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## ПІДПРИЄМНИЦЬКІ ФОРМИ ВЗАЄМОДІЇ РИНКОВИХ СУБ'ЄКТІВ

***Анотація.** У статті аналізуються основні параметри функціонування організаційно-економічних механізмів взаємодії між малими та великими підприємствами, види їх фінансування та організації ведення підприємницької діяльності.*

*Наведені концептуальні відмінності між існуючими формами підприємницької діяльності дозволяють окреслити ряд переваг та недоліків від застосування запропонованих моделей управлінського спрямування. Сучасні форми та методи ведення бізнесу в Україні базуються на використанні кращих американських та європейських практик, що дозволить реалізувати наявний потенціал внутрішнього ринку та розвинути його за підтримки закордонних партнерів.*

*Дослідження результатів використання кращих світових практик ведення малого бізнесу українськими підприємствами свідчить про ефективність їх реалізації у вітчизняному підприємницькому просторі.*

**Ключові слова:** підприємництво, мале та середнє підприємництво, франчайзинг, субконтракт, лізинг, аутсорсинг, венчурний бізнес.

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## ENTREPRENEURIAL FORMS OF INTERACTION BETWEEN MARKET PARTICIPANTS

***Abstract.** The article analyzes the main parameters of functioning of organizational and economic mechanisms of interaction between small and large enterprises, types of their financing and organization of business activities.*

*The conceptual differences between the existing forms of entrepreneurial activity allow outlining a number of advantages and disadvantages of the proposed management models. The modern forms and methods of doing business in Ukraine are based on the best American and European practices, which will allow realizing the existing potential of the domestic market and developing it with the support of foreign partners.*

*A study of the results of using the best international practices of doing small business by Ukrainian enterprises shows the effectiveness of their implementation in the domestic business environment.*

***Keywords:** entrepreneurship, small and medium-sized enterprises, franchising, subcontracting, leasing, outsourcing, venture business.*

**Introduction.** Small and Medium enterprises (SMEs) represent the most dynamic and massive form of organization of labor in a transformational economy, combining a large number of small owners and medium-sized enterprises, which largely determine the socio-economic and partially political level of the country's development. In terms of living standards and social status, they belong to the majority of the population and are both direct producers and consumers of a wide range of

goods and services. It is here that the bulk of national resources are created and located, which are the basic environment for the development of the economy of any state.

**Analysis and research of publications.** As the experience of developed market economies shows, the primary goal of creating small businesses was the desire of entrepreneurs to start their own business to improve their living standards of the family. Ukraine's small businesses were no exception in this regard. According to Z. Varnalii, the main contradiction of small business is the contradiction between its objectively high socio-economic importance and the relatively weak viability of its subjects. And it is precisely to eliminate this discrepancy that it is necessary to identify and form a sustainable mechanism for the functioning of small of small businesses.

At the same time, researchers Varnalii Z.S., Govorushko T.A., Belinska Y.V., Zavyalova O.V., Pashchenko O.Y., Sakharov V.E., Shpak V.I. consider such a mechanism to be appropriate if it promotes close interaction of large (medium) enterprises with in terms of size and scope of activities of enterprises with small business entities. Small businesses should not oppose them. Only close integration of small and large businesses contributes to the structural the economy and accelerate innovation processes. This process of successful cooperation, mutual assistance and support is one of the measures of state support for the SME sector, is a process of evolutionary development of the sector at the appropriate stage of the economy.

**Research results.** One of the characteristic features of the SME sector development is the process of its organic integration into the economic structure of the national economy, its competitive environment and social division of labor.

The main forms of doing business in Ukraine are determined in accordance with the current Laws "On Entrepreneurship", "On Enterprises" and the Commercial Code of Ukraine, which stipulate that entrepreneurship in Ukraine is carried out in any organizational form provided for by law, at the choice of the entrepreneur.

In the global business practice, the following organizational forms of an enterprise exist: sole proprietorship, partnership (company) and corporation. These forms are also typical for SMEs.

The choice of the form of business organization depends on a number of features that characterize the differences between the defined forms of business, which include the following:

- the number of participants in the business entity (association) being created;
- who owns the capital of the association being created;
- sources of property as a material basis for business activities;
- limits of property (material) liability;
- method of distribution of profits and losses;
- form of management of the business entity.

However, both sole proprietorship, partnership and corporation have their advantages and disadvantages, which are typical for entrepreneurs of all forms of ownership, and also have their respective differences.

The most typical ones are those that we have compiled on the basis of our own research and scientific works of Ukrainian experts in the field of entrepreneurship, small business, etc. (Table 1).

These forms of doing business are inherent in both small and medium-sized enterprises and large ones.

The increased influence of the negative features of sole proprietorship creates a need for small enterprises to change the form of doing business. These forms are integration processes, which are a key element of the external environment of small businesses and a means of purposeful coordination of participants in the reproduction process.

Considering the mechanism and economic content of integration interaction between small and large businesses, the following should be noted. If the purpose of the latter is the process of obtaining mutual benefits, and the process of cooperation is sustainable, an economic symbiosis is formed between the enterprises that create the integration structure, i.e., such a sustainable (long-term) economic interaction of partner enterprises, the result of which is determined in the form of an effect, the size of which significantly exceeds the economic result of the sole action of each of the participants in the process.

**Table 1**

**Advantages and disadvantages of sole proprietorship, partnership and corporation**

<b>Types of organizational forms</b>			
	<b>Single ownership</b>	<b>Partnership</b>	<b>Corporation.</b>
<b>Advantages</b>	Easy to organize and liquidate the company Simplicity of control by the owner Limited regulation of activities by the state Simplified system of profit taxation Ownership of profits by the owner of the enterprise Further use of profits in the interests of the business;	Simplicity in the organization of the enterprise Great freedom and efficiency in actions Little regulation of activities by the state Tax benefits due to individual income of each participant Growth of financial opportunities due to capital pooling	Combination of capital of a large number of individuals and legal entities of different sizes A real opportunity to attract investment Significant financial and, consequently, production capabilities Limited liability of each participant only within the limits of

	Low costs for the organization of production Own interest in effective work Direct contacts with employees and customers	Improved enterprise management system Distribution of management functions	equity, reduction of own financial risk Distribution of management functions Great freedom and efficiency in actions Long term of operation
<b>Disadvantages</b>	Problems with finding start-up capital and large loans Lack of guarantees of stable operations Low level of solvency Unlimited liability, including for debts Lack of specialized management Uncertainty of the terms of operation	Financial difficulties in the implementation of large projects Possible conflicts between partners Difficulties with profit distribution Unlimited liability, in some cases full liability Economic risk due to unstable organizational form Difficulties with liquidation of the company	Double taxation, first on corporate profits and then on shareholder dividends Differences between ownership and control functions Possible conflicts between managers and shareholders Potential opportunities for abuse by officials Difficulties with liquidation

The forms of integration of large and small enterprises do not represent an ideal model that performs a new function related to the transformation processes in the activities of enterprises, the purpose of which is a simple change of organizational form. Changes in the organizational and economic structure of entrepreneurial activity are formed primarily by the existing requirements of the market, whose actors need such interaction.

For small enterprises, such an integration process with large or medium-sized enterprises looks like a model that provides for its further development in organizational, economic, and financial matters, and therefore implies: first, an increase in stability, bias of the external environment of small business; second, mutually beneficial movement of information, technological, raw materials, financial, and human resources.

It is the well-chosen integration structure that contributes to the emergence of a significant number of advantages for small businesses, which subsequently allow them to overcome the crisis, expand production, increase profits and move to the category of competitive enterprises, and, finally, extend the life cycle of the business and ensure its sustainable functioning.

Large enterprises, in turn, also expect positive results from such cooperation, the most important of which are minimizing the number of production and sales operations that reduce costs, shorten the technological cycle, reduce the cost of products, etc.

Thus, the integration of small and large businesses appears as an appropriate model (scheme) for the development of a small enterprise, a way to overcome existing shortcomings and create conditions for the latter to operate more efficiently.

The possibility of participation of a small enterprise in the integration process with a large enterprise, and therefore the choice of the necessary model of its development depends on a number of factors, including the following (Table 2) [2]:

In addition to these factors, the formation and development of certain forms of interaction were largely influenced by such trends in the development of modern markets as globalization, product quality, customer satisfaction, and the possibility of using new state-of-the-art information and communication technologies.

**Table 2**

**Factors influencing the determination of the model of small business development through integration and interaction with large enterprises**

<b>Factors</b>	<b>The content of the factors</b>
<b>External</b>	
Type and state of economic development	The state and trends of economic development, the presence of trends in the development of innovative industries
State policy in the field of SMEs	Current systems of taxation, lending, investment, state support for SME development, cooperation and integration
Legal basis of entrepreneurial activity	Regulatory framework for the development, operation and state support of SMEs
<b>Internal</b>	
Market peculiarities	State of development of market conditions, regional concentration, market infrastructure
Forms of ownership of enterprises	Forms of ownership and organizational and legal types of enterprises
Industry development	Characteristics (number of enterprises with the same core business, level of specialization, size of enterprises, competitiveness, financial condition)

Information, methodological and personnel support	Characteristics (state and development trends, conditions, level of management training, experience in managing integration processes)
The company's features	State of production, level of specialization, financial capabilities, state of logistics, self-organization system

The main forms of integration and interaction between large and small enterprises, which are potential models for small business development, are shown in Table 3 [2]:

**Table 3**

**Main organizational and economic models of interaction between large and small enterprises**

<b>Models of integration and interaction</b>	<b>Functional areas of interaction</b>	<b>Forms by economic activity profile</b>
Subcontract (subcontract)	Manufacturing	production and technological
		production and commercial
		tolling raw materials
Franchising	production and sales	Production
		Distribution
		Service
		business - "business format"
Leasing	industrial and financial	financial
		Operational
Venture business	Innovative	scientific and industrial
Outsourcing	Production	business processes
	maintenance services	Production

The first two models are based on the integration of small and large enterprises by their main activities, namely production and distribution of goods and services, which involve mutually beneficial cooperation in the provision of services. Let us consider in more detail each of these models in more detail.

The main form of integration of large and small businesses is subcontracting model of cooperation (subcontracting), the essence of which is in the long-term relationship between a large (main) enterprise which is the main producer of products, and a significant number of small enterprises operating on the principle of detailed technological, model specialization of production.

The above relations are based on an agreement between its participants in the field of production and supply, and therefore provide for transfer by a large enterprise under contracts to small ones of the relevant scope of work, which, due to the effect of technological division of labor achieve certain

positive results. Small businesses are involved in participate in a complex technological process by performing one or two operations (production option), and also act as a subcontractor in the completed production cycle of a specific product that is included in the nomenclature of the parent company (production and commercial option). Small enterprises that work on tolling raw materials also operate on the basis of subcontracting.

The mechanism of interaction between the participants of the subcontracting model is as follows bilateral conditions and benefits received by the parties in the process of cooperation. The main components of this model are production, economic and market processes, as a result of which each of the participants receive a corresponding effect, which is expressed not only in economic growth in production and sales, but also in terms of production and labor potential.

One of the main requirements of a large enterprise to a small subcontractor is to meet the delivery time of finished products and their high quality. Quite often, small businesses enter into such contracts with several large enterprises, thus expanding their partnerships beyond a single chain [3].

The implementation of the subcontracting model is an important component of the strategic development of small businesses, forming of the strategic development of small business, forming its independent competitive position in the market.

The following model of small business development has become widespread in the distribution of goods and services. In international practice it is known as franchising.

The spread of the franchise model of small business development in in the world business practice is confirmed by many theorists through the relevant terminology, which in their works acquires considerable variability.

Business process outsourcing combines a significant number of secondary functions. First of all, these are the production and economic functions, which include the operation of real estate, professional services cleaning and cooking services, human resources management, internal audit financial and accounting activities. Production outsourcing involves the transfer to a contractor of a part of the production process, which would cost the company more than outsourcing them. First of all, these include services related to information technology, maintenance of electrical and telecommunications products. If the company has a separate subdivision, it must have qualified specialists who are knowledgeable in this area. Their functions are also related to obtaining information on the status and updates of the software and computer hardware market.

The potential for SME development is determined by the interdependence and interaction of environmental factors that affect the formation of the processes of its activity and development, as well as the available production, economic, financial, and labor resources. In contrast to unlike the existing methodology for assessing the development potential of a single which does not allow



assessing the development of an industry or a sector or the economy as a whole, the proposed analytical model requires the following sequence: identification of factors of influence on the activities of SMEs and the strength of influence of each of them; defining a system of indicators that allow to form a complete the potential capabilities of both the sector as a whole and individual enterprises and individual enterprises; analysis of indicators in the dynamics and their interrelationships. Generalized assessment of the state and prospects of SME development involves determining further strategic prospects for the sustainability of the sector within the relevant region, type of economic activity or the state as a whole and management decisions on their formation.

**Conclusions.** Thus, the intensification of small business development models should form driving changes in the business environment of Ukraine through the following factors: financial and business support for the development of small business development; mastering new technologies by small enterprises; expanding the scope of activities; quality training for small businesses; increasing their competitiveness.

In turn, the economic society of Ukraine will experience the following positive changes: satisfaction of consumer demand for those types of quality goods and services that were not previously satisfied; increased employment through the creation of additional jobs; qualitative changes in human resources; increase in gross domestic product due to the growth of the number of profitable enterprises.

The main contradiction of small business between its objectively high socio-economic importance and relatively weak viability can be eliminated only through close integration of small and large businesses. The goal of integration is such a sustainable (long-term) economic interaction of partner enterprises, the result of which is defined as an effect whose size significantly exceeds the economic the result of an individual action of each participant in the process. The most effective organizational and economic models of such interaction are: subcontract (subcontract), franchising, leasing, venture business.

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