

Macroeconomic factors of commercial entrepreneurship development in Ukraine

Volodymyr Martynyuk¹, Vasyl' Dzvonyk²

1. Department of entrepreneurship and ecological expertise, Lviv Polytechnic National University, UKRAINE, Lviv, S. Bandery street 12, E-mail: volmartynyuk@gmail.com

2. Lviv Polytechnic National University, UKRAINE, Lviv, S. Bandery street 12, E-mail: dzvonyk1@gmail.com

Abstract: *Scientific literature has been considered. On the basis of which formed the main problems and prospects of the trade entrepreneurship development in Ukraine. The analysis has been carried out on the basis of statistical data, and made conclusions about the prospect of trade entrepreneurship in Ukraine.*

Key words: Ukraine, entrepreneurship, trade entrepreneurship, oligopoly, development, problem, prospect, barriers.

I. Introduction

Today, in the economic life of Ukraine, there are stabilization processes, as the exchange rate is normalized, GDP grows, market demand increases due to increased incomes, reforms has been made, in particular the creation of the CNAP facilitated the opening of business. These steps, taken at the state level, have contributed to the development of trade business in Ukraine, and will become a guarantee of further success of the country. A trade business is the main finance source of the state budget. Because this branch of business has the highest revenues, the state creates favorable conditions for the development of this business, for the purpose of greater revenues to the budget of the country.

II. The main material

There is a large number of enterprises in Ukraine, but the largest revenues to the budget are provided by trade enterprises [8]. However, this sector is a perspective in Ukraine and Europe. But big businesses are pushing small and medium businesses out. After all, the biggest market share is controlled by large trading enterprises and this is actually oligopoly. For example, large trading enterprises occupy 43 % of market in Ukraine, as opposed to Estonia, where large trading business has less than 25 % of market[9]. Accordingly, there are barriers to entering the market, because the market has its own rules, which were established by oligopolists, with the help of the government and other instruments. Restrictions have been set for other businesses, and besides, these enterprises are related to oligopolies. In most cases, government tenders are impossible to win for small business, and that's why big trade enterprises develop their business at the expense of the state [12].

At January 1, 2016, the largest sector of active enterprises is G category (wholesale and retail trade) and is 13.72%. Given that in Ukraine there are almost 606 thousand enterprises, of which the trade enterprises is

more than 83 thousand [1]. This is a rather positive indicator, besides this, as of 2016-2017, trade enterprises opens more than previous years when their share decreased [2].

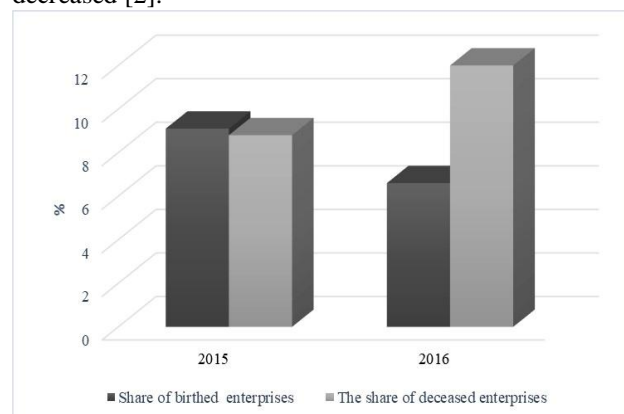


Fig. 1. Structural ratio of created and closed enterprises in Ukraine in 2015-2016

It should be noted that the number of large enterprises over the last three years has significantly decreased: from 659 units in 2013, 497 in 2014, to 423 in 2015. First of all, this is a consequence of the ATO's management and the temporary occupation of part of the eastern regions, where mostly large industrial enterprises were located, and the impact of the general economic crisis, which only intensified due to events of a military nature.

During 3 years, there is also a decrease in the number of medium-sized enterprises. Thus, at the beginning of 2016, 15.2 thousand medium-sized enterprises were registered in Ukraine, the number of which decreased by 703 units (4.4%) compared to the previous year. Recall that at the beginning of 2014 there were 18 thousand. Compared to 2010, in 2015 the number of medium-sized enterprises declined by 24% each year.

The main positive development dynamics in the category of small business was due to microbusiness. So, the number of micro enterprises in 2015. increased by 5 thousand units (2%) and reached 284 thousand enterprises. A trading company, as a mediator in the relationship between the producer and the consumer, is the main form or contact in the opposite direction in the event of problems between the buyer and the manufacturer. And also, in most cases, this business entity intends to save its reputation when making a contract for the sale of goods [4].

One of the key factors in the development of trade enterprises is that this kind of business does not require high costs, and has a quick return compared to enterprises of categories A, B, C, D, F. These enterprises are agricultural or industrial, and they have bigger hits risks, and besides, they have a very long process of selling goods compared to a trading company. Therefore, a trading company is more perspective in the short run [1, 3]. And this type of business has high demand, because through trade business passes all types of economic activity of buyer with the manufacturer. The basic development of this entrepreneurial activity is the ease of creating and managing the business. In addition, this type

of activity is rather branched out. Because mediators, distributors, retail intermediaries and the manufacturer themselves may come into contact with the buyer and the manufacturer. This path from seller to buyer can have a large number of links that are not negative and important. Therefore, this activity is a perspective for different types of entrepreneurship.

In Ukraine, trade enterprises are more innovative than other enterprises, because of the great competition and cheaper technologies for improving activity than the enterprise engaged in logging or machine building. Another key factor is that this type of business has direct contact with the buyer. And in most cases, the buyer prefers to a trading company where there are more innovative technologies and better staff. These are the main criterions for successful business and market competitiveness [5, 6].

Ukraine has positive indicators – cheap labor (inflation), taking into account the fact that labor is highly skilled. But there are barriers to the company's profitability. This barriers were created by oligopolists through the state. The construction of laws that promote the development of large businesses and destroys small and medium-sized businesses, unfair taxes burden and difficult to squeeze out competitors that are on the market. In addition, government, under the pressure of EU, make slow steps for the development of small and medium-sized businesses. Due to the fact that the form of political power is actually oligarchic in Ukraine [10].

But there are factors that negatively affect the development of trade activity in Ukraine. The first and main factor is unfair business taxation, because the interest rate difference is the same for both small and large businesses [7]. One more significant problem is that the market in Ukraine is actually oligopolistic. And large companies have a market advantage, and in fact they dictate the price they need. And when the government adopts innovations, it doesn't lead to destroying the oligopoly, but rather develop it. According to the global competitiveness index of Ukraine. It can be seen that the investor protection power is small. This is very frustrating for foreign investors, because there is a high risk of not returning their funds. In addition, macroeconomic indicators are terrible, because taking into account inflation, the entrepreneur will remain unprofitable. When delivering goods in the long run, as a winner in the tender. Also, taxation for investors is also great among other countries, which also slows down the development of a trading company in Ukraine [11].

Conclusion

Thus, trade entrepreneurship is a perspective for Ukraine, because the main revenues to the budget of the country are delivered by small and medium enterprises in this area of activity in EU. Also, if Ukraine grants preferential taxation periods when creating a new company in this area, it will give even more perspectives

and development of new trading enterprises. And Ukraine will have more investment from abroad, and will have a larger budget and better economic development. It is also necessary to solve the tax problem, and to set a lower percentage of taxation for small businesses, and for larger business – bigger taxation. And to destroy the oligopoly market that is present in Ukraine. It is also necessary to create favorable conditions for investors. After all, they can improve the GDP. And to increase the inflow of foreign currency, and make the national currency more strong. In addition, it is a perspective for Ukraine to enter the international arena, if Ukraine has more trade TNCs, GDP will grow by at least 10%.

References

- [1] (2016 Oct 13) State Statistics Service of Ukraine [Online]. Available: <http://ukrstat.gov.ua/>.
- [2] (2017 Sep 01) Basic indicators of enterprise demography statistics, State Statistics Service of Ukraine [Online]. Available: https://ukrstat.org/uk/operativ/operativ2015/r_so/op_sd_p_u16.htm
- [3] I. V. Hoy "Entrepreneurship", K. : «Tsentr uchbovoyi literatury», 2013, 368 p. [Online]. Available: http://cul.com.ua/preview/pidpr_goy.pdf.
- [4] "Economy of a trading enterprise" [Online]. Available: <http://buklib.net/books/22043/>.
- [5] "Career in business: entrepreneurial success" [Online]. Available: <http://osvita.ua/vnz/reports/international-relations/19149/>.
- [6] "Formation of industrial entrepreneurship in the cities of Russian Ukraine at the turn of the nineteenth and twentieth centuries" / Istorychnyy arkhiv. Vol 12, pp. 46-51. [Online]. Available: http://nbuv.gov.ua/UJRN/Ians_2014_12_8.
- [7] "Tax Code of Ukraine" [Online]. Available: <http://zakon5.rada.gov.ua/laws/show/2755-17>.
- [8] (2017 Sep 01) "Receipt of taxes and fees as of" [Online]. Available: <http://ukrstat.gov.ua/>.
- [9] "Development and priority directions development of enterprise in Ukraine" / Ekonomika ta upravlinnya natsional'nym hospodarstvom. Vol 2, pp. 106-110 [Online]. Available: http://irbis-nbuv.gov.ua/cgi-bin/irbis_nbuv/cgiirbis_64.exe.
- [10] O. Ya. Bazilins'ka "Macroeconomics", K.: Tsentr uchbovoyi literatury, 2009, 442 p. [Online]. Available: <http://uchebniks.net/book/9-makroekonomika-navchalnij-posibnik-bazilinska-o-ya/2-anotaciya.html>
- [11] (2015) World Economic Forum. Global Competitiveness Index Ukraine. [Online]. Available: [<http://reports.weforum.org/global-competitiveness-report-2015-2016/economies/#economy=UKR>].
- [12] "Financial reporting for purchasing goods from suppliers for 2016" [Online]. Available: <https://prozorro.gov.ua/dokumenti-ta-finansovazvitnist-dp-prozorro>.