

DOI: <https://doi.org/10.34069/AI/2022.58.10.24>

How to Cite:

Syrtsseva S., Ivaniuk, U., Fedotova, I., Hurina, O., Dovzhyk, O., & Nazarenko, O. (2022). Innovative potential and development of Ukrainian small enterpris-es during the war (2022-2023). *Amazonia Investiga*, 11(58), 222-232. <https://doi.org/10.34069/AI/2022.58.10.24>

Innovative potential and development of Ukrainian small enterpris-es during the war (2022-2023)

Potencial innovador y desarrollo de las pequeñas empresas Ucranianas durante la guerra (2022-2023)

Received: November 1, 2022

Accepted: November 28, 2022

Written by:

Svitlana Syrtsseva¹⁰²<https://orcid.org/0000-0003-4824-3741>**Uliana Ivaniuk**¹⁰³<https://orcid.org/0000-0001-8845-9120>**Iryna Fedotova**¹⁰⁴<https://orcid.org/0000-0002-3277-0224>**Olena Hurina**¹⁰⁵<https://orcid.org/0000-0002-6315-6067>**Olena Dovzhyk**¹⁰⁶<https://orcid.org/0000-0001-6547-1418>**Oleksandr Nazarenko**¹⁰⁷<https://orcid.org/0000-0001-7546-174X>

Abstract

The purpose of the article is to study the development of entrepreneurship in Ukraine during the war, taking into account the need to implement innovative solutions. This necessity is caused by the uncertain environment of the full-scale military aggression of the Russian Federation against Ukraine, from the terrorist acts of which civilian infrastructure and civilians suffer. The uncertainty of the environment in the conditions of hostilities makes it impossible to plan the long-term and medium-term development of entrepreneurship. That is why the article considers the essence and structure of entrepreneurial innovations for the effective organization of activities in the conditions of hostilities. For the development of innovative entrepreneurial activity in Ukraine, according to the authors of the article, special investment

Resumen

El propósito del artículo es estudiar el desarrollo del espíritu empresarial en Ucrania durante la guerra, teniendo en cuenta la necesidad de aplicar soluciones innovadoras. Esta necesidad es causada por el entorno incierto de la agresión militar a gran escala de la Federación de Rusia contra Ucrania, de los actos terroristas de los que la infraestructura civil y los civiles sufren. La incertidumbre del entorno en las condiciones de las hostilidades hace imposible planificar el desarrollo a largo y medio plazo del espíritu empresarial. Para el desarrollo de la actividad empresarial innovadora en Ucrania, según los autores del artículo, deben crearse condiciones especiales de inversión. Esta cuestión adquiere especial importancia en 2022-2023, cuando la economía del país ha pasado a una situación de guerra. El Estado debería seguir una política específica de atracción de inversiones para

¹⁰² PhD (Economics), Associate Professor of Department of Accounting and Taxation, Faculty of Accounting and Finance, Mykolayiv National Agrarian University, Ukraine.

¹⁰³ PhD (Econ.), Associate Professor of the Department of Management Associate Professor Department of Management of Organizations Lviv Polytechnic National University, Ukraine.

¹⁰⁴ Doctor of Economic Sciences, Associate Professor, Professor of the Department of Management Faculty of Management and Business Kharkiv National Automobile and Highway University, Ukraine.

¹⁰⁵ Doctor of Economic Sciences, Associate Professor Professor of the Department of Economics, Management and Finance Faculty of Natural Sciences V.O. Sukhomlynskyi National University of Mykolaiv, Ukraine.

¹⁰⁶ PhD in Economics, Associate Professor Department of Accounting and Taxation Faculty of Economics and Management, Sumy National Agrarian University, Ukraine.

¹⁰⁷ Doctor of Economics, Professor of the Accounting and Taxation Department Faculty of Economics and Management Sumy National Agrarian University Sumy, Ukraine.



conditions should be created. This issue takes on particular importance in 2022-2023, when the country's economy has shifted to a war footing. The article states that small business should become the main engine of wartime and post-war period. Studying the experience of developed countries, analyzing the structure of their economies, the authors propose to create special business conditions for the development of small and micro entrepreneurship.

Keywords: innovative development, entrepreneurial activity, Russian-Ukrainian war, investments, liberal economy, military aggression, energy crisis, digital economy, alternative energy, government in a smartphone.

Introduction

The Russian Federation's full-scale military invasion of Ukraine has significantly affected all spheres of the country's socio-political life. Undoubtedly, the constant terrorist acts of the aggressor country, together with the occupation of large territories, have had a significant impact on the country's economy. The loss of confidence in the future has led to the closure of some enterprises, a decrease in the pace of development, and in some places production facilities have suffered significant damage as a result of terrorist attacks of the northern neighbor. In the fall of 2022, the Russian Federation regime resorted to massive attacks on Ukraine's critical energy infrastructure, destroying more than 40 per-cent of important and unique equipment. This act of terror led to a reduction in the ability of the Ukrainian power grid to meet the needs of not only private but, above all, commercial subscribers. All of the above entailed an urgent need to find innovative, creative, and unprecedented measures to ensure not only sustainable operation but also the development of new business. The issue of introducing economic innovations in the period 2022-2023 remains relevant, given the transition of the country's economy to the military rails. Specifically, the contradiction between the difficult situation of the country to ensure the safety of people and the need to find innovative ways to overcome the effects of war clarify the relevance of this study. In this regard, the innovative potential for the development of entrepreneurial activity in today's environment requires analysis.

The problem of research of innovative economic potential of entrepreneurial activity is devoted to a small number of studies. An important place in

el desarrollo de actividades innovadoras de las pequeñas empresas. Sobre la base de la pequeña empresa, se pueden introducir rápidamente innovaciones avanzadas. En la actualidad, la comunidad internacional está dispuesta a ayudar a Ucrania a superar las consecuencias de la guerra, lo que puede suponer un importante impulso para el desarrollo del espíritu empresarial.

Palabras clave: desarrollo innovador, actividad empresarial, guerra ruso-ucraniana, inversiones, economía liberal, agresión militar, crisis energética, economía digital, energías alternativas, gobierno en un smartphone.

the process of analyzing the innovation potential of modern economic development is occupied by studies devoted to the coverage of various aspects of the war of the Russian Federation against Ukraine.

Analysis of the literature shows the following expediency of the classifications of entrepreneurial innovations: the goals of innovation; the significance of innovations; the scope of innovation; the causes of innovation; the nature of the needs to be met; the place of innovation in the production system of the enterprise (Zakeri et al., 2022). According to Panduru & Scarlat (2022), the first stage of the innovation strategy of the state should be to seek funds to create an investment fund to finance innovation at reasonable interest rates on a competitive basis based on improving the efficiency of the export of raw materials. Loans should be granted for the purchase of advanced technologies in order to modernize enterprises. The innovation policy of the state is a set of forms, methods, and directions of business in order to intensify the development and production of new types of products and technologies (Buriak, Redko, Mashtaler & Sydoruk, 2022).

The main goal of the state innovation policy is the formation of an innovation economy, characterized by the formation of a market of innovation and scientific intellectual property products (Zolkover, Rusina, Bielialov & Nesenjuk, 2020). Innovative activity is an additional risk and uncertainty, so the state should strive to form such an innovative environment, where enterprises, realizing the need for innovative transformations, undertake

the organization and financing of research, development, etc. Certainly, the understanding of this necessity should be cultivated by the state for a long time. Such encouragement of enterprises should become part of state economic policy (Ihnatko, Ihnatko, Ihnatko & Halas, 2022).

One should pay attention to the research of Irtyshcheva, Kramarenko & Sirenko (2022). The authors reveal the problem of the functioning of the Ukrainian economy during the war. The main range of issues requiring urgent solutions is identified, in particular the problem of business security and the loss of production infrastructure due to constant massive attacks. Ben Hassen & El Bilali (2022) examine the impact of the Russian invasion of Ukraine in the context of international food security. The authors analyze the decline of food on the international market. They point out the extremely negative impact of the war on food security in the Third World. The war did not leave the economies of European countries unaffected. Prohorovs, A. (2022) discusses the problem of the impact of Russian military aggression on the pan-European investment climate. Khudaykulova, Yuanqiong & Khudaykulov (2022) address the need to support the Ukrainian economy to maintain global financial and economic stability. Ma et al., (2022) consider the issues of recovery of the Ukrainian economy after the end of the war. Studies highlighting the problem of economic development during military conflicts (Wang, Bouri, Fareed & Dai, 2022) should be singled out. The research of the fears of innovative transformation against the background of military actions considers the latter as an element of stimulation of managerial transformations of the economic environment. This, in particular, is stated in the study Alzoubi, Alshurideh, Kurdi, Alhyasat & Ghazal (2022). The authors identify promising areas for international cooperation. The processes of restoration of civil infrastructure and industrial facilities are assessed. The authors pay special attention to the issue of the energy sector. However, the publications existing in the scientific literature do not create a universal and systematic view of the essence and structure of the innovative potential of economic subjects, the importance of which is reflected in the problems of modern discussions. In addition, the developed methodological approaches to managing the innovation potential of a commercial organization do not allow you to fully identify and assess the factors affecting the effectiveness of its use, to develop focused management decisions on the integration and reconfiguration of the constituent elements in accordance with changes in the external

environment. Proposed in the works of recent years, innovation mechanisms require additions and extensions in terms of their selective application to the sustainable development of enterprise innovation potential in line with the priorities of digitization and technologization of the Ukrainian economy in war conditions. All of the above confirms the relevance of the topic of the study and defines its goals and objectives.

Purpose and objectives

Based on the relevance of the mentioned topic, the purpose of this article is to analyze the innovation potential to actualize the issue of entrepreneurship development in Ukraine during a large-scale military invasion. In order to implement the above goal, the following research objectives should be considered:

- Determination of the conditions of functioning of enterprises in Ukraine during the war;
- To analyze the innovation potential of entrepreneurial development against the backdrop of extraordinary conditions of uncertainty;
- Determine the optimal trajectories of innovative solutions for the effective development of entrepreneurial activity in Ukraine during the war.

Methods

The methodological basis of the thesis is a set of dialectical principles, which allowed to identify the essential characteristics of the processes under study, the forms of their manifestation, and development trends. The research was conducted using systemic, process, and structural-functional approaches, methods of comparative analysis, deduction and induction, generalization, expert evaluations, economic-mathematical and economic-statistical methods.

Results

The country's transition to the war economy mode, ensuring the dynamics of economic growth in conditions of economic instability revealed the need for practice-oriented convergence of science and production, search for new directions of effective development of business structures, the introduction of progressive ways to organize their activities and increase in the rate of innovative products output. One of the possibilities to activate state innovative actions during the war is to optimize approaches to the use of different types of

resources by economic agents. Thus, under equal conditions of economic management, it is the possession of significant reserves of resources and their rational consumption provides not only additional competitive advantages to the commercial structure and strengthens its entrepreneurial activity, but also influences the specifics of innovation creation and features of formation of innovative potential of the enterprise. In this regard, modern conceptual understanding of the essence of innovation and innovation potential of the organization, as well as the use of effective mechanisms for their management determine the ability of the economic agent to develop fundamentally new products, strengthen its competitiveness and adequately respond to market changes in a critically uncertain environment (Baghirov, Humbatov, Aslanova & Seyidova, 2022). In order to investigate the innovation potential of an organization and its structure in more depth, first of all, it is necessary to identify the concept of “innovation”, because now in the scientific literature there is no unified view that would unambiguously reveal the relationship between the categories of “innovation” and “innovation potential”. Historically, the essence and characteristics of innovation have been the subject of diverse scientific disputes and discussions. Specifically, the term “innovation” first appeared in the XIX century in the works of culturologists. At the same time, special

economic studies of innovation in international practice began to be carried out only since the XX century.

Despite the accumulated international experience of conceptual and applied research of innovation, in the modern scientific literature there are still different interpretations of this term, which can be grouped as follows:

- innovation as a result (Shaleny, Shtefan, Krylova, Myronchuk & Tsurkan, 2022);
- innovation as a process (Kaplinsky & Kraemer-Mbula, 2022);
- innovation as change (Slaviuk & Bui, 2022).

In turn, innovation is understood as a qualitatively new style of reactions to a problem in any area of human activity to improve its effectiveness. Thus, a comparison of the above definitions allows us to conclude about the synonymous nature of the concepts of innovation, innovation, and innovation in terms of the similar essence of economic phenomena denoted by these concepts (qualitatively new additions or changes reflected in the final actions or results). At the same time, the main components (theoretical concept, technical invention, commercial use) and properties (scientific novelty; practical use; commercial implementation) of innovation can be structurally represented as follows (Fig. 1).

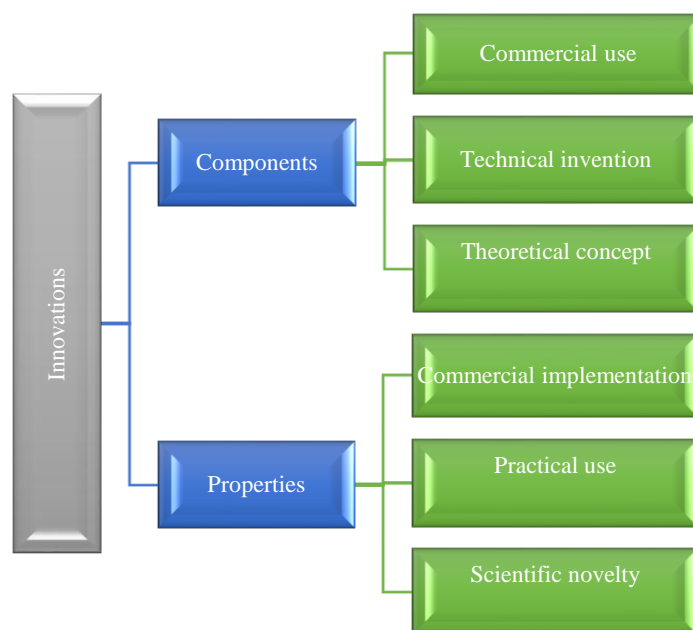


Figure 1. Properties and components of innovation. (Source: authors' own development)

Considering the links between the properties and components of innovation, it should be noted that the theoretical concept of innovative transformation as a process of scientific and technological creativity must necessarily include a component of absolute novelty. The development of the practical application of the innovative concept and its transformation into a real product (process) should be formalized as an invention, which will be a new, practical object that exists at the intersection of science and technology. In the process of implementation, the proposed innovation, becoming parts of the production process from the theoretical plane, acquires practical qualities. Thus, the purpose of innovation activity on the one hand is to improve

existing production processes, and on the other hand - to create qualitatively new approaches to solving non-trivial problems arising under the influence of an uncertain environment (Khmarska, Kucheriava & Klimova, 2022).

It should be noted that in the study of the innovation potential of the enterprise it is important not only to understand the essence and components of innovation but also to review the grounds by which different types of economy are distinguished. The analysis shows that it is most appropriate to use the model presented in Fig. 2 as the main classification attributes of innovation.

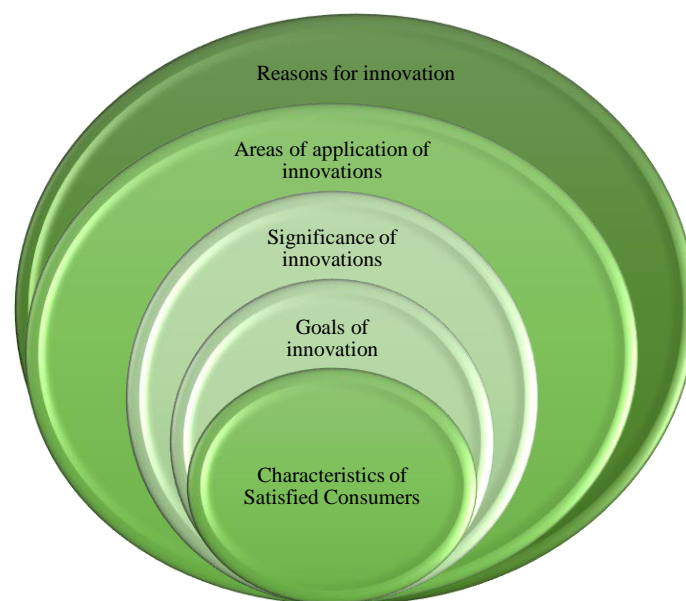


Figure 2. Schematic of the model of innovation attribute classification.
(Source: authors' own development)

Such views on the structure of innovation and the allocation of its individual components can more fully justify the essence of the innovation potential of the enterprise during the war and identify the main directions of its functioning and development. However, the interpretation of the innovation potential of an organization is impossible without a separate definition of the concept of "potential". The term potential (from the Latin word *potentia* - force) has a fairly wide scope of use in the natural science and humanitarian literature to denote various categories. In a broad sense, potential is a totality of all available capabilities, means in any field.

In modern conditions of military aggression, a great variety of types of commercial structures' potentials should be distinguished, among which

the key importance, at the junction of a number of other potentials of socio-economic systems, belongs to the innovation potential as an important condition for ensuring competitiveness and economic efficiency of their functioning. Based on the above-mentioned materials of the terms "innovation" and "potential" and taking into account the special in importance and number of structural interconnections place of innovation potential on other types of potentials of socio-economic systems, we should stop to consider the content of the concept "innovation potential of a commercial organization" (Chaliuk & Chaliuk, 2022).

In view of the world experience of the transition of the economy to the war rails in order to create favorable conditions for small business, the state

should carry out a low management reform. The main factor in the development of the innovative business during wartime is the creation by the state of a special investment climate, which will become attractive, given all the existing risks. In particular, such reforms involve reducing the tax burden on small business (Kentor, Clark & Jorgenson 2022).

At the same time, most representations refer to some individual aspects of the innovation potential of the enterprise, take into account most often only its static state (composition, structure) and reflect the dynamic role of innovation potential in the economic mechanism of the commercial structure, the need for appropriate market focus. It is important to understand that resources form the innovation potential in the case if they allow generating special conditions for the proactive development of the organization or producing complex-competitive products, providing consumers with excellent fundamental benefits. Given that resources are productive, it is required to make certain decisions on their use, combining, that is, the economic agent has certain properties or unique competencies that allow the enterprise to quickly adapt to changes in the environment and create shared value with counterparties. Competences (abilities) should be understood as purposeful activities and processes, special skills with which the enterprise effectively uses its resources to achieve competitive advantages. We are talking about organizational and production knowledge and the ability to acquire, coordinate the necessary resources in a given ratio or a given subordination, as well as to integrate the numerous technological flows created by them. As practice shows, only unique (rare) and difficult-to-imitate resources and special (key) competencies (abilities) of the organization are strategically valuable and form the basis of innovation potential.

In order to adapt quickly in an uncertain environment, develop innovative flexibility, and meet market needs under martial law, it is necessary to understand the mechanisms of the formation of innovative superiority from the set of resources that the organization has. Representatives of the dynamic capability's theory reveal the importance of organizational procedures by which enterprise management affects its resource base and reconfiguration of resources, processes, relationships in accordance with changes in the competitive environment (Lupak, Mizyuk, Zaychenko, Kunytska-Iliash & Vasylytsiv, 2022).

At the same time, in order to achieve the best competitive position in the market, it is not critical what resources and competencies an economic agent possess at the moment, but rather the speed at which it is able to create, integrate, coordinate the placement of necessary resources, taking into account changes in the parameters of the market situation. The time factor and reaction speed play a decisive role in the development and dissemination of innovations. In this regard, it is important to clarify the formulation of the essence of innovation potential of a modern economic agent through a combination of key aspects of resource and content and performance approaches. The innovation potential of the commercial organization should be understood as a rationally organized set of its resources and key competencies, determining the dynamic ability to carry out qualitatively new transformations and ensure the effectiveness of the results of innovation activities in accordance with the needs of the external environment. In turn, the intensity of activity to develop and implement new or improved products in the economic circulation of the enterprise is an innovative activity (Semenenko, Marko, Chernyshova, Koverga & Pekuliak, 2021).

The Ukrainian experience of doing business in conditions of war has demonstrated a number of promising areas of innovative transformation of the economic environment. The first and main condition for transformation is the creation of optimal conditions for the creation, conduct, and functioning of business. For this purpose, the state has taken a number of measures. First, the system of small-business registration was considerably simplified. Secondly, the system of permission and reporting documentation has been significantly simplified, and many services are provided in a specialized application for business (Khudaykulova, Yuanqiong & Khudaykulov, 2022).

It is obvious that the effectiveness of the processes of formation and use of innovation potential of commercial organization during the war depends on a clear understanding of the composition of its elements and their relationships. At the same time, the existing variety of models describing the structure of the innovation potential of the enterprise makes their analysis, systematization, and improvement of the content urgent (Tkach & Hrushko, 2022).

Undoubtedly, the components of the innovative potential of a commercial entity perform a certain role in the processes of its functioning and have a different impact on the ability to actually

produce unique ideas and implement them, to increase its competitiveness, to increase the scale of activities and its market share. Optimal involvement of resources in entrepreneurial activity will allow more effective use of innovation potential and achieve a positive synergistic effect from the creation and implementation of innovations, which will favorably affect the development of competitive advantages of the economic agent. At the same time, since the formation of innovative potential of a commercial organization is under the influence of extreme conditions of war, the effectiveness of its use will depend on both their timely accounting and adjustment of the degree of their impact.

Today the success of commercial activity of any organization is directly determined by the state of its internal environment, as well as the level of integration of market infrastructure, socio-demographic, political, technological, and other conditions under which it operates. And such circumstances can both contribute to and complicate the formation of the innovative potential of the enterprise. In this regard, of particular importance in the study of the innovation potential of a commercial structure is timely accounting and analysis of the influence of various parameters on the features of its formation, which will not only develop targeted and reasoned management decisions related to the development of priority areas of use of innovation potential of the enterprise but also to identify possible risks and adverse conditions affecting the management of innovation flows (Zhang, Bouri, Klein & Jalkh, 2022). In general, the variety of factors affecting the innovation potential of an enterprise is conventionally reduced to external and internal. For example, the factor of destruction during military aggression is now becoming increasingly significant as part of the external factors affecting the innovation potential of industrial enterprises. (Vasylytsiv, Lupak & Voloshyn, 2021).

The variety of types of the innovative infrastructure of enterprises is largely determined by the economic model. Infrastructure in the industrial model is aimed primarily at serving the needs of extractive industries, enterprises of primary processing, i.e., it has a production orientation. In the post-industrial economy, the infrastructure contributes to the development of knowledge-intensive industries and organizations engaged in the development of high technology. The infrastructure is represented by information, financial, insurance, educational, trade networks, technopolises,

technoparks. These structures make it possible to stabilize the economic situation. Even in economically developed systems, they are created in some cases during the economic recession, structural adjustment, accompanied by job cuts, reduction of budget allocations for scientific development in conditions of significant accumulation of scientific and technological potential, in the absence of a mechanism for bringing available ideas to a particular consumer and achieving commercial success (Krakhmalova, Krakhmalova & Kozlovskij, 2019).

Expanded consideration of the impact of the triggers of the business environment of the organization with a focus on the stages of the life cycle of innovation and the associated level of capacity utilization will allow the development of innovative flexibility in accordance with the changes caused by them and understand the mechanisms of formation of innovative advantage from the set of resources that the enterprise possesses. Thus, summarizing and complementing most of the common scientific opinions devoted to the development of parameters affecting the formation and use of innovation potential of the enterprise, allowed to conclude that, despite the fact that the external environment of the economic entity is largely determining and not regulated by the enterprise, the influence of the internal environment of the organization on its innovation potential can be successfully adjusted just by the competent management at the enterprise. At the same time, the priority importance of managing the state of innovation potential of the modern enterprise is due to the existing economic, organizational, technological, and intellectual problems in the economic activity of economic agents, in particular:

- limited information about the market needs for innovative products, modern achievements of scientific and technological progress;
- the high level of management costs and lack of financial resources
- the lack or rapid “aging” of personnel and knowledge-intensive technological means, capable of effectively influencing the conditions and results of the innovation process;
- the existence of the phenomenon of resistance to innovation on the part of personnel and the difficulty of timely response to changes in state policy in the field of innovation;
- the lack of methods for a comprehensive assessment of the innovation potential of enterprises in conditions of free competition, increased riskiness and uncertainty of the

environment, and effective tools for its reflexive management based on the results of various types of assessments on the dynamics of changes in external and internal parameters of management (Omelchuk et al., 2022).

The solution of the formulated problems associated with the effective use and systematic building of the innovation potential of a commercial organization should take place within the concentration of the relevant responsibility centers in the enterprise, not only taking into account the influence of the above factors but also through the use of specially developed and effective leverage - management mechanisms (Pacheco, Cuba, Ñañez & Pacheco, 2021).

Thus, innovative entrepreneurship during the war should be understood as an entrepreneurial activity based on the commercialization of innovations demanded by the market, aimed at creating high-tech products and services, allowing to move away from the raw development of the region. The distinctive feature of this approach is the development of innovative services. The terms “entrepreneurship” and “business” are often used synonymously. The terminological difference between business and entrepreneurship is that business uses the disruption of market equilibrium caused by entrepreneurship. Thus, entrepreneurship differs from business in its innovative component.

In developed countries, small businesses in the production sphere develop successfully with the support of the big business. Small firms usually seek either to occupy market niches, unfavorable to the introduction of large companies there or are financed by them, conducting innovative developments, risky corporations. Corporate entrepreneurship differs from classical entrepreneurship in that if during the era of traditional capitalism, the entrepreneur (owner of capital) was a key figure in the economic field, now the owners of shares are removed from the management process “technostructure” - senior management and specialists, organizing the activities of the enterprise. At the same time, power in a well-functioning corporation does not practically belong to one person, which was characteristic of previous eras. The management needs of a corporation require a division of power among a fairly large number of managerial representatives (Vasylytsiv, Lupak & Voloshyn, 2021).

Undoubtedly, small business is a major source of innovation in the country. But often the risk and necessity of serious research efforts associated with commercial development is beyond the reach of small firms. Conversely, nonprofit experimental laboratories are well prepared to conduct high-tech developments, but more often than not they remain at the stage of theoretical rather than practical development.

Thus, an important direction of state innovation policy during the war on small science-intensive business, which is carried out at the state level, is the attraction of private capital for its financing. This is implemented mainly through venture capital firms. For many small innovative firms, the main problem remains finding financial support for the development and accelerated development. Venture capital enters small innovative firms in different ways: through direct financing, through special investment companies of risk capital, a certain part of it small firms receive from the state in the form of subsidies (Ihnatko, Ihnatko, Ihnatko & Halas, 2022).

Today, Ukraine faces the task of forming a competitive national innovation economy in the context of war, capable of counteracting the dangers caused by military aggression. Ukraine must also ensure the promotion of its own innovative products and technologies in the global knowledge-intensive market. It is necessary to take into account the positive experience of the United States and other foreign countries and to create and implement new technologies and innovative innovations through the innovative modernization of large companies and the development of small businesses. For this purpose, effective programs of support of small innovative business should be developed at the state level. It is interesting to consider the peculiarities of small and medium entrepreneurship support in the European Union countries and Ukraine. The main purpose of EU countries support of entrepreneurship in Ukraine is to balance the interests of international economic players. Therefore, it is supposed to form a single economic space between EU countries and Ukraine.

Discussion

Thus, a characteristic feature of innovative entrepreneurship in a war today is the involvement in the entrepreneurial process of an increasing number of participants and the distribution of the entrepreneurial function in the form of distribution of decision-making among managers of different levels. Managers differ

from classical entrepreneurs by their business qualities, values, corporate norms of behavior. They are characterized by a desire for teamwork, collectivism, and an awareness of the value of cooperation (Radziwon, Bogers, Chesbrough & Minssen, 2022).

Small and medium-sized businesses have received considerable attention in the context of war. This sector of the economy is characterized by increasing output, responsiveness to innovation, and consumer demands. As international experience shows, more than 90% of operating firms in the European Union belong to the category of small and medium-sized enterprises, use 2/3 of the EU labor force, and produce about 60% of the gross domestic product. These trends have continued over the past two decades. Given this proportion of the number of SMEs in their total number, their competitiveness largely determines the overall competitiveness of individual countries and their position in the international market (Sakas et al., 2022). Analyzing the potential of the Ukrainian economy, taking into account international financial support and the future reconstruction of the country, we can state that post-war Ukraine will receive a large amount of investment. This will be a great impetus for the development of innovative and creative business, taking advantage of the advanced worldview of the experience of implementing high-tech production (Izadi, 2022).

It should be noted that the goal and objectives of the mechanism of management of the innovation potential of the organization should be clearly formulated by the relevant management subjects, taking into account the identified range of problems and prerequisites of its innovative development. In addition, it is necessary to take into account that the management process on the innovation potential of the enterprise is aimed at finding, making, and implementing managerial decisions on the priorities of this sphere and should be built taking into account the functions of planning, organization, motivation, accounting, analysis and control, the implementation of which consists in the application of certain methods and principles of innovation flow management. It should be noted that the assessment of the innovation potential of the commercial organization is one of the key stages in ensuring the effectiveness of its management and is a monitoring of the components of the innovation potential in order to compare its actual level at a certain moment with the existing ideas about this level (Financial club, 2022).

Consequently, the development of private entrepreneurial initiative is the essence of economic policy in a time of war. The support of small enterprises, including small innovative enterprises, is not just a component of this policy, but its core. An important aspect of small business development is the emergence of high-tech, in particular, “venture” firms, where an inventor and an entrepreneur act in one person. In addition, forms of symbiosis between small and medium-sized enterprises and large companies in the market in the form of subcontracting, franchising, dealerships, etc. are being actively worked out abroad. Achievement of leadership in modern knowledge-intensive fields is possible under the condition of innovative development of big business with the participation of small firms. That is why Ukraine is interested in the U.S. experience, where an active policy to stimulate small innovative business is conducted (Zaloznova & Azmuk, 2022).

Conclusions

Innovative entrepreneurship in war involves the search for new ways to develop the enterprise, which allows us to talk about the concept of growth management or innovation. The practice of entrepreneurial activity in any form usually involves an innovation process focused on the result. If production is based entirely on innovation, the result is a new product or goods with fundamentally new characteristics or properties. However, the production and delivery to the market of traditional goods can be carried out using new elements or techniques. In this case we can talk about the production of traditional goods through the introduction of partial innovation.

Thus, innovative activity in the modern economy becomes a defining feature of entrepreneurship. And innovation is just an invention or discovery, it involves the practical implementation of the entrepreneurial idea, that is, the commercialization of new technical, technological, organizational, and other developments. An important aspect of the development of entrepreneurship is the emergence of high-tech, including venture capital firms, where the inventor and entrepreneur act in one person. The creation of innovative infrastructure depends on the level of economic and technological development of the national economy and the economy of the region. In the conditions of war, it is this tendency of economic restructuring that seems optimal for Ukraine.

At the same time, to develop specific practice-oriented ways to implement the mechanism of management of innovation potentials of organizations in modern conditions it is advisable to conduct a study of the general dynamics of changes in the innovation environment of the country as a whole and in the context of individual regions and types of commercial structures, the results of which will allow to identify features of formation of innovation potentials of economic entities and formulate effective approaches to their management.

Bibliographic references

- Alzoubi, H., Alshurideh, M., Kurdi, B., Alhyasat, K., & Ghazal, T. (2022). The effect of e-payment and online shopping on sales growth: Evidence from banking industry. *International Journal of Data and Network Science*, 6(4), 1369-1380.
- Baghirov, H., Humbatov, Y. A., Abdullayeva, S., Aslanova, M. M., & Seyidova, S. (2022). Development of human capital and the economy in Azerbaijan in the context of the Russian-Ukrainian war. *Journal of Eastern European and Central Asian Research (JEECAR)*, 9(3), 532-542.
- Ben Hassen, T., & El Bilali, H. (2022). Impacts of the Russia-Ukraine war on global food security: towards more sustainable and resilient food systems. *Foods*, 11(15), 2301.
- Buriak, Ye., Redko, K., Mashtaler, O., & Sydoruk, I. (2022). Innovative development of Ukrainian industry on the basis of smart economy. *Academic visions*, 13. [In Ukrainian].
- Chaliuk, Y., & Chaliuk, Y. (2022). Global Socio-Economic Implications of The Russia-Ukraine War. *Economy and Society*. <https://ssrn.com/abstract=4102451>
- Financial club (2022) The European Commission approved the strategic plan "Recovery of Ukraine". Retrieved from: <https://finclub.net/ua/news/yevropeiska-komisiia-zatverdyla-stratehichni-plan-vidnovlennia-ukrainy.html>
- Ihnatko, M. I., Ihnatko, Y. V., Ihnatko, M. Y., & Halas, Y. I. (2022). Foreign experience of forming a business development management model in the conditions of the innovative economy. *Economies' Horizons*, 3(21), 32-40. [https://doi.org/10.31499/2616-5236.3\(21\).2022.263557](https://doi.org/10.31499/2616-5236.3(21).2022.263557)
- Irtysheva, I., Kramarenko, I., & Sirenko, I. (2022). The economy of war and postwar economic development: world and Ukrainian realities. *Baltic Journal of Economic Studies*, 8(2), 78-82.
- Izadi, R. (2022). State Security or Exploitation: A Theory of Military Involvement in the Economy. *Journal of Conflict Resolution*, 66(4-5), 729-754.
- Kaplinsky, R., & Kraemer-Mbula, E. (2022). Innovation and uneven development: The challenge for low-and middle-income economies. *Research Policy*, 51(2), 104394.
- Kentor, J., Clark, R., & Jorgenson, A. (2022). The hidden cost of global economic integration: How foreign investment drives military expenditures. *World Development*, 161, 106105.
- Khmarska, I., Kucheriava, K., & Klimova, I. (2022). Features of the post-war recovery of the economy of Ukraine. *Economy and society*, 42. [In Ukrainian].
- Khudaykulova, M., Yuanqiong, H., & Khudaykulov, A. (2022). Economic Consequences and Implications of the Ukraine-Russia War. *International Journal of Management Science and Business Administration*, 8(4), 44-52.
- Krakhmalova, N., Krakhmalova, T., & Kozlovskij, V. (2019). Modeling of the organization of interaction of participants of the management process of cluster cooperation development. *Management*, 1(29), 47-61.
- Lupak R., Mizyuk B., Zaychenko V., Kunytska-Iliash M., & Vasylytsiv, T. (2022). Migration processes and socio-economic development: interactions and regulatory policy. *Agricultural and Resource Economics*, 8(1), 70-88.
- Ma, X., Gryshova, I., Koshkalda, I., Suska, A., Gryshova, R., Riasnianska, A., & Tupchii, O. (2022). Necessity of Post-War Renewal of University Teachers' Potential in Terms of Sustainable Development in Ukraine. *Sustainability*, 14(19), 12598.
- Omelchuk, O., Ivanashko, O., Sipko, L., Virna, Z., Saienko, V., & Tolchieva, H. (2022). Economic behavior of consumers during instability. *Journal of Interdisciplinary Research*, 12(02-XXVIII), 89-95.
- Pacheco, A.A., Cuba, N., Ñañez, M.V., & Pacheco, L.B. (2021). Strategic management model to promote competitiveness in tourism companies in Cañete. *Edición Especial Tourism and University: Backbone of Peruvian Economy*, 17-31. <https://doi.org/10.17993/3comp.2021.special.issue1.17-31>
- Panduru, D. A., & Scarlat, C. (2022). Digitalization and Strategic Changes in

- Romanian Retail Fuel Networks: A Qualitative Study. *Information*, 13(9), 416.
- Prohorovs, A. (2022). Russia's war in Ukraine: Consequences for European countries' businesses and economies. *Journal of Risk and Financial Management*, 15(7), 295.
- Radziwon, A., Bogers, M. L., Chesbrough, H., & Minssen, T. (2022). Ecosystem effectuation: creating new value through open innovation during a pandemic. *R&D Management*, 52(2), 376-390.
- Sakas, D. P., Giannakopoulos, N. T., Terzi, M. C., Kamperos, I. D. G., Nasiopoulos, D. K., Reklitis, D. P., & Kanellos, N. (2022). Social Media Strategy Processes for Centralized Payment Network Firms after a War Crisis Outset. *Processes*, 10(10), 1995.
- Semenenko, O., Marko, I., Chernyshova, I., Koverga, V., & Pekuliak, R. (2021). Methodological Aspects of the Military-Economic Significance of Agriculture and Modern Problems of Military Food Resources in Ukraine. *Naukovì gorizonti*, 24(8), págs. 81-97
- Shaleny, V., Shtefan, N., Krylova, O., Myronchuk, V., & Tsurkan, I. (2022). On the question of financial support for business during the war (Ukrainian case). *Amazonia Investiga*, 11(54), 232-242. <https://doi.org/10.34069/AI/2022.54.06.22>
- Slaviuk, N., & Bui, T. (2022). The impact of the war on the economic development of Ukraine. *DIW Roundup: Politics im Focused*.
- Tkach, D., & Hrushko, V. (2022). Electrical energy of Ukraine during the ukrainian-russian war. *Scientific notes of "KROC" University*, 2(66), 63–72. <https://doi.org/10.31732/2663-2209-2022-66-63-72>. [In Ukrainian].
- Vasylytsiv, T.H., Lupak, R.L., & Voloshyn, V.I. (2021). Strategic imperatives of the state policy of countering hybrid threats and ensuring the economic security of Ukraine. *Economy of Ukraine*, 2, 32-51. [In Ukrainian].
- Wang, Y., Bouri, E., Fareed, Z., & Dai, Y. (2022). Geopolitical risk and the systemic risk in the commodity markets under the war in Ukraine. *Finance Research Letters*, 49, 103066.
- Zakeri, B., Paulavets, K., Barreto-Gomez, L., Echeverri, L. G., Pachauri, S., Boza-Kiss, B., ... & Pouya, S. (2022). Pandemic, War, and Global Energy Transitions. *Energies*, 15(17), 6114.
- Zaloznova, Yu., & Azmuk, N. (2022). Human capital of Ukraine in the conditions of war: losses and gain] *Economy and society*, 38. <https://doi.org/10.32782/2524-0072/2022-38-59> [In Ukrainian].
- Zhang, Z., Bouri, E., Klein, T., & Jalkh, N. (2022). Geopolitical risk and the returns and volatility of global defense companies: A new race to arm. *International Review of Financial Analysis*, 83, 102327.
- Zolkover, A. O., Rusina, Y. O., Bielialov, T. E., & Neseniuk, E. S. (2020). The Influence of Innovative Potential on Gross Production and Economic Security: Regional Analysis (2020). *International Journal of Management*, 11(4), 439-452. <https://ssrn.com/abstract=3601566>