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**FORMATION OF THE SYSTEM OF  
MANAGEMENT OF INNOVATIVE  
DEVELOPMENT OF SMALL  
ENTREPRENEURSHIP**

An urgent problem of modern theory and practice of management is the management of small business development. Increasing competition in the market, the uncertainty of the external environment of the business space make this problem one of the important tasks, the successful solution of which will ensure the productive functioning of enterprises in modern business conditions. The market environment of enterprises dictates tough conditions of competition, to survive and become a leader in which it is possible only on the basis of timely implementation of development programs, taking into account their innovative aspect.

Therefore, in the current conditions of Ukraine's economy, the issues of innovative development of enterprises, their ability to respond quickly and with the minimum necessary cost of resources to market needs and changes in the external and internal environment are becoming increasingly important.

To date, scientists consider some aspects of development management, but do not pay enough attention to the creation and justification of a holistic system of enterprise development

management. Recently, many publications have appeared on the development, innovation and strategic activities of enterprises, which present various options for solving certain problems of development management. A significant contribution to the study of the functioning and development of small business, determining its role in the economic development of the country and regions made such domestic and foreign scientists as K. Vashchenko, Z. Varnaliy, A. Voronkova, V. Geets, B. Danilishin, V. Didenko, N. Kasyanova, N. Krasnokutskaya, V. Lyashenko, V. Ponomarenko and others. In the works of these scientists the process of formation of small business in Ukraine and features of its development in the conditions of strengthening of globalization tendencies are considered. However, the existing developments have a generalized recommendatory character, do not create a systematic view of development management, do not take into account the industry specific activities of enterprises in a pandemic and do not fully meet the needs of practice.

The concept of "development" is considered as a directed, irreversible change of material objects and viability of the system, transformation from one state to another, the reorganization of economic and social, as well as the production system [4; 7; 12].

In the works of scientists [2-7; 14-17] emphasized that the development of the enterprise is influenced by external and internal factors. Some authors [4] focus on changes in the structure and functions of enterprise management. Thus, a single approach to the interpretation of the concepts of "development" and "enterprise development" in the literature has not yet been identified. The essence of the concept of "development management" is considered in the works of many scientists, such as: Varnaliy Z. [1], Vashchenko N. [2], Gavkalova N., [7], V. Geets [9], O Raevneva [22] and others.

In recent years, changes in the functioning of enterprises have become so significant that we can talk about a qualitatively new stage of their development, where the introduction of innovative management tools comes to the fore, which provide certain opportunities to insure against adverse effects or extraordinary profits. Thus, the main problem of enterprise development is the need for continuous improvement of enterprise management system. It should be noted that there is no universal management solution, each company chooses its own path of development. The development of the country's economy depends on the results of each enterprise.

The process of managing the development of the enterprise is based on the management system, which allows a comprehensive approach to the process of interaction of various subsystems involved in management processes. Study and systematization of different points of view of researchers [14; 18; 22]. showed that there is no single understanding of this definition.

Emphasizing the position of the systems approach, the management system is a set of elements, methods, principles, tools that are created to implement the functions of enterprise management. The production efficiency management system is determined through the synthesis of components, which are tasks, methods, tools and functions.

It can be argued that the "enterprise management system" is individual and requires justification of each case, the goals of the enterprise should be adapted to the needs of the consumer and external factors and all actions should be aimed at achieving the goals.

The management system is a concept of interconnected and interdependent elements: scientific knowledge, practical skills in managing various objects (person, process, organization) to ensure their competitiveness in market

conditions and comprehensive satisfaction of needs for optimal use of resources [9-15] .

A comprehensive study of any management system should be carried out in two stages. At the first stage, the composition is substantiated and the state of the control system at a certain period of time is analyzed, ie the control structure is investigated. At the second stage, the organization of the management process is formed and carried out, ie the functioning of the management system is studied.

The starting point of the study of the control system is to determine the purpose of the system. In generalized form, the purpose of management is the desired state of the object of management in the future [19; 23; 24].

The enterprise management system is considered to be a system, first of all, in the sense that the concept of system limits a certain set of elements included in the system, the strength of communication between which exceeds the strength of their connections with elements outside the system. systems by the external environment. The elements that are part of the system are united by the unity of purpose or common rules of conduct [2; 5; thirteen].

An enterprise is an integral unit only when it is considered as a system, ie in terms of a set of multilevel subsystems that are continuously interconnected with each other.

Thus, it is necessary to approach the enterprise as a complex entity, considering it in terms of a systematic approach [21]. From the standpoint of a systems approach, the company is involved in three processes (Fig. 1), these processes are basic for any system.

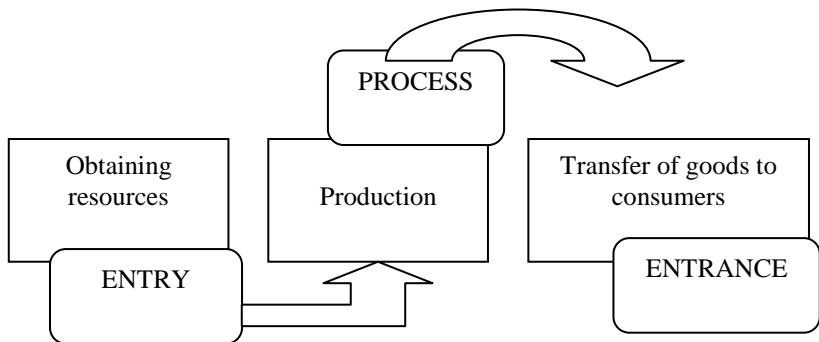


Figure 1 – Model of enterprise activity according to the system approach [14; 18]

Accordingly, in order for the company to work for a positive result, it must be managed, and effective management will be only that which is based on its own original ideas.

It is more expedient to depict the study of the economic category "management system" in Table 1. The complexity of solving problems of business development management requires the use of a systematic approach. At the present stage of small business development, in a rapidly changing external environment and ever-increasing competition, the management system must be adequately adjusted according to the influence of various economic, social and other factors [2; 20].

This adjustment should be based on the systematic management of the internal and external relations of all its elements. The application of a systematic approach will allow to adequately solve the problems of small business development management, to develop appropriate strategies to achieve the set goals within a rational and effective management system.

Table 1.2 - Generalization of the views of scientists on the definition of "management system" [5; 9; 14; 20]

№	The essence of the interpretation of the concept of "management system"
1	Procedures for substantiation of interdependent decisions and actions agreed on goals, objectives, deadlines, resources, results, to ensure efficiency, security in the presence of risks of uncertainties of external influences
2	Organizational relationship between the subject and the object of management
3	A set of areas of management (marketing, finance, personnel management, etc.) or management functions (planning, organization, motivation and control)
4	A set of rules and procedures, and the purpose of the system is to assess the state of the organization and the development and implementation of management influence
5	Represents the concept of interconnected and interdependent parts-components: scientific knowledge and practical skills in managing various objects to ensure their competitiveness in market conditions and comprehensively meet the needs for optimal use of resources
6	Organizational complex whole, consisting of many interacting elements, including the object and the subject of management
7	A set of interdependent elements, which provides a step-by-step description of each step of a process, bringing it into line with current regulations and constant monitoring of possible deviations from these standards

Economic growth is a source of economic system development. Thus, development may have elements of growth. To develop means to increase one's competence.

When managing the development of the enterprise, it is necessary to take into account the potential of the enterprise, formulate a model of enterprise development and gradually agree on it (Fig. 2).



managerial potential. There is no doubt that the development of the enterprise always requires additional financial resources (own, borrowed and borrowed). Enterprise development is an irreversible process and is inextricably linked to strategy. It is the strategy that makes it possible to determine the stages of development. The management system of enterprise development should be phased (Fig. 3) and determine the prospects for development based on the realization of the potential of the enterprise.

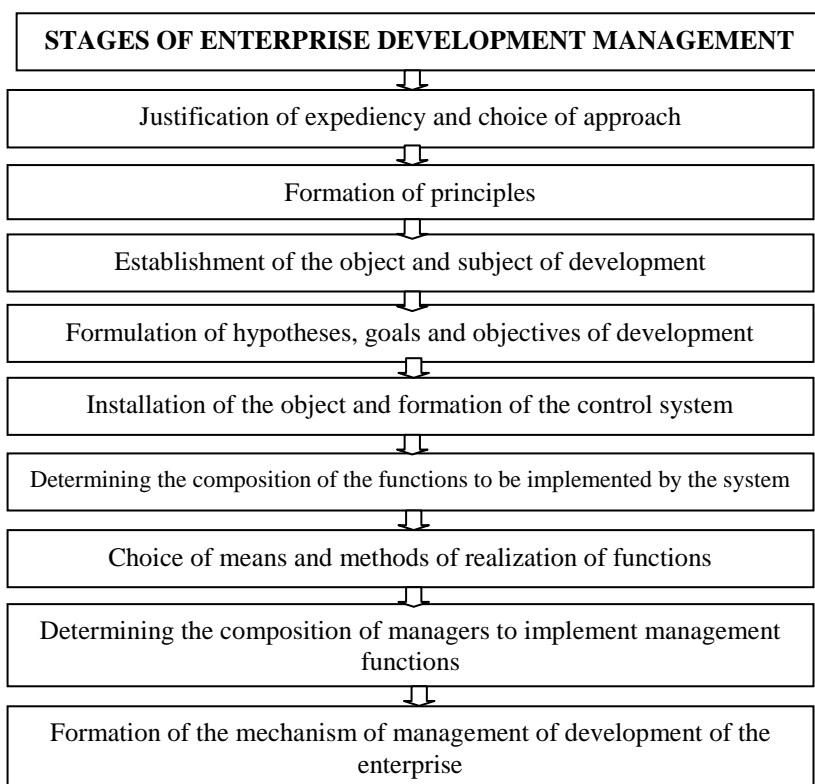


Figure 3 - Stages of enterprise development management [16; 23]

The management of enterprise development is influenced by such external and internal factors as: public policy; the size of the enterprise; professional training of enterprise managers, their vision of future development, beliefs and ambitions; qualification staff; geographical location of the enterprise; the volume of production and its quality (one of the main and mandatory conditions for the successful operation of the enterprise); the amount of accounts payable and receivable; marketing strategy; the level of competition in the industry; inflation rate and income level; the amount of investment; implementation by the enterprise of research work aimed at development; intensive asset renewal (Fig. 4).

From Fig.4 we can conclude that in the constant process of enterprise development, the development management system occupies a central place, as it is responsible for achieving the development goal, maintaining the achieved level of development and generating new goals.

This system schematically shows the relationships between processes. The subject of the system (manager) is the main part of the enterprise, has an influence on all components and is a control subsystem and manages the managed (organizational resources: human, material, financial). Input is an element of the management system, factors of production that fall from the environment into the internal environment of the enterprise. Upon exit, each control system affects the external environment through the product or information it produces (goods).

All processes are constantly repetitive. The basis of this system is the desire to ensure sustainable development of the enterprise regardless of the influence of the external environment through the purposeful development of internal components of the enterprise as a system.

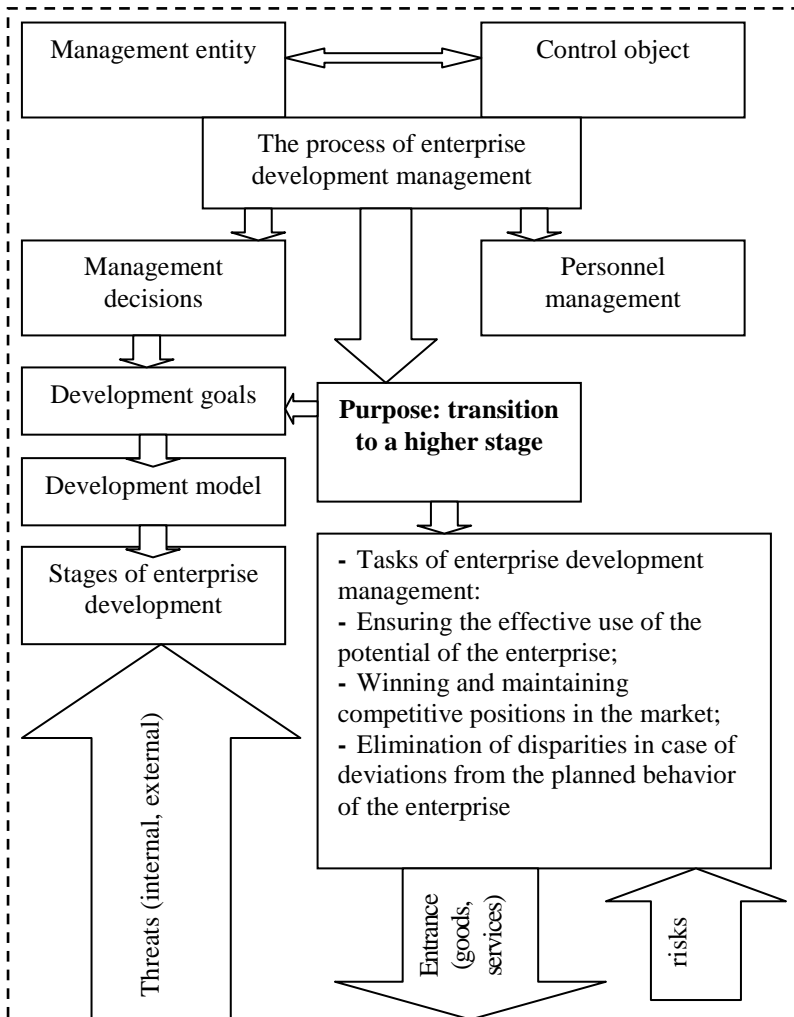


Figure 4 - Enterprise development management system [13; 16; 19; 22]

After studying the work of scientists [18], we can identify the necessary features of enterprise development management, namely: stages of the enterprise life cycle, the need for mandatory process management, the main role should be given to highly qualified personnel (provides continuous development). Development is the key to improving the efficiency of the enterprise and the introduction of innovations. The development of the enterprise is provided by the advanced development of the personnel, its ability to quickly adapt to the needs of the enterprise, the ability to develop itself in step with the times.

Thus, the generator of economic growth are small enterprises that do not require significant start-up capital, at the same time, are able to stimulate the improvement of the competitive environment, and are also a reliable source of employment. The process of managing the development of a small enterprise is based on a management system that allows a comprehensive approach to the process of interaction of various subsystems involved in management processes. The enterprise development management system will lead to the improvement of small business activities and gain advantages over competitors.

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