

## FRANCHISING AS A FORM OF ORGANIZATION AND FUNCTIONING OF BUSINESS IN UKRAINE

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An effective use of franchising became an integral part of the development of small businesses. The modern extent of its global spreading is convincing proof of the efficiency of franchising in business. The necessity of this type of business is defined by its high degree distribution in the United States and Western European countries (80% and 67% respectively).

With the proper approach, franchising can serve as a catalyst, accelerator for business development, because it creates for enterprises, which entered to franchise network, favourable conditions for functioning and opens new opportunities.

The article defines the level of development of franchise market in Ukraine, analyses data of the last 15 years of its spreading on the territory of the Ukrainian economy. According to statistic data, franchising is developing rapidly, ramps up, and has a positive trend of growth of franchisees in Ukraine. The number of subjects has increased by almost 12 times.

Despite the great development prospects of franchising in Ukraine, there are many barriers, which prevented it from fully functioning. The article examines disadvantages of franchising in the domestic economy, among

which the main are complexity of the procedures lending of small businesses; vulnerability of the Ukrainian franchises in franchising cooperation with foreign representatives, lack of entrepreneurs' knowledge about the opportunities in such business, significant limitation in developing of small business by tax rules, therefore, entrepreneurs are forced to find other ways in the implementation of lump sum payments and royalties, imperfection of legal framework, which regulates franchising relations.

To solve the above problems, it is recommended to take a number of measures:

- strengthen the legislative framework by adopting the Law of Ukraine, which provide all the legal aspects of franchising relations, and would correspond to international requirements;
- provide available lending for those who wish to develop their own franchise network;
- work out the programs for preparing specialists in franchising business;
- establish a special monitoring authority of franchising in Ukraine to streamline the legal framework of franchise relations;
- create a state-level system of taxes for franchisees mostly on the initial stage of franchise developing.