для стартапів в галузі оборонної сфери, будівництва, кібербезпеки, медицини та підтримки психічного здоров’я, освіти, що сприятиме створенню нових робочих місць і формуванню доходів бюджетів.[2]

На реалізацію інноваційного процесу здійснюють вплив такі фактори: високий ризик і невизначеність шляхів досягнення цілей; неможливість детального планування та орієнтації на прогнозні оцінки; необхідність переборювати опір підприємства, як у сфері економічних відносин, так і інтересів учасників інноваційного процесу; залежність від соціально-економічного середовища, у якому підприємство функціонує і розвивається. [3, с. 94–97].

Отже, інноваційна підприємницька діяльність – це особливий процес організації господарювання, що базується на постійному пошуку нових можливостей покращання техніко-технологічних факторів виробництва.

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# MANAGEMENT OF INNOVATIVE PROJECTS AND START-UPS

## ABSTRACT


In the new century of development of market economy and technological development, the issue of competitiveness and development of innovation has been strongly discussed among nations, enterprises, and

people. In other words, there is a widespread tendency to explain any progress, work, and achievements in connection with innovation and competitiveness indicators. Although the all countries of the world have implemented many projects and programs to achieve development, their results vary, often they end up producing papers and writing reports, while only a few projects have produced results. However, if the innovation projects can be implemented, the results are real in the medium and long term. Therefore, for developing countries, there is a real need to implement innovative projects in large numbers and effectively. As for Mongolia, the Government has adopted the Law on Innovation (2012), the Government's Policy on Innovation (2018), and the National Innovation System Development Program (2020) in order to pay more attention to the development of innovation.

## ONE. INTRODUCTION

Developing countries try to support start-ups in every way to expand their economies and develop businesses. However, start-ups are not always successful, and most of them stop operating after a while. Only a few of the start-ups are able to expand and continue to operate sustainably. The main reasons for the failure of start-ups are poor market research, failure to choose the right time, failure to consider risks, and failure to prepare a good business plan. But a start-up business based on an innovation project is quite possible or more likely to succeed.

The products created as a result of the innovation project are able to meet human needs and have high demand in the market, so the business can be successful, stable and grow.

All countries of the world implement many projects and programs to achieve development, and innovation projects are one of them. As a result of innovation projects, there are many research and analysis works, useful models and new ideas, but the problem of turning them into products and services or developing them into businesses is important.

## TWO. KEYWORDS

Innovation, innovative project, start-ups, business development, challenge and opportunities of business

## THREE. METHODOLOGY

In this study, document and evidence-based, historical and logical methods, statistical method, analysis and synthesis methods will be used.

### How to Pick the Right Project Management Methodology

There is no right or wrong in project management, it's all what your needs are. So start by understanding your needs.

- How is your business structured?
- What is the size of your organization?
- What are your goals?
- How complex is your project?
- What do you expect from final deliverables?
- Do your clients/customers prefer a particular methodology?

Taking care of your needs, choosing the right methodology is a vital step in your project journey.

*Startup Project Management Tips for Entrepreneurs*

- Set realistic goals
- Transform Setbacks into Success
- Put Yourself First (Self-evaluation)
- Milestone Planning
- Regularly communicate with your team
- Set scope, budget and time

*Project Management Tools for Startups:*

Project management tools offer many high-level bucket features. Some of the things you can use a tool for:

- Managing tasks
- Planning
- Keeping files and documents
- Managing inventory
- Resource scheduling
- File-sharing
- Bug reports
- Budgeting and invoicing

## FOUR. INNOVATION PROJECT AND START-UPS

Nowadays, innovation is understood in a very broad context. This is due to raising and paying attention to the issue of innovation development in each sector. Innovation has become an important indicator for measuring competition between countries, determining development policies, and business development.

«Innovation activities» means actions aimed at introducing innovations into use, improving economic efficiency, competitiveness, productivity, and improving social services.[2]

A business should be run according to a specific plan, especially as a start-up business is very sensitive and risky, so it should be planned very well in advance.

In 2007, the Government of Mongolia first approved a national innovation system development program. As a result of the program, it was concluded that the government's support for monitoring and evaluation is insufficient. The reasons for this are explained as follows. It includes:

1) Legal framework is not well developed
2) The innovation infrastructure for knowledge and technology transfer is poorly developed
3) Implementation of research and development results is not enough.
4) The mechanism of cooperation between the state and other stakeholders is not clear
5) Financial and other support from the government is insufficient

The previously approved program for the development of the national innovation system had poor results. Therefore, the National Innovation System Development Program 2020 has been approved and implemented. Mongolia has decided to finance its innovation policies and programs from certain sources. It includes:

- ✓ State and local budgets
- ✓ Foreign loans and aid
- ✓ Foreign and domestic investment
- ✓ Foreign and domestic government securities
- ✓ Concession Agreement
- ✓ Other sources.

Of these, the most used sources are state and local budget funds. 5–10 billion MNT are included in the current budget and projects are financed. But this is a very small amount compared to the budget expenditure. [3]

[2] Article 3 of the Law on innovation of Mongolia (2012).

[3] Although Mongolia's budget spending has grown rapidly in recent years, the amount of spending on science and technology has increased very little. However, social welfare costs have increased significantly. For example: The 20,000 MNT given to each child per month was increased to 100,000 MNT.

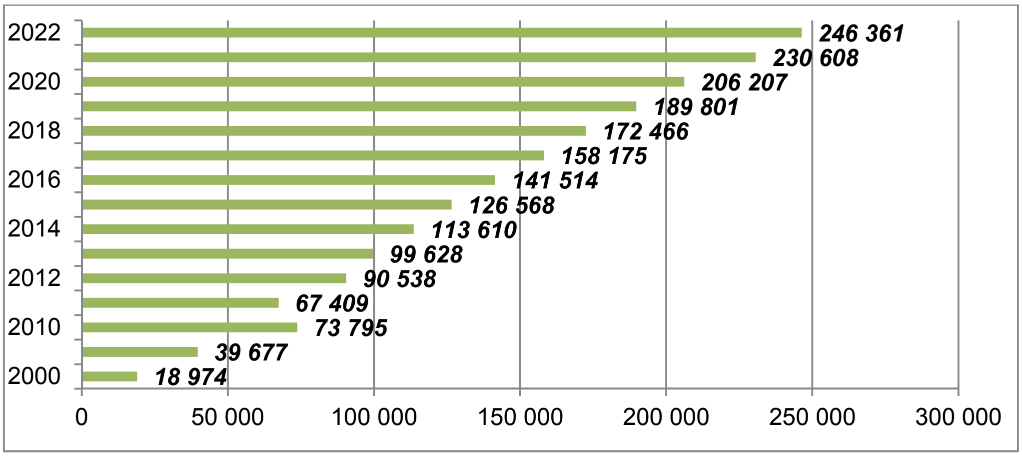


*Figure 1. Number of registered entities*

The number of registered enterprises increased 10.8 times in the 23 years from 2000 to 2022. But between 2011 and 2022, the average annual growth is 12.7%. Since 2012, the number of enterprises has been growing every year. This proves that people are interested in establishing enterprises and doing business.

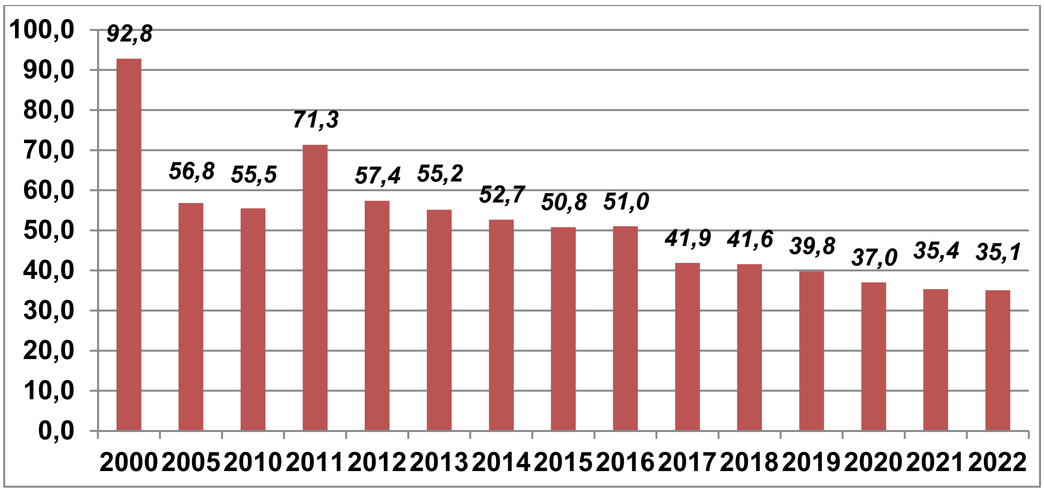


*Figure 2. Percentage of active entities*

In 2000, 92.8% of registered enterprises were operating, while at the end of 2022, only 35.1% of registered enterprises were operating. There are indications that the operations of other enterprises have been disrupted or stopped in some way.

Although the business environment has become unfavorable due to the covid epidemic in recent years, it can be concluded that the business environment in general is unfavorable.

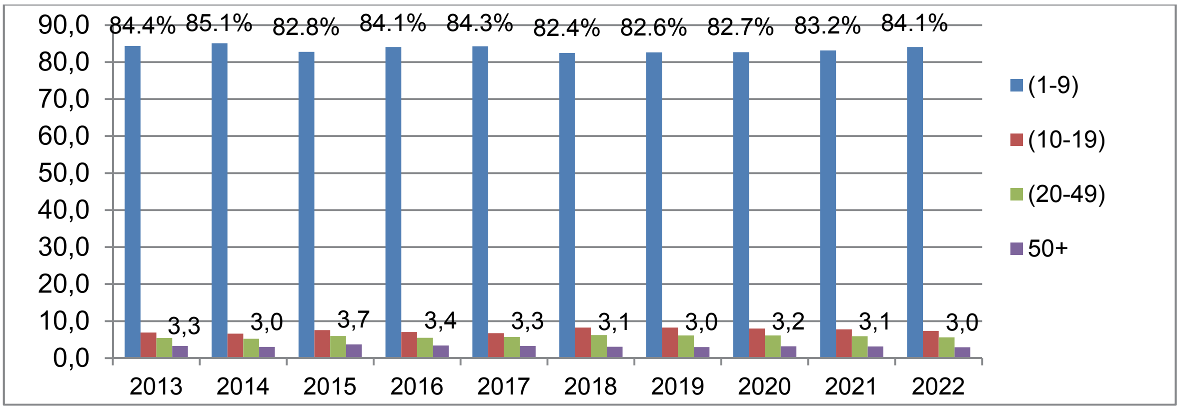


*Figure 3. Active entities, by employment size group and by percent*

If we consider the operating enterprises by the number of employees (1–9), the largest percentage (82.4%-85.1%) of enterprises with employees. Enterprises with 50 employees are 3 percent of registered enterprises. The number of enterprises with more than 50 employees decreased from 2564 in 2021 to 2556 in 2022. This is due to the fact that small enterprises are unable to expand and increase the number of employees.[4]

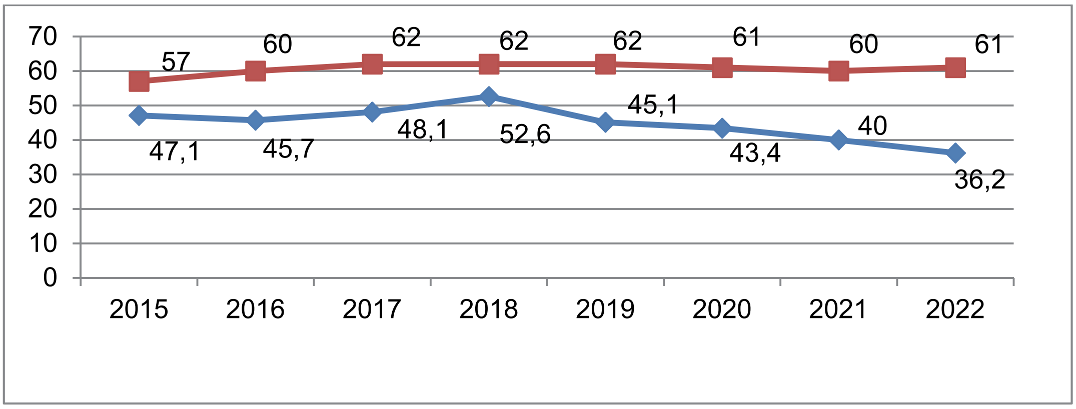


*Figure 4. Competitiveness of Mongolia*

The Global Competitiveness Survey has been published annually since 1989. Mongolia has been on the list of the report since 2015. In this

[4] The Mongolian National Chamber of Commerce and Industry annually selects the TOP 100 enterprises. These companies are highlighted and honored according to certain criteria, and the 100 companies are listed with almost unchanged number of positions up or down.

report, the world's countries are evaluated by 4 main groups of indicators such as economic strength, governance efficiency, profitability of business organizations, and infrastructure, and the list is made every year by ranking them by points.[5]

Mongolia's competitiveness is ranked 61st out of 65 countries in the world as of 2022, which shows its weak competitiveness. Considering the score, it is noteworthy that it has decreased in the last 4 years in a row. Mongolia's competitiveness has not improved in recent years, but quality indicators have decreased. Business development plays a very important role in improving Mongolia's competitiveness.

*Table 1*

**Innovation index of Mongolia**

| Year | Rank | Score | Total country |
|---|---|---|---|
| 2018 | 53 | 35.9 | 126 |
| 2019 | 53 | 36.29 | 129 |
| 2020 | 58 | 33.4 | 131 |
| 2021 | 58 | 34.2 | 132 |
| 2022 | 71 | 28 | 132 |
| Average | 59 | 33.5 | 130 |

Source: Global innovation index (2018–2022) ranking

In 2018, Mongolia ranked 53rd out of 126 countries in the world on the Innovation Index with 35.9 points. As of 2022, it is ranked 71st with 28 points. Looking at this, Mongolia's score and place in the innovation index has decreased. This is directly related to the decrease of some indicators of our country and the strong entry of other countries

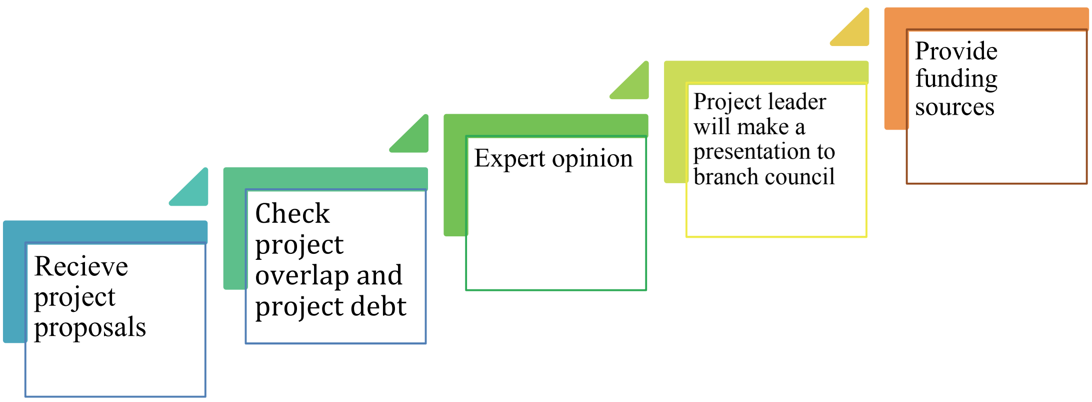


*Figure 5. Stages of project financing*

[5] P. Tsagaan, Chairman of the Management Board of the Center for Economic Policy and Competitiveness Research, said that Mongolia's competitiveness is weak and like a horse, and it is true. In fact, we have not developed in recent years, but rather we are in a backward state.

The process of receiving and funding innovation projects from the Science and Technology Fund goes through 5 stages. Project proposals are received and reviewed for project duplication and project arrears. At the next stage, the opinion of the expert will be taken. If the proposal is approved, the project leader will make a presentation to the branch council. Project funding will be provided if the project leader successfully discusses and defends the project to the branch council.

There are 3 main types of project funding from the Science and Technology Fund. It includes:

1) Financing with repayment terms
2) Grant funding
3) Providing innovation grants [6]

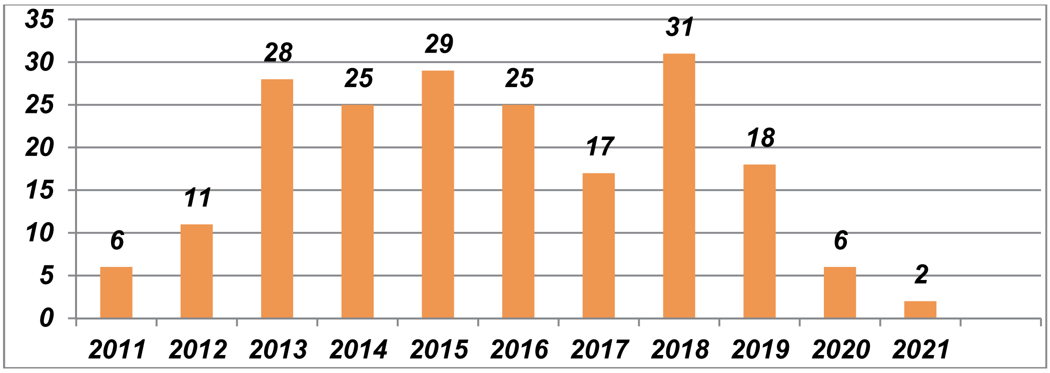


*Figure 6. Numbers of projects financed by the science and technology fund*

Source: www.stf.gov.mn

The total number of innovation projects financed by the Science and Technology Fund between 2011 and 2021 is 198. Funding for innovation projects will be included in the state budget of the current year, and an average of about 10 billion MNT is budgeted and allocated per year.

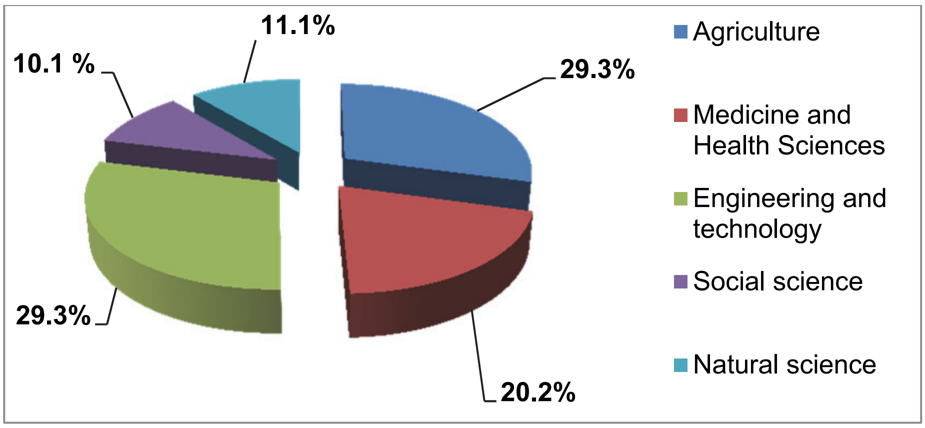


*Figure 7. Projects financed by the science and technology fund, by sector and percent*

[6] Article 12.3 of the Law on Innovation.

Considering the projects financed by the Science and Technology Fund by sector, Agriculture 29.3%, medicine and health sciences 20.2%, engineering science and technology 29.3%, social sciences 10.1%, natural sciences 11.1 % respectively. The largest number of projects were implemented in the agricultural sector and the engineering science and technology sector. However, the fewest projects have been implemented in social sciences and natural sciences.

## SIX. CONCLUSION

Developing countries do not have the financial resources to deal with domestic problems by issuing large sums of money. On the other hand, it can be solved through effective cooperation between the public and the private sector, developing start-ups by supporting business development and financing innovation projects.

Supporting today's business development, especially creating favorable conditions for start-up businesses, and providing financial support will create an opportunity to increase employment and achieve high economic growth. There is a continuing trend of startups starting up all over the world in many forms and forms, but most of them go out of business after a short period of time. This is due to the competition for the market and risk factors. However, it is concluded that starting a start-up business with calculation and research based on an innovation project can lead to success and long-term sustainable and growth of the business.

In the case of Mongolia, the science and technology fund has financed quite a few innovation projects, but only 10% of them have been able to develop into start-ups because the funds are spent on conducting research and writing reports. Therefore, there is a need to pay special attention to start-ups through refinancing of innovation projects.

Finally, if developing countries can successfully launch start-up businesses based on innovation projects, there is a chance to achieve high development based on ensuring economic growth, significantly increasing investment, improving competitiveness, and increasing foreign exchange reserves.

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