



Article

The Role of Small Businesses in Sustainable Development of Rural Areas

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Abstract: The world experience of socio-economic development of states and their territories, including villages, is a clear evidence and confirmation of the importance and role of the small business sector in society in ensuring socio-economic development and socio-political stability. In almost all economically developed countries of the world, this sector represents the middle class, which is the basis for the sustainable development of the entire national economy and the economy at the local level, because it is the leading segment that contributes to the supply of goods and services to the market, the creation of new jobs and the reduction of unemployment.

Keywords: State Policy, Small Business, Entrepreneurship in Rural Areas, World Experience of Regulation, Development of Agriculture

1. Introduction

Small business in the village solves socio-economic problems, in particular, ensuring employment of the population, increasing the income of the population, expanding the production nomenclature, diversifying activities and expanding regional specialization, accelerating the process of introducing innovative technologies, increasing the volume of production, increasing the volume of production able to do. a level of competition that ultimately promotes the development of rural areas [1], [2].

Regarding the function of organizing state policy, it is necessary to talk about two main approaches to regulating the investment attractiveness of rural areas and its business sector:

- The first: methods and tools provided with institutional and legal foundations. Country (european union, canada, turkey);
- The second: implementation of small business development projects (usa, mexico, new zealand) [3]. It should be noted that the european model of state support and development of small businesses has a multi-level structure that is an element of regionalization processes.

At the higher (above the national) level, the support of the small business sector is carried out by the European Union (in particular, the European Commission), and at the state level, the initiative to implement these tasks is entrusted to the ministries. a separate infrastructure has been created in each direction supported by the state [4], [5].

In general, the redistribution of powers between the national and regional levels is carried out in such a way that only issues of a general nature remain at the republican level, the main directions of entrepreneurship development are determined, the problems

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of underdeveloped sectors and depressed regions are solved, and the rest of the issues fall under local powers [6], [7], [8].

The main difference between the policies of the US and the EU is that in the European Union, the directions for the development of small businesses in rural areas are defined within the framework of the single agricultural policy, the component of which is sustainable development [9], [10]. In the USA, attention is also paid to the main areas, but they are not defined in the legislation as rural development and rural economic development programs.

Other common features of public policy in the analyzed area in the European Union and the United States include:

- Giving the subjects of the programs the right to choose the most from the list of programs of different departments or directions within the framework of the single policy [11]. Contribute to the development of rural areas of a certain area;
- Local self-governing bodies are given not only broad rights to implement programs for the development of rural areas, but also a set of financial tools: direct payments to residents for the development of entrepreneurship, appropriate financial support through the use of grant support programs. Promising socio-economic investment projects of small business entities, loans, guarantees on loans, tax benefits, technical assistance with the conditions of their application clearly indicated [12], [13].

The European Union has recognized the need to develop a special policy to support small businesses [14]. Its priority goals were the development of international competitiveness of national small enterprises, creation of new jobs, economic growth of small enterprises, innovative activities, technology transfer, etc.

The share of the rural population of EU member states ranges from 45 to 61%. Taking into account these aspects, the question arose about the implementation of comprehensive programs for the economic development of rural areas and small business support in European countries [15], [16]. In EU countries, the formation of a small business support system in rural areas begins with the organization of consulting assistance and training in the basics of running a private business. It allows small firms to use the technological and commercial "know-how" of large corporations, to start production of their final product and to achieve greater economic independence [17], [18], [18].

At the same time, differentiated approaches to supporting small businesses can be found in EU countries, particularly in rural areas, which differ from each other and have specific characteristics [19], [20]. Thus, in some countries, special attention is paid to the financing of small and medium-sized businesses. Some countries, such as the UK and the Netherlands, focus mainly on providing loan guarantees, but most EU countries create special reserves to support small and medium-sized businesses through a mechanism of subsidies or tax breaks for investments, preferential loans or grants [21], [22].

Investments in the main funds of small business representatives are encouraged. Financial resources for the state regulation of small business development in EU countries are specially allocated for countries that do not have sufficient budgetary opportunities for this [23], [24], [25].

2. Methodology

At the same time, financing is simultaneously supported by other means specific to peripheral, remote and rural areas, in particular, business tax incentives (France) or specialized incentives directly for representatives of rural micro-enterprises (USA, UK). Such systems also encourage the development of entrepreneurship in rural areas, as they simplify the process of entrepreneurial activity in the initial stages in the context of limited resources.

France has differentiated fiscal systems for entities with different business scales and different types of economic activity. In England, small businesses with an income of up to £14,900 do not have to report the amount of their assets, working capital and some other characteristics and conditions of their activity. In Sweden, special fiscal conditions regulating the development of the small business sector in rural and other areas have not been introduced.

The national program for the development of rural areas of the Republic of Poland has a much larger budget than other European countries - 13.5 billion euros. Accordingly, as noted in the source, "...its organizational and organizational capabilities are also wider and include the following:

farm development (modernization of small farms, support of young farmers, modern and competitive farms);

investment in knowledge and innovation, agricultural consulting; balanced use of natural resources (protection of soil, water resources, traditional gardens and varieties of fruit trees; protection of local breeds of livestock and varieties of agricultural crops);

3. Results and Discussion

Creation of 22,000 new jobs, improvement of living conditions in villages, territorial proportional development of agriculture and neighborhoods [26]. We summarize the characteristics of the world experience of supporting the state policy on the realization of the potential of small business in Table 1.

Table 1. The results of the generalization of the world experience of the state regulation of the development of small entrepreneurship in the countryside.

Management functions	Characteristics of world experience	Peculiarities of MP implementation in economies with a low level of development
Analysis	Carrying out comprehensive and comprehensive statistical monitoring of the state and development trends of the entities in the system of the Ministry of Economy at the level of districts, small towns, villages;	Monitoring the implementation of state policy and implementing measures to assess its effectiveness is a priority
Planning	perspectives, as well as periodic sociological and expert surveys on obstacles to business development	It is necessary to increase their effectiveness by harmonizing programs and increasing the share of "hard" measures.
Organization	Development and implementation of mutually agreed national, regional and local programs:	Directions of the medium-term horizon of state policy on rural development in rural areas
Regulations	Small business development;	Measures that should be the basis (leading tools) of the economic mechanism of the state policy for the development of rural areas in the countryside
Management	Development of rural areas;	Strategic directions that will be institutionalized at the initial stage of the implementation of the state policy on the development of rural areas in rural areas

But this does not exclude the use of external sources of resources for the project. Fifth, institutionalization of project solutions, first of all, by transferring the functions of project implementation and management to local administrations and authorities, and the obtained results at the micro level - to representatives of small businesses [27].

The given and other information about the relevant experience in the economically developed countries of the world allow us to make the following main points. First, it is systematic. Any proposal of small business entities to support the employment and income of the population shall be thoroughly justified from the economic and social point of view.

Solving the problems of employment and income is related to the elimination of other regional problems and the economic development of entire villages. Secondly, transparency - in the process of justifying the main rules of state regulatory planning, representatives of the local public are involved, the problems raised and resolved are comprehensively discussed in the mass media, at village citizens' meetings, at various dialogue events, meetings. Population [28].

At the end of these discussions, amendments will be made to the project. Thirdly, broad participation of the population - in the process of development and implementation of projects, the knowledge, experience and capabilities of the representatives of the small business sector are used to the maximum extent in terms of the most effective ways to ensure the employment of the population and increase their income [29], [30]. the economic and social behavior of different social groups is taken into account and their interests are balanced.

Fourthly, the use of local resources - the achievement of project goals in European countries is provided primarily by the mobilization of local financial, material, technical and labor resources, which are of primary importance in creating sustainable mechanisms for the development of new farms. and small enterprises in the field of production and service [31], [32].

World experience shows that state support can vary depending on the level of support (macro and micro level); on terms of implementation (short-term, medium-term and long-term); by the nature of the impact (direct, indirect); by universality (selective, horizontal); on support objects (enterprises of different ownership and organizational and legal forms, economic activities, innovations, export activities, infrastructure objects, etc.) [33] , [34]. Aid instruments include grants, subsidies, loan interest coverage, public procurement, preferential taxation, loan guarantees, etc.

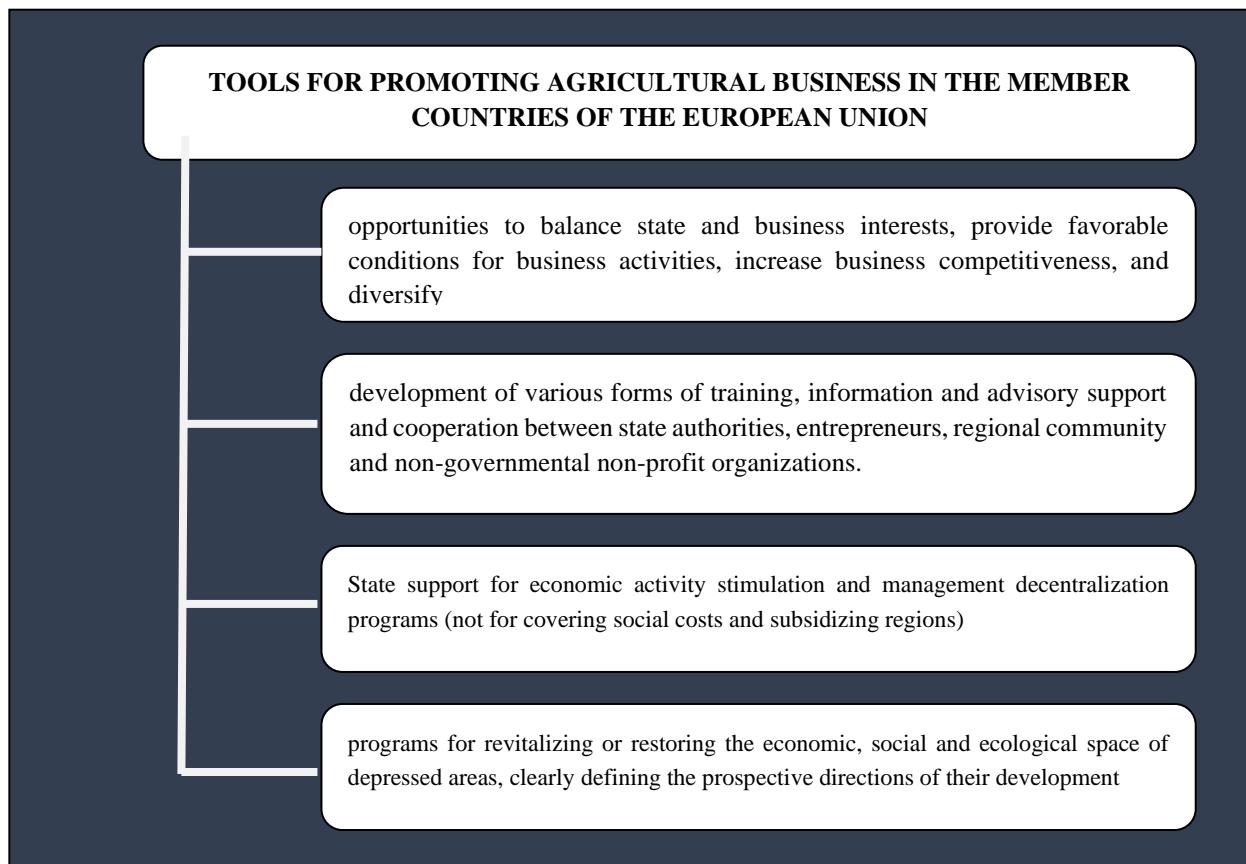


Figure 1. Systematization of the main means of entrepreneurship development in EU member states

The systematization and accumulation of foreign, in particular, European experience allows us to say that for most countries of the world, the following are the general motivating factors for the development of entrepreneurship in rural areas:

- 1) step-by-step integration of rural areas into the global world economy in conditions of difficult competition;
- 2) the constant weakening of the role of agriculture as a production network in rural areas, which was simultaneously accompanied by an increase in the role of finished product production and socio-economic changes in the countryside [35];
- 3) intensity of family resource use;
- 4) the invariance of the principles of farm cooperation and its further spread;
- 5) stability and fairness of financial and technological innovation support. The formation and development of entrepreneurship in the EU member states has significant economic and social advantages compared to the existing foundations of the development of entrepreneurship structures in Ukraine [36], [37], [38]. The study systematizes the means of activation of entrepreneurship in rural areas of the EU member states (Figure 1).

It should be noted that entrepreneurial activity involves mandatory interaction with state authorities and local self-government bodies. Such cooperation should be implemented within the framework of a separate mechanism with a number of specific characteristics. From the point of view of attracting the main economic levers, its directions, mechanisms and importance for entrepreneurship are presented in Figure 2.

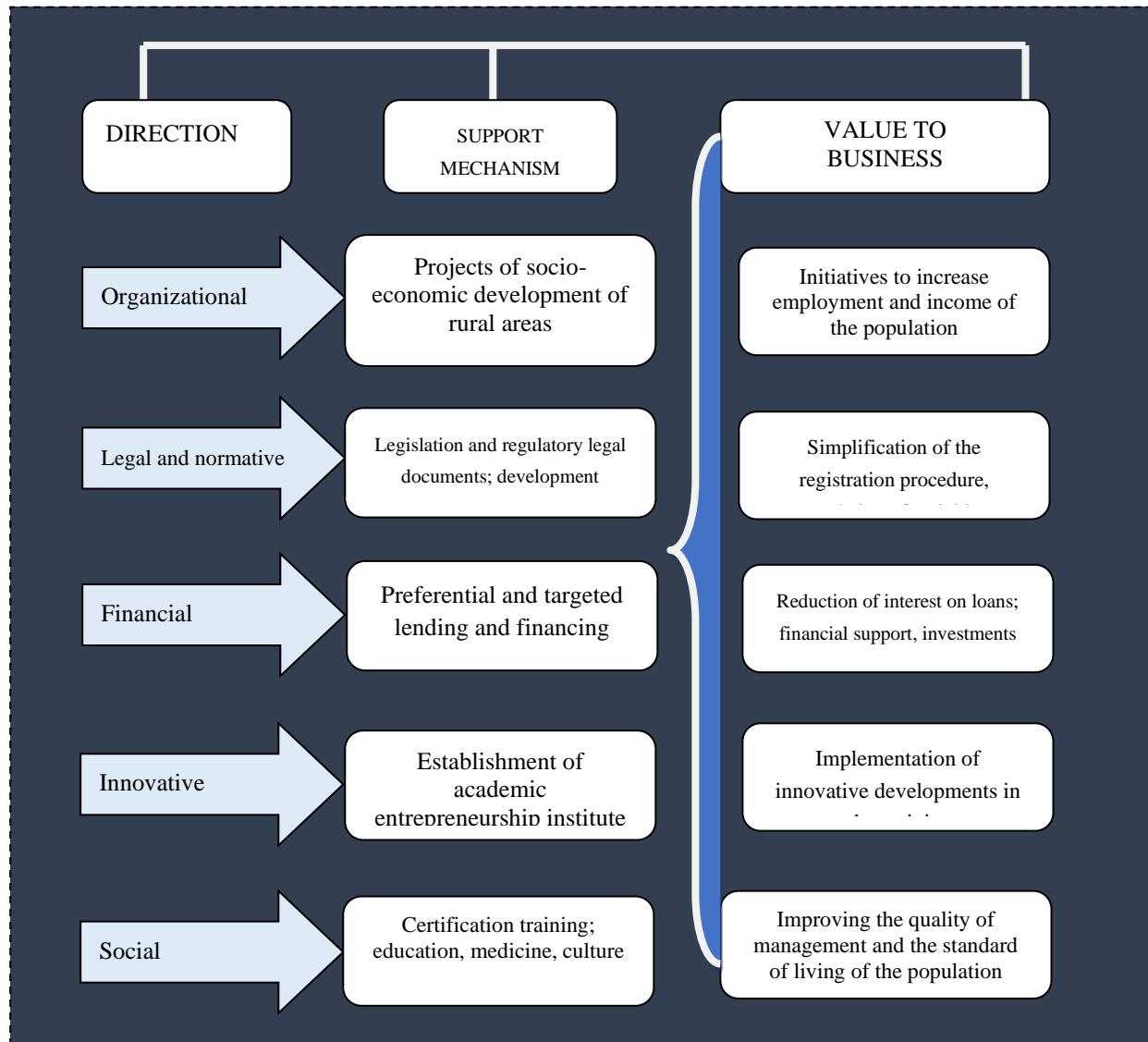


Figure 2. Directions for the formation of a mechanism for the cooperation of business entities in rural areas with state authorities and local self-government bodies.

The process of involving the rural population in the creation of business-type structures as a holistic socio-economic process consists in the development of effective business strategies, which should occupy a key place in the formation of a new model of economic development. Implementation of post-crisis recovery and European integration priorities. In order to fulfill the set task, it is necessary to try to revive domestic consumption and investment demand [39], [40]. Priority should be given to directions that help to achieve a quick positive effect of opening the potential of the internal market for economic growth, while ensuring the proportional development of individual components of demand.

4. Conclusion

The role of small businesses in the sustainable development of rural areas is pivotal, as demonstrated by the global experiences of developed countries. These businesses are central to the socio-economic progress of rural regions, driving employment, income generation, and regional specialization. By providing innovative solutions, small businesses contribute to the diversification of local economies and play a key role in overcoming unemployment. Various countries have adopted diverse strategies for supporting small businesses, ranging from financial incentives and training programs to

facilitating access to new technologies. For instance, the European Union's multi-level support system, coupled with targeted rural development programs, has proven effective in boosting the competitiveness of rural enterprises. Similarly, the U.S. approach, which focuses on empowering small businesses through fiscal incentives and specialized support for rural micro-enterprises, highlights the importance of tailored state intervention.

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