STATE AND PROSPECTS OF SMALL ENTERPRISE DEVELOPMENT IN THE FIELD OF CONSTRUCTION

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Methods. The results were obtained through the use of methods: theoretical generalization – in establishing the theoretical basis of the business entities of the construction industry in modern business conditions; logical analysis – in determining the prospects for the development of the market of construction works and services and construction products; classification and analytical method – in the study of the business environment of functioning of small businesses in the construction industry, graphic analysis – to visualize the results of the study.

Results. It is established that the construction industry is essential and provides a multiplier effect on the country's economy with the effective interaction of different industries. Positive trends in the growth of indices of construction products and an increase in the share of the construction industry in the structure of Ukraine's GDP have been identified. The state of the construction industry is formed under the influence of crisis conditions caused by the coronavirus pandemic. It is established that the depth of negative impact on the activities of business entities in this industry is determined by a set of interrelated factors. The construction industry requires significant capital investment and is characterized by high cost. However, given the role of the construction industry in economic recovery and its social significance, government support should help increasing construction volumes by involving not only large and medium-sized businesses, but also small construction companies as flexible and adaptive structures. The development of dialogue will help to ensure partnerships between public authorities and business entities.

Novelty. The peculiarities of cooperation between public authorities and small businesses of the construction industry on the basis of public-private partnership in order to better meet the needs of society and increase the efficiency of entrepreneurial activity are summarized taking into account the conditions of the modern business environment.

Practical value. Guidelines for the formation of dialogue and cooperation between public authorities and small businesses in the construction industry on the basis of public-private partnership are proposed.

Keywords: small business, development trends, business environment, construction industry, public-private partnership.

Statement of problem. The construction industry is the basic sphere of Ukraine's economy, because the level of development of business structures of other sectors of the economy depends on the pace of development and efficiency of enterprises in this industry. Entities of the construction industry create the material and technical basis for the implementation of production processes, ensure the construction of industrial and non-industrial facilities, the formation of social infrastructure and the implementation of various works. The conditions of the competitive environment are formed, first of all, by small construction enterprises, as they are able to ensure the proper state of their production facilities by reacting quickly to changes in the business environment.
That is why the research aimed at intensifying entrepreneurial activity in the construction industry is becoming more relevant, as ensuring the effective functioning of small businesses in construction can be the basis for increasing entrepreneurial activity and one of the main ways to develop economic and social infrastructure.

Analysis of recent papers. The global financial and economic crisis caused by the COVID-19 pandemic has posed a serious problem for the construction industry to survive and adapt to fundamentally new economic conditions. Therefore, the attention of scientists is increasingly drawn to the development and efficient operation of construction companies. Thus, V. Dmitrenko [1] emphasizes the importance and necessity of evaluating the effectiveness of enterprises in the construction industry. The main problem that arises is to ensure completeness, which requires full consideration of not only internal but also external factors influencing the activities of organizations and their ability to compete in the market.

Characterizing construction as a capital-intensive and complex industry, I. Ivakhnenko [2], notes the need of enterprises in the industry in large investment flows and cash inflows.

As a result of the study of trends in the development of small businesses in construction N. I. Verhglyadova and D. Yu. Barinov emphasize that the instability of construction production and sales of construction products, negative changes in the financial results of their activities were the result of significant sensitivity of small businesses to the changing environmental conditions [3].

Despite the attention of scientists to the factors that characterize the functioning of construction companies, more careful study deserves to determine the status and prospects of small businesses in modern business conditions.

Aim of the paper. The purpose of this work is to study the problems and prospects for the development of small construction companies, considering the current state of the business environment.

Materials and methods. At the current stage of development of the national economy there is a general instability of the macroeconomic situation, which negatively affects the financial and real sectors of the economy, household incomes, investment processes. The construction industry is important in the development of the country's economic system, as economic growth in any field of activity is impossible without the rise of the construction industry. It is in construction that the technical level of future production, the level of housing comfort, the peculiarities of the formation of a city or village, its infrastructure, the state of the economy, etc. are laid down.

The importance of this industry for the economy of any country is since construction creates many jobs and consumes the products of many sectors of the national economy. The economic consequence of the development of the construction industry is the multiplier effect of funds invested in construction [4].

The development of the construction industry and related investment processes, revenues, tax revenues, as well as job creation have a positive impact on the formation of the country's GDP. The share of the construction sector in the structure of Ukraine's GDP in 2020 reached almost 3%, while in 2019 it was 2.5% (Fig. 1). Positive trends in the construction industry since 2015 are correlated with the corresponding growth until 2019 of the construction products index. But it should be noted that in 2020 there was a certain decrease in this indicator (Fig. 2).

Fig. 1. Dynamics of the share of the construction industry in the structure of GDP [5]

Growth of construction product indices from 2018 to 2019 explained by increased investment in construction work (Fig. 3), in
infrastructure, and improved conditions for doing business in the construction industry.

Dynamics of both total capital investments and investments in the construction sector for the period 2015–2019 has a positive trend. However, in 2020, under the influence of the crisis conditions caused by the coronavirus pandemic, both total capital investment (by 32.7%) and investment in the construction sector (by 39.2%) decreased significantly.

According to S. V. Ivanov [4], the main factors of the macroenvironment of structural changes in the construction industry are:

– disintegration of the construction complex into small enterprises;
– tax and depreciation policy;
– credit policy;
– general investment climate;
– formation of new market niches.

In general, the development of the country's construction industry is negatively affected by the following factors [6]: instability in the external environment, lack of information support of the construction market, low skills, reduced funding and lending, significant material costs and costs of heat and energy.

The main threats to the development of construction companies are [1]:

– unstable political situation in the country and imperfect legislation;
– the emergence of new competitors in the market;
– reducing the profitability of typical housing construction;
– lack or insufficiency of state measures for the development of the construction industry;
– instability of world exchange rates;
– increasing tax pressure on manufacturers of construction materials;
– inflation;
– difficulties in concluding contracts with consumers and suppliers;
– the growth of the global financial crisis;
– the threat of rising interest rates and lending conditions, which leads to unavailability and lack of financial resources.

In today's business environment, financing the construction with their own funds is not possible, due to the lack of the developer enough money to cover all the costs of the full construction cycle. The use of borrowed funds is also complicated by the situation in the credit services market [2]. But the lack of regulation at the legislative level on the provision of guarantees to private investors leads to the maintenance of development in this area. Based on the generalization of research results and analysis of factors influencing the formation of the business environment of the construction market, the main factors that inhibit the development of business organizations in the construction industry of Ukraine are identified (Table 1).

Despite several constraints, some progress needs to be made on construction. It is appropriate to note large-scale projects to digitize processes and registration procedures in construction. Also, with the support of the bill, which provides for the introduction of information modeling technologies (BIM - technologies) in construction, which will improve the quality of control of works [7]. Driving positives in the construction industry reduce the risk of corruption due to the exclusion of human influence.

Construction companies were quite vulnerable to environmental factors. The
Factors constraining the development of business structures of the construction industry of Ukraine

<table>
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<th>Internal</th>
<th>External</th>
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<tbody>
<tr>
<td>1) lack of own financial resources and limited sources of capital to ensure investment processes</td>
<td>1) economic and political instability, formation of unsatisfactory investment climate, growing threats and risks of doing business</td>
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<td>2) imperfection of information support of business processes</td>
<td>2) difficulties in establishing a functional information system in the construction market;</td>
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<td>3) increasing the cost of construction products, works, services, reducing the profitability of entrepreneurial activity</td>
<td>3) inflation and stagnation in the country's economy;</td>
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<td>4) reduction of orders, increasing risks of sales of manufactured products and work performed</td>
<td>4) reduction of investment activity of customers, reduction of demand for construction products due to limited financial resources of the population and increase in the cost of products</td>
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<td>5) shortage of qualified personnel, problems of formation of quantitative and qualitative staff of the construction company</td>
<td>5) problems of staffing of construction business structures, which are due to lack of specialists in the labor market, difficulties in training workers in the vocational education system, the outflow of skilled labor abroad</td>
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COVID crisis affected the decline in construction projects, especially in the residential real estate segment. However, as a result of the implementation of the state program «Large Construction» increased the volume of construction of engineering structures, which had a positive impact on the growth of the number of construction companies (Table 2).

The growth of construction contributes to the development of small construction companies, which primarily specialize in repair and finishing work of varying complexity, as well as in the production of construction products. Dynamics of volumes of products produced and sold by small construction enterprises in 2012–2020 in general, it is characterized by a tendency to increase, which has a positive effect on the development of the construction industry, although it has some deviations (Fig. 4).

Table 2

<table>
<thead>
<tr>
<th>Years</th>
<th>Large enterprises</th>
<th>Medium enterprises</th>
<th>Small businesses</th>
<th>of which micro</th>
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<tbody>
<tr>
<td>2012</td>
<td>12</td>
<td>1390</td>
<td>49428</td>
<td>43029</td>
</tr>
<tr>
<td>2013</td>
<td>13</td>
<td>1215</td>
<td>51755</td>
<td>45881</td>
</tr>
<tr>
<td>2014</td>
<td>4</td>
<td>931</td>
<td>51254</td>
<td>46719</td>
</tr>
<tr>
<td>2015</td>
<td>5</td>
<td>792</td>
<td>54331</td>
<td>50351</td>
</tr>
<tr>
<td>2016</td>
<td>2</td>
<td>769</td>
<td>49437</td>
<td>45367</td>
</tr>
<tr>
<td>2017</td>
<td>4</td>
<td>792</td>
<td>49465</td>
<td>45077</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
<td>869</td>
<td>51656</td>
<td>46792</td>
</tr>
<tr>
<td>2019</td>
<td>11</td>
<td>924</td>
<td>55920</td>
<td>50731</td>
</tr>
<tr>
<td>2020</td>
<td>14</td>
<td>927</td>
<td>55985</td>
<td>50878</td>
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The excess of sales over production is observed in 2012 and 2018, and in 2019 and 2020 there is an excess of production over sales. First, this is due to a set of factors of the business environment that significantly affect the market situation in construction products.
Local economic development and strong government must proceed from the realities centered around power-business relations. The construction industry is no exception.

Decentralization processes, which began in 2015, provided an opportunity to strengthen the financial independence of local communities, which allowed to determine strategies for territorial development, identifying priority infrastructure projects. It should also be noted that recently the conditions for conducting construction business in Ukraine for both small, medium and large enterprises have become somewhat simplified, the European approach to permitting and approval procedures in construction is being implemented. Using this approach will increase investment by providing transparent conditions for construction [10].

Small businesses deserve special attention, given their special importance for residents and the community, as small businesses offer goods / services directly to the population, provide citizens with paid work and generate revenue to the local budget. Therefore, a special and favorable role is played by the interaction of public authorities, which is aimed at issuing permits for economic activities within the territory. After all, the relationship between government and business is important given that its representatives are the basis of civil society, which can bear social, financial, moral and political responsibility for their actions [11].

Improving the regulatory framework for doing business will ensure transparency in doing business, coordinate government action to support small business in the financial market, considering their industry and activities, monitor compliance with rules, regulations, obligations and responsibilities for non-compliance. Institutional changes aimed at real support of small business will create a favorable environment for doing business, which will allow to realize the goals of socio-economic development of the state [12].

In today's world, the institution of partnership between the state and the private sector is becoming an effective form of cooperation between business and government. Public-private partnership is a fairly common form of cooperation between public authorities
and business structures. The legislative basis of public-private partnership consists of the Constitution of Ukraine, the Civil and Commercial Codes of Ukraine, legislative acts of Ukraine. The legal, organizational and economic basis for cooperation between public administration and private business is provided by the Law of Ukraine «On Public-Private Partnership» [13], which regulates the preparation, implementation and termination of contracts within the PPP, establishes guarantees for rights and legitimate interests parties to these agreements.

**Legislation of the Public-Private Partnership:**
- Constitution of Ukraine
- Civil and Commercial Codes
- legislative acts of Ukraine, in particular, the Law of Ukraine «On Public-Private Partnership»

**Tasks and measures of state support of small and medium business:**
- introduction of the state support program «Available loans 5-7-9%»;
- launch of the Factoring Hub;
- introduction of information support;
- creation of a basis for cooperation with the NGO Innovation Partnership Platform (YEP).

**Advantages of cooperation**

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<td>– use of experience of specialized small business enterprises;</td>
<td>– expanding opportunities for soft loans;</td>
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<td>– stimulating entrepreneurial activity;</td>
<td>– improving work with government agencies;</td>
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<tr>
<td>– preservation and creation of new jobs;</td>
<td>– development of entrepreneurial culture;</td>
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<td>– development of innovation potential.</td>
<td>– strengthening competitiveness;</td>
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<td>– formation of a positive image.</td>
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**Ensuring dialogic interaction**

Fig. 5. Schematics of the processes of involvement of small business entities in the construction industry to perform work based on public-private partnership

A private partner in PPP projects participates in their co-financing and ensures the implementation of current operational activities related to [14]:
- development of feasibility study.
- justification of the business plan of the project,
- design,
- construction,
- operation,
– carrying out repair and preventive works,
– management,
– compliance with labor and environmental legislation,
– providing certified, quality services to consumers of products and services.

Implementation of public-private partnership projects at the local level should be carried out with the involvement of financial resources of local budgets, provide local governments with the opportunity to decide independently on the feasibility of public-private partnership projects, receive advice and guidance and in case of projects public-private partnerships, which provide for state support, by mandatory agreement local governments in this area with the relevant central executive bodies [15].

In modern conditions, effective relations between public authorities and the business community are manifested not in the dominance of one of the parties, but in the form of interaction, in the form of partnerships. At the same time, each party acts in the interests of its own interests. The state formulates economic policy and, using the means and tools at its disposal, ensures the participation of business in its implementation. Business, using the opportunities of the state, seeks to ensure the profitability of their business. The coincidence of the interests of public authorities and business is observed in strengthening Ukrainian statehood, improving economic policy that promotes entrepreneurship, and others. The balance of interests of the subjects of interaction is achieved, as a rule, as a result of the use of forms and methods of movement towards each other [16].

Interaction occurs mainly when ordering services to perform certain works, including construction. Defining the interaction as social communication between the government and business structures, it is necessary to build it on the openness of the parties to ensure mutual trust and transparency of relations, combating conflicts and preventing corruption in government. Dialogue is a multi-level system of interaction between government and business, which provides a predominant focus on cooperation. Therefore, dialogue is the most favorable form of interaction, which provides an opportunity to resolve issues and maintain the autonomy of the parties.

Schematically, the processes associated with the involvement of small businesses in the construction industry to perform work on the basis of public-private partnership are presented in Fig. 5. The implementation of the approach is based on expanding the access of small and medium enterprises to public procurement (Prozorro). The state support program will allow small businesses to gain greater financial independence, strengthen the material and technical base, ensure the attractiveness of employment of qualified professionals and workers. The advantages for public bodies and small business entities from cooperation within the framework of public-private partnership are identified.

These benefits of cooperation between public authorities and small construction companies will be more fully achieved if we ensure high-quality dialogue between government officials and small businesses. Only an open exchange of views and experiences of the participants in the dialogue can lead to partnerships between public authorities on the one hand and business structures on the other.

Conclusions. It is established that the construction industry, acting as the basis of the national economy, ensures the functioning and development of other industries. Increasing the efficiency of management of construction business structures is the basis for increasing business activity in the regions and one of the main ways to develop economic and social infrastructure. For the country's economy, with the effective interaction of business entities from different industries, this provides a multiplier effect.

Dynamics of the share of the construction sector in the structure of Ukraine's GDP for the period 2015–2020 characterized by a positive trend. The indicators of investments in the construction sector for the period 2015–2019 also tend to increase, but under the influence of the crisis conditions caused by the COVID-19 pandemic in 2020, the amount of capital investments in the construction sector decreased by 39.2% compared to from 2019.

Based on the generalization of research results and analysis of factors influencing the
formation of the business environment of the construction market, identified the main interrelated external and internal factors hindering the development of business structures in the construction industry, namely: unsatisfactory investment climate and insufficient financial security business, problems of establishing information and staffing of construction works, rising costs in the face of inflation and economic stagnation, as well as increasing business risks.

Small construction companies have a significant impact on the development of the construction industry as a result of the implementation of reforms to decentralize power and government action to support small business. In modern conditions, public-private partnership is formed at the junction of public and private sectors of the economy and allows you to use the benefits of each of them to increase the efficiency of small business in construction and provide public goods. Small business entities, given the significant social importance and the possibility of introducing innovative technologies, should take initiatives to establish this type of partnership. Achieving the benefits of cooperation between public authorities and small construction companies is ensured by high-quality dialogue between representatives of public administration and small business.

Література

References
Встановлено, що будівельна галузь має істотне значення та забезпечує мултиплікаційний ефект для економіки країни при ефективні взаємодії різних галузей промисловості. Результати отримано за рахунок застосування методів: теоретичного узагальнення – при встановлені теоретичного підґрунтя діяльності суб’єктів бізнесу будівельної галузі в сучасних умовах господарювання; логічного аналізу – при визначенні перспектив розвитку ринку будівельних робіт і послуг та будівельної продукції; класифікаційно-аналітичного методу – при дослідженні бізнес-середи функціонування суб’єктів малого підприємництва будівельної галузі, графічного аналізу – для наочного відображения отриманих результатів дослідження.

Результати. Встановлено, що будівельна галузь має істотне значення та забезпечує мультіплікаційний ефект для економіки країни при ефективній взаємодії різних галузей промисловості. Визначено позитивні тенденції щодо зростання індексів будівельної продукції та збільшення частки будівельної галузі у структурі ВВП України. Стан будівельної галузі формується під впливом кризових умов, що спричинені пандемією коронавірусу. Встановлено, що глибина негативного впливу на діяльність суб’єктів підприємницької діяльності цієї галузі визначається комплексом взаємопов’язаних факторів. Будівельна галузь вимагає суттєвих капітальних інвестицій та характеризується високою витратомісткістю. Однак, враховуючи роль будівельної галузі для відновлення економіки та її соціальне значення, держава підтримка повинна сприяти зростанню обсягів будівництва
за рахунок залучення до співпраці не тільки великого та середнього бізнесу, а і малих будівельних підприємств, як гнучких та адаптивних структур. Розвиток діалогової взаємодії буде сприяти забезпеченню партнерських відносин між органами державної влади та суб’єктами підприємницької діяльності.

Новизна. Узагальнено особливості формування з врахуванням умов сучасного бізнес-середовища співпраці органів публічної влади і суб’єктів малого підприємництва будівельної галузі на засадах державно-приватного партнерства з метою більш повного задоволення потреб суспільства та підвищення ефективності підприємницької діяльності.

Практична значущість. Запропоновано орієнтири щодо формування діалогової взаємодії та співпраці органів державної влади і суб’єктів малого бізнесу будівельної галузі на засадах державно-приватного партнерства.

Ключові слова: мале підприємництво, тенденції розвитку, бізнес-середовище, будівельна галузь, державно-приватне партнерство.

Надійшла до редакції 10.11.21 р.