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THE ECONOMIC CULTURE IN SMALL BUSINESS: THEORETICAL APPROACHES AND PRACTICAL IMPLEMENTATION

The economic culture of small business in the context of its theoretical approaches and practical implementation is researched. The peculiarities of small enterprises entrepreneurship and their influence on economic culture's specificity are defined. Analyzed value and behavioral criteria of economic culture such as line of choice of managers of an enterprise regarding staff recruitment, duties distribution, etc.; degree of honesty and transparency in economic relations; level of social capital; degree of pragmatism in making an economic choice etc. The characteristic features of small business management organizational structure are analyzed. The causal relationships between economic culture in small business and social & economic development are determined. Outlined the levels of practical implementation of economic culture: microeconomic level (nurturing of the sense of ownership, stimulation of respect to everyone's rights, expanding an ability to generate innovations and etc.) and macroeconomic level (social security, market saturation with goods, competition enhancement, new workplaces creation and etc.).

Keywords: economic culture, small business, small enterprises, innovative transformations, organizational structure, management structure, social capital, cross-cultural communications.

Target setting. *Small business* today can be legitimately considered as one of the driving forces of a country's well-being, social welfare and harmony. If stimulated by the government and provided with high innovative susceptibility, small business is able to turn into an effective tool for economic development, optimization of market conditions, mobilization of natural, labor and financial resources. Small business is a kind of a guarantor of population's self-employment in the labor market and ensuring flexibility of supply and demand in commodity markets. Therefore, studying economic culture as a set of values, priorities and rules of economic behavior in small business is a reasonable line of research, especially from the perspective of developing practical steps for implementing it at small enterprises.

Analysis of recent studies and publications. Conceptual attempts to study the phenomenon of economic culture and its embodiment in organizations are reflected in academic works of Ukrainian and Russian scholars: V. Andrushchenko [5], I. Akhnovska [1], S. Burhanskij [3], V. Vorona [12], V. Galkin [4], L. Huberskyi [5], N. Kizjan [6],

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E. Meljakova [6], M. Mykhalchenko [5], V. Ryzhykov [9], I. Rozmainskij [10], O. Romanukha [11], Ye. Suimenko [12], I. Petrova [8] etc. The studies focus mainly on issues of economic culture as such and in the context of its development at enterprises, however, there are no scrupulous academic attempts to grasp its specifics particularly in small business, as well as there is no weighed approach to this matter, despite its relevance and potential.

The aim of the paper is to analyze specific features of economic culture at small business organizations from theoretical and applied perspectives.

Statement of basic materials. It is generally admitted that small enterprises are those with 50-100 people employed, and this number can vary depending on the industry. For instance, the EU distinguishes microenterprises in small business employing 10-99 people, and pursuant to the Law on equipment modernization enterprises with up to 900 people employed are considered to be small and medium enterprises in whiteware manufacturing and rubber industry [2].

What does the direction of economic agents' actions depend on? Be it small, medium or large enterprises, two factors define their actions: personal traits of individuals and cultural environment of their presence [4]. That means that being the spirit of cultural environment inside an economic entity, namely enterprise, economic culture is the factor that guides it and defines its prospective directions of business activity.

Small businesses act in the local markets, have narrow specialization, relatively small market segment, they contact their customers directly and are susceptible to changes in market situation [6]. Small business is particularly highly susceptible to innovations, able to absorb them quickly and produce economic effect. Economic culture is the force that prompts small business towards innovative transformations and facilitates its progress in general.

Small business is the most vulnerable to tough laws of economics – survival of the fittest. Despite the crisis and bankruptcy of many small enterprises, this type of business continues to develop, proving in practice a positive role of sanitation market function (clearance of non-competitive enterprises). Thus, small business in Ukraine is developing dynamically and is upbeat about 2018, despite unfavorable business climate [7].

It should be mentioned that small enterprises are on the one hand maneuvering towards changes in demand and prices for resources caused by entrepreneurial structures, and on the other hand vulnerable to negative differences in economic, legal and political environment: changes in tax policy, currency exchange rate, inflation rate, political crisis, legal instability – all these factors can hurt insecure small enterprises. Taking the above into consideration, a state has to support small business and create favorable legal environment for a more harmonious development of economic culture in it.

As it has already been emphasized, economic culture is a set of values, rules, norms, aims and stereotypes of economic thinking and financial and economic behavior, which significantly influences end preferences of economic entities, their decisions and expectations. It exists at all functioning levels of economic system: an individual, a family, an enterprise (organization), a country, the world. By the way, in the context of rapid development of economic relations globalization and international convergence of norms, standards and rules of behavior, economic culture sustains more and more intense influence of international institutes: market behavior, management, consumerism, labor and manufacturing culture, corporate social responsibility, and corporate ethics; they become unified and compatible, divergences in intercultural and international norms are smoothed over.

Economic culture sets economic style of running business. The way agents perceive economic information, the economic actions they make, the way they interact with each other and finally the types of allocation of time, profit, wealth and other assets they are prone to are defined by economic culture, which can be a factor of both development and retrogression, lagging of organizations [10, p. 23-24].

Economic culture of an enterprise, irrespective of its form and scale, reveals itself through such values and behavioral criteria as line of choice of managers of an enterprise regarding staff recruitment, duties distribution, rational time management, investment objects; degree of honesty and transparency in economic relations, good faith in personnel competition, level of social capital – trust and mutual respect between people in an organization; degree of pragmatism in making an economic choice, in economic relations, forecasts, calculations of expenses and profits (Fig.1)

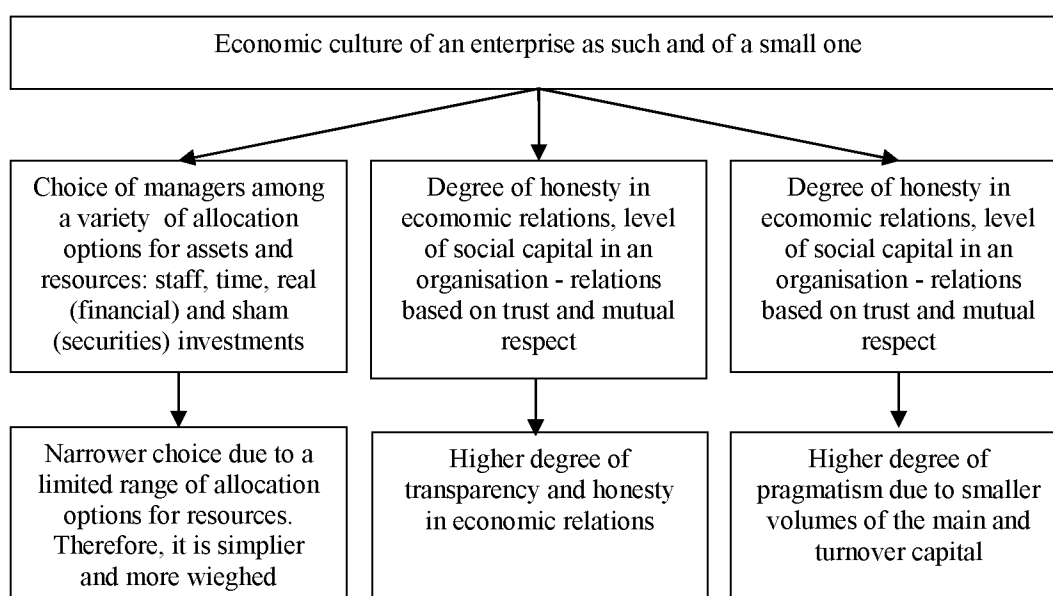


Fig. 1. Economic culture of an enterprise as such and of a small enterprise

Resource: Authoring

As it can be seen in Fig. 1, economic culture in a small enterprise reveals itself in a more harmonious way and with a better benefit for people. The choice for management among alternative options for resources allocation is not so difficult and complex, as the number of options is not unlimited. That is why it becomes much easier to evaluate the priority of investing money and time, as well as manage Human Resources. As for the honesty in economic relations, the level of trust, initiative, discipline and good faith is much higher here, as the staff is closer, friendlier and more united. Due to smaller volumes of capital it is easier to make forecasts, the degree of pragmatism and rationality regarding expenses and profits is higher.

The style of running an enterprise is very significant in terms of economic culture. Small business is an entrepreneurial structure, which is managed in the frameworks of a linear and functional structure, when subordination relations are realized simultaneously

in the whole range of matters on the basis of powers and authority of management and in the framework of implementing a certain management function. Therefore, management has a vertical and horizontal nature. Respectively, economic culture exerts its influence on both office vertical line, where ethical subordination norms, job duties and rules of economic behavior are built through subordination pursuant to the power hierarchy, and on a horizontal line, where economic relations at an enterprise are realized on the basis of tasks and duties coordination for performing a specific amount of work.

This combined type of economic culture is economically profitable and socially-oriented, and in the end it facilitates a maximum implementation of all competitive benefits laid in an organization. The profit of an organization grows; social securities of employees improve; social accord, team spirit and ideological unity among personnel increase.

There is no doubt that economic culture is a regulator of an enterprise's economic behavior [1]. Moreover, the smaller it is, the closer and tighter social and behavioral, team and ethical relations are in the organization.

Furthermore, economic culture plays a significant role in innovative transformations of a social and economic system and in the scale of implementing progressive, economically reasonable up-to-date technologies [9, p. 58].

Such factors as economic education, economic upbringing and economic conscience also play an important role in the economic culture of a small enterprise. The better they are, the more efficient principles of economic culture – rationality, entrepreneurship, logic, unity etc. – are in practice.

Economic culture cannot exist only at a theoretical and concept-based levels as corporate symbols, ceremonies, ethical codes and business etiquette, being out of touch with economic practice [13, p. 33]. Practical implementation of economic culture principles is even more relevant for a small business, as it is more vulnerable to negative effects of the environment, and accurately weighed policy of implementing economic culture will promote its survival and competitiveness enhancement.

Economic culture manifests itself in practice of small enterprises and of a country in general in the following forms: nurturing of the sense of ownership – as a result, shaping a middle class in a society; stimulation of respect to everyone's rights, and in particular, the right to labor – enhancing democratization in a society; expanding an ability to generate innovations – facilitating structural and innovative improvements in economy; forming a corporate social responsibility of a small business, enhancing cross-cultural communications which level off barriers in mutual understanding of employees, as well, and subordination relations [11, p. 609] – enhancing a social security and guarantees in a country; forming manufacturing culture at an enterprise – market saturation with goods, competition enhancement, new workplaces creation (Fig. 2).

Conclusions and prospects for further research. Thus, having studied the relevant economic literature and composed our own exploratory studies, we can make a conclusion, that economic culture of a small business as the most flexible and capable to innovations type of entrepreneurship is a starting point in a system of corporate values, benefits and norms that in the end create prerequisites for social and economic development of a country. Prospects for further theoretical and applied studies lie in improving a concept-based and practical set of tools for analyzing economic culture of a small business, factors for its refinement and search for additional practical ways of its implementation.

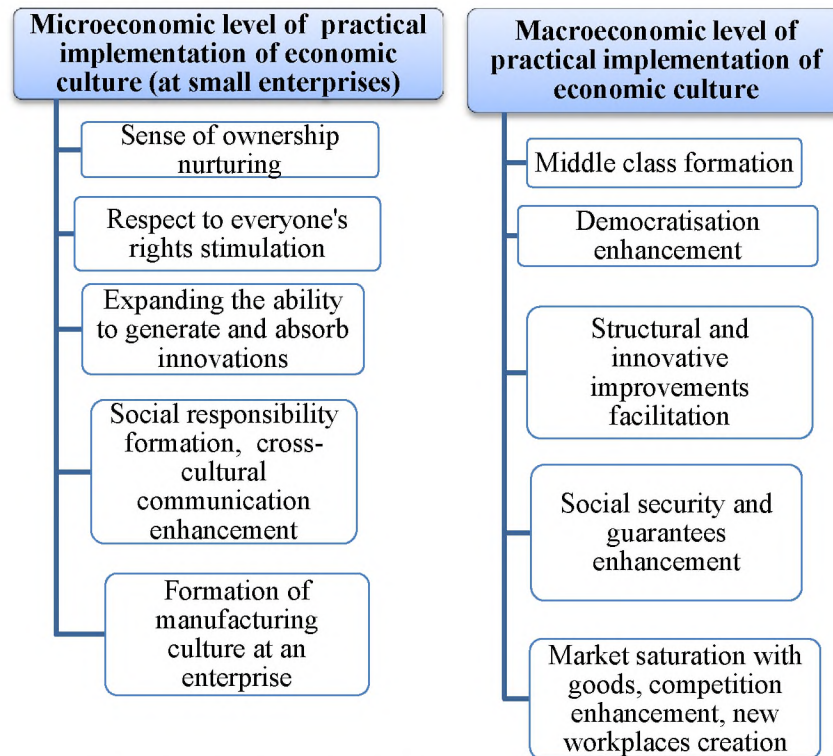


Fig. 2. Levels of practical implementation of economic culture

Resource: 11, p. 609.

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ЕКОНОМІЧНА КУЛЬТУРА МАЛОГО БІЗНЕСУ: ТЕОРЕТИЧНІ ПІДХОДИ ТА ПРАКТИЧНА РЕАЛІЗАЦІЯ

Досліджено економічну культуру малого підприємництва в контексті його теоретичних підходів та практичної реалізації. Визначено особливості підприємницької діяльності малих підприємств та їх вплив на специфіку економічної культури. Проаналізовано ціннісні та поведінкові критерії економічної культури, такі як усталена поведінка менеджерів підприємства при підборі персоналу, делегуванні повноважень тощо; ступінь чесності та прозорості в економічних відносинах; рівень соціального капіталу; рівень прагматизму при виборі економічних альтернатив тощо. Проаналізовано

характерні риси організаційної структури малого бізнесу. Визначено причинно-наслідкові зв'язки між економічною культурою в малому бізнесі та соціально-економічним розвитком. Виокремлено рівні практичної реалізації економічної культури: мікроекономічний рівень (виховання почуття власності, повага прав кожної людини, розширення здатності генерувати інновації і т. д.) та макроекономічний рівень (соціальна безпека, насиченість ринку товарами, підвищення конкуренції, створення нових робочих місць тощо).

Ключові слова: економічна культура, малий бізнес, малі підприємства, інноваційні перетворення, організаційна структура, структура управління, соціальний капітал, міжкультурні комунікації.

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ЭКОНОМИЧЕСКАЯ КУЛЬТУРА МАЛОГО БИЗНЕСА: ТЕОРЕТИЧЕСКИЕ ПОДХОДЫ И ПРАКТИЧЕСКАЯ РЕАЛИЗАЦИЯ

Исследована экономическая культура малого бизнеса в контексте его теоретических подходов и практической реализации. Определены особенности деловой активности малых предприятий и их влияние на специфику экономической культуры. Анализируются ценности и поведенческие критерии экономической культуры, такие как установленное поведение руководителей предприятий при найме персонала, делегировании полномочий и т.д.; степень честности и прозрачности в экономических отношениях; уровень социального капитала; уровень прагматизма при выборе экономических альтернатив и т.д. Проанализированы характерные особенности организационной структуры малого бизнеса. Определены причинно-следственные связи между экономической культурой в малом бизнесе и социально-экономическим развитием. Выделено уровни практической реализации экономической культуры: микроэкономический уровень (воспитание чувства собственности, уважение каждого человека, расширение способности генерировать инновации и т.д.) и макроэкономический уровень (социальное обеспечение, насыщенность рынка товарам, увеличение конкуренции, создание новых рабочих мест и т.д.).

Ключевые слова: экономическая культура, малый бизнес, малые предприятия, инновационные преобразования, организационная структура, структура управления, социальный капитал, межкультурные коммуникации.