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FEATURES OF SMALL BUSINESS IN THE MODERN ECONOMY

Foreign experience convincingly shows that small business occupies a significant place in the economy and performs a number of important socio-economic functions:

- stimulating the development of competition, counteracting the monopolization of the economy;
- individualization of supply in conditions of differentiation of demand, satisfaction of specific local needs;
- creation of additional jobs, reduction of social tension due to hidden unemployment;
- stimulation of business activity of citizens, self-employment, weakening of dependent sentiments in society, promotion of human development;
- increasing the flexibility of the economy at the national, regional and local levels, differentiation of market supply in conditions of unstable demand;
- ensuring the growth of efficiency and reducing the risk of activities of large business entities due to the performance of a number of infrastructure functions by small enterprises, provision of resources on the basis of commercial agreements and outsourcing.

Competitive advantages of small business over large business entities:

- flexibility, mobility, responsiveness to market changes, prompt implementation of product innovations, high customer focus;
- high level of specialization, flexibility of production processes;
- the possibility of saving on certain items of expenditure, a high rate of capital turnover and payback of innovations;
- maximum convergence of the production process, marketing and management, which positively affects the efficiency of management;
- the atmosphere of initiative, the actualization of the motives of entrepreneurial activity.

The flip side of the advantages of small business entities is a set of disadvantages that cause the instability of small businesses, an increased level of operational and commercial risk of activity. In particular, such disadvantages, in our opinion, include:

- limited resources, low level of financial reserves and, accordingly, a high probability of bankruptcy;
- unstable market position in conditions of intense competition;
- underdevelopment of the sales infrastructure and limited opportunities after sales services to consumers of products;
- limited opportunities for economies of scale of production, which negatively affects the level of cost of goods and services;
- increased vulnerability to non-economic factors of negative impact, for example, pressure from the tax authorities and authorities, rather than respectable officials, criminals, etc.;
- insufficient level of personnel competence in building relationships with external contractors of various categories and groups;
- the use of informal employment, a decrease in the social protection of employees, the opportunities for advanced training and career development of personnel are limited;
- low level of competence of managers, insufficient methodological support of economic and analytical activities, etc.