

EFFECTIVENESS STRATEGIES FOR IDENTIFYING INNOVATIVE ACTIVITIES OF SMALL ENTERPRISES

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Annotation: The article covers important information about effectiveness strategies for identifying innovative activities of small enterprises. Moreover, stages of development and commercialization risks were noted.

Key words: *multiple innovation sources, public research, consumption sectors, managerial innovations, traditional concepts, investments.*

It is obvious that, nowadays the leading role in the innovative development is traditionally played by a linear model of innovation. According to the model developed fundamental scientific idea is embodied in applied research. The last are the bases of innovation which lead to advanced technologies. In XX century model worked well and would continue to occupy a worthy place in the developed countries. The "model of multiple innovation sources" has been gradually introduced in advanced economies in addition to the linear model. According to the model innovation can occur in any part of innovation system. Although research remains an important driver of innovation, they are no longer the only one. New knowledge is created, not only in public research organizations or research departments of large companies, but also in many business and social structures. In this regard, it is necessary to reconsider the traditional role of small businesses. New everyday experience and activities of engineers, sales agents, other employees, as well as consumers are important contribution to innovation process.

The emergence of innovations based on ideas and proposals coming from production, distribution and consumption sectors is typical for systems with developed relations between economic agents. Moreover, we must not forget that innovation process is not limited to technological sector, but also includes institutional, organizational and managerial innovations. This knowledge may not always be integrated into the existing framework of traditional concepts because they are the subjects' intangible assets employed in a particular industry. New everyday experience and activities of engineers, sales agents, other employees, as well as consumers are important contribution to innovation process. The emergence of innovations

based on ideas and proposals coming from production, distribution and consumption sectors is typical for systems with developed relations between economic agents. Moreover, we must not forget that innovation process is not limited to technological sector, but also includes institutional, organizational and managerial innovations. This knowledge may not always be integrated into the existing framework of traditional concepts because they are the subjects' intangible assets employed in a particular industry. In this regard, companies should try to use this knowledge with maximum efficiency. Model of multiple innovation sources should be focused on the mechanism of development taking into account diversity of elements and conditions for their creative interaction. Also, Nelepina and Nazarenko point out that should be focused on the path of economic growth, solving problem of availability of investments[2].

One of the important factors in increasing the efficiency of small and medium-sized businesses and maintaining their competitiveness is the implementation of innovative activities. Most entrepreneurs are always interested in innovative activities. However, having chosen an innovative business, it is necessary to study all of its features, since the difficulties arising in the implementation of entrepreneurial activity are reflected in the innovation sphere. One of the problems of innovative activity among small and medium-sized enterprises, as a rule, is the lack of material and technical base. Often, their funds are insufficient and, in order to successfully implement innovative projects, there is a need for outside support. Stimulation of innovative activities of business entities by the state is carried out through forms of incentives. Based on the analysis of existing state programs containing various forms of stimulating innovative activity, as well as regulatory legal acts establishing the procedure for their provision, provisions were identified that were taken as criteria for choosing the optimal forms of state support[3]. The use of the considered criteria will make it possible to choose suitable forms of stimulating innovation activity by small and medium-sized enterprises, ensuring the effective implementation of innovative projects, taking into account the complexity of the implementation of the innovation process and the characteristics of the enterprise.

Each stage of the innovation process has its own risks. At the stage of fundamental research, as a rule, the risks are very high due to the high degree of probability of negative results. At such stages, preference is given to forms on a non-refundable basis of provision, it is more favorable for stimulating the innovation activity of enterprises (for example, such forms as budget allocations, government subsidies, extra-budgetary funds, grants and other forms). At the

stages of development and commercialization (C) risks are reduced, and it is possible to consider forms of incentives provided both on a non-refundable basis and on a refundable basis. In addition, at any stage there is an opportunity to get support from regional business incubators by becoming their resident. The main activity of business incubators is provision to residents of equipped office space; provision of services for organizational support of residents; assistance in organizing business and in attracting financial resources to the project. The pace of innovation continues to increase not only in the developed world but also in developed markets. The key issue facing many small medium-sized enterprises is related to how they can foster effective innovation. Innovation in SMEs can be (more) efficient and effective; however, this is not the case in many SMEs. SMEs in Iran are industrial and service enterprises with less than 50 employees, because of their size and resource limitations, they are unable to develop new technologies or to make vital changes in the existing ones[4].

If any of the provisions is not met, the entrepreneur considers another form of incentive. If all the conditions are met, the following criterion is considered: the period for which the incentive form is provided. The deadline for obtaining the incentive form is the time from the moment the enterprise submits an application (T_a - the application submission term) to the provision of investment resources. It is important that the funds are received on time. The deadline for obtaining the incentive form must not exceed the date for the beginning of the project implementation (T_b). If this condition is not met, then there may be a possibility of non-receipt of funds at the right time, which, in turn, may lead to the suspension of an innovative project.

To sum up all given facts above SMEs are in the focus of the economic policies and initiatives. For example, the European Commission's policy drives are filled with the idea of investing in small and medium-sized enterprises (SMEs) to achieve economic growth and create jobs. In addition, many international organisations such as the International Labour organisation (ILO) are pushing governments to develop policies that create jobs with adequate wages and promote economic growth based on increased productivity rather than create speculations. Job creation and job satisfaction seem to be very important within this context. Taking into account the complexity and peculiarities of conducting innovative activities, business entities, like all enterprises, need support from the state. State support is implemented through a variety of incentive forms, the choice of which is important for the successful implementation of an innovative project. Due to various reasons, in most cases, entrepreneurs are faced with the difficulty of choosing the most suitable of the existing forms that meet all the characteristics and

requirements of a particular enterprise. The use of the described criteria will make it possible to choose the most preferable forms of stimulating innovation activity by small and medium-sized enterprises, ensuring the effective implementation of innovative projects.

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