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CONCEPTUAL BASIS FOR THE PUBLIC ADMINISTRATION  
IN THE SPHERE OF INNOVATIONAL DEVELOPMENT OF THE REGION

*Essence and mechanism of government control of innovative activity are investigated. Theoretical approaches to forming the mechanism of realization of regional innovative policy are analyzed. Components of mechanism of regulation of innovative activity at the regional level are defined.*

*Key words: innovations, innovative activity, innovative economy, region, adjusting of innovative activity, public innovative policy.*

**Равлюк В. В. Концептуальні засади державного управління інноваційним розвитком регіону**

*Досліджується сутність та механізм державного регулювання інноваційної діяльності. Проаналізовано теоретичні підходи до формування механізму реалізації регіональної інноваційної політики. Визначено складові механізму регулювання інноваційної діяльності на регіонально-му рівні.*

*Ключові слова: інновації, інноваційна діяльність, інноваційна економіка, регіон, регулювання інноваційної діяльності, державна інноваційна політика.*

**Равлюк В. В. Концептуальные принципы государственного управления инновационным развитием региона**

*Исследуется сущность и механизм государственного регулирования инновационной деятельности. Проанализированы теоретические подходы к формированию механизма реализации региональной инновационной политики. Определены составляющие механизма регулирования инновационной деятельности на региональном уровне.*

*Ключевые слова: инновации, инновационная деятельность, инновационная экономика, регион, регулирование инновационной деятельности, государственная инновационная политика.*

**Introduction**

Innovative way for the development of Ukraine, as well as for the whole world is a non alternative strategy. Only this way in the context of globalization and the rapid movement of the world to post-industrial civilization, the country could count on a decent place in the world community.

Administration of the innovative activity is being realized through purposeful influence from the side of the governmental bodies on economic interests of institutions of the innovational sphere and provides predicting reactions of these institutions on the operation of state agencies as a condition of its effectiveness.

In order to deliberate the creation of conditions for the activities in research and innovation areas the state creates goals and principles of its own policies and priorities in this area. The aim of the innovation policy is to create socio-economic, scientific-technical, organizational and economic conditions for the priority development of the productive forces of society and regions.

**Analysis of recent research**

To the issue of state regulation of innovation activities at national and regional levels are devoted works of domestic scientists: O. M. Alymova, O. Amosha, V. D. Bazylevych, I. A. Blanca, M. P. Butko, B. V. Burkynskoho, A. D. Vasylyk, V. Geytsa, A. M. Ivanitsky, V. A. Izyumsky, D. V. Karamysheva, M. H. Koretsky, M. M. Kulyayets, M. I. Krupko, M. A. Latynina, A. S. Lisetsky, V. Martynenko, Y. E. Pashchenko, A. A. Transplanted, V. L. Pilyushenka, L. M. Pismachenko, D. C. Povazhnogo, A. S. Popovich, S. F. Povazhnogo, A. M. Fedoryschevoyi and others.

To the formation of conceptual apparatus, a method for estimation of innovation potential, the definition of determinants of innovation development, the development of theoretical and methodological foundations of an innovative model of regional economic research are devoted works of a number of domestic and foreign scientists: L. L. Antoniuk, A. F. Balatsky, V. Dorofiyenko, S. M. Illyashenko, Y. Kanygin, I. Komarnitsky,

V. P. Miklovdyy, M. V. Odrekhiyska, M. I. Pityulych, A. M. Poruchnik, H. Y. Zhytsa and others.

Theoretical and applied aspects of the government support and the promotion of innovative activity at the regional level are being researched in scientific works of famous contemporary scientists and practitioners: A. Achkasov, P. Bubenka, V. Heyets, Z. Gerasymchuk, A. Golikova, B. Malitskaya, V. Onishchenko, G. Onischuk, V. Semynozhenko, V. Solovyev, V. Torkatyuka, M. Chumachenko, L. Shutenko and other scientists.

Analyzing the results of the studies of the above named authors concerning an innovative management development and the definition of an innovation potential, it should be noted that they did not find the proper coverage of the issue of forming a complex mechanism of innovation development of the region which require a more throughout study and systematic approaches; not sufficiently studied remain the questions of the analysis and evaluation of an innovative quality of the production potential of the region and the development of the mechanisms for increasing its innovativeness [1, p. 3-8].

#### **Statement of research objectives**

The purpose of the article is to make a justification of a theoretic – methodological mechanism of formation and realization of state regional innovation policy and establishing the role of a state in the regulation in the sphere of formation of innovative regional economy.

Based on this goal, the main objective is to investigate the nature and main directions of a state regulation of innovation activities; to study the mechanism of the realization of state innovation policy and to outline the components of the mechanism of regulation of regional innovation activities that affect the intensification of innovative processes in the region.

#### **Results**

The implementation of innovation policy involves some combination of measures, methods and relevant institutions which develop and implement measures that are crucial for the development and implementation of the innovations and which ensure the realization of innovative potential of individual regions.

The necessity and appropriateness of the government regulation of regional innovation development is due to three factors:

- unstable state of the economy;
- shortcomings of market-mechanism of self-innovation, generating problems that cannot be solved without the participation of the state;

– motivational factors in the formation of the state revenues.

The formulation and implementation of a regional mechanism for regulation of innovative activity involves separation of tasks or objectives to be set by the regional authorities, which can be distinguished as strategic, intermediate and current. All these goals are realized by using an appropriate mix of methods and control measures in the regulation of the innovative activity.

The strategic goals of innovation development of the region should be considered in the context of social and economic policy in the region and the key goals and objectives aimed at ensuring economic, social and environmental development. Strategic goals are formed for the long term, based on the prediction of regional development in the future. Implementation of strategic objectives includes the development of the system of intermediate and tactical goals and their adjustment to the current state of development. Their main feature is a direct link to the outlined strategic goals of regional development.

The implementation of a mechanism of regional innovation development has made the following main steps [2, p. 75]:

- Formation and legislative strengthening of the state policy to support innovative regional development;
- Building an efficient regional innovation infrastructure;
- Development of innovative programs of specific regions with priorities for innovation at the regional level;
- Implementation of innovative programs of regional development with the current adjustment.

Given the range of strategic, intermediate and tactical objectives the regional authorities are developing their own regional innovation policy based on the overall economic and political situation. In order to implement this policy there is a certain set of methods and instruments in innovation sphere available for the regional authorities.

The methods of implementation of innovation policy by the criteria of their application can be classified on legal, administrative and economic. There are also simple methods that provide one way of impact; and difficult methods that combine all three methods.

An important component of the mechanism of regulation of innovative activity in the region is the use of administrative and fiscal instruments, which are aimed at enhancing innovation pro-

cesses in the region. Using a system of direct and indirect leverage, the state regulates the economic environment of innovation and determines the «rules» for all institutions which are involved in the innovation sphere. Indirect control levers create conditions for the activity of economic entities and their interest in innovation and act in such forms as tax regulations, pricing, financial-credit policy, public order etc. The state regulation of innovation activities are carried out by legal, economic and social measures.

The measures of direct state regulation of innovation areas include financial assistance in the form of investment allowances, subsidies, grants, loans for the implementation of priority projects and innovative programs and more. The traditional instruments of direct state regulation of innovation are the development of the state sector regulations, regulations, guidelines that directly affect the activity of economic entities. Especially important are the legislative laws and regulations on taxation, innovation and investment, legal forms of activity and more.

Given the need for complexity, the modern state innovation policy among the objects of state regulation should include: identification and support of innovation priorities at national, sectoral, regional and local levels, as well as the formation and implementation of innovative programs for each of them; creating a regulatory legal framework and economic mechanisms to support and encourage innovation, protect the rights and interests of its subjects; funding of innovative projects; encouraging commercial banks and other financial institutions that control the implementation of innovative projects; establishing preferential taxation of innovation activities and supporting the operation and development of modern innovation infrastructure [4, p. 122].

The components of a comprehensive regional innovation policy are: the creation of an innovative infrastructure, the development of a technology transfer, the venture capital, the formation of regional innovation system, the development of a high-tech manufacturing, the integration of science, education and production, the formation of innovative clusters.

State influence on innovation activity in the region can be performed by organizational, managing, distribution, regulatory, incentive, control and research – analytical functions. Specification of the state innovation policy can be carried out

by research and innovative programming, public planning, which are contributing to the formation of government contracts.

To the important functions of the state bodies empowered to regulate the innovation in the region should be included: the formation of scientific and innovative structures, an improvement of social status of innovation. The state (which is represented by the government and its agencies) is ought to ensure the activities of information systems – one of the main channels of distribution of innovations.

The main streams from the point of view of the need for complexity management actions and implementation of innovation policy at the regional level are the following:

- Formation of the institutional and legislative environment for positive change in the innovation sphere. The scale introduction of advanced technology and knowledge-intensive industries are largely determined by institutional transformation, development of new advanced forms of business innovation;

- Government support and encouragement of investors which are investing in knowledge-based, high-tech manufacturing, as well as organizing various forms of ownership (during the development of innovation) through introduction of certain tax incentives, government guarantees, insurance and credit;

- Improving the tax system in order to create favorable conditions for conducting innovative activities by all subjects regardless of the ownership and types of financing. In today's economic climate it comes to the specification of the tax base and tax collection mechanism, changing depreciation policy in order to enable organizations to increase the depreciation funds as a source of investment in innovation;

- Foreign economic support, which requires forming joint organizations with foreign partners with the aim of production of domestic high-tech products and its implementation in the foreign market, providing national advertising innovations abroad, improvement of exhibition and fair activity, participation in international information systems with the purpose to exchange information on innovative projects.

The growth of economic independence of regions corresponds to the modern requirements of the world economy, which are embodied in the new paradigms of management. Modern public administration is being built on three main prin-

principles: territoriality, democratic participation, partnership between public and private sectors. This strategic choice extends beyond the economy and encourages the state to act as the organizer of the search of the target plants. Therefore, the main feature of the regional socio-economic systems is the formation and implementation of strategic development of the region, which determine the image of the future of its condition and meets the system requirements for modern management approaches.

Defining the objectives of regional development is a subjective and objective process that is associated with the needs and interests of individuals, groups, organizations and management's subjects. The strategic goal for the development regional systems – ensuring high quality and standards of living that defines the following feature – meet the needs of areas. In meeting the goals of regional socio-economic system helps solve problems that involve the presence of special activities – management.

So, under the conditions of a systematic transformation of the economy one of the most important questions is the formation of a balanced regional policy. This requires an objective conceptual approach towards state management of innovative development. The essence of the concept is to use a system of government strategic approach which is widely used in the management of economic systems.

Generalizing the basic provisions of the strategic approach of innovation development of the region it can be argued that the strategy is a system of installations and measures to strengthen long-term competitive position within organization's mission. In today's conditions the strategy consists of two parts: 1) planned in advance and provided methods and action of adaptation to the environment and 2) reactive actions to unforeseen events in the external environment. Given the internal hierarchy (structure) of the system, the strategy may be common to the entire region as a whole (total, base) and private (for a particular type of business -competitive, business - strategy, for management functions - functional, for business unit - operating).

The essence of the national strategy for regional innovation development activity is aimed at aligning the interests of the state, regions, local self-government, and various subjects of property, national-territorial units and all citizens. The procedure of strategic management and institutional

development of the region involves the use of different approaches given the high extent of differentiation of regions in terms of socio-economic development, natural resources, and the size of economic activity, social organization of life, political conditions and performance of local authorities.

An important strategic component of the regional innovation policy in the context of an integrated concept of innovation of regional development is the formation of innovative clusters [5].

A cluster is a network of suppliers, manufacturers, customers, items, industrial infrastructure, research institutes, which are interconnected in the process of creating surplus value. This approach is based on the calculation of positive synergy effects of regional agglomeration, meaning the proximity to the consumer and producer, network effects and diffusion of knowledge and skills. Consider some benefits of a cluster:

- the number of taxpayers and tax base is increasing; handy tool to interact with businesses appears; the dependence on the individual business groups reduces; the basis for the diversification of economic development area appears;

- the infrastructure of human resources is improving; the infrastructure for research and development appears; the costs are being reduced; opportunities for more sufficient entry into international markets are disclosed.

There are a number of conditions that may contribute as well as to hinder the cluster development in Ukraine. Experts refer the following conditions to positive: the existence of scientific and technological infrastructure, psychological readiness for cooperation. To the restraining factors for the development of clusters should be included: the poor quality of business – climate; low levels of associative structures (chambers of commerce, industrial associations) that cannot cope with the task of development and implementation of priorities and interests of the regional business; short-term planning horizon – the real benefits from the cluster development appear only in 5-7 years.

So, talking about the successful implementation of the projects under the special promotion of clusters is possible only if the regional innovation strategy exists. Developing a cluster in isolation from the regional development is inefficient. No wonder that one of the founders of the cluster approach M. Porter in his method called an existence of a stable strategy as one of the most im-

portant factors for successful cluster development [3, p. 92].

While using the strategic approach towards governance of regional innovation development one must take into account which key points of growth are there in the region, and what can various groups of interest make for the development of these key points of growth. At the same time in identifying the promising innovation clusters and in planning their development regional strategies must be considered.

### Conclusions

The study of a genetic basis of management thought and the basic tools of ensuring it allows to constate the evolution of the theories of state governance while the economy was approaching towards a postindustrial stage and in the role of investments in regional development, was gradually enriched by the determinants of innovation development; the development of theoretical and methodological foundations of an innovative model regional economic; the instruments of state support and promotion of innovative activity at the regional level; the formation of a conceptual apparatus, methods for estimation of innovative potential of the region.

However, the lack of security and conceptual depth in research in this area has meant that an integral concept of the innovation process was not formed; no effective mechanism of the functioning and the development of innovative capacity was created, there has been no sufficient impact

on the assessment of a model for the developed innovative potential in the dynamics of economic growth of the region.

Only applying a systematic approach towards a research allowed us to specify the nature and approach the defining of the element of a comprehensive mechanism in administering the innovative development of the region.

The general concept of innovation processes at the regional level should be concretized in the priorities of the government regulation of regional innovation development, provide the salvation of the strategic, intermediate and routine tasks by using appropriate management tools, which are aimed at enhancing innovation processes in the region and which include the appropriate set of methods and measures of state regulation of innovative activity.

Building a management mechanism of innovation activity in the region requires the coverage of the entire set of components of the system of innovative development which should be considered when implementing a balanced state regional innovation policy. The defined components will determine the potential for the development of the innovative areas of the region and promote a consistent innovation in these territories. The mechanism of regulation of innovative activity should be formed taking into account the specific features of the respective areas and should provide the universalization and diversification of measures and instruments of the state regional innovation policy.

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