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## INSTITUTIONAL VECTOR OF INFRASTRUCTURE DEVELOPMENT FOR INNOVATIVE ECONOMY

*The composition of innovative infrastructure taking into account relationships and interactions of possible infrastructure institutions of innovative activity in Ukraine has been elaborated. The problems hindering the development of domestic innovative infrastructure are identified. The basic directions of state support in the establishment and development of innovative economy are generalized.*

*Keywords:* institutional vector; institutional environment; innovative economy; infrastructure; innovative entrepreneurship.

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## ІНСТИТУЦІОНАЛЬНИЙ ВЕКТОР РОЗВИТКУ ІНФРАСТРУКТУРИ ІННОВАЦІЙНОЇ ЕКОНОМІКИ

*У статті розроблено склад інноваційної інфраструктури національної економіки з урахуванням взаємозв'язків і взаємодії можливих інститутів інфраструктури інноваційної діяльності в Україні. Виявлено проблеми, що перешкоджають розвитку вітчизняної інноваційної інфраструктури. Узагальнено основні напрями державної підтримки в становленні та розбудові інноваційної економіки.*

*Ключові слова:* інституціональний вектор; інституційне середовище; інноваційна економіка; інфраструктура; інноваційне підприємництво.

*Рис. 1. Літ. 12.*

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## ИНСТИТУЦИОНАЛЬНЫЙ ВЕКТОР РАЗВИТИЯ ИНФРАСТРУКТУРЫ ИННОВАЦИОННОЙ ЭКОНОМИКИ

*В статье разработан состав инновационной инфраструктуры национальной экономики с учетом взаимосвязей и взаимодействия возможных институтов инфраструктуры инновационной деятельности в Украине. Выявлены проблемы, препятствующие развитию отечественной инновационной инфраструктуры. Обобщены основные направления государственной поддержки в становлении и развитии инновационной экономики.*

*Ключевые слова:* институциональный вектор; институциональная среда; инновационная экономика; инфраструктура; инновационное предпринимательство.

**Problem statement.** The innovative potential of any country includes institutional forms associated with scientific and technological development, innovative culture of society. The willingness to have innovations in the economic system defines the method of forming a new model of society's life, the pace and stability of its dynamics, the level of consciousness of society's members.

European experience of support for innovations suggests that for developing a system of effective interaction of all subjects of innovative activity it is necessary to form a modern infrastructure of innovations support. The lack of systemic infrastructure is one of the main obstacles on the way to innovative development of Ukraine's economy (Raytse, 2009: 28).

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**Recent research and publications analysis.** Key directions in the improvement of innovative activity are reflected in the strategy for economic and social development of Ukraine "Towards European Integration" for 2004–2015 (National Institute for Strategic Studies, 2004) and the annual address of the President of Ukraine to the Supreme Council of Ukraine "Modernization of Ukraine – our strategic choice" (Annual Message of the President of Ukraine to the Supreme Council of Ukraine, 2011).

Problems of improving the state innovative policy and operations of innovative enterprises in the market economy have been studied by such researchers as: V. Fadeev (2012), A. Govorin (2012), G. Gruba (2009), T. Ismailov and G. Hamidov (2003), H. Mintzberg, B. Alstrend and J. Lempel (2001), A. Raytse (2009), Z. Varnaliy and O. Garmashova (2013), V. Yakubenko (2004).

**Unresolved issues.** The works mentioned above highlight a number of measures on improving innovative activity, but they are related mostly to business sector and SME in particular. At the same time, the issues of institutional reforms, that would facilitate the establishment and development of an innovative type of economy has received little attention in economic literature, and this determines the relevance and the need for research in this area.

**The aim of the research** is the development of innovative infrastructure with the relationships and interactions of possible infrastructure institutes within the innovative economy of Ukraine.

**Key research findings.** In accordance with the Law of Ukraine "On innovation activity", innovative infrastructure is a "set of enterprises, organizations, institutions, their unions, associations of any form of property, which provide services to support innovative activity" (finance, consulting, marketing, legal, educational etc.) (Supreme Council of Ukraine, 2002).

Z. Varnaliy and O. Garmashova (2013: 193) offer to understand under innovative infrastructure a set of interrelated and interacting institutions, the operation of which is aimed at improving the effectiveness of innovative activity at all stages of the innovative process.

T. Ismailov and G. Hamidov (2003: 46) suggest their interpretation of innovative infrastructure as a set of interrelated, complementary industrial and technical systems, organizations, companies and other relevant organizational and management systems, necessary and sufficient for the effective implementation of innovative activity and innovations implementation.

With regard to institutionalization, we fully agree with the opinion of V. Yakubenko (2004). In his research paper "Basic institutions of transitional economy", he argues that "institutionalization – reification – reproductive subsystem – personification are the forms and the stages of economic activity that ensure the integrity of economic system. Thus, each stage is endowed with different levels and forms of sociality.

Stages of institutionalization and the corresponding institutional subsystems of economy are: directly public reification (factor subsystem) – indirect social reproductive subsystem – implicitly private personification (subjective subsystem) – direct private (Yakubenko, 2004: 109). Emphasizing the degree of integration of individual subsystems of economic system, V. Yakubenko (2004) notes that economic system certainly has signs of integration, especially because it draws into its orbit almost all activities.

Based on the existing definitions of innovative infrastructure and understanding of institutionalization as a form, the stage of economic activity, that ensures the integrity of economic system, we can conclude how important and is the process of institutionalization of innovative economy under market conditions.

Today two groups of problems in functioning and future prospects of innovative infrastructure in Ukraine are distinguished:

- institutional and functional incompleteness of infrastructure innovative activity, it is underdeveloped and does not cover all stages of innovative processes;
- significant difference in the development of regions (Varnaliy and Garmashova, 2013: 218).

To respond to the existing problem, inherent to the domestic innovative infrastructure the government has been proposed a state target economic program "Development of innovative infrastructure in Ukraine". In this program the emphasis is on the identification of industrial, technological, financial, economic, legal, territorial and human subsystems (The Cabinet of Ministers of Ukraine, 2008).

However, it does not show possible relations and prospects for interaction between institutions, that are parts of the abovementioned subsystems. Therefore, we will attempt to develop the possible mechanism of interaction and relationships between institutions of the infrastructure of innovative economy, indicating their function (Figure 1).

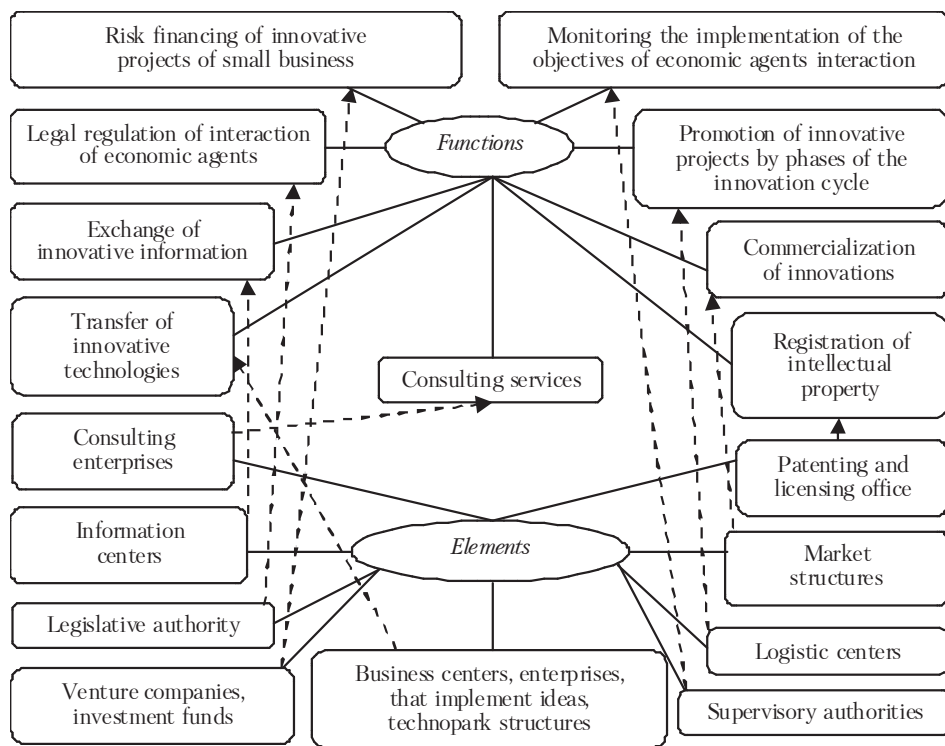


Figure 1. Interrelation and interaction between the institutions of infrastructure of innovative economy, author's development

The system of measures, aimed at large-scale implementation of innovations should take place under the conditions of institutional reforms in Ukraine. These measures, at least, should be expressed in:

- legal support for innovative activity;
- availability of economic and organizational forms of innovative activity;
- market development of scientific and technical products (Gruba, 2009: 166).

Isolation, that characterizes science in Ukraine is in conflict with the openness of market economy. For these reasons, Ukrainian companies and enterprises in their innovative activities are oriented more to foreign scientific and technological achievements, and the most powerful ones are looking for development of their own (trademark) science, create venture divisions, cooperating with foreign companies in terms of technological development. Similarly, should do research institutions, developing innovative infrastructure and cooperating with domestic and foreign scientific and industrial structures.

This institutional framework determines the principal possibility to control the behavior of market agents, purposefully solve the problem of satisfying their own pleasure and utility interests. Therefore, economic development in the period of innovative dominant depends on whether the institutional environment in its development "keep pace" to the dynamics of changes in business environment, as it provides a balance of public and private interests (Govorin, 2012: 21).

Contemporary innovative entrepreneurship in economically developed countries is a strategic business, which increasingly expresses the essence of innovative basics of entrepreneurship and is the successor of strategic management, the development of which is characterized by the formation of different schools of strategy, canceling the dependence on the dominance of certain features in entrepreneurship (Mintzberg, Alstrend and Lempel, 2001).

Ukraine, as all the countries, aimed at technological development, is searching for the ways to connect science and business. What mechanisms do we need to be able to account for their effective cooperation to raise not only the "new wave" of economic growth, but also give it a high-tech nature.

In our opinion, this tool is innovative projects, that create a new type of relationship between science, government and business. This mechanism is called public-private partnership. In this partnership the task of science is to offer new ideas and develop them.

The purpose of state is to create "game rules" and comfortable environment for all participants, training of qualified candidates, providing necessary data for developing technologies, as well as their accessibility to business. The role of business is the accomplishment of scientific ideas. It is necessary to involve into the economic turnover the objects of intellectual property.

Public-private partnership is one of the main conditions for increasing innovative and investment activity in the country through infrastructure development (Fadeev, 2012: 39).

Thus, entrepreneurship, which objectively possesses an innovative component, plays a positive role in solving social and economic problems of economic development of Ukraine under innovative scenario. To realize the potential of today's inno-

vative business we need to develop an appropriate institutional environment (Fadeev, 2012: 40).

Analyzing the abovementioned, we can draw the following **conclusions**:

1. Change of technological structures is based on transformations in socio-economic and technical-organizational relationships. In addition, it will provide competitiveness of domestic products at international markets, solve important social issues and raise living standards.

2. Technological changes in Ukraine enhance the emergence and testing of new forms of behavior of economic entities at the market, the requirements for existing institutions, setting the direction of transformation and correcting mechanisms of certain formal and informal rules of economic behavior of economic agents. Institutional vector of innovative economy development will improve the internal potential of the country, effectiveness and the development of domestic risk business, increasing their role in the national economic complex of Ukraine.

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