

this may eventually have serious consequences for the health of the economy. At present, the COVID impact on inflation, not only in the Czech Republic but around the world, is more reminiscent of the oil shock of the 1970s. In a ruined economy, it was even more expensive to produce something for yourself.

#### **Conclusion.**

1. Now we are still witnessing the impact of COVID not only in the Czech Republic, but all over the world.

2. The Czech National Bank was held hostage by the situation:

- a) on one side, it was supposed to weaken the parameters of monetary regulation and help the domestic economy,
- b) on the other side, it is still unable to curb the emerging growth of inflation in the country.

3. The current situation with the pandemic has not affected the real estate market, which is perhaps surprising. The population of the Czech Republic now perceives housing as a safe haven and protects their savings by buying real estate.

According to local economists, the demand for housing loans in the Czech Republic in the near future will continue. We can expect even a small correction of up to 10%, but interest in housing loans in the Czech Republic will still be very high.

5. Today, the main goal of all financial market regulators, not only in the Czech Republic, but around the world as well, is and will be the goal of preventing a sharp collapse of the formed bubbles, including the real estate market. In a ruined economy, it is more expensive to produce something for yourself.

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*Druzhinina E.O., Potapova N.V., Chernookaya E.V.*

#### **STRATEGIES AND INNOVATIONS OF SOCIALLY RESPONSIBLE BUSINESS**

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**Abstract:** The purpose of social innovation in business is to solve social problems of modern society and ensure efficiency. The innovation should at least reduce the severity of the social problem. However, social innovations are effective when society needs them and they can improve the quality of life of the population. In this case, it is not just a corporate responsibility of the business. Business can count on government support. An innovative strategy and a social responsibility strategy together become the drivers of business development.

**Keywords:** business development strategy, social innovation, social responsibility, accounting and analytical information support.

#### **Introduction**

The issue of interaction between society, nature and business is especially relevant today. The development of industry, production, technology often affects the environment, requires resources that are limited and often even irreplaceable for a certain period of time. This results in emerging social challenges of security and justice.

The ongoing economic and social development is characterized by the socialization of business caused by social, political and economic factors. Today, business no longer seeks to get rid of the burden of social issues having made sure that a socially unstable region will no bring much money, that overcoming the consequences of social explosions is much more expensive than a systematic solution to social problems. Companies that have entered the market, seriously and for a long time begin to treat their social activity, participation in the social development of the region as a strategic direction of their activities. There is an increasing role of social innovations initiated and implemented mainly by socially responsible business.

At the same time, there is a conflict of interests of certain groups of society. Technological development requires transforming the labor market: the emergence of new competencies, decrease in the share of low-skilled labor with simultaneous increase of requirements for intellectual professions. Society wants to live in a comfortable world which may both satisfy primary needs, and ensure self-development, environmental safety, emotional stability and a healthy life-style as well.

The issue of implementing social innovations is widely discussed in the scientific community. This includes the so-called inclusive innovations, their significance, necessity, effectiveness for business and for society [1, 2, 3]. There is an ongoing discussion of the concept of new socio-innovative policy of the state, regions, cities, and business [4].

A modern enterprise development strategy should ensure a balance between the interests of business, which has a significant impact on the environment, and society, which is one of the drivers of business development. Successful strategy implementation is possible with effective management based on a high-quality information environment.

Formulation of business development strategy is much influenced by innovative transformation, digitalization of both individual business processes, enterprises, and society as a whole. This enables first of all processing large amounts of data, significantly increase the level of analytics, and reduce errors. At the same time, the extreme degree of digitalization prevents creativity, innovation, and self-improvement. Innovations emerge in an intellectual human environment capable of generating ideas, engaging in creativity without being limited to specified parameters of functioning.

The purpose of this study is to identify the main directions in changing the strategy of a socially responsible enterprise within digital, innovative transformation of society.

To determine objectively necessary changes in the strategy of an innovation-focused socially responsible business, it is necessary:

- to define the features of developing social entrepreneurship in modern conditions;
- to consider the "social innovation" phenomenon and find its significance in the overall business development strategy;
- to identify key directions in transforming the strategy of innovative development of a socially responsible enterprise.

Method. The solution of the tasks identified in the article involved the application of general scientific research methods within comparative, logical and statistical analysis and synthesis of information, methods of information comparison and generalization were used.

Transforming the business goals of an enterprise into public relations makes it possible to meet human needs through social partnership with the enterprise, which is developing both economically and socially. According to researchers of social partnership and entrepreneurship issues, this direction aims not only at achieving a commercial result, but also solving certain social issues based on stable, effective economic model [5].

At the present stage of social entrepreneurship development in the Republic of Belarus, researchers identify a number of the most important constraints to the pace of its development [5]:

- underdevelopment of social enterprises infrastructure;
- limited information and analytical support and information management at all stages and stages of the social business life cycle;
- the complexity of commercialization of social entrepreneurship ideas and their implementation into a resilient business model;
- personnel shortage in the field of social management;
- the lack or limited financial support.

An important objective of social entrepreneurship institute is to develop models, structures, systems and mechanisms enabling effective evaluation of social entrepreneurship results both on the part of state authorities and local self-government bodies, and on the part of market entities.

Transformation of social responsibility of business. The state provides social protection of society, the region - the functioning of social infrastructure, business entities - doing business on the principles of social responsibility.

Social responsibility involves changes in the enterprise behavior. There is a transformation of the main goal of the enterprise – profit maximization – to multi-purpose attitudes involving concerns of all parties to economic activity – employees, consumers, contractors, the state and society as a whole. In this regard, there is a rethinking of the relationship between society and the business environment, which served as the basis for the building the institute of corporate social responsibility (CSR), or social responsibility in business. CSR is currently one of the most discussed issues in the Belarusian business world, business practice is introducing principles and requirements of international standards on social responsibility.

CSR is a enterprise voluntary contribution to the sustainable development of society beyond what is defined by the law. This concept determines the strategy of the enterprise that involves the interests of society and defines the responsibility for the impact of the results of its activities on the public sphere. In most developed countries, this is the norm of doing business, a sign of its maturity and solvency.

For the Republic of Belarus, the year 2006 was a landmark in the field of CSR development, that year Belarus joined the UN International Network and the Global Compact. The idea of a Global Compact was introduced in 1999 by the UN Secretary-General. Today, the Global Compact unites more than 10,800 businesses and about 3,000 non-profit organizations from more than 160 countries. Currently, the UN Global Compact Local Network includes about 28 large Belarusian companies.

After joining the UN Global Compact Initiative, enterprises annually prepare a Corporate Social Report. It describes the results and prospects of the enterprise's activities in terms of sustainable development, as well as the enterprise's capability to meet expectations of stakeholders – partners in business, society, the state and other entities, respond to them, create the basis for their satisfaction.

The UN Global Compact is the world's largest corporate social responsibility initiative. CSR is based on the principles of the UN Global Compact (UNGC) integrated in strategy of the enterprise's activities and development. Along with UNGC principles, the concept of socially responsible business is based on international principles and codes of conduct common to all entities regardless of industry and type of activity, reflected in the following documents:

1) the main international standard on social responsibility is ISO 26000 Guidance on Social Responsibility developed by the International Organization for Standardization (ISO) and first published in 2010. The Standard development involved representatives from 80 countries including the Republic of Belarus;

2) international standards ISO 9000, OHSAS 18000 and ISO 14000 which establish requirements for target management systems: "quality management", "occupational safety management" and "environmental management";

3) the SA 8000 standard "Social Responsibility", which establishes requirements not for the management system, but for the target parameters of social responsibility that characterize the "employees" block.

The advantages of enterprises implementing CSR principles include:

- \* increasing customer loyalty to the product (service) of the enterprise;
- \* publications in media;
- \* simple entry to foreign markets;
- \* the opportunity to cooperate with world-famous companies that value their reputation;
- \* the growth of stock prices in developed stock markets.

CSR practice of business entities acquire new strategies which refer to changes in the nature and essence of their innovative and social activities, that reflects the level of reflexivity by the business community of changing society requirements [6, 7]. These strategies are implemented through social innovations.

Social innovations are new ideas that meet social needs, create social relationships and build new collaborations. These innovations can be products, services, or models that more effectively satisfy unmet demands. The implementation of social innovations covers a wide range of cultural, social, environmental, economic problems and acts as a driver of business development.

The state has an interest in investing in a prosperous and resilient society, environmental protection, and human capital, the means of institutional implementation of which can be a strategy of social innovation. Social innovations cover the sphere of social entrepreneurship, charity, corporate social responsibility, social investments.

The European Commission pays great attention to fostering innovative solutions development by the market. The main objectives are promoting social innovation as a source of growth and job creation, information exchange about social innovation in Europe, supporting innovative entrepreneurs and mobilizing investors and public organizations. Support and development of social innovation is implemented through building networks, organizing social innovation contests such as RegioStars Awards and Social Innovations Tournament, offering direct funding to support social innovation in the framework of the Program of employment and social innovation "Horizon 2020" or collective awareness platforms, supporting incubation structures for social innovation in Europe through the European network of incubators, such as Transition and Benisi [8].

A key factor in successful implementation of social innovations is financing and capital adequacy so that social enterprises have financial resources to create, test, introduce and develop innovative solutions to social and environmental issues.

It is not enough to consider the effective use of investments only from the economic effect standpoint. It involves all counterparts of investment relations: an investor, when achieving the social effect from investing funds and being recognized by society, can may obtain extra preferences and implement a project taking into account personal and public interests; the operating government, in conditions of funds deficit and their inappropriate spending, stimulates investments inflow to solve socio-environmental issues by distributing responsibility between the state and the investor; society expects the business environment and the state to exercise their social rights and guarantees for a decent and safe existence.

A responsible investor can receive additional bonuses, preferences, for the government it means saving on social and environmental costs, and is also beneficial for society if the investor solves social and environmental problems in the region.

Whereas an investor's economic responsibility is implemented through state control within the legislation framework, a socially responsible conduct is his voluntary choice and is realized through socially responsible investment.

Socially responsible investment (SRI) should be understood as investments in entrepreneurial and other activities in order to achieve the individual goals of the investor and a positive effect for the environment and society ensuring minimization of risks and negative consequences, environmental safety and social security [9].

SRI is aimed at motivating the socially responsible conduct of the enterprise. This direction can provide for both direct and indirect investment in the social and environmental sphere, for example, through the use of modern environmentally friendly equipment when creating an investment facility, introducing technologies that meet the requirements of environmental legislation and contribute to reducing harmful release into the biosphere.

In addition, through SRI, investors have the opportunity to consciously participate in solving significant problems and tasks, contribute to the protection and development of social and environmental spheres, help society and economic entities whose activities do not contradict moral and ethical beliefs. Socially responsible investment acts as a tool to boost the sustainable development of the region, allowing to balance regional and corporate concerns in implementing commercial business projects [5].

The digital transformation of business inevitably leads to the transformation of accounting and analytical information systems. Today, the accounting system acts as a separate link in the information dimension of the enterprise. At the same time, many managers report a decrease in the usefulness of the generated information, which is primarily due to the time lag from the moment of the operation to its reflection in accounting, with a low automation level of accounting processes. To date, the Republic of Belarus is actively developing automation and digitizing processes of banking services, provision of tax, accounting and statistical reporting, customs declaration, electronic invoices. At the same time, there is still a number of unresolved issues that prevent businesses to build an effective information system:

1. Low level of automation in inputting primary accounting documents, that results in diminished speed of information generation. Employees manually enter most of the primary accounting documents, because electronic accounting documents have not been developed and put into practice. This issue can be resolved only after the formulating a unified nomenclature of goods, works, services, processes, etc., as well as standardizing primary accounting documents that confirm the actual of fulfillment of business operations.

2. Insufficient interaction and interconnection of information reflected in different information systems. To date, the IT market does not offer universal information systems capable of reflecting information about all aspects of the enterprise's activities in a single information base. Enterprises, seeking to automate individual business processes, cannot always clearly formulate requirements for an information system. Automation, as a rule, is not implemented in a comprehensive and one-time manner, but either fragmentary or stretched in time, which leads to the emergence of new tasks and the need to bind them with the already achieved level of system automation.

3. The lack of a comprehensive systematic view of the methodology for the building the information basis. To date, it is software developers who dictate the "rules of the game". Enterprises have to adapt their information needs to the template proposed by IT developers, which is based on an understanding of the accounting system at the level of its general ledger form. Outdated accounting models have been improving for decades, but there is no unified methodology for modeling an information system as a qualitatively new system capable, first of all, of modeling various options for the enterprise development taking into account the specified criteria. This is a more valuable information resource than a retrospective reflection of business transactions.

We believe that the accounting system in the Republic of Belarus in the form in which it exists now does not solve the issues of socially responsible business. There is no single accounting system that enable to generate reports for different groups of users taking into account their information needs.

Financial, taxation and management, environmental, social accounting exist separately. Often they involve different departments of an enterprise. Priority is still given to tax accounting due to high risks of asset loss as a result of incorrect calculation and payment of taxes.

Financial accounting aimed at satisfying the interests of external users, in conditions of insufficient control by owners, reduction of criteria for mandatory audit of enterprises, often contains poor-quality information. For example, national accounting standards recommend that enterprises create various kinds of reserves to reflect the enterprise's risks. There is no penalty for non-compliance with the recommendations. At the same time, owners receive financial statements that reflect the profit of an enterprise without possible risks taken into account. The reflected amount of profit for the owner is the income earned by him, which he has the right to dispose of at his own discretion - to transfer for refinancing in order to obtain even more income or withdraw for his own needs. If it is decided to pay all or most of the profits as dividends, then when realizing the unaccounted risks next year, the enterprise will not have sources to cover such losses.

Management accounting aimed at informing managers about activities of the enterprise is often maintained as a separate information base not linked with financial accounting. This leads to the need for double processing primary accounting documents. Financial accounting shows not all information about the entity but only those data subsequently required for drawing financial statements. Qualitative characteristics are not shown although they can play an important role in the decision-making by the manager.

Environmental accounting functions within the legislation of the Ministry of Natural Resources and has no or has weak connection with financial accounting. Environmental accounting asset is not reflected at the time of its physical emergence (for example, in a production unit), but only when it is transferred for storage or disposal. Significant disadvantages of environmental accounting at Belarusian enterprises are, first, a weak degree of integration of environmental accounting data with other accounting systems, and, second, a low level of its automation.

An attempt to combine information about various areas of the enterprise's activities was made when creating an ERP system, which is a software for automating individual areas of the enterprise's activities. It consists of separate modules that exchange data among themselves, which is intended to improve the business management quality.

But in practice, the automation of processes follows the route "from the IT product to the company's needs", not vice versa. In our opinion, this is due to the lack of understanding by the enterprise itself what its information system should be, what key elements and processes should be the basis for building this system, how the system elements should interact. Elements such as environmental accounting and social accounting are not presented in ERP. There are separate software products in which environmental accounting, as a rule, is separated from the general information base.

The diversity of existing business models, the emergence of new innovative forms of business development should directly affect the content of information models capable to correctly reflect the enterprise's development

strategy, be able to simulate options for developing the enterprise's activities, identify and describe the competitive advantages of the enterprise.

For example, the key competitive advantage of an innovative enterprise is the innovativeness of its product, which allows the enterprise not only to increase programs, but also to apply various kinds of tax and other benefits. The loss of product innovation will lead to the impossibility of further functioning of this business model. The enterprise therefore will direct its efforts to take into account those factors (parameters) that determine the innovativeness of the product.

If business model of the enterprise attaches special importance to the social responsibility of the business, then the enterprise will build an information model that takes into account not only internal factors of business development, but also external factors. At the same time, the focus will shift from considering the impact that external factors have on enterprises, to indicators reflecting the impact of the enterprise on the environment, society. When accounting for the enterprise's activities, a considerable attention will also be paid to labor protection, corporate culture of the enterprise, accounting of human capital. All this information cannot be obtained from a traditional accounting and analytical system. At the same time, such approach also requires taking into account the economic facts obtained from accounting data in relation to the environmental and social indicators of the enterprise.

Results and discussion. Thus, the main directions of the strategy transformation for socially responsible business development are:

- Continuous implementation of technological innovations;
- Improving the quality of life of employees;
- Improving the quality of the information environment.

Innovation strategy in business is defined as a commitment to a common innovation mission and a structured set of activities aimed at supporting the future growth of an organization. There are no two similar innovation strategies but all of them should at least outline the goal of an innovation activity of an enterprise and identify key initiatives that will help it achieve this goal.

An important role in the innovative strategy for developing socially responsible business belongs to social innovations as new ideas that meet social needs, create social relations and form new cooperation. These innovations can be products, services, or models that more effectively satisfy unmet demands of society.

To date, the methodology for building the enterprise information system has not been developed. These tasks are solved empirically. In our opinion, the transformation of the enterprise's information system should not be aimed at increasing the different ways to automate individual business processes or areas of the enterprise's activities, but at developing an information model of the enterprise based on its development strategy, taking into account its key competitive advantages, capable of quickly adapting to changing business conditions of the enterprise. It is necessary to make the transition to the route "from information needs of the enterprise to the IT product".

#### Conclusion

The development of a strategy for a modern socially responsible enterprise should reflect a sufficient level of digitalization of business processes, the possibility of intellectual creativity, and provide a safe environment for society.

The peculiarity of building an innovative strategy of an enterprise implementing CSR principles is the synthesis of processes of continuous introduction of technological innovations and improvements in the quality of life of employees using high-quality information support.

The information environment should provide an opportunity to monitor the indicators of innovation culture to identify problems and opportunities in the future. The transformation of accounting and analytical information systems should take place in full alignment with the company's development strategy and meet its business model. Modeling of an information system should follow according to the route "from information needs to IT program".

Information and analytical support for business should facilitate raising awareness and mobilize actions aimed at fostering interest and creating support for the growth of social innovation.

The directions of transformation of strategies for developing socially responsible enterprises, discussed above, will help to implement the possibility of creating certain values for needy groups of the population, while simultaneously creating value for their business.

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*Livensky V.M.*

## ANALYSIS OF ECONOMIC GROWTH AND ITS DYNAMICS IN THE REPUBLIC OF BELARUS

*Livensky V.M.*

**Abstract:** At the moment, the model of the Belarusian economy is constantly developing, acquiring new content in respond to the changing external conditions and internal factors of the national economic system functioning. Based on the analysis of the past, assessment of the existing problems and achieved presuppositions in the present, it is possible to avoid possible risks in the future, and that is the excellence in management. Correct perception and analysing the causes for the gap offer the growth capacity. The present study has analysed the economic growth in the Republic of Belarus.

**Keywords:** economic growth, GDP, economic crisis, inflation, devaluation, investment, dynamics.

Economic growth is a long-term tendency of increasing potential output, corresponding to the state of full employment. A long-term growth trend does not mean that economy is moving from one state of full employment to another. The volume of production is characterized, as a rule, by an oscillatory movement around the trend line. But if cyclical rises exceed temporary declines in output, then in the long run the trend line rises. In this case, there is an economic growth.

The result of economic growth, its main indicator, is the growth of real GDP. The process of economic growth is accompanied by quantitative and qualitative changes in economy and society. For example, as society's needs for food become saturated, the share of agriculture in GDP production declines; the rural population decreases and the lifestyle and values of a large number of people change. GDP growth allows a large share of society's resources to be used for the production of durable goods and meeting the need for services; creates conditions for improving the quality of life [1, p. 225].

Economic growth can be viewed in a narrow and broad senses.

In the narrow sense, economic growth is a process that emerges at the stage of direct production, acquires a stable character at remaining stages of social production, leads to a quantitative and qualitative change in productive forces, an increase in social product over a certain period of time, and an increase in national welfare.

In a broad sense, economic growth as an economic development indicator is the main trajectory of the society development. Along with social, political, demographic and other attributes it determines the direction of society's movement, establishing the nature of social development as a whole.

Economic growth is reflected not only through an increase in output, but also through an increase in product quality. When assessing economic growth, the productive capacity of the domestic economy must also be considered.

It is important that when analyzing economic growth, only the change in real GNP (GDP) is taken into account. The trend of changes in nominal indicators cannot be considered as an economic growth. That is, economic growth represents an increase in real GNP (GDP) over a period of time [2, p. 192].

Next, consider the factors and types of economic growth.

The economic growth factors are understood as phenomena, circumstances and processes that can determine the pace and scale of a long-term increase in the real volume of national production [3].

Macroeconomic analysis applies various schemes of classifying economic growth factors. There are, for example, factors of the first and second level, internal and external, objective and subjective, etc. As a means of influence, there are direct and indirect factors. Direct are factors that make growth physically possible (*supply factors*):

- quantity and quality of natural resources;
- quantity and quality of labor resources;
- the amount of fixed capital;
- technology and organization of production;
- the level of developing entrepreneurial capabilities in society [1, p.225].

Factors of economic growth are usually divided into external and internal.

External factors include the participation of the country in the international division of labor, the degree of openness of the national economy, the involvement of the country in international economic integration processes, interaction with international financial and economic organizations, etc.

Internal factors of economic growth:

Labor resources act as economic growth factors due to the workforce quality (*level of education, professional training, economic consciousness, discipline, etc.*). Within CIS space, the labor resources of the Republic of Belarus are