

FACTORS OF DEVELOPMENT OF SMALL BUSINESS

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A special role in the development of reforms belongs to small businesses, which play critical socio-economic functions, such as the balance of supply and demand in the market of goods and services; the creation of additional jobs; the stimulation of economic incentive market participants; the sustainable use of resource potentials; solutions to many economic, social, and economic problems.

Small business is the "strike force" in the labour market and in rural areas by absorbing labour that is released for various reasons with companies in other sectors. This can take place in the years of favourable economic conditions and in periods of crisis and stagnation.

Small business fosters in its participants and especially in the organizers an increased commercial and special professionalism and can be considered as a source of skilled labour. Changing places of work, especially for hired workers, mastering related professions characteristic of employed in small and medium-sized businesses. All this contributes to the develop-

ment of a mobile labour market, especially in rural areas.

Small and medium business plays in the economy quite crucial role and is the foundation for a market economy. These sectors create the necessary atmosphere of competition, are able to respond quickly to any market changes, create additional jobs, are able to pay off relatively quickly, and are the main source of the formation of the middle class because the middle class is the key to stability of the company and its successful development.

Developed segment of small and medium business is, above all, a high level of service and low prices for goods and services for consumers. The high level of competition stimulates the economy and leads to higher wages. While the high innovative component, inherent to small and medium businesses, the development of this segment should contribute to raise the economy to a qualitatively new level. Thus, the necessity of development and state support of small and medium business in Ukraine is rather significant and decisive.