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# Government Regulation of Innovative Entrepreneurship in the Field of Services

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**Abstract:** This article discusses the role of innovation in the modern economy, the need to create competitive products with scientific intensity and innovation, the development of services and innovative entrepreneurship.

**Keywords:** intellectual resources, technological level, new economy, innovation, competition, scientific intensity, product cost, investment flow, entrepreneurship.

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The most significant global trends of modern social development are reflected in the transition to a "new economy" based on intellectual resources, information and communication technologies, high-tech industries, various services that create a qualitatively new technological level of the entire national economy. The development of the "new economy" is the main guarantee of high, stable and quality economic growth.<sup>1</sup>

The role of innovation in the modern economy has increased significantly. Without the use of innovations, it is almost impossible to create competitive products with a high level of scientific intensity and innovation. In a market economy, innovations are an effective means of competition, as they lead to the emergence of new needs, lower production costs, investment flows, increased prestige of new producers, the opening and conquest of new markets, including foreign markets.

Over the past decade, the service sector has been intensively integrated into the knowledge economy and innovation. Research and development is becoming an integral part of the business processes of more and more companies, and the field of knowledge-intensive services is rapidly overtaking industry. Its share in research spending by the private sector of the economy has increased eightfold in twenty years, and a number of services - information and computers, research and development profile, management, as well as telecommunications and trade - now dominate.

A modern enterprise operating in a complex socio-economic environment must constantly create and implement various innovations that will ensure its effectiveness in a market economy.

The service sector is one of the fastest growing sectors of the modern economy, which in turn is becoming an integral part of the innovation system, as it is one of the key components of the effective development of the country's economy.

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<sup>1</sup>Materov I. Factors of development of the new economy in Russia // The Economist, 2003, No. 2, p.4

The service sector has a significant impact on the economy of any country. Its role is reflected in the following areas of the national economy:

- employment of the able-bodied population in the service sector;
- production volume and range of services provided;
- number of new companies;
- International trade in services;
- Consumer demand for services.

In our opinion, the key factors in the development of innovative entrepreneurship in the field of services in the world in recent decades are:

- The scientific and technological revolution has led to the creation of a wide range of new services related to information technology, computerization, new methods of communication. In addition, the scientific and technological process facilitates the remote transmission of services, giving them an international character;
- Structural and technological restructuring of material production, which contributed to the growth of demand for business services and affected the non-core divisions of organizations specializing in services, resulting in the emergence of independent organizations. At present, it is impossible to develop production without financial, information, transport and other services.

The widespread introduction of innovations has led to the emergence of qualitatively new types of services, which in turn are associated with a number of factors:

- As a result of the implementation of the results of scientific and technical activities, the growth of social labor productivity and, on this basis, the improvement of people's material well-being and quality of life;
- With the growth of the social division of labor, the ratio of work and leisure time, labor activity and leisure time will change, and the demand for services will expand accordingly;

In general, the development of innovation is based on a complex system of interactions between the elements that produce different knowledge, manage, distribute and ensure their application. The effectiveness of the innovation process is largely determined by how key participants interact with each other as elements of a single system of knowledge creation and use.

State regulation and support of innovative entrepreneurship is carried out through various mechanisms and methods of implementation. As the world practice confirms, full-fledged innovative entrepreneurial activity is formed by the effective functioning of a well-functioning mechanism of state regulation and support.<sup>2</sup>

In the context of economic recovery and sustainable economic development, high freedom of innovative entrepreneurship will be achieved, in which the state and innovative business will cooperate with each other on the basis of partnership.

An innovative type of economic development requires the creation of the most favorable conditions for entrepreneurship, increasing the competitiveness and investment attractiveness of private companies in the country, expanding the ability to work in open world markets in a

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<sup>2</sup> Economics of entrepreneurship. Course of lectures: Proc. allowance for students of higher educational institutions. - M.: Humanitarian publishing center VLADOS, 2008 - p.63

highly competitive environment, because it is private business. is the main driving force of economic development.

The state can create the necessary conditions and benefits for the development of entrepreneurship, but should not replace entrepreneurship with its activities.

In recent years, various economic forecasts often highlight two main areas of economic development - raw materials and innovation. The first approach involves further strengthening the position of the raw materials sector of the economy and developing it through the sale of raw materials abroad. The second approach envisages directing the country to an innovative path of development, increasing the share of science-intensive and high-tech industries with significant potential and prospects. In our opinion, the second approach is more progressive, because its implementation will lay the foundation for the sustainable development of the country for many years, ensuring the competitiveness of the country's economy.<sup>3</sup>

The importance of public innovation policy is determined by the objective characteristics of innovation processes: high risk, dependence on the level of development of the scientific environment and innovation infrastructure, large capital capacity for research and development, fair competition and opportunities for entrepreneurship, innovations, high requirements for scientific and technical skills of staff, etc.

The achievement of the above goals is largely due to the completion of the overall program of structural changes

State support for innovative entrepreneurship consists in activating innovative entrepreneurship, creating new jobs and creating a favorable legal, tax and administrative environment to improve the well-being of the population among the population.

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<sup>3</sup> Economics of entrepreneurship. Course of lectures: Proc. allowance for students of higher educational institutions. - M.: Humanitarian publishing center VLADOS, 2008 - p.