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# TOOLS OF ACTIVATION OF RESOURCE & INNOVATION ACTIVITY OF THE STATE

# Annotation

The main goals of modern innovation policy of the country and its regions are def ned. The model of innovation development, which includes levers and mechanisms for accelerating scientif c and technological progress, is formed. Priority directions of innovation development are identifed. **Keywords:** globalization, innovation policy, tool of activation, mechanism, priority areas.

#### Анотація 🛾

Визначено головні цілі сучасної інноваційної політики країни та її регіонів. Сформовано модель інноваційного розвитку, яка включає важелі та механізми прискорення науковотехнічного прогресу. Визначено пріоритетні напрями інноваційного розвитку.

*Ключові слова:* глобалізація, інноваційна політика, інструмент активізації, механізм. *Аннотация* 

Определены цели современной инновационной политики страны и ее регионов. Сформи рована модель инновационного развития, которая включает рычаги и механизмы ускорения научно-технического прогресса. Определены приоритетные направления инновационного развития.

*Ключевые слова:* глобализация, инновационная политика, инструмент активизации, ме ханизм.

#### Introduction

The economic feasibility of an innovative model of economic development is based on a combination of qualitatively new progressive changes, which in the conditions of limited re-sources and high production costs positively af-fect economic development taking into account global changes in the international market.

The implementation of strategy of regional development on the basis of innovative activity is an integral part of an integrated socio-econom-ic system of market economy and is considered in the context of its overall reform in the direc-tion of formation of investment and innovative model of management.

#### Analysis of recent research

Research of innovation issue is ref ected in many sciences. For example, linguists see in the concept of «innovation» change, renewal, nov-elty, innovation; philosophers focus on obtaining new knowledge and resolving contradictions; psychological interpretation focuses on conf ict, ways of conf ict resolution, synergies, which are reached by the innovators. At the same time technical understanding is presented by the tech-nological problem of change of fundamentally new technologies. As the economic category innovations are systematized and presented: as a process (B. Twist, T. Bratan, B. Rapoport, B. Santo, S. V. Valdaytsev et al.); as a system (N. I. Lap-in, J. Schumpeter) as a change (F. Valenta, J. Yakovets et al.); as a result (A. Levinson, S. D. Beshelyev, F. G. Gurevich, R. A. Fatkhut-dinov, E. O. Utkin et al.)

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

 to identify the main goals of modern innovation policy of the country and its regions;

to form a model of innovative development, which includes levers and mechanisms for accelerating scientif c and technological progress;

- to identify priority directions of innovation development.

# Results

The main advantage of innovative activity is a focus on creative abilities of people, their intellect; investment of capital in improving the creative potential of the individual.

Name of the famous Ukrainian scientist

M. I. Tugan-Baranovsky, who linked the phases of cycles with the need to upgrade production facilities, is rightfully among scholars who en-riched the theory of innovation. In particular, it

is his assertion that the initial phase of the capi-talist cycle is characterized by increased demand for capital goods, and the downward phase – the weakening of demand for them [6, p. 3]. Funda-mental concepts of innovation economic theory have been developed by foreign scientists. In particular, J. Schumpeter, V. Zombar, V. Micher-lih argued that the entrepreneur – the innova-tor – is the main vehicle of scienti f c and tech-nological progress, used innovation as a means of obtaining a higher prof t.

The development of the modern theory of innovative activity is accepted to distribute into f ve stages: classical theory of innovation; theory of long waves by M. Kondratyev; Neoclassical (the «post Schumpeter») theories; acceleration theory, sociopsychological theory. The theory of long waves by M. Kondratyev proves the ex-istence of stages of economic growth and decline (crisis) with an interval of 40-60 years connected with signif cant inventions, change of techno-logical paradigm. Representatives of the «post Schumpeter» theory in accordance with it divide innovations for such that provide creation of new branches of industry and aimed at improving the production of apparatus of operating productions [2, p. 51]. Socio-psychological theory is inter-esting in view of the priority of human relations in the management of innovative activities. Its strength is in determining the degree of the f rst priority of a personality, behavior, and education level, analysis of social and psychological, orga-nizational and sociological factors.

It is impossible to disagree with the thought of E. V. Mekhanik that «innovations are a special phenomenon in the form of the f nal result of research works, implemented in social practice. As a result of the combination, integration, merge of some of its parts into a single system of manage-ment, due to systemic effect and their rational use, it contributes to the emergence of new prop-erties that each separate element does not have. But separate elements all together combine the unique features of the synergetic effect. As a con-sequence it ensures obtaining over prof ts at the micro - and macro levels and achieving the ap-propriate level of economic and social growth of the national economy of any country». [5, p. 8]

Legislation of Ukraine in the f eld of innova-tion is based on the Constitution of Ukraine and consists of the Laws of Ukraine «On investment activity», «On innovation activity», «On science and scientif c and technical activity», «On special regime of innovation activity of technologi-cal parks», «On the priority directions of devel-opment of science and technology», «On priority directions of innovative activity in Ukraine» and other legislative acts regulating social relations in this area.

Domestic methodology of disclosure of nature of innovation in the conditions of open economic system is based on international practice, which def nes innovative activity through the lens of technological innovation, creation of new or improved existing product, perceptible by market demand.

Financial supports, implementation of favorable credit, tax and customs policy in the sphere of innovative activity are among the fundamental principles of state innovation policy according to the Law of Ukraine «On innovation activity» [4].

The need for state regulation of innova-tion processes is determined by the growth of competition in the global world space as well as the state of the national economy, which re-quires: positive structural changes in its sec-toral structure; intensif cation of the use of existing scientif c and technical potential; re-duce of the material consumption and energy-intensive production; ecologization of pro-duction and rational use of natural resources; further growth human capital.

A characteristic feature of the present Ukraine's transition is the fact that the world economic system demonstrates further increase of contradictions between increasing globaliza-tion on the one hand, and updating the regional aspect - on the other.

It is known that globalization processes are connected with the expansion and the deepening of integration connections, internationalization of all spheres of social life, and regionalization on the contrary includes search of competitive advantages of the development of national eco-nomic systems. At the same, the level of eco-nomic development of each country is directly determined by the development of science and technology and the extent of their use that is the level of innovative activity, which affects almost all aspects of national development and also de-f nes the country's place in the world economy.

Directives economic model, which had been dominating the post-Soviet space for a long time, left its mark on the present state of innovation management. It is evident in the fact that most managers tend to sectoral approach in this area, do not use the possibilities of national fundamental and applied science, and do not consider the mechanisms that are characteristic of highly developed countries.

The main goals of modern innovation policy of the country and its regions are in the forma-tion of a new model of innovative development, which includes levers and mechanisms of ac-celerating scientif c and technological progress, determination of its priorities, increase of the investment activity of economic entities, indus-tries, regions and state in general.

Organizational-economic mechanism of innovative development must be based on an innovative strategy that can have such a character in relation to innovation: use of the available foreign scientif c and technological potential through the purchase of licenses on highly ef-fective technologies for the development of pro-duction of new generations' products; adopt and develop the production of high technology prod-ucts, which were previously produced by the industrially developed countries, based on the usage of the national production potential and cheap labor force; increase own scientif c and technical potential, use the results of fundamen-tal and applied science to create new products and technologies, build a new model of innova-tion development of the state.

Foundations for innovative development, which are based on activities that are charac-terized by a set of technological, industrial and commercial measures leading to the launch of new production processes and equipment, are formed in Ukraine [1, p. 383].

It is characteristic that these measures should be implemented comprehensively consid-ering the fact that innovations can be produced only under conditions when there is a demand for them in the economy, but at the same the sci-entif c sphere needs adequate attention.

This relationship is most fully manifested in the transition period, which in Ukraine was characterized by stagnation, stabilization phenomena, and economic growth; and now it is in a state of recession in the conditions of global f nancial crisis.

Fundamental science is a constant for the functioning of society with socially oriented economy. The concept of competitive economic system, need to overcome the innovation's de-

pression are interdependent.

When the national economy through fair competition and the use of new technologies based on the results of fundamental science will reach the appropriate productivity, it may be so-cially oriented, which corresponds to the social needs. This means that the economy will offer innovations that can meet new social needs. And under other circumstances society will reveal in-terest in meeting its own needs at the expense of foreign goods, not the domestic economy.

Innovative development should cover all stages of social reproduction that are adequate to the life cycle of innovative product. After all ev-ery reproduction, which is based on steady-state level of equipment and technology, is character-ized in the economy as a static one. And, con-versely, only innovative development produces so-called «emerdzhentnist» (development) and creativity.

The experience of the leading European Union countries, USA, Japan shows that to suc-ceed in the innovation development there is a need to focus resources on the implementation of national priorities, which sectorally cover the most important vectors of economic development. This is because an innovative model of development of the economy and regions is the determining factor of society progress and the improvement of the welfare of its citizens. That is why the state, on the one hand, must mobilize available national resources to support innova-tion sphere and, on the other hand, strengthen state regulation of processes of innovation de-velopment.

The current economic situation in Ukraine, especially given the f nancial crisis, needs to enhance innovation activities, which can be achieved through:

- f nancial support of innovation based on a system of tax preferences;

 extensive introduction of accelerated depreciation of f xed assets;

- guarantees for investment loans granted to small and medium enterprises;

- risk insurance of innovative entrepreneur-ship;

– creation of innovative funds.

Complex innovation and investment pro-gram of the development of the region can be an effective mechanism of this model function-ing for meso level, which allows examining the existing problems from technological, environmental, economic, social, demographic, cultural, educational and other points of view by monitor-ing the current situation in the region, and also balancing the resource and production potential in the direction of the complex development of the territories. The introduction of such a pro-gram as a management mechanism for develop-ment of the region will help to focus resources from all sources and to direct them for imple-mentation of priority projects with a given level of liquidity.

It should be noted that throughout the period of statehood in Ukraine there was an attempt to def ne and build an optimal model of manage-ment of the processes of innovative development. This applied to the creation of central executive authorities on functional grounds, centralized formation of the innovation fund at the expense of target contributions from all economic agents, and also coherent organizational structure and the management system of this fund's money.

Nevertheless, it looked none other than an attempt to establish manual management of the processes of innovation development in condi-tions of market transformations. So the desired effect was achieved, although it was a search to get the matter up, and some positive changes it has brought. In the context of the current vector of national policy on European and Euro-Atlantic integration, the state of the Ukrainian economy is characterized by almost complete absence of technologies of the 6th structure, share of the 5th does not exceed 10%, and the most common are 4th and especially 3rd technological structures.

The share of f nished products in merchan-dise exports is 30-35%, raw materials and semi-f nished products -65-70%, while in world ex-ports it is respectively 77.5 and 12.5%.

All this suggests that inherited technological imbalance and low current level of technological development of most branches of the Ukrainian economy cause its low eff ciency, decrease of competitiveness in foreign markets and growth of the def cit of own products in the internal mar-ket, leads to waste of natural resources and intel-lectual resources, reduction of living standards of the population.

Equally important is also the decision of the National Security and Defense Council of Ukraine from the  $6^{th}$  of April, 2006 «On the state of scientif c and technological sphere and mea-sures to ensure the innovative development of Ukraine». It def nes priority objectives of the

bodies of executive power to ensure national security in scientif c and technological sphere, including:

• development of the national innovation sys-tem as a set of institutions that provide realization of the effective state policy;

• ensuring the integration of education, scientif c and technological sphere and industry as a precondition for innovation development of econ-omy;

• comprehensive support of fundamental research aimed at ensuring the technological development of Ukraine;

• development of production of high technology products and services on an innovative manner;

• priority implementation of innovative proj-ects aimed at signif cantly improving the energy supply and energy eff ciency, reducing the energy consumption and resource costs of production.

Thus, in Ukraine goals, objectives, strate-gic directions of the systemic work to enhance innovation development and management of these processes at the state level were practi-cally determined. But at the same, link between businesses, industries, and regions is completely absent. That is integral structure of management of innovation and investment development at all levels is not arranged.

Expectations to ensure that work through local state administrations will not bring the de-sired result, since the latter do not have in their structure nor the relevant departments or person-nel with appropriate expertise.

In our view, a comprehensive program should become the main instrument for promo-tion of innovative activities at the regional level. For coordination of works on formation of such programs, analysis of a course of their execution, informing the local authorities about the state of innovation development and to provide concrete assistance to business entities, working bodies are required to have in this work at the local lev-el. These could be regional, district (inter) urban and of associative type regional development agencies established by municipal, district and regional councils independently as pure com-munal enterprises, or with the participation of business structures of innovative types (consult-ing, engineering companies, innovation centers, business incubators).

We are more inclined to mixed schemes of cofoundation, because here it is possible to equip the agency with highly skilled specialists, and the mechanism of motivations of their work and f nancial independence and accountability of the legal entity is laid.

Given that local councils are the co-founders of agencies logical is primarily the legal side of the case, and future transfer to them the powers of the hosts of the territory in the context of constitutional reform in Ukraine.

The newly created structures under the guidance of the departments of the economy of regional state administrations and with the assistance of potential regional universities could in the short term conduct monitoring of innovation and investment activity of all existing economic entities; give them concrete support in the justif cation of prospective innovations; develop business proposals and business plans; together with other participants and with the participation of academic institutions the NAS of Ukraine, applied science develop and mutually tie all components of regional integrated program of innovation and investment development.

During the execution of programs, regional development agencies could centrally make their information support on business forums of national and international levels, work with investors, especially on projects that are replicated in nature or affect the interests of forming clusters.

## Conclusions

Thus, given the realities of modernity, innovative development of the region is a complicated mechanism that is constantly evolving and, therefore, requires a systematic managerial approach. Factors, as well as infrastructural support exert, on the one hand, a great inf uence on the formation of innovative development of the region. On the other hand, investment, labor and natural resources potential of the region that acts as a certain regional aggregate, which may be aimed at implementing innovations under positive internal and external circumstances. An innovative model of development of Ukraine has to take into account European integration course of economic development and maintain strategic partnerships with the CIS countries, especially with Russia. The effectiveness of management decisions at the level of economic entities of regions or states in general is in f nding economic benef ts in both the short and in the longer term.

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