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Faculty of Management and Business
Department of International Economic Relations, Business & Management

MASTER’S QUALIFICATION WORK

**FINANCIAL AND CREDIT INSTRUMENTS FOR THE DEVELOPMENT OF
SMALL AND MEDIUM BUSINESS**
(based on LLC “CHEMLABORREAKTIV” case)

Master’s student of the 2nd year of study

Field of Study 07 – Management and

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Abstract

The role of small and medium-sized businesses (SMEs) in fostering economic growth, innovation, and employment is paramount in the contemporary global landscape. Nonetheless, limited access to financial resources is a significant hurdle to entrepreneurial advancement. Consequently, investigating financial and credit instruments tailored to SME development is pivotal for sustained economic progress.

This study scrutinizes and analyzes the financial and credit instruments to bolster and nurture small and medium-sized businesses. The research delves into the current state of financial support for SMEs, surveys the principal financial and credit instruments available for their development, evaluates the efficacy and ramifications of these instruments on enterprise progression, and formulates recommendations to enhance the framework of financial support for SMEs. The study is based on the LLC “CHEMLABORREAKTIV” case which was analyzed for a deeper understanding of financial and credit tools available for SMEs in Ukraine.

Employing scientific methodologies such as literature analysis, statistical data examination, and comparative analysis, this study endeavors to conduct a comprehensive appraisal of financial and credit instruments for SME development. The conclusions were that crediting for SMEs is very important and now it has decreased due to the war, but after it is over the crediting will increase. Additionally, specialized financial institutions like development banks and guarantee funds can offer tailored financial products and support schemes to address the specific challenges faced by SMEs.

Keywords: small and medium-sized businesses, financial support, credit instruments, economic growth, entrepreneurship.

Анотація

Роль малого та середнього бізнесу (МСП) у сприянні економічному зростанню, інноваціям і зайнятості є першорядною в сучасному глобальному ландшафті. Тим не менш, обмежений доступ до фінансових ресурсів є значною перешкодою

для розвитку підприємництва. Отже, дослідження фінансових і кредитних інструментів, пристосованих до розвитку МСП, має ключове значення для сталого економічного прогресу.

У цьому дослідженні розглядаються та аналізуються фінансові та кредитні інструменти для підтримки та розвитку малого та середнього бізнесу. У дослідженні розглядається поточний стан фінансової підтримки МСП, розглядаються основні фінансові та кредитні інструменти, доступні для їх розвитку, оцінюється ефективність і вплив цих інструментів на розвиток підприємства, а також формулюються рекомендації щодо вдосконалення системи фінансової підтримки МСП. Дослідження базується на кейсі ТОВ «ХІМЛАБОРРЕАКТИВ», який було проаналізовано для глибшого розуміння фінансово-кредитних інструментів, доступних для МСП в Україні.

Використовуючи такі наукові методології, як аналіз літератури, дослідження статистичних даних і порівняльний аналіз, це дослідження намагається провести комплексну оцінку фінансових і кредитних інструментів для розвитку МСП. Висновки полягали в тому, що кредитування малого і середнього бізнесу є дуже важливим, і зараз воно зменшилося через війну, але після її закінчення кредитування збільшиться. Крім того, спеціалізовані фінансові установи, такі як банки розвитку та гарантійні фонди, можуть запропонувати індивідуальні фінансові продукти та схеми підтримки для вирішення конкретних проблем, з якими стикаються МСП.

Ключові слова: малий та середній бізнес, фінансова підтримка, кредитні інструменти, економічне зростання, підприємництво.

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Faculty of Management and Business

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Specialty **073 «Management»**
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APPROVED

Head of Department

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May, 10, 2024

TASK

FOR MASTER’S QUALIFICATION WORK OF STUDENT

Maryna Lubkina

(Name, Surname)

1. Topic of the master’s qualification work

**FINANCIAL AND CREDIT INSTRUMENTS FOR THE DEVELOPMENT OF
SMALL AND MEDIUM BUSINESS**

(based on LLC “CHEMLABORREAKTIV” case)

Consultant of the master’s qualification work Lesya Leschii, Ph.D. in Economics
(surname, name, degree, academic rank)

Which approved by Order of University from **“10” February 2024 № № 10-02/2024-1К**

2. Deadline for master thesis submission **“25” April 2024.**

3. Data-out to the master thesis: the works of domestic and foreign authors, articles, materials of research institutions, scientific publications, data obtained from LLC “CHEMLABORREAKTIV” and Internet resources in field of Finance and SMB.

4. Contents of the explanatory note (list of issues to be developed)

- Analyze the current state of financial support for small and medium-sized businesses.
- Study the main financial and credit instruments available for the development of small and medium-sized enterprises.
- Evaluate the effectiveness and impact of financial instruments on enterprise development.
- Propose recommendations for improving the system of financial support for small and medium-sized businesses.

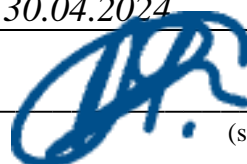
5. List of graphic material (with exact indication of any mandatory drawings)
tables - 6, figures - 1, pages - 82,

6. Date of issue of the assignment

Time Schedule

№	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of master thesis	01.03.2024	On time
2.	II part of master thesis	20.03.2024	On time
3.	III part of master thesis	20.04.2024	On time
4.	Introduction, conclusions, summary	25.04.2024	On time
5.	Pre-defense of the thesis	30.04.2024	On time

Student



(signature)

Consultant



Conclusions (*general description of the work; participation in scientific conferences/ prepared scientific article; what grade does the student deserve*):

The student worked diligently during the semester, followed the work schedule, was diligent in the pre-defense, considered comments. The student prepared a research article on a current topic for publication. The completed master's thesis is a sufficiently deep study of the problems of financing small and medium-sized businesses, the legal and economic aspects are revealed in the work, and the topic is explored from various sides. In general, the work meets the requirements for master's qualification theses and can be accepted for defense with a positive evaluation.

Consultant



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INTRODUCTION

In the modern world, the development of small and medium-sized businesses plays a crucial role in ensuring economic growth, stimulating innovation, and reducing unemployment. However, one of the main obstacles to entrepreneurial development remains the limited access to financial resources. Hence, it is very important to study the financing and credit instruments for the entrepreneurship development of SMEs to stimulate future growth. Ensuring access to financial and credit instruments for small and medium-sized enterprises is a relevant issue in many countries, especially in the face of constant changes in the global economic environment and increased competition. Access to financial resources can become a key factor in a company's success and contribute to its stable development.

This study's objective is to examine and analyze financial and credit instruments used to support and develop small and medium-sized enterprises.

The research object is financial and credit instruments applied to the development of small and medium-sized businesses.

Mechanisms and tools for financial support, lending, or investment to promote the development of small and medium-sized enterprises are included in this research area.

Tasks:

- Analyze the current state of financial support for small and medium-sized businesses.
- Study the main financial and credit instruments available for the development of small and medium-sized enterprises.
- Evaluate the effectiveness and impact of financial instruments on enterprise development.
- Propose recommendations to improve the financial support scheme for small and medium-sized enterprises.

Research Methods:

The study will use scientific methods such as analysis and synthesis of scientific literature, statistical data analysis, comparative analysis, and other methods to conduct a comprehensive analysis of financial and credit instruments for the development of small and medium-sized businesses.

The study of small business development and the discrepancies in accounting and reporting by SMEs is addressed in many economists' works. In particular, these are the works of Bortnik S.M., Vozniuk A.O., Goryunov D., Gogol T.A., Dovbush A.V., Kravchenko O., Kozak S.I., Krysak A.O., Musyatkovska, Sytnyk N.S., Podolyanchuk O.A., Pavelko O.V.

Some foreign scholars who have studied the topic of financial and credit instruments for the development of small and medium-sized businesses include:

William B. Gartner (United States) - Known for his research on entrepreneurship and small business finance.

David B. Audretsch (United States) - Renowned for his work on innovation, entrepreneurship, and small business economics.

Erik Stam (Netherlands) - Known for his research on entrepreneurial ecosystems and the role of financial instruments in supporting entrepreneurship.

Robert Cressy (United Kingdom) - Notable for his studies on small business finance and access to credit.

Donald F. Kuratko (United States) - Known for his contributions to entrepreneurship education and research, including studies on small business financing.

Peter W. Roberts (United States) - Renowned for his research on impact investing, venture capital, and financial instruments for small and medium-sized enterprises.

Mirjam van Praag (Netherlands) - Known for her research on entrepreneurship, innovation, and access to finance for small businesses.

Colin Mason (United Kingdom) - Notable for his work on venture capital, entrepreneurship finance, and the financing of small and medium-sized enterprises.

Peter Johnson (Australia) - Renowned for his research on small business finance, venture capital, and entrepreneurial finance.

Mark Casson (United Kingdom) - Known for his contributions to entrepreneurship theory and research, including studies on financing entrepreneurial ventures.

CHAPTER 1. THEORETICAL PRINCIPLES OF FINANCIAL SECURITY FOR THE DEVELOPMENT OF SMALL AND MEDIUM BUSINESSES

1.1. The concept and structure of the financial mechanism of small and medium business development

The assessment of the effectiveness of their activities and competitiveness should be an important prerequisite for developing a strategy for developing SMEs in a market economy. The practice of economic activity proves that cost reduction and profit making, which generally characterize the efficiency of economic activity, allow enterprises to compete successfully on the local markets of goods and services. The absence of a single interpretation of both the concept of efficiency and the method of assessing its effectiveness is confirmed by the analysis of the scientific literature on the problems of the effectiveness of business activities in the field of trade.

The ratio of profitability and costs, benchmarking methodology, indicators of economic sustainability of enterprises in strategic business areas, the result of achieving established objectives, etc., can also be one of the most used approaches for assessing whether an enterprise effectively performs its trade activities. Currently, available performance evaluation methods differ both in terms of research objects and evaluation methods. Research objects can be organizational, technological, and financial aspects, anti-crisis management and lending, price policy, etc.

The concept and structure of the financial mechanism of small and medium business development refer to the framework and components designed to facilitate the financial support and growth of small and medium-sized enterprises (SMEs). This mechanism encompasses various financial instruments, policies, and institutions aimed at enhancing access to finance, promoting investment, and fostering entrepreneurship within the SME sector.

The concept revolves around the idea of creating an enabling environment for SMEs to thrive by addressing their specific financial needs and challenges. It involves identifying

the key elements of the financial ecosystem that impact SME development and designing strategies to optimize them. These elements may include access to capital, credit availability, risk management tools, regulatory frameworks, and institutional support. The structure of the financial mechanism typically involves multiple stakeholders, including development organizations, financial institutions, government agencies, and industry associations. Each entity plays a distinct role in supporting SMEs through various means such as providing funding, offering financial services, delivering technical assistance, and advocating for policy reforms.

Overall, the concept and structure of the financial mechanism for SME development aim to create a conducive environment that fosters entrepreneurship, innovation, and sustainable growth in the small and medium business sector. By addressing financial barriers and promoting inclusive access to finance, this mechanism contributes to economic development, job creation, and poverty reduction in communities.

1.2. Literature review related to research of Small and Medium Business

In Ukraine, small enterprises have today been recognized by the government as a key force in fighting negative economic trends and sustainable development of society. The State Support Programme for Small Businesses has therefore been adopted, which sets out the following areas of program implementation with a view to swiftly recovering from the financial and economic crisis as well as creating conditions enabling market reform to be deepened:

- to improve the market infrastructures and infrastructure, which are essential to small business development, additional State training, redeployment, or advanced personnel education, including for SMEs;
- provision of an effective and efficient benefit distribution scheme to small businesses;
- the following improvements will be made to the current simplification System of Taxation, Accounting and Reporting;

- financial and credit support for SMEs;
- participation of SMEs in implementing scientific, technical, social, and economic programs and the organization of the supply of products and services to the State and regional needs (Brown, A., & Johnson, R.,2020).

Business activity growth in all sectors is key to developing Ukraine's market economy. One of the greatest potential tools for developing competition systems is to develop small businesses. Establishing one's own enterprise is held back mainly by the difficulties of directly opening one's own business. In my opinion, the main actions to promote effective support and identify key prospects for developing small businesses are as follows:

- state support: promote the formation of a favorable business climate (bring the current legal acts of local state administrations and local self-government bodies into compliance with the principles of state regulatory policy; for the implementation of investment projects, develop a mechanism for partial reimbursement from local budgets of interest rates on loans obtained by SMEs;
- international assistance (financial, technical, personnel training): to develop mechanisms for providing material assistance to small enterprises that produce ecologically clean agricultural products, are engaged in their processing and export; promote the reorientation of the released workforce to new types of activities in agriculture and in the field of “green tourism” development; promote the involvement of the unemployed, registered in cities, for employment at newly created workplaces in rural areas;
- integration support through subcontracting, franchising, leasing, etc.;
- cooperation and self-organization of small businesses on political and economic grounds, namely: unions, associations, public associations, cooperatives, and networks.

- professional training and effective management of qualified personnel: Local authorities are obligated to support the economic self-sufficiency of those out of work, allowing them to start their own business with one-time funding. Special attention should be given to professions that are not just in demand on the labor market but also opportunities for people to start their own businesses when training and upgrading qualifications to conduct seminars and training courses for everyone wishing to start an entrepreneurial activity. Databases should be set up in the regions to contain and organize information on current Ukrainian laws to inform small businesses and simplify their access to necessary information. Information and analysis resources with a list of their lending services to SMEs, such as pricing situation, regulatory policy, current banking institutions, or credit unions in the region on entrepreneurship development (Brown, A., & Johnson, R.,2020).

Small and medium enterprises account for 79% of Ukrainian employment.

Small and medium-sized businesses account for 99.8% of all firms in Ukraine. The Ministry for Economic Development and Trade in Ukraine is disseminating this information. For comparison, small and medium-sized businesses in Germany make up 99.7% of all economic entities. That is, in Ukraine, the indicator is even higher. Also, Ukrainian small and medium-sized businesses create 59% of added value, which is also higher than similar figures in Poland and Germany. More than half of Germany's GDP is being provided by SMEs. In the United Nations' opinion, SMEs worldwide employ up to 50% of the global labor force and make 30% to 60% of their products in any given country. The share of exports is another significant indicator. Exports of products to foreign countries account for over 98% of Germany's SMEs. The overall share of exports to Ukraine's GDP structure is 16%. The qualitative aspect of development needs to be considered right now, if not primarily in view of how the government will affect business credit rates.

Another wave of regular research on the business state was conducted in Ukraine*. In January - February 2023, 535 entrepreneurs - representatives of various industries from all regions of the country (except Crimea) participated in the survey. The interviewees spoke about what factors most affected their business operation during 2022, how they evaluated the implemented and future reforms, and the effectiveness of state business assistance programs. *The research using the Advanter Group methodology was conducted from January 25 to February 2, 2023, in cooperation with the Ministry of Development of Territorial Communities and Territories, Ministry of Digital Transformation, Ministry of Reintegration of Temporarily Occupied Territories, and State Regulatory Service. The mind presents the most interesting results of this research and entrepreneurs' answers regarding the main “pain points” and “growth points” of domestic business, as well as expectations from the reforms promised by the authorities.

The state of the business and what is the biggest obstacle to its development Most respondents (52.8%) are small businesses employing up to five people, and only 1.7% are companies with 251 to 1,000 employees. By organizational form, 46.8% of the participants are non-profit organizations, and 53.2% are legal entities.

Talking about the situation of the companies today, 8% noted that they had to stop completely. In 25.2%, the volume of work decreased, 43.4% worked partially, and only 23.3% of the volume increased or at least remained at the prewar level. Instead, in 2023, the vast majority – 81.5% – expect business growth (in hryvnia compared to 2022) by an average of 10.3% (weighted average), 10.3% are confident that business will remain at the same level, and 8.2% predict a decline of 10–50%. However, 60% of the companies have acknowledged that there has been a decrease in customers' orders over the last month at the beginning of 2023, and more than 57 % reported decreases in production volumes for products and services.

Therefore, the number one factor that hinders business development is a lack of customers who pay; this was reported by 50.5% of respondents. It is interesting that, according to the interviewees, during business inspections, the legislation was most often

violated by the State Labor Office (18.5%), local self-government bodies at the place of business registration (18.5%), local self-government bodies at the place of business operation (15.2%) and State Emergency Service (11.8%). That may be why 82.2% of surveyed entrepreneurs support (including with some limitations) the introduction of on-site business inspections. At the same time, most respondents almost did not use any help from the state. Most of the respondents took advantage of tax benefits - 15%. 9.1% received credit under the “5-7-9” program, 8.4% received assistance under grant programs, and 8.2% received assistance under the program for internally displaced persons. A total of 5.3% was able to get grants from international partners, with 4,2 % coming from Diya. Business. Only 2.9% of respondents managed to reserve key personnel from the draft. The number of companies not adversely affected by the blackouts has fallen quickly from 26.6% to 15.1% compared with November 2022. 73% of those surveyed said there would be significant impacts on their jobs, between 10 and 80% loss in turnover, while 7.6% had ceased operations entirely because of the lack of light. Despite all the described problems, 80.4% of respondents did not relocate their business, 9.7% changed their place of work within Ukraine, only 1.2% went abroad, and 3.3% are considering relocation, although they have not decided on which country. At the same time, 69% of respondents believe that the most important issues to be solved by the economic power bloc are the problems of corruption (69%), access to credit resources (44.1%), implementation of tax (43.2%) and judicial (40.2%) reforms.

Currently, 28.4% of respondents consider a negative change in the regulatory environment, another 41.4% observe stagnation, and only 27.6% consider it positive; 2.7% even participated. The measure to deregulate the business sector is considered inadequate by 71.7%. At the same time, all interviewees noted that they are trying to participate in developing the principles of deregulatory policy, but 57.3% said that they are facing administrative obstacles along the way.

1.3 Analysis of the taxation system of small and medium business entities in Ukraine

Small business serves as a structural element of the market economy. It plays a significant role in the restructuring of the market environment. It is in the form of small-scale production and serves as the initial form of market economy. In our time, the purpose and work of small businesses is gaining great importance, especially for countries that are engaged in a market system of management. At the transitional stage of reforming the economy of Ukraine, small business reflects the ability to structure the market (Acs, Z. J., & Audretsch, D. B., 2010). A small business is an entrepreneurial activity that creates a small number of jobs, it does not conflict with the law, and it works at its own risk. The goal of creating a small business is the self-realization of the person who heads the business, as well as making a profit. Such a business is characterized by a specific direction of the field of work, a small number of employees, all employees in a small business are usually extremely valued and are good workers in their field. A simplified taxation system is beneficial for small businesses. It has only one type of tax that must be paid to the local budget. The simplified system of taxation, accounting and reporting is a special mechanism of fees and taxes. Legal entities and individuals can independently choose a simplified taxation system. Article 298 of the Civil Code defines the procedure for choosing and switching to a simplified taxation system, as well as the possibility of opting out of such a taxation system. In clause 291.5. The PKU defines the types of activities that can entitle business entities to be a single tax payer. Article 292 of the Civil Code defines the procedure for determining profits and the composition of single tax payers. Article 292.3 contains information for individuals who are entrepreneurs and receive income received during the reporting period in monetary form.

For taxpayers of the first group, the rates of the single tax are set in the form of interest.

Business entities that use the simplified taxation system are divided into groups:

1) The income of the first group cannot exceed UAH 300,000. This is a group of individual entrepreneurs who do not use the help of hired persons. These entrepreneurs carry out retail sales.

2) The second group includes natural persons entrepreneurs, they carry out activities in the provision of services, provided that during the calendar year they meet the following criteria:

- the use of the labor of hired persons shall not exceed 10 persons;
- their income does not exceed UAH 1,500,000.

3) The third group includes entrepreneurs who meet the following criteria:

- their income does not exceed UAH 5,000,000

4) The fourth group includes legal entities, the amount of tax rates per hectare of agricultural land and/or water fund land depends on the category (type) of land, their location and is (as a percentage of the tax base) (Acs, Z. J., & Audretsch, D. B., 2010).

Ukraine has 4 groups of single tax payers, which are classified on the basis of relevant criteria (clause 4 of Article 291 of the Civil Code) (Table 1.1).

Table 1.1 - Groups of single tax payers in Ukraine (Brown, A., & Johnson, R.,2020).

Group of payers single tax	OPF	Annual income, UAH	Allowed number of employees	Rate	Accrual base
1 group	FOP	300,000	0	1%	Subsistenceminimum for able-bodied persons
2nd group	FOP	1,500,000	< 10	20%	Minimal Salary
3 group	FOP, law person	5,000,000	Not Limited	3% + VAT; 5%	Income
4 group	FOP, law perso n	Share of rural commodity productionand for the previous tax (reporting) year > 75%	Not Limited	It depends on their Location	Normative monetary value of one hectare farmof land

In addition to the characteristics listed in the table, other criteria must be taken into account. In particular, there are types of activities that do not give the right to choose a simplified taxation system, as well as restrictions on determining the annual income and number of employees. An important feature of a market economy is the interaction of large, medium and small enterprises. Small business is a business that is constantly changing (Brown, A., & Johnson, R.,2020). Small business began to develop due to the increase in unemployment and the closing of large enterprises. Thanks to small

business, there are many opportunities for employment of large sections of the population.

Small business plays a special role in the development of trade, services, catering and many other areas. It represents a large number of small business owners. Small business entities are natural persons who are registered entities of entrepreneurial activity, the number of employees in them during the reporting period should not exceed 50 people and the amount of annual gross income should not be more than 70 million hryvnias (Brown, A., & Johnson, R.,2020). The law of Ukraine defines the choice of a general or simplified taxation system of one's own choice for persons engaged in small business.

Advantages of a simplified taxation system:

- it is not necessary to keep records of expenses (because the object of taxation is the company's income, not the profit from the activity;
- you don't need to understand all the details of accounting;
- determining taxable income is much easier to work with than with the general system.

At the beginning of 2020, the number of registered individual entrepreneurs in Ukraine was 1,885,900, which is 19,800 more than at the beginning of 2019. The number of FOPs on the simplified taxation system also increased. Compared to last year, the simplified system increased by almost 93,800 people. On January 1, 2019, 1.39 million people were on the simplified taxation system, but on July 1, 2019, their number decreased to 1.36 million taxpayers. However, as of January 1 of this year, there was an increase to 1.5 million entrepreneurs. At the same time, 596,000 people chose the third group, which is 79,000 more than on January 1 of the previous year.

Advantages of small business:

- Small business has a larger volume of sales compared to large

companies.

- The amounts of taxes paid by SMEs are larger.
- Small businesses offer many jobs.
- The smaller the company, the more expensive the bureaucracy is for it. For smaller companies, the cost of complying with tax legislation is higher than for large ones.

The simplified taxation system of the first and second groups is a simple solution, in this case it is much simpler to keep records. Only provision of total turnover within the limits determined by legislation is mandatory. A simplified system of taxation, accounting and reporting of small business entities was introduced in Ukraine in 1999 for the development of small business. From the point of view of accounting, the simplified taxation system is much easier (Brown, A., & Johnson, R.,2020). A feature of the simplified taxation system is the payment of a single tax. The only tax is the local tax paid by individuals and legal entities that are entrepreneurs. The simplified taxation system has undergone many reforms, currently it has reached heights and is popular among the taxation system.

But unfortunately, at the moment, it cannot do without shortcomings. There are problems with tax administration.

There are several options for ways to avoid paying taxes using the simplified tax system:

- Simplified system taxation is used by legal entities to transfer funds into cash;
- Instead of design office employees happens registration of relations with the FOP;
- sale of goods through persons using a simplified taxation system with understatement of the declared annual income;

Table 1.2 shows the results of a study by the Institute of Socio-Economic

Transformation on the fiscal effect of tax evasion in the SSO system.

Table 1.2 - Comparative analysis of the fiscal effect of tax evasion schemes in Ukraine with the help of CSO

Scheme	Taxes (payments) that it allows to avoid	Approximate volumes (billion hryvnias per year)	Estimated losses budget (billion hryvnias per year)
"Obnal" through FOP	PP+VAT+EUV+PIT	3-7	0.7-3
FOP instead of hiring	EUV+PIT	10	2.5-5
Underestimation of revenue	EP	18-20	1-1.5
In general, losses on SSO			4.2-9.5

As we can see from Table 1.2, the biggest losses occur due to the cooperation of small business entities with the FOP under civil law contracts.

Currently, the state must reform the tax system, must preserve the opportunity for small businesses to use the simplified taxation system, without the opportunity for large enterprises to neglect it. Measures should be taken to prevent abuses in the simplified tax system to hide profits through fragmentation.

CHAPTER 2. PECULIARITIES OF FINANSIAL MANAGEMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES

2.1. General characteristics of financial and credit instruments of small and medium business

Financial and credit instruments for small and medium-sized businesses are essential elements for ensuring their financial stability and development. These instruments encompass a wide range of financial products and services designed to provide enterprises with access to the necessary resources for growth, including loans, leasing, factoring, accounts receivable financing, mortgages, guarantees, and others.

One of the key characteristics of financial and credit instruments for small and medium-sized businesses is their accessibility and flexibility. For many small and medium enterprises, access to financial resources can be limited, so it is crucial to have access to a variety of financing options that meet their needs and capabilities. Another important characteristic is favorable lending conditions. For small and medium-sized businesses, it is often essential to have access to loans with low interest rates, flexible repayment schedules, and minimal collateral requirements. Additionally, financial and credit instruments for small and medium-sized businesses should be supported by relevant government programs and initiatives. This may include government guarantees, special lending programs, preferential tax conditions, and other measures aimed at supporting the development of small and medium-sized businesses. In light of constantly changing economic conditions and technological innovations, adaptability of financial and credit instruments to the needs of modern businesses is also crucial. Continuous updating and improvement of financial products enable maintaining the competitiveness of small and medium-sized businesses and contribute to their sustainable development. Financial and credit instruments for small and medium-sized businesses encompass a wide range of tools provided by financial institutions to facilitate financing, accounting, and risk management for these enterprises. The classification of such instruments may be based on various criteria, such as purpose, characteristics, and terms of use. Let's consider some of

the most common types of financial and credit instruments for small and medium-sized businesses:

Bank Loans: This is the most common form of financing for businesses, involving the provision of funds by a bank with agreed-upon terms regarding the term, interest rate, and repayment schedule.

Leasing: Leasing agreements allow businesses to use equipment or property without purchasing it outright, reducing the initial capital investment required. **Factoring:** This instrument enables businesses to gain immediate access to cash by selling their accounts receivable to a third-party organization (factoring company). **Accounts Receivable:** These are provided by banks and allow businesses to hold their money and access various financial services, such as transfers and credits. **Mortgage Loans:** These are loans secured by real estate and can be used for the purchase, construction, or renovation of commercial or residential properties. **Guarantees:** A bank or other financial institution may issue guarantees on behalf of a business to ensure the performance of a contract or the fulfillment of certain conditions to a third party. These financial and credit instruments help small and medium-sized enterprises secure the necessary resources for development, reduce financial risks, and contribute to their stable operation.

2.2. General characteristics and features of management in CHEMLABORREAKTIV LLC

In this chapter, I will introduce you to the enterprise of my internship practice. I was lucky to become a part of a great company Chemlaborreaktiv LLC which specializes in complex solutions for your laboratories in the industry. The company is located in Ukraine, 07400, Brovary, Sichovykh Striltsiv St., 8. CHEMLABORREACTIV LLC Director is Volodymyr Zholobitskyi. The size of the authorized capital is 4,714,375.00 UAH. As for the status of the company, Chemlaborreaktiv is an active enterprise, growing every day. In HLR (short for Chemlaborreaktiv) one can find everything needed for laboratories of pharmaceutical, medical, agro-industry, food industry, chemistry, mining and metallurgical

sector and machine engineering, oil and gas, and state quality control industries. The company was founded in 1995, with only 3 people working in it at that time. In 10 years, 50 times more specialists worked here. **And the 20-year anniversary of HLR marked over 430 staff members of the company.** Today, the HLR's range is about 300,000 items of products. All the components of the complex solution are available: furniture, laboratory equipment, chemicals, and ware. With the help of the company's own production facility in Cherkasy, they produce EXPERT TM laboratory furniture, AMED TM furniture for medical institutions, smartEXPERT TM furniture for educational institutions, and LABexpert TM laboratory equipment. The company offers the best prices in Ukraine and direct service for equipment of famous world brands. Chemlaborreaktiv is the official representative of more than 60 leading manufacturers of laboratory products.

A personal manager and a team of industry experts work with each client of HLR; they are fully familiar with the tasks, methods, and innovations of your industry. Together these specialists provide a client with a custom-tailored approach and solve any task in any laboratory.

Table 2.1

The main indicators of the enterprise's activity

Parameter	Value
Time of extract from EDR	April 10, 2024, at 01:40 AM
Full name	Limited Liability Company "KHIMLABREACTIV"
Address	Ukraine, 03150, Kyiv, 57/3 Velyka Vasytkivska Street
Email	sales@chemlab.kiev.ua
Website	www.himlabor.kiev.ua
Date of establishment	October 4, 1995
Director	Volodymyr Ivanovych Zholobitsky
EDRPOU code	23522853
Authorized capital	4,714,375 UAH
Primary activity	26.51 Manufacture of instruments and equipment for measurement, research, and navigation
Other activities	Manufacture of other furniture, Activities of intermediaries in the trade of fuels, ores, metals and industrial chemicals, Activities of intermediaries in the trade of timber, construction materials, and sanitary and technical products, Wholesale of grain, unprocessed tobacco, seeds and animal feeds, Wholesale of other machinery and equipment, Wholesale of solid, liquid, gaseous fuels and similar products, Wholesale of timber, construction materials and sanitary and technical equipment, Other construction installation works, Architectural activities, Engineering activities.

The company has its own warehouse, which is unparalleled in the market. The company forms the stock for the client's needs to ensure the uninterrupted manufacture of the client's enterprise. Clients can choose different ways of delivery of the products purchased, including by the HLR's own transport. The company's Customer Service provides

information, technical, and methodological assistance and support for the purchased equipment, as well as warranty and post-warranty service.

Table 2.2

Financial indicators of the enterprise

Year	Revenue (UAH)	Net Profit (UAH)	Assets (UAH)	Liabilities (UAH)	Number of Employees
2023	1,641,315,000	7,836,000	692,757,000	642,292,000	200
2022	1,039,035,000	6,638,000	641,974,000	599,345,000	172
2021	1,393,798,000	5,630,000	647,471,000	611,480,000	160
2020	1,183,668,000	3,594,000	606,452,000	576,091,000	0

HLR also has the Anti-Corruption Program implemented, which presupposes fair business activities without resorting to corruption and bribery in order to obtain dishonest benefits. The clients cooperate with HLR on the principles of ethical business conduct in compliance with all norms of international and Ukrainian anti-corruption legislation.

As a socially responsible company, Chemlaborreaktiv LLC gives priority to the selection of those products for their brand portfolio, which saves the most resources. Due to this the customers use electricity and water most optimally and contribute to the protection of the environment.

Chemlaborreaktiv is a Limited Liability Company. In Ukraine, the activities of limited liability companies are regulated by the Civil Code of Ukraine, the Economic Code of Ukraine, the Law of Ukraine "On Limited and Additional Liability Companies", as well as other legislative acts of Ukraine.

Features of LLCs in Ukraine are:

- LLC is a legal entity and is subject to state registration per the law.
- LLC is a type of business partnership.
- The minimum number of members of an LLC is one person.
- The maximum number of members of the LLC is not limited.

- The founding document of the LLC is the charter.
- The authorized capital of the LLC is subject to payment by the company's participants before the end of six months from the date of state registration of the company.
- The highest body of the LLC is the general meeting of its members.
- Control over the activities of the directorate (director) of the limited liability company is carried out by the supervisory board.

The LLC ceases its activity by merger, division, transformation, or because of liquidation. In addition, a spin-off can be carried out — the creation of one or more companies with the transfer to him (them) under the distribution balance of part of the property, rights, and obligations of the company from which the spin-off is carried out, without terminating the latter. Chemlaborreaktiv LLC is a unique company in Ukraine because it offers solutions for almost any kind of laboratory one can imagine. In HLR one can find everything they need for laboratories of *pharmaceutical, medical, agro-industry, food industry, chemistry, mining and metallurgical sector and machine engineering, oil and gas, and state quality control industries*. The pharmaceutical industry is one of the most dynamic and progressive in our country. This industry demonstrates the most pronounced tendency to constantly improve products and increase the share of more efficient drugs.

HLR creates and provides all the things needed for pharmaceutical and veterinary laboratories. There are more than 100 thousand items of equipment, chemical reagents, and laboratory glassware in the HLR product line. Everything for the main tasks of the laboratories in the industry:

- Analysis of the inward raw materials and finished product.
- Development and production of drug products.
- Quality control of the manufactured products.

Among the brands HLR works with are the world's largest manufacturers of analytical and general laboratory equipment for pharmaceutical and veterinary laboratories: Burkle,

Leica Microsystems, Mettler Toledo, Pharma Test, Memmert, MPW, Ohaus, KNF, Supelco, Merck, and Thermo Scientific.

The company's own EXPERT TM furniture complies with GMP requirements, has all the necessary certificates for laboratory qualification and audit. We supply chemical reagents by catalogs of Merck, Acros Organics, Alfa Aesar, Fischer Chemicals, Sigma Aldrich, Carl Roth, and Santa Cruz. Laboratory glassware and plasticware by SIMAX, DURAN, and Kartell are always in stock. HLR also pays special attention to products for clean rooms. It is represented by a selection of products from Fisher Scientific and Lab Logistic Group.

Among the company's clients are more than 250 laboratories of pharmaceutical and veterinary companies, interested in innovations, the use of advanced technologies, and high-quality service. Pharmaceutical substances are stored in special areas of the warehouse complex under constant monitoring of humidity and temperature. This sphere of enterprise has external audits on a regular basis: more than a dozen pharmaceutical companies check the conditions of storage of products in the warehouse annually and confirm their compliance with the applicable standards. The ISO 9001-certified quality management system allows to resolve the issues related to the management of non-conforming products quickly and effectively.

Health care is the most important element of social services, therefore special requirements are imposed on the quality of medical services. The level of equipment of any medical institution is an important condition for its efficient work and as a result – a high reputation.

HLR provides services to medical institutions in 5 main directions:

- Equips medical institutions on a "turnkey" basis; supplies furniture, equipment, instruments, consumables, etc.; designs and creates medical gas supply systems.

- Supplies equipment, consumables, and mediums for reproductive clinics; has a selection of laminar flow cabinets, microscopes, incubators, micromanipulator systems, utensils, and plasticware.
- Supplies clinical diagnostic laboratories; offers analyzers, reagents, consumables, and maintenance services.
- Equips departments with medical equipment; equips departments of gynecology, surgery, therapy, and pediatrics.
- Manufactures and sells medical and laboratory furniture; the brand portfolio is medical beds, surgical tables, fume hoods, washers, and chairs.

HLR cooperates with state and commercial medical institutions of any level and specialization. They also work with orders of various complexity: from the purchase of test tubes to the design of a turn-key laboratory, and the reconstruction or construction of a hospital. The company's range of products contains both the essential simple devices and consumables and very precise analytical equipment.

More than 20 manufacturers from the USA, Europe, and Asia have entrusted HLR to be their official representative in the territory of Ukraine. Among them are Mindray, Succeeder, Fortress, Seamaty, Bioevopeak, BSBE, Sensa Core, Cormay, Arkray, GeTein, Elabscience, Thermo Scientific, Kartell, Conda, Steriking, 77 Electronica, Ulab, Leica Microsystems, Med. Instrument, Kitazato, Irvine Scientific, Research Instruments, Cryo Bio System, and others. HLR also has an “after-sales” service. Their certified service engineers teach users to set up devices of any complexity. They provide installation of equipment, warranty, and post-warranty service.

The quality control of products in Ukraine is regulated at the legislative level and carried out by authorized state bodies. In their work, these institutions use solutions for the industries whose products they control. HLR offers solutions for each such task.

The company employees help to create and maintain at the appropriate level the laboratories of:

- Chemical analysis
- Physical analysis
- Physical and chemical analysis
- Analytical method of analysis
- Microbiological analysis
- Radiological analysis
- Parasitological analysis
- Chemical-toxicological analysis
- Testing laboratories
- Building technology laboratories
- Laboratories of light industry
- GMO laboratories
- Ecological laboratories
- Multi-purpose mobile laboratories

More than 1,800 state control bodies, education, and scientific institutions cooperate with HLR. Each year the company equips the main laboratories of each quality control branch with equipment, furniture, and consumables. HLR's portfolio includes successfully implemented projects for laboratories of centers for standardization and metrology, water and wastewater treatment plants, veterinary control laboratories, inspection companies, and environmental control centers in different regions of our country. HLR also works with EBRD, IBRD, and World Bank projects, which often include the delivery and installation of complex analytical equipment. The company is a full member of the Ukrainian Association of Water and Wastewater Treatment Plants and actively develops cooperation with this credited organization. HLR creates ecological monitoring systems. They allow to analyze the ecological situation on a certain territory and consist of:

- Eco-posts for round-the-clock monitoring of atmospheric air indicators.
- Mobile laboratories for sampling and delivery of samples.

- Stationary laboratory for monitoring of water, soil, and non-standard indexes of air.

Out of 120 manufacturers HLR has dealer agreements with the quality control laboratories primarily working with Merck Millipore, Acros Organics, Thermo Scientific, Lumeks, Labexpert, Chromatec, Conda, Applied Biosystems, Ascott, Ulab, Ohaus, Tinius Olsen, Mettler Toledo, Simax, WIKA, Kartell, Rohde & Schwarz.

This branch also has an “after-sales” service. It supplies spare parts and consumables.

Among the clients of the State Quality Control branch:

- Centers for standardization and metrology
- Inspection companies
- Veterinary laboratories
- Water and wastewater treatment plants
- Laboratory Centers of the State Sanitary and Epidemiological Service of Ukraine
- Institute for Soil Protection of Ukraine
- Center for Hydrometeorology

The agricultural sector is one of the most promising in the Ukrainian economy. In addition, it is the leading export industry in the country. This imposes special requirements on the manufacturers for control of the production process and quality of the end product. These tasks are primarily allotted to laboratories.

HLR creates laboratories for enterprises in the agricultural industry:

- Grain laboratories for grain producers and processors.
- Soil and fertilizer testing laboratories, seed, and variety testing laboratories for plant raisers.
- Laboratories of finished product quality control for producers of mixed fodders, vegetable oils, fats, and other food products.
- Laboratories of animal and plant disease control as well as microbiological laboratories.

- Laboratories of honey quality control for beekeepers.
- Water analysis laboratories for processing plants and fish processing facilities.
- Laboratories of diesel fuel and used oils quality control for those who have their own vehicle fleet.
- Mobile laboratories for enterprises with vast geographic footprints.

HLR cooperates both with large corporations and small farms. They work with orders of various complexity: from the purchase of hygrometers to the design and construction of a turn-key laboratory. The company's brand portfolio contains both the essential simple devices and very precise analytical equipment.

For over 20 years of operation, HLR has established cooperation with many suppliers specializing in specific industry tasks. Their brand portfolio includes Leica Microsystems, FOSS, Skalar, KETT, Thermo Scientific, Velp, Mettler Toledo, and many other world's leading manufacturers.

Most analytical devices require professional training; therefore, the “after-sales” services of this branch include the following:

- to install the equipment;
- to help you understand the techniques;
- to provide warranty and post-warranty service.

HLR takes an active part in the life of the industry. They cooperate with industry associations: UkrOilProm Association, the Public Association "Millers of Ukraine", the Union of Poultry Farmers of Ukraine, and many others.

The management of the branch conducts training workshops for laboratory staff with the involvement of internal experts of the company. They invite representatives of manufacturers and industry specialists from abroad.

The food industry is one of the leading in Ukraine. It is characterized by a branched structure and unites dozens of industries – with each of them having its own production features and needs regarding quality control of products.

HLR equips laboratories of food quality control of:

- Enterprises engaged in the processing and production of dairy products.
- Meat processing and fish processing factories and facilities.
- Confectionery enterprises and sugar factories.
- Enterprises producing groceries, snacks, and other food and flavor products.
- Tobacco companies.
- Plants producing alcoholic, and non-alcoholic beverages, and beer.

Food Industry branch clients are production laboratories, microbiology laboratories, veterinary control departments, physicochemical laboratories, sewage treatment laboratories, and incoming raw material laboratories.

The company's brand portfolio includes analytical and general laboratory equipment for analysis of incoming raw materials and finished products of the food industry, as well as packaging quality control devices.

The company selects the equipment for the client's laboratory-specific technical requirements and equips the client's laboratory to meet the required methodology, DSTU, GOST, EN, ISO, HACCP, or other standards.

The branch's brand portfolio includes FOSS, Leica Microsystems, Velp, Decagon, DV, Burkle, Nasco, KETT, Plaun, Biofizicheskaia apparatura (BFA), Mettler Toledo, Memmert, Knick, Merck, Conda, Kikkoman, IDEXX.

The Food Industry Branch provides the training and service to their clients:

- install equipment, provide methodological assistance and service (warranty and post-warranty) support;
- conduct training workshops for clients on a regular basis.

The enterprises of the fuel and energy complex play a key role in the power supply of all spheres of life in our country and are an important factor in national security. Therefore, the requirements for the quality of products here are extremely high.

Among the HLR clients are:

- Oil and gas companies
- Oil and gas refineries
- Operators of the oil products and liquefied gas market
- Enterprises of the energy complex
- Airports and survey companies

The company equips laboratories of oil product quality control for the solution of the following tasks:

- Analysis of the quality of raw materials and finished products for compliance with current state and international standards: DSTU, ASTM, ISO, EN
- Equipping of laboratories of grout and drilling fluids
- Environmental control
- Diagnostics of equipment and electrical grids

For enterprises of oil-gas and energy complexes that carry out their activities at remote sites, HLR creates mobile laboratories of oil product quality control and environmental control.

HLR is one of the first in Ukraine to equip such laboratories for the state environmental inspection, the military department, and oil traders.

Over the years of work in the industry, the company has established partnerships with many world manufacturers of equipment for oil product quality control. More than 570 enterprises of the oil-gas and energy complex of Ukraine work with HLR.

Modernization and optimization of production capacities are the trends of heavy industry in Ukraine. In the context of changing market conditions, an increasing number of enterprises in the industry are guided by the standards and conditions of external markets.

A separate branch of HLR's activity specializes in supplying industry solutions for the laboratories of:

- Mining industry
- By-product coke industry

HLR offers quality control solutions for all stages of the production process: from raw materials to the end product, from control of the product's technical parameters to working conditions. Every second delivery of the company is a unique solution with methodological assistance.

In addition, HLR offers general laboratory equipment, laboratory furniture, laboratory glassware and reagents, standard samples, and reference solutions, equipment for combustibles and lubricants laboratories, and equipment for environmental and labor protection control for the laboratories of your industry.

The company monitors world trends in the areas that require the greatest attention of the industry: physical and mechanical testing, elemental analysis, metallography, hardness measurement, non-destructive testing, and sample preparation. HLR analyzes experience, chooses the best, and helps to implement it in Ukraine considering the specific features of domestic production.

The selection of suppliers is primarily determined by the competence in the field and the reputation in the market. HLR supplies solutions from such global brands as Tinius Olsen, Qness, Matest, Oxford Instruments, Quantachrome Instruments, Akasel, HORIBA, ThermoConcept, Ascott, HERZOG, Siebtechnik, BWB Technologies and others.

For instrumentation and control equipment services and power engineers, HLR offers devices from German manufacturers Trotec, Optris, Kobold, WIKA, Rohde & Schwarz, as well as Siglent and Rigol.

This branch provides service support at all stages - from project implementation to post-warranty service.

Tendencies and requirements in construction and the chemical industry make quality control an integral part of the production process. And modern equipment is an indispensable condition for the quality work of laboratories in these industries.

HLR offers companies in the industry general laboratory equipment, as well as solutions in the following areas:

- Analytics
- Physical and mechanical testing of materials
- Testing of surfaces and coatings
- Industrial optics
- Instrumentation and control equipment

HLR supplies the equipment in accordance with national DSTU and international ISO, ASTM, DIN, and BS standards. The company works with tasks of various complexity: from the supply of consumables to the specific needs of the client to complex solutions or solutions for specific individual tasks.

HLR targets the leading manufacturers and transfers world experience in the industry to the Ukrainian market. Among the suppliers are brands with proven quality and reliability: Matest, Tinius Olsen, HORIBA, Ascott, Mettler Toledo, ThermoConcept, HERZOG, Ray-Ran, TQC, HunterLab, Trotec, and others.

Official service is an integral part of the supply of complex equipment. HLR's engineers undergo regular training from manufacturers and provide a full range of services: from installation to post-warranty service.

2.3. Assessment of the competitiveness of the company in medium business environment

Here are the key criteria for assessing the competitiveness of a mid-sized business:

Market and Competitor Analysis: Studying the market sector, identifying competitors, their strengths and weaknesses, and analyzing market trends that may impact the company's operations.

Unique Value Proposition (UVP): Evaluating what makes the company unique and attractive to customers compared to competitors.

Financial Analysis: Assessing the financial condition of the company, including profitability, liquidity, profitability, and financial stability indicators.

Marketing Strategy: Analyzing marketing and advertising strategies aimed at attracting and retaining customers.

Optimization of Production Processes: Evaluating the effectiveness of production processes and opportunities for cost optimization to increase production efficiency.

Quality of Products or Services: Assessing the quality of products or services and their compliance with customer requirements.

Innovation and Product Development: Analyzing innovative strategies and the development of new products or services that can provide a competitive advantage.

Personnel Management: Evaluating the competence and motivation of personnel and their impact on the quality and productivity of work.

Customer Relations: Assessing the quality of customer service and communication with them, including feedback and response to their requests and complaints.

These criteria will help the company conduct a comprehensive analysis of its competitiveness and identify areas for further improvement and development.

During my internship practice in HLR, I noticed how well people are treated in this company. I have worked in several companies before, and I have never seen such a strong and democratic Human Resources Management.

There are some elements of the company's Compliance that I would like to mention in this chapter.

Chemlaborreaktiv LLC encourages all employees to raise questions and report concerns without fear of retaliation. The company is committed to treating such reports seriously and conducting thorough investigations. Employees must immediately report any suspected unethical, illegal, or suspicious behavior. Chemlaborreaktiv LLC strictly prohibits retaliation against anyone who makes a good-faith report of suspected misconduct or assists in an investigation or audit. Employees reporting concerns in good faith are protected from any adverse employment actions, including:

- Unjust dismissal, demotion, or suspension
- Unfair denial of promotions, transfers, or other employment benefits
- Bullying and harassment, both in person and online
- Exclusionary behavior
- Any other behavior that unfairly singles out the individual
- Equal Opportunity

Chemlaborreaktiv LLC is committed to providing equal opportunities and does not tolerate discrimination based on race, color, religion, gender, age, national origin, sexual orientation, marital status, disability, or any other protected characteristic. Any form of harassment, whether physical, sexual, verbal, or otherwise, is strictly prohibited and can result in disciplinary action, up to and including termination.

Gifts and Entertainment

While exchanging gifts and entertainment with business associates can help build strong relationships, it is essential to avoid creating any perception that business decisions are influenced by such exchanges. Chemlaborreaktiv LLC is committed to winning business based on the merits of its products, services, and people, and adheres to all legal requirements regarding gifts and entertainment. Employees are expected to:

Use sound judgment and comply with legal requirements regarding gifts and benefits

Ensure that gifts, entertainment, or personal benefits do not influence business decisions or compromise business integrity

Refrain from accepting gifts or entertainment that are illegal, immoral, or could harm the company's reputation

Avoid accepting cash, cash equivalents, stocks, or other securities

Employees may accept occasional unsolicited personal gifts of nominal value, such as promotional items, and may provide similar gifts to customers and business partners. If

uncertain, employees should consult their manager before giving or receiving any items of value.

Health and Safety

Chemlaborreaktiv LLC operates in compliance with all applicable health and safety regulations and continuously strives to improve its health and safety policies and procedures. Employees are expected to adhere to all health and safety laws, regulations, policies, and procedures, and to practice safe work habits at all times and in all locations. Safety and health requirements must be communicated to visitors, customers, or contractors at any company location. Employees must immediately report any workplace injuries, illnesses, or unsafe conditions.

Use of Social Media

Chemlaborreaktiv LLC respects employees' rights to use social media for personal and professional reasons. Employees must ensure their social media activities comply with company policies and procedures.

Forced Labor and Child Labor

Chemlaborreaktiv LLC and its suppliers employ all individuals willingly and do not subject anyone to bonded or forced labor. This policy extends to the supplier networks involved in the company's business operations. The company and its suppliers are committed to not employing individuals below the minimum legal working age of the country in which they operate.

Corporate Social Responsibility

Furthermore, HLR has developed an excellent Corporate Social Responsibility program. In HLR, corporate social responsibility means responsibility to their employees and society and a set of principles, according to which HLR organizes its business processes.

Personnel development:

- Democratic style management
- Investment in training
- Help to society (donation, charitable events)
- Health protection and employee safety

Environmental Policy:

- Compliance with the rules for storing and shipping chemicals
- Priority to equipment that saves natural resources

Contribution to building the country's scientific potential:

- Training of specialists from Ukrainian laboratories
- Introduction of world standards to large and small enterprises

This is a general philosophy of the company, a set of policies and real actions aimed at maintaining a reliable reputation and image, as well as corporate identity.

CSR policy reflects the focus of our business on sustainable development and long-term presence.

Corporate social responsibility in HLR is represented by three areas:

- Personnel development
- Contribution to the development of the country's scientific potential
- Environmental protection policy

Management style

HLR uses a democratic management style. All issues are solved in a friendly working environment, and all kinds of discrimination are excluded. An open dialogue with employees is maintained, using a variety of communication tools: an internal corporate web portal, discussion panels in working groups, and regular meetings.

Employees take part not only in solving current work tasks but also in developing strategic business development issues. HLR welcomes and encourages any initiative and is open to innovative ideas and suggestions.

Investments in training

HLR voluntarily invests in personnel development, trains additional skills, and actively promotes the development of the professional and creative potential of each employee.

There is a system of continuous training, which presupposes regular training, workshops, coach sessions, and master classes with the involvement of in-company teachers, as well as the most popular third-party business trainers on the market.

The company encourages the exchange of experience within the company and supports and provides conditions for conducting training workshops, which are initiated by the employees themselves.

The company does not confine itself to profile knowledge - the HLR training system is designed based on the maximum development of a specialist and personality in various fields.

Social assistance

Each of HLR's employees is a person, and in the team, there is an atmosphere of openness and genuine desire to help. CHEMLABORREAKTIV on its part encourages any such initiative on all levels and creates conditions for its implementation during working hours.

- Regular charitable actions for Charitable Fund for Oncology Patients
- Participation in blood donation programs for small patients of OHMATDYT
- Collecting things for an orphanage
- Exchange of information on important social problems

– all these and many other practical initiatives are introduced into the HLR workflow seamlessly.

Health and safety of employees

Creating a healthy and safe workplace is one of the priorities of HLR's internal policy. The main emphasis is on prevention of health problems. The activities in this sphere are:

- Annual vaccination against influenza and fluorography examination of employees in a mobile laboratory at the company's premises
- Regular training on safety and health issues
- Active promotion of a healthy lifestyle.

HLR is interested in the active development of all branches of science and production in Ukraine: the company is sure this will help our country reach a higher social and economic level. The solutions that HLR supplies to domestic laboratories correspond to the best world standards. This allows them to increase and prove the quality of services and products that are manufactured in Ukraine and create conditions for the export of domestic goods to Europe and other foreign countries. HLR takes part in all key industry events, and their experts regularly hold free training events for laboratory representatives: to share their experience and talk about new developments and modern advanced techniques. HLR's employees are always ready to help with the selection of the optimal solution for both a large industrial holding and a small farm. The company appreciates every effort aimed at developing the economy of our country.

HLR is aware of the environmental responsibility that lies with the company as a supplier of equipment and chemical reagents for laboratories in various industries. The company has implemented an automated warehouse management system and strictly observes the rules for storage and dispatch of chemicals to customers. In the careful selection of products to be presented in the company's brand portfolio, priority is given to the equipment that saves the most resources (electricity, water, etc.).

In HLR's organizational structure, the sales operations are intricately woven through various channels, each tailored to meet specific market needs. Through direct sales, the company employs a personalized service approach, offering customized comprehensive industry solutions. To ensure a seamless experience for their clients, each industry group is assigned a dedicated personal manager, who serves as a single point of contact, providing

expert guidance and support throughout the process. This method not only guarantees a high level of customization but also establishes enduring client relationships.

Additionally, HLR leverages a robust dealer network strategy, employing a unique approach they term the "laboratory supermarket." Here, the focus shifts towards offering boxed solutions and consumables, designed to cater to a broader client base, including trading companies. Similar to the direct sales approach, a personal manager is assigned within the trading companies' group. This manager acts as a facilitator, ensuring smooth transactions, and providing detailed product information.

At the core of the company's successful sales operations are HLR's dedicated team members. With 17 adept managers and 45 skilled sales representatives, HLR has the expertise needed to navigate the complexities of the market. Moreover, the company boasts a team of 21 industry experts, each well-versed in the intricacies of their respective fields. These experts offer invaluable insights, enhancing the ability to deliver industry-specific solutions.

Furthermore, the team is supported by 25 product specialists and individuals with in-depth knowledge of the company's offerings. Their expertise enables HLR to provide accurate and tailored information to their clients, ensuring they make informed decisions. Together, this cohesive team forms the backbone of the sales and distribution network, enabling the enterprise to deliver exceptional service, unparalleled customization, and industry-specific expertise to its clients.

HLR uses a diverse range of marketing strategies, both online and offline, strategically designed to enhance its brand presence and engage with its target audience effectively. Online, HLR's efforts are significant, constituting 17% of their overall marketing activities. Offline activities, accounting for 52%, are equally vital. Participating in exhibitions, seminars, and other events allows the company to connect directly with its clientele, showcasing its offerings in a tangible and interactive manner. Additionally, partner support plays a crucial role, forming a considerable portion of marketing strategy. Collaborative

ventures strengthen networks and provide mutual benefits, contributing significantly to the company's overall marketing impact.

A significant portion of marketing managers' focus, 20%, is dedicated to building and maintaining the brand image. Cultivating a positive and compelling brand identity is essential, as it resonates with the audience and establishes long-lasting relationships. In contrast, HLR's sales support initiatives comprise 1%, indicating a specialized approach tailored to bolstering their sales force and enhancing customer interactions. Content marketing, accounting for 4%, plays a pivotal role in educating and engaging the company's audience. Through valuable content, the managers provide insights, solutions, and industry knowledge, establishing ourselves as authorities in this field.

Lastly, 6% of their efforts are directed toward the creation of point-of-sale (POS) materials. These materials serve as tangible representations of the company's brand, capturing attention and conveying its key messages at the point of purchase.

HLR has its own warehouse, which is unique in the market of suppliers of laboratory products. The computerized Warehouse Management System (address storage system), corresponding to the standard ISO 9001: 2015, has been introduced here. It excludes the human factor and ensures maximum accuracy of the warehouse operations. The warehouse area is 22000 m². There are more than 30,000 items of equipment, laboratory ware, and reagents in stock. The products are stored on 6-tier racks; their height is 8.2 m and their total area is more than 2,000 m². At this warehouse 10,000 pallet spaces are available. Modern loading and unloading equipment Jungheinrich is used.

Equipment, ware, and small packaging are stored on shelving racks in a warm warehouse. Reagents, microbiological media, and medical reagents are stored in cold rooms with a constant temperature of 2 to 8 °C. Freezers with a temperature of -20 °C are installed in the cold rooms for product storage. For microbiological media with a recommended storage temperature of 10 to 25 °C, a special heated room is allocated, equipped with temperature and humidity control devices. Highly flammable liquids are stored in a specially equipped separate warehouse.

Each chemical reagent is supplied with a quality certificate in accordance with the rules of transportation. Dispatch of reagents and substances requiring maintenance of the cold state of products is carried out in cooling boxes or containers with coolants. In order to maintain the temperature of the products at -20 ° C and below during transportation, they are packed in a container with dry ice.

HLR clients can choose different delivery options for the purchased products:

- By HLR motor vehicles
- By courier services
- By customer pickup

There are scheduled delivery routes throughout Ukraine. However, if it is necessary to deliver to any other place in Ukraine outside the scheduled route, the company will deliver the cargo by their own motor vehicles. HLR even delivers cargoes that are difficult for courier transportation. CHEMLABORREAKTIV LLC has a license and a specially equipped transport for the transport of precursors.

The clients can also engage courier services such as “Autolux”, “Delivery”, “InTime”, “Nova Poshta”, “CAT”, and “Gunsel” with which HLR has direct contracts.

Chemlaborreaktiv LLC is dedicated to doing business in an ecologically conscious way in all aspects, including supplier selection, office and facility operations, product and service providing, and other business-related activities. In addition to adhering to self-directed commitments to sustainable practices and environmental preservation, the firm complies with all relevant environmental laws and regulations.

HLR has developed and operates an Environmental Protection Program.

This is a guarantee that all equipment, reagents, furniture, and other goods included in the assortment portfolio of our company are supplied taking into account the environmental requirements set forth in the Law of Ukraine of June 25, 1991 No. 1264-XII "On Environmental Protection environment", as well as the Land, Water, Forest Codes, Laws

"On Protection of Atmospheric Air", "On Waste", "On Management of Radioactive Waste" developed following it.

The business takes the necessary precautions to protect the environment, mainly in the areas of resource protection, use, and reproduction; environmental safety; prevention and eradication of the adverse effects of the business's operations on the environment; preservation of natural resources; the genetic foundation of living things; landscapes, and other natural complexes.

Information Technology plays a pivotal role in enhancing efficiency, accuracy, and strategic decision-making. Among the array of software solutions available, HLR's IT specialists developed their own software that stands out as a robust and versatile platform that empowers managers across various sectors with seamless control over their operations and invaluable insights into their business processes.

At its core, software serves as a centralized hub where managers can oversee and streamline numerous aspects of their organization's operations. From accounting and finance to inventory management, human resources, and customer relationship management, the software provides a unified interface where all essential data converges. Managers can monitor transactions, track inventory levels, assess financial health, and manage employee records - all within a single, integrated system. This consolidated view not only saves time but also ensures that managers have real-time access to critical information, enabling swift and informed decision-making.

One of the standout features of HLR's software is its robust reporting and analysis tools. Managers can generate customized reports and dashboards tailored to their specific needs. These reports provide deep insights into various metrics, such as sales performance, customer behavior, and financial trends. Through graphical representations and data visualization, managers can quickly grasp complex patterns, enabling them to identify opportunities, anticipate challenges, and devise strategies for business growth. The ability to slice and dice data within the software facilitates a granular understanding of the organization's dynamics, empowering managers to make data-driven decisions.

Managers using HLR's software gain unparalleled control over resource allocation. Whether it's managing human resources, tracking project timelines, or optimizing inventory levels, the software provides tools for efficient resource management. For instance, in the realm of HR, managers can oversee employee schedules, track attendance, and evaluate performance metrics. In inventory management, the software enables real-time tracking of stock levels, ensuring that products are neither overstocked nor under-supplied. This efficient resource management ensures optimal utilization of assets, minimizes wastage and enhances overall productivity.

Collaboration is key to any successful business operation, and the company's software facilitates seamless teamwork within an organization. Managers can assign tasks, set deadlines, and track progress, fostering a culture of accountability and transparency among team members. Communication channels within the software enable instant messaging, document sharing, and collaborative problem-solving. This collaborative environment not only enhances internal efficiency but also nurtures innovation and creativity, positioning the organization for sustained success.

Information Technology Compliance

Chemlaborreaktiv LLC anticipates that its staff will assist in protecting all computer hardware and data from deliberate hostile activities by both internal and external parties. To guarantee adherence to computer security rules, all staff members get cybersecurity training. The employer permits, within reason, the occasional use of the Internet for personal purposes during working hours since it recognizes that this is a fair request. When in doubt, staff members may contact their bosses for clarification. Nonetheless, the organization prohibits using the Internet to further a personal commercial endeavor, a political campaign, or to humiliate the organization and its clientele.

In the ever-evolving landscape of business, strategic management stands as the compass guiding enterprises toward their long-term goals and sustainable success. Strategic management involves the meticulous planning, execution, and evaluation of an

organization's initiatives to achieve its objectives. It encompasses the allocation of resources, formulation of policies, and adaptation to market dynamics, ensuring that a business not only survives but thrives in a competitive environment. Amidst the strategic intricacies of managing a business entity, there exists a critical pillar upon which the integrity and ethical standing of a company are built – Compliance.

Compliance, in the realm of strategic management, is not merely a regulatory obligation but a fundamental commitment to ethical conduct and social responsibility. It involves adhering to legal standards, industry regulations, and societal expectations. A strategically managed company recognizes that compliance is not a separate entity but an integral part of its strategic framework. Ensuring compliance permeates every level of decision-making, safeguarding the company's reputation, building trust with stakeholders, and fostering a culture of responsibility.

Chemlaborreaktiv LLC values its reputation as a reliable and transparent company, meeting client and partner expectations for honest, fair, and impartial fulfillment of duties by its employees. Client trust is built on confidence that all services are delivered with professional ethics and the highest quality standards. To maintain this trust, Chemlaborreaktiv LLC has developed a Code of Ethics and Professional Conduct as well as an Anti-Corruption Policy, setting high standards of behavior.

Code of Ethics and Professional Conduct

This code applies to all employees, including managers and executives of Chemlaborreaktiv LLC. The company builds business relationships with contractors and suppliers whose principles align with these rules.

Ethical Principles and Core Values

Chemlaborreaktiv LLC operates on the following principles and values:

- Honesty
- Integrity

- Trustworthiness
- Respect for others
- Responsibility
- Accountability
- Obedience to the law
- Empathy
- Teamwork
- Decision Making
- When making decisions, employees consider:
- Is it legal?
- Does it comply with the code?
- Does it reflect company values and ethics?
- Does it respect the rights of others?

If unsure, employees are encouraged to ask for guidance.

Conflicts of Interest

Conflicts of interest arise when personal activities, investments, or associations compromise an employee's judgment or ability to act in the company's best interests. Employees must avoid situations that could lead to conflicts of interest and disclose any potential conflicts to their manager or the Human Resources Department.

Confidentiality

Chemlaborreaktiv LLC and its employees maintain the confidentiality of all proprietary information. This includes any non-public information that could harm the company, its customers, or business partners if disclosed, such as:

- Customer lists
- Supplier lists
- Pricing information
- Contract terms
- Company policies and procedures
- Financial statements
- Marketing plans and strategies
- Trade secrets
- Other sensitive information
- Privacy

Chemlaborreaktiv LLC complies with national and international privacy laws. Employees sign confidentiality and non-disclosure agreements and store personal information securely, limiting access to those with a clear business need. Any breaches of privacy must be reported to a manager immediately.

Competition, Fair Dealings, and Antitrust

Chemlaborreaktiv LLC competes aggressively but fairly, maintaining trust and mutual benefits with business partners while complying with competition and antitrust laws. Employees must:

- Communicate products and services fairly and accurately

- Understand and comply with fair competition policies
- Consult the legal department before engaging in practices that may affect fair competition
- Avoid price fixing, bid rigging, and other anti-competitive activities
- Utilize only data that is readily accessible to the public to comprehend markets, clients, rivals, and trends
- Report any infringements of ethical business practices

Bribery and Facilitation Payments

Chemlaborreaktiv LLC prohibits influencing the judgment or behavior of others through bribes or kickbacks, whether in government or private business. Facilitation payments to speed up routine actions are also not permitted. Employees must adhere to the company's Anti-Corruption Policy.

Protection and Proper Use of Company Assets

Workers must safeguard corporate property and use it effectively for only authorized business uses. Facilities, gear, computers, information systems, phones, staff time, private and proprietary data, business possibilities, and corporate finances are all included in this.

Insider Trading

Employees are not allowed to distribute or exploit confidential information for personal benefit. Workers are not allowed to:

- Buy or sell securities based on non-public information.
- Give advice or persuade others to purchase or dispose of stocks in light of insider knowledge.

Corporate Social Responsibility

Chemlaborreaktiv LLC extends its corporate social responsibility to its entire supply chain, including the human rights, ethics, and social practices of its suppliers. The company seeks partnerships with environmentally and workforce-friendly organizations through its corporate social responsibility procurement program. Responsible Environmental Impact: The business and its suppliers are required to provide quantifiable environmental impact reports and carry out continuous initiatives to lessen pollution in the environment and promote sustainability.

In the developing landscape of business, the integration of modern information and marketing tools has become imperative for staying competitive and responsive to market demands. One of the key drivers of efficiency is the automation of various business processes. HLR has embraced automation across multiple domains. Their customer service operations have been streamlined through automated systems, ensuring swift and effective responses to customer queries and concerns. Similarly, their logistics and warehouse management systems have been automated, enhancing the inventory management and order fulfillment processes.

Furthermore, automation plays a vital role in lead generation and sales management. By employing advanced tools, managers can analyze customer data, predict preferences, and tailor their sales strategies, accordingly, leading to more targeted and effective marketing campaigns. HLR's Customer Relationship Management (CRM) system is another cornerstone of their automation efforts, enabling the managers to maintain a comprehensive database of client interactions, preferences, and feedback.

Additionally, automation has revolutionized the company's financial and accounting management, streamlining tasks such as invoicing, payroll processing, and financial reporting. The implementation of a Supplier Relationship Management (SRM) system has optimized supplier interactions, fostering better collaboration and ensuring a seamless flow of goods and services. By harnessing these automated tools, HLR has not only increased

operational efficiency but also enhanced its overall service quality, enabling the company to meet customer demands with agility and precision.

During wartime, Ukrainian enterprises typically undergo significant changes in their operations as they face economic, security, and geopolitical challenges. Here are some possible changes:

Production Reduction: Due to instability and military actions, enterprises may decrease or suspend their production entirely due to disruptions in the supply of raw materials, transportation difficulties, and other circumstances. **Production Repurposing:** Some enterprises may redirect their production towards goods or services that are more critical during wartime, such as manufacturing equipment for military defense or medical supplies. **Supply Chain and Logistics Changes:** Enterprises may alter their supply chains and logistics strategies due to changes in security and the availability of transportation routes.

Financial Difficulties: The conditions of war may lead to financial challenges for enterprises due to reduced consumer demand, increased prices of raw materials and energy, and other economic and financial difficulties. **Increased Security Measures:** Enterprises may implement additional security measures to protect their personnel and assets in the face of military threats. **Innovation and Technology Development:** In response to wartime challenges, some enterprises may intensify their activities in developing new technologies and innovations aimed at improving security and production efficiency. Overall, Ukrainian enterprises are forced to adapt to new conditions and operate in an environment of instability, seeking ways to preserve their operations and development during wartime.

CHAPTER 3. IMPROVEMENT OF THE FINANCIAL SYSTEM ENSURING SMALL AND MEDIUM BUSINESS DEVELOPMENT IN UKRAINE

3.1. Foreign experience in the formation of a system of financial support for the development of small and medium entrepreneurship in the Ukrainian economy

Improving the financial system and ensuring the development of small and medium-sized enterprises (SMEs) in Ukraine play a critical role in stabilizing the economic situation and ensuring sustainable growth in the country. This issue requires a comprehensive approach and the implementation of strategic measures.

Firstly, it is necessary to reform the financial system by directing efforts towards increasing the accessibility of financial services for SMEs. This may include the establishment of specialized financial institutions, the development of microfinance programs and lending for SMEs, as well as promoting the development of alternative financial instruments such as financial technologies (FinTech). Secondly, it is important to carry out tax reform aimed at reducing the tax burden for SMEs and stimulating their activities. This may involve simplifying the tax system, introducing tax incentives and benefits for SMEs, as well as reducing administrative and financial barriers to doing business.

Thirdly, it is crucial to develop infrastructure and ecosystems to support SMEs, including the creation of innovative business parks, technology hubs, and clusters, facilitating access to education and skills development for entrepreneurs, as well as supporting research and innovation activities. Overall, improving the financial system and ensuring the development of SMEs in Ukraine requires targeted efforts from the government, business community, and civil society. This reflects the importance of creating a favorable and competitive environment for business development, which will contribute to economic growth and increased prosperity throughout the country. In addition to the outlined points, it's essential to emphasize the need for effective regulatory frameworks and governance structures to support the development of SMEs. This involves creating transparent and fair business environments, enforcing property rights, and combatting corruption. Furthermore, fostering entrepreneurship and innovation through targeted policies and initiatives can help

SMEs thrive in dynamic market conditions. Moreover, enhancing access to markets, both domestically and internationally, is crucial for the growth of SMEs. This can be achieved through trade facilitation measures, export promotion programs, and the development of e-commerce platforms. Additionally, providing tailored business support services, such as mentoring, networking opportunities, and access to finance, can empower SMEs to scale up their operations and compete effectively in the global marketplace. Investing in skills development and human capital is also paramount. By ensuring that entrepreneurs and their employees have the necessary skills and knowledge to adapt to technological advancements and market changes, SMEs can increase their productivity and competitiveness (Zhang, H., & Li, X.,2016). This includes investing in education and vocational training programs, as well as promoting lifelong learning initiatives. Furthermore, fostering collaboration between SMEs, larger enterprises, research institutions, and government bodies can lead to innovation clusters and ecosystems that drive economic growth. By encouraging knowledge sharing, joint research projects, and technology transfer, these collaborations can stimulate entrepreneurship and create synergies that benefit the entire economy. In conclusion, the advancement of the financial system and the promotion of SME development in Ukraine require a multifaceted approach encompassing regulatory reforms, market access facilitation, skills development, and innovation promotion. By addressing these challenges comprehensively and strategically, Ukraine can unlock the full potential of its SME sector and foster sustainable economic growth.

One of the most important aspects of small and medium-sized enterprises (SMEs) development in the Ukrainian economy is the effective financial support system. Based on international experience, several key directions can be identified that may be beneficial for the Ukrainian context.

Firstly, it is crucial to create a conducive environment for SMEs to access financial resources. Many countries have specialized financial institutions such as development

banks, cooperative credit unions, and guarantee funds that provide financial support to SMEs under favorable conditions.

Secondly, it is important to develop alternative sources of financing for SMEs. This may include the creation of capital markets, venture capital, crowdfunding, and other forms of investment that help SMEs obtain the necessary financial resources for their business development (Zhang, H., & Li, X.,2016).

Thirdly, it is essential to provide support and consulting services for SMEs on financial management and planning. This may include conducting educational programs, consulting services, and creating specialized informational resources for SMEs.

Overall, international experience shows that an effective financial support system can significantly contribute to SMEs' development. Strategies such as developing specialized financial institutions, expanding alternative sources of financing, and supporting financial consulting can be beneficial for the Ukrainian economy and contribute to enhancing the competitiveness and sustainable development of SMEs in Ukraine.

Scientists focused attention on various aspects of business support, but there are currently no systematic scientific studies on state business support. Within the framework of the research topic "Transformation of public administration in the conditions of modern challenges" (DR No. 0122U201662), the work is directly related to the scientific research of the Department of Public Administration, management of innovative activities, and consultancy of the National University of Bioresources and Nature Management of Ukraine. The purpose of the work is a study the peculiarities of state financial support for the stability and recovery of business in wartime. To achieve the goal, the following tasks are defined: to analyze financial instruments for business support, including the agricultural sector; carry out an assessment of urgent business needs in the conditions of martial law; analyze international support for domestic business. When conducting the research, general scientific and special research methods were used, in particular, a systematic approach and systematic analysis were applied in order to investigate the problem of business functioning and to find ways of state financial support for business; generalization for formulating

conclusions; system-structural analysis of research. Presentation of the main research material. The modern development of Ukraine's economy depends on the productivity and ability of the business environment to effectively face all the challenges of wartime. Currently, we can state the ability of entrepreneurs to self-organize and the desire to maximally reveal entrepreneurial talent in order to find new ways to meet the completely new needs of the population, the state, the international community, all spheres and branches of life. The large-scale war instantly and fundamentally changed both the inner world of every resident of Ukraine and our relationship and interaction with the external environment, in particular, the relationship with business, business activities, its connections, and goods and services produced and provided by business. That is why the Ukrainian authorities are obliged to initiate new measures regarding priorities and mechanisms for stimulating the development of the economy (Brown, A., & Johnson, R., 2020), which will be directed to support the business environment during the war and provide for changes regarding the requirements for conducting business, lending, taxation, the possibility of business relocation from the territories of active hostilities, etc.

In accordance with the Decree of the President of Ukraine "On a simplified system of taxation, accounting and reporting of small business entities", a simplified system of taxation was implemented, which provides for a special tax regime to reduce the tax burden (exempts from payment of certain types of taxes: tax on the income of individuals, value added tax, income tax, land tax, etc.; granting the right to pay value added tax; simplifying accounting and financial reporting) and encouraging small businesses in Ukraine. This system envisages only one type of tax: a single tax paid to the local budget; however, regardless of this, entrepreneurs pay a single social contribution, which is credited to the accounts of the Ministry of Revenue and Duties of Ukraine (see Table 4).

Table 3.1

A simplified system of taxation for sole proprietorships and business entities

	1 group	2nd group	3 group	4 group
	for FOP	for FOP	for FOP and legal entities. persons	for agricultural producers
The EP rate	up to 10% of the subsistence minimum	up to 20% of the minimum salary	5% of income	provided for in Article 293.9. 293 PCs
The EU rate for VAT payers	—	—	3% of income	provided for in Article 293.9. 293 PCs
For the period of martial law	—	—	2% of income	
Amount of income	UAH 1,085,500	UAH 5,421,000.	UAH 7,585,500	75% or more is the share of agricultural production
For the period of martial law			amount of income does not exceed UAH 10 billion.	
Salaried workers	—	10	not limited	not limited
Tax period	1 year	1 year	1 quarter	1 year
Activities	"retail sales" and "household public services"	"services", "production/sale of goods", "restaurant management"*	any types of activity allowed on the simplified system	

At the national level, financial support for small businesses is guaranteed by the Law of Ukraine "On the development and state support of small and medium-sized enterprises in Ukraine" (Brown, A., & Johnson, R.,2020).., according to which "the state guarantees financial, informational, consulting support, including support in the field of innovation, science and industrial production, support of sub- enterprises engaged in export activities, support in the field of training, retraining and advanced training of managerial and business personnel" (Brown, A., & Johnson, R.,2020)..

In order to promote production, changes were made regarding the terms of lending to agrarians within the framework of the state program "Available loans 5–7–9%" during the period of martial law and within a month after its termination/cancellation (see Fig. 1).

The program "Affordable loans 5-7-9%" helps to stimulate and restore business and has shown itself in the best way due to these conditions by providing loans to support business in wartime, where this support as of 10.10.2022 is UAH 22,609.33 million, the number of signed credit agreements is 48,393 in the amount of UAH 143,566.7 million (of which UAH 53,945.61 million are signed agreements from February 24, 2022) (see Table 3.2) .

Table 3.2

**Analysis of the structure of the loan portfolio as of October 10, 2022
under the Program "Available loans 5-7-9%" from February 24, 2022.**

Components	Signed credit agreements, million hryvnias.	Specific weight, %
Investment component	574.6	1.1
Anticovidcomponent	4042.98	7.5
Refinancing	5453.7	10.1
FOP support	19.35	0.0
Support of the seed company	21245.6 5	39.4
Business support during wartime	22609.3 3	41.9
In total	53945.6 1	100

As of the beginning of May 2022, we can observe an increase in the share of loans to agricultural, forestry, and fishing enterprises at the level of 13.2% of the total amount provided by the banking system to business entities. Regarding the structure of lending to enterprises in the agricultural sector, it is mainly short-term (up to 1 year), the share of which is 49%, and medium-term (from 1 to 5 years) loans with a share of 46%, respectively. About 70% of short-term and medium-term loans in the agricultural sector are loans in the national currency. However, long-term loans are distributed more evenly – 52% in national currency and 48% in foreign currency (see Fig. 1).

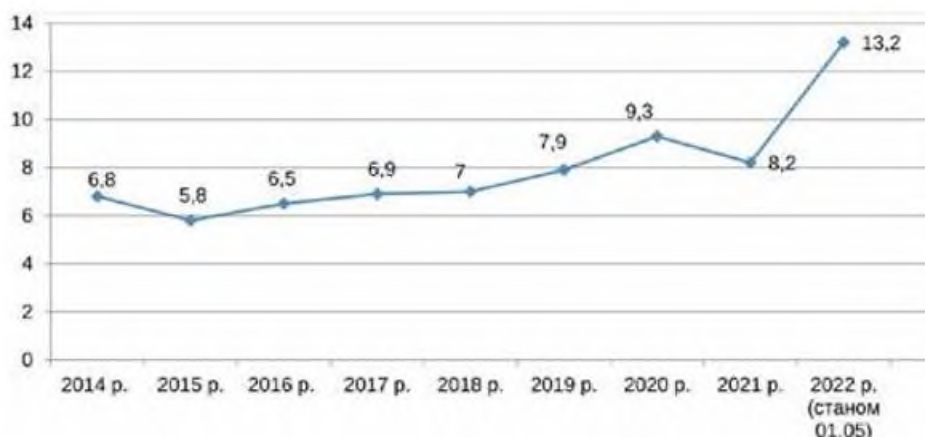


Fig. 1. Dynamics of loans to enterprises in the agrarian sector of the economy

In order to solve the most urgent problem of Ukraine - the problem of ensuring the country's adequate defense capability, due to a sufficient amount of military equipment, forces and means of combating the occupying country, state support for business that can generate domestic resources of Ukraine, to provide tax revenue to the budget and become a powerful rear for the Armed Forces of Ukraine.

Under modern conditions, when Ukraine is in a state of war, taxes are one of the main financial instruments regulating the relations of small, medium and large businesses with the state. The work of business during the war is an extremely important source of filling the budget and creating jobs, at the same time, small business is the most active participant in all socio-economic processes, since it is it that is able to quickly adapt to the rapidly changing conditions of today, to instantly respond to all needs of society, while using an adaptive form of management, to constantly introduce innovations, minimizing losses both for themselves and for the state as a whole. Therefore, it is relevant for the science and practice of public management and administration to search for mechanisms of state business support to ensure the stability and development of business in the war and post-war periods.

The entrepreneurial sector serves as one of the primary pillars supporting the functioning of the national economy during wartime. It is responsible for supplying the market and population with necessary goods and services, contributing to various levels of government budgets through tax payments, creating job opportunities, and fostering fair market relations within the state. However, the destruction of businesses and infrastructure, disruption of logistics, power shortages, reduction in the supply of goods and services, increased production costs, significant levels of corruption, and low purchasing power of the population continue to significantly impact business operations and development during wartime.

Overall, the economic and social spheres of Ukraine in 2022–2023 faced an extremely challenging situation due to the full-scale armed aggression by the Russian Federation, which negatively affected the conditions for conducting business. For instance, the decline in the domestic economy in 2022 was the deepest in Ukraine's history, with the real GDP decreasing by 29.1%. However, the downturn was less than expected at the outset of the invasion, thanks to the high adaptability of businesses and households and the resilience of the energy system. Looking ahead to 2023, the Ukrainian State Budget Law anticipates a 3.2% increase in real GDP. Moody's international rating agency forecasts a slight contraction of real GDP by 2% in 2023 for Ukraine, while the National Bank expects a slight growth of real GDP by 0.3%. Additionally, a growth of 4.1% is projected for 2024 and 6.4% for 2025. Despite active combat operations and systematic power outages during the winter, businesses in Ukraine continue to develop. After a difficult period for businesses at the onset of full-scale war, Ukrainians are increasingly venturing into entrepreneurship. For instance, in June 2023, a record number of entrepreneurs in the last three years, 31,477 individual entrepreneurs, were registered. In total, in the first half of 2023, Ukrainians opened slightly fewer than 134,000 new businesses, almost 70% of the number of individual entrepreneurs registered throughout 2022. Among the most demanded sectors for starting new businesses, retail trade remains at the forefront, with

28.7% of Ukrainians officially engaging in it. The second most popular sector is "Computer programming, consulting, and related activities," with 8.9% of entrepreneurs starting their businesses in this field. Rounding out the top three is "Provision of other personal services," with 6.5% of entrepreneurs operating in this sphere. Supporting Ukrainian businesses during wartime is crucial for maintaining economic stability and the country's ability to function. In our opinion, the following tools and steps are most necessary for Ukraine at this stage to stimulate the development of domestic businesses:

Swift implementation of new standards and laws regarding socio-economic development in Ukraine, taking into account security factors and combat actions. Even during wartime, the country must continue to learn, develop, work, and build.

Assistance in establishing resilient export channels for Ukrainian products and implementing a system of tax and customs incentives for export operations.

Strengthening the quality, quantity, and accessibility of available financial support for business entities, as well as introducing new mechanisms for financial assistance. The government can provide financial assistance through grant programs, subsidies, and favorable loan terms to help companies maintain liquidity and reduce financial strain.

Formulating an optimal model of the tax system to ensure stability and predictability in the tax environment. Additionally, the government should continue to provide tax breaks or deferments to alleviate financial pressure on businesses during economic instability.

Accelerated restoration of infrastructure (including energy and transportation infrastructure) through international grants, funds, tranches, and aid.

Reduction of administrative barriers and bureaucratic procedures to improve the business environment and stimulate entrepreneurship.

Development of support programs for innovative projects and research.

Introduction of a more efficient state system for retraining the population to meet current and future needs of business structures.

Establishment of a network of information and advisory support for entrepreneurship to provide business structures with up-to-date information on the war situation, economic conditions, support opportunities, and development. This can help reduce uncertainty in Ukraine's situation and assist business entities in making informed management decisions. The revival of Ukrainian businesses during wartime requires a comprehensive approach and careful planning. It is likely that business lending may increase even during wartime with a decrease in banks' base interest rates and an improvement in the credit climate. Lowering the base interest rate can stimulate demand for loans as they become more accessible and advantageous for businesses. Businesses can utilize loans to finance various projects, including expanding production, implementing new technologies, or developing marketing strategies (Zhang, H., & Li, X.,2016).

Improvements in the credit climate can also contribute to increased business lending. If banks begin to take a more lenient approach to borrowers, reduce credit history requirements, and offer more favorable lending terms, this can uplift the business community and support a rise in demand for loans.

However, it is important to consider that risks may be higher during wartime, and businesses should approach the use of loans thoughtfully. This includes assessing potential risks and the ability to repay loans in case of adverse developments. It is also crucial for banks to maintain proper control and monitoring over borrowers to avoid a surge in loan defaults and ensure the stability of the financial system.

One of the most acute problems of the formation and development of a small business is providing it with sufficient financial resources. The state can provide the necessary support with the help of a number of financial levers, which include taxes, pricing policy, budget expenditures, credit and monetary regulation. The specificity of the use of financial levers is the possibility of indirect influence when the motive of profitability prevails. In this way, the state does not limit the entrepreneur's freedom of choice, does not interfere directly in market mechanisms, but tries to interest entrepreneurs in making certain decisions, orient

forecasting activities. However, at present, financial and credit instruments are used inefficiently, as evidenced by an unbalanced tax policy, lack of access to credit resources, etc.

The summarization of scientific publications on the specified topic allows us to identify groups of problems that require an urgent solution and collectively form the financial business environment of regulation and support of small businesses. The following can be attributed to them: the small business lending system; criteria and procedure for taxation of small enterprises; nature of activity at the regional level of non-banking financial institutions.

Small business is characterized by the lack of sufficient financial resources, which is contributed by a number of reasons: insufficient level of profit received, lack of knowledge and ability to carry out depreciation deductions, insufficient level of own savings and formed funds. All this necessitates the development of a wide network of financial and credit support for small businesses. The issue of lending to small businesses in rural areas is particularly relevant, the vast majority of which are limited in lending opportunities, characterized by low competitiveness and insufficient qualifications for obtaining a loan. Not every small business can afford to pay fairly high interest rates. Commercial banks, in turn, are in no hurry to develop relations with small businesses due to the increased risk of non-repayment of loans (Acs, Z. J., & Audretsch, D. B., 2010). A serious barrier to the effective interaction of the banking system with business structures is the dominance of short-term loans, because their repayment period is mostly one year. Such short loan repayment terms inhibit promising investments in small businesses. If short-term loans cover the need by approximately 50%, then long-term loans cover only 2% (Brown, A., & Johnson, R., 2020).

A serious conflict of interests of commercial banks as providers of credit resources and small businesses as their potential consumers arises on the basis of high interest rates. Credit unions that provide loans at 30-36% per annum, moreover, in small volumes, are even stricter. Thus, the high cost of lending makes bank resources unprofitable for small

entrepreneurs. A serious problem for most small businesses is securing credit, i.e. collateral. The analysis shows that the vast majority of small businesses do not have enough liquid assets for collateral. Therefore, in some cases, banks are forced to reduce the loan coverage to 50-70% of the value of the collateral property, insuring themselves with strict repayment terms. In addition to economic factors, organizational factors play not the least role - the difficulty of monitoring borrowers by banks, since a significant part of them operates in the "shadow" economy and often maintains double accounting. The professional qualification level of many entrepreneurs is insufficient, which complicates the development of a business plan, technical and economic justification of the project, etc.

In turn, for small business entities in Ukraine, the main disadvantages of loans as a source of financing are banking bureaucracy, a long period of decision-making on granting loans, their short- and medium-term nature, lack of information about credit resources, requirements for disclosure of information (Acs, Z. J., & Audretsch, D. B., 2010).

From this, it becomes obvious that the state financial support for the creation and development of small enterprises is not yet effective enough. Its improvement requires solving three key problems:

- creation of an extensive network of small cooperative banks specializing in lending to small enterprises;
- expansion of the lending base of small business structures and reduction of interest rates on loans;
- activation of cooperation with foreign financial institutions operating in the field of small business.

The need to form an extensive network of small cooperative banks is due to the fact that large banking institutions do not pay attention to small enterprises. This is mainly due to significant loss of time for processing the loan, high credit risk and the inability of most small businesses to bear the financial burden of paying interest on loans. From this follows the conclusion about stimulating the development of small banks, which are primarily focused on lending and serving small businesses, the subjects of which, in turn, must be

reliable and solvent. Their absence is almost the main reason for the reduced attention to lending to individual entrepreneurs, who today form the core of small businesses in the countryside. The amount of loans granted to individuals is many times smaller than the amount of loans granted to business entities.

It is advisable for small cooperative banks to provide credit and settlement services to small entrepreneurs, mortgage transactions with property and land, and provide them with the following basic types of banking services:

- long-term mortgage lending of small enterprises operating in the agricultural sector of the economy, secured by property and land plots;
- redemption of property pledged by insolvent debtors, commercial banks;
- trust management of means of production and funds of financially weak small enterprises;
- implementation of leasing and factoring operations for small business structures;
- insurance of property, life and financial risks of rural entrepreneurs.

Changing the functional parameters of the activities of small cooperative banks is extremely important for the implementation of the defined range of tasks. In particular, adaptation of the management and marketing of their activities to the specifics of the functioning of small business structures. Accordingly, banking services and volumes of financial products needed by small businesses should be adapted. In the context of the above, it is extremely important to simplify the procedure and the time lag of processing credit applications. The problem of expanding the range of information support for the activities of small enterprises in the area of minimizing possible risks requires special attention.

The presence of a developed network of small cooperative banks will allow for a flexible financial policy and maximum individualization of work with clients. This can explain their significant development in many European countries. For example, in Poland, cooperative banks play an important role in financing rural areas and agriculture (through these institutions, the state provides soft loans for agriculture and makes payments to

farmers from EU funds and the national budget) (Acs, Z. J., & Audretsch, D. B., 2010). In Ukraine, the majority of banks are registered in the city of Kyiv, accordingly, decisions on granting loans are made by central offices. In such conditions, banking institutions have no incentive to cooperate with small clients.

Without exaggerating the role of small cooperative banks in the financial support of small businesses, it should be noted that in most countries of the world, the main player in the small business market is the state. The experience of countries with a developed market economy shows that it is impossible to solve all the tasks of financial support of medium-term and long-term crediting of small businesses with the efforts of central and commercial banks alone. For this purpose, effective institutional tools are created that implement assistance programs at the expense of state funds, but through cooperative banks. Such indirect activity enables the state to reduce credit rates by distributing them among the participants of the credit chain, to work in cooperation and cooperation with banking institutions at the local level.

The second, no less important problem is the state policy of taxation of small business entities. It is known that taxes are one of the most important levers of state regulation of the economy. Through tax policy, the state can stimulate or limit the volume of national production, the degree of business activity, including such a segment of the economy as small business.

An objective analysis of the main trends in the development of small entrepreneurship shows that in the last period of time considerable attention has been paid to the tax policy of the state in general and to the taxation of small entrepreneurship in particular. This is evidenced by the adoption of the Tax Code of Ukraine, which has a significant impact on the legal field of small business activity. The adoption of this important legal act would significantly structure the interests of the state and subjects.

However, as a result of the unjustified tax reform, the fiscal burden on small businesses increased, and relations with fiscal authorities remained unsettled. Due to the limitation of the possibility of assigning to the expenses of the taxpayer sums paid or

accrued to the benefit of an individual - a single tax payer for the services provided by this person, goods supplied, work performed, thousands of individuals - single tax payers - are left to be attributed to expenses without the sales market of their goods and services and are forced to close their business activities (Brown, A., & Johnson, R.,2020).

The introduction of tax holidays for small business entities from April 1, 2011 has a rather limited scope both in terms of types of activities and in terms of the use of funds released as a result of exemption from taxation. Norms regarding the targeted use of such funds have an ambiguous interpretation (Brown, A., & Johnson, R.,2020).

The development of small business is hampered by the dominance of the fiscal component in taxation. The tax burden has been somewhat eased since 2011. It should be noted that the main problem of the taxation system is its loss of its main function - production-stimulating. This is the basic principle of building a tax system. Its epistemological nature is determined by the fact that only on the basis of the implementation of the principle it becomes possible to solve the two most difficult problems. The first is the formation of taxpayers' mentality among entrepreneurs. This is a complex and large-scale problem that cannot be solved instantly. It requires the implementation by state authorities of a set of measures aimed at stimulating entrepreneurs who are permanent donors of budgets at various levels. A constituent element of this process is the problem of publicity. Taxpayers should clearly know how public authorities dispose of their taxes and for what purposes the latter are used. The second task in order of priority, but not in importance, is the formation of interest among taxpayers, the incentive to pay them. This is no less a difficult problem, but without its solution, the taxation system will not perform its inherent functions. The state, through a system of incentives and benefits, should ensure that it is profitable for entrepreneurs to pay taxes. This is achieved in the event that the paid taxes are returned to entrepreneurs through new technologies, inventions, know-how, advanced achievements of science and technology, the implementation of which in production leads to a reduction in costs, and therefore to the efficiency of management. In this context, the development of industrial and social

infrastructure is extremely important from the point of view of the incentive to pay tax. It is known that the infrastructure is functionally aimed at the uninterrupted normal functioning of various market segments, service of the industrial and social spheres. Targeted use of tax revenues for the development of transport communications, communication, development of the social sphere increases the interest of entrepreneurs in paying taxes. A component of this problem is the development of the research and information subsystem of the infrastructure, which contributes to the introduction of advanced technologies into production, the development of consulting, information centers and agencies, law offices, advertising agencies, business incubators, etc. The use of tax payments for the development of the production and social infrastructure of small businesses is beneficial for entrepreneurs, because with their help, extremely important functions for business are realized: legal and economic consulting with the aim of protecting their interests in state and other structures; insurance protection of business activity; provision of financial support and lending; creation of conditions for the development of horizontal business connections; implementation of marketing, information and advertising services for business activities; assistance in material and technical provision and sale of goods and services.

The use of taxes for the purpose of the development of industrial and social infrastructure is beneficial for entrepreneurs, as their transaction costs are reduced, funds are saved for the repair of machinery and equipment, and fuel and raw material costs are reduced. And this means that the taxes paid are returned to entrepreneurs through better roads, reliable communication, and new technologies that lead to saving resources. Similarly, the development of social infrastructure contributes to the increase of the professional qualification and educational level, the strengthening of the health of employees, and the improvement of working conditions. Against this background, the stimulating function of taxes is realized and the interests of their payers and the state are harmonized.

In addition, single tax payers pay contributions to the Pension Fund in the amount of 36% of the wage fund, which is an additional fiscal burden that also requires the administration of these payments. Thus, the small business taxation system, along with a positive charge, accumulates a number of shortcomings that require legislative regulation.

3.2. Improvement of the system of financial support for domestic small and medium business entities under martial law

At the current stage of socio-economic transformations in Ukraine, in conditions of intensification of the processes of decentralization of state power, there is a growing need for the formation of an effective mechanism of state regulation of the development of industrial business in the coordinates of industry analytics. To ensure the dynamic balance of regional development, it is necessary to determine the impact of shifts in the sectoral structure of production on the economy in general and to take these issues into account when forming and implementing regional policy. The above determines the need for a thorough study and rethinking of the organizational and economic components of the mechanism of regional industrial policy and clarification of the functions and direction of actions of the main institutions of regulatory influence of the state.

In Ukraine, the concept of "state support for small business" refers to any state assistance measures in the interests of business entities that create direct or hidden advantages for them. State support for small businesses is carried out as part of the implementation of regional and local programs in accordance with the Law of Ukraine "On the Development and State Support of Small and Medium Enterprises in Ukraine" dated March 22, 2012 (Acs, Z. J., & Audretsch, D. B., 2010). In general, the goal of state support for the development of small entrepreneurship is to create favorable and reliable economic, administrative and institutional conditions for its development, to protect entrepreneurship as a source of overcoming negative processes of the state economy, to support domestic

producers, to create conditions for the development of small entrepreneurship, and to ensure employment for the population of Ukraine , creation of new jobs.

In our opinion, the main types of state financial support for the development of small and medium-sized businesses in Ukraine during the period of martial law are:

- partial compensation of interest rates on loans granted for the implementation of small and medium-sized business (SME) projects;
- partial compensation of rent, factoring fees and usage guarantee fees;
- guarantees and guarantees for SME loans;
- loans, including microloans, are provided for opening and running one's own business;
- loans are provided for the purchase and implementation of new technologies; - compensation of costs for the development of small and medium-sized enterprises in cooperation with large enterprises;
- introduction of financial support for energy-saving and environmental protection technologies;
- other types of state financial support, not prohibited by law. The next step of the research is considered appropriate to assess the level of favorable environment for the development of small and medium-sized businesses in Ukraine.

In modern conditions, there is a sufficient number of international rating assessments, business environment analysis studies, which allow for a fairly accurate assessment of the state of the environment, its strengths and weaknesses. Factors of the business environment can be analyzed according to international ratings. In modern conditions, there is a sufficient number of international rating assessments and analyzes of the business environment to accurately assess the state, strengths and weaknesses of the external environment. In addition to assessing the external and internal environment for

business development, it is worth noting the attitudes of citizens and their readiness to do business in Ukraine. According to AGER research, only 21% of Ukrainians have the desire to start a business (mostly people under 35). Among the factors affecting entrepreneurship: supportive education systems (10%), acceptable taxes (7%), clear regulation (6%), technical availability (4%), favorable economic conditions (2%) (Brown, A., & Johnson, R., 2020). This is contrary to global trends, where the most important factor is the availability of technology (48%). The survey also showed that Ukrainians prefer personal contact with customers, rather than through hired workers or communication on the Internet. The main factors in the growth of the number of small and medium-sized enterprises in the countries are active state support, the formation of effective infrastructure and the reduction of administrative barriers that hinder the development of SMEs. Today, state regulation and support of entrepreneurial activity is not always carried out on a thorough and systematic basis. In order to provide an impetus in the direction of sustainable growth, entrepreneurship must be subject to the reasonable and rational influence of the state, not only its regulation, but also the formation of conditions for development. It should be noted that by supporting small entrepreneurship, the state solves the key problems of improving the quality of life of the population and increasing the number of citizens who can be classified as middle class, as well as ensures budget replenishment, primarily at the level of municipal entities, where large businesses, as a rule, are not registered. In addition, since small enterprises are maximally oriented to the needs of society and local markets, they can increase the level of corporate social responsibility, economic initiative and citizenship. The main condition for the development of small and medium-sized enterprises in the conditions of a market economy is competition, which can restrain the growth of prices for goods and services and encourage entrepreneurs, including representatives of large enterprises, to improve the quality of products and introduce innovations. The successful development of small and medium-sized enterprises in economically developed countries is due to the fact that large production does not oppose small production, but implements the principle of cooperation between large and small enterprises. Large

associations do not oppress small enterprises and complement each other, especially in specialized areas of individual production and innovative development. All macroeconomic indicators and forecasts made in recent years play a rather important role in understanding the processes taking place in the Ukrainian and global economy, but they do not reflect the reality of today. The full-scale military invasion of the Russian Federation in February 2022 changed the course of ordinary life throughout the country and dealt a devastating blow to the Ukrainian economy. The war greatly affected the ability of enterprises to fully function.

19% of Ukrainian enterprises were forced to move to other regions, most of them from the East of Ukraine (41% of the enterprises of the East have already relocated their production facilities and personnel or will do so in the near future), according to the study of the state and needs of business in war conditions. The reduction in workload also led to a reduction in the number of employees in small and medium-sized businesses. According to the results of the survey, 20% of employees went on vacation, 27% of employees took a pay cut, and 20% of employees were laid off (more than 1 million people) (Brown, A., & Johnson, R., 2020). To support the economy and conduct business in the conditions of war, the government of Ukraine made a number of changes and additions to the legislation regulating labor relations, conducting business, state tax policy, etc. Consider changes in the country's tax policy. New grounds for the single tax and new rates have been introduced. From April 1, 2022, until the termination or abolition of the state of war or emergency in Ukraine, taxpayers of the single tax of the third category can be natural persons - entrepreneurs and legal persons - business entities of any organizational and legal form. They are not limited by the amount of income and the number of employees. The single tax rate for the third group of single tax payers is 2% of income. The tax rate of 2% of the relevant income assumes that VAT is included in the single tax. Thus, we conclude that non-payment of taxes in the existing conditions of martial law is support for entrepreneurs and citizens of Ukraine, and not evasion of their payment. The Law of

Ukraine provided the following series of changes: for importers from April 1, 2022; for VAT payers when switching to a simplified taxation system for the period of martial law; for property owners. During the war, the state, on its front, is preparing certain changes in legislation so that small and medium-sized enterprises continue to work and improve the economy of Ukraine. Therefore, it is the state government that simplifies a number of procedures for taxation during martial law for business entities. Next, we offer a number of programs to support and revive domestic entrepreneurship. 1. Program for the relocation of Ukrainian productions. The program, which is being implemented by the Ministry of Economy of Ukraine from mid-March 2022, is designed for enterprises located in zones or territories of hostilities or under the threat of hostilities. Priority is given to strategic enterprises and enterprises that produce essential goods. The move is taking place in a safe zone of Ukraine. The relocation of enterprises is carried out by JSC "Ukrzaliznytsia" and "Ukrposhta" free of charge. Enterprises that can independently transport equipment will be helped to solve logistics issues (Brown, A., & Johnson, R.,2020).

2. eRobota is a government grant program for business support. At the end of June, a new grant program was launched from the Government for starting your own business, developing small and medium-sized entrepreneurship, as well as for getting an education. In general, six types of grants can be obtained under this program: - "Your own business" - up to UAH 250,000. for any micro-business (the main condition is the creation of at least 1 workplace and payment of taxes); - "New level" - up to 8 million for the expansion and creation of enterprises in the field of processing (the main condition is the creation of at least 25 jobs and payment of taxes); - "Svoy Sad" - a grant for planting new gardens up to UAH 400,000. for 1 ha (the main condition is the creation of 3-20 jobs and payment of taxes); - "Your own greenhouse" - for the construction of new greenhouses up to UAH 7 million. (the main condition is the creation of 40 jobs and payment of taxes); - "Startup" - grants for start-ups in the field of IT from UAH 750,000 to UAH 3.5 million. (the main condition is from 3 to 10 jobs and payment of taxes); - "Start in IT" - a grant for learning

new skills in the field of information technologies. (money can be spent only on courses at certain schools). 3. Lending at 0% within the framework of the "5-7-9" program. The Cabinet of Ministers expanded the "5-7-9%" lending program on March 2, 2022, in order to support agricultural producers, as well as to support and activate business activities during the period of martial law. The program provides for lending in the amount of up to UAH 60 million. at an interest rate of 0%, which will be valid during the period of martial law and the month after the end of the war. After the end of this period and until the end of the loan term, the 5% rate will apply (Brown, A., & Johnson, R.,2020).

State bodies also provide informational support within the Diya.Business project - the most famous project for the development of entrepreneurship and export. It is implemented by the Ministry of Digital Transformation of Ukraine together with the Office of Entrepreneurship and Export Development. After the end of this period and until the end of the loan term, the 5% rate will apply (Brown, A., & Johnson, R.,2020). State bodies also provide informational support within the Diya. Business project - the most famous project for the development of entrepreneurship and export. It is implemented by the Ministry of Digital Transformation of Ukraine together with the Office of Entrepreneurship and Export Development. After the end of this period and until the end of the loan term, the 5% rate will apply (Brown, A., & Johnson, R.,2020). State bodies also provide informational support within the Diya.Business project - the most famous project for the development of entrepreneurship and export. It is implemented by the Ministry of Digital Transformation of Ukraine together with the Office of Entrepreneurship and Export Development. In Ukraine, exports are generally taxed at a zero VAT rate, and the amount of net income from this tax is the largest contribution of agrarians to the state treasury. Such a zero rate is aimed at supporting the competitiveness of Ukrainian exports (Brown, A., & Johnson, R.,2020). For the state, the benefits of providing tax benefits are as follows: - improvement of the competitiveness of the economy, which has a multifactorial positive impact on the socio-economic development of the state: renewal of production assets, introduction of

energy-saving and innovative technologies into production processes, increase in the level of employment, increase in wages; – expansion of the tax base and increase in future revenues from tax payments to the budget; - in the case of granting benefits temporarily, the state returns the funds and also receives certain interest. In this way, it invests in the innovations of the private sector, which allows to avoid the manual allocation of budget transfers to support innovative activities, which are also limited by the norms of the World Trade Organization (WTO). In addition, the provision of tax benefits allows for avoiding accusations of unbalanced distribution of budget funds. Tax benefits are expenditures of budget funds, which, however, are often not reflected in official reports. Of course, the benefits of tax credits are quite significant. At the same time, the named fiscal instruments are not without flaws. Among them: are the difficulty of assessing the effectiveness of tax benefits and controlling the use of released funds; complications associated with the need for detailed classification of innovation and investment costs; and the risk of using a subjective approach in the selection of applicants for benefits. The earlier decisions of the Ukrainian Cabinet of Ministers on financial state assistance to commercial enterprises were modified. The Ministry of Finance created the relevant decision to unify the application of the state programs "Affordable loans 5-7-9%" and "Affordable financial leasing 5-7-9%," as well as to increase the scope and capacities of these initiatives. Changes were urgently made to the "5-7-9% Available Loans" program since the start of the full-scale Russian aggression against Ukraine to ensure that it met the current challenges, ensure that credit was available to a wider range of business entities, and stimulate critical infrastructure industries under martial law, specifically to ensure the sowing campaign. The government's decision governs the wording of resolutions that were previously enacted and deal with the state programs "Affordable loans 5-7-9%," "Affordable financial leasing 5-7-9%," and the lending of credit assistance contingent on portfolio guarantees. This enables the development of a single strategy for the practical execution of this legislation to provide financial state assistance to commercial organizations. Corresponding changes are made to the following documents:

- 1) The procedure for providing financial state support to business entities in terms of:
 - opportunities to participate in the state program "Affordable loans 5–7–9%" of business entities of the state sector of the economy;
 - application of the indicator of net income from sales instead of the indicator of the size of retail space for large retail enterprises, which are provided with the possibility of obtaining loans in the amount of up to 1 billion hryvnias;
 - application of the term trading company for the purposes of the specified procedure in order to reduce the complexity of the text.
- 2) The procedure for providing financial state support to small and medium-sized enterprises under financial leasing contracts in terms of:
 - distribution of the specified order to subjects of large enterprises;
 - introduction of new goals of state support, namely: financing of business entities
 - agricultural producers to carry out activities during the period of martial law, financing of business entities to ensure passenger and cargo transportation during the period of martial law in Ukraine, compensation of remuneration for which is provided up to the level of 0% per annum during the period of martial law and within one month after its termination or cancellation, but not more than 1 year from the date of the financial leasing agreement, and after the end of this period and before the end of the financial leasing agreement - up to the level of 5% per annum.
- 3) The procedure for providing credit guarantees on a portfolio basis in terms of:
 - clarification of the list of borrowers who can receive state guarantees to ensure partial fulfillment of debt obligations, taking into account the requirements of the Budget Code of Ukraine;
 - differentiation of the determination of the maximum amount of state guarantees for loans granted for different purposes.

Conclusions and Proposals

In conclusion, financial and credit instruments play a vital role in fostering the growth and sustainability of small and medium-sized businesses (SMEs). Throughout this exploration, it becomes evident that a diverse range of financial tools and mechanisms is essential to meet the multifaceted needs of SMEs.

The analysis highlights the significance of creating an enabling environment that facilitates access to finance for SMEs. This involves not only traditional banking services but also alternative sources of funding such as venture capital, crowdfunding, and angel investments. Additionally, specialized financial institutions like development banks and guarantee funds can offer tailored financial products and support schemes to address the specific challenges faced by SMEs.

This study analyzed the LLC “CHEMLABORREAKTIV” to find how to improve the company’s financing. The main recommendations would be to use the state support programs mentioned in the previous chapters and to consider export financing. The company's management should research and apply for the appropriate programs that may provide additional capital or resources. Also, since LLC “CHEMLABORREAKTIV” engages in export activities, they should consider exporting funding options such as export credit agencies or trade finance solutions if your business is international.

Furthermore, the importance of financial literacy and capacity-building initiatives cannot be overstated. Educating SMEs on financial management practices, providing technical assistance, and fostering partnerships between financial institutions and business support organizations can enhance SMEs' ability to navigate the financial landscape effectively.

In conclusion, a comprehensive approach that combines innovative financial solutions, supportive regulatory frameworks, and capacity-building initiatives is essential to unlock the full potential of SMEs and drive economic growth and prosperity. By leveraging financial and credit instruments strategically, policymakers, financial institutions, and

stakeholders can empower SMEs to thrive, create jobs, and contribute to the development of vibrant and resilient economies.

The problem of lending to small and medium-sized businesses in our country remains unresolved for a long period of time. The main one the fact that Russia is small still remains a problem in the way of lending business and banks still struggle to find a common language. Despite the fact that or not all of them advertise the dizzying possibilities of lending to entrepreneurs, on it turns out that there are not so many businessmen who meet the requirements.

To better understand the problems of small business lending, we will consider and analyze the main reasons for refusing to grant loans for business Implementation of activities less than 6 months (3 years). This is one of the conditional ones requirements for borrowers. The terms may vary in different banks be changed - from 3 months (for trade enterprises) to 3 years. It is from for this reason, it is difficult to get a loan for starting a business or for the so-called "start-up" projects. Lack of liquid collateral. Most refusals occurs due to the lack of liquid collateral. There is a direct dependence between obtaining a loan and the type of collateral. Banks prefer see real estate, new vehicles, equipment as collateral, other liquid goods. There are unsecured lending programs for businesses, however, these loans have limits on the amount of the loan and provide mandatory presence of guarantors. Lack of guarantors. Many lending programs along with the provision of collateral means a surety. However, small businesses are not represents an area of increased risk only for banks. It is for this reason it is difficult to find a guarantor - not everyone will agree to submit even a minimal one risk your own small business. Low business efficiency and low income. As a result of low of official income, individual entrepreneurs cannot use the services bank lending. This phenomenon occurs for two reasons: low business profitability, or lack of official confirmed income. Not it is not a secret to many that some companies use "gray" schemes always reflect all their income on current accounts, artificially understating their income and thus avoiding paying taxes. Borrower's

Reluctance to Disclose Real Financial Status: Not all enterprises are willing to "come out of the shadows" and fully disclose their real incomes. Firstly, they will thereby increase their tax burden, and secondly, they will lose out to competitors in terms of business profitability, as others may continue to operate under their old "gray" schemes. Moreover, the low business efficiency shown in accounting and financial documents may result in a refusal to grant business loans.

Low Financial Literacy of the Borrower: A significant portion of small business owners, primarily in trade, may not be able to provide all necessary documents due to insufficient financial literacy and poor record-keeping. Some entrepreneurs may struggle to develop a sound business plan, project feasibility study, thus having a weak understanding of how to properly use the borrowed funds.

Business Owners Mention Several Other Data: According to statistics, about 15% of small and medium-sized enterprises do not take out loans due to high interest rates. Actually, providing an average loan interest rate for small and medium-sized businesses is quite difficult. This is because, depending on the type of credit instrument, loan amount, period for which it is provided, collateral, and currency in which the loan is issued, the interest rate can vary from 10 to 27% per annum. Another reason for the not too high popularity of loans among small and medium-sized businesses is the bank's requirements for providing guarantors. Finally, about a quarter of all businessmen do not resort to using credit instruments due to the need to provide collateral. The main reason for this is the low value of assets of small businesses. There are also unsecured credit instruments. This is hardly enough even for a small enterprise, not to mention the medium one. It should also be noted that there is a dependence between getting a loan and the type of collateral. The faster the realization of the collateral, the higher the likelihood of the businessman getting a loan. If, for example, the collateral is food, pharmaceutical goods, or household chemicals, the storage period of which is less than six months, banks are reluctant to lend. This is due to the fact that in case

of non-repayment of the loan, it will be difficult for the bank to realize the collateral before the end of its shelf life.

This work examines financial and credit instruments for the development of small and medium-sized businesses using the example of Khimlabreaktiv LLC. Given the complex economic conditions and challenges faced by modern entrepreneurs, it is especially important to ensure access to appropriate financial resources that contribute to sustainable business growth and development.

The main findings of the study include the following:

- Role of financial instruments: Various financial instruments such as bank loans, leasing, factoring and grants have been found to play a key role in supporting and developing small and medium enterprises (SMEs). These tools allow enterprises to secure the necessary capital investments, expand production and increase competitiveness.
- Credit instruments: The study showed that bank loans remain the main source of financing for SMEs. However, to reduce risks and ensure access to credit resources, it is necessary to use additional mechanisms, such as government support programs and guarantees, which can reduce the cost of credit and increase the availability of financing.
- Alternative sources of financing: In addition to traditional bank loans, alternative sources of financing, such as venture capital, business angels, crowdfunding and others, play an important role. They allow attracting capital on more flexible terms and support innovative projects that have high growth potential.
- The impact of financial instruments on business development: Analysis using the example of Chemlabreaktiv LLC showed that the effective use of financial and credit instruments contributes to the expansion of the company's activities, improvement of financial indicators and strengthening of market positions. The use

of these tools allowed the company to introduce new technologies, improve the quality of products and services, and enter new markets.

- Recommendations for improving access to financing: For the further development of small and medium-sized businesses in Ukraine, it is necessary to improve the legislative framework, create favorable conditions for investors, and develop the SME support infrastructure. State and financial institutions should actively cooperate with entrepreneurs, providing them with the necessary advice and financial support. Thus, the study showed that the use of financial and credit instruments is a key factor in the successful development of small and medium-sized businesses. The application of a complex approach to financing allows to ensure the stable development of enterprises, increase their competitiveness and contribute to the economic growth of the country as a whole.

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