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MANAGEMENT AS A FACTOR OF SOCIO-ECONOMIC DEVELOPMENT OF SMALL AND MEDIUM-SIZED ENTERPRISES

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МЕНЕДЖМЕНТ ЯК ФАКТОР СОЦІАЛЬНО-ЕКОНОМІЧНОГО РОЗВИТКУ МАЛОГО ТА СЕРЕДНЬОГО БІЗНЕСУ

The study's relevance is driven by the fact that any small and medium-sized business that is exclusively economically oriented is «parasitic», as it exists at the expense of the resources of larger businesses and the state, giving back to society nothing but profit. In most cases, such businesses do not care about society, do not invest in its development, and do not create additional value. Note that profit is a necessary condition for the survival of any business. Without profit, a company cannot grow, create jobs, or invest. At the same time, the true success of small and medium-sized businesses lies in the harmonious combination of economic interests with social responsibility, in which modern management plays a significant role. Only in this way, does it become a driving force for regional development, create new jobs, and improve the quality of life for the population. Thus, the article aims to determine the role of management as a factor in the socio-economic development of small and medium-sized businesses. The research results state that management is

not just a set of tools but a comprehensive management system that has a decisive impact on the socio-economic development of small and medium-sized businesses. It has been proven that the effects of management on the innovation and competitiveness of small and medium-sized businesses are realized through creating an innovative culture, investment in research and development, collaboration with scientific institutions and other companies, systematic market analysis, and encouraging employees to implement their ideas. It has been proven that the impact of management on increasing the productivity of core processes and operational efficiency of small and medium-sized businesses is realized through the improvement of existing processes, rationalization of resource use, implementation of new technologies, and enhancement of labor organization. It has been proven that the impact of management on the social responsibility of small and medium-sized businesses is realized through compliance with laws, regulations, and ethical norms in business, social investments, environmental protection, transparency, and openness, which collectively allow for the adjustment of social and environmental impacts of activities. It has been proven that the effects of management on the stability and growth of small and medium-sized businesses are realized through strategic planning, financial management, identification and assessment of potential risks, and the development of risk response plans.

Актуальність дослідження зумовлена тим, що будь-який малий і середній бізнес, який є виключно економічно орієнтованим, є неефективним, адже існує за рахунок ресурсів більших бізнесів та держави, не повертає суспільству нічого, окрім прибутку. У більшості випадків такі бізнеси не дбають про суспільство, не інвестують у його розвиток і не створюють додаткової вартості. Разом із тим, справжній успіх малого та середнього бізнесу полягає в гармонійному поєднанні економічних інтересів із соціальною відповідальністю, де вагому роль відіграє сучасний менеджмент. Тільки так він може стати рушійною силою розвитку регіонів, створювати нові робочі місця та підвищувати якість життя населення. Таким чином, метою статті

є визначення ролі менеджменту як фактору соціально-економічного розвитку малого та середнього бізнесу. За результатами дослідження констатовано, що менеджмент – це не просто сукупність інструментів, а комплексна система управління, що має вирішальний вплив на соціально-економічний розвиток малого та середнього бізнесу. Доведено, що вплив менеджменту за напрямком інновації та конкурентоспроможність малого та середнього бізнесу реалізується через створення інноваційної культури, інвестування в дослідження та розробки, співпрацю з науковими установами та іншими компаніями, систематичний аналіз ринку, заохочення співробітників до реалізації своїх ідей. Доведено, що вплив менеджменту за напрямком збільшення продуктивності основних процесів та операційної ефективності малого та середнього бізнесу реалізується через вдосконалення наявних бізнес-процесів, раціоналізацію використання ресурсів, впровадження нових технологій, поліпшення організації праці. Доведено, що вплив менеджменту за напрямком соціальної відповідальності малого та середнього бізнесу реалізується через дотримання законів, правил та етичних норм у бізнесі, соціальні інвестиції, захист довкілля, прозорість та відкритість, які в комплексі дозволяють скоригувати соціальні та екологічні наслідки діяльності. Доведено, що вплив менеджменту за напрямком стабільності та зростання малого та середнього бізнесу реалізується через стратегічне планування, управління фінансами, ідентифікацію та оцінку потенційних ризиків, розробку планів реагування на ризики.

Keywords: *added value; societal development; business; management format; economic interests; social responsibility.*

Ключові слова: *додаткова вартість; розвиток суспільства; бізнес; формату менеджменту; економічні інтереси; соціальна відповідальність.*

Problem statement. The relevance of the research topic is determined by the overall importance of small and medium-sized businesses (SMBs) for economic growth and societal development. Moreover, SMBs are increasingly recognized as a significant source of employment, a basis that contributes to economic diversification, stimulates innovation, and accounts for a substantial share of the Gross Domestic Product (GDP). However, in the context of globalization and increased stochasticity in operations, SMBs face numerous challenges, such as limited access to financial resources, technological lag, restricted market presence, and dependence on external factors.

In these conditions, the success of this sector's development largely depends on the management format, which involves effective planning, organization, motivation, and control. Additionally, effective management contributes to the formation of well-founded growth strategies, optimization of internal processes, and the incorporation of innovative solutions. Given the outlined points, the ascending significance of fundamental aspects of management is evident. These aspects can serve as a factor in the socio-economic development of small and medium-sized businesses, determining management strategies that support their growth and development in stochastic conditions.

The analysis of recent researches and publications. The contemporary role of management as a factor in the socio-economic development of small and medium-sized businesses in Ukraine requires a more detailed investigation. For instance, Lychkivska M.R. and Hnatenko I.A. emphasize that the success of such businesses is determined not only by profitability, but also by their contribution to community development, employee well-being, and environmental preservation.

Particularly noteworthy is the contribution of Silichev N.Y. and Dikany O.V., who highlighted the key aspects of socioeconomic business development by identifying them through the lenses of economic efficiency, social responsibility, and environmental sustainability. In their works, these authors emphasize that the success of modern business is determined not only by its financial performance but also by its ability to create added value for society.

At the same time, the research by Zr Bannikov, V., Lobunets, T., Buriak, I., Maslyhan, O., and Shevchuk, L. highlights the importance of fundamental management functions in terms of their impact on economic growth and social development of businesses. In particular, they emphasize the need to focus on specific areas of planning, organizing production processes, and growth.

Goal setting (formulation of goals of the article). The article aims to determine the role of management as a factor in the socioeconomic development of small and medium-sized businesses.

The paper main body with full reasoning of academic results. It should be agreed with the statements of Lychkivska M.R. and Hnatenko I.A. that for any entrepreneur, small and medium-sized businesses are the most attractive [1; 3]. Silicheva N.Y. notes that this attractiveness is shaped by the mobility, adaptability, and profitability of such businesses [5]. However, it is important to note that without focusing not only on economic indicators but also on interactions with society, such businesses do not contribute to economic development. Any small and medium-sized business that is solely economically oriented is parasitic, as it relies on the resources of larger businesses and the state, without returning anything to society except profit. In most cases, such businesses do not care about society, do not invest in its development, and do not create additional value.

Profit is a necessary condition for the survival of any business. Without profit, a company cannot develop, create jobs, or invest. However, the true success of small and medium-sized businesses lies in the harmonious combination of economic interests with social responsibility. Only in this way can it become a driving force for regional development, create new jobs, and improve the quality of life for the population.

Thus, within the framework of the outlined research, the authors highlight the fact that management is not merely a set of management tools and techniques, but an art of systemic influence on the socio-economic development of small and medium-sized businesses, which is conveyed through [1; 4-5]:

1. Innovation and competitiveness.
2. Increasing the productivity of core processes and operational efficiency.

3. Social responsibility of the business.

4. Stability and growth of the business.

Presenting management as a factor in the socio-economic development of small and mediumsized businesses is appropriately realized through the content of Figure 1.

Innovation and competitiveness (focus on achieving better results compared to competitors)	Increasing the productivity of core processes and operational efficiency (focus on effective resource use to achieve business goals)
Social responsibility of the business (focus on accountability to shareholders and society as a whole)	Stability and growth of the business (focus on achieving a balance between these two aspects)

Figure 1. Overall impact of management as a factor in the socio-economic development of small and medium-sized businesses

Source: formulated by the author based on [2; 4-5]

Note that the impact of management on the innovation and competitiveness of small and medium-sized businesses is realized through creating an innovative culture, investment in research and development, collaboration with scientific institutions and other companies, systematic market analysis, and encouraging employees to implement their ideas [2-3]. To understand the essence and direction of the outlined impact, Table 1 provides a detailed examination of the characteristics through which it is realized in practice.

Table 1. The essence and direction of the management impact on innovation and competitiveness in small and medium-sized businesses

Directions of impact	The essence of the impact of management	Result of the impact
Creation of an innovative culture	Effective management creates an environment in the business where employees feel free to express their ideas and suggestions	Encouraging employees to experiment and supporting new projects
Investment in research and development	Effective management involves allocating the necessary resources for conducting research and developing new products, services, or technologies	Creating unique products and services that meet customer needs better than competitors' offerings
Collaboration with scientific institutions and other companies	Effective management provides access to new knowledge and technologies	Automation and optimization of business processes through new technologies increase labor productivity
Systematic market analysis	Effective management helps identify new opportunities and threats	Creating mechanisms that allow for timely responses to changes
Support for entrepreneurship within the company	Effective management creates conditions for the development of internal startups and encourages employees to implement their ideas.	Creating mechanisms that enable the development of new markets and segments, opening up new opportunities for growth

Source: formulated by the author based on [2-3]

Examples of the impact of management on innovation and competitiveness in small and medium-sized businesses include managing the implementation and use of platforms for smartphone-based work, which have transformed communication and consumer habits [4]. In particular, for SMBs, this opens up opportunities for interactive marketing, the development of mobile applications, e-commerce, and improved customer interaction. Another example is social networks (which have changed the way customers interact with businesses and receive information from them [4]) and online trading (which has transformed the way products and services are promoted [4]). As a result, SMBs can use social networks to promote products and services, interact with their audience, and receive feedback. Additionally, SMBs can utilize e-commerce platforms, develop their online stores, and optimize logistics and sales processes.

The impact of management on increasing the productivity of core processes and operational efficiency in small and medium-sized businesses is realized through the improvement of existing processes, rationalization of resource use, implementation of new technologies, and enhancement of work organization [2].

To understand the essence and direction of the outlined impact, Table 2 provides a detailed examination of the characteristics through which it is conveyed.

Table 2. Essence and direction of the management impact on the productivity of core processes and operational efficiency in small and medium-sized businesses

Directions of impact	The essence of the impact of management	Result of the impact
Optimization of production processes	Effective management promotes the analysis and improvement of existing processes, identification and elimination of bottlenecks	Allows for reducing production costs (which enhances the competitiveness of the enterprise)
Rational use of resources	Optimization of the use of material, labor, and financial resources, and minimization of losses	
Implementation of new technologies	Automation of routine operations, use of modern equipment and software.	Allows for faster response to customer needs
Improvement of work organization	Creation of effective motivation systems, delegation of authority, and distribution of responsibility	Ensuring consistently high quality of products or services
Enhancement of staff qualifications	Providing employees with the necessary knowledge and skills to perform their duties	Improving product quality and service, which contributes to a positive company image in the market

Source: formulated by the author based on [2; 4]

Examples of the impact of management on the productivity of core processes and operational efficiency in small and medium-sized businesses include the implementation of Lean technologies (which allow for a systematic approach to identifying and eliminating waste in production processes), Six Sigma (which improve and expand the statistical methods available for process analysis and quality enhancement), and Enterprise Resource Planning (ERP) systems (which create comprehensive systems for managing all aspects of enterprise operations) [4].

The impact of management on the social responsibility of small and medium-sized businesses is realized through adherence to laws, rules, and ethical standards in business, social investments, environmental protection, transparency, and openness, which collectively allow for the adjustment of social and environmental consequences of business activities [4-5].

To understand the essence and direction of the outlined impact, Table 3 provides an examination of the characteristics through which it formed.

Table 3. Essence and direction of the management impact on social responsibility of small and medium-sized businesses

Directions of impact	The essence of the impact of management	Result of the impact
Ethical behavior	Adherence to laws, rules, and ethical standards in business	Allows the business to demonstrate social responsibility, thereby improving its reputation among consumers, partners, and investors.
Social investments	Investing in social projects, charity, and supporting local communities	
Environmental protection	Reducing negative environmental impact, using eco-friendly technologies	
Proper working conditions	Ensuring proper working conditions and respect for employees' rights	Enables the business to work with employees who share its values and contribute to societal development.
Transparency and openness	Publishing information about company activities and reports on social responsibility.	Allows the business to show that it builds stronger relationships with stakeholders and has a sustainable business model.

Source: formulated by the author based on [4-5]

Examples of the impact of management on the social responsibility of small and medium-sized businesses are quite diverse. For instance, the impact is achieved through various social initiatives. Also business entity can become a co-organizer of free courses for children from low-income families, teaching them the basics of programming [4]. Employees may dedicate part of their working time to caring for animals at local shelters.

Environmental awareness is also an important component of the impact of management on the social responsibility of small and medium-sized businesses. Business entities can transition to using renewable energy sources, such as solar panels, reduce the amount of production waste, and use eco-friendly materials. An example of such an impact is a business supporting local producers by using local products from farmers and small producers, which contributes to the development of the local economy [4-5]. This includes using construction materials from local manufacturers, supporting local construction teams, and so on.

The impact of management on the stability and growth of small and medium-sized businesses is realized through strategic planning, financial management, identification and assessment of potential risks, and development of risk response plans.

At the same time, the understanding of the essence and direction of the outlined impact is defined according to the content of Table 4, where we have implemented a detailed review of the features through which it is transmitted.

Table 4. Essence and direction of management impact on stability and growth of small and medium-sized businesses

<table>
<tr><th>Directions of impact</th><th>The essence of the impact of management</th><th>Result of the impact</th><th>Directions in which effective management contributes to business growth</th></tr>
<tr><td>Strategic Planning</td><td>Development of diversification, organizational, and other long-term plans, defining measures for implementation, and analyzing the external environment and internal resources of the enterprise.</td><td>Ensures increased predictability of development, reduces the level of uncertainty, and enhances adaptability to changes.</td><td rowspan="4">Introducing new products, services, or technologies allows for capturing new markets and increasing sales volumes.
Expanding into new geographical markets or segments enables an increase in the customer base.
Broadening the product or service range reduces dependence on a single business area.
Merging with other companies provides access to new resources, technologies, and markets.
Constant adaptation of the organizational structure to new conditions and challenges supports business growth</td></tr>
<tr><td>Financial Management</td><td>Budgeting, financial analysis, cash flow management, and investment</td><td>Ensures increased liquidity, profitability, and effectiveness in the use of financial resources</td></tr>
<tr><td>Risk Identification and Assessment</td><td>Identifying potential threats to the business, assessing their likelihood and impact</td><td>Ensures a reduction in the likelihood of negative events, minimization of losses, and increased business resilience to crises</td></tr>
<tr><td>Development of Risk Response Plans</td><td>Developing sets of measures aimed at preventing or mitigating the effects of identified risks</td><td>Ensures increased preparedness for unforeseen situations, preservation of business process continuity, and reduction of the impact of crises on the business.</td></tr>
</table>

Source: formulated by the author based on [1-3]

Examples of the impact of management on the stability and growth of SMBs include diversification strategies (which aim to broaden the product or service range and reduce dependence on a single business area), organizational development strategies (which focus on continuously adapting the organizational structure to new conditions and challenges to support business growth), and integration strategies (which involve merging with other companies to gain access to new resources, technologies, and markets) [1-2].

Conclusions from this study and prospects for further exploration in this direction. Based on the research findings, it has been established that management is not just a collection of tools but a comprehensive management system that has a decisive impact on the socio-economic development of small and medium-sized businesses. The research results show:

1. It has been proven that the impact of management on innovation and competitiveness in small and medium-sized businesses is realized through creating an innovative culture, investing in research and development, collaborating with scientific institutions and other companies, systematically analyzing the market, and encouraging employees to implement their ideas.
2. It has been proven that the impact of management on increasing the productivity of core processes and operational efficiency in small and medium-sized businesses is realized through improving existing processes, rationalizing resource use, implementing new technologies, and enhancing labor organization.
3. It has been proven that the impact of management on the social responsibility of small and medium-sized businesses is realized through adherence to laws, regulations, and ethical norms in business, social investments, environmental protection, transparency, and openness, which together help to address social and environmental consequences of business activities.
4. It has been proven that the impact of management on the stability and growth of small and medium-sized businesses is realized through strategic planning,

financial management, identification and assessment of potential risks, and the development of risk response plans.

Future research prospects focused on exploring new theories, models, and concepts that will better describe the phenomenon of management's impact on the socio-economic development of small and medium-sized businesses.

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