economic effect. The row of indexes can refer to the measure of effectiveness. They may be represented as a correlation of results and charges of activity at achievement of the proper social parameters of the economics development. The quantitative summarizing index of measure of efficiency would be an integral index of efficiency; however, here are a number of problems for its introduction and use. The reason consists, foremost, in complication (quite often in impossibility) to measure the combined macroeconomic charges, as facilities and articles of labour, labour force et cetera have quite different economic nature and it would be wrong to unite them in a common denominator. Thus, instead of one integral index of economic efficiency it is necessary to use the system of separate indexes, which together expose efficiency of that or other project, industry, or sector of economics.

The problem of determination of measure of efficiency is related to the research of the forms of efficiency. The different forms of efficiency are examined in scientific labours of scientists-economists. Depending on the method of analysis, absolute and general efficiency is distinguished. Depending on description of the levels of ménage, there are microeconomics and national economics efficiency. Depending on the maintenance of social-economic effect: social-economic, social, and economic efficiency.

It is impossible to conduct research of the theory of efficiency not taking into account its factors and reserves. Factors – financial basis of production, they directly take part in creation of product and in every moment have the real size. Factors are as production resources and can be presented in natural and cost units. Reserves exist only because of the existence of diverse reasons why at this moment the use of factors is not optimal. A size and character of reserves depends on the degree of the use of range of factors that is a production potential. A major problem of efficiency is economic evaluation of the production potential and its reserves, i.e. of unused at that moment possibilities of the proper financial and social effect.

Thus, at the construction of the model of research of theory of small enterprise social-economic efficiency, a logical completion is the following correlation: **efficiency of small enterprise > indexes of efficiency > basic methods of calculation and analysis of efficiency > factors and reserves of increase of efficiency of small enterprise.**

Under the efficiency of small enterprise Yakovlev V. M. understands „its higher effectiveness comparatively with other forms of organization of production or exchange, achievement of which is carried out in connection with the put aims” [33]. In his research, the author drives attention to advantages of small enterprise above other forms of ménage, that, it should be said, only partly exposes essence of this category, as does not take into consideration the whole complex of advantages and functions of small enterprise.

Efficiency of small enterprise is a correlation of social-economic effect to the charges for its achievement at implementation of the put aims. Primary purpose of the enterprise, from the point of view of society, is satisfaction of various complexes of necessities of all of members of the society. A small enterprise can fulfil a number of important social-economic tasks more effective

comparing to other forms of ménage, namely: increase of employment and social activity of the population; realization of scientific knowledge and intelligence; increase of innovative activity of economics; growth of educational and cultural standard of the population and society on the whole etc.. Within this research we will consider the efficiency of small enterprise, foremost, from the point of view of its external signs (social responsibility), as exactly this direction is one of the least investigational in the domestic theory of small enterprise.

Higher effectiveness in the fulfilling of the listed above tasks is possible due to the features of small enterprise, such as: innovation, flexibility, and rationality. Exactly such features can provide a maximal result at minimum charges. It is hard to disagree with the opinion of V. Yakovlev, who states that: „a small enterprise achieves a useful effect at comparatively less financial – labour – material – power-intensity. Thus, a small volume of investments at higher velocity of circulation – less financial risk – rapid recoupment of charges – better results” [33].

World experience of development of small enterprise witnesses that on the proper stages of innovative process and in separate industries **its innovative activity is more effective, than of a large one**. Innovative activity is a special instrument of enterprise, which, actually, creates resources. A resource does not become a resource until someone does not find the use to anything existing in nature, and giving to it an economic value. Until this moment, any plant is no more than a weed, and any mineral – simply a stone. This is just both in social, and in economic spheres. There do not exist more significant resource in the economics, than the „purchased possibility”, but it, in its turn, is an invention of businessman-innovator [5].

Successful businessmen with any motivation – money, power, glory or confession – try to create anything new and useful. It is not enough for them simply to improve something what already exists, or simply to make alteration in it. They try to give their innovations a new, different value, making them comparatively better, to convert „material” into a „resource” or combine already existent resources in a new, more perfect combination.

Efficiency of small enterprise consists in the fact, that it performs the function of avant-garde in the development of risky projects in science and techniques with minimal expanses. To the extend of development of human civilization a small enterprise itself will own all greater advantages in scientific and technical industry, and, accordingly, will be characterized by increase of efficiency. It is conditioned by objective processes in development of society and foremost by „post-industrial technological revolution”. It facilitates strengthening of role of electronics and automation in production, trade, deconcentration and diversifications of production. Under these conditions, small enterprises are more effective and adjusted, especially in manufacturing industry, in the sphere of services etc.

It is necessary to point out, that on the modern stage, large enterprises in order to increase the efficiency of the own production began to use principles of small enterprises in the production and management. As a change of line-functional, functional structures of management come more simple ones (linear, team), that means creation of small firms within large companies.

Efficiency of small enterprise in the questions of increase of innovative activity of economics consists in localization of innovative risks on small enterprises; production and market approbation of innovations; organization of production of science intense unique small-scale goods; market saturation by experimental and small-scale products which has considerable demand in buyers. As small enterprise is especially important for increase of economic efficiency in developed countries, the complex system for its support is elaborated. Unfortunately, in Ukraine it is done quite a bit in this relation, and existent normative acts often are not executed due to insufficient financing of the proper programs or due to legal „mess”.

To the constituents parts of social-economic effect it is possible to refer the fact, that **small enterprise solves the problem of employment, increases social activity of the population more efficiently**. For example, in the USA since 1975 till 1992 on small enterprises the employment had grown in an absolute value by 82,3 % (from 40,7 to 74,2 million persons), and on large enterprises – only by 30,3 % (from 14,2 to 18,5 million persons).

In Russia, according to the estimations of specialists, creation of one workplace on a small enterprise costs 10 times less than on a large one [34]. Thus, a small enterprise in the role of a mean

of exposure of economic initiative of the people can become the crucial factor of the economic stabilizing through creation of new workplaces.

On small enterprises more favourable conditions for development of enterprise qualities are created. Absence of the difficult combined organizational structure of management, and, on the contrary, a presence of the system of delegation of the authority in a small firm leads to the concentration of administrative activity in one person – proprietor of enterprise, which promotes, in its turn, the increase of the labour and quality of executable works productivity. In addition, work in small firms is more attractive for creative, scientifically intelligent people, as it opens boundless possibilities for the own initiative; the flexible conditions of labour and hire are here widespread; a lot of questions are decided within the framework of certain agreements, that serves as a motivating factor for workers.

A small enterprise **more effectively solves the problems of education and culture level of a person and the society in whole**. Studying the phenomenon of needs of a human being, which grow in time, economists, sociologists, and psychologists came to the conclusion, that approximately from the end of the 70th of the XX century in the developed market countries, a first place for a businessman in the scale of vital values does not occupy a size of earnings, size of bonus additional charges, public welfare etc., but, first of all, a possibility of self-realization in a the professional sphere. And this tendency increases today. Growth of high intellectual labour, growing personal interest in self-realization in the process of production, re-orientation of workers on autonomous economic activity witnesses the changes in attitude of the society towards a small enterprise. And this is an essence of social efficiency of small enterprise, which often can not be measured by quantitative indexes; however, it has the strongly marked social effect. As bright confirmation of this serves a tendency which today takes place in the industrially developed countries: with growth of educational, qualification, cultural levels of specialists; motivation of their labour in large companies is diminished. Many of them open their own business, or get hired on the small hi-tech companies.

Thus, a summarizing criterion which represents an absolute external efficiency of small enterprise is a maximal effectiveness during minimization of charges in the decision of such socially meaningful tasks as: decsolutionision of the problem of employment, increase of social activity of the population, materialization of scientific knowledge and intelligence, growth of educational and cultural level of the population etc. Small enterprises can promote efficiency of the activity with a help of mainly intensive way, and, accordingly, a small enterprise is one of the sources of the economics increase on intensive basis. For this reason, an important factor of increase of small enterprise efficiency on the modern level should be stimulating public policy.

2.3. Small enterprising in socially-oriented market economics

From the times of Ukrainian independence a course on alteration of the socially oriented market economy which is based on initiative of the people was proclaimed, in particular, enterprising people in the non-state sector of economics.

As it was stated in the Message of the President of Ukraine to the Supreme Council of Ukraine “Ukraine: Step in XXI Century”, “a weak point in the development of the reforms is insufficient development of small and middle business. Its part in the creation of gross domestic product remains extraordinarily small” [35]. The optimal functioning of the market, which encloses all of the spheres and a system of public production of the state is reached due to the balanced development of all its structural levels not only in vertical and horizontal directions, but also from the point of view of the most rational combination of organization-production structures which are different concerning the production size. One of the conditions of fulfilment of this task is an increase of the role and efficiency of small enterprise.

A concept “enterprise” combines in itself a difficult and capacious enough system of economic, legal, political, historical, and psychological relations both between separate individuals and between whole task forces. The durable and ambiguous history of forming of enterprise under

the influence of base and second institutes causes an appropriate interest of scientists, each of which made contribution to the forming of this term.

For realization of the modern conceptually methodological views on the role of small enterprise in the socially oriented economics (SOE), it is expedient to make a short retrospective excursus to history of the problem.

Conceptually methodological (from. lat. *conceptio* – perception, system of views) [37] approaches in relation to the leading role of enterprise in general, and small business in particular, is based on and closely related to consideration of the themes of realization of enterprise potential of the nation. Under the conditions of modern unstable political situation and hard social and political fight new formed and still sufficiently weak and amorphous small enterprise, is the important factor of the subsequent economy increase and achievement of normal standard of living of fellow-citizens [38].

A determination of the enterprise which is widespread nowadays is a concept, stated in the Economic Code of Ukraine, namely: „enterprise – is an independent, initiative, systematic, at an own risk economic activity which is carried out by the subjects of ménage (by businessmen) with a purpose of achievement of economic and social results and receipt of income” [14]. In accordance with the scales of activity, an enterprise is divided into small, middle, and large (nowadays here is a complete uncertainty of the concepts in normatively legal acts).

The modern forming of the market in Ukraine coincides with the global structural reforms which are carried out on the basis of transformation of both financially material and social-economic pattern of public production and transition to the socially oriented economics. The fundamental object of these reforms is small (not large) enterprises which unlike large ones are characterized by the special operating conditions.

Small enterprises under the conditions of our state can provide the considerable increase of economic efficiency, first of all due to the better use of capital and current expanses. Concerning capital expanses, it is necessary to point out such factors, as high-rate of turn of capital investments on the basis of reduction of terms of building, introduction and mastering of production capacities, low expanses on building of infrastructural objects. Small enterprises influence on the spatial structure of the market and development of the market relations foremost due to the increase of amount of market subjects.

The analysis of economic description of a small enterprise is determined by two circumstances: it objectively exists and develops as integrity, sector of economics, (national, regional, and local levels); it is the special type of entrepreneurial activity. The structure of economics in size provides the coexistence of enterprises of different sizes, in particular, and small ones which form the proper group. This aggregate of work cells, small on a scale, characterises a concept “fine production”. The public form of small production unit under the conditions of the market economy is a small enterprise. The basic economic features of it are the following ones:

- apartness (that is an individual ménage on the own fear and risk);
- specialization on a certain type of activity;
- realization of production commodities (services) through a purchase-sale at the market.

A generally recognized fact is that today a small enterprise is the mandatory member of the market, is an important factor of development and effective functioning of the economics. As specialists point out, “two whales, on which economics stands are, from the one side, large structures which give it stability and dirigibility, open a way to wide-scale innovation, and, from the other side, small enterprise which forms a competitive environment and provides flexibility and individualization of the production [38].

The role of a small enterprise in the life of the society consists in the fact, that it is one of the leading sectors of the market economy; it is formed on the principles of small-scale production; it determines the rates of economic development, structure and high-quality description of GDP; carries out structural alteration of economics, is characterized by rapid recouplement of the charges, freedom of market choice; provides a market saturation of consumer goods and services of everyday demand, gives additional workplaces; has high mobility, rational structure of

management; forms a new social level of businessmen-proprietors; facilitates the weakening of monopolism and development of competition for realization of innovations.

A role and place of a small enterprise in a national economy becomes apparent in its characteristic functions, namely:

- forms a competition environment;
- operatively reacts on the changes of the state of affairs, and gives the economics a necessary flexibility;
- facilitates a break in many important directions of innovations: in electronics, cybernetics, informatics and others;
- makes ponderable contribution to the solving of the problems of employment;
- softens social tension and democratizes market relations.

In the process of solving of numerous economic problems, a sector of small enterprise is a universal utilizer, able to solve the problem of the most complete and effective use of the limited financial, investment, and material resources. This sector facilitates the solving of the problems of rapid re-orientation of resources from a less effective production into more effective one during the changes of the state of affairs of the market.

Except this, for the financial-economic institutes of the state, the sector of small enterprise as a ponderable taxpayer acts a role of „absorber” in the solving of the problem of a deficit of the state and local budgets, which helps governmental institutions to develop and finance the social and economic projects.

Consequently, a small enterprise is the mandatory member of the market economy, an engine of economic, scientific, and technical process in the society, an important stabilizing mechanism and a mean of realization of the special enterprise potential of the population.

Scientists suggest building the charts of mutual relations of large, middle and small enterprises on the principles of outsourcing, subcontracting, franchise etc., including cluster forms of business.

Industrial clusters – locally limited totalities of small and middle (sometimes large) enterprises, engaged in different stages of production of the same product. The competitiveness of the productions in a cluster considerably grows due to specific (cluster) relations between them [31].

The classic example of a small enterprise in general, and cluster forms in particular, is Italy, where 95-97 % of all firms is small and fine enterprises; every fourth small enterprise in EU is Italian one. The enormous amount of small enterprises in Italy functions within the framework of “industrial districts” – spatially limited aggregates (agglomerations, constellation, “clusters”) of small enterprises, informal participating to a certain production of fabrics, shoes, dresses, furniture, devices etc.

Industrial district is the Italian variant of a cluster, in which not only vertical relations (supply, subcontracts, sale), but also horizontal ones (formation of consortia, credit cooperative stores, different services and others) are developed. For vertical lines, a production process is divided into separate phases-operations; contractors and subcontractors, which execute them, hardly compete between themselves on the “markets of phases”. At the same time, general interests of enterprises of “district” (transporting of the commodity, marketing, and ecology) force them to build the horizontal, co-operation relations. Symbiotic combination of competition and co-operations is the factor of increase of competitiveness, which with surplus recovers a shortage in the productivity of labour which is typical for small enterprises.

Fine firms are organizationally intertwined in „industrial district”, do not yield their own independence, form one large enterprise in which an economy on the scales of production is reached. External for the separate small firms, it is internal for a “district” on the whole.

In horizontal relations it is possible to select two types of relations. First one is more or less realized building of co-operation connections between enterprises (even at hard belonging of their proprietors to private psychology and proper models of behaviour). Second, in its turn, - combines „fine businesses” not only between themselves, but also with local society and bodies of power. Local society, thus, plays the role of supplier of “product of localism for the enterprises of the

district, and, at a local level, businessmen find complete support and understanding from the side of population.

The given scheme of functioning of small enterprises looks sufficiently attractive and it can be applied on the territory of life of our state. However, if to take into consideration, that in a cluster conception itself, which gradually conquers a confession of analysts and practical workers, exclusively prevail a “vertical” approach which leaves for a “clusters” of small firms only the function of supply and sale at large companies, and the last prevails in Ukraine, application of a cluster scheme, not only in our state, but also on the post-soviet space is sufficiently problematic. World experience witnesses that the mental differences of population of different regions of the world are substantially reflected in specifics of the stated schemes.

The value of the study of problems of development of small enterprises is increased by the fact, that small business was the least successful concerning state and other support. Underestimation of a small enterprise, ignoring of its economic and social possibilities, can be qualified as a large strategic miscalculation which can lead to many national economy losses.

Without any support of the state and without own inter group co-operation it is hard for a small business to resist to the large capital in competitive activity, to defend its economic, political, and social interests.

Potential of small enterprises still remains unused. There are serious economic and administrative obstacles for the introduction of new small enterprises on the market and development of their activity. Greater and greater amount of small enterprises are forced to be "in shade" due to the unsteady legislation. Position, which was formed, opens boundless possibilities for a corruption, the most mass victim of which is a representative of small business at the local level.

Modern „fine businessman”, not having any noticeable advantages in a credit-financial sphere, in a custom defence, daily meets numerous advantages in the activity of the business, is forced to consolidate his position in the sphere of trade and mediation.

The experience of highly developed industrial countries showed that a high-efficiency economics is impossible without a construction of the highly developed sector of small enterprise. It is obvious enough, that large multinational companies determine a general tendency and directions, but an economics, foremost, depends on how work little private shops, local factories of the production of the most necessary vital goods and services. Small economic structures, as the phenomenon of the XX century, should show on a modern stage of economic development of our state its stable viability and efficiency. The solving of this problem opens large possibilities for economic progress, social stability, and political consolidation of Ukrainian society.

Chapter 3. Small enterprising in Ukraine from the point of view of worldwide civilization improvements

3.1. Formation of average class in Ukraine – the most important task for a small business

The evolution of social structure of modern society is conditioned by different reasons in the number of which is appearance of new production and informative technologies, growth of financial welfare of citizens, change of the valued orientations in favour of cultural leisure, growth of the amount of population, occupied in an unproductive sphere and others. In the social structure of society especially should be noted the position of the middle class as a group of people, incorporated by approximately identical social status, level of profits, prestige of professions, level of education, access to the authoritative structures, community in a behaviour, consciousness, and a way of life.

The category of the middle class found its development, mainly, in a foreign political idea. While characterizing a middle class, Western scientists consider it in relation to bourgeoisie and proletariat, or in relation to higher and lower ones. In many countries of the near and distant foreign countries, we observe the leading positions of the middle class in the social structure of the society. Middle class itself is the most interested in a political stability, in defence of ideals of freedom and human rights, in development of civil society. Hence, the pragmatism of urgency of researches of the middle class as a guarantor of construction of the civil society – necessary precondition of perfection of the democracy. Actuality of researches of the middle class in the context of its role in civil society is conditioned also by absence of the detailed monographic researches in Ukraine, which are devoted to this problem.

Within the framework of this research we deal with such tasks as:

- the analysis of forming of the middle class in Ukraine is conducted and the indexes which determine belonging of population to the middle class are determined;
- the connection between small and middle business of Ukrainian society is generalized and determined;
- complex research of the role of the state in forming of small business (enterprises) is conducted.

In domestic scientific literature there are different points of view on determinations of the component in the structure of the middle class, its features, quantity, level of profits and others. In the dissertation work we will consider «image» of the middle class in Ukraine and will analyse some features of its participation in a civil society that is being formed.

During the first years of existence of the independent Ukrainian state, the stratification of the society, regrouping of its class complement, and a selection of new community groups took place. Formation of the state system, processes of privatization stipulated a transition from the class triad of the soviet times – workers, peasants and intelligentsia, to the new class distribution, in which higher, middle and lower classes are distinguished, and also the layers of population are declassified. A stereotype of a representative of the middle class which was formed in a mass consciousness was based on mentality of the past soviet epoch. It is a wealthy peasant (kulak), or a petty bourgeois. All memorable origin of the middle class in the period of „Gorbachev perestroika”. These were the first co-operators, farmers, „shuttle trader” who independently „hammered” a capital and invest money in the development of their business. These people sensitively reacted upon requests of the market, filled it with commodities and the hopes about the development of the market relations in Ukraine in that period were laid on them. These categories of the population gave an impulse for a development of the market economy and institutes of a civil society, above all things, to local self-government. To our mind, on the modern stage, a middle class in Ukraine is only in the process of final formation. This process is parallel with formation of a civil society. The formation of non-state patterns of the ownership by means of denationalization and privatization is its economic basis. One of the major aims is a search of an effective proprietor that will become the nucleus of a middle class in Ukraine. However, as a result of defects in a denationalization, citizens did not receive a part of property, and former state property was in the ownership of a small part of the population of Ukraine – leaders of privatized enterprises, politicians, and officials of higher and middle levels, smart businessmen, and criminals.

To understand the image of the middle class, it is necessary to distinguish its modern structure. Representatives of the middle class are stable layers of people – owners of the real estate, lot lands, actions, and also representatives of small and middle business, farmer economies, scientific and technical intelligentsia, scientists, cultural and education workers, specialists of the middle level of management, financiers, and managers. It is formed by the representatives of productive and unproductive spheres who receive an average income in the form of profit or salary. The number of scientists considers that in Ukraine it is necessary to refer representators of youth to the middle class [41]. They are directed by the features of a middle class which were changed at the beginning of the third millennium. Such features are access to the Internet, presence of a discount

card, mobile telephone etc. It is the most characteristic for the representatives of the young generation. Therefore, in opinion of the magazine “Economic Magazine”, a middle class must be formed mainly from young people of the average age 33 years. For this part of the population, social activity, change of work, profession etc. is typical [41].

It is generally recognized, that the middle class in Ukraine is the most active part of population. It is one of its important differences from a middle class in many European countries. A great part of the middle class is less mobile there. However, we consider, that in the process of gaining experience and stabilizing of economics the activity of young people of Ukraine will diminish, that, in its turn, will result in weakening of their influence on coming to many decisions. Certainly, in complement of a middle class, there are persons of more senior age categories. Without any regard to the wide range of representatives of the middle class in Ukraine, its particle in the complement of the population of Ukraine is relatively small. According to statistical data, in the year 1997 a middle class made 12 % of the population. Scientists from National Academy of Sciences, directed by the information as of the date of March, 2001, came to the conclusion, that there are approximately 25 million people in the middle class. For example, 70 % of residents of Kyiv refer themselves to „people of a medium welfare”. As a result of a questioning, conducted by a centre of O. Razumkov, in summer of 2002, 45.6% Ukrainians refer them to the middle class [41]. However, at the end of the year 2008, as a result of financial-economic crisis and political destabilization in our country, the amount of Ukrainians which refer themselves to the higher level of a middle class diminished from 14% in the third quarter to 10% in the fourth quarter of the year 2008, reported Deputy General Director TNS Ukraine Anna Dobryvechir, while for the first-third quarters of the year 2008, this index almost doubled – from 7% to 14%. Such information was promulgated on the meeting of the round table «Middle Class – 2009», devoted to the presentation of a joint project of Tns-Ukraine and weekly paper «Comments», in which also a few leading Ukrainian experts-economists took part. The essence of the project consists in addition of regular every quarter researches Tns-Ukraine by the block of questions which will allow to conduct stratification of Ukrainian society and clearly select a group «middle class» in order to conduct a subsequent analysis (see <http://www.unian.net/rus/news/news-307397.html>).

It is obvious, that today it is correct to say that «proto middle» class arises in Ukraine. A few basic groups (layers) can be distinguished in it: «higher middle», «middle», and «below middle». In the third quarter of the year 2008, according to the data of TNS, 24 % of Ukrainians were in the middle layer of «proto middle» class, 18 % - in «below middle». In a fourth quarter of the year 2008, these indexes were considerably worsened: the part of the middle layer diminished to 20 %, and «below middle» grew to 23 %.

An important feature which allows to talk about existence of the middle class in society is a level of profits. Examining this feature of the middle class in Ukraine, it should be said, that it is a subject of fluctuation and depends on the state of economics, inflation, level of the bank crediting rates etc. Thus, researches determine, that an approximate size of a profit of a representative of the middle class in the year 1997 was equal to 200-300 hryvnas. The above-mentioned index of profits of the middle class is accepted also by scientists under the direction of a corresponding member of National Academy of Sciences M. Azarov. In their opinion, in the year 2001, the profit of representatives of the Ukrainian middle class varied from 400 to 1400 hryvnas in a month. More had only beau monde or oligarchs [40]. On other expert estimations, which were brought by publications of the Internet in 2004, the middle class should include people whose profits start from 150 dollars in a month, in other case this sum is determined in 10 times more – 1500 dollars. Since the year of 2005, the potential of the middle class in Ukraine corresponds to the analogical index in the economic developed countries and is equal approximately to 50-60%. Often the middle class of the society is identified with the representatives of the middle and small business. However, the representatives of small and middle business are often fiscally oppressed by power structures and do not feel themselves a political and social power of society, they do not fully take part in state administration.

Speaking about social responsibility of business to the society and its role in development of the market infrastructure, it is necessary to take for basis two recently existing models which

relatively can be named “English-American model” of social administration and “European model” of a social state. In the first, a tradition of relations provides, that a worker receiving salary, through mediation of private structures, satisfies social necessities. In the “European model” of the social state, businessmen pay taxes, and the state at these means satisfies the most meaningful social necessities of the population [39]. The process of liberalization of the economics of Ukraine, development of a civil society, introduction of the democratic values, require the creation of an effective model of small and middle business, which will become the basis of formation of the middle class - fundamental factor of social stability of the state. Model of small and middle business (SMB) which is formed in a that or other country, is unique and depends on an influence of determinant factor (determinant). It affirms the impossibility of the absolute borrowing of overseas model for Ukraine. It is expedient to divide the determinants of the model of the small and middle business into determinants of possibilities of its origin and determinants of its high-quality development. The unique determinant of possibility of origin of small and middle business is a state-legislative determinant. To the determinants of high-quality development of small and middle business it is possible to refer the following ones: social-cultural factor, which determines both long-term historical traditions of ménage on a certain territory, and modern aims and values of the population; high-quality state of the national economic system which becomes apparent in the current stage of economic cycle, and also in the structure of the technological modes; high-quality state of industries in which small and middle enterprises operate, which is characterized by „entrance barriers”, level of branch technologies and level of competition in the industry; professional descriptions of labour resources: level of education, experience of conduction of entrepreneurial activity etc. The state of the national economic system influences on the structure of small and middle business, determining both the part of this type of business in the economics and its branch belonging. Moreover, every technological mode corresponds to the most adequate model of small and middle business, viable under the conditions of a prevailing mode of production. The determinant of quality of labour resources also contains the followings constituents: level of qualification of the population, branch structure of the staff, age and health of the population, parameters of the system of education and readiness to independent economic activity. The determinant of quality of labour resources determines possible facilities of the aims achievement, chosen by the participants of entrepreneurial activity. In this connection, the role of this sector of economics can radically differ in the economic system of country: innovative facilities of aims achievement allow business to play developing and stabilizing roles.

On the modern stage, taking into account analysis of determinants of the possibility of rise and high-quality development of the model of small and middle business in Ukraine, its description consist in the following: a state-legislative determinant determines the presence of obstacles in legalization of small business in Ukraine; basic factors are tax pressure and high level of corruption; a social-cultural determinant witnesses the formation of the model of business of „conservative type” with dominant activity in the sphere of agriculture and trade; the high-quality state of national economics is unsatisfactory, helps to choose passive way of adaptation to external environment by small enterprises, herewith, despite this tendency, businessmen choose an individual, but not a group method of adaptation, and, consequently, pass to the shadow sector of economics; branch structure of economics of Ukraine does not have an innovative vector of development, a basic tendency in the near future consists in a transition from prevailing of the 3rd technological mode to the 4th, that will not radically influence on the branch structure of SMB, but can result in the increase of its scales; the high-quality state of labour resources of Ukraine is a middle (satisfactory), negative factor is a branch disproportion of labour resources, which results in a choice by them of conservative methods of achievement of economic aims.

On the whole, development of small business in Ukraine is largely determined by the state of the national economic system of the country. Thus, this issue requires a system of regulation. In the periods of decrease of economic activity, enterprises of small and middle business suffer negative influence, and, that is why, for a preservation of this sector of economics and for stimulation of its development, the operating mechanisms of government control are needed.

Thus, the implementation of the tasks of state control of SMB in Ukraine requires the concentration of efforts in this sphere of the activity. It is obvious, that, in the nearest time, it is impossible to form the model of SMB of innovative type. However, there is always a possibility to increase the level of protection of small and middle enterprises, which stimulates the process of legalization of their economic activity.

The basic direction of the concentration of the state efforts in the process of regulation of the activity of small enterprise should be securing of deviation of small enterprises from the formed „conservative” model of business conduction, oriented on industry with the low technological modes. Analysis of the determinants of model of SMB in Ukraine allows finding out the following disparity: in a period of absence of innovative economic trends, at the protracted phase of decrease, the most viable is a model of not individual, but collective adaptation to the external environment which is ignored by Ukrainian businessmen and entrepreneurs. The association of enterprises of small, middle and large business at the level of co-operations (but not at the level of transition of rights for a property) will provide possibility of realization of their active adaptation to the external environment, that is a pre-condition of innovative economic development. In addition, economic integration of similar kind will allow to promote radically the technological level of SMB – and to transfer it from a „conservative” type, to, at least, an „imitation” one.

A middle class due to the position in the society and received profits is interested in economic and political stability, inclined to compromises, to reconciliation of political extremes. It is distinguished by a competence and activity in the process of making electoral and political decisions. It is sensitive enough in relation to changes in a public policy, as some changes in the division of resources portends it troubles in all of the spheres of vital functions. Therefore, it tries to influence on state structures, above all things through the institutes of civil society – political parties, public organizations, and associations. They are created for defence of personal interests, for strengthening of the positions in class society.

During the years of existence of the independent Ukrainian state, a considerable part of the middle class has gained considerable experience in the new forms of civil activity (charity, unprofitable organizations, active defence of the rights, participating in manifestations, etc.). For a civil society a characteristic feature is representation of the interests of different groups of the population as an association of citizens. The all-Ukrainian questioning of public opinion in May 2004, showed, that “only 25 % of the respondents did not wish to join any type of public organizations, and 5 % did not have any point of view concerning this question” [41]. Other respondents specified one or the other type of associations in which they would agree to work. Among a senior generation, the higher authority had organizations of users, charity and religious associations, among young people – sport, youth, ecological, due to interests of the users organizations.

Consequently, on the whole, in the society there is a considerable reserve for the growth of public sector, and also of its basis – the middle class. Representatives of the middle class, taking part in the work of public associations and organizations get possibility actively to influence on the policy of the state. At the same time, they support those organizations, that in the program papers proclaim support of the market relations, enterprise, as they understand, that violation of the democratic norms can result in the end of democratic processes and in establishment of the totalitarian or oligarchic mode in the country. Mainly, these people have developed sense of patriotism and active social position which is oriented on satisfaction of normal living conditions and confidence in tomorrow. Consolidation of the efforts of these groups of population in the development of democratic society is conditioned by their care about non-admission of negative consequences for the own business.

There is a plenty of different associations and unions in Ukraine, created exactly by the representatives of the small business. They include the following ones: National Assembly of Businessmen of Ukraine, All-Ukrainian Association of Private Proprietors and Businessmen etc. These institutes of civil society lobby the interests of the middle class. There is a wide range of the public organizations in Ukraine which include the majority of the representatives of the middle class. Among them are the clubs of business people, independent trade unions, farmer

organizations, professional associations of intelligentsia and office workers, creative unions, womanish, youth, charity organizations, funds etc. Such social groups which belong to the middle class, as scientific and technical intelligentsia, scientists, cultural and education workers, specialists of middle level of management etc. are also interested in the development of democratic and market transformations. As a rule, these groups of the population find out their activity during election campaigns, while making decisions concerning staff issues in their sphere of activity etc. Their membership in political parties and public associations is not really widespread in Ukrainian society. They are mainly the participants of associations of citizens of professional orientation. However, the events of political activity of the population of Ukraine in the period of Presidential election campaign of 2004, gave us grounds to hope that these representatives of the middle class will also be able to influence on the policy of the state. Nowadays, a great part of businessmen complains of unforeseeableness of tax policy of the Government, corruption in the central and local bodies of power, and unsteady legislation in the field of enterprise. In a great deal it influences on their political choice. The middle class in Ukraine is, mainly, the object of efforts and fruitful work from the side of right and centrist parties. Their ideologists consider the middle class to be the basis of a subsequent development of the independent Ukrainian state. Political advantages of businessmen, as a rule, have mainly regional, local character. It is a negative consequence of the tendencies which were formed in Ukraine during the last few years – prevailing of regional and clan interests in the policy.

Consequently, the role of the state in the development of enterprise on a background of realization of national strategy of economic development must consist in forming of the integrating programs which stimulate co-operation of large industrial enterprises with small and middle enterprises. Within the framework of the industries of primary development, it will be possible to solve the followings problems: to activate structural alteration of the economics; to overcome branch and regional monopolism; increase the level of competition in the economics, to transform the model of SMB of Ukraine from a „conservative” type into an „imitation” one.

Problems of forming and identification of the middle class in the modern countries with transitional economics, including Ukraine, are based on the presence of the general social-political phenomena, which are related to the incompleteness of transformation processes which take place in these countries. For the most countries of the post soviet space, characteristic features are dynamic structure of the society; insufficient period of the economy growing in comparison to the period of decrease; disruptive chain "education-profession-income"; considerable volume of economic activity of the population out of the sphere of formal economics. To a great extent, the process of quantitative estimations and determination of the structure of the middle class in society is complicated by a presence in the modern models of a great number of its stratification criteria. All of the criteria can be divided into three groups: material (volumes of current income and charges, material support by the commodities of durable consumption, possession of the property, including immobile, inclination to accumulation); educational qualification (educational and professionally qualifying level, social status); psychological (the personal interest in the support of social order and stability, social professional mobility).

3.2. Securing of the activity of small enterprises due to improvement of administrative accounting of financial-credit establishments

It is known, that bank activity is a complex of the co-related economic processes which depend on numerous factors. Consequently, the level of profitability is determined by both internal (endogenous), and external (exogenous) factors. The first ones depend on organization of the work of bank, the second ones on external terms. In our point of view, it is expedient to use this division in the process of designing of financial and economic activity, carrying out the complex search of resources for the increase of efficiency of work of a bank and maximization of its income. As practice witnesses, banks which attained high indexes of activity, have effective systems of control of the activity of subsections systems. Income is a main index of effectiveness of the work of a

bank. One of the approaches to estimation of the level of profitability of a bank is the exposure of the formed tendency of the increase of the bank profits. A difference between income and charges of the commercial bank makes its gross profit. The index of gross profit (not taking into consideration the payment of taxes and distribution of remaining profit) gives description to the efficiency of commercial banks activity. A crucial role for profitability of a bank has securing of the intercommunication between a management of assets and passive operations. Thus, it is important to consider not only the general volume of income, but also the structure of its distributing, especially on the particle, which are for expansion and perfection of operations and bank technologies, modern computer, software, advertising and marketing activity, decrease of expenses and increase of the service quality. In addition, it is necessary to take into account that aspiration to increase the income and necessity to conduct competitive activity in the industry of financial services, under the conditions of transitional economics, leads to increase of the risk. The observance of the norms of liquidity, the possibility to form the proper obligatory resources in case of a possible deficit of the pay resources and resources of the own property for the compensation of unjustified risk of active operations, in particular to cover the losses after credits.

Reliable and complete account which influences on a timeliness and exactness of the analysis of activity of a bank is a basis of profitable activity of a bank establishment and effective support of the small business. Requirements and directions of improvement of account, analysis and planning of financial activity are grounded in the labours of the authors of our country: O.D.Zaruba, A.V.Kalina, G.V.Mitrofanov, L.O.Primostka, I.M.Parasiy-Vergunenکو, K.E.Raevskiy, R.I.Tirkalo, Z.I.Schibivolok, and also of the foreign ones: O.V.Kukushkina, Yu.S.Maslenchenkov, V.E.Cherkasov, A.D.Sheremet, V.V.Scherbakov. Labours of such famous scientists are devoted to the research of the problems of organization and methodology of administrative account: F.F.Butinets, L.M.Kindratska, M.V.Kuzhelnyy, V.G.Linnik, A.M.Moroz, M.S.Pushkar, V.I.Richakivska, M.I.Savluk, V.V.Sopka, M.G.Chumachenko, and also foreign - V.Yu.Balikov, M.Veber, K.Druri, T.P.Karpova, B.Nidlz, T.Skoun, D. Khan, A.D.Sheremet, U.Sheffer etc.

Without any regard to the great amount of scientific publications concerning issues of account and analysis in financial-credit establishments, nowadays there is still lack of the detailed scientific labours, methods of accounting of incomes and charges devoted to a complex study, in particular in banks especially – administrative account), their analysis, planning and prediction.

An administrative account provides management with operative financial and non-financial information in a certain format for planning, estimation, control and use of the resources. The financial reporting consists of balance, reports on gains and losses, reports on a cash flow, on the property asset of a bank, and also of the proper notes to the reports (their content depends on the necessities of users). Needs of the users (National bank of Ukraine, tax bodies, bodies of statistics, bank administration) are satisfied by establishment of other (special) reports (tax declarations, statistical, internal reports and others). They are not considered to be financial reporting. Except for the financial reporting, the forms of the statistical accounting, which are formed from the data of administrative account, are wide spread.

An administrative account is a part of operations for the improvement of management of a bank establishment, which, consequently, will result in the increase of its profitability. Market relations causes the necessity of permanent corrections of bank behaviour, which, to large extend, depends on the knowledge of its managers about the character of changes which take place in an external environment. It is necessary also to take into account a character for a bank activity probabilistic character of the carried out operations, which are one of reasons of general uncertainty of the results of such activity. The substantial component of providing of the successful activity of a bank is flexibility and speed of reaction of its leader on the changes of external economic and legal environment. Efficiency of the bank business to great extend depends on an optimum management of the present resources and internal reserves.

Account enables the estimation of the efficiency of bank activity in obedience to the received financial result. To our mind, conducting of internal account in a bank on the basis of combination of different methods, worked out for a subsystem of administrative account, enables to estimate activity of subsections and profitability of bank products more exactly. In the procedure of

administrative account, it is important to divide profits and charges of a bank into direct and indirect ones. As a basis of accounting of direct incomes (charges), it is possible to accept the transfer pricing. In the process of distribution of indirect profits (charges), it is expedient to use the elements of an operation cost approach. Taking into consideration this fact, in the bank structure it is necessary to select the centres of responsibility, namely: centres of income, centres of services, and centres of support. Administrative decisions are based on the normative, technological, accounting and analytical information which must be states on the transmitters of administrative account. The task of the administrative account consists in a grant of information to the vehicle of management concerning the most effective use of the attracted and own resources of the bank with the purpose of achievement of the greatest financial result. The general task of financial and administrative account is providing of the economic increase of an establishment. Basic objects of administrative account are profits and charges of a bank, financial results which are already represented in a financial account. In an administrative account, profits and charges are re-grouped due to the types of executable operations, to the sources of facilities, used for implementation of active operations, to structural subdivisions which get profits or carry out charges, etc. Financial results are formed similarly. Individual specialists of the financial-economic analysis of the bank institutions, emphasize, [49,53] that one of the main features of administrative account is the fact, that its method divides the charges into two basic types:

- a) marginal (variables);
- b) permanent.

Scientists of our country, bank analysts, consider that relatively variable charges increase, or diminish proportionally to the volumes of active-passive operations of a bank. Accordingly, under relatively permanent charges, these authors understand charges which do not depend straight proportionally on the volume of active-passive operations of a bank. At the same time, there is an opinion, that “relatively variable (production) expanses are changed in proportion to the volume of bank activity, and changes of relatively permanent expanses are made irrespective of volumes of bank activity”. We share the opinion of L. P. Snigurska, that with the purpose of expansion of informative base of administrative account for every centre of the income in an 8 class of the List of accounts, it is necessary to open T-accounts, bank liabilities to foreign contragents are registered in passive part of which, and its actives – in an active part. Data of these accounts is a base of striking of internal balances of centres of responsibility. At the same time, in the section of the centres of responsibility, it is necessary to keep accounts for accounting of the received profit and borne charges, related to co-operating with external contractors (financial profits and charges), and profits and charges, related to the internal redistribution of the resources at transfer prices. Records according to these accounts enable for drafting of internal reports on gains and losses of the centres of responsibility. It is also possible to apply the codes of the analytical accounting for detailing of profits and charges at the level of administrative account, in fact, they enable representation of the belonging of type of profit or charge to a certain classification group: controlled or uncontrolled; direct or indirect; permanent or variable; groups of profits and charges for analysis. One of the ways of increase of the efficiency of bank work is introduction of the system of administrative account, that is an integration in the structure of management of the system of account of charges and profits, control and analysis, standartization and planning, which forms information, which is necessary in order to make operative administrative decisions and determine the directions of strategic development of an establishment in the future.

Concerning the process of determination of the financial result on a bank product on the whole, we think it can be divided into a few stages:

1. transference of direct and transfer profits or charges by a direct method to the products of bank;
2. distribution of relatively direct charges (for example salary) on businesses subsections of every separate subsection;
3. distribution of overhead expenses (administrative and managerial) and profits on businesses subsections of every separate business;

4. distribution of profits and charges of businesses subsections on the products in accordance with the process approach through the part of participation of every subsection in the process of creation and sale of the product.

Therefore, an administrative account is the aggregate of the methods, principles of accounting of income and charges, that, certainly, influence on the forming of financial results, and also predicting, planning, analysis, and control. Information which is given by an administrative account is orientated on satisfaction of the necessities of both strategic and tactical management, on optimization of the use of resources, providing of objective estimation of the activity of structural subdivisions, avoidance of subjectivism in the process of decision making etc.

3.3. Formation of innovational small enterprising in Ukraine

The sources of innovative enterprise are related to the name of the prominent Austria-American scientist-economist Joseph Alois Schumpeter (1883-1950). In his fundamental labour «Theory of Economic Development» (in 1912), he exposed the internal mechanism of technological changes and created the integral theory of innovative type of development. Schumpeter introduced a category «innovation» in a scientific turn, understanding hereunder not simply an innovation, but a change of technology of production, asserting, that it is necessary to consider not every innovation, but only those ones which results in perfection of the technology, its passing to the new, higher degree of development. Consequently, understanding of the enterprise as a creative process of activity of a person with the signs of innovationalism, was laid in the days of Schumpeter and today makes methodological subsoil of integral theoretical construction of innovative enterprise.

It is necessary to notice, that successful businessmen, whichever personal motivation (money, power, or simply public confession) they have, tries to create the product of a new quality, different from the previous one. The basis of their activity, consequently, must become the production of commodities, which products new consumer demand, converts «material» into a «resource», or combines already existent resources in a new, more perfect combination [5, p.62]. Thus, knowledge about an innovative activity become a base for successful entrepreneurial activity, and the purpose of innovative activity consists in permanent retrace of those areas, where can be changes, that determine, in an eventual result, the orients for realization of enterprise.

A lot of domestic and foreign scientists-economists consider the problems of the need of development of economics of investment-innovative type. In particular, L. Fedulova and M. Pashuta mark, that «actuality of the research of the problems of innovative economics in Ukraine causes no doubts, although, forming of the innovative system has only begun» [54, p.36]. Scientific approach of V. Novitskyy uses a different methodological approach: «Under the modern conditions of the growth of mutual dependence of the countries and aggravation of global competition, innovationalizm is the guarantee of the progress, and also of the factor of forming and increase of competitive force, guarantee of a welfare of the population» [55, p.46].

At the same time, it becomes obvious, that multispectralism of scientific approaches, doctrines, assertions, juggling of economic categories became a typical distinguishing feature of domestic «innovative strategy» and has transformed, to a certain extent, to the separate genre of scientific activity. «Domestic secret agents» need complexity, system, and in a technical aspect – references on the possible mechanisms of introduction, description of a complex of the proper practical actions taking into account controversial approaches and risks of objective complications.

Consequently, the purpose of this research is an analysis of the state and possible progress of a domestic enterprise sector of economics under the conditions of growing competitive relations and development of actions concerning its innovative filling and scientifically technological equipping.

Examining the necessity of creation of an enterprise sector in Ukraine, which would fully compete on the world markets of capitals, commodities (services), labour force, we certainly come to the conclusion about the necessity of a change of value-priority positions in this direction, both representatives of the bodies of central, regional, local authorities, and also domestic business. In

this context, we consciously use a term «business», as we are convinced in an absolute difference of the named key categories – «enterprise» and «business». Identification of these concepts by a majority of scientists has nothing in common with the functional loading which entrepreneurial activity carries, as a specific type of economic activity of people. Primitive role of street «vendors and speculators», which was occupied by domestic business of the first years of independence of Ukraine, in no way must prevail in strategic directions of its further development, but vice versa, to result in a complete destruction of the fixed, stereotype approaches in relation to its inefficiency and unforeseeableness. On the proscenium of the modern social-economic life, under the conditions of growing competitive relations and strengthening of the effect of the factors of financial-economic crisis, should go not a “businessman”, but an “entrepreneur” who is able systematically to go in for innovation activity.

Innovative approaches open a way for high-quality deep changes in a production. «One can consistently join any amount of postal stagecoaches, – wrote J. Schumpeter, – but in such a way, you will never get a railway» [56, p.64]. Theoretical-methodological subsoil of the theory of enterprise, offered by J. Schumpeter, almost a century ago, practically did not undergo any high-quality changes (evidence of an absolute scientific character) and, implicitly, confirms complete impossibility of existence of the enterprise, – as a separate sector of economics without features of innovationalism. Any other activity of the subjects of manage is out of the pattern: **innovation > entrepreneurial activity > innovative product > economic development** can be classified as a «business-activity», or, simply, «commercial activity».

A strategic course on integration in the European Union which was declared by our state must be based, first of all, on the innovative model of economic development which requires forming and realization of the proper public policy [57, p.3]. Such model must become a basis and, simultaneously, a system of a complex of effective actions for realization of innovative structural alteration of the economics of Ukraine. Necessity and importance of passing to the innovative type of development of domestic economy on the whole and enterprises – as it separate component, are caused, to our mind, by two groups of factors. At first, increase of efficiency of action of temporally extensive factors – the favourable state of affairs on the world markets for a separate groups of domestic commodities (i.e. «banana-metallurgical export»), the possibility of the use of the uninvolved production capacities, introduction of the labour force with the unchanging size of payment of labour into the production process etc. – showed a complete dependence on the modern «economic world order» and fully exhausted themselves. Secondly, the increase of a level of competitiveness of the products of Ukrainian industry on the world markets is possible only under the condition of a complete technological re-equipping of science industries of production.

The detailed and objective analysis of the processes of macroeconomic level witnesses, that the determining vector of development of the world economics is directed to dynamic development, integration and close co-operation of local (national) financial markets, markets of commodities, services and labour force. And this economic process, which we identify as a globalization, has a universal character and renders powerful influence on all sides of vital functions of the modern society. Characteristic and, simultaneously, the determining line of such a process is a noticeable intensification of the motion of capitals which are sent in the most cost-effective industries of national economies, quick development of financial markets which generate and re-distribute powerful financial-investment resources, takes place activation of the markets of financial innovations and innovative process on the whole, during which already existent innovations are created, spread and perfected. Regardless of type of economic system which is dominant in the country, of the degree of production development, or economic relations, irrefutable is a fact of the growing deepening of the interdependence both on the whole between territorial markets and between the separate producers of the products (services).

During the subsequent research, we reckon, that it is necessary to extend the context of the problem of innovative enterprise development due to introduction of information about the presence of a group of factors which most prevent the real innovative filling of a commercial sector of the economics of Ukraine. It is clear enough, that the deep analysis of such factors allows, in an

eventual result, to develop the complex of programmatic purpose-oriented approaches for realization of the conception of innovative development of our state already in the nearest prospect.

Inefficiency of the administrative activity in relation to an innovative policy, which opens through a subjectivism of the mechanism of decision making and lobbying of narrowly corporate interests. The decisions of a strategic value are quite often made by «specialists» who does not have the proper jurisdiction, or are not interested in acceptance of publicly meaningful programs and projects. Lobbyism and support of «advantageous for nation decisions», which considerably extend the sphere of action of a market infrastructure, in fact often become a basis for the creation of the proper zonal formations on «money laundering» or favourable taxation. As a result of such «activity», a considerable harm is made to the real innovation inclusive enterprises (to techno parks, to scientific-research, production establishments etc.) which are the modern instrument of providing of competitiveness of the national economy.

The analysis of the statistical data testifies, that for period of 1995-2006, a specific gravity of the charges from the state budget of Ukraine on financing of the advanced, scientific and technical studies in the structure of GDP, had diminished from 0,45 % to 0,37 %, although a gross domestic product only during a period of 2000-2006 had grown in actual prices in 3,2 times. As a result, a number of specialists who executed the scientific and scientific-technical works diminished from 121 thousand of persons in the year 2000 to 100,2 thousand of persons in 2006, or by 17,4 %. A negative dynamics is observed in the year 2007: diminishing of the number of specialists (including ones with a scientific degree) which execute scientific and technical works made 5,3 thousands of persons in comparison to the previous year [58, p.115-116].

It should be noticed, that an **absence of the proper financing** of scientific researches is yet more stressed in the section of separate regions of the country. An overwhelming part of the innovative investments the central organs of power concentrate only in a few regions (city of Kyiv, Kharkiv, Dnipropetrovsk, Donetsk, Lviv, Odessa, Zaporizhzhia regions) in which 80 % of scientists and 70 % of scientific organizations are concentrated [59, p.53-55]. Disproportion in the location of scientific potential on the territories of our state substantially slows scientifically technological development of the separate regions on the whole, and enterprise sector, in particular.

Somewhat a higher stage of generalization of the reasons of the slow filling of domestic enterprise by innovative content, makes it possible to confirm, that the existence of a reason of the problem is far not in financial-credit, institutional, tax etc. aspects, but, foremost, in an absence of **the valuable national innovative systems (NIS)** – aggregate of co-related structures (organizations), engaged in a production and commercialization of scientific knowledge and technologies within the limits of the national borders. The named systems are adopted to provide dynamism of innovative processes on the basis of national-cultural, educational, mental features of a nation; social and political and economic state of affairs. The main functional purpose of such innovative formations should be the process of the increase of qualitative characteristics of research-workers and financial-technical base of the researches, increase of effective demand on innovation inclusive production from the side of enterprise sector of economics. An important pre-condition of this process is formation of a new user – «society of informative days», which is ready to perceive innovations and develops on their basis, taking into consideration the recurrence of this process and risk in relation to end-point results.

Under the modern conditions of forming of the economics of a new type for which characteristic feature is a competition and dynamism of coming to effective administrative decisions, on all of the levels becomes clear that it is necessary to examine an innovative activity as a system of the co-related stages of general innovative cycle of the development which begins from a receipt by the population of a certain sum of knowledge in the system of education and ends with materialization of a scientific intellect by a separate producer and its commercialization by a domestic businessman.

Thus, economic processes which take place in Ukraine and world confirm axiomatic assertions about the necessity of realization of deep structural changes for separate industries of the national economy on the basis of innovative approach by introduction of both internal and external investments. Today, it is extremely urgent not to find out the principle necessity of realization of

innovations for Ukraine (this question is already solved), but a fact, why a necessary and clear idea is not realized in a complete measure. An important constituent part in the decision of this extremely difficult task should be a domestic «business» which is full of enterprise, innovative content and a systematic, effective state policy in the process of transition from the economics of «imitation» to the innovative type. Consequently, the imperative of a dynamic innovative and scientifically technological «break» of our state in the nearest future may be a complete integration of the efforts of all of subjects of economic life and deep feeling of necessity of realization of such long-awaited advancement.

3.4. Social responsibility of the business in a civil society

Problem of a social role of business in the modern civil society in general, its social responsibility in particular, among the social-economic issues of the day acquired a primary value. Quite unexpectedly, a world-wide annual collection of the most influential politicians, most imposing businessmen and intellectual people in Davos for the discussion of keenest, mainly economic problems since 2007 was complemented by a collection of Forum of social businessmen.

In November, 2004 in Moscow an extraordinary representative international conference under the title „In the Searches of New Social Role of Business” at support of the Program of Development of UNO. And, finally, in April, 2007 the Kiev hotel of „Premier Palace” hospitably invited the participants of the international conference „Social Responsibility of Business”.

The simple list of these representative international collections testifies to the outstanding value of the problems of social responsibility of the business in society, the main feature of which is its civil democratic character. Social responsibility of the business in a civil society is the subject of a subsequent consideration of the dissertation work.

When the thing is about a civil society, one hereunder understands socially oriented, state managed market economy. Today it is a generally accepted scheme which is formed by a theoretical idea and found its practical realization in the leading civilized countries of the world.

Nowadays there are two groups of presentations in relation to a „civil society”. In obedience to one of the groups of determinations, a „civil society” is an aggregate of civil and public organizations. Other methodological approach is based on the system of views concerning society „citizens, users, producers”, institutes, which they form and public-political construction of the society. The basis of this approach is in the idea about a possibility of a human association to influence on an absolute power of a state and corporate bureaucracy which prevents people from the desired life. Thus, this possibility is not revolutionary, but is hidden enough: from the side of citizens it offers the civilized means and methods of influence on the state and corporate bureaucracy.

Complicated problems of social responsibility of the business arose together with the appearance of an enterprise and acquired all new verges in the process of its evolution. Former sharply negative attitude of fellow-citizens toward business, to especially large one, gradually changed into more moderate. Business, in its turn, began to understand the social purpose and began to try to declare itself society from a positive side.

Mentioned above international conference „In the Searches of New Social Role of Business” a discussion in relation to corporate social responsibility (CSR) in civil society took there a central place. A discussion preceded round a „Lecture about Social Investments”, „Corporate Social Report” and lecture „Corporate Social Responsibility: Public Expectations”.

In „Lecture about Social Investments” a through idea was an idea which in the last few years ripened the imagination in relation to the necessity of revision of the principles of social-economic manner – transition from domination of oligarchic bureaucratic structures to the civilized models of the socially oriented market economy and alteration of a democratic civil society. Central problem of such development is corporate responsibility of business before a society. Hereunder one understands philosophy of the behaviour and conception of co-operation between business

cooperation, companies and separate representatives of a business in relation to the activity, directed on the achievement of socially meaningful aims.

Fully dividing an idea about corporate social responsibility (obviously, the thing is in the responsibility of businessmen-entrepreneurs), we want to notice and mark that every participant of a civil procedure must carry the part of responsibility in the socially oriented democratically adjusted civil society.

At one time, a famous scientist (economist, sociologist, anthropologist) Frederic von Hayek, defined the essence of a social market economy as an order of human collaboration” the thing is in collaboration (and the proper social responsibility) of all of the basic „players”, stake holders and actors of civil union. Three leading motive forces of a social-economic process and progress – employers, employees (wage labour) and state institutions – must carry the part of responsibility for the observance of social consensus. In an eventual account, in the presence of various, often opposite interests and aspirations of different social groups and layers (producers of commodities and services, users, governmental institutions, stake holders), only a responsible attitude toward the role function provides a permanent welfare of fellow-citizens. This fact is a determinant feature of a philosophy and logics of behaviour of the key actors who operate on the public stage. It is clear enough, that a main imperative of a behaviour of a businessman (growing income) and main economic interest of the hired worker (salary receipt and proper work) do not coincide. For this reason, hired workers gather around trade unions for defence of their social-economic interests, and businessmen create the associations with the purpose of defence of the corporate interests. Third force – state and governmental institution – must balance, as far as possible, most aggressive aspirations of opposing social forces – businessmen and workers. Only the socially responsible and reasonable behaviour of basic „players” of social field can warn a civil society from the extremes of anticivil conduct. Except of the produced by a humanity moral norms, on the side of general interest of the society should be his Majesty Law. It is clear enough, that pursuit of a particular corporative interest by a certain social group will always turn to be an antisocial, anticivil behaviour.

The civilized countries and people may need quite a bit time to get aware of a trivial idea, that following the Laws (written and unwritten) eventually turns to be a blessing for all and each in particular. In pursuit of profit and superprofit, a business destroyed the bases of human life during ages and only the threat of a total self-destruction compelled to be thoughtful above the consequences of asocial behaviour.

All of the above-mentioned allows us to assert, that „corporate social responsibility” (CSR) and real social responsibility of businessmen-entrepreneur to society do not always coincide.

Nowadays there are two leading forms of social responsibility of a business – „opened” and „hidden” one.

The “opened” form of a social responsibility is based on the idea of assuming of obligations for the solving of those issues, in which the society is interested. Such form usually includes voluntary and independently determined patterns of behaviour and strategy of responsibility before a society.

The „hidden” form marks official and unofficial institutes of the country through which responsibility of the corporations at public establishment is coordinated with businessmen or prescribed them. The „hidden” form of responsibility usually includes those values, norms, and rules, which frequently legislatively oblige businessmen to build the behaviour due to the public, economic, and political interests of the country.

The best example of “opened” form of social responsibility of the business is “American model”. It is closely related to nature of the American enterprise which was traditionally based on maximal freedom of individuals (personalities). Labour mutual relations an “employer-worker” is the article of bilateral agreement of these sides. A right of Americans for a health protection, mainly, is a right of a choice of a citizen – whether to use medical establishments or not (it is connected with the complete voluntarily of medical insurance in the USA). State control of numerous spheres of social mutual relations concerns the protection of base inseparable rights of

the American citizens. Consequently, prevailing majority of initiatives in the field of social responsibility is for businessmen voluntarily of their nature.

Traditions of philanthropy, charity and voluntarily help of business to other layers of the society were widespread in the USA in the XIX century (public libraries of Rockefeller, „initiatives” of Carnegie etc.).

During its history the country made the numerous mechanisms of participation of business in social support of the poor, in particular great number of private and corporate funds, aimed at the decision of various social problems due to business circles. It is well known, that American trade education is induced by a private sector more than in any other country (we do not compare to the countries where the education, health protection and some socially meaningful spheres are financed mainly by the state). „Opened” character of social responsibility of the American businessmen is partly explained by their personal interest in the voluntarily offerings on education, health protection, pension and insurance systems for a personnel and also participating in the different social programs. To a certain extent, the responsible to society behaviour of businessmen is stimulated by the proper tax deductions and tests, fastened at a legislative level. However, a crucial role in the socially responsible behaviour of the American businessmen plays the high culture of enterprise, which is formed together with acquisition of civil values. At the minimum intruding of the state into the private sector of America, known by traditions of systematic participation of business and its representative offices in financing of the most various non-commercial projects. A classic example is the Fund of Bill and Manta Gates can be world-wide with a capital in 27 milliard dollars, that is fully financed from the personal states of the married couples with the purpose of improvement of the state of education and health protection not only in the USA, but in other countries of the world. With this example, the business behaviour of post-war millionaires and multimillionaires of „post-socialistic space” sharply contrasts, which are not engaged in charity or offerings on the indicated aims, and also ignoring the Law, systematically violate the social standards of the hired employees, in order not to lose, even a few hryvnias. Such antisocial behaviour can not be described otherwise, but only as a business savagery.

The so-called “European model” can serve as a model of the «hidden» form of social responsibility of business in general, Britannic in particular. Britannic and continental systems, without regard to the long capitalist and enterprise traditions, became widespread only during the last 25-30 years.

Unlike the just considered American model, where general responsibility is initiated by businessmen, often goes out of legislative requirements in the questions of mutual relations of private traders with the stake holders, the European businessmen were marked by a greater moderation in the questions of the responsibility before the society.

The “European model” of social responsibility of the business can not be characterized as an “opened” line of behaviour of businessmen. Unlike corporate activity of the American businessmen, which initiate the social responsibility, in Europe, the last is regulated, as a rule, by norms, standards and laws of certain states.

The comparative analysis of the continental European and American model from the point of view economic, legal and ethics responsibility of businessmen and consideration of their charity activity allows selecting certain differences.

Typically American approach to the questions of economic responsibility is mainly focused on profitability of the business and on responsibility of businessmen before the shareholders. Europeans in this group of mutual relations include also responsibility before the workers of enterprises and local societies.

For Europeans a legal responsibility for any form of social responsibility is characteristic. European business considers the state to be an institute which adds them the guarantees of the rules of behaviour. While in the States such state orders are perceived, mostly, as interference with a personal freedom.

Europeans are traditionally inclined to determine most social problems to the sphere of ethics responsibility, as they do not trust the private sector very much. This is an explanation of the higher level of attention from the side of public in Europe, in comparison with other countries, for

example, in the questions of atomic energy, gene engineering, researches of medical preparations on animals and others.

In the end, charity is not so popular in Europe, as in America. It is explained, among other facts, by the higher level of taxation in Europe. As a result, European businessmen take part in philanthropic actions mainly through the legally fastened mechanisms.

The characteristic feature of “continental” model of the social responsibility is its government control. Obligatory medical insurance and health protection of the workers, pension adjusting and other socially meaningful questions is legislatively fastened in many European countries.

Determining the differences of the “American” and “continental” systems as more “opened” (the USA) and more “hidden” (Europe), it is necessary to define the tendency of motion in the side of the “opened” model of social responsibility of the business. Studying the features of certain forms and models, the obvious is more rich inheritance of American experience, however, for the post socialistic republics of the former Soviet Union; the analysts consider the experience of the “European countries” to be more acceptable.

Consideration of problem of „social responsibility of the business” is impossible without the analysis of the figure of „social businessman” and „social enterprise” as such.

Named categories differ substantially enough. In the civil society, a social responsibility before citizens is carried by all of the combined business countries at presence of a certain group of „social businessmen”, which, so to say, execute a specific social mission.

In the modern theory of social enterprise it is possible to select at least three basic approaches and determinations.

So, in the countries of North and South America, a social enterprise is an entrepreneurial activity of unprofitable organizations (NPO), a profit from which heads for realization of regulation aims of the organization. It is provided, that a mission and regulation aims of NPO are directed accordingly on the solving of social problems, grant of services to a special purpose group for which the organization and improvement of quality of life was created. Social business entities, in prevailing majority, are unprofitable organizations. There are strong traditions of self-organization of the population in the USA, and that is why a greater part of social problems is successfully solved by NPO, getting a financing from a purpose-oriented group, population, state and donors.

In the European countries, a social enterprise is more frequently determined as a business with a social mission. Unlike an ordinary enterprise, on the first place is a social aspect, or social effect, goes out from entrepreneurial activity, and only then economic efficiency. The important criterion of social enterprises in Britain is a collective pattern of ownership and the activity in behalf of territorial society. As you can see, here the subjects of social enterprises are businesses with a social mission.

The third determination of a social enterprise is used mainly by international private and public funds, created for the sake of development and support of this direction of the social-economic activity. Such known and effective funds as Schwab Foundation for Social Entrepreneurship (Switzerland), Skoll Foundation (the USA) and Ashoka Foundation (India) determine a social enterprise rather as innovative entrepreneurial activity for the sake of social transformations in society and communities. The difference of this approach is that a leader – social businessman is on the first place. Activity of many organizations is a search of social innovators throughout the whole world, creation of favourable terms for their labour, their support and confession. And here, mainly, the subject of ME is a man and his activity. The form of organization of the business is not important and may differ: from an initiative group in the society to private business or research institute.

Summarizing all of the above-mentioned, we have a social enterprise as an activity of NPO for the sake of self-finance, social enterprises as business structures, and social businessmen as leaders and innovators.

Consequently, under a „social enterprise” you should understand an entrepreneurial activity of an unprofitable organization, a profit from which heads for realization of the mission or regulation aims of the organization.

According to such determination, the characteristic feature of social enterprise are: presence of **socially important mission** which is directed by an organization; **receipt of profit** which is used on financing of the activity of unprofitable organizations; **achievement of a social effect** for the improvement of the quality of life of a purpose-oriented group; application of **the new, innovative approaches** to the solving of social problems.

A social enterprise is an activity which has three leading reference points – social, market, and innovative. Coming from it, a „social businessman” decides a triple task: at first, social problem which during a set of time was not solved through the limited access of purpose-oriented group to the financial and political resources for its decision; secondly, development and introduction of innovative mechanism of decision of the problem, which violates a withstand, but not just state of affairs; thirdly, creation of new proof balance, which frees the resources for the mentioned purpose-oriented group, which provides better future not only for these people but also for society in whole.

Thus, a „social businessman” is the main figure of the society. He selects a problem with which a part of the population reconciled oneself and perceives it as given because of those or others reasons. He develops and inculcates the new method of decision of the problem – as a favour or a product. A social businessman lays a way for a wide introduction of a new decision which changes the system and an unfair position of people.

A social enterprise is a possibility of partial and dynamic decision at the local level of sharp problems of the society which is too much for the governmental structures. And they need to take a care of a social enterprise. Governmental officials must realize that social businessmen are active helpers in a solving of often hopeless social-economic problems.

Attain a social effect, social businessmen can as follows: engaging a purpose-oriented group in producing of goods or grant of services (solving of the problems of re-socialization, adaptation, employment and others); giving high-quality services and commodities **to** the representatives of purpose-oriented group on favourable terms (satisfying their necessities and improving the quality of life); conducting of entrepreneurial activity without any introduction of purpose-oriented group and sending profits from such activity in support for the social mission of unprofitable organizations; applying the innovative approaches to the solving of the problems (that really will improve the social state of wide layers of the population, purpose-oriented group).

Turning back to the problem of social responsibility of the business in a civil society, it is possible to formulate some certain principles of philosophy and socially oriented behaviour:

- a production of high-quality goods and services for the users;
- creation of attractive workplaces, payment of legal salaries and investment in the development of human potential;
- steady observance of the requirements of current legislation (tax, labour, ecological and others);
- effective conduct of the business, directed on the increase of welfare of the shareholders;
- development of honest relations with all of the interested parties;
- satisfaction of the public expectations and generally accepted norms in practice of conducting of the business;
- contribution into a forming of a civil society through the partner programs and projects of the development of local community.

This list testifies, that a quality of the products and services is a main social task of the producers of commodities and services. The consumer aspects of co-operating with the users embody the prototype of mutual relations of the state with the citizens. A western civil culture was formed from a „consumer economy”. People, at first, learned to realize their power in shops, to vote by the money, and then learned correctly to vote on the election districts and become responsible citizens. That is why a „consumer economy” is the important criterion of development of the real civil society. It trains citizens to be more responsible, at least to themselves.

Socially responsible business is a business, which regularly pays salary for the workers and such which does not discriminate the workers, does not use labour of minor, does not violate the

rights of migrants, and for the occupied on the enterprise creates the normal human conditions of labour.

Socially responsible businessman – is that one, who cares of ecology. Socially responsible business builds the mutual relations with a local community. In the end, business must induce the state to social reformation; before implementation of the social programs within the limits of which must have his own programs.

All of afore-mentioned is focused in a problem a „person-businessman-state”. Civilized democratic society must expressly define the scope of agreements not only between the state and business, but also with the citizens of the country. Without realization of the model of co-operation „business-state-social society” the increase of people’s welfare is impossible. Realization of such model is possible only on the basis of partnership and agreement.

Partners must stick to the agreements and as a foundation for them must serve **some** recommendations to the state and business:

to the state bodies:

1. government bodies must provide even maximally strict and effective control after implementation by all of the social agents of the market of social. tax and other fiscal obligations, determined by a current legislation;

2. it is necessary for the state structures of all of levels to refuse the methods of direct or side compulsion of the business on implementation of social obligations over the legislatively set level;

3. the state must point the effort at forming of favourable public opinion in relation to an enterprise and their structural role in social-economic development.

To business:

1. entrepreneurs and businessmen should honestly, in a full expense, execute social obligations, set by Law;

2. businessmen must diffuse the circle of main stake holder (state, proprietors, personnel) due to local communities, public associations, and business partners;

3. businessmen must inform publicity about the social activity. Thus, accounting must be voluntary, and businessmen decide, what aspects of social activity to expose.

Such are the aspects of social responsibility of the business in a modern civil society.

Practice of the introduction of research results and conclusions

- Basic tendencies and problems of the development of MSP are set in a transformation period of the development of the economics which follows to the priority functioning of industrial-financial groups (IFG) on the world markets;

- changes are forecasted in the decision of social-economic issues by the small enterprise of cluster and general types;

- proved using of an integral index of profitability of the labour for the analysis of efficiency functioning of small and middle enterprises, both in the general system, and in the computer-integrated formations with the „soft” and „holding” conduct of a business;

- essence of the categories «efficiency», «social-economic efficiency» of small business from positions of micro systematic analysis is determined;

- proved expedience to consider the activity of the direction of small enterprises from positions of innovative and operation approaches;

- the ways of improvement of moral-psychological climate in the society due to creation of small enterprises with the purpose of receipt of social effect are determined;

- the modern tendencies of increase of social responsibility of small business are exposed under the conditions of overcoming of financial world crisis;

- the action of Law of Maintenance of Labour (Vasylyev O. V., 1999-2003) is shown in achievement of an effective work of small enterprise and business;

- expedience is set to adhere to the law of undestroy of intellectual-spiritual labour at alteration of organizational structures of small enterprise and mechanisms of co-operation of small enterprises with industrial-financial groups (IFG).

- A small enterprise is created with the socially oriented orientation of production process - LLC firm «PROMMONTAZHNALADKA».

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ANNOTATION

The Thesis is devoted to investigation of the theoretical and practical aspects of functioning and development of the subjects of micro-entrepreneurship under the conditions of transitive economics of Ukraine. The Thesis reveals the essence of basic categories such as “business”, “entrepreneurship”, “micro-entrepreneurship” on the basis of historical analysis of initiation, formation, and further development of entrepreneurial surrounding in the countries of the European Union, in the USA, and in Ukraine. In particular, the incorrectness of the concept “business” is indicated – as a specific activity of a person with the aim to receive financial effect (profit) and “entrepreneurship” – as a specific kind of activity of a person, the determinant indication of which are the functions of risk, system, innovational direction, and satisfaction of the own financial needs, as well as significant social needs. The essential contribution to extend the present theory of entrepreneurship are the suggestion of the author of the Thesis concerning the necessity of development of economics of market type with the features of social direction which combines the achievements of classical “free market economy” (stable development of productive forces, rapid technical progress, stimulation of production and efficiency of work on the basis of free competition), and, at the same time, minimize the “gaps” of market industry (extensive display of monopolism, possible social-economical impoverishment of the vast range of population etc.) The important place in the development of such social-economical order belongs to micro-entrepreneurship – as an indicator and bearer of enterprising and innovational potential of the nation in general.

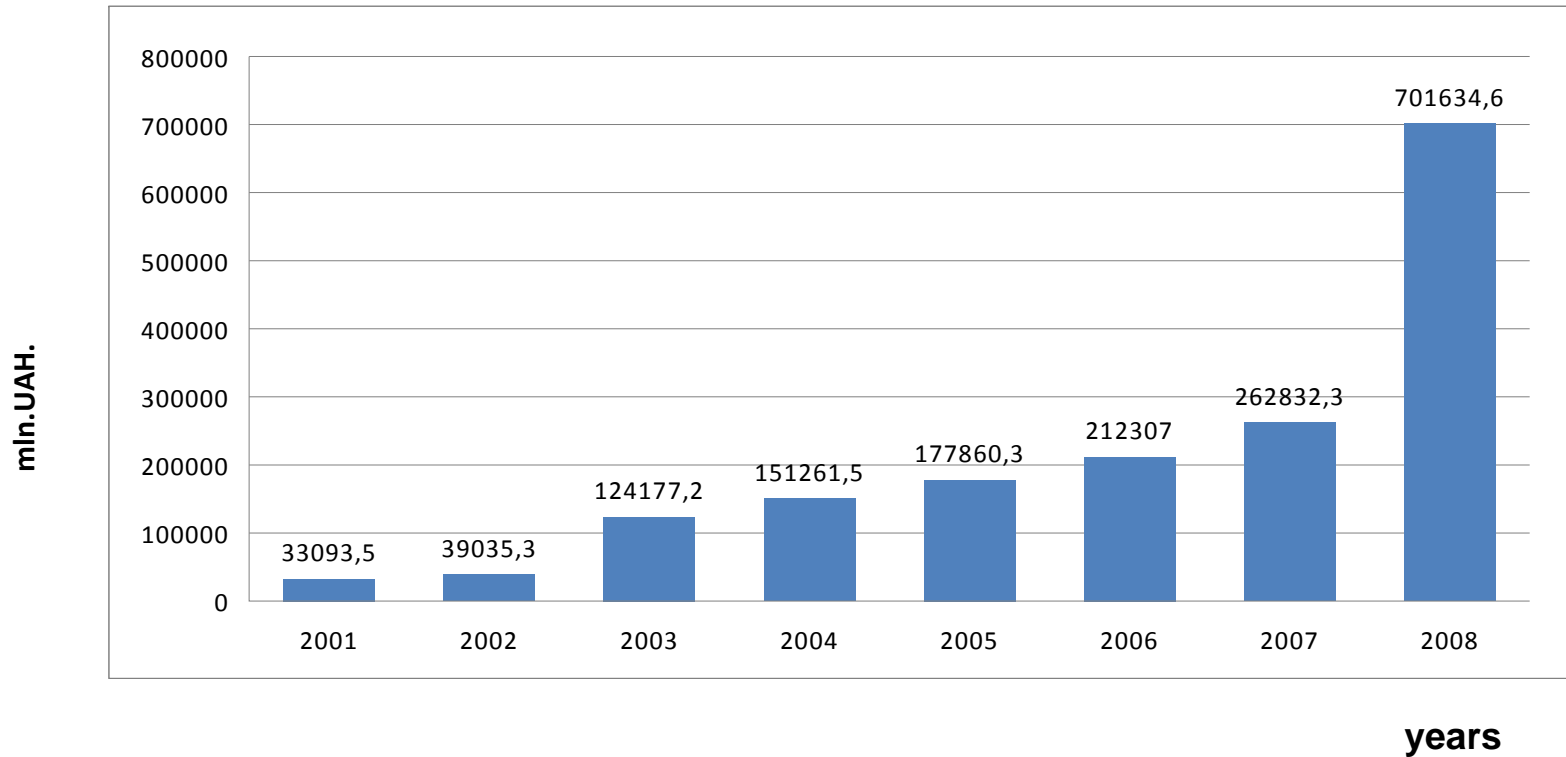
The usage of integral index of efficiency of work while analyzing the efficiency of functioning of small industrial units in general system and in the integral formations with “soft” or “holding” kind of business is grounded in the Thesis. Moreover, from the point of view of macro- and micro system analysis, the essence of basic categories “effectiveness”, “social-economical” efficiency of enterprising activity is determined, namely, the predominant effectiveness of micro-entrepreneurship with other forms of industrial organization and exchange in the innovational sector, while solving the problems of employment and social activity of the population, in satisfaction of the increasing needs of education-cultural level of the person and society in general are considered.

The important place in the Thesis, the author devotes to the investigation of social role of micro-entrepreneurship on the basis of attraction of data as for the peculiarities of functioning of “Continental” and “American” systems of social responsibility of the business. The comparative analysis of the mentioned systems and systematized and generalized general educational practice give the possibility to develop the specific and corresponding to national circumstances social oriented scheme “entrepreneur – state – society” on the basis of integration of efforts of all members of economic life.

While consideration of the further and possible development of the subjects of micro-entrepreneurship in Ukraine, it was stressed that only filling of the native business with “enterprising” features (only innovational, systematic matter and construction of the appropriate system of ethical, partner-business intercompany relations) may become the imperative of effective and dynamic functioning of such subjects of market relationships. The essence of the named components is even more important under the circumstances of increasing of the influence of the factors of present financial-economical worldwide crisis. Moreover, the fact of existence of bipolar model of Ukrainian society, essentially slows down the stable economical development of the state. Afterwards, the Thesis is mainly concentrated on the critical necessity of development of the average class of society in Ukraine – the generator and at the same time bearer of social-economical and political transformations.

The Thesis determines the expediency to follow to the law of Preservation of Labor and Intellectual-Spiritual Labor in the process of development of organizational structures of micro-entrepreneurship and mechanisms of interaction of micro-enterprises with industrial-financial groups (IFG).

Key words: entrepreneurship, micro-entrepreneurship, small business, small enterprise, enterpriser, social oriented market economics, transitive economics, social responsibility of the business, average class of society, industrial-financial groups, cluster, social-economical efficiency.

The amount of products realization (works, services) by the subjects of the small entrepreneurship in Ukraine in 2001-2008¹

¹ About situation and prospects of entrepreneurial development in Ukraine: National Report / K.O. Vashchenko, Z.S. Varnaliy, V.E. Vorotin, V.M. Heyets, Y.M. Kuzhel, O.V. Libanova and others – City of Kyiv, State Committee of Entrepreneurship, 2008. – P. 176. Statistical information. Official site of State Committee on Statistics of Ukraine [Web-resource] / Access mode: <http://www.ukrstat.gov.ua/>. – [November 3, 2009 – date of last visit].