

SOME ASPECTS OF INCREASING THE INNOVATION ACTIVITY OF SMALL BUSINESSES

Small business significantly affects the transformation of the structure of the economy, becoming a special sector for the formation of new markets. According to available estimates, small firms will need much less time than large companies to research the bulk of economic innovations and bring them to the form of an industrial design.

A prerequisite for the development of innovative small business is a developed support infrastructure, the existence of an effective system of intellectual property protection, the formation of flexible market mechanisms to increase the business activity of entrepreneurs, primarily due to the continuous process of improving their skills and constant self-education. Only entrepreneurship based on a “knowledge economy”, i.e. entrepreneurship, applying and using new knowledge in its activities and constantly increasing and replenishing them, can be called innovative and can help create the prerequisites for the formation of the National Innovation System. To develop and introduce product and process innovations that determine the innovativeness of entrepreneurial activity, a process of self-education and the exchange of knowledge and experience are required.

The following factors can be identified as factors determining the important role of small businesses in the field of innovation.

- 1) Mobility and flexibility of the transition to innovation in small business. High susceptibility to fundamental innovations, new ideas. Lack of numerous approvals and permits.
- 2) A high level of motivation for both businessmen and few employees. Only the successful implementation of an innovative project will allow its authors to take place both as specialists and as businessmen.
- 3) The narrow specialization of small businesses and the precise focus on solving a small range of technical problems. Allows you to fully concentrate on solving specific issues.
- 4) Small management personnel in a small business or its complete absence. That allows you to direct all resources only for their intended purpose.
- 5) Orientation of small business to the final result with the specific use of material and intellectual resources. Lack of result, as a rule, is the collapse of a small business.
- 6) The willingness of small businesses to take risks when introducing innovations even in cases of absolute aversion to these risks by large firms. Small business

risks relatively small funds invested in a new project. In most cases, these are small investments and expenses of personal time of businessmen.

It should be noted that according to the state of development and the basics of functioning, there are several areas of activity of innovative small businesses.

- 1) Small business in its establishment stages. This includes startups. As a rule, their product is at the level of ideas, layouts or prototypes. In the future, if the market needs their product, and when solving the issue of financing, these small businesses will grow into large firms. There are plenty of examples.
- 2) A startup or small business is created to solve a technical problem or implement an idea specifically for the subsequent sale of a developed product or process to a large business.
- 3) Engineering small business. It plays the role of a connecting element between scientific researches on the one hand, and between manufacturers on the other. Engineering is a complex of services for the design, creation and maintenance of various industries. Moreover, it can be both advisory services, and the solution of specific technical problems. And small business plays a significant role in this business.
- 4) Implemental small business. The name, is completely arbitrary. Its essence is that it specializes in the introduction of unused patents, in the promotion of promising inventions that are not in demand by large businesses. It also specializes in the development of individual inventors, refinement of inventions to industrial production.

Improving the innovative potential of the small business requires, first of all, the development of the ability to obtain new knowledge and creativity. For the formation and provision of access to scientific and technical information, special infrastructure, wide opportunities for cooperation and scientific research, as well as the use of ICT. It is also important the quality of innovative management and the use of effective models for organizing innovative activities.

Thus, the main problems of increasing the innovative activity of small businesses today are, firstly, the imperfection of the regulatory framework governing innovation, which is especially within the competence of local authorities; secondly, the underdeveloped credit and financial and investment infrastructure to support innovation; thirdly, the low level of development of the production and technological subsystem of the innovation infrastructure of small business; fourthly, poor staffing of innovation processes; fifthly, a low level of coordination of innovative activities of research organizations, university science and government.

The significant role of small business in the economies of developed countries is determined by the fact that large companies gain certain advantages from integration with small firms.

Firstly, integration with small business to some extent allows decentralizing scientific and technical activities, leaving control over them in the hands of a large company. Attracting small businesses as subcontractors allows you to expand production without building new workshops,

buying equipment and attracting additional labor. This allows you to save on constant capital and speeds up bringing the development to a "marketable" form and its implementation.

Secondly, large enterprises attach qualified personnel through subcontracting firms. In this indirect way, savings are made on variable capital and the retention of qualified scientific and technical personnel.

Thirdly, scientific and technical integration with small businesses through subcontracting brings large firms profit by setting relatively low prices for the products of subcontracting small businesses, lower than the price at which the customer could produce this product or service.

Fourth, the main motives for integration with a small business are great flexibility, their innovative activity and adaptability to rapidly changing production and marketing conditions, initiative and enterprise, creation of a fruitful climate.

Also, the innovative activity of enterprises is one of the factors for improving the efficiency of the economy and increasing the competitiveness of domestic small businesses, creating conditions for the normal functioning of enterprises, restructuring industries and reforming enterprises.