

## SYSTEMATIZATION OF CONDITIONS AND FACTORS AFFECTING THE BALANCED INNOVATIVE DEVELOPMENT OF SMALL BUSINESS ENTITIES



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**Abstract:** This article presents ideas and opinions about the systematization of conditions and factors affecting the balanced innovative development of small business entities and the effective use of innovation in the development of small business entities.

**Keywords:** Small business, innovative competitive products, development of entrepreneurship, use of innovations.

At the current stage of the development of scientific thought, the concept of sustainable development is considered as one of the strategic directions of scientific discussions. The economic meaning of this term is based on the principle of harmony, balance and stability. In our opinion, the above-mentioned scientific justification of the concept of sustainable development defines a stable process that does not depend on the fluctuations of the external and internal environment with the continuous development of the social, economic, technical, and institutional environment.

Particular attention is paid to determining the factors of achieving this process in the plane of scientific discussions of the theory and practice of sustainable development. In connection with the formation of ideas about balanced development, it is not recommended to consider the term "sustainability" as a synonym. The term "sustainable development" itself consists of two concepts. Stability is the property of a system to maintain its state regardless of external conditions [1], in the manual of the technical translator - the stable state of the system and the ability to return to its original state [2] understood. In addition, A.N. Folomev stability is a type of state of a certain economic system in market conditions [3] - A.V. Gladin applies the concept of stability to the ability of the system to maintain the same behavior under the influence of environmental factors [4].

The development of the theory of stability can be assumed to be a fixed, equilibrium state of a certain system, which has the properties of returning to its original state under various fluctuations of the external environment. Modern trends in the development of modern society are taking place in the context of the acceleration of the globalization process, and in order to further scientifically substantiate the topic of study, it seems interesting to study the proportionality of the development of the structural elements of the economic system as a condition for achieving the innovative balance, harmony and consistency. Today, the

technological order requires social and economic stability and increasing the rate of economic growth in the innovative sphere, as well as compliance with the requirements, which can be a faster way out of the current crisis situation in the regions of the country.

In the current trend of world production development, more and more attention is paid to the concept of harmonious and continuous development of regional economy, environment and society, which cannot be achieved without introducing innovations. The era of globalization not only causes the dependence of one country on another country, but also causes the need for intensive use of the elements of scientific and technical development.

In this regard, it is necessary to carry out research on the basic and accumulated potential resources for the promotion of innovative products in various fields, following the principle of maximizing economic growth without affecting the quantity and quality of natural resources. The problem of increasing the balanced innovative activity of small business entities arose from the need to transfer the production processes of the regions to a new stage, which allows to increase profitability and provide the society with the necessary amount of quality goods and services.

Balanced innovative development is understood as the ratio of interrelated elements of the system based on coordinated actions that ensure its normal and stable operation with the continuity of financial processes. Innovation is a promising area of scientific debate and an integral part of basic research. In modern economic literature, great attention is paid to the evaluation of innovative activity, based on innovative spatial indicators, it allows to evaluate the role of innovative activity of small business entities in development, as well as the distribution of specific municipalities, real economic sectors, regional innovation clusters, etc. Aspects of forecasting the dynamics of innovative activity are based on information about changes in the structure and intensity of competition in industries

The formation of the scientific opinion on the development of innovative activity can be observed at all stages of the evolution of the economy. In the conditions of current globalization, population growth, the role and culture of urban agglomeration raises the issue of providing the population with quality and necessary quantity of food products. Ongoing processes have become an important condition for the activation of production through the improvement of technology. The evolution of economic development shows that it allowed to increase population density and its prosperity.

In particular, the origin of the development of agriculture that has reached the present day occurred in Egypt and a number of Asian countries. In the 6th millennium BC, farmers began to cultivate legumes and wheat in India, and later in North Africa and Europe. The innovative processes of this period were carried out along with the selection of plant varieties, the search for ways to increase livestock productivity, and the improvement of soil reclamation. Significant achievements in agriculture were manifested during the agrarian revolutions.

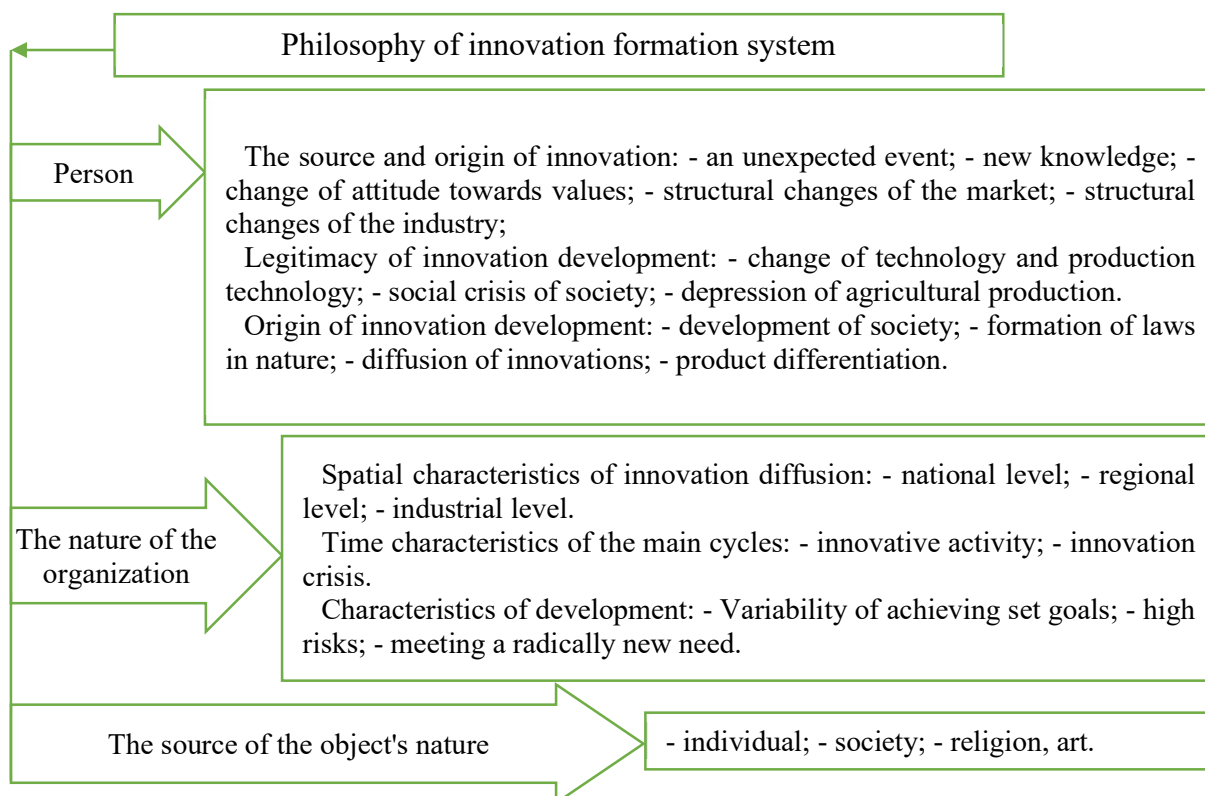
About 10,000 years ago, the first phase of Neolithic changes improved the appearance of tools, soil irrigation, and ancient warehouses for storing crops. During the Golden Age of Islam, which lasted from the 7th to the 13th centuries AD, significant progress was made in the sciences of the earth, and periods of food shortages were put to an end. This period is characterized by the improvement of agricultural cultivation technologies, the acquired skills began to actively spread beyond the borders of the Arab Caliphate. Great increases in yields and the development of new, higher-yielding varieties occurred during the British Agricultural Revolution of the late 15th and 19th centuries.

Many scientists call this period evolutionary in the development of agriculture and associate it not only with the emergence of new technology, fertilizers, but also with the emergence of new market segments for the sale of food products. Abandoning the control system during the Scottish Agrarian Revolution was associated with the introduction of the potato in 1739. Among the innovations - the appearance of the first working title, the development of a new method of plowing the root layer of the soil without deformation of the upper layer.

During the Green Revolution, there was a huge increase in agricultural production, which helped improve global food security and living standards. According to scientists of that time, the emergence of water management made it possible to bring the rate of growth of agricultural products closer to the rate of population growth. However, such a breakthrough in technology, methods of soil processing, the emergence of new types of fertilizers, pesticides created a danger for the environment. In this regard, fundamental research based on the search for ways to increase the well-being of the population by reducing the burden on the ecosystem, using the achievements of the digital economy, has begun. This can be achieved by balancing the elements of the economic system.

Balance has multiple contexts and areas of study. The trends of the development of modern society are taking place in the context of the acceleration of the globalization process, and in order to further scientifically substantiate the topic of study, it seems interesting to study the proportionality of the development of the structural elements of the economic system as a condition for achieving the innovative balance, harmony and consistency.

Innovative balanced development means the ratio of interrelated elements of the system based on coordinated actions that ensure its normal, stable operation with the continuity of innovative and financial processes. The concept and essence of the origin of innovations can be explained in terms of G.V. Hegel's scientific views: "Despite denying the evolutionary approach to development, its development process is determined by sequence and connection with previous periods." In fact, innovation creates a basis for the interaction of opposites and determines the orderly, natural and rational organization of the world. The innovation formation system is revealed through the components of the philosophical system, which includes logic, natural philosophy, and spiritual philosophy (Figure 1).

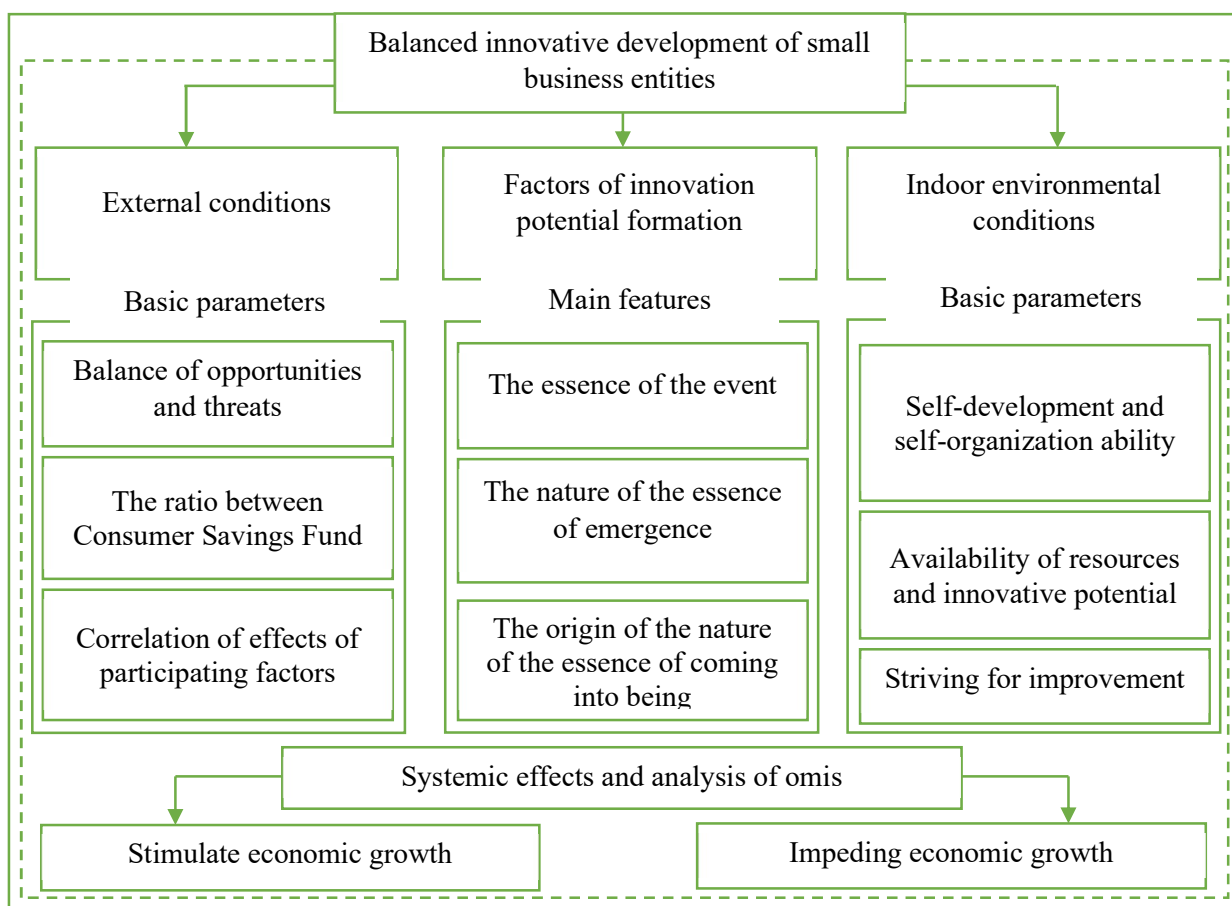


**Figure 1. The origin of the theory of sustainable innovative development based on a philosophical system**

The development of socio-economic, technological, international processes is based on the acceleration of scientific and technical progress. In the development of the activities of small business entities, this is achieved through constant updating based on modern science and technology achievements. There are enough approaches to study the level of sustainable development of small business entities in the world scientific practice. However, from the point of view of a balanced approach, scientific reasoning goes through a phase of gradual formation, focusing on the harmony and proportionality of development.

Thus, the classification of innovation implementation indicators developed by the Commission of the European Community seems interesting, on the basis of which a system of indicators is proposed. The evaluation methodology is noteworthy in comparison with competitive indicators. This can be achieved on the basis of innovative policy in terms of increasing the competitiveness of the market entity. It was possible to develop an index of innovative activity of small business entities based on a balanced system of indicators, including indicators of development, promotion, innovation efficiency.

Based on the generalization of theoretical and practical scientific ideas on the issues of proportional innovative development of the regions, it seems possible to determine the main factors and conditions affecting the harmonious development process of small business and private entrepreneurship in the external and internal environment. (Figure 2).



**Figure 2. Systematization of conditions and factors affecting the balanced innovative development of small business entities**

Systematization of the conditions and factors affecting the balanced innovation development presented in Figure 3 allows us to draw conclusions on the versatility, complexity, inexhaustibility of scientific results, and the proportional development of economic systems. As the main conclusion in the formation of the theory of sustainable development of the modern scientific school, they put forward a hypothesis about the need to achieve sustainable socio-economic development with mandatory consideration of the ecological factor.

According to them, sustainable development implies meeting the basic needs of individuals and only in a prosperous society there will be no poverty and economic crises. For this, all consumed goods must be spent in such quantities as to be sufficient for the next generation.

Based on the analysis of the factors of proportional development of small business entities, the classification of the main directions of proportional innovative development of the production of small business entities was determined

Thus, the results help to essentially determine the need for innovation based on the goals of the implementation of the innovation policy, which serves to create conditions for the effective operation of the production of small business entities and the sustainable development of the region. Balance refers to the spatial and coordinated relationship of the many elements of a system that ensure the efficient functioning of the whole to create conditions for progressive growth.



In short, the results of the research can be used to develop the main directions of the national cluster policy in the development of the activities of small business entities and to choose the means of their implementation. Also, the results formed in the research allow to improve the concept of regional sustainable development on a scientific basis and to increase the efficiency of production of small business entities and to develop tools that affect the acceleration of the innovation process within the scope of research.

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