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IMPROVING THE ATTRACTION OF INVESTMENT IN SMALL BUSINESS AND PRIVATE ENTREPRENEURSHIP WITH THE DIGITALIZATION OF THE ECONOMY

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ABSTRACT

The presented study is devoted to determining the role of the mechanism of attraction of investment resources in innovative development in the conditions of transformation using the process approach. For this study, the process approach has been proven to be superior, since investments are considered as a process of investing in the innovative development of the enterprise in the context of digitalization, and its application allows to take into account the impact on the mechanism of attracting investment resources. . related to the mechanism of attracting investment resources of the enterprise. It is justified that the mechanism of attracting investment resources for innovative development in the conditions of digitization is a unique method of organizing, mobilizing and using investment resources for the innovative development of the enterprise under the influence of laws of economic development, state power and management bodies. arrangement. The effectiveness of attracting investment resources to innovative development is provided by the existing mechanism in the enterprise. The mechanism of attracting investment resources to innovative development in the conditions of digitization allows to determine the optimal ratio between the sources and volume of attracting investments to the innovative sector.

KEYWORDS

Mechanism, attraction of investment resources, innovative development of enterprises, digitization, financial mechanism, financing, process approach, small business.

INTRODUCTION

The basis of economic growth is innovation and investment processes, which are the impetus and core of economic systems. This postulate is confirmed by many economic theories. At the same time, different economic trends focus on certain aspects of the investment and innovation process. Representatives of the classical direction of economic theory emphasized the importance of private ownership of investment resources, which ensures competitive relations of the market mechanism of distribution in the economy. Representatives of the Keynesian theory, who have the opposite point of view, emphasized the importance of public investment, ensuring and improving the quality of administrative and market mechanisms for the distribution of social benefits to the population. But despite the polar views of representatives of different economic concepts, the general opinion is that the need to attract investments, including in the field of innovation, is important for economic growth. Activation of investment and innovation processes is the main factor of economic growth, increases the efficiency of the use of limited resources, and ensures the achievement of economic, social and environmental development goals of economic entities. Modern scientific opinion is based

on the fact that the main thing is to attract investment resources, but at the same time, the form of ownership of investments is not important. In the conditions of digitization, the mechanism of attracting investment resources for the innovative development of business entities plays an important role in the investment process. The purpose of the article is to substantiate the role of the mechanism of attraction of investment resources in innovative development in the context of transformation using the process approach.

METHODOLOGY

This research methodology is a process approach, as well as a set of general economic and specific principles that allow to reveal the role of the mechanism of attraction of investment resources in the innovative development of enterprises in the context of digitization. For this study, the process approach is dominant, since investment is considered as a process of investing in innovative development in the enterprise in the context of digitization. As a result of such funds directed to the innovative development of the enterprise, the potential of the enterprise turns into capital. The process approach allows to study the mechanism of attraction of investment resources and

its role in the innovative development of enterprises in the conditions of digitalization, as well as the influence of interrelated processes related to investments. The process of attracting investment resources in the direction of innovative development of enterprises determines the causal relationship of increasing the efficiency of the enterprise from the point of view of digitization with investment processes in the innovative activity of the enterprise. Monitoring the mechanism of attracting investment resources to the innovative activities of the enterprise helps to make more effective management decisions, to optimize the planning and coordination of various processes in the enterprise. Also, the process approach makes it possible to take into account the influence of external factors and processes that are not directly related to the mechanism of attracting investment resources of the enterprise on the mechanism of attracting investment resources. Digitization, state regulation, fiscal and tax changes, the impact of market conditions and many other processes are among the processes that directly affect the mechanism of attracting investment resources to innovative development.

Results In the current conditions of digitalization of the economy, the mechanism for attracting investment resources is very important, because it allows to activate innovative processes and attract investments. Sources of investment resources can be the own funds of economic entities, but their insufficiency, borrowed

financial resources, attracting funding from local and state budgets, as well as using the public-private partnership mechanism allocations from the budget through . Foreign financial resources can also be involved. But the type and origin of investment resources is not important, it is possible to achieve their effectiveness by using the mechanism of attraction of investment resources in enterprises. The effectiveness of attracting investment resources to innovative development is provided by the existing mechanism in the enterprise. In the context of digitization, other mechanisms are influencing the mechanism of attracting investment resources for innovative development. Such mechanisms include, first of all, the financial mechanism of state fiscal management. This is done through tax rates, incentives, enforcement and sanctions. Also, the field of legislation on regulation and rules of investments is important in attracting foreign investment resources.

SUMMARY

Thus, for the development of enterprises in the conditions of digitalization, not only the process of attracting investment resources, but also their innovative direction is important. Because the innovative direction of investments allows to increase the profit and income of the owners, to increase the efficiency of business activities, to increase the market value of the enterprise, and to increase the competitiveness and stability of the enterprise in the

market. The scientific novelty of this study is to justify the role of the mechanism of attracting investment resources in innovative development in the context of digitalization, which implies the use of a process approach, unlike existing approaches, and represents a unique method of organization. mobilization and use of investment resources, external and internal factors aimed at increasing the efficiency of enterprise activity through innovations. Further studies require the possibility and optimality of diversification of sources of investment resources in the innovative development of the enterprise in the conditions of digitization.

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