Ph.D. (Econ.), As. Prof. Nikiforova L.O., Post-Grad. Stud. Dong Xinying
Vinnytsia National Technical University, Ukraine

Support for small and medium-sized businesses as the basis for China's innovation development

Competent management of innovations is the basis of any national innovation strategy and proves its effectiveness even in times of crisis. As an example of the effective use of the global crisis for our own purposes, you can be guided by the strategy of China, which during the crisis profited from buying innovative and non-innovative personnel around the world. China has already experienced the chaos of the cultural revolu-tion, so securing stability in its policies is in the first place.

The People's Republic of China is one example in which, for an incomplete 60 years, a poor agrarian country, today it ranks second in the world in terms of GDP after the United States and is confidently taking a leadership position. China went the fantastic way, in 1979 its GDP was 2.7 times less than the GDP of the USSR, today China is ahead of all European countries by the scale of the economy and confidently takes the second place after the USA [1]. Such in the history of the world has never been that in such a short time the country has made such a rapid leap. In turn, such a jump is due to competent strategic steps of the country's leadership, which used the existing advantages: territorial location, the availability of raw materials, cheap labor and so on. In 1992, China proclaimed a policy of openness to the outside world [2]. The country deliberately created conditions for maximizing the use of resources, finance, attracting foreign innovations, created more than 60 special free economic zones, which began to inflow foreign investment. These investments served as the source for the creation and development of modern production, innovations in the field of IT technologies and HR-methods of doing business. In China, special zones of IT technologies were created, where foreign investors were provided with unprecedented world tax breaks and land plots.

In China, the first to realize that such innovations, what properties they possess, under which laws develop. Even the United States and the European Union,

considering in the first place technical and technological innovations, will lose the integral innovation strategy of China's development. China has launched a consistent, large-scale, comprehensive program of innovation development, which is reflected in the long-term State Program of the Strategy for Innovation Development 2020-2050, in which it is planned that by 2020 China will be included in the list of innovative countries, by 2030 - will be in the first rows of innovative states, and by the 2050s it will become the world's leading state of scientific and technological innovations [3]. The program provides that innovation should become the main driving force of development. At the same time, scientific and technological innovations should be supported by innovations in the field of public institutions, culture, models of management and trade, which will allow to move to a higher level of economic development with a more rational structure of innovation costs.

The rapid development of the Chinese economy at the turn of the century was largely predetermined by Deng Xiaoping's strategic forecast. He is called the architect of Chinese reforms. Deng Xiaoping outlined a clear plan for the modernization of the country: in 1980 to increase GDP from 250 to 500 dollars per capita. For 1990 - again to double GDP, that is, raise it from 500 to 1 thousand dollars per capita. And then to the 100th anniversary of the proclamation of the PRC, to increase GDP four times, to $ 4,000 per inhabitant [4]. As you can see from the data in Table 1 and the constructed graph of GDP dynamics [5], China has reached the level of 4000 $ of GDP per capita by 2010, which is 39 years earlier than planned by Deng Xiaoping.

Table 1 – China's GDP per capita 1980-2017 years

Date	**Value**	**Change, %**	**Date**	**Value**	**Change, %**
2017	8 643	6,50%	2009	3 838	10,70%
2016	8 116	-0,62%	2008	3 467	28,27%
2015	8 167	6,04%	2007	2 703	28,07%
2014	7 702	8,77%	2006	2 111	83,56 %
2013	7 081	11,87%	2002	1 150	38,88 %
2012	6 329	13,37%	1998	828	57,41%
2011	5 583	23,40%	1993	526	70,23%
2010	4 524	17,88%	1980	309	-

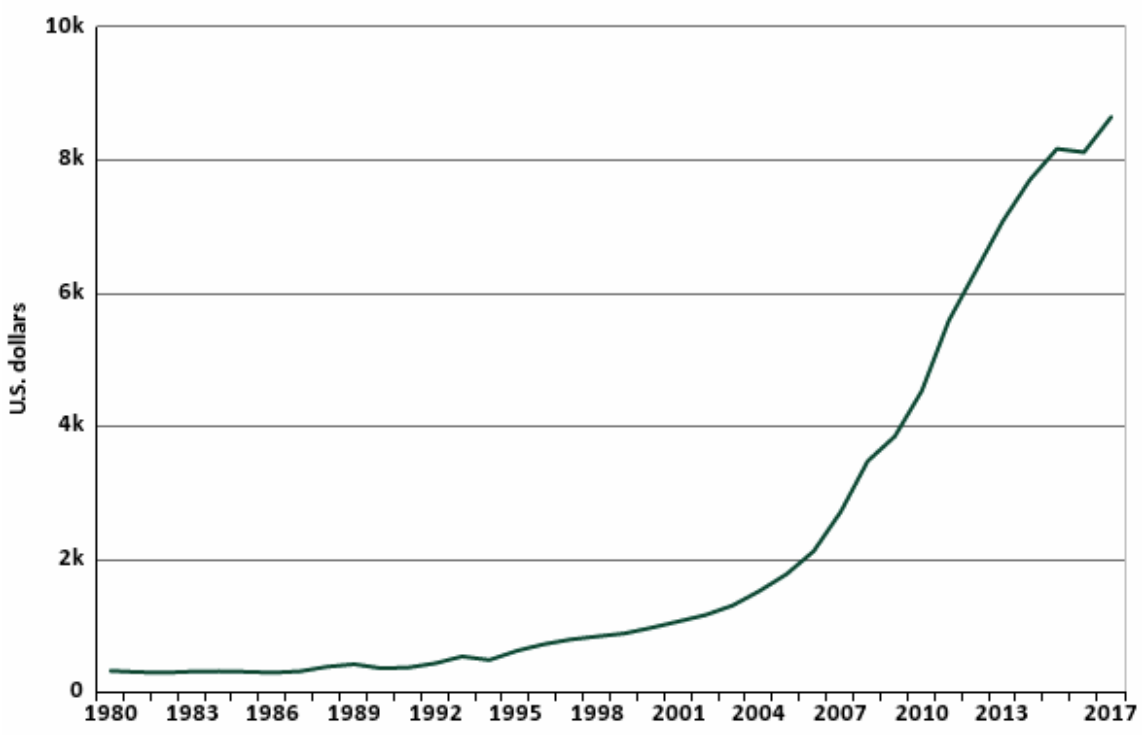

Figure 1 – Dynamics of China's GDP per capita 1980-2017 years

For example, the change in per capita GDP in Ukraine is presented in Table 2 and Figure 2 [5]. As we see, the results are not as rainy as in China.

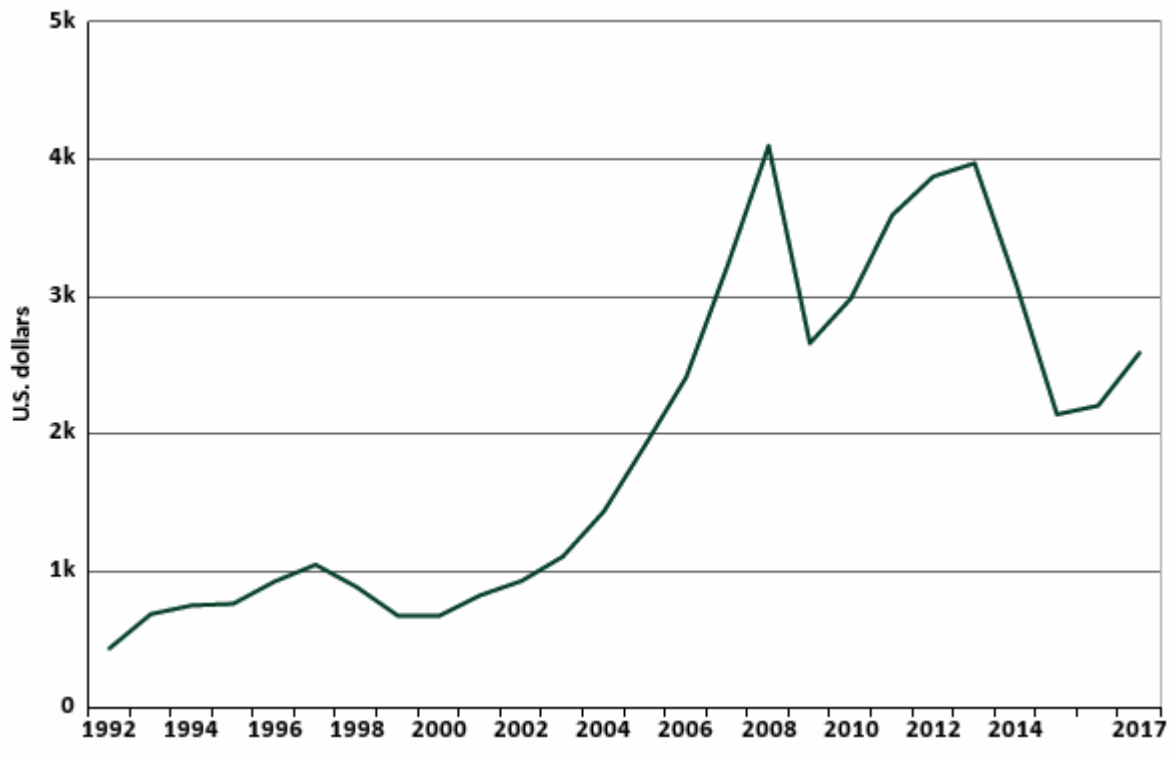

Figure 2 – Dynamics of Ukraine's GDP per capita for 1992-2017 years

Table 2 – Ukraine's GDP per capita for 1992-2017 years

Date	Value	Change, %	Date	Value	Change, %
2017	2 583	17,46%	2010	2 983	12,35%
2016	2 199	2,98%	2009	2 655	-35,17%
2015	2 135	-31,01%	2008	4 095	27,19%
2014	3 095	-22,02%	2007	3 220	33,72%
2013	3 969	2,49%	2006	2 408	131,98%
2012	3 873	7,88%	1997	1 038	142,52 %
2011	3 590	20,34%	1992	428	-

A huge contribution to this dynamic growth was made by the Chinese small business, which was booming with the country's overall economic growth. In the Chinese economy, small businesses play a significant role. At present, these enterprises account for 75% of patented developments and 82% of the total number of jobs in the country [6]. Special attention should be paid to measures to support entrepreneurs, since the population of over 1.3 billion people was simply not possible to take advantage of the potential for the development of private entrepreneurship. State investments in various research organizations (including educational institutions) and funds are increasing. Tax credits are also granted to educational institutions in the case of their cooperation with small and medium businesses (SMB). Tax breaks (including exemption from taxes) for SMB engaged in the development of new technologies and the release of new products are provided. Innovative SMB are provided with loans and guarantees. Innovation of SMB is confirmed by a special certificate issued by the Ministry of Science and Technology of the People's Republic of China. An example of the tax incentives that operated in China before the end of 2016 was the possibility not to pay VAT and turnover tax for small businesses, provided that their monthly income is less than 3.2 thousand dollars a month.

A few years ago, the Chinese government reoriented the country's economy from resource-intensive enterprises to small businesses, the radical modernization of the country's economy should be completed in 2050, which should lead it to the number of leaders in terms of economic development. But the result of the work of small businesses can be observed now. Entrepreneurs in China actively participate in the development of innovative technologies, 75% of patents and more than 80% of the

country's new products are owned by its small enterprises. Small business accounts for about half of tax revenues, as well as 60% of exports. It should be noted in their state that most small enterprises have less than 100 jobs. Takozh malij biznes in China pidtriemuyutsya takozh strenoyuyu in 2001 rotsi svernuvuyu informatsiynoyu servisyu CSMEO, zazhda zakonyu poshiryuetsya v vi mista i reegioni PRC, vchasno nadayuchi neobhidnu informitsiju pro tekhnologicchnye novelties, ostaninny dosyag-nennya na naukovo-tehnichniy spiiny, stinka rinku pratsi [7].

Consequently, the basis of any policy aimed at finding innovative mechanisms for addressing economic problems should be the development of an effective innovation development strategy. This strategy should address both the country as a whole and individual components of its economy in the form of consistent and powerful support to small and medium-sized businesses. This business is the basis of the innovative sphere of activity of any country, as confirmed by its rapid development of the Chinese people's republic. It is desirable to take China's experience in Ukraine to create an innovative and economically stable state.

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