

## **Innovation activity of enterprises: trends, factors of influence and ways of activation**

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The Ukrainian economic market is highly unstable and has a high level of competition between businesses. After the full-scale invasion, the situation has become more tense. In order to stay afloat and take a leading position, companies need to adapt to changes, develop and replenish their portfolio of competitive advantages. One of the most influential competitive advantages in the economic world dominated by new technologies, intellectual capital, information is the conduct of innovation activities.

Innovation activity is a leading factor in the economic prosperity of the country and the enterprise as a whole. This is of great importance for Ukraine now, as the full-scale war has brought negative adjustments to the country's economy. The majority of Ukrainian enterprises look optimistically at the possibility of Ukraine's military victory, but instead show passivity towards innovative development, which indicates the deterioration of business conditions. Modern enterprises face the task of intensifying innovative activities.

**The purpose of the study** is to study the trends and factors of influence on the innovation activity of Ukrainian enterprises and to formulate ways to activate it.

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Many studies and publications of domestic and foreign authors, such as P. Kolisnichenko, I. Matviy, V. Chaplinsky, S. Illyashenko, O. Iastrem-ska, T. Edwards, P. Nowak, A. Kijek, M. Lisowski, and others, are devoted to the issue of innovation activity of enterprises. The literature of these authors substantiates the necessity of conducting innovation activities, the meaning of its implementation in small and medium-sized busi-nesses, reveals the current state of innovation, its importance in ensur-ing the competitiveness of industrial enterprises, and identifies further prospects.

Innovation activity is an activity aimed at utilizing and commercial-izing the results of scientific research and development and causes the release of new competitive goods and services to the market. Ukraine be-ongs to the group of lower-middle-income economies and holds a lead-ing position in terms of innovation potential among this group. However, considering the level of Europe and the world, Ukraine loses a lot. After the full-scale invasion, the country's Global Innovation Index (GII) did not improve, but rather declined. Thus, compared to 2021, Ukraine has dropped by 6 positions, and over the past 5 years by 8 positions in the ranking. GII statistics for 2019-2023 are shown in *Table 1*.

Despite the decline in its innovation potential over the past 5 years, Ukraine has partially managed to adapt to the negative politico-economic conditions and improved its innovation level by 2 positions in the first year of the full-scale invasion. This demonstrates Ukraine's readiness to work in unstable conditions and not only maintain the level of the coun-try's existing innovation system, but also try to develop.

Innovation activities should be implemented and carried out in ev-ery economic sector and in every enterprise in order to rapidly develop Ukraine's innovation potential. However, the financial component of our country does not allow all enterprises to do so, because innovative activ-ity requires large costs. According to these conditions, innovation activ-ity should first be developed in enterprises and industries that have the greatest impact on Ukraine's economic prosperity.

Table 1

Global Innovation Index (GII) indicators for 2019 -2023

Year	GII rank	Rank in Europe	Lower middle-income economies rank	Innovation		Business sophistication	Knowledge & technology outputs
				inputs	outputs		
Ukraine rank/Number of economies							
2019	47/129	32/39	2/26	82	36	47	28
2020	45/131	30/39	2/29	71	37	54	25
2021	49/132	32/39	3/34	76	37	53	33
2022	57/132	34/39	4/36	75	48	48	36
2023	55/132	34/39	3/37	78	42	48	45

Source: built based on data from [2]

Considering the State Statistics Service and the NABU's statistical information, the small and medium-sized businesses make up the largest number of active business entities in Ukraine, and the following economic sectors have the largest shares of GDP in 2022: Public administration; compulsory social security (21,1%); Wholesale and retail trade; repair of motor vehicles and motorcycles (12,4%); Taxes on products (12,2%); Agriculture, forestry and fishing (8,2%); and Manufacturing (7,6%).

Innovation activities in small and medium-sized enterprises are a priority area of economic policy in many countries. After activating innovation activities in small and medium-sized enterprises, most countries have made a major economic breakthrough, as small and medium-sized businesses represent the middle class, which is the basis for stable economic development.

The main factors affecting innovation activities that hinder its development in small and medium-sized businesses in Ukraine include: lack of sufficient funding from the state; imperfect legislation; poor infrastructure; instability in the country; and reduced research and development

costs. The activation of innovation activity is the main condition that ensures the development and improvement of the efficiency of small and medium-sized enterprises, which contributes to their competitiveness. The activation can take place both on the part of the enterprise and the state.

On the part of the enterprise, innovative activity can be activated by incorporating innovation into the enterprise's development strategy; updating the material and technical base; creating a working group to develop and select innovative ideas; creating and implementing innovations; establishing cooperation between scientific institutions and enterprises on the basis of commercialization, etc.

On the part of the state, innovation activity can be activated by improving the regulatory framework in the field of innovation development; formation of innovation infrastructure; prioritization of development of economic sectors; introduction of an effective algorithm for financial support of innovation activity, etc.

In conclusion, innovation activity is the main criterion for the development of both the enterprise and the country as a whole. Highly developed innovation activity allows to be competitive in the market and ready for negative economic and political changes. The level of Ukraine's innovation potential according to the GII is low compared to developed countries. However, in 2023, Ukraine demonstrated its readiness to improve it. The biggest factors hindering innovation activity are the low financial base and imperfect regulatory framework. In order to achieve economic prosperity, Ukraine needs to take measures to activate innovation activities in small and medium-sized businesses, prioritizing the development of economic sectors.

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