



УДК 338.43:631.51

IMPACT OF ECONOMIC ASYMMETRIES ON SMALL AND MEDIUM-SIZED ENTERPRISES: ANALYSIS AND PRACTICAL RECOMMENDATIONS**ВПЛИВ ЕКОНОМІЧНИХ АСИМЕТРІЙ НА РОЗВИТОК МАЛИХ ТА СЕРЕДНІХ ПІДПРИЄМСТВ: АНАЛІЗ ТА ПРАКТИЧНІ РЕКОМЕНДАЦІЇ****Leshanych S. / Лешанич С. Є.***PhD, senior lecturer / к.е.н., ст. викладач.*

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Abstract. *The article is dedicated to the pressing issue of the uneven distribution of economic resources between large corporations and small and medium-sized enterprises (SMEs). Despite playing an important role in the economy, the development of SMEs is often hindered by limited access to financing, technology, and markets. On the other hand, the concentration of economic power in the hands of a few large companies can lead to market monopolization and reduced competition. The authors analyze the theoretical foundations and empirical studies dedicated to this issue. The article aims to define the nature of economic asymmetries and their impact on the development of SMEs. Based on the analysis conducted, the authors intend to develop practical recommendations for government agencies, international organizations, and entrepreneurs aimed at reducing economic asymmetries and creating a favorable environment for small and medium-sized business development.*

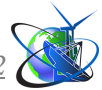
Keywords: *small and medium-sized enterprises; resources; access to financing; access to technology; slowdown in economic growth.*

Introduction.

The uneven distribution of economic resources and opportunities between large corporations and small and medium-sized enterprises (SMEs) is one of the most pressing issues in the modern economy. Although the development of SMEs is a driving force for innovation, job creation, and economic flexibility, their growth is often hindered by limited access to financing, technology, and markets. On the other hand, the concentration of economic power in a few large corporations can lead to market monopolization, reduced competition, and increased social inequality.

Research by Ukrainian scholars, including L. Sobolevska, N.S. Popovenko, O.V. Hanenko, and O.V. Nikolyuk confirm that the balanced development of large, medium, and small enterprises is a core factor for sustainable economic growth. However, economic asymmetries arising from the differing business conditions for various categories of enterprises hinder the achievement of such balance.

Thus, the article aims to define the nature of economic asymmetries and the



specific ways they impact the development of small and medium-sized enterprises. The article will analyze theoretical foundations and empirical studies related to this issue.

Based on the results obtained, the authors aim to establish a foundation that will be useful for developing practical recommendations for government agencies, international organizations, and the entrepreneurs themselves, aimed at reducing economic asymmetries and creating a favorable environment for the development of SMEs.

The paper main body with full reasoning of academic results.

In classical terms, asymmetry refers to the absence of symmetry, meaning a lack of balance and proportionality [1]. If something is symmetrical, all its parts are mirror images of each other. Within the scope of the research, economic asymmetries are defined by the authors through the lens of the uneven distribution of resources, opportunities, and advantages among different economic agents [1].

This means that large enterprises have significantly more resources and opportunities compared to small companies. In this context, the most threatening economic asymmetries for the development of SMEs are not all, but specifically the following [2-5]:

1. Asymmetry 1: Unequal access to financing describes the situation where different SMEs have varying opportunities to secure funding for their activities.
2. Asymmetry 2. Unequal access to technology refers to the situation where different groups of people or regions have varying opportunities to access modern technologies, such as computers, the Internet, smartphones, and other equipment (as well as digital services [1]).
3. Asymmetry 3. Limited markets for sales describe the situation where enterprises face difficulties in selling their products or services in the market.
4. Asymmetry 4. Increased regulatory burden describes the situation where businesses or organizations are subject to an excessive number of rules, standards, and requirements.

The impact of these asymmetries significantly affects the viability of small and medium-sized enterprises. The cumulative effect of these asymmetries exacerbates the negative consequences for SMEs, making them more vulnerable to economic crises and limiting their growth opportunities.

Unequal access to financing is one of the most pressing issues for SMEs in Ukraine [1]. Despite small and medium-sized businesses making up a significant portion of the Ukrainian economy, their representatives face considerable challenges in obtaining loans and investments.

This is related to a number of factors, with the primary one being the perception of SMEs as riskier borrowers compared to large corporations. As a result, banks and other financial institutions are more likely to refuse financing to small businesses or offer them loans on less favorable terms. The situation has worsened over the years: while in 2021, the share of loans received by SMEs was 11%, by 2024, this figure had decreased to 6% [2; 6]. It occurs despite the existence of government support programs, indicating their insufficient effectiveness or misalignment with the actual



needs of businesses. In contrast, large companies (that have substantial material resources and a stable reputation) can easily secure the necessary financing on favorable terms.

This outlined asymmetry, given its inherent characteristics, can significantly contribute to a slowdown in economic growth, increased inequality, and reduced competition (see Table 1).

Table 1 - Characteristics of the formation of asymmetry in unequal access to financing and its impact on the development of SMEs

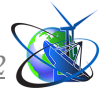
Impact of economic asymmetry	Basis for the formation of asymmetry	Result of Asymmetry (impact on SME development)	Additional consequences
Slowdown in economic growth	SMEs are a key driver of economic growth, creating new jobs and fostering innovation.	SMEs are a key driver of economic growth, creating new jobs and fostering innovation.	Decrease in investment in the real economy, reduction in tax revenues to the budget. Increase in dependence on external financing. Exodus of entrepreneurs to the informal sector.
Increase in inequality	The concentration of financial resources in the hands of large corporations exacerbates social inequality	The concentration of financial resources in the hands of large corporations exacerbates social inequality. Limited access to financing reduces market competition, which can lead to monopolization.	Increased social tension, and reduced social mobility. The decline in the quality of goods and services, innovation trap.
Reduction in competition	Limited access to financing reduces market competition, which can lead to monopolization.	SMEs that do not have access to modern technologies find it more difficult to compete with large companies.	Decrease in export potential. Reduction in the country's investment attractiveness.

Source: formulated by the author based on [2; 3-4]

In order to address the problem of uneven access to financing, it is necessary to implement a comprehensive set of measures. This includes [2-3; 6]:

1. Establishing or expanding special credit programs for small and medium-sized enterprises, providing loan guarantees, and creating innovation support funds.
2. Promoting the development of venture financing, crowdfunding, and other non-bank financial instruments.
3. Reducing bureaucratic barriers and developing simple and transparent lending procedures.
4. Conducting training and consultations for SMEs on effective financial management and investment acquisition.

In Ukraine, it is important to expand the "Affordable Loans 5-7-9%" program, which, despite challenging economic conditions, provides entrepreneurs with the opportunity to obtain loans at favorable interest rates. However, in 2023, 51% of



these loans were issued to agricultural enterprises, 26% to SMEs in trade and manufacturing, and 14% to industrial processing [2; 6]. It is essential to broaden the scope of sectors eligible for SME loans under the program, especially by enhancing access to financing for SMEs in the IT, innovation, manufacturing, and services sectors.

Unequal access to technology is another significant barrier to SME development [2]. Large corporations, with their substantial financial resources, can actively invest in research and development, creating new technologies and products.

SMEs with limited budgets often lack such opportunities. The shortage of qualified IT specialists and the high level of risk associated with implementing new technologies further complicate the situation. This asymmetry leads to decreased competitiveness of small businesses, a slowdown in innovation processes, and increased dependence on large companies (see Table 2).

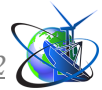
Paradoxically, in 2024, over 80% of Ukrainian SMEs recognize the importance of technology for their business, while 42% consider it essential for their survival [2]. However, unequal access to technology, especially in the context of digital transformation, exacerbates the problem [3-4]. This is particularly pronounced in regions with less developed infrastructure and education.

Table 2 - Characteristics of the formation of asymmetry in unequal access to financing and its impact on the development of SME

Impact of economic asymmetry	Basis for the formation of asymmetry	Result of asymmetry (impact on SME development)	Additional consequences of asymmetry
Decrease in SME competitiveness	Limited resources for research and development	SMEs are forced to license technologies from large companies or become their suppliers.	SMEs find it harder to compete with large companies that offer more innovative products and services. Slower pace of creating new technologies and products across the entire economy.
Slowdown in innovative development	Decrease in competitiveness SME	SMEs are unable to develop their own software products, websites, and other IT solutions	Dependence on external developers.
Increased dependence on large companies.	Slowdown in innovative development	SMEs avoid risky projects, which hampers the development of new technologies.	Retention of traditional technologies and business models.

Source: formulated by the author based on [2; 4-6]

The consequences of this situation can be severe: job losses, a declining standard of living, and social instability. For instance, up to 93% of small domestic manufacturing enterprises cannot afford to purchase modern computer numerical control (CNC) equipment or automated lines [2].



It leads to reduced productivity and product quality, as well as complicates competition with large enterprises. Approximately 54% of small domestic service businesses do not have websites or social media pages, limiting their visibility to potential customers [2]. More than 85% of small retail outlets do not use modern inventory management systems and cash registers with fiscal modules, which complicates accounting and interaction with tax authorities.

Unequal access to technology is a serious issue that restrains the development of SMEs. To minimize asymmetry, a comprehensive set of measures is needed [4-5]:

1. Government support (establishment of research centers and incubators for SMEs, provision of tax incentives for companies investing in research and development, funding for joint projects between universities, research institutes, and SMEs, creation of funds to support innovative projects by SMEs).

2. Collaboration with large companies (establishing clusters and networks where large companies can transfer their technologies and know-how to SMEs, involving large companies in mentoring and consulting SMEs)

3. Development of open innovation (promoting open knowledge and technology sharing, supporting open platforms for collaboration and new product development).

4. Enhancing staff qualifications (organizing training programs and courses for SME employees to improve their digital literacy and knowledge of new technologies [3]).

Limited markets for sales because large corporations hold stronger positions in the market, making it difficult for SMEs to compete with them. In practice, large enterprises can dictate prices, set standards, and restrict access to distribution channels.

The outlined asymmetry, given its inherent characteristics, when significantly manifested, leads to the restriction of SME competitiveness, price dictation, imposition of standards by large businesses (or so-called standardization by diktat), limitation of access to distribution channels, reduced diversity of goods and services, and, as a result, inefficient resource utilization (see Table 3).

Unequal access to technology is a serious issue that hinders SME development. To minimize asymmetry, a comprehensive set of measures is needed [3-5]:

1. Strengthening antitrust legislation to prevent abuses of market dominance.

2. Providing financial, advisory, and other support to SMEs to enhance their competitiveness.

3. Encouraging the development of new markets and niches where SMEs can establish themselves.

4. Promoting cooperation among SMEs to pool resources and increase their effectiveness.

5. Creating favorable conditions for the development of innovation, enabling small and medium-sized enterprises (SMEs) to produce new products and services.

For example, in Ukraine, there is an exceptionally high level of concentration in many markets, which limits competition and creates advantages for large companies. Therefore, it is crucial to encourage SME cooperation by stimulating the creation of clusters, including industry-specific, regional, and voluntary associations. Currently,



Ukraine has over 30 cluster organizations registered, representing sectors such as IT (31%), agriculture (16%), woodworking and furniture manufacturing (13%), energy (10%), tourism, and others (6%) [2; 6].

Table 3 - Characteristics of the formation of asymmetry in market constraints and its impact on SME development

Impact of economic asymmetry	Basis for the formation of asymmetry	Result of asymmetry (impact on SME development)	Additional consequences of asymmetry
Restrictions on SME competitiveness	Significant differences in business sizes	SMEs find it challenging to compete with large companies on price, quality, and production volume.	Inability to purchase or replicate new developments.
Price dictation	Uneven Distribution of Market Power	Large companies can set dominant prices in the market, which limits the profit margins for SMEs.	Decrease in consumer value of goods and services due to a lack of price competition.
Standardization by diktat	Unequal Access to Resources.	Large companies can impose their standards, limiting SMEs' ability to differentiate their products.	Reduction in the diversity of goods and services, which limits consumer choice.
Limitation of access to distribution channels	Large Corporations Have Exclusive Agreements with Retailers.	SMEs struggle to gain access to store shelves and other distribution channels.	Increased marketing and sales expenses for SMEs
Inefficient resource utilization	The concentration of market power in the hands of a few large companies can lead to inefficient resource utilization.	A lack of competition can lead to a decline in the quality of products and services.	Decrease in investment in research and development.
Reduced diversity of goods and services	Patents, licenses, regulatory barriers.	The dominance of a few large players can result in reduced diversity of goods and services in the market.	Reduced consumer satisfaction.

Source: formulated by the author based on [3-5]

This is possible because there are currently several dozen legislative and regulatory acts in Ukrainian law that mention clusters or are related to them.

It is important to understand that asymmetry in the distribution market is a complex issue that requires a comprehensive approach [4-5]. Combining government policy measures, support from the business community, and the development of a competitive environment are key factors in creating a fairer and more efficient market.

Regarding increased regulatory burden, it should be noted that it often disproportionately impacts small and medium-sized enterprises. Large corporations have more resources to lobby for their interests and influence the development of



regulatory standards [1-2].

This phenomenon has several causes, including the lack of resources for lobbying their interests, a higher number of inspections, complex permit procedures, and insufficient adaptability of regulatory standards (see Table 4).

In Ukraine, this asymmetry is further compounded by contradictory legislative norms, which complicate their interpretation and compliance, as well as by the low level of restrictions introduced due to martial law, creating additional risks for SMEs.

A typical example is the contradictory provisions of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated September 3, 2024 (Article 2) and the Commercial Code of Ukraine dated September 3, 2024 (Article 55) regarding the definition of SMEs [2].

Table 4 - Characteristics of the formation of regulatory burden asymmetry and its impact on SME development

Impact of economic asymmetry	Basis for the formation of asymmetry	Result of asymmetry (impact on SME development)	Additional consequences of asymmetry
Lack of Resources	Insufficient financial and human resources to monitor legislative changes, hire legal advisors, and participate in the development of regulatory norms	SMEs are required to comply with a greater number of requirements and procedures than large companies	Reduced competitiveness of SMEs as they spend more time and resources on complying with regulatory requirements rather than on business development
Higher number of Inspections	SMEs are subject to more frequent inspections by regulatory authorities.	Frequent inspections divert SMEs' resources away from their core activities.	Increased business operating costs and decreased motivation for growth
Complex permitting procedures	For SMEs, the process of obtaining permits and licenses is more bureaucratic and time-consuming compared to that for large enterprises.	SMEs face difficulties when entering new markets or expanding their operations	Increased time to market for new products and decreased innovation activity
Insufficient Adaptation of Regulatory Norms	Legislation is often designed with the needs of large companies in mind, which makes it less effective for SMEs.	SMEs are forced to make changes in operations to comply with requirements that may be irrelevant to their business.	Decreased flexibility and adaptability of SMEs to market changes.

Source: formulated by the author based on [1-2; 4-5]

Furthermore, the implementation of the outlined regulatory norms has created a significant gap between micro and small businesses and medium-sized enterprises in Ukraine. This gap is linked to the distortion in the methodology for defining a medium-sized enterprise according to the Commercial Code of Ukraine. These issues remain relevant today.



Therefore, while regulation is necessary to ensure safety and protect consumer rights, it must be balanced and should not hinder the development of small and medium-sized enterprises. To minimize asymmetry, a comprehensive approach should be taken, including the following measures [2; 6]:

1. Simplify the procedures for obtaining permits, reduce the number of reports SMEs must submit, and unify the requirements of different regulatory bodies.
2. Involve SME representatives in the development of regulatory norms. It will ensure that interests are considered and help avoid ineffective decision adoptions.
3. Develop specialized support programs for SMEs. For example, provide consultations on regulatory legislation, financial assistance to cover compliance costs, and other necessary support.
4. Strengthen the enforcement of antitrust laws. It will help prevent abuses by large corporations that may lobby for regulatory norms to restrict competition.

It is important to understand that regulation is necessary to ensure safety and protect consumer rights. It must be balanced and should not hinder the development of small and medium-sized enterprises.

Summary and conclusions.

The article examined economic asymmetries as a significant obstacle to the development of small and medium-sized enterprises. The author highlights that the unequal distribution of resources, opportunities, and advantages between large corporations and SMEs creates unfavorable conditions for the latter's growth.

The key asymmetries affecting SMEs were highlighted, including:

- Unequal access to financing limits the ability of SMEs to invest in their development, thereby reducing their competitiveness.
- Unequal access to technology hinders innovation and makes it difficult for SMEs to adapt to market changes.
- Limited market access complicates the sale of products and services.
- Increased regulatory burden, which raises business costs and distracts from core activities.

It has been proven that the cumulative impact of these asymmetries exacerbates the negative consequences for SMEs, making them more vulnerable to economic crises and limiting their growth potential.

It was concluded that, overall, to ensure sustainable economic development and improve the population's well-being, measures must be taken to reduce economic asymmetries and create equal conditions for the development of all economic entities.

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Анотація. Проблема нерівномірного розподілу економічних ресурсів та можливостей між великими корпораціями та малими і середніми підприємствами (МСП) є актуальним питанням сучасної економіки. Незважаючи на важливу роль МСП як джерела інновацій, робочих місць та економічного зростання, їх розвиток часто обмежується економічними асиметріями. Мета статті полягає в аналізі впливу економічних асиметрій на розвиток МСП та обґрунтуванні необхідності збалансованого розвитку великих корпорацій та МСП. Автором доведено, що нерівномірний доступ до фінансування, технологій, ринків збуту та інституційної підтримки створює значні перешкоди для розвитку МСП. Наслідками таких асиметрій є зниження конкурентоспроможності МСП, посилення ризику їх банкрутства та, як наслідок, зростання соціальної нерівності та нестабільності економіки. Висновки дослідження підкреслюють необхідність розробки та впровадження державної політики, спрямованої на усунення економічних асиметрій та створення рівних умов для розвитку всіх суб'єктів господарювання. Це дозволить не лише стимулювати розвиток МСП, а й підвищити загальну ефективність економіки та забезпечити її стабільність.

Ключові слова: малі та середні підприємства; ресурси; доступ до фінансування; доступу до технологій; уповільнення економічного зростання..

Article sent: 08.09.2024 г.

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