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FACTORS EFFECTING ECONOMICS GROWTH

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Economic growth is influenced by a large number of factors that can be divided into two groups: economic factors and non-economic factors.

Economic factor's role in a country's economic development is very critical. A country growth is determined by the rate of capital inclusion and capital stock in most cases. Other factors also influence development, but their effect is little as compared to capital formation.

In economics, the strategical role of capital in increasing production level is traditionally accepted. Globally, it is now understood that a country can increase its growth by acquiring high ratio of its income with the objective of increasing its investment.

Natural resources are the principal factor which influence economic development. In natural resources, soil quality, proper river system, oil and minerals resources, land area, good climate, etc. are included. Availability of natural resources in abundance is essential for economic growth.

In long-term, development prospects of a country are determined by economic system along with historical setting. The Third World countries are in need to find their own way of development. Laissez faire economy will not help developing countries much in making progress. Moreover, these countries are unable to acquire essential resources needed for development either through foreign trade or colonial exploitation. These countries can only achieve development if they either create an efficient market system to follow capitalist path of development or do strategic economic planning.

The historical evidence shows the importance of non-economic factors in development.

In economic development, human resource is an important factor. Labor power is provided by man for production which increases a country's capacity to contribute towards its growth and increase its rate.

It is always known that technical know-how directly influences the pace of development. With the advancement in technological knowledge, new ways are discovered which gradually increase the productivity rate. Research and development need much attention even though there has been much advancement in technology for further advancement.

To increase the pace of growth, high participation in developmental programs is necessary. It has been seen that interest of people in development activity occurs when they foresee that benefits of growth will be distributed. By analyzing the experiences faced by many countries, it is found that people show lack of interest in State's development program when elite groups are given benefits of growth by defective social organizations.

In developing countries, corruption is at its peak at some levels and its contribution in growth process is negative. If there is corruption in the country's administrative system, it is obvious that national resources would be exploited by traders, capitalists, and elite classes for their personal interests.

People's desire to develop greatly impacts the economic growth of any country. Little development will be seen if the people of an underdeveloped state have accepted poverty as their fate. According to Richard T. Gill: «The point is that economic development is not a mechanical process; it is not a simple adding-up of assorted factors. Ultimately, it is a human enterprise. And like all human enterprises, its outcome will depend finally on the skill, quality and attitudes of the men who undertake».

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THE ROLE OF SMALL AND MEDIUM-SIZED BUSINESS IN THE MODERN ECONOMY

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The small and medium-sized enterprises (SMEs) play an essential role in the economy of a country. They represent a source of entrepreneurship abilities, innovation and creation of new jobs. Their capacity to apply, adapt and disseminate new technology is unique. Peter Drucker said that small enterprises represent the main catalyst of economic development.

The role played by SMEs and micro firms is very important, not only because they are defined as the engine of economic growth, but mainly because they are the largest percentage of firms in the economic activity.

The SMEs have beneficial effects for the economic system through the roles they fulfill. Among these, there are: small and medium-sized enterprises are important jobs creators, contributing to the social stability of the area in which they activate; the SMEs sector is the main source of forming the middle class with a decisive role in maintaining the social-political stability in a country; they increase the competitive state of the market, being sources of competitiveness, making a better satisfaction of consumers needs.

The importance of small and medium-sized enterprises derive from certain features making them being more than a thumbnail of big enterprises, such as:

- offering new jobs and being a propitious climate for employees perfecting which achieve the experience needed for transferring in large enterprises where the motivation is bigger;
- the favouring of innovation and flexibility. Many new products and technological processes were made in small and medium-sized enterprises because the big enterprises tend to focus their efforts on improving old products, despite having strong research departments, which they want to produce in larger quantities obtaining general advantages of the dimensional economy. Big enterprises don't have the same flexibility as small and medium-sized enterprises. SMEs, in order to gain success, must focus their efforts on creating new products and services, thus being capable to adapt their production faster to the changing market requirements;
- stimulation of the competition- SMEs have an active role in creating a new healthier