

Підсумовуючи напрацювання Інституту й узагальнюючи результати наукових досліджень у сфері сталого розвитку сільських територій, можна сформулювати наступні висновки і пропозиції.

1. Сталий розвиток сільських територій вимагає гармонізації усіх його складових, передусім соціальної (зайнятість, якість життя) та екологічної (збереження довкілля).

2. Формування моделей розвитку сільських територій має здійснюватися з урахуванням особливостей регіону та місцезнаходження їх.

3. Базовим елементом моделі має бути селянин-власник сільськогосподарських угідь, за рахунок господарювання якого формуватиметься середній клас на селі й поліпшуватиметься якість життя сільських жителів.

4. Сталий розвиток сільських територій потребує завершення земельної реформи,

запровадження обігу земель сільськогосподарського призначення на користь осіб, що проживають і самостійно господарюють на сільських територіях. На цій основі буде сформовано продуктивний соціальний капітал, забезпечуватиметься ефективно використання економічного та природного капіталу.

5. Сільський розвиток потребує збільшення державної підтримки, передусім розвитку сільських громад, малого та середнього підприємництва, створення нових робочих місць та належної інфраструктури.

6. Для забезпечення сталого розвитку має бути максимально збережена існуюча сільська поселенська мережа, але з новим якісним наповненням.

7. Україна потребує окремої Стратегії сталого розвитку сільських територій як держава з розвинутим аграрним сектором, багатим довкіллям і великою часткою сільського населення.

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Institutional conditions of innovation transfer to agriculture and rural areas in Poland

When considering the issue of institutional support for the transfer of innovation must be first and foremost in mind the fact that it can be a form of state interference in market processes. From the theory of prosperity, it is clear, however, that the market economy is inherently efficient (Feldman, Serrano 2006 Mas-Colell et al., 1995, Herbener, 1997). The existence of a market economy in the European Union should therefore lead to the widespread use of innovation as a source of performance (Aghion, Jarave 2015 Arrow 1962 Thirtle, Ruttan 1987). In this

case, support the transfer of knowledge and implementation of new innovative solutions should be superfluous and even leading to deterioration in efficiency. This can in fact be considered as a form of interventionism, which is not conducive to improving efficiency (Ajefu, Barde 2015 Cordato 1980 Grand 1991) - of course if these activities are directed only to a specific group of companies.

The economic literature indicates, however, the existence of market failure (Stiglitz 2004), which is a source of inefficiency. Therefore, we can believe that imperfect competition, asymmetric information and other market failures are limiting to a certain extent the use of innovation as a source of efficiency. An example of

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this is large diversity of innovative economies of the European Union (European Commission 2014) and the fact that the policy of support for the transfer of innovation not always causes an adequate growth of economic innovation (European Commission 2013). In practice, the country's economic growth - at least in the short term - is not necessarily due to the transfer of knowledge to industry and services sectors. Its source may be the low price of labour factor, the availability of cheap raw materials and favourable conditions on the world market (Kasperkiewicz 2008). According to Kasperkiewicz (2008), Polish economic growth in recent years has resulted primarily from the use of these factors. Underestimation of the importance of knowledge transfer has led, however, to maintain, and even the rise of the technological gap between Poland and the most innovative economies of the European Union.

According to the report of the European Commission (2014), a synthetic innovation indicator of the Polish economy amounted to 0.279, which put Poland in the group of countries with moderate innovation. In fact, Poland was ahead in terms of innovation to only those European Union countries such as Bulgaria, Latvia and Romania. One of the reasons for this may be inefficient system of innovation transfer from research and development to manufacturing and services. The increase innovativeness of the economy is, however, one of the priorities of European Union policy for 2014-2020. Under this policy, Poland should receive from structural funds the amount of EUR 82.5 billion, much of which can and should be used for the development of innovation.

In the period 2014-2020, it is possible to use EU funds in order to strengthen the institutional system of innovation transfer. The question is whether the elements of the system need such support, and in which cases it will be justified by efficiency. In addition, the importance of certain sectors of the economy as a whole would be minimal or increase their competitiveness on the European market may not be possible. In such cases, encouraging innovation may prove to be ineffective. There may also be sectors that perfectly cope with the implementation of innovations without public support. Therefore, the aim of this study is preliminary

justification of the need to support the transfer of innovations to the broader economic activity in rural areas, with particular emphasis on the food-processing and the small and medium enterprises (SMEs) sectors. The paper identifies the factors of and barriers to entrepreneurship development in rural areas, with a particular focus on the quality of its institutional environment. We also discuss the role of food processing industry and efforts and possible impact of the public policy to innovation transfer to this sector.

The research is based on literature studied, especially in the field of New Institutional Economics, referring to the question of the importance of knowledge transfer to business. Documentation studies were carried out also in the field of literature consolidating issues related to innovation and process of innovation transfer, the development strategy of determining the directions of the policy and the main acts forming the regulatory environment. Assessment of the importance of food processing and innovation in this sector were carried out using methods of descriptive and comparative analysis (Wasilewski, 2015). The empirical material was the statistical data of the Central Statistical Office (GUS) for the years 2010-2013 and the results of a survey conducted in 2015 among non-public business environment institutions and recipients of their offer (entrepreneurs). The research covered 161 non-public advisory-financial entities acting for rural companies as well as 204 representatives of micro, small and medium-sized enterprises in rural areas using this type of services over the past 2 years (Chmieliński et al., 2015). The basic tool used in the research was a questionnaire interview aimed at non-public business environment institutions (nBEI). The research was to estimate the potential of nBEI to support entrepreneurship development by analysing their material and technical background as well as human resources and competences necessary to provide services in the scope.

The catalogue of information about nBEI operating in Poland was used to collect contact details of 5662 entities declaring to run activity in the field of support to economic and business development. The nBEI sample for the research was a representative procedure sample using

a catalogue of nBEI constructed at the first stage of the research (n=5662).

Research among nBEI covered firms, foundations and associations, but also other private operators working for entrepreneurship development:

- business incubators,
- operators under the national system of services for small and medium-sized enterprises,
- loan and guarantee funds,
- business clusters,
- industrial parks,
- special economic zones.

Empirical research covered 502 units meeting the assumed criteria (activity for business development), which constituted 8.9% of the entire set of nBEI operating in Poland, identified at the first stage of the research. This group featured 161 successful interview questionnaires carried out among non-public BEI and considering the advantages of territorial proportionality, i.e. broken down by 16 Polish regions. The obtained research success index was at 32%, which corresponds to the value of the index usually recorded in quantitative research of the type.

The economic importance of innovation in food sector in Poland.

Low level of innovation in the economy or its specific sector may be due to market failures that are related to the extent of the occurrence

of certain internal structures. This provides grounds to the introduction of various institutional arrangements - e.g. to prepare and implement appropriate policies - supporting the transfer of innovation. When undertaking such initiatives with respect to a particular sector, it is worth to examine whether they are justified by the importance of this sector to the national economy. Another aspect to be considered is the current use of knowledge in the business. It may turn out that the sector does not require state intervention.

The study confirmed to a certain extent the importance of food processing for the Polish economy. Generally importance of this sector is primarily due to the fact that it allows the use of domestic raw materials produced in agriculture. However, the gross value added produced in this sector in 2013 reached nearly PLN 36 billion. It is over 2% of Polish GDP. The share of manufacturing in gross domestic product, however, maintained since 2010 at a relatively constant level. Since 2010 a downward trend in the share of the food processing in industry value added is shown (Figure 1). In the analyzed period, this decline amounted to 2.6 percentage point. This may to some extent indicate that opportunities for further development based on the existing structure of production factors have been exhausted.

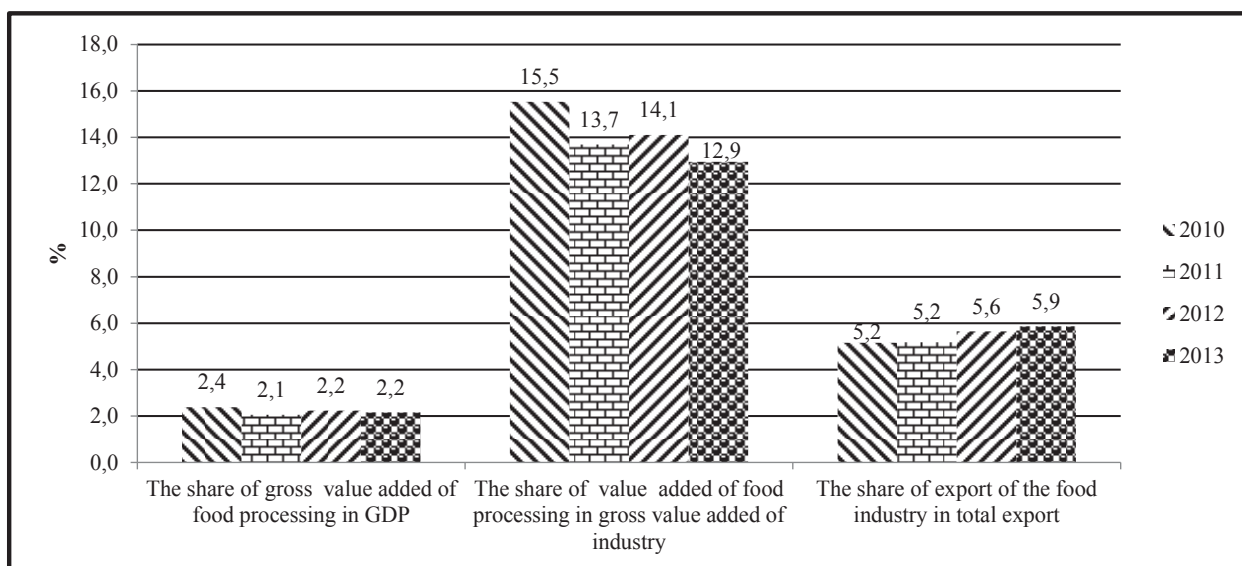


Figure 1. The importance of food processing for the Polish economy in years 2010-2013

Source: Calculations based on statistic data from the Central Statistical Office (Wasilewski, 2015).

The processing of domestic raw materials, a significant role in the creation of Polish GDP and declining share in the added value of the industry is already some evidence to justify the institutional support for transfer of innovation in the food industry. However, the importance of this industry in the Polish economy much more indicates its achievements in terms of exports. Analyses show that in 2010-2013 exports of this sector accounted for over 5% of total exports in the economy and it showed an up-

ward trend (Figure 2). This means that Polish food processing industry is competitive on the international market. It is also able to improve its competitive position. Foreign net trade of food processing is growing steadily. In 2013, this industry exports exceeded imports of more than 60%. In the case of the entire national economy, in the analyzed period, there was a negative balance of foreign trade. These relationships emphasize the important role played by agri-business industry in Poland.

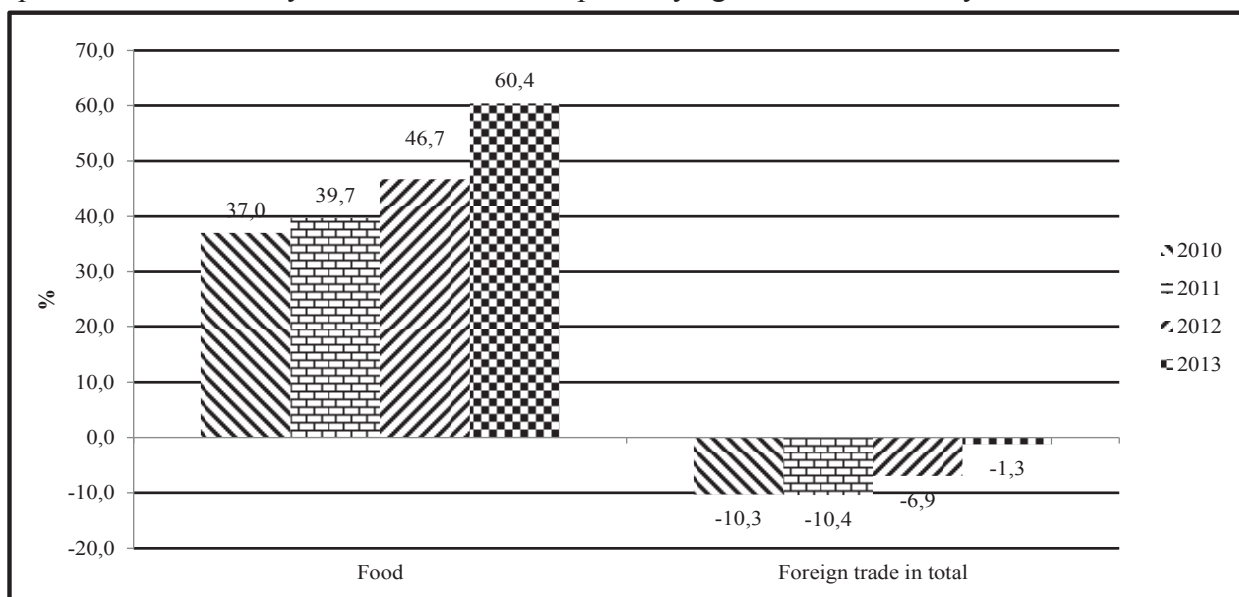


Figure 2. Foreign net trade in years 2010-2014

Source: Own calculations based on statistic data from the Central Statistical Office (Wasilewski, 2015).

Food processing industry also plays an important role in shaping the labour market in Poland. The sector employs about 400 thousand people, representing about 16.5% of all those working in the industry. The share of food processing in employment is therefore higher than the share of value added. This phenomenon can be seen on one hand as positive because the food industry produces relatively more jobs and to some extent, more than other sectors it contributes to reducing unemployment. On the other hand, such relations testify to the lower labour productivity - lower in the food processing than in the industry in general and means basis of development of the sector in question are still low labour costs.

The food industry is a very important sector for the Polish economy, especially due to its competitiveness on international market. It seems, however, that it owes its success primarily to low labour costs, and no innovative solu-

tions. This is confirmed by studies in the field of industrial innovation (Figure 3). The research shows that only less than 12% of enterprises engaged in food processing in 2011-2013 has been introducing any innovation. Throughout the industrial sector such enterprises was 6.5 percentage points more. In the agri-food industry was relatively fewer companies than in the whole industrial sector, for both product innovation and process. Differences in the implementation of different types of innovation, however, were developed at a similar level. This means that the improvement in innovation of agri-food processing can be associated with significant changes in both the technology used in production and organization of the production process. This observation is confirmed by the fact that only 6% of companies in this sector both implemented the considered types of innovation.

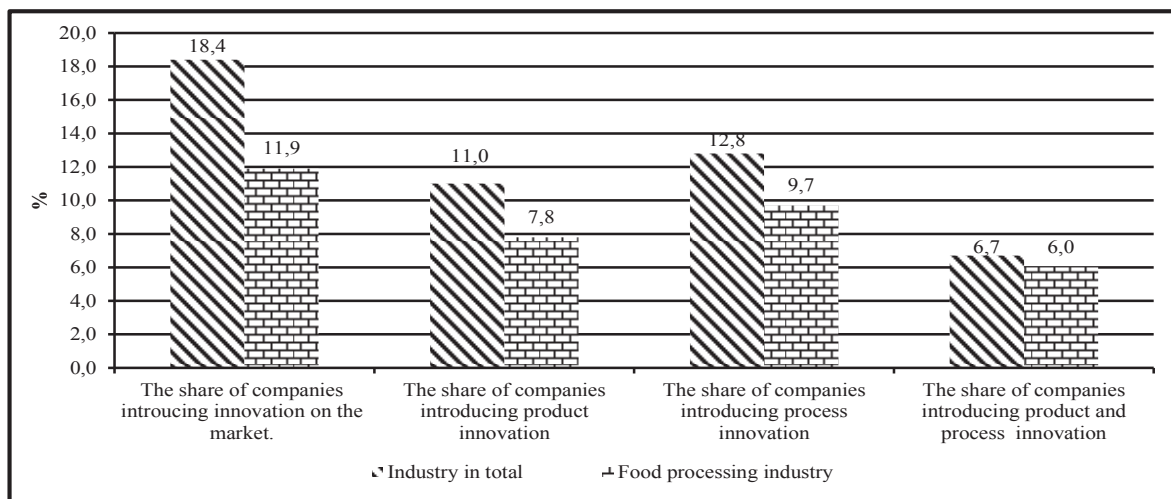


Figure 3. Innovative activity of enterprises in 2011-2013

Source: Own calculations based on statistic data from the Central Statistical Office (Wasilewski, 2015).

Level of innovation in food processing is therefore quite low. In the long term, low labour costs may not be sufficient to increase, or even maintain its current competitiveness of the sector on domestic and foreign markets. Lack of innovation can show up particularly strongly in the case when the expansion have to be taken into markets outside the European Union countries. Then the Polish food processing industry will be forced to compete both with countries with much higher levels of innovation, as well as with countries with lower labour costs. There is therefore the need to point for entrepreneurs in this sector potential hazards, in order to motivate them to become more involved in the exploration and implementation of innovative solutions that will even expand into the global market.

Awareness of the need to implement innovative solutions is not the determinant of taking actions in this direction by entrepreneurs. The company may in fact not have the human resources that will be able to find and implement solutions appropriate to the scale and profile of production. The barrier can also be the amount of capital that the enterprise will be able to invest in the acquisition of new knowledge and the propensity of entrepreneurs to take risks. It also seems that some limitations in the growth of food processing sector innovations can result from dominant currently in Poland supply-side approach to create innovative solutions. This in turn implies a situation in which entrepreneurs are not able to find innovation, the implementation of which will enable existing in enterprise

structures or with minor changes to these structures.

Significant in this regard is the opportunity to cooperate with the wider business environment. Such cooperation may in fact bring about tangible benefits in both macro scale, i.e. at the level of the entire economy, as well as the scale of individual businesses and business environment organizations. Among the organizations of that environment, in accordance with the Oslo Manual (Ministry of Science and Higher Education 2008), from the study of innovative activity are separated following types of partner institutions:

- other companies belonging to the same group of companies,
- suppliers of equipment, materials, components and software,
- clients,
- competitors and other companies in the same field of activity,
- consulting companies (consultants), commercial laboratories, private research and development institutions,
- scientific institutions of Polish Academy of Sciences,
- research institutes,
- foreign public R & D institutions,
- universities.

On the side of the environment that encourages business innovation are mentioned many institutions both public and private, with which the company can work together to gather information about the availability of new solu-

tions, the conditions of their acquisition, the benefits resulting from the implementation and the process of adaptation and use in the enterprise. Because of such cooperation should occur a reduction in unit costs implementations. With these contacts, also derive tangible benefits for the environment. In the case of public sector units it is the ability to obtain information about the demand for innovative solutions, what can lead to a gradual transition from supply on demand model of creating innovation. In the case of private sector, institutions there are measurable financial benefits resulting from the sale of its solutions or intermediary in the transfer of innovation.

The study shows that food processing is not only very innovative, but also reluctant to take cooperation for the acquisition and implementation of innovative products and processes. Less than one in five innovation active companies of this sector undertook any cooperation for the implementation of innovations. Throughout the industrial sector such enterprises was 6.5 percentage points more. Equally, food processing companies are reluctant to make use form of clusters to improve its level of innovation. The percentage of such enterprises in 2011-2013 amounted to only 7% and was lower than the industry average by more than 5 percentage points. What emerges is a need to diagnose, in the course of further research, the causes of limited cooperation between business and the environment. Identifying these causes, occurring both in the companies and institutions belonging to the environment, in confrontation with applicable law and the policies to improve innovation in the economy should consequently be able to increase the efficiency and effectiveness of government involvement in economic processes, especially occurring in the agri-food sector.

Conditions for activity of private business advisory institutions in Poland.

The small and medium enterprises (SMEs) sector has a significant share in generating gross domestic product. All Polish companies make up 73% of GDP and SMEs generate 48.5% of GDP, more than half of total GDP. Of all the groups of enterprises, the largest share of GDP is micro-enterprises - about 30%. The importance of entrepreneurship in the economy

underlines the fact that Poland is one of the EU countries, according to Eurostat data, the largest number of companies (247 thousand in 2011). More emerging companies were reported only in France (328 thousand), Italy (265 thousand) and Germany (259 thousand), while in Great Britain (234 thousand) (PARP, 2015).

In 2013, more and more companies were established in the following industries: trade (151.8 thousand, 31.1%) and construction (53.2 thousand, 10.9%), followed by professional, scientific and technical activity (46.8 thousand, 9.6%) and in manufacturing (34.6 thousand, 7.1%) (PARP, 2015).

Another area highlighting the importance of the enterprise sector for the economy in Poland is the labour market. According to GUS data, the number of people employed in the national economy is 14 million, of which almost half are employed in SMEs. Structures forming the institutional environment of rural entrepreneurship should, by definition, establish optimal framework for supporting the development of entrepreneurship (increase in the number of enterprises) and operation of entities in the conditions of less favourable location than urbanised areas, limited demand and capital shortages.

Conditions for rural entrepreneurship development are covered by various research, thus both barriers to and opportunities for its development are rather well recognised (Strużycki, 1992; Janasz, 2004, Gospodarowicz et al., 2008; Otlowska et al., 2006; Chmielinski, 2006).

Conclusions from the research, make it possible to determine the key barriers to business development, both according to the rural entrepreneurs and employees of operators from their institutional environment. The major constraints for rural companies development include, apart from lack of capital (both equity and from external sources), insufficient level of information regarding business environment institutions and their offer for entrepreneurs. Therefore one of basic elements of entrepreneurship environment, next to the well-tailored public policy, are professional advisory services aimed in supporting development of SMEs sector and innovation transfer.

The analysis of the institutional environment of rural companies should rely on the assump-

tion that the institutional system does not directly impact the growth in rural entrepreneurship, since this largely depends on other factors, usually associated with features characteristic of an entity (such as willingness to take risks, entrepreneurship, ability to seek opportunities).

In the last decades, measures were taken up in Poland to establish an institutional support system for development of entrepreneurship in rural areas. The system would cover all of the interconnected standards, rules and organisations and mechanisms which represent mutual contacts between participants of the rural development process. It has to be cohesive and adjusted to the different aspects of rural development (i.e. economic, social, spatial and environmental). In case of the business environment institutions (BEI), a starting point for analyses of their operations and potential is their position in the institutional system operating for development of non-agricultural rural economy.

The research held shows that non-public business environment institutions have a considerable potential, which can be used for improvement of innovation and competitiveness both of the broadly-conceived rural economy as

well as the agri-food sector (especially in the field of development of small-scale processing and direct sales of agri-food products). In the group of nBEI selected for the research a rather large share is represented by entities having sufficiently large staff base and established position on the market, i.e. supporting itself based on different sources of funding of its activity and usually having several years of experience in the conducted activity.

Analyzing the form of the activities of the institutions, one may indicate a significant participation of non-governmental organizations having the legal status of foundations and associations. Units of this type accounted for over two-thirds of all the examined subjects (Figure 4). Only one fourth of the analysed group of institutions, were functioning on strict market basis, mostly in a form of joint stock company or a limited liability company. Another group of nBEI are university or research centre's units, that often have the form of business incubators and technology transfer centres self-employed consultants and economic self-governments (chambers of commerce, trade associations).

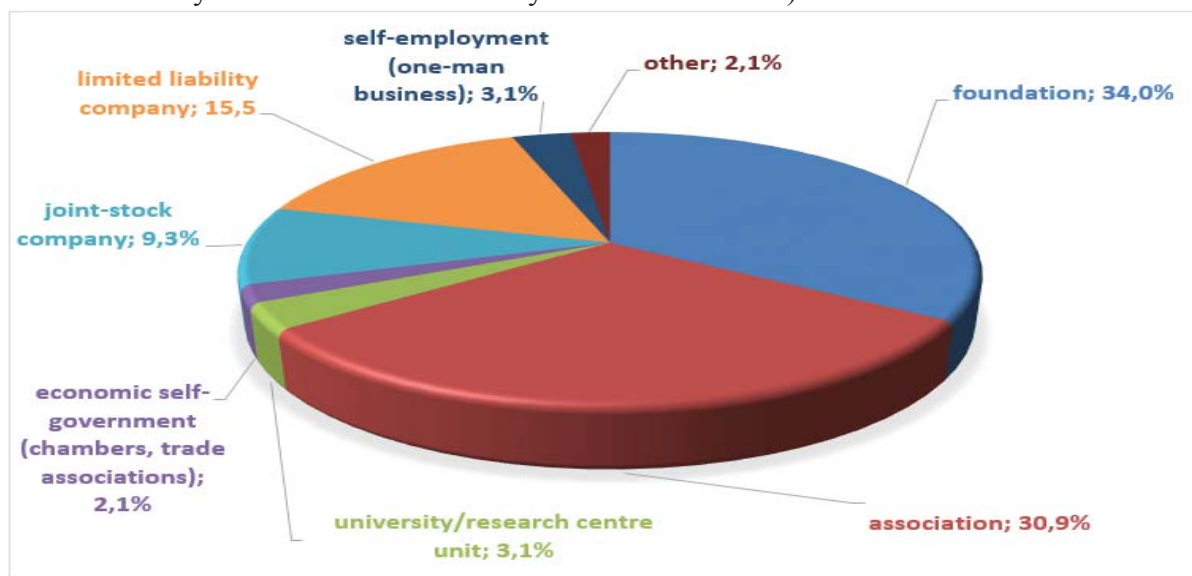


Figure 4. The structure of non-public business environment institutions in Poland according to type of activity

Source: own study (Chmieliński et al., 2015).

Among the researched institutions, over 75% of entities has already cooperated with entrepreneurs from rural areas and/or connected to the agri-food sector. Moreover, over 90% of entities declare that they have relevant qualifications to start such cooperation. But then, ap-

prox. 5% of enterprises, which have already cooperated and nearly 39% of those which have not yet done so, would have to raise the level of their qualifications or increase the level of human resources to extend the activity aimed at development of rural entrepreneurship.

Non-public business environment institutions provide their services practically to all of the most important types of economic activity existing in rural areas. The demand of respective sections is, however, to some extent conditioned upon the structure of the rural economy and specificity of a given activity. 90% of the researched institutions cooperated e.g. with enterprises dealing with trade and services for the rural population. This is, however, one of the most numerous groups of enterprises on rural areas. Still, over 40% of these institutions cooperated also with entrepreneurs providing ancillary services and over 60% – food processing services. This cooperation, in general, was not limited to single enterprises but covered rather numerous groups in most of the sectors. In case of the aforementioned ancillary services 1 entity handled, on average, 29 entrepreneurs and in case of processing – 53. This attests to a broad scope of competences of these institutions and to entrepreneurs confidence therein. A definite majority of services had a general business character and not a specific one for a given sec-

tor. The institutions were most involved in the process of setting up companies and in marketing activities. They were least involved in support to enterprises in specific areas for a sector, such as implementation of new products. Over 93% of entities were involved in setting up new companies, while assistance in implementation of new products was provided by only slightly over 60%. Hence, growth in the engagement of these entities in innovative processes will require their closer cooperation with research institutions.

The research also identified the most often mentioned barriers to nBEI functioning. The most common issue was uncertainty of funding of instruments supporting business development with the EU funds. This uncertainty was linked to changes in tools and provisions related thereto in the subsequent programming perspectives. This also relates to bureaucracy and complicated procedures regarding intermediation in funds distribution and nBEI funding of activity for enterprises, which were some of the issues indicated by the representatives of nBEI.

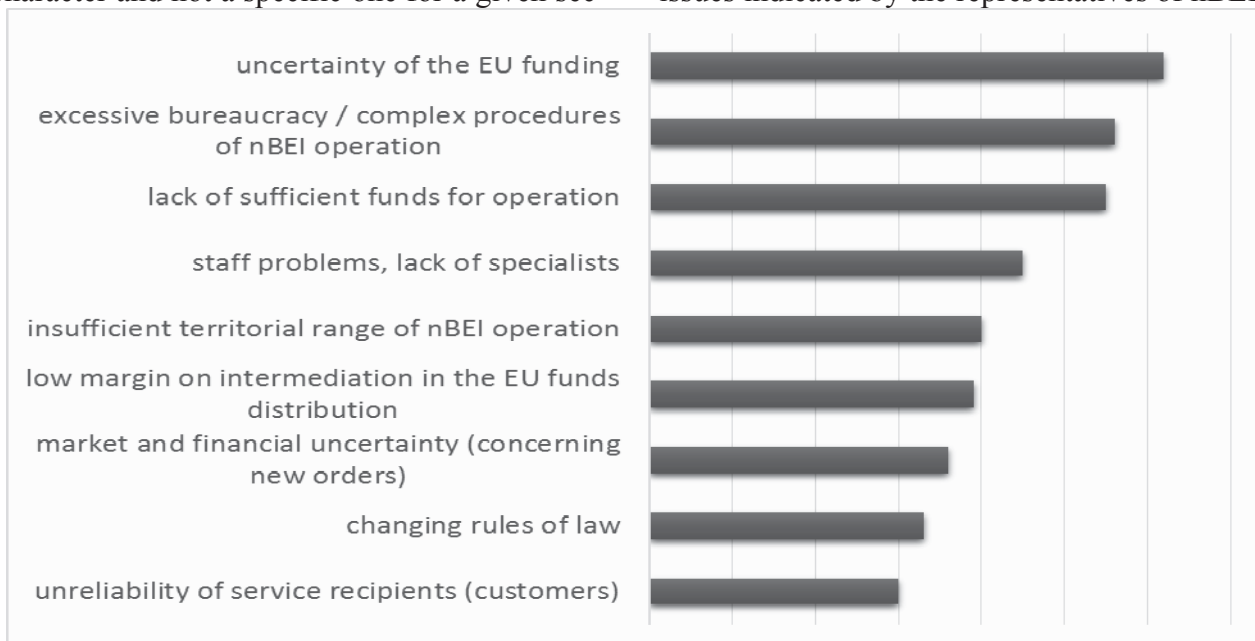


Figure 5. Barriers to functioning of business advisory entities covered by the research

Source: own study (Chmieliński et al., 2015).

From above analysis, it can be concluded that non-public business environment institutions have a significant potential which can be used to improve innovativeness and competitiveness of both the broadly understood rural economy and agri-food sector (especially in the scope of development of small processing and

direct sales of agri-food products). Among the analysed units, a significant part of entities are those having a rather large personnel and well-established position, i.e. based on different sources of financing of its operations and usually having significant experience in the conducted

operations and relatively high potential for innovation transfer to SMEs in rural areas.

The public policy for enhancing innovation in agri-food sector and rural areas.

General document defining the framework of Polish innovation policy, which implementation will lead to institutional changes in the business environment is the National Development Strategy 2020. Important in improving the innovativeness of the Polish economy should be the implementation of the second objective of this strategy, in which it is assumed to incur the level of value-added per 1 employee and increase the share of services sector in GDP. It should be expected that from support will benefit the business environment, including those related to food processing. Under this objective, action will also be taken to improve competitiveness and modernization of the food and agriculture sector. However, this strategy does not set specific objective, under which will be supported food processing. As a result, it will be treated as other industrial activities.

The country's development strategy also includes the growth of economic innovation as a separate objective. In Poland is not expected the increase in expenditure on R & D to 3% of GDP, as in the Europe 2020 strategy, but only a "substantial increase in spending", which is quite imprecise term. However, it is expected to take measures to increase demand for innovative solutions among entrepreneurs. Among the instruments that are geared to achieving this objective are mentioned: tax instruments, loan guaranties, revolving instruments.

In addition, this strategy involves the development of the financial market serving enhancing innovation. On the other hand a special role to play have: capital funds, loan or guarantee funds, leasing companies.

In the National Development Strategy until 2020, it is assumed also the change in the system of parametric assessment of scientific units and the introduction of the jury system of transferring funds for research. By implementing these changes should however be borne in mind that R& D activity is a continuous process and producing some solutions cannot always be shut down within 2-3 years, which usually corresponds to the term of the projects. It seems that in this form could be carried out studies

that would respond to demand from entrepreneurs. However, recognizing the actual needs of enterprises depends largely on the development of the business environment and mainly of intermediaries in the transfer of innovation. The strategy also provides for increasing the degree of commercialization of research and the promotion of collaborative research with enterprises. The question is whether the granting of public support will be effective in the case of emerging solutions for one or a limited group of companies. In the case of the involvement of intermediaries can be made aggregation of needs and development of innovative solutions to a much broader audience. However, it is also assumed the improvement of the transfer of knowledge through the implementation of contract research.

The National Development Strategy gives a pretty good base to take various measures to improve the innovation of economy, including food processing. The conducted study shows, however, that the Europe 2020 strategy gives greater importance to the private sector in the area of research and development. The development of this sector may in fact contribute to better match of the scope of research to market needs. In Poland it is necessary to develop it from scratch. Such activity already exists and is to some extent supported. The conducted field research shows that companies in e.g. biotechnology sector work in conjunction with enterprise incubators.

The National Development Strategy also addresses the problem of intellectual property protection. Strengthening this property in conjunction with the change of the system of parametric assessment of scientific units can be a powerful stimulus for enhancement activities aimed at creating solutions for a inventions. Creating an efficient and fair system of patent protection, however, will be a quite difficult process in Polish conditions. Research activity is in fact largely financed from public funds. The society should therefore be afforded with the opportunity to benefit from the effects of the activities, which they financed. Should not be given too much importance to innovation in the strict sense, i.e. understood as inventions used in business. Their economic importance in the short term will be quite limited. Yet too

restrictive patent protection may prevent their dissemination.

An important, specific document defining the framework of Polish innovation policy and refers to institutional changes in the business environment, including belonging to the food-processing sector is the Strategy for Innovation and Economic Efficiency "Dynamic Poland 2020". It is a specification of the National Development Strategy with regard to the improvement of innovation. In this strategy was presented a fairly detailed definition of innovation, which should be the determinant of the actions taken, eg. in the operational programmes. According to this definition, innovation should be understood as "the ability and motivation for operators to continuing exploration and exploitation in practice the results of research and development, new concepts, ideas and inventions. Innovation also means the improvement and development of existing production, exploitation and relatd to services technologies, introduction of new solutions in organization and management, improvement and development of infrastructure, especially relating to the collection, processing and sharing information. In relation to the public sector innovations are defined in many ways, including as the introduction of new services or fundamentally altered ways of organizing and providing these services for citizens and businesses - with high quality - in particular in order to meet the challenges of globalization and demography "(Albury 2005).

Used definition determines the direction of innovation policy. Its approach to this issue is very broad, which carries with it certain risks leading consequently to the ineffectiveness of the policy. As one of the threats should be recognized the possibility of identifying the concept of "innovation" in the meaning of "modernization". However, the same modernization of the economy, or the food processing sector can also be motivated and lead to the economic development of the country, it can be done on the basis of new solutions from the point of view of e.g. the company or a particular region, but coming down out of the market across Europe and the world . The benefits of the changes can then be short-term or only superficial. In

the long term, e.g. the technological gap may increase.

The strategy "Dynamic Poland 2020" defines four basic policy objectives, namely:

Objective 1 Adapting the regulatory environment and financial needs of innovative and efficient economy;

Objective 2 Stimulating innovation by increasing the efficiency of knowledge and work;

Objective 3 Increase in efficiency in the use of natural resources and raw materials;

Objective 4 The increase in the internationalization of the Polish economy.

Measures taken under Objective 1 will therefore shape in the greatest extent the institutional environment of innovation transfer. Soft institutions that will undergo modifications, should affect by not only the process of creating innovative solutions, but also the flow rate of these solutions and information between the scientific research sector and business. At the same time institutional system should provide a set of instruments for financing the various stages of the transfer of innovation, taking into account the increased risk of these investments. From studies conducted dossier results that pursued policy should go in this direction. Under the first objective there were set the following specific objectives:

1. Adjusting the system of economic regulation to the needs of effective and innovative economy;

2. The concentration of public spending on pro-development and innovation activities;

3. Simplification, ensuring consistency and transparency of the tax system, having regard the need for effective and innovative economy;

4. Facilitating access to capital by companies in all phases of their development, with particular emphasis on venture capital and SME sector.

Implementation of all these specific objectives is very important for improving the innovation of economy, however, it will require a very broad involvement of the public sector and the private one in the process of reviewing and revising existing regulations. This is due to the fact that even in the case of economic regulation system to adapt to the needs of effective and innovative economy is expected:

Enacting a law to improve the conditions of business, including simplifying the law and reducing regulatory costs;

Develop and implement solutions to conduct economic analysis of economic law;

Preventing bankruptcies and politics of new opportunity.

However, the action in this regard seems to be necessary. This applies in particular cases in which legal regulations increase the risk of the business. An example is the insufficient flexibility for tax administration to adapt the recovery of duty to the company's financial situation, caused by external factors, including those arising from defective regulations. Taking into account the enterprise, which is obliged to pay their dues in relation to the state treasury under the conditions of occurrence of congestion financial, while implementing venture capital investments - which are innovative investments - should be, expected imminent bankruptcy. Risk reduction however, can promote not only the change of the regulatory system, but also an introduction to the organizational system of innovation transfer facilities - especially in the area of financial, tax, insurance and investment advisory. Such an arrangement, however, suggests that an important element of the business environment, and special of micro, small and medium-sized enterprises should become private consulting companies. Public consulting is mainly oriented to issues of technology, product or marketing, not business relationships with the environment. These relationships may, however, be a serious obstacle in the implementation of innovative products or processes. Greater involvement of the private sector could be stimulating for growth in the scale of expenditure on pro-innovative activities.

Strategy for Innovation and Economic Efficiency also foresees the construction of a new system of fiscal incentives for units creating or implementing innovative solutions. Until now functioning incentives are not sufficient. There can occur, however, the barrier of the use of the instrument, especially by small and medium-sized enterprises. The use of them may indeed require professional knowledge, they do not have employees of the company and the available financial resources make it impossible to employ the right people. In this sphere there is

also the opportunity to engage private consulting advisory companies . that would allow effective use of this instrument, and simultaneously minimized the risks arising from inappropriate interpretation of the rules. A similar role these companies could play in facilitating the company's access to capital in all stages of development, which is also the direction of the activities assumed by the strategy. Of course, such a commitment will generate additional costs to improve innovation, but this is the price for reducing the risk. An additional benefit of such a system may also be an increase in employment in the business environment sector. The increase in employment is, however, an equally important objective of both the National Development Strategy and the Europe 2020 Strategy. Implementation of innovation can, as we have previously noted, lead to a reduction in employment. The development of the private sector consulting services can therefore contribute to achieving both objectives at the same time. Such a situation is observed even in the service sector for corporate business.

The institutional infrastructure plays an important role in the process of supporting the development of rural areas. It includes, e.g., standards, principles, organisational structures and mechanisms of actions which constitute the bases of local development. From the point of view of potential entrepreneurs both SMEs and operating as big food-processing companies, there is a need to intensify the activities aimed at further improvement in institutional environment of business, especially development and professionalization of services of institutions operating in this respect to foster innovation. It results from the fact that socio-economic environment and spatial conditions of rural areas are different from those prevailing in urbanised areas. It affects not only the character of rural entrepreneurship, size of companies, form and range of operations, but also the instruments of public policy supporting entrepreneurship.

It can be concluded that non-public business environment institutions have a significant potential which can be used to improve innovativeness and competitiveness of both the broadly understood rural economy and agri-food sector (especially in the scope of development of

small processing and direct sales of food products). Among the analysed units, a significant part of entities are those having a rather large personnel and well-established position, i.e. based on different sources of financing of its operations and usually having significant experience in the conducted operations.

The analysis of research results indicates the need for higher operation effectiveness of the system of business environment institutions and for optimised use of financial support for growth in competitiveness of rural companies. Among the opportunities for improvement in business institutional environment in rural areas the most important one seems to be the harmonisation of operations of the existing entities by improving the accessibility to information on the services of advisory entities and the improvement in the quality and standardisation of services for persons willing to undertake non-agricultural business operations, already operating entrepreneurs, and those who search for opportunities to support the development of conducted activities.

On the innovation of economy are comprising not only the actions of entrepreneurs themselves, but also of people, institutions and state

and local government authorities, making the business environment of each entity. However, innovative economy is not simply the sum of the elements comprising it, but kind of (emergent) synergy as a result generated in their broader collaboration and cooperation based on relationships developed network. In fact, innovation processes take place in a specific system of relationships including business networks, research institutions and NGOs and the government, public administration and civil initiatives¹. At the same time the growing role plays correlations occurring between the dynamics of the creation and development of innovative enterprises, and the organization of the regions and the availability of specialized financial instruments. The policy analysis, shows public development aimed in supporting innovation directly does not apply to food processing or SMEs operating in rural areas. However this two sectors make a good foundations of development of innovative economy of rural areas thus to correspondent successfully with basic problems of rural areas – employment, depopulation and ageing processes and quality of life.

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¹ In total, one can talk about Inter-Organizational Network, where in addition to enterprises, there are units supporting business-related innovation activities. And the inter-organizational network can be defined as a system created voluntarily by a group of economic actors - companies involved in a similar field of activity, institutions both public and private, that support their activity, associated with relationships, interacting with the environment and set up to achieve common objectives.

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Основные направления устойчивого развития сельских районов Азербайджанской Республики

Вопросы развития сельских районов занимают одно из наиболее важных мест среди проблем социально-экономического развития Азербайджана. Поэтому последовательное и устойчивое развитие сельских районов является одним из важных факторов эффективного использования историко-культурных, природно-климатических, демографических, социально-экономических ресурсов, которыми обладает страна.

В настоящее время село обладает не только природным, но и большим демографическим и экономическим потенциалом – 46,9% населения Азербайджана проживает в сельских районах. В стране насчитывается 4248 сельских населенных пунктов.

В 2000-е годы в результате последовательного проведения экономических реформ в Азербайджанской Республике, реализации ускоренного развития крупномасштабных

нефтяных и газовых проектов, в аграрном секторе экономики появилась возможность сформировать современную рыночную систему, действующую на основе механизмов, соответствующих принципам глобализации.

В последующие годы в рамках стратегии ускоренного развития были созданы благоприятные условия для макроэкономической стабильности в стране, что стало одним из важных факторов устойчивого развития сельских районов. Благодаря успешной политике, осуществляемой азербайджанским государством, страна сумела избежать негативных последствий, произошедших в период глобального финансового кризиса, в результате охвативших большинство регионов мира.

Нужно отметить, что за последние годы в целях развития сельских районов был принят целый ряд государственных программ. Среди них «Государственная Программа социально-экономического развития регионов Азербайджанской Республики на

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