UDC 338.5

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**REDUCING COST OF PRODUCTS BY IMPLEMENTING INNOVATION**

*The innovation activity of organizations of the Republic of Belarus is analyzed. The necessary actions to accelerate innovation are investigated and the influence of the introduction of innovations on the reduction of production costs is revealed.*

At the present stage of development of the national economy of Belarus, an important issue is the ability to withstand the competition with the goods of the world market. In this regard, it is necessary to look for ways to reduce production costs.

Due to the lack of a powerful raw material base, the Republic of Belarus is forced to import the components necessary for the production process. This increases the amount of costs that need to be included in the cost of production. This leads to an increase in the price of goods.

One of the most effective ways to reduce the cost of production for the enterprises of the republic is the introduction of innovations.

Currently, there are factors that impede the development of innovations in organizations:

• lack of own funds;

• high cost of innovations;

• significant economic risk;

• long payback periods of innovations;

• lack of support from the state;

• low innovation potential of organizations, lack of qualified personnel, low effective demand for new types of products, underdevelopment of the technology market. [1, p. 101]

In 2012, 437 industrial organizations carried out innovative activities on the territory of the Republic of Belarus. If we take the service sector, 45 organizations were innovatively active.

In the industry, the Vitebsk region occupies a leading position - 71 innovatively active organizations, and the Mogilev region is trailing - 35. In the service sector, the leader - Mogilev region - 4 innovatively active organizations, in the Minsk region (excluding the Minsk city) there are no such organizations at all. The main number of innovatively active organizations falls on the city of Minsk: in industry - 102, in the service sector - 34 [1, p. 61].

The dynamics of changes in the number of innovatively active organizations in the Republic of Belarus is shown in figure 1.

**Figure 1 -** Innovative-active organizations of Belarus

*Source:* the author's own development based on the data [1, p. 59-60].

Based on the scheme, we can conclude that the growth rate of innovatively active organizations in Belarus is not fast enough.

All sources of financing innovations in the Republic of Belarus in 2012 are presented in Figure 2.

**Figure 2** - Current structure of funding sources, in%

*Source:* the author's own development based on the data [1, p. 77].

To determine the position of Belarus in the field of innovation, it is necessary to compare it with the countries of the world (table).

Table - Comparison of the main indicators of innovation activity in Belarus and foreign countries, in%

|  |  |  |
| --- | --- | --- |
| Country | Share of innovatively active organizations in the total number of surveyed organizations | Share of shipped innovative products in the total volume of shipped products |
| Belarus | 22,8 | 17,8 |
| Russia | 9,3 | 41,3 |
| Germany | 65,8 | 87,9 |
| Norway | 39,3 | 78 |
| Finland | 48,6 | 87,4 |
| France | 45,5 | 78,4 |
| Sweden | 47,2 | 85,6 |

Source: the author's own development based on the data [1, p. 111].

Of course, it is obvious that the share of innovatively active organizations in Belarus is 2-3 times less than in European countries (except Russia), and the share of shipped innovative products is 3-4 times less.

*List of references*

1. Science and innovation activity in the Republic of Belarus 2013: stat. Sat. / IN AND. Zinovsky [and others]. - Minsk: National Statistical Committee of the Republic of. Belarus, 2013. – 118 p.

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