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ANALYSIS OF STATE REGULATORY INFLUENCE IN THE SPHERE OF ENTREPRENEURSHIP AND MANAGERIAL INNOVATION

Current world economic situation is characterized by the increasing role of scientific and technological progress in ensuring the competitiveness of national economies. That is why **the research problem** – the development of innovative scientific and technical spheres – is of significant strategic importance.

Considering the fact that the share of innovations in the economic growth of developed countries is about two thirds, **the relevance of the topic** is due to the primary importance of the development of entrepreneurship and managerial innovation in order to achieve high-quality economic growth, scientific, technical and social progress at the national and global levels.

The paper purpose is to emphasize the need for development and public support of SMEs and managerial innovation.

Methods. The basic principles of the research are systematic, institutional and structural-functional approaches.

Findings. The innovation management theoretical issues and practical research are especially important for SMEs as the main subjects of microeconomics, which have to formulate appropriate strategies, introducing the innovative products and technologies for ensuring sustainable development in the conditions of modern innovative transformations.

In the conditions of modern economic transformations, innovations are increasingly becoming of commercial importance and turn to be an economic necessity conditioned by the needs of the market. Creation of favorable conditions for the development and enhancement of the effectiveness of scientific and innovation activities is a priority task of the state scientific, technical and innovation policies of the developed countries of the world. Ultimately innovation determines the level of

development of science and technology and eventually the development of the country's economy.

The present reality, though, is that innovations are inextricably linked with entrepreneurship. Considering these circumstances, the enterprises should thoroughly determine their strategic development concept. In fact, the formation of the strategy is the setting of medium-term and long-term goals, which are to maximize the benefits, first of all, income and profit, taking into account the available opportunities. The process requires a comprehensive analysis of the market situation using specially tools and methodology devised.

Such innovation strategy should meet the following main criteria:

- to determine the directions of innovative development of the enterprise that meet the set goals on a long-term basis;
- to respond to the organizational structure, mission, means and forms of activity, as well as to the system of relationships that exist within the;
- to strengthen the company's position in the changing external environment.

The essential condition for the innovative development of economy and society as well is the state support of innovative activity as one of the key areas of the state innovation policy. Although, public support for entrepreneurship and innovations is an important factor influencing the national economies, modern academicians researching the impacts of government, assess it as rather ambivalent for innovation in general, often depending on the different types of innovation. Different types of regulations generate various impacts on innovation, and even a single specific regulation can influence innovation in various ways differentiating between innovation inputs [2, p.2-8].

Therefore, national entrepreneurs fall under following regulatory impacts:

Table 1: Types of regulatory impacts in the sphere of entrepreneurship and managerial innovation

Economic regulations	Social regulations	Institutional regulations
Competition enhancing and securing regulation	Environmental protection	Employment protection legislation
Antitrust regulation	Workers health and safety protection	Immigration laws

Merger & acquisitions	Product and consumer safety	Bankruptcy laws
Market entry regulation		Liability law
Price regulation		Intellectual property rights
Regulation of natural monopolies and public enterprises		

Referring to the public influence on entrepreneurship and managerial innovation, forms of the state regulation should be defined; these include legislative, tax, credit and subvention forms.

For more successful innovation targeting regulatory policies the following proposals can be derived [2, p.26-27]:

Table 2: Tools and methodology to increase the innovative activity of management and entrepreneurship

Strengthen the focus on innovation in regulatory policy	Regulatory bodies should give more consideration to the opportunities of innovation in general for achieving their traditional goals
Increase the quality of the regulatory framework regarding innovation	Regulatory bodies have to react more proactively to trends in science and technology relevant for their regulatory framework
Improve the implementation of regulations to foster innovation	The implementation of regulations has to be harmonized in order to reduce the risk and the costs to companies introducing innovations.
Include innovation in ex ante and ex post regulatory impact assessments	It means to take innovation as an impact dimension into account that must be specified by methodologically advanced impact assessment tools.
Optimize the frequency and timing of reviewing existing regulations	Regulations have to be adapted to new insights from science and technology, but also to changes in markets and societal preferences.
Coordinate the policies of all relevant regulatory bodies to foster innovation	Since innovation is a complex process and the different types of regulation interact, the promotion of innovation by regulatory policies requires a comprehensive approach, coordinating the regulatory policies of all relevant bodies.

<p>Move innovation into the center of public policies in general [1, p.1-5] and in the set of objectives and the general culture of regulatory bodies in particular [4, p. 189-192]</p>	<p>The instrument of regulation should be used actively especially in environmental policies.</p>
<p>Integrate regulation in the research on innovation systems</p>	<p>The various regulatory bodies and their policies should be integrated more explicitly in a comprehensive innovation system approach</p>

The state support of entrepreneurship in general, and the innovative activity of enterprises in particular, is a conscious creation of economic and legal conditions, incentives for SMEs development, as well as investing material and financial resources in it on preferential terms.

The system of state regulation in the sphere of entrepreneurship and managerial innovation, as a factor in the organization of the national economy, must act according to the laws of market and general natural expediency. In the sphere of economic relations and state economic policy, an internal sensitive regulator is also needed, which would constantly determine what is missing and what is in abundance. Such regulator should measure the balance of development and the level of limitations of certain goods and clearly show how it is necessary to build a rational combination of all production assets and resources in each specific case [3, p.89-92].

In other words, the system of economic approaches to state regulatory policy should be created with the help of a kind of “counting machine” that must be built into the public management system. Its main goal should be the optimal combination of market and state-administrative regulations with the aim to develop stably the SMEs, managerial innovation and the country's economy eventually.

References:

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