



## Journal of Geography, Politics and Society

2019, 9(1), 1–11

DOI 10.26881/jpgs.2019.1.01



# CHANGING BUSINESS ENVIRONMENT IN BELARUS

Olena Hrechyshkina (1), Maryia Samakhavets (2)

(1) Historical and Cultural Heritage Department, Polesky State University, Dneprovskoy Flotilii, 23, Pinsk, 225710, Belarus, ORCID: 0000-0003-0653-9210  
e-mail: l\_grechishkina@mail.ru (corresponding author)

(2) Finance Department, Polesky State University, Dneprovskoy Flotilii, 23, Pinsk, 225710, Belarus, ORCID: 0000-0002-4564-2424  
e-mail: samkhvec@rambler.ru

### Citation

Hrechyshkina O., Samakhavets M., 2019, Changing business environment in Belarus, *Journal of Geography, Politics and Society*, 9(1), 1–11.

### Abstract

The paper considers the business environment in the context of socio-economic development of the Republic of Belarus. It is analyzed and evaluated the current state of the Belarusian business in terms of various criteria: activity objectives, ownership types, organizational and legal forms, size. In this paper aspects of transformation of property relations and other priorities of macroeconomic environment in the Republic of Belarus for a long, medium and short term are given. The paper is based on data in the Belarusian economy in 2012-2018. The raw data is extracted and processed by authors from the database of the National Statistical Committee of the Republic of Belarus.

### Key words

business environment, changes, economic development, organizations, enterprises, Belarus.

**Received:** 14 January 2018

**Accepted:** 12 February 2019

**Published:** 31 March 2019

## 1. Introduction

All business enterprises, functions within an environment, called as the business environment (Business Environment, 2018). The economic environment consists of all external factors in the immediate marketplace and the broader economy. The economic environment of business refers to all economic factors that affect commercial behavior and consumer behavior. These factors can influence a business and define how it operates (What Is..., 2018).

Business environment literature highlights the common aspects of the environment. Various

studies bring into question internal and external environment and its analysis. L. Hamilton and P. Webster (2018) consider global business environment in the context of globalization, analyze global industries and common global economy. They also focus on such issues as political, legal, ecological environment and socio-cultural, technological and financial framework. D. Campbell and T. Craig (2005) mark out external business macro- and micro-environment. External business macro-environment includes macro-economic management and political, sociological, technological, ecological, legal and international business environment. I. Worthington and

Ch. Britton (2009) underline that business organization is in constant interaction with its unique and changeable environment. The authors distinguish immediate or operational (suppliers, competitors, financial institutions, etc.) and general or contextual (economic, political, socio-cultural, legal, etc.) environment. M. Schiffer and B. Weder (2001) come out that small- and medium-scale enterprises are at a disadvantage in comparison with larger firms in economy. So impediments with financing, taxes and regulations, inflation should be prime targets for state policy directed at leveling the playing field. J. Paul (2006) demonstrates development of political, investment, social, technological environment on specific examples of Indian economy as well as many other countries.

The aim of the paper is to analyze changes in the business environment of the Republic of Belarus in the context of socio-economic development. This paper is based on original analysis of primary data on economic activity in the Belarusian economy in the year 2012–2018. The raw data is extracted and processed by the authors from the database of the National Statistical Committee of the Republic of Belarus, based on the submitted balance sheets of the Belarusian companies. Data interpretation is based on a comparative perspective provided by the relevant literature.

Forecast quantitative indicators and qualitative characteristics are taken from the official documents of national state institutions. International comparisons are based on the World Bank data.

## 2. The economic development priorities of the Republic of Belarus

Quantitative indicators and qualitative characteristics of macroeconomic environment, economic and social structure, scientific and technological development, foreign trade, dynamics of production and consumption, level and quality of life, environmental conditions are contained in the national forecast documents of socio-economic development of the Republic of Belarus, which includes:

1. The Concept of the National Sustainable Development Strategy (CNSDS) of the Republic of Belarus for the period until 2035 (long-term perspective) (Konceptsiâ ..., 2018).
2. The National Sustainable Socio-Economic Development Strategy (NSSEDS) of the Republic of Belarus for the period until 2030 (long-term perspective) (Nacional'naâ strategiâ ..., 2017).
3. The Program of Socio-Economic Development of the Republic of Belarus for 2016–2020 and meas-

ures for its implementation (medium-term perspective) (Programma..., 2017).

4. The annual forecast (tasks) of socio-economic development of the Republic of Belarus for 2019 (short-term period).

The person as an individual and generator of new ideas (social component), the competitive economy (economic component) and the environment quality (environmental component) are interrelated and complementary components of sustainable development in accordance with the CNSDS (Konceptsiâ..., 2018) and NSSEDS (Nacional'naâ strategiâ..., 2017). The strategic goal of the Republic of Belarus is to ensure high living standards and conditions for the individual harmonious development based on the transition to a highly efficient economy of knowledge and innovation, while maintaining a favorable environment for future generations.

The following tasks will be consistently solved in the economic sphere to achieve this goal:

- formation of a highly efficient, socially oriented and competitive knowledge economy;
- accelerated development of high-tech industries, industrial innovation clusters and infrastructure sectors of the economy;
- creating an effective ownership structure, increasing the efficiency of public administration and growing local initiatives;
- expansion of international economic cooperation (with China, the Russian Federation, the EU);
- efficient resource management and reducing of production and consumption waste.

The main expected quantitative economic parameters of Belarus pursuant to the NSSEDS are following: GDP growth is 1.5–2.0 times for 2016–2030; GDP per capita based on purchasing power parity is 30–39 thousand USD by 2030; 30th rank in the World Bank's rating «Doing Business» (Nacional'naâ strategiâ..., 2017).

The top three economies according to the “Doing Business-2019” are New Zealand, Singapore and Denmark, which exemplify a business friendly environment. It means that such economies have consistently well designed business regulation or whose regulatory environment has thrived thanks to the comprehensive reform over the years (Doing Business..., 2019). Belarus ranks 37 position of 190 economies according to the “Doing Business-2019” (tab. 1).

The table 1 shows that the Republic of Belarus has achieved significant success in strengthening its position in the World Bank's «Doing Business» – from 129 rank in 2006 up to 37 in 2019. Such situation was due to the consistent state efforts for improving core

Tab. 1. Ease of doing business ranking of Belarus

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rank	129	110	85	58	68	69	58	63	57	44	37	38	37

Source: Doing Business..., 2019.

Tab. 2. Doing Business indicators – ranks of Belarus

Indicator	2015	2016	2017	2018	2019
1. Starting a business	40	12	31	30	29
2. Dealing with construction permits	51	34	28	22	46
3. Getting electricity	148	89	24	25	20
4. Registering property	3	7	5	5	5
5. Getting credit	104	109	101	90	85
6. Protecting minority investors	94	57	42	40	51
7. Paying taxes	60	63	99	96	99
8. Trading across borders	145	29	30	30	25
9. Enforcing contracts	7	25	27	24	29
10. Resolving insolvency	68	69	69	68	72

Source: Doing Business..., 2019.

areas in doing business according to 10 indicators (tab. 2).

In 2015 Belarus made paying taxes easier for companies by introducing an electronic system for filing and paying contributions for the obligatory insurance for work accidents and by simplifying the filing requirements for corporate income tax and value added tax (VAT). It allowed Belarus to improve position in «Doing Business» from 133 in 2014 up to 60 in 2015. Then Belarus made starting a business and transferring property simpler.

There were great changes in the Belarusian business environment in 2017. Belarus streamlined the process of obtaining an electricity connection by establishing a one-stop shop at the utility that fulfills all connection-related services, including the design and construction of the distribution line. Belarus also made it easier to transfer a property by improving the transparency and reliability of the land administration system. Belarus strengthened minority investor protections by introducing remedies in cases where related-party transactions are harmful to the company and requiring greater corporate transparency.

As for getting credit in Belarus, the credit bureau started to provide credit scores, strengthening the credit reporting system in 2017 and two new decrees that establish a unified collateral registry were adopted in 2018.

In 2019 Belarus made starting a business easier and made dealing with construction permits easier by streamlining the process at the one-stop shop. Belarus still has untapped reserves for further advancement in the rating despite the achieved progress. An important task is to simplify taxation, strengthen access to credit, deal with resolving insolvency, achieving equal competition and ensuring market freedoms for business.

Strategic priority for the economic development of the Republic of Belarus becomes a formation of favorable business environment and improvement of institutional environment. It is intended to ensure the stability and transparency of the business environment, to eliminate redundant and to unjustified government intervention in the activities of business entities, improving the quality of public services, financial accessibility, etc.

### 3. Modern business environment in the Republic of Belarus

The Belarusian business entities are classified according to various criteria: activity objectives (profit-making and non-profit), ownership types (public, private, foreign), organizational and legal forms (open or closed joint-stock companies, limited liability companies, additional liability companies, unitary enterprises), size (medium, small, micro).

The authors consider the structure and dynamics of the Belarusian organizations in terms of different signs. First of all, it should be noted that total number of business entities increased by 15% from 122,962 units up to 141,418 units accordingly for the period 2012–2018 (tab. 3). In 2013–2014 there was a significant annual growth of 7%, but since 2016 the total number of business entities has been decreasing. In general, these changes are due to the growth of profit-making organizations by 15,428 units (15.45%), although in 2016 and 2018 they decreased in comparison with the previous period. In terms of activity objectives, profit-making organizations dominate in the structure of all organizations and account for 82%.

It is logical that profit-making organizations form the basis of the business environment in the Republic of Belarus, because they create national income by extracting profits as the main goal of their activity. At the same time, non-profit organizations (educational, health care, cultural, and other institutions) determine the human development within the framework of the knowledge economy. In addition

they can also carry out business activities within the framework of statutory goals (Samohovec, 2017).

The study of the dynamics of profit-making organizations (tab. 4) shows that the number of joint-stock companies decreased by 7% (by 258 units) in 2018 as compared to 2012 and amounted to 3,782 units, 57.5% of them applied to open joint stock companies. The number of limited liability companies increased significantly (by 67%) and amounted to 57,462 units. The number of additional liability companies and unitary enterprises decreased by 35% and by 9% and amounts to 5,234 units and 45,334 units accordingly.

The structure of profit-making organizations has changed significantly during the study period. Limited liability companies formed almost half of all profit-making organizations. Their share increased by 15.29%. On the contrary, the share of all other organizations decreased: joint-stock companies by 0.79% (3.28% in the structure), additional liability companies – by 3.49% (4.54% in the structure), unitary enterprises – by 10.49% (39.33% in the structure). It is

Tab. 3. Dynamics of the business entities number in the Republic of Belarus (the data is given on January 1 of the relevant year)

Indicators	2012	2013	2014	2015	2016	2017	2018
Total business entities [units]	122,962	131,667	141,897	145,106	141,600	142,610	141,418
Basic growth rate [%]	–	107.08	115.40	118.01	115.16	115.98	115.01
Chain growth rate [%]	–	107.08	107.77	102.26	97.58	100.71	99.16
Profit-making organizations [units]	99,828	107,761	117,474	119,937	116,190	116,761	115,256
Basic growth rate [%]	–	107.95	117.68	120.14	116.39	116.96	115.45
Chain growth rate [%]	–	107.95	109.01	102.10	96.88	100.49	98.71
Non-profit organizations [units]	23,134	23,906	24,423	25,169	25,410	25,849	25,162
Basic growth rate [%]	–	103.34	105.57	108.80	109.84	111.74	108.77
Chain growth rate [%]	–	103.34	102.16	103.05	100.96	101.73	97.34

Source: own study based on Statističeskij ežegodnik ..., 2012–2018.

Tab. 4. Dynamics of profit-making organizations in the Republic of Belarus (the data is given on January 1 of the relevant year)

Organizations	2012		2014		2016		2018	
	units	share, %	units	share, %	units	share, %	units	share, %
Profit-making organizations, total, including	99,828	100.00	117,474	100.00	116,190	100.00	115,256	100.00
Joint stock companies	4,067	4.07	4,058	3.45	4,001	3.44	3,782	3.28
open joint stock companies	2,300	2.30	2,272	1.93	2,262	1.95	2,175	1.89
closed joint stock companies	1,767	1.77	1,786	1.52	1,739	1.50	1,607	1.39
limited liability companies	34,507	34.57	45,726	38.92	50,371	43.35	57,462	49.86
additional liability companies	8,021	8.03	6,910	5.88	6,029	5.19	5,234	4.54
unitary enterprises	49,739	49.82	57,242	48.73	52,314	45.02	45,334	39.33

Source: own study based on Statističeskij ežegodnik ..., 2012, 2014, 2016, 2018.

expected a further reduction of unitary enterprises due to their incorporation in the future.

The export and major GDP generating enterprises in Belarus are mainly represented by open joint-stock companies (JSC «Belaruskali», JSC «Naftan», OJSC «BELAZ», JSC «Minsk Automobile Plant», etc.). Important task for enterprises of this organizational and legal form for the future is to increase their capitalization and to enter into the international capital market through IPO.

#### 4. Transformation of ownership relations in the Republic of Belarus

Statistics show that the number of public enterprises decreased (from 17,629 units in 2012 to 16,047 units in 2018) while the number of private and foreign enterprises increased, with, as a consequence, of the targeted state actions in transforming ownership relations and expanding private sector activities in the economy.

The number of private business entities amounted to 117,742 units in 2018 (16.7% more than in 2012). However, the largest number of private business entities was recorded in 2015 (122,036 units). This number decreased in subsequent years. The number of foreign business entities had a steady upward trend. There were 7,629 units in 2018 (72.5%

more than in 2012). This was the highest value for the time period under study.

Changes in the organization’s structure of various ownership types are clearly presented in fig. 1.

The authors consider it is expedient to study the ownership of fixed assets in order to make a conclusion about predominance of private or public capital. According to tab. 5, the share of fixed assets owned by public enterprises decreased by almost 10%, while the share of fixed assets of private business entities increased by 7.93% and foreign ones by 1.63% for the analyzed period. The low share of fixed assets of foreign enterprises testifies to the problems in attracting foreign investment. Although the dynamics of this indicator is positive in general, there is the task of formation of transnational corporations on the basis of the Belarusian organizations. At the same time, 11.35% of all business entities were public and they hold 44.98% of all fixed assets in 2018. It confirms the concentration and centralization of the public capital in economy. In addition, the public sector has traditionally played a major role in fixed investment and generally has a significant impact to the financial sector development in the country (Samohovec, 2016).

Public enterprises and enterprises with state-owned share provided 76.4% of industrial output (Osnovnye pokazateli..., 2018), 36% of exports of goods and 35.8% of exports of services, 60.3% of

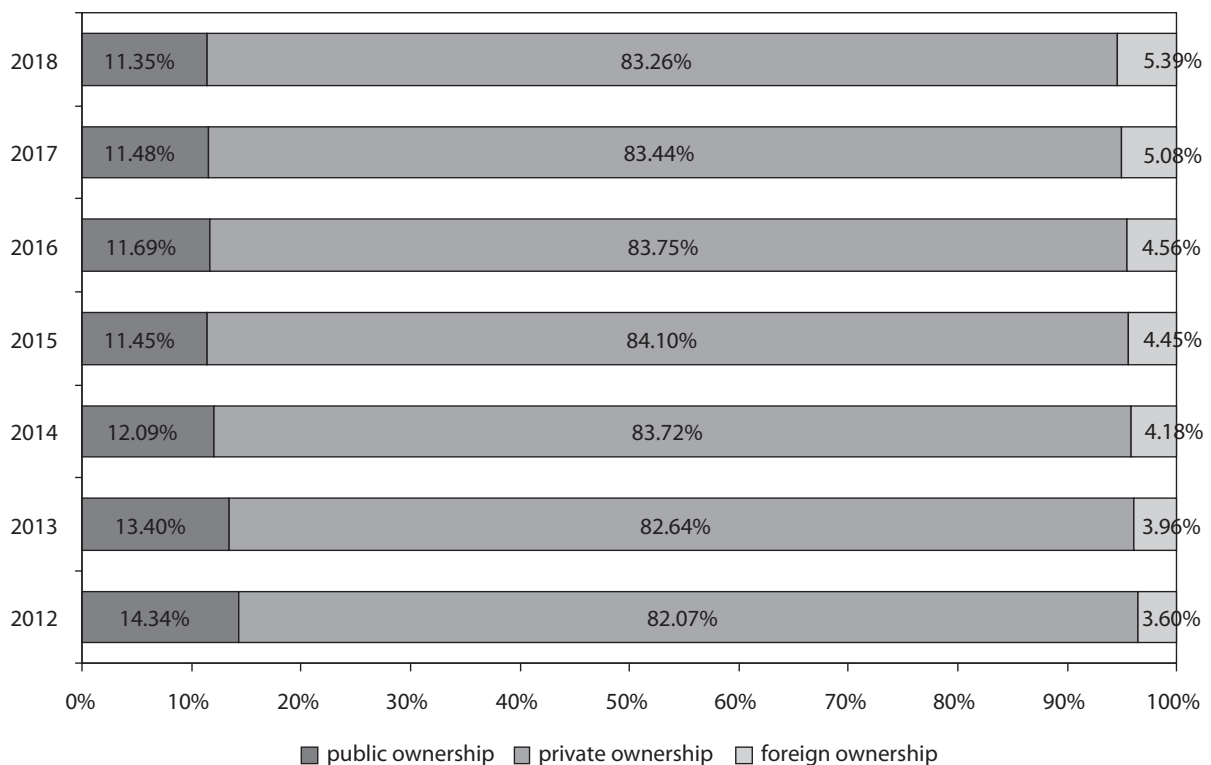


Fig. 1. Changes in the organization’s structure of various ownership types in the Republic of Belarus

Source: Own study based on Statističeskij ežegodnik ..., 2012–2018.

Tab. 5. Ownership of fixed capital (the data is given on January 1 of the relevant year)

Indicators	2012	2013	2014	2015	2016	2017	2018
Fixed assets, total [billion rubles]	104.47	143.55	179.05	211.10	242.51	269.80	293.90
including by ownership:							
public ownership [billion rubles]	56.98	75.47	90.76	99.17	109.69	122.60	132.20
Share [%]	54.54	52.57	50.69	46.98	45.23	45.44	44.98
private ownership [billion rubles]	43.68	63.45	82.00	103.80	122.28	134.80	146.20
share [%]	41.81	44.20	45.80	49.17	50.42	49.96	49.74
foreign ownership [billion rubles]	3.81	4.63	6.29	8.13	10.54	12.40	15.50
share [%]	3.65	3.23	3.51	3.85	4.35	4.60	5.27

Source: own study based on Statističeskij ežegodnik ....., 2018.

Tab. 6. Sector structure of enterprises of various ownership types in the Republic of Belarus [%] (the data is given on January 1 of the relevant year)

Sectors	Public ownership			Private ownership			Foreign ownership			Total		
	2012	2015	2018	2012	2015	2018	2012	2015	2018	2012	2015	2018
Agriculture, forestry and fisheries	3.59	3.01	3.24	3.96	3.53	3.76	1.27	1.53	1.70	3.81	3.38	3.59
Industry	4.14	3.35	2.19	14.30	13.23	12.77	15.31	12.18	12.26	12.88	12.05	11.54
Construction	1.83	1.58	1.48	9.04	8.99	8.43	6.53	5.50	4.68	7.91	7.99	7.44
Wholesale and retail trade; car and motorcycle repair	0.98	0.81	0.70	38.67	35.60	32.90	45.47	46.17	43.86	33.51	32.09	29.84
Others	89.47	91.26	92.40	34.03	38.64	42.14	31.43	34.61	37.50	41.88	44.49	47.59
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: own study based on Statističeskij ežegodnik ....., 2012, 2015, 2018.

investments in fixed capital at the end of 2017. It indicates the predominance and significant role of public sector in the Belarusian economy despite the less public enterprises.

At the same time, very important issue is to enhance public sector efficiency and to transform public enterprises into highly profitable assets. Key performance indicators are annually determined for public enterprises and joint companies if 50 or more percent of shares belong to the state. But it is not allowed to bring indicators to small and micro-organizations and to organizations with foreign capital.

Transition to public ownership management based on market principles, formation of systemically linked mechanisms and measures for the privatization of public ownership are becoming priority tasks in the economic environment of the Republic of Belarus. This is supposed to be carried out through:

- realization of a part of liquid enterprises with a state-owned share on the open market when the market conditions are favorable;

- privatization of small- and medium-sized public enterprises, focused on investments attraction, production facilities modernization and new working places creation;
- transfer (free or at a reduced price) of public enterprises shares to the most active and successful domestic managers.

It is planned to increase the transparency of public enterprises, to create a common database of state assets, to publish a comprehensive report with summary performance indicators in public access and to form an integrated monitoring system of public enterprises results.

Then authors consider the main sectors of the Belarusian economy, as well as the number of employees in the context of different ownership types. Sectoral structure of enterprises of various ownership types is presented in tab. 6. These data show uneven distribution of private and foreign business entities in the main sectors of the economy. This is due to the interest of business in areas which can provide the

fast turnover of capital and a high level of income (trade, services).

The strategic goal of the Belarusian industrial complex development for the period until 2030 is the gradual approximation of the efficiency indicators of industrial production to the average level of the EU countries. As for agriculture, it is the formation of competitive on the world market and environmentally safe agricultural production.

Let's analyze allocation of the employed population in the context of public, private and foreign ownership types of enterprises (tab. 7).

The number of employees in the public sector decreased by 11.00% in 2017 compared to 2012. At the same time, the share of employees in the private sector remained approximately at the previous level; slight fluctuations were observed ( $\pm 1\%$ ). Absolute and relative quantity of employees of foreign

business entities increased. This is associated with an increase of the number of the Belarusian enterprises.

The Belarusian business entities are divided into microorganizations (the average number of employees does not exceed 15 persons), small organizations (from 16 to 100 people), medium-sized organizations (from 101 to 250 people) and large organizations (more than 250 people) in accordance with generally accepted statistical classification which depends on the average number of employees during the calendar year.

The following is how small and medium-sized business entities developed in the Republic of Belarus in 2012–2017 (tab. 8). The number of micro-, small and medium-sized organizations increased to 9,985 units (by 10%) over this period, due to the increase of micro-organizations by 10,172 units (by 11.87%) and reduction of medium-sized organizations by

Tab. 7. Structure of the employed population by ownership types of the Belarusian enterprises

Indicators	2012	2013	2014	2015	2016	2017
Employed population, total, thousand people	4612.10	4578.40	4550.50	4496.00	4405.70	4353.60
including by ownership						
public ownership, thousand people	1965.00	1879.40	1771.60	1765.30	1769.70	1744.70
share [%]	42.61	41.05	38.93	39.26	40.17	40.07
private ownership, thousand people	2538.50	2566.10	2631.80	2576.60	2478.60	2437.30
share [%]	55.04	56.05	57.84	57.31	56.26	55.98
mixed ownership without foreign participation, thousand people	880.90	858.70	857.60	833.70	807.10	767.20
share [%]	19.10	18.76	18.85	18.54	18.32	17.62
mixed ownership with foreign participation, thousand people	278.90	308.80	314.00	301.60	281.30	275.70
share [%]	6.05	6.74	6.90	6.71	6.38	6.33
foreign ownership, thousand people	108.6	132.9	147.1	154.1	157.4	171.6
share [%]	2.35	2.90	3.23	3.43	3.57	3.94

Source: own study based on Statističeskij ežegodnik ..., 2018.

Tab. 8. Dynamics and structure of small and medium-sized business entities in the Republic of Belarus

Indicators	2012	2013	2014	2015	2016	2017
Number of micro, small and medium organizations, units	99,986	111,112	114,208	107,441	107,382	109,971
Medium-sized organizations	2,542	2,423	2,416	2,394	2,315	2,245
share [%]	2.54	2.18	2.12	2.23	2.16	2.04
micro- and small organizations	97,444	108,689	111,792	105,047	105,067	107,726
share [%]	97.46	97.82	97.88	97.77	97.84	97.96
microorganizations	85,682	96,858	99,368	92,684	93,288	95,854
share [%]	85.69	87.17	87.01	86.27	86.87	87.16
small organizations	11,762	11,831	12,424	12,363	11,779	11,872
share [%]	11.76	10.65	10.88	11.51	10.97	10.80
Individual entrepreneurs, people	232,851	248,546	248,952	240,781	235,995	236,138

Source: own study based on Maloe i srednee..., 2018.

297 units (by 11.68%). The number of small organizations and individual entrepreneurs was maintained at about the same level. There have been no significant changes in the structure of organizations.

The contribution of small and medium-sized organizations to GDP of the Republic of Belarus remained approximately at the same level from 20% to 22% for the analyzed period of time. Minor fluctuations were associated with market conditions, both domestically and internationally. The share of small

and medium-sized organizations in the country's GDP accounted for 21.6%, incl. the share of medium-sized organizations was 6.7%, micro-organizations 6.2%, small organizations 8.7% in 2017. The share of individual entrepreneurs in GDP amounted to 3.1% in 2017.

Small and medium-sized organizations will be turned into a significant development factor of the Belarusian business environment. It is provided to increase the share of gross value added (GVA) of

Tab. 9. Dynamics and structure of GDP and GVA in the Republic of Belarus

Indicators	2012		2014		2016		2017	
	million rubles	share in GDP [%]	million rubles	share in GDP [%]	million rubles	share in GDP [%]	million rubles	share in GDP [%]
Gross domestic product (GDP)	54761.67	100.00	80579.27	100.00	94949.00	100.00	105199.00	100.00
including:								
Gross value added (GVA), including:	48029.35	87.71	71179.15	88.33	82013.80	86.38	91357.70	86.84
Industrial sector	24321.53	44.41	34392.93	42.68	35941.70	37.85	41974.50	39.90
agriculture, forestry and fisheries	4452.64	8.13	5884.75	7.30	6547.00	6.90	8174.90	7.77
mining industry	536.30	0.98	546.96	0.68	597.60	0.63	728.90	0.69
manufacturing industry	13571.54	24.78	16992.19	21.09	19134.30	20.15	23376.90	22.22
supply of electricity, gas, steam, hot water and air conditioning	1401.05	2.56	2050.48	2.54	3585.70	3.78	3399.60	3.23
water supply; waste collection, treatment and disposal activities; pollution abatement	342.49	0.63	580.79	0.72	683.20	0.72	773.70	0.74
Construction	4017.51	7.34	8337.76	10.35	5393.90	5.68	5520.50	5.25
Service sector	23707.82	43.29	36786.22	45.65	46072.10	48.52	49383.20	46.94
wholesale and retail trade; repair of motor vehicles and motorcycles	7470.64	13.64	9805.48	12.17	10416.30	10.97	10243.60	9.74
transport, warehousing, postal and courier activities	3242.39	5.92	4589.04	5.70	5410.80	5.70	6066.40	5.77
temporary accommodation and food services	396.64	0.72	734.77	0.91	807.30	0.85	878.60	0.84
information and communication	1333.18	2.43	2564.75	3.18	4606.80	4.85	5309.40	5.05
financial and insurance activities	1849.59	3.38	2602.92	3.23	3872.50	4.08	4088.80	3.89
real estate operations	1744.90	3.19	3887.11	4.82	5373.00	5.66	5939.50	5.65
professional, scientific and technical activities	1002.82	1.83	2049.20	2.54	2598.70	2.74	2894.30	2.75
activities in the field of administrative and support services	516.16	0.94	923.62	1.15	936.80	0.99	1262.40	1.20
public administration	1595.67	2.91	2716.70	3.37	3340.00	3.52	3402.30	3.23
education	2094.17	3.82	3262.29	4.05	3923.20	4.13	4157.10	3.95
health and social services	1569.15	2.87	2482.13	3.08	3318.70	3.50	3463.20	3.29
creativity, sports, entertainment and recreation	606.15	1.11	694.91	0.86	856.90	0.90	986.50	0.94
other services	286.36	0.52	473.30	0.59	611.10	0.64	691.10	0.66
Net taxes on products	6732.32	12.29	9400.12	11.67	12935.20	13.62	13841.30	13.16

Source: own study based on Statističeskij ežegodnik ..., 2018.



micro-organizations, small and medium-sized organizations in the total GDP from 20–22% (without individual entrepreneurs, with individual entrepreneurs – 23%) nowadays to 50% in 2030. It is necessary to improve the institutional environment of entrepreneurship development through constructive dialogue between government and business (Kalinesku et al., 2012) to provide business self-organization and self-regulation, to increase the financial resources availability, to simplify administrative tax procedures, to eliminate excessive and unjustified state interference to business management, to form an integrated educational system in the field of entrepreneurship.

### 5. Forecast of economic development of the Republic of Belarus

In general, economic development of the Republic of Belarus was rather unstable in 2012–2018 with relatively low rates of annual GDP growth (about 1%) and economic decline in 2015–2016. However, in the last two years, it has reached the trajectory of the average European GDP growth rates (2.4% in 2017 and 3.5% in 2018).

In the process of assessing and planning socio-economic development of the country, the structure and location of production should be taken into

account. This shows the state of a social division of labor. The management of sectoral and territorial structures should be directed at business entities; there should be interest in the most effective socio-economic development of personnel. In turn, the development of industries and territories (regions), their competitiveness are based on the capabilities of enterprises, their ability to jointly form and implement a development strategy, drawing to this the best intellectual, technical, financial and other resources; use them rationally (Kalinesku, Grečiškina, 2009).

Assessment of the dynamics and structure of the Belarusian GDP (tab. 9) shows that GVA provides 86–88% of GDP during the analyzed period and 86.84% in 2017. Industrial sector had a positive development dynamics for 2012–2017 years but its share in GVA and GDP was gradually declining, while the share of the service sector was increasing. In the industrial sector the most important types of economic activity were manufacturing, agriculture, forestry and fisheries, construction (35.24% of GDP in total in 2017). There were wholesale and retail trade, car and motorcycle repair, transportation, warehousing, postal and courier activities, information and communications, real estate operations (26.2% of GDP in total in 2017) in the services sector.

Fig. 2 shows a comparison of the Belarusian GDP per capita at purchasing power parity (PPP) with

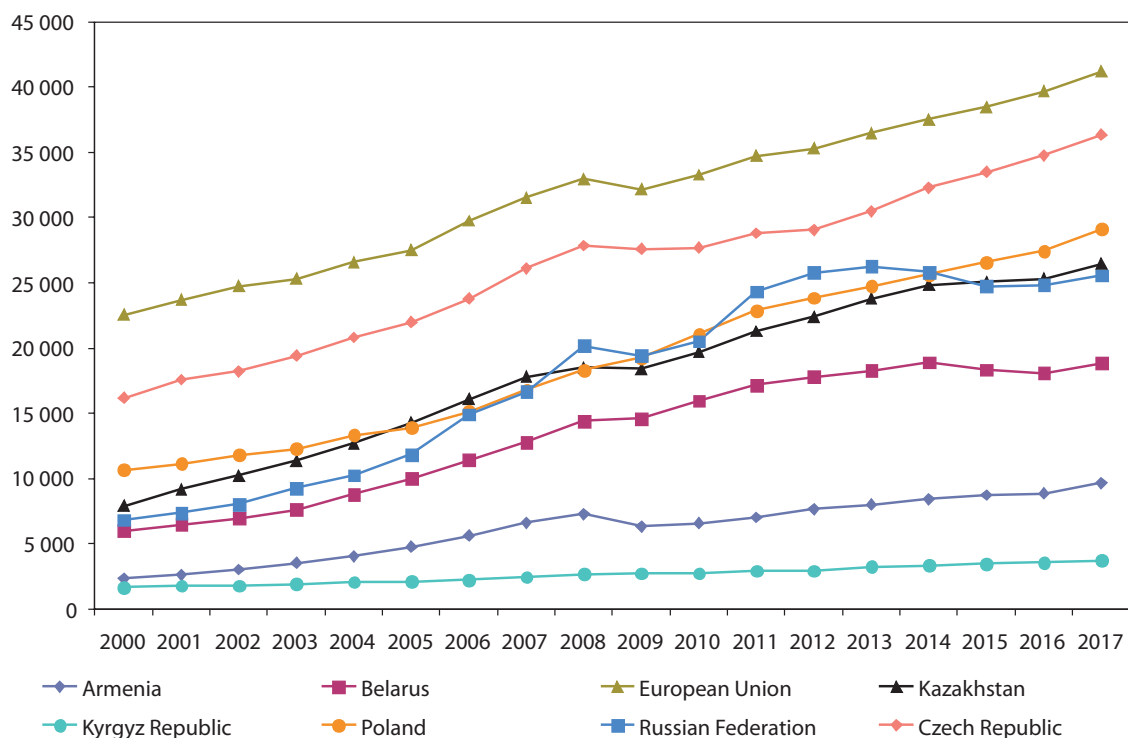


Fig. 2. GDP per capita based on purchasing power parity (current international \$)

Source: Own study based on GDP per capita ..., 2018.

Tab. 10. Key forecast indicators of economic development of the Republic of Belarus

Indicators	Actual values (in % of the previous year)			Forecast	Predicted values (for the five years)			
	2016	2017	2018		2019	2016-2020	2021-2025	2026-2030
GDP growth rate [%]	97.5	102.5	103.0	104.0	112.2	125.6	120.2	117.6
Labor productivity growth rate [%]	99.5	103.6	103.6	103.8	115.7	126.6	121.0	121.2
Growth rate of investment in fixed assets [%]	82.6	105.1	105.1	111.3	104.1	130.2	126.0	122.4

Source: own study based on Statističeskij ežegodnik ..., 2018; Konceptiâ..., 2018; Programma social'no-èkonomičeskogo..., 2017.

some countries. In Belarus this indicator increased from 6.5 thousand dollars USA in 2010 up to 18.9 thousand dollars USA in 2018. Belarus ranks 4th among the EAEU countries (Armenia, Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation) in this indicator, but significantly lags behind European countries. For example, GDP per capita at PPP is 29.1 thousand dollars USA in Poland, 36.3 thousand dollars USA in the Czech Republic, 41.2 thousand dollars USA in the EU on the whole.

Therefore, the main task is to ensure sustainable economic growth in Belarus. This one finds a reflection in the state policy documents. It is projected to increase GDP per capita to 28-36 thousand dollars USA at PPP in 2030 and GDP growth by 1.8 times for 2021–2035, including by 1.3 times in 2021–2025 and by 1.4 times in 2026–2035 (Konceptiâ ..., 2018) in order to implement the goals of sustainable socio-economic development of the Republic of Belarus (Nacional'naâ strategiâ..., 2017) (tab. 10).

## 6. Conclusion

The paper discusses the current state of Belarusian business environment within the framework of socio-economic development forecast for short, medium and long term. The main economic goal of sustainable development of the Republic of Belarus is transition to highly efficient competitive economy of knowledge and innovation.

The priority for the Belarusian economic development becomes a formation of favorable business environment. Belarus ranks 37 position of 190 economies according to the "Doing Business-2019" but 30th rank in this rating is one of the expected economic parameters of Belarus by 2030.

It is analyzed and evaluated the current state of the Belarusian business in terms of various criteria: activity objectives, ownership types, organizational and legal forms, size. The total number of business entities in Belarus is 141,418 units and it increased by 15% for the period 2012-2018. The number of micro-,

small and medium-sized business entities increased by 10% and there were no significant changes in the structure of this organizations. Profit-making organizations dominated and accounted for 82% in the structure of all organizations in terms of activity objectives. Limited liability companies formed 49.86% of profit-making organizations and unitary enterprises – 39.33%. The number of private and foreign enterprises increased but 11.35% public enterprises (according to the organization's structure of various ownership types) hold 44.98% of all fixed assets in 2018. It indicates the dominant role of public sector in the Belarusian economy. Sectoral structure of Belarusian enterprises shows that almost 30% of them were related to wholesale and retail trade, car and motorcycle repair. This represents a business interest in service areas with high level of income. Structure of the employed population of the Belarusian enterprises indicates that 55.98% were employed in the private ownership business.

It is planned to ensure the multistructural market relations in the economic sphere, to develop private initiative and entrepreneurship, to accelerate innovation and investment processes, to develop competition. Such changes will create stable preconditions for economic growth and efficiency of the Belarusian economy. Modern business environment should be «barrier-free» for functioning of all business entities regardless of ownership, size, organizational and legal form as a result of the ownership relations reforms. Consequently, it is necessary to ensure equal conditions for business functioning. The worthy image of entrepreneurs, the growth of business culture level, the partnerships and cooperation of small, medium-sized and large organizations must be the rule of favorable business environment in Belarus.

Belarusian GDP per capita at PPP increased from 6.5 thousand dollars USA in 2010 up to 18.9 thousand dollars USA in 2018. GVA provides more than 80% of Belarusian GDP. It is projected to increase Belarusian GDP per capita at PPP to 28-36 thousand dollars USA in 2030 and GDP growth by 1.8 times for 2021–2035. The authors emphasize that it is possible

to achieve great results in GDP growth and to form high-performance economy only by combining the strengths of various business environment lifestyles.

## References

- Business Environment*, 2018, Business Jargons, <https://businessjargons.com/business-environment.html> (accessed 12 January 2019).
- Campbell D. J., Craig T., 2005, *Organisations and the business environment*, Routledge, Abingdon – New York.
- Doing Business 2019. Training for reform*, 2019, The World Bank [http://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report\\_web-version.pdf](http://www.worldbank.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf) (accessed 15 January 2019).
- GDP per capita, PPP (current international \$)*, 2018, The World Bank, <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?view=chart/> (accessed 10 January 2019).
- Hamilton L., Webster P., 2018, *The International Business Environment*, Oxford University Press, Oxford.
- Kalinesku T.V., Grečiškina E.A., 2009, Problemy social'no-ekonomičeskogo razvitiâ predpriâtij v usloviâh ekonomičeskogo krizisa (Eng. Problems of socio-economic development of enterprises in the conditions of economic crisis), *Biznes Inform*, 4(1), 66–69.
- Kalinesku T.V., Nedobega O.O., Natalenko M.O., 2012, *Innovacii u social'no-ekonomičnomu razvitku pidpryemstv regionu* (Eng. Innovations in the socio-economic development of the region's enterprises), SNU im. V. Dalia, Lugansk.
- Koncepciâ Nacional'noj strategii ustojčivogo razvitiâ Respubliki Belarus' na period do 2035 goda* (Eng. Concept of the National sustainable development strategy of the Republic of Belarus for the period until 2035), 2018, Ministerstvo ekonomiki Respubliki Belarus', <http://www.economy.gov.by/uploads/files/ObsugdaemNPA/Kontseptsija-na-sajt.pdf> (accessed 12 January 2019).
- Maloe i srednee predprinimatel'stvo v Respublike Belarus'. Statističeskij sbornik* (Eng. Small and medium entrepreneurship in the Republic of Belarus. Statistical handbook), 2018, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Nacional'naâ strategiâ ustojčivogo social'no-ekonomičeskogo razvitiâ Respubliki Belarus' na period do 2030 g.* (Eng. National Sustainable Socio-Economic Development Strategy of the Republic of Belarus for the period until 2030), 2017, Ministerstvo ekonomiki Respubliki Belarus', <http://www.economy.gov.by/uploads/files/NSUR2030/Natsionalnaja-strategija-ustojchivogo-sotsialno-ekonomičeskogo-razvitija-Respubliki-Belarus-na-period-do-2030-goda.pdf> (accessed 10 January 2019).
- Osnovnye pokazateli deâtel'nosti organizacij gosudarstvennogo sektora za âнвар'-dekabr' 2017 goda. Bûlleten'* (Eng. Main indicators of public sector organizations in January-December 2017. Bulletin), 2018, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Paul J., 2006, *Business Environment*, Tata McGraw Hill Publishing Co Ltd, New Delhi.
- Programma social'no-ekonomičeskogo razvitiâ Respubliki Belarus' na 2016-2020 gody* (Eng. Program of socio-economic development of the Republic of Belarus for 2016-2020), 2017, Sovet Ministrov Respubliki Belarus', [http://www.government.by/upload/docs/program\\_ek2016-2020.pdf](http://www.government.by/upload/docs/program_ek2016-2020.pdf) (accessed 12 January 2019).
- Samohovec M.P., 2016, Rol' finansovogo rynka v investicionnoj politike (Eng. Role of financial market in investment policy), *Belorusskij ekonomičeskij žurnal*, 2, 45–56.
- Samohovec M.P., 2017, Mesto finansov sub'ektov hozâjstvovaniâ v finansovoj sisteme Respubliki Belarus' (Eng. Place of finance of business entities in the financial system of the Republic of Belarus), [in:] *Dni nauki – 2017: sbornik naučnyh trudov po rezul'tatam II Meždunarodnoj naučno-praktičeskoj Internet-konferencii «Ėkonomika i pravo: stanovlenie, razvitie, transformaciâ», 28 aprilâ 2017 g.*, T. 2 (Eng. Days of science-2017: Collection of scientific works on the results of the II International scientific-practical Internet conference "Economics and law: formation, development, transformation" (28 April 2017), T. 2.), MĖGI, Makeevka, 157–160, [http://kpfu.ru/staff\\_files/F723579927/tom\\_2\\_28\\_dni\\_nauki\\_2017.PDF](http://kpfu.ru/staff_files/F723579927/tom_2_28_dni_nauki_2017.PDF) (accessed 10 January 2019).
- Schiffer M., Weder B., 2001, *Firm Size and the Business Environment: Worldwide Survey Results*, Discussion Paper 43, International Finance Corporation, Washington DC. doi: 10.1596/978-0-8213-5003-4.
- Statističeskij ežegodnik 2012* (Eng. Statistical Yearbook 2012), 2012, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Statističeskij ežegodnik 2013* (Eng. Statistical Yearbook 2013), 2013, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Statističeskij ežegodnik 2014* (Eng. Statistical Yearbook 2014), 2014, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Statističeskij ežegodnik 2015* (Eng. Statistical Yearbook 2015), 2015, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Statističeskij ežegodnik 2016* (Eng. Statistical Yearbook 2016), 2016, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Statističeskij ežegodnik 2017* (Eng. Statistical Yearbook 2017), 2017, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- Statističeskij ežegodnik 2018* (Eng. Statistical Yearbook 2018), 2018, Nacional'nyj statističeskij komitet Respubliki Belarus', Minsk.
- What Is The Economic Environment? Definition And Examples*, 2018, Market Business News, <https://marketbusinessnews.com/financial-glossary/economic-environment/> (accessed 10 January 2019).
- Worthington I, Britton C., 2009, *The Business Environment*, Financial Times / Prentice Hall, Harlow.