

entity level, or income at high levels such as the state or society in general, and with rare exception - at the level of the enterprise.

Thus, a particular feature of the theoretical propositions of company profits is their ideological and propaganda component: the profit is considered at the level of society as part of national income. The profit does not belong only to the owner, but to the rest of society, including staff and employees. So the first part of the profits distributed to the employees and staff, then some of it goes to the owner on a residual basis (the basic practical principle of communism is everything away and divide). In this case, the authors do not explain the relationship between the capital and the profit of organization.

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INNOVATIONS IN BELARUS: THE STATUS QUO

Aliaksandr Buhayeu, professor

Vitebsk State Technological University, Vitebsk, the Republic of Belarus

In this paper some factors that characterize innovation in Belarus are discussed as well as how these factors could be addressed to encourage innovation.

According to Freudenberg (2003, p. 14) "innovation can be defined as the development, deployment and economic utilization of new products, processes and services, and is an increasingly important contributor to sustained and sustainable economic growth, both at micro-economic and macro-economic levels".

In Belarus, innovation is preferentially done by introducing incrementally-innovative products, which are new to the enterprise but not to the industry sector and especially to the outer world. Since risk is especially consequential in resource-poor settings, this approach enables the entity to manage risk by building on the innovations of others. The lower-risk approach, while less likely to cause a large loss of money, also holds fewer rewards and is a compromise approach to genuine entrepreneurship. Furthermore, at some point, novel innovation is inevitable if progress is to be made.

In the early and late 1990s small enterprises were considered as a driving force for job creation, growth and global competitiveness through innovation (Feldman et al, 2002).

It has been found that large enterprises have a greater propensity to patent than small enterprises. Furthermore, small enterprises appear to be as innovative as large firms and large and small firm innovative activities appear to be complementary (Feldman et al, 2002).

Both small and large enterprises in Belarus have advantages and disadvantages in creating innovation. On the one hand, small enterprises are more responsive to consumer needs and environmental changes and also can communicate this information more rapidly internally. They also have a flatter management structure, which facilitates dialogue between employees (i.e. workers) and CEO. As for me this is quite a controversial statement that large enterprises in Belarus have more developments in infrastructure, in research and development (R&D), marketing, and finance. The only thing that is undeniable is the fact that large enterprises have considerably more financial (in some cases) and human resources. Moreover, their large scale and full support from the government (including financial support) provides them a higher capacity to manufacture and distribute products, but in most cases they are not innovative. So far it is observed that large-scale enterprises don't introduce the bulk of innovation in Belarus. The result is that innovations are not as sensitive to local needs. Moreover, little legislation has been enacted to support small business.

Although many small firms will not undertake R&D they will still be innovative and these firms will depend on knowledge spillovers from external sources including universities (Audretsch and Feldman, 1996a&b; Link and Rees, 1990). In fact, small firms when compared with large firms will be better at absorbing knowledge from external sources (Feldman et al, 2002). Here new employees will be important and small firms will be able to exploit knowledge embodied in employees to a greater degree than large firms (Audretsch and Stephan, 1996). The reason for this is that small firms will provide an environment for their workers to develop ideas not apparent in large firms (Prevezer, 1997).

In Belarus, the main official reason for conducting innovation surveys is to inform public policy making and the design of business strategies. The majority of innovation studies in Belarus focus on the problems and perspectives of generation, diffusion, appropriation and use of new knowledge in businesses in order to show the innovation efficiency of the officially declared model of economic development. It is very sad as less priority is given to cross-country comparisons and benchmarking. But in comparison with developed countries Belarus has no innovation in the terminology and indicators of these countries. Hence, the goal of all innovations research is to develop the home Belarusian indicators to assess innovation processes. But at the level of the small and medium-sized enterprise (SME), or the individual project, management practices such as scoreboarding or benchmarking have been established in economically developed countries (for industrial innovation patent scoreboards and R&D scoreboards are published) (Grupp, 2006). In my opinion, innovation measurement exercises should focus on the innovation process rather than its outputs and emphasize how capabilities, efforts and results are dealt with.

A particular subject of interest in Belarus is the "potentially innovative firm". Innovation-active firms are those that "have had innovation activities during the

period under review, including those with ongoing and abandoned activities” (Oslo manual, 3rd edition, 2005). Potentially innovative firms are a subset of these, those that have made innovation efforts (i.e. conducted innovation activities) but have not achieved results (innovations) during the period of analysis. Inside this group businesses might be found that have innovated in the past, or businesses that may innovate in the near future. Nevertheless, considering that products and processes become obsolete rapidly, the existence of a large number of potentially innovative enterprises may suggest strong barriers to innovation, or premature attempts to innovate in the absence of the necessary resources. A key element in innovation policies in Belarus must be to assist potentially innovative firms to overcome the obstacles that prevent them from being innovative and to convert their efforts into innovations.

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JURISTIC FOUNDATIONS OF THE ACCOUNTING PROFIT THEORY

Aliaksandr Buhayeu, professor

Vitebsk State Technological University, Vitebsk, the Republic of Belarus

The main purpose of the existence of any business entity is making a profit and the distribution of profits among the parties (owners) (Article 46 of the Civil Code of