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SMALL BUSINESS: INTERNATIONAL DICHOTOMIES AND INNOVATION DEVELOPMENT STRATEGIES

МАЛЕ ПІДПРИЄМНИЦТВО: МІЖНАРОДНІ ДИХОТОМІЇ ТА ІННОВАЦІЙНІ СТРАТЕГІЇ РОЗВИТКУ

The article substantiates the dichotomies of small business, due to legislative conflicts. It was clarified that the existing legislative conflict leads to distortions in the definition of small businesses as a result of impossibility to substantiate the rule of any of the existing legislative acts. The list of main and additional criteria for the identification of small businesses is highlighted. A comparative analysis of the results, conditions, programs to promote and support the development of small business has been carried out. The author has identified the innovative priorities of the national small business. Particular attention was paid to the substantiation of innovative priorities for the development of small business in agriculture, as the most promising, historically determined and undervalued type of economic activity from the point of view of efficiency. High-quality innovative solutions are considered as the basis for building an effective innovation strategy.

Keywords: dichotomies, small business, small business entities, micro business entities, innovation development strategies.

Актуальність даної тематики обумовлена вагомістю та значущістю малого підприємництва в структурі національної економіки. Мале підприємництво є важливим соціально-економічним фактором розвитку країни, що забезпечує зростання валового внутрішнього продукту, вирішення ряду нагальних соціальних проблем суспільства, стимулює підвищення конкурентоспроможності та інноваційного потенціалу економіки. В статті визначено перелік основних та додаткових критеріїв для ідентифікації суб'єктів малого підприємництва. Обгрунтовані дихотомії малого підприємництва, спричинені законодавчими колізіями, що полягають у одночасному застосуванні альтернативних критеріїв ідентифікації суб'єктів, які трактуються як основні. З'ясовано, що наявна законодавча колізія спричиняє викривлення у визначенні суб'єктів малого підприємництва внаслідок неможливості обґрунтування верховенства жодного з чинних законодавчих актів, а усунення подвійного трактування в найкоротші терміни є об'єктивною необхідністю гармонізації розвитку національного малого підприємництва. Також для удосконалення дихотомічного розподілу та чіткої ідентифікації суб'єктів малого підприємництва вбачається доцільним використання зарубіжного досвіду щодо застосування додаткових критеріїв, систематизація та узагальнення національної практики в даному напрямку. В роботі проведений порівняльний аналіз результатів, умов, програм підтримки розвитку малого підприємництва, представлені пріоритетні галузі щодо суб'єктів малого підприємництва та фактори, які сприяють їх розвитку. Охарактеризовано специфіку підприємницької діяльності суб'єктів малого підприємництва в провідних країнах світу. Визначені інноваційні пріоритети національного малого підприємництва. Особлива увага була приділена обгрунтуванню інноваційний пріоритетів розвитку малого підприємництва в сільському господарстві як найбільш перспективному, історично обумовленому та недооціненому з точки зору ефективності виду

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економічної діяльності. Високоякісні інноваційні рішення розглядаються як підгрунтя для побудови ефективної інноваційної стратегії суб'єктів малого підприємництва.

Ключові слова: дихотомії, мале підприємництво, суб'єкти малого підприємництва, суб'єкти мікропідприємництва, інноваційні стратегії розвитку.

В статье обоснованы дихотомии малого предпринимательства, обусловленные законодательными коллизиями. Выделен перечень основных и дополнительных критериев для идентификации субъектов малого предпринимательства. Проведен сравнительный анализ результатов, условий, программ способствования и поддержки развития малого предпринимательства. Определены инновационные приоритеты национального малого предпринимательства. Особое внимание было уделено обоснованию инновационных приоритетов развития малого предпринимательства в сельском хозяйстве, как наиболее перспективном, исторически обусловленном и недооцененном с точки зрения эффективности вида экономической деятельности. Высококачественные инновационные решения рассматриваются як основа для построения эффективной инновационной стратегии.

Ключевые слова: дихотомии, малое предпринимательство, субъекты малого предпринимательства, субъекты микропредпринимательства, инновационные стратегии развития.

Problem definition. Small business is an important socio-economic factor for the development of the country; therefore, it requires a well-balanced, scientifically reasoned approach to the identification of small business entities, as well as taking into account the trends of its development both in Ukraine and abroad in order to improve the national economy. Thanks to small enterprises, markets structure becomes more flexible and the commercial risks for large enterprises are reduced. Small business can create a solid background for the further development of medium and large enterprises and, based on the world experience, it is one of the most important sources for generation and introduction of innovations. Small business contributes to the handling of a number of social problems, namely unemployment. As of March 2018, 1,712.8 thousand unemployed people were officially registered in Ukraine, 1,711.9 thousand of them are of working age (the unemployed population was counted according to the methodology of the International Labor Organization (ILO). In the 2017 year, 322,921 of small enterprises were registered in Ukraine, which makes 95.5% of all national business entities, including 278,114 of microenterprises, which makes 82.2% of business entities [1]. The number of workers employed at small enterprises in 2017 amounts to 1,651 thousand people, accounting for 28.6% of the total employed population. Justification of the dichotomy, as well as innovation priorities for small business development, will create the background for improving the macroeconomic situation in the country and will help to identify the reserves for the national economic growth.

Review of recent studies and publications. Problems of national small business development were considered in the works of such academic economists as Z.S. Varnaliy, R.R. Bilyk [2], I.D. Paderin [3], G.T. Piantnytska [4], I.G. Britchenko, S.F. Smerychevsky, O.V. Akhunzianov, T.M. Banasko [5], T.A. Gogol [6], A.I. Kovaliov [7], M.O. Slatvinska [8], L.A. Sarana [9], I.M. Vakhovych, Yu.O. Sheiko [10], O.Yu. Apostoliuk [11], O.V. Dykan [12], and others. It is worthwhile noting that the great majority of theoretical and applied studies for the problems of national small business development are focused on the direction of accounting and financial results analysis, tax regulation, financial mechanism of their development etc. Problems of modern small business were also studied by foreign economists F. Peck, K. Jackson, G. Mulvey [13], E. Jedrych, J. Paliszkiewicz, K. Malewska, K. Szymańska [14], C. Grammich, T. Edison, N. Moore, E. Keating [15], B.M. Sharma [16], S. Carter, A. Kuhl, Su. Marlow, and Sa. Mwaura [17], and others, but applying foreign experience is only possible by being adapted to the economic environment of Ukraine.

Assignment of issues not being solved. It is worth noting that the dichotomy and the dichotomous distribution of small business entities are left behind the attention of modern scientific thought, which set in motion studies in this direction. Increasing the relevance of the abovementioned studies resulted from the current trends in small business development in Ukraine and in the world, as well as from the demand for its innovative activation, which is primarily due to the reasonable choice and implementation of effective innovative strategies. It should be noted that to a large extent, the current difficulties with small business development in Ukraine are conditioned by the imperfect innovative activity of small business entities, as well as the lack of theoretical insights on the topic. The purpose of the article is to justify the dichotomy of small business and to set the priority innovative strategies at the current development stage of the national economy.

Presentation of the basic study material. Dichotomy (from Greek διχοτομία: δἴχῆ, "dividing into two" + τομή, "cutting") means split, partition into two parts, that are rather connected from the inside than with each other; the method of logical division of a class into subclasses, which basically means that the item under division is fully divided into two mutually exclusive parts. Dichotomous division in various fields of human activity is a way to form items of one concept or term and is intended to establish the classification of elements. The dichotomous distribution is applicable not only in mathematics, biology, literature, linguistics, statistics, computer sciences, etc. but is also widely used in the economy by definition of certain concepts, categories, and by making the classifications, namely, the consistent dichotomous classification allows identifying small and micro business entities. Dichotomy distribution of business entities and allocation of small business entities is carried out by applying a number of characteristics subdivided in turn into additional ones.

Currently, there are some differences in the effective legislation regarding interpretation and identification of small business entities. The Commercial Code of Ukraine (CCU) [18] defines two main characteristics, according to which a business entity can be classified as micro, small, medium or large enterprise, namely: the average number of employees for the accounting period and

the annual income resulted from any activity. At the same time, the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [19] defines three main characteristics: book value of assets, net operating income and an average number of employees (Table 1). This Law amends Article 2 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", namely: the classification of enterprises (other than budget organizations) was added and two remarks were made: 1) newly created enterprises, by determining whether they comply with the characteristics, use indicators at the date of annual financial statements. That is, in the first accounting period (which is considered to be the year from the date of company establishment till December 31), new enterprises will determine for the first time to which category they belong, based on the results of their activity during the current year; 2) if an enterprise belonging to one of the mentioned categories does not meet the mentioned characteristics according to the indicators of annual financial statements for two years in a row, there is a possibility to automatically transfer from one category of enterprises to another within two years. Furthermore, the Law of Ukraine No. 2164-VIII obliged to develop and submit to the Verkhovna Rada of Ukraine a draft law regarding bringing the provisions of the Commercial Code of Ukraine into conformity with the Law in relation to the characteristics for assigning the business entities to micro, small, medium or large enterprises.

Since 2018 for the purposes of accounting and financial statements, a new classification is used,

Table 1

Differences by interpretation of small business entities in Ukraine

Business entities	Interpretation according to the Law of Ukraine No. 2164-VIII [13] dated October 5, 2017	Interpretation according to Article 55 of the CCU [12]
Micro business entities	Microenterprises are enterprises performance of which at the date of annual financial statements for the year preceding the accounting period meets at least two of the following requirements: book value of assets – up to EUR 350 thousand (in order to determine the compliance with the requirements indicated in Euro, the official exchange rate of hryvnia against foreign currencies (average for the period) is used; the rate is calculated based on the rates of the National Bank, established for Euro during the relevant year); net operating income (goods, works, services) – up to EUR 700 thousand; an average number of employees – up to 10 persons.	als and legal entities – economic entities of any corporate and ownership structure, hav- ing the average number of employees for the accounting period (calendar year) not more than 10 persons and the annual operating in- come does not exceed the equivalent of EUR 2 million as calculated according to the av-
Small business entities	Small enterprises that do not correspond to the characteristics of microenterprises and performance of which at the date of annual financial statements for the year preceding the accounting year, meet at least two of the following characteristics: the book value of assets – up to EUR 4 million; net operating income (goods, works, services) – up to EUR 8 million; the average number of employees up to 50 persons.	Small business entities are private individuals and legal entities – economic entities of any corporate and ownership structure, having the average number of employees for the accounting period (calendar year) not more than 50 persons and the annual operating income does not exceed the equivalent of EUR 10 million as calculated according to the average annual rate of the National Bank of Ukraine (NBU).

Source: developed by the author based on [18-19]

which does not comply with the Commercial Code. The new classification of small business entities resulted from the adaptation of legislation to the requirements of International Financial Reporting Standards (IFRS), which are the standards approved by the International Accounting Standard Board (IASB), as well as to Directive 2013/34/EU of the European Parliament and of the Council dated 26.06.2013 (Directive 2013/34/EU of the European Parliament and of the Council dated June 26, 2013 "On annual financial statements, consolidated financial statements and relative reports of certain types of enterprises," which amends Directive 2006/43/EU of the European Parliament and of the Council and terminates Directives of the Council 78/660/EEC and 83/349/EEC. It should be noted that Article 3 clause 2 of the Directive specifies additional conditions for small enterprises, namely that Member States may set limits beyond the values provided in subclause (a) the balance sheet total: EUR 4,000,000; and (b) net turnover: EUR 8,000,000, of the first paragraph. However, these figures should not exceed EUR 6,000,000 of balance sheet total and EUR 12,000,000 of net turnover.). The amendments came into force on 01.01.2018. The innovation also caused changes in the accounting standards. However, it is already clear that the classification affects the terms for disclosure of financial and consolidated financial statements by various types of enterprises; use of simplified forms of financial statements. When an entity is classified as small or micro enterprises it also leads to simplified accounting, namely to exclude holidays cover (R(S)A 25 - Regulation (standard) of accounting 25 "Financial statements of a small business entity").

It should be noted that according to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" [18], in order to identify a business entity as a small or micro enterprise it is enough it would comply with at least two of three main characteristics (book value of assets, net operating income, average number of employees). In addition, we can specify the number of additional characteristics by which business entities are distinguished, namely: being a public interest entity (the Law of Ukraine No. 2164-VIII provides the term of a public interest entity. These are issuing enterprises with listed stocks or banks, insurers, non-governmental pension funds, other financial institutions (except for other financial institutions and non-governmental pension funds belonging to micro and small enterprises) and enterprises that according to of the Law belong to large enterprises. Even a microenterprise can be an enterprise of public interest); having an accounting department and minimum number of accountants; mandatory reporting under IFRS; availability of condensed financial statements (only the balance sheet and the income statement); complete reporting need; management reports need; obligatory disclosure of annual financial statements together with audit report on own web page (Table 2).

According to the information provided by the European Information and Research Centre, the share of GDP created by small business entities in developed countries varies around 50-90%. It is somewhat lower in the UK due to the specifics in business activity and the scale of small and medium enterprises in the country. The share of GDP created by small business entities in Ukraine is at the level of 7.7% [20] (Table 3).

The foreign experience in support of small business development deserves special focus. It involves initiating and implementation of national and international programs for promotion and support of this type of business entities (Table 4).

In addition to national promotion and support programs for small business development, such international programs as COSME (Competitiveness of Small and Medium Enterprises), HORIZON 2020 (the largest framework program of the European Union for science and innovation financing), and SME Facility also play an important role for its development.

Innovative development of the country motivates to search for new approaches to the fulfilment of innovative potential of the economy. One of the most significant sources of generating innovation is innovation-oriented small business entities. Taking into account the significant contribution of the mentioned entities to the development of the national economy, small business needs to be innovatively activated, which means first of all specifying the priority innovative strategies and stimulating their introduction into the practice of business entities.

Up to date, there are different approaches to the formation, grouping, and selection of innovative strategies. According to L. Faeia and R. Rendell, an innovation strategy is hinged on new "breakthrough" products or solutions [21, p. 48]. The main advantage of this kind of strategy is that it cannot be used by any competitor. According to this approach, the innovation strategy is very close to the concept of an explerent strategy, which is defined

Table 2 Comparative analysis of national business entities according to additional characteristics

		Business entities				
Nº	Characteristics	Micro enter- prises	Small enter- prises	Medium enterprises	Big enterprises	
1.	Public interest entity	or bank, insurer, non-govern- surer, non-governmental pensi-		If an enterprise is an issuing enter- prise with listed stocks or bank, in- surer, non-governmental pension fund or other financial institution.	Yes	
2.	Accounting de- partment with a minimum number of accountants	Not obligatory			Accounting department headed by the chief accountant, consisting of not less than two persons. Except for non-governmental pension funds and collective investment schemes.	
3.	Mandatory report- ing under IFRS	If an enterprise is public interest entity, public joint stock company, an enterprise engaged in mining activity of national importance or enterprise which carries out an economic activity specified by the Cabinet of Ministers of Ukraine (CMU).			Yes	
4.	Consolidated fi- nancial statements (only the balance sheet and the in- come statements)	Yes, if not required by IFRS. and representative offices of eign economic entities, if they not required by IFRS.		No, except for social businesses and representative offices of for- eign economic entities, if they are not required by IFRS.	No	
5.	Complete reporting need	Yes, if required by IFRS.		Yes, except for social businesses and representative offices of for- eign economic entities, if they are not required by IFRS.	Yes	
6.	Management reports need	orts need NO		Yes, but have the right not to provide the nonfinancial information in the management report.	Yes	
7.	Obligatory disclosure of annual financial statements together with the audit report on own web page.	Only for public in public joint stormatural monopy the national materprises engage activity of national till April 30. Other stitutions till June 1997 (1997) activities till June 1997 (1997) activities till June 1997 (1997) activities public joint join	ck companies, oly entities in arket and en- ged in mining nal importance er financial in-	Yes, till June 1.	Yes. Till April 30 except for the big enterprises that are not issuing enterprises; till June 1 for the big enterprises that are not issuing enterprises.	

Source: developed by the author based on [18-19]

as a competitive strategy focused on drastic innovations. It should be noted that such a similarity restricts artificially the concept of innovation strategy to focus on creating something exceptionally new, excluding any modifications. G. Mintzberg notes that the innovation strategy is formed based on actions carried out in different sections of the innovation organisation [22]. G.T. Pyatnitska suggests to define the innovation strategy as "a long-term perspective for further development, which provides the formation of innovative advantages" and gives a conditional division of innovative strategies into groups, namely: strategies based on manager behaviour in relation to innovation; innovations formation strategies; strategies for enterprise innovation activities; strategies based on a certain innovative orientation of an enterprise [23, p. 321]. Taking into account the foregoing, another group of strategies is appropriate, that is, innovative

development strategies that reflect the long-term development of a business entity based on the use of new technologies, new ways of production management, trade of new or modified goods taking into account the general economic prospects, availability of resources and directions for changing the environment. In other words, innovation development strategies are based on the use of product and process innovations, that in turn are characterized by revolutionary (jump-like) or evolutionary (step-by-step) innovation changes.

The choice of innovation strategy depends, first of all, on the type of business activity of small business entity, its specific features and characteristics, list of problems and difficulties that business entity is facing by starting and carrying out business activity, as well as possible ways of solving mentioned difficulties through the well-chosen and implemented strategy. According to the State

Table 3

Comparative analysis of results and conditions for the development of small business entities (SBE) in the world

_ :	Indica-			Countries			
OI Z		Poland	France	Germany	UK	USA	Japan
_	2	3	4	5	6	7	8
~	Number of SBE	3.6 mln of micro enterprises (94.7% of all registered entities), 0.17 mln of small companies (4.4%).	3 mln	Small and medium enterprises up to 99.7% of all commercial enterpris- es.	Small and medium business Small enterprises entities up to 96%. 80% of cover 35% of net small enterprises with not incomes, 30% of more than 50 employees. all export, 50% Small and medium business of employment in covers employment of 25% of the private sector labour force.	Small enterprises cover 35% of net incomes, 30% of all export, 50% of employment in the private sector economy.	6,5 mln of small enterprises which is 90% of the total number. Small enterprises cover about 55% of all sold goods and 40 mln of employees. Small business involves 85% of the labour pool of Japan.
7	GDP share created by SBE, %	54%	20%	%09	20%	More than 50%	%06
ო	SBE priority areas	Distributive industries, services, construction industry, industrial production, health care	Service industries	Service industries, woodworking in- dustry, chemical industry	Agricultural industry	Trade, financial sector, manufacturing sector, social services, innovation sector, consulting	Construction industry, consumer goods industry, service industries.
4	Specific features of SBE activity	40% of new enter- prises are estab- lished by women.	Almost half of all created jobs are covered by SBE.	2/3 of all created jobs are covered by small enterprises. 4/5 of the young population gain qualification and almost 70% of graduates of higher education begin their work at small enterprises.	The UK has tight control over activities of the enterprises, which counteracts any unlawful business actions.	The share of women in small business management is steadily increasing. Over the past year, the number of enterprises managed by women has increased by 29%.	Half of small enter- prises are individual enterprises.
r	Factors contribut- ing to the develop- ment of SBE	- high level of entre- preneurs education; - capital investments by individuals who have returned from abroad.	High level of competition and struggle for markets motivate the SBE to innovate and increase their potential.	- progress in infrastructure development and communication facilities; - raising the general education level of people together with the accumulation of working experience in large companies; - the contribution of small enterprises in solving unemployment issues; - extension of the service sector.	Favourable conditions for private business.	The flexible tax system and measures to maintain fair competition in the marketplace.	The Japanese small business development model is characterized by close interaction between small and large enterprises.

End of the table 3

	ec- of of de-		
8	One of the directions of state policy regarding smabusiness is a constant evaluation of their effectivenes by a diagnosis of small business development level.		
7	The mechanisms of state policy related to small business development are formed in accordance with the tasks that the state is focusing on according to the level of economic development.		
6	- extension of export opportunities; - assistance by transfer of technology; - improvement of domestic product competitiveness comparing to import; - simplified access to longterm loans for reconstruction, purchase of equipment, manufacturing of new goods and services; - sharing of information regarding the programs aimed at increasing the competitiveness of small enterprises; - providing analysis and representation for small enterprises		
5	- simplification of the procedure for establish of the administrative procedure for establish of the exist of the administrative procedure for establish of the exist of the administrative procedure for establishments for teaching and entreprice of the administrative procedure for establishments for teaching and entreprise of the administrative for operation. State of the administrative for operation of the exist of the e		
4	- simplification of the procedure for establishing the new enterprises, as well as infrastructure for operation; - promotion of more rapid financing of the existing small enterprises; - tax advantages by investing in small business development; - training of skilled management personnel for small business entities.		
3	- simplification of administrative procedures and reduction of the administrative load; - increasing the availability of external sources of financing; - promotion the exponts and increasing the innovation of enterprises.		
2	State policy in entrepredevelop-ment		
_]	Q		

Statistics Service of Ukraine [1], as of the year 2017, 27% of all small enterprises were engaged in wholesale and retail trade, 15% in agriculture, forestry and fishery, and 12% in industry. These types of economic activity are priority directions for national small business entities and require high attention, as well as to take into account their specific features while specifying the innovative development strategies. During the study of the problem, special attention was paid to specifying the innovative priorities and prospects of small business development in agriculture as the most promising, historically contingent and underestimated sector in terms of the effectiveness of this type of business activity.

In regard to innovation priorities for the agricultural sector, they must comply with the existing list of requirements for the implementation of this type of business activity, namely: dependence on nature and meteorological conditions, operation on large expensive equipment, seasonal demand for workers, need for optimization of logistics and storage facilities, monitoring the state of plants or animals etc. All this determines the special needs of small enterprises involved in agriculture, forestry, and fishery, as well as the need for an individual approach to choosing an innovative development strategy. A properly chosen innovative development strategy will enable business entities to use the existing resources more efficiently, to optimize their work and increase labour productivity, to reduce time for routine work, to minimize risks, to improve product quality and optimize the storage time, to accelerate the process of making managerial decisions, to analyse carefully the current activity, as well as to plan effectively the future activity, to make the key business processes automatic. The basis for building an effective innovation strategy is high-quality innovative solutions that can increase the efficiency and productivity of activities. An example of an innovative solution for small business entities in the field of agriculture, namely in plant production, is the use of modern cartography. 80% of all information related to human activity has geospatial references. Importance of the geospatial factor in agricultural sector increases up to 95%. The use of modern electronic mapping solutions is a key approach in this area and helps to solve many standard problems for farmers. First of all, it is relevant for small enterprises due to insignificant costs for the implementation of this innovative solution. The first direction for applying modern cartography is the use of digital thematic maps with clear

Table 4 Specific features of promotion and support programs for small business entities

Nº	Country	Characteristics of national promotion and support programs for small business entities	Government bodies responsible for the development and support of small business entities
1	Poland	Programs that are implemented at the expense of EU funds, republican programs, regional programs.	Ministry of Economy, PARP (Polish Agency for Enterprise Development) that are subordinated to the Minister for Economic Affairs. The task of the Agency is to manage the funds from the state budget and the European Union. PARP is initiating the formation of a regional centres network for the promotion of small and medium enterprises, general Polish service system for small and medium enterprises.
2	France	Programs implemented by government and authorized collaborative organizations.	Ministry of Small and Medium Enterprises, Commerce and Crafts
3	Germany	Support programs for existing small and medium enterprises consist of two program blocks: "healthy" companies and bankrupt companies. "Healthy" companies are provided with programs for regulation of development, investment development, as well as the support of liquidity and loans. Bankrupt companies are provided with crisis management and restart programs, rescue and restructuring programs, liquidity support, consulting on financial difficulties and contribution to employment of departing employees.	and land districts. Important functions of small
4	UK	Currently, 4 types of programs are being implemented: - consulting programs for new and existing companies; - financial assistance programs; - regional programs for small enterprises support in Scotland, Wales, Northern Ireland; - programs stimulating the export activity of small enterprises.	Department of Trade and Industry. As a part of the Department, the Small Business Service (SBS) was created, a special body with regional offices for support and development of small enterprises. Under the Department, the Strategic Council for small and medium enterprises operates.
5	USA	Financial support for programs and initiatives for the development of small enterprises is provided by different combinations that include budget funds of different levels with private capital and resources of non-governmental organizations.	together with universities or administrations). The
6	Japan	Local and central authorities stimulate the establishment and development of small enterprises by grants, issued only for science and technology programs, loans, loan guarantees, tax preferences, assistance in staff training, and simplified access to information.	for small business in the country: the central gov-

Source: developed by the author based on [20]

borders of certain land plots that can be corrected. Areas are easily distinguished visually; there is an opportunity of single-click view of the complete information about each plot depending on the needs of the user. It is easy to know the plot area, type of planting growing there, the average fertility or productivity, the history of previous seeds, the last fertilization and other necessary information according to the needs of the user. As the second direction, it is worth to consider digital models of the landscape. These data are extremely informative as they reflect on the map the additional landscape of the land plot, allowing identifying lowlands, which is subject to flooding and highlands that may suf-

fer from droughts. Thus, thanks to the mentioned resource, one can effectively adjust the irrigation system, as well as to cast seeds of moisture-tolerant or moisture-resistant crops in the appropriate areas. Accompanying electronic documentation, such as passports of plots, protocols, photos can be attached to plots at an online map and displayed by more detailed study of the plot. In addition, due to the use of innovative cartographic solutions, it is possible to visualize the dynamics of soil analysis, to analyse satellite images, to create maps of crop yields, to identify the most productive areas, to track the crops dynamic, to control the state of fields, to make crop forecast etc.

The need for logistics optimization for small enterprises involved in the agricultural sector determines the use of innovative logistics solutions as a basis for an innovative strategy. Business entities-farmers face a significant amount of logistics problems and risks, namely: equipment wear, excessive fuel consumption, the risk of goods damage during shipment, the risk of goods damage during storage, non-optimal product planning, out-of-control transfer of equipment, complex analysis for use efficiency of transport resources. In solving the abovementioned problems can help efficient logistic IT-solutions that enable the creation of optimal routes. The routes are built by special algorithms in real time in order to reach the maximum efficiency of given vehicles for timely and quality collection of goods, as well as shipment of goods to the specified location at the right time. As practice shows, implementation of automated logistics solutions in farmers activity significantly saves fuel consumption, time, even during the first month of work, and the most important that it achieves a higher quality of procurement, reduces the risk of goods deterioration so that reduces significantly the losses. This can be achieved by maximum use efficiency of all available vehicles: 100% load capacity operation of each vehicle and following the exact route within the timeframe specified. Such tasks can be carried out with the help of services analysing the location of collection points, distance to them, load capacity of each vehicle, possible shipment routes, the maximum shipment time, and even quality of the road surface. Integration with GPS monitoring systems also enables controlling of the entire vehicle stock of the business entity in real time and, accordingly, timely intervention in case of significant delays or deviations from the route. Due to innovative solutions in logistics the reduction of a number of employees can be achieved, it also has a positive impact on the amount of the costs for a small business entity. Modern logistics solutions allow also planning of collection and transportation of agricultural products from fields to elevators or storage facilities, taking into account the important stages of technological processes. Weather conditions can also be taken into account due to the fact that some crops are to get in by dry weather; other types of crops are to get in after rain and some crops - after light soil frost since that affects the quality characteristics and further storage conditions. It is worth noticing that an average 6.6% of grain loss occurs due to a violation of optimal crop harvesting timeframes.

Another area for application of innovative logistics solutions is the integration of electronic doc-

ument management systems, inventory management, and efficient procurement planning, which simplifies greatly the exchange of information between related divisions of a small enterprise. These IT solutions can be implemented both as a package with logistics solutions, as well as separately if an entity operates with other accounting or inventory software.

Particular attention should be given to specialized CRM (Customer Relationship Management, an application software for enterprises designed to automatic cooperation strategies with the customer, namely: to increase sales level, to optimize marketing, and to improve services provided to the customers by keeping information about them) and HRM (Human Resources Management, a program for human resources management, aimed at providing the enterprise with qualified staff able to perform the assigned functions and optimal deployment of staff) systems that allow to thoroughly analyse the current activities, as well as to plan the future activity, to simplify the process of managing the cooperation with the staff, customers, partners, to provide an opportunity for online instruction of employees, as well as responding to their requests. An employee, in turn, can create field reports with the attached photo or video materials. In addition, you can track the activity and efficiency of each employee. Based on the reports, the effective loyalty programs that motivate the employees can also be implemented. An example is a business entity that collects agricultural products from the population, keeps a clear account of the products shipped to each partner and provides bonuses (cash, products, discount etc.) when reaching a certain amount, which the system automatically informs the administration and the person, who got a bonus. Flexible and convenient automated personnel management system based on key performance characteristics is another effective innovative solution for small enterprises and is considered relevant for most types of business activity.

The mentioned above stipulates the need for an individual approach to the substantiation of the innovative strategy for the development of a small business entity, with due consideration of the specific features of its type of business activity, and shows that applying a single general innovation strategy is impossible for the entire group of business entities. Individualization of the strategy only, which is based on innovative solutions, will make the increase in efficiency of business activity possible.

Findings. Small business was and remains the driving force for the economies of most countries of the world. Identifying the trends and dichotomy of the national small business will contribute to its harmonious development and create the background for further economic growth. A detailed analysis of the dichotomous division of business entities allowed detecting the inconsistencies in current legislation in regard to the identification of small businesses, namely: simultaneous application of various characteristics that are interpreted as the main ones. The existing legislative conflict leads to distortions by definition of small business entities due to the fact that it is impossible to specify the rule of any of the aforementioned legislative acts. The elimination of double interpretation in the shortest possible time is an objective necessity for harmonizing the development of small enterprises. In addition, in order to improve the dichotomous distribution and to clear identification of small enterprises, it is considered appropriate to use foreign experience in applying additional characteristics, as well as systematization and generalization of national practices in this direction.

Innovative priority for development of national small business entities is the innovative activation of the entities, which means substantiation of innovative strategies and stimulation of their introduction into the practical activity of business entities. The study found out that the choice of innovation strategy by small business entity depends on the type of its business activity. As the background for building an effective innovation strategy, high-quality innovative solutions are required, which can increase the efficiency and productivity of the activity. The results of the author's research on innovation priorities for small business are provided by agricultural sector case.

The results of the study require further research of the problem, amendments, improvements, and practical applying by national small business entities.

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