



THE ROLE OF INNOVATION IN SMALL BUSINESS DEVELOPMENT

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Abstract: *This article focuses on the role and importance of innovation in ensuring the sustainable development of the small business sector. Accordingly, scientific proposals and recommendations were developed within the framework of the research work.*

Key words: *sustainable development, innovation, global crisis, small business, depression, strategic industries, competition, business.*

In the countries of the world, the role of innovation in ensuring the stability of economic sectors by developing small business and ensuring the stable development of the industry is high. By developing innovative ways of economic development in the country, it is aimed to increase the flexibility of small business and to increase its role in quickly eliminating the effects of the global crisis. In this regard, it is of particular importance to study the conditions for ensuring its effectiveness.

Small business can be a decisive factor in the distribution of new technologies, in the reconstruction of depressed areas and the development of ways to ensure the transition of the economy to an innovative path. Despite the measures taken by the government, the support of small business, the innovative component of its development remains neglected.

Processes in particular attempts to stimulate innovation are mainly focused on bypassing the problems of small businesses in the field of strategic industries and innovation. In developed countries, small firms have proven their superiority in the development of new technologies, changes in market conditions due to their more flexible adaptation, the desire to survive in the competitive struggle, the ease of using small firms as a testing ground for the development and testing of new technologies. Small business has achieved visible results only in the field of retail trade, and partially plays an important role in the service sector - that is, in the third sector of the economy. Small business opportunities in the primary and secondary sectors, which offer the widest scope for innovation and development, remain untapped. This raises serious doubts and after that it will be necessary to modernize the entire economy. In this regard, the analysis of the reasons for the insufficient use of these necessary capacities is also observed in the causes of the small business as a subject of innovative development in the country and the reasons for its one-sided development mainly in the service sector and practically cannot find itself in such a sector.

All this requires study and determines the innovative development and relevance of the economy related to the justification of the positions of small businesses as a factor.



Development problems of small enterprises have attracted the attention of domestic and foreign scientists for a long time, although small enterprises did not immediately become a special object, they included research in the field of economics. In the works of such well-known representatives of economic theory, A. Smith, J.-B. Say, D. Ricardo, K. Marx, A. One can find Marshall et al.

Before the beginning of market changes, local science reflects the priorities of the state's economic policy, the main payments of which are the activities of large economic entities. In the 90s. In the 20th century, small business has become an object of constant research on the part of scientists and practitioners. A. In the works of Bazilevsky A. Blinov, E. Bragina, A. Vilensky, V. Gorfinkel, A. Ignatiev, A. Krutik, I. Malysheva, A. Muravyov, P. Myagkov, M. Lapusta, A. Orlova,

V. Radaeva, V. Roubet, S. Saveliev, V. Savchenko, M. Sazina, N. Chernika, V. Shvandar, A. Shulus and others are aimed at many organizational, economic, social and legal aspects of the origin process and the development of small enterprises.

At the same time, it is necessary not to ignore the issues related to the elimination of the development trend. Small business, mainly in the trade and service sector; encouraging innovative interaction between large and small businesses, resolving conflicts between the interests of small businesses and representatives of the state responsible for its development, as well as issues related to creating special conditions for innovative development small business functions require further consideration.

This required a theoretical generalization of the experience of formation and is considered to be the practice of innovative small business activity and its state support in our country. Small business as a special subject of the modern market economy, small business plays an important role in the modern economy, which often comes down to solving the problem of employment and the formation of consumer demand. It seems that the perception of the role of small business does not allow to reveal its reality, as a special subject of nature market economy, traditionally, small business means economic activity.

Enterprises are implemented in accordance with the established laws and meet the following important features: independent management; equity capital; a relatively small share in the industry. It is worth noting that in economic theory and practice, a single methodological approach to the development of a system of economic criteria for the classification of small businesses has been formed. Therefore, despite many changes in the theoretical understanding and scientific interpretations of foreign scientists, there is still no unified definition of the concept of "small business". The main effort of the researchers is to interpret the general optimal criteria of the size of the small enterprise focused on the theory.

However, it seems clear that not all characteristics are specific to the strategic aspect of small entities, entrepreneurship can serve as quality criteria for small. By small business we understand the economic activity of a small group of individuals or an enterprise managed by one owner. In its essence, this is an entrepreneurial activity, that is, a risky, entrepreneurial activity of a person aimed

at obtaining. In economic theory, the problems of operation and development are inextricably linked with small business entrepreneurship. "entrepreneurship" "business", enterprise, worth producing, economic profit. A small concept was formed that corresponds to the development of ideas about entrepreneurship. Entrepreneurship has a special innovative potential. The first attempts at a systematic theoretical understanding of entrepreneurship began in the 17th century when the concept of "entrepreneur" appeared. It was first put into scientific circulation by the English banker and economist R. Cantillon (1680-1734). Famous economists A. Smith, J.-B. Sai, A. Marshall. Isolating the innovative component in the activity, there were also entrepreneurs, and also representatives of small businesses.

J. believed that in order to acquire good. Schumpeter needs a constant search for a position in the product market. New methods, will and abilities to improve product quality; know how to "swim against the current"; awareness of the results of success, spiritual freedom, impact on competitors with costs, power and energy. J. This is one of the arguments of Schumpeter's position.

The emergence of new (innovation) is possible only in small firms and difficult in large companies. The advantages of small business in the field of innovation were found, confirmed in the practice of advanced Western countries. In addition, high innovation activity is explained by the willingness to risk, constant search for new ideas, lack of bureaucracy, rapid testing of innovative proposals and developments. The owner of a small firm is, of course, an innovator, he strives in conditions of fierce competition due to various resources to take his place in the market of economic goods, to improve or at least maintain his place in a larger environment. The only condition for "survival" is the creation of new products or technologies that reduce costs by using new ones. In the modern market economy, the desire to achieve a better position in the market is characteristic not only for small, but also for large economic entities, but for small firms this desire is a condition for survival.

If in a certain market of goods, small firms work together with large ones, then they have realized their advantages as innovative enterprises. The theory of entrepreneurship was formed on the basis of small business development as an innovative activity. As you grow, production, market capture, and the inevitable restriction of competition, the innovative component of entrepreneurship weakens, because a large firm with a large market share has no real incentive to improve their entrepreneurial activity, that is, and depends on innovation.

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