

## **Innovation Policy Of Social And Economic Development: Essence And Structuring**

The article is devoted to theoretical and methodological review of the phenomenon of innovation and innovative socio-economic development. The scientist analyzed the nature, structure and expected strategies and consequences of innovative socio-economic development. On this basis, it was argued that innovations increase its efficiency on the basis of policy, including government, implementation of innovations. It was found that the effectiveness of innovation policy promotes socio-economic and political modernization.

*Keywords: innovation, policy of innovations, socio-economic development, modernization.*

## **ПОЛІТИКА ІННОВАЦІЙ СОЦІАЛЬНО-ЕКОНОМІЧНОГО РОЗВИТКУ: СУТНІСТЬ ТА СТРУКТУРИЗАЦІЯ**

Стаття присвячена теоретико-методологічному розгляду феномену інновацій та інноваційного соціально-економічного розвитку. Вчений проаналізував сутність, структуризацію та очікувані стратегії та наслідки інноваційного соціально-економічного розвитку. На підставі цього було аргументовано, що інноваційність зростає у своїй ефективності на підставі реалізації політики, в тому числі й державної, інновацій. Виявлено, що ефективність інноваційної політики сприяє соціально-економічній та політичній модернізації.

*Ключові слова: інновація, політика інновацій, соціально-економічний розвиток, модернізація.*

Innovation is the idea, the newest product in the sphere of technical equipment, technology, job organization and management, as well as in other spheres of scientific and social activity, which being the outcome of innovation activity, is based on benefits from research and advanced experience. Moreover, innovation is a result of systematic activity, aimed at fulfillment of achievements of scientific and technological advance and their improvement, what contributes to qualitative and quantitative changes in different areas of economy and provides enhancement of efficiency and getting competitive advantages<sup>1</sup>. Taking this into consideration, it becomes quite obvious that it is rather necessary to account innovation

<sup>1</sup> Керівництво Oslo. Rekomendatsii shchodo zboru ta analizu darykh stovovno innovatsii, Wyd. Orhanizatsiia ekonomichnoho spivrobitnytstva ta rozvytku 2009.

development for providing competitiveness of national economies and social sectors, and thus it must be a subject to innovation policy. The point is, that innovation plays or perhaps may play a very significant role in developing universal civilization and each state in particular. Correspondingly, most of modern states are constantly trying to create and improve national innovation systems to support the process of creation and implementation of innovations. Besides, every state itself is endowed with certain innovation potential, i.e. an ability of various spheres of national economy to produce scientific products, which suit the requirements of the world market. From this perspective, it is notable that innovation potential includes various scientific, project and design elaborations, development services, connected with elaboration of new production, instruments and equipment for scientific actions, means of technological control etc.

In theoretical-methodological light it is extremely important as innovation policy may generate different theoretical and practical outcomes, first of all in social-economic development. For the first time it was noted by J. Schumpeter, who in the 40s of the 20<sup>th</sup> century derived and justified the phenomenon of “innovation waves”, which over the period of tended to become shorter. The scientist remarks that innovation waves, which are traced to the times of the industrial revolution of the 18<sup>th</sup> century in England appear and disappear every 50-60 years. The first innovation wave took place from 1780-1840 and was preconditioned by appearance of steam engines and development of textile industry and metallurgy. The second innovation wave was protracted for over 50 years and ended approximately in 1900 and was connected with development of railways and steel production. The third way which also stretched for 50 years was bound up with the spread of electricity and development of the internal-combustion engine. The fourth wave took place from 1950 up to the 80s of the 20<sup>th</sup> century and was characterized by achievements in chemical industry, electronics and aerospace industry. And finally, the fifth wave started in 1989 with a wide spread of “client-server” corporate networks, rapid development of software, multimedia and telecommunications<sup>2</sup>. Each “new wave” brought/brings the beginning of another “social-economic epoch”, which, in its turn, is characterized by a swift growth of investment. Even despite the fact that after each of the innovation waves there is “another recession”, countries in general become richer and thus must be interested in implementation of corresponding innovation policy, including that in a social-economic sphere.

In this context policy of innovation or innovation policy is interpreted as a shift of the emphasis on usage of essentially new technologies, transition to producing advanced technology products, taking progressive organizational and managerial decisions in the sphere of innovation activity, what concerns both micro- and macroeconomic processes of development. It results in the fact that objective changes in social and economic development incessantly lead to a new model of economy development, which is characterized by radically

<sup>2</sup> M. Best, *Nowa konkurencyja: Instytut promyślowo-rozwojowy*, Wyd. Teis 2002.

new characteristics and priorities. It is also revealed in the fact that quite a significant role in a society's life now belongs to the spheres, which are based on the so-called "high-tech solutions", as well as the fields which directly meet the needs of people.

The abovementioned topicality can be observed and made more profound in the works of a number of scientists such as: D. Acemoglu and J. Robinson<sup>3</sup>, A. Banerjee and E. Duflo<sup>4</sup>, V. Bondar<sup>5</sup>, N. Buhas and H. Hladka<sup>6</sup>, I. Chukhno<sup>7</sup>, S. Cozzens and R. Kaplinsky<sup>8</sup>, L. Fedulova, H. Androshchuk and O. Fomova<sup>9</sup>, A. Gavrylov<sup>10</sup>, Z. Gerasymchuk<sup>11</sup>, F. Goldshtein<sup>12</sup>, A. Hall, N. Clark and G. Naik<sup>13</sup>, A. Kasych<sup>14</sup>, A. Kondrashykhin<sup>15</sup>, L. Kryvenko and V. Mylashenko<sup>16</sup>, M. Krupka<sup>17</sup>, J. Lorentzen<sup>18</sup>, T. Marchenko<sup>19</sup>, O. Nahorna<sup>20</sup>, H. Nahorniak and Y. Vovk<sup>21</sup>, T. Papaioannou<sup>22</sup>, E. Reinert<sup>23</sup>, V. Soloviov, H. Koreniako and V. Holovatiuk<sup>24</sup>,

<sup>3</sup> D. Acemoglu, J. Robinson, *Why nations fail: the origins of power, prosperity, and poverty*, Wyd. Crown Publishing Group 2012.

<sup>4</sup> A. Banerjee, E. Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, Wyd. Public Affairs 2011.

<sup>5</sup> V. Bondar, *Rol innovatsiinoi diabnosti u sotsialno-ekonomichnomu rozvytku rehioniv*, „Ekonomika ta upravlinnia pidpriemstvamy mashynobudivnoi haluzi: problemy teorii ta praktyky“ 2013, vol 2, nr. 22, s. 109-118.

<sup>6</sup> N. Buhas, H. Hladka, *Rol innovatsiinoho faktoruv v zabezpechenni staloho sotsialno-ekonomichnogo rozvytku rehionu*, „Efektyvna ekonomika“ 2016, nr. 11.

<sup>7</sup> I. Chukhno, *Rol innovatsii v zabezpechenni sotsialno-ekonomichnogo rozvytku rehionu*, „Investytsii: praktyka ta dosvid“ 2015, nr. 7, s. 124-127.

<sup>8</sup> S. Cozzens, R. Kaplinsky, *Innovation, Poverty and Inequality: Cause, Coincidence or Co-Evolution?*, [w:] *Handbook of Innovation Systems and Developing Countries: Building Domestic Capabilities in a Global Setting*, Wyd. Edward Elgar 2009, s. 57-82.

<sup>9</sup> L. Fedulova, H. Androshchuk, *Osoblyvosti rozvytku innovatsiinoi polityky Yevropeiskoho Soiuzu: vyklyky dlia Ukrainy*, „Problemy nauky“ 2014, nr. 7-8, s. 40-43; L. Fedulova, *Innovatsiina ekonomika*, Wyd. Lybid 2006; L. Fedulova, *Innovatsiyni rozvytok ekonomiky: model, sistema upravlinnia, derzhavna polityka*, Wyd. Osnova 2005; L. Fedulova, *Ekonomika znan*, Wyd. NAN Ukrainy 2009; L. Fedulova, O. Fomova, *Teoria ta praktyka formuvannia innovatsiinoi stratehii korporatyvnykh struktur: monobrafia*, Wyd. KhNU 2009; L. Fedulova, *Inklyuzyivni innovatsii v systemi sotsialno-ekonomichnogo rozvytku*, „Ekonomika: realii chasu“ 2016, vol 3, nr. 25, s. 56-65.

<sup>10</sup> A. Gavrylov, *Rehionalna ekonomika i upravlenye: Uchebn. posobie dlia vuzov*, Wyd. YuNYTY-DANA 2002.

<sup>11</sup> Z. Gerasymchuk, *Rehionalna polityka staloho rozvytku: metodolohiia formuvannia, mekhanizmy realizatsii*, Wyd. Nadstytia 2001.

<sup>12</sup> F. Goldshtein, *Innovatsiynni menedzhment: Uchebn. posobie*, Wyd. TRRU 2008.

<sup>13</sup> A. Hall, N. Clark, G. Naik, *Technology Supply Chain or Innovation Capacity? Contrasting Experiences of Promoting Small Scale Irrigation Technology in South Asia*, „UNU-MÉRIT Working Paper“ 2007.

<sup>14</sup> A. Kasych, *Vtlennia kontseptsii stratehichnogo upravlinnia v praktyku vitchyzniarnykh pidpriemstv*, „Biznes-Inform“ 2014, nr. 11, s. 290-294.

<sup>15</sup> A. Kondrashykhin, *Innovatsiini zasady sotsialno-ekonomichnogo rozvytku rehionu: strukturno-institutsionahryi aspekt*, „Naukovi pratsi NDFI“ 2012, vol 3, nr. 60, s. 177-182; A. Kondrashykhin, *Koordinatni vymiry innovatsiinoho prostoru rehionu*, Wyd. DETUT 2010.

<sup>16</sup> L. Kryvenko, V. Mylashenko, *Formuvannia innovatsiinoi modeli rozvytku Ukrainy – zaporuka ekonomichnogo zrostantia*, „Visnyk Ukrainiskoi akademii bankivskoi spravy“ 2011, vol 2, nr. 31, s. 16-20.

<sup>17</sup> M. Krupka, *Finansovi instrumenty derzhavnogo rebuluvannia ta pidtrymky innovatsiinoi sfery*, „Finansy Ukrainy“ 2001, nr. 4, s. 77-84; M. Krupka, *Finansovo-kredytnyi mekhanizm innovatsiinoho rozvytku ekonomiky Ukrainy*, Wyd. Vydavnychyi tsentr Lvivskoho natsionalnogo universytetu imeni Ivana Franka 2001.

<sup>18</sup> J. Lorentzen, *Low-Income Countries and Innovation Studies: A Review of Recent Literature*, „African Journal of Science, Technology, Innovation and Development“ 2010, vol 2, nr. 3, s. 46-81.

<sup>19</sup> T. Marchenko, *Rehionahni aksenty innovatsiinoi strukturnoi polityky ukrainy v transformatsiynnykh koordynatskikh rozvytku*, „Ekonomika“ 2007.

<sup>20</sup> O. Nahorna, *Innovatsiyni rozvytok natsionalnoi ekonomiky: diabnostyka problem, vazheli aktivizatsii*, „Finansovi prostir“ 2014, vol 2, nr. 14, s. 108-113.

<sup>21</sup> H. Nahorniak, Y. Vovk, *Rol derzhavnoi innovatsiinoi polityky u zabezpechenni rozvytku ekonomiky Ukrainy*, „Sotsialno-ekonomichni problemy i derzhava“ 2012, vol 1, nr. 6, s. 202-209.

<sup>22</sup> T. Papaioannou, *How inclusive can innovation and development be in the twenty-first century?*, „Innovation and Development“ 2014, vol 4, nr. 2, s. 187-202.

<sup>23</sup> E. Reinert, *How Rich Countries Got Rich ... and Why Poor Countries Stay Poor*, Wyd. Constable 2007.

<sup>24</sup> V. Soloviov, H. Koreniako, V. Holovatiuk, *Innovatsiyni rozvytok rehioniv: pytannia teorii ta praktyky: monobrafia*, Wyd. Fenik 2008.

F. Santiago<sup>25</sup>, L. Sapun<sup>26</sup>, I. Taranenko<sup>27</sup>, O. Tarasova<sup>28</sup>, V. Zhyhailo<sup>29</sup>, V. Zianko<sup>30</sup> and others.

They argue that a display of successful implementation of innovation policy within a social-economic sphere is the fact that production becomes more focused not on a mass consumer, but on specific needs of some individuals, i.e. small markets. The number of entrepreneurial groups, especially small and medium businesses, which are capable of rapid adapting to the requirements of the environment is growing at fast pace. Fast rates of political and social-economic modernization of life lead to growing requirements as to the quality of goods and services, as well as to their diversification. Consequently, the society becomes more open-minded and perceptive to innovations as means of achieving the required diversity.

Besides, there is re-evaluation of a human factor in economy, as growth the role of creative personnel who obtain necessary knowledge and are the bearers of innovations in the spheres of organization, scientific-technical and ecological culture. New model of economic development under the conditions of innovation policy is based on an innovation type of development, and presupposes a change of the notions of scientific-technical progress and scientific-technical development. However, there appear new social priorities: welfare, intellectualization of business activity, employment of advanced and information technologies, ecological compatibility and so on. This model requires new financial and credit policy, effective stimulation of innovations, development of scientific spheres and reduction of nature exploitation fields of economy, shifts in types of entrepreneurial activity, active engagement of small and medium business to manufacturing etc. It is quite notable that the result of innovation policy in the social-economic sphere leads to practical approval and spread of a new model of economic development in the form of venture entrepreneurship and involvement of risk capital to financing innovation business. Herewith, forms and motives of such engagement are absolutely different: from sponsor support to mutual interest in profits by means of share buyback or share capital payment. Quite widely-spread practice is creation of specialized funds of scientific-innovation development.

Therefore, innovations influence social-economic dynamics: on the one hand, they open new possibilities for enhancement of the social sphere and economy, on the other hand – make impossible continuation of this enhancement in traditional directions. The point is that social-economic nature of innovations prioritizes market novelty over scientific-technical one.

<sup>25</sup> F. Santiago, *Innovation for inclusive development*, „Innovation and Development” 2014, vol 1, nr. 1, s. 1-4.

<sup>26</sup> L. Sapun, *Problemy formuvannia innovatsiinoi modeli rozvytku ekonomiky Ukrainy*, „Mekhanizm rehuliuвання ekonomiky” 2008, nr. 1, s. 212-218.

<sup>27</sup> I. Taranenko, *Modyfikatsiia globalizatsiino-innovatsiinoi modeli svitovoi ekonomiky na zasadakh staloho rozvytku: novi vymiry konkurentospromozhnosti*, „Yevropeiskiy vektor ekonomichnoho rozvytku: zb. nauk. pr.” 2013, vol 1, nr. 12, s. 172-185.

<sup>28</sup> O. Tarasova, *Vplyv derzhavy na formuvannia investytsiino-innovatsiino potentsialu ekonomiky Ukrainy*, „Ekonomika kharchovoi promyslovosti” 2015, vol 1, nr. 25, s. 66-68.

<sup>29</sup> V. Zhyhailo, *Innovatsiynyy protsess kak faktor ustoychivoho sotsyalno-ekonomycheskoho razvytyia*, „Vestnyk Moskovskoho hosudarstvennogo oblastnogo unyversyteta. Seriya: ekonomyka”, vol 2, nr. 1, s. 13-18.

<sup>30</sup> V. Zianko, *Innovatsiynne pidpryemnyctvo: sutnistj, mekhanizmy i formy rozvytku: monohrafiia*, Wyd. Universum 2008.; V. Zianko, *Innovatsiynne pidpryemnyctvo v Ukraini: problemy stanovlennja i rozvytku: Monohrafiia*, Wyd. Universum 2005.; V. Zianko, *Novatorstvo – osnovnyy naprjam rozvytku stratehichnoho menezhmentu*, „Visnyk UDUV GhP. Ekonomika” 2003, vol 1, nr. 20, s. 224-229.

Market novelty presupposes user's recognition of the innovations' useful properties and advantages over alternative goods, and if innovations represent technological process, then such innovations can be recognized as successful, if they allow raising profits due to lowering costs and improving quality<sup>31</sup>. That is why every innovation may be characterized not only by absolute, but also relative market novelty. Ideas, practice or objects, which are perceived as new, are innovations, if to measure them by time since their first appearance or invention<sup>32</sup>.

Taking into account the fact that nowadays quite popular have become the ideas of the innovation process and innovation activity not as a "linear chain" of knowledge transference in accordance with the stages of innovation cycle and promoting new goods at the market, but as a structure with an inverse relationship between its elements. Main parameters of any market economy are demand, investment activity and prices and they have a remarkable influence on the character and intensiveness of innovation activity, however, there is still no answer to the question why and when appear these or those directions of technological development. Taking a model of "life circle" of goods/products as a base, we can state that over the years the characteristics of goods/products and innovation process will change and along with them the strategy of competitiveness and social-economic growth will change too. In course of time development of production process becomes more capital intensive, production performance increases due to a larger labor division and specializations, flow of materials within the process becomes more rational, products are more standardized and the scale of manufacturing increases<sup>33</sup>.

That is why developing innovation activity (conducting innovation policy) within the country and contributing to the biggest extent, owing to present means and ways, to its implementation, states and/or regions have comparatively modest as to qualitative parameters and technical potential resources, in fact can decide essential problems. First of all, innovation activity will create in the country or region possibilities to solve problems of social-economic development at the modern, advanced level, in particular with least losses of time. Secondly, innovation activity will become a source of preservation and in further creation of new job places in the spheres of science and techniques, lowering social tension and provide a possibility to support scientific schools and traditions by attracting youths and professionals to the process, i.e. will help solving a number of acute social and economic problems, connected with difficulties and peculiarities of a modern period of social-economic development. Therefore, the necessity of changes, which are aimed at providing conditions for stable development of the country and/or region, brings to the foreground changes in social and economic directions, which are

<sup>31</sup> N. Buhas, H. Hladka, *Rol inovatijného faktoru v zabezpečení stability sociálně-ekonomického rozvoje regionu*, „Efektivna ekonomika“ 2016, nr. 11.

<sup>32</sup> V. Zhyhailo, *Inovatsionnyy protsess kak faktor ustoičyivogo sotsialno-ekonomyčeskogo razvityia*, „Vestnyk Moskovskogo gosudarstvennogo oblastnogo unyversyteta. Seryia: ekonomyka“, vol 2, nr. 1, s. 13-18.

<sup>33</sup> V. Zhyhailo, *Inovatsionnyy protsess kak faktor ustoičyivogo sotsialno-ekonomyčeskogo razvityia*, „Vestnyk Moskovskogo gosudarstvennogo oblastnogo unyversyteta. Seryia: ekonomyka“, vol 2, nr. 1, s. 13-18.

represented in the structure of population employment, raising living standards, development of education and medicine, infrastructure of the service industry and mass media and so on<sup>34</sup>.

In this context T. Marchenko remarks that to the main measures of innovation policy of social-economic development implementation at the national and regional levels belong: development of national and regional infrastructure of innovation activity (establishment of technology parks, technopolis, innovative business-incubators, and commodity exchanges, consulting centers, engineering centers, marketing, advertising, auditing and certification companies); introduction of national and regional mechanisms of constant monitoring for innovation activity, estimation of implementation processes within priority directions of scientific-innovative potential and innovation activity, performance evaluation of applying funds, received from the state and local/regional budgets; reconstruction and modernization of state and regional enterprises on the grounds of novel technological basis; enlargement of a number of small innovative entrepreneurship; creation of scientific-educational training centers for scientific personnel, high qualification professionals; organization of scientific-innovative structures, specialized in fundamental research, due to strategic directions of innovative technologies development in the 21<sup>st</sup> century, and practical research, which determine innovative development of the national and regional economic complex; organization of scientific-research centers in the state and region to fulfill orders on contract basis, concerning scientific-research results, conducted by small and medium enterprises, which do not have their own scientific-technical and research-investigational consortiums and other innovative structures in the sphere of production; establishment of scientific-financial and investment-technological groups on the basis of amalgamation of interests of technologically and co-operationally connected enterprises, scientific and research institutions, banks, investment, financial and insurance companies, whose common aim is to receive profit by means of producing and merchandising competitive products; formation of national and regional system of easy-term loans of scientific-innovative research; introduction and approbation of a regional mechanism of reinvesting revenues, received from implementation of scientific-innovative programs and projects; giving easy-term loans to entrepreneurs to implement new technologies, know-how and scientific-research developments; free accommodation for promising young scholars and leading high-professional specialists; creation of national and regional data banks of scientific-innovative potential and transfer of technologies; process of efficient use of state and local innovative funds and ensuring return of innovative credits, raising the level of their intended use<sup>35</sup>.

The abovementioned measures of innovation policy are extremely important, at least because people's needs in any sphere of activity, first of all social-economic, are characterized by outperforming growth rates (in comparison with possibilities to satisfy them) from year to year along with the growth of population. However, at the same time, when unsatisfied needs

<sup>34</sup> A. Gavrylov, *Rehionalnaia ekonomyka i upravlenye: Uchebn. posobie dlia vuzov*, Wyd. YuNYTY -DANA 2002.

<sup>35</sup> T. Marchenko, *Rehionalni aksenty innovatsiinoi strukturalnoi polityky ukraïny v transformatsiinykh koordynatakh rozvytku*, „Ekonomika“ 2007.

generate conflicts, it is necessary to find an intellectual approach to the problem how to find new ways to meet the needs. Herewith, a law of competition (competitiveness) comes into effect in the market economy, as those who are first and succeed in implementing current innovation, reap excess profit owing to the technological or economic innovation, gain political or social-cultural success etc. Taking into account constant acceleration of scientific and technical progress and enhancement of globalization and integration processes, namely innovations and creativity are to become main factors of success not only in case of separate enterprises, but even whole countries<sup>36</sup>.

Correspondingly, the role of innovation policy in the social-economic sphere first of all is revealed in the fact that it provides or at least can provide stable social-economic growth<sup>37</sup>. However, it requires some national or regional (depending on innovation) social-economic conditions, like enhancement of intellectual potential for continuous implementation of innovation processes, attracting groups of stake-holders to carry out innovation processes, formation of innovative infrastructure of social and economic direction, development of innovative technologies, required namely for the economy of a certain state or region. A necessary precondition for implementation of social innovations is development of a scientific sector, which will promote social and innovation activity of the state and regions. As a result, formation of attractive innovative environment is a long process, which requires capital investment. Without state support development of innovation processes is rather complicated. Therefore namely state innovation policy is extremely significant in innovative and thus social-economic development of some countries and regions<sup>38</sup>.

Taking this into consideration, it is obvious that to launch and rationalize innovation policy all corresponding regulatory acts must contribute to stimulation of competitiveness between the country and regions. In its turn, national antitrust legislation must prevent unfair competition. The role of the state in the process of transition of the state's economy to the innovative path of development is in the necessity to elaborate, improve and implement legislative environment for ensuring innovation processes. The state is a direct participant in the innovation activity, first of all as a subject, which manages this activity and guarantees its support<sup>39</sup>. To achieve effective implementation of innovation system the state must become an immediate participant of innovation activity, as formation of attractive innovative climate requires capital investment both into fundamental sciences and practical research-engineering developments<sup>40</sup>.

<sup>36</sup> V. Podljesna, *Podatkove reguljuvannja inovacijno-investycyjnykh procesiv v Ukraini*, „Problemy i perspektyvy rozvytku bankivskojki systemy Ukrainy: zb. nauk. pracj” 2009, nr. 25, s. 317-324.

<sup>37</sup> N. Buhas, H. Hladka, *Rol inovatsijnogo faktoruv v zabezpechenni staloho sotsialno-ekonomichnoho rozvytku rehionu*, „Efektyvna ekonomika” 2016, nr. 11.

<sup>38</sup> N. Buhas, H. Hladka, *Rol inovatsijnogo faktoruv v zabezpechenni staloho sotsialno-ekonomichnoho rozvytku rehionu*, „Efektyvna ekonomika” 2016, nr. 11.

<sup>39</sup> A. Kasych, *Vtlennia kontseptsii stratezhnoho upravlinnia v praktyku vitchyznianykh pidpryiemstv*, „Biznes-Inform” 2014, nr. 11, s. 290-294.

<sup>40</sup> O. Tarasova, *Vplyv derzhavy na formuvannia investytsiino-inovatsijnogo potentsialu ekonomiky Ukrainy*, „Ekonomika kharchovoi promyslovosti” 2015, vol 1, nr. 25, s. 66-68.

Another principle aimed at formation of the system and mechanism of managing innovation policy is creation of conditions for optimal development of scientific-technical potential of economy. The point is that formation of strategies is one of the essential tasks, which may ensure possibility of periodical over-evaluation of a ratio between the rates of scientific, technical and production potentials. Correspondingly, the main principle of innovation must be represented by implementation of state innovation policy, aimed at introduction of innovative model of structural reconstruction and economic and social sectors growth. To provide continuous character of the state in a scientific-technical sphere, the innovative segment of economy must be reformed in its turn, and this is possible only under renovation of mechanism of formation priority direction of science and technical development. Besides, it is feasible to enlarge rates of program-aimed funding of science within the state scientific institutions. It is obvious from the fact that in modern real life the world economic crisis quite easily "rejects" weak and dithering. Therefore, only new knowledge and innovation, in the basis of which are scientific results and high technological achievements, determine social-economic prospects of each country. Thus, success of every country and its place in the global economy directly depends on the level of science and technology development, incorporated in categories of innovation policy. Only they all together may form certain national competitive advantages and create foundation for modernization and integration of the country into the world scope of knowledge<sup>41</sup>.

As a result, it is evident that the innovation model of social-economic development of the country is materialization of scientific and technical progress' achievements, which is a way of social-economic development<sup>42</sup>. Main attention of the innovation model of development is aimed at forming innovative type of a wide reconstruction of economy and social sector. It may be used for some territories, spheres and enterprises may be fundamental for a widened reconstruction of entrepreneurs of all forms of ownership on the basis of applying innovative ideas and products. That is why the innovation model, having combined social-economic interests may form flexible scientific production and the market of innovative products, integrate common efforts of the state and enterprises to elaborate and implement strategic innovation policy. Besides, the innovation model of development is characterized by such features as: intellectualization of production activity; appliance of advanced information technologies; ecological compatibility; creativity of staff; welfare of people.

However, implementation of all stages of the innovation process, from fundamental research to practical actualization of new technologies, in many commercially promising spheres of science and technology is closely connected with high expenses and is effective in case of various types of state support and state policy. According to the levels and forms of support in the world experience one can single out state strategies, aimed at actualization of innovation activity:

<sup>41</sup> N. Buhas, H. Hladka, *Rol inovatsiinoho faktoru v zabezpechenni staloho sotsialno-ekonomichnoho rozvytku rehionu*, „Efektyvna ekonomika“ 2016, nr. 11.

<sup>42</sup> Z. Gerasymchuk, *Rehionalna polityka staloho rozvytku: metodolohiia formuvannia, mekhanizmy realizatsii*, Wyd. Nadstytiria 2001.



strategy of active interference – purposeful funding and significant preferences for commercial organizations; strategy of decentralized regulation, which is a complex mechanism of the state participation in scientific and innovation spheres, when to the foreground of scientific-technical and innovation activity come entrepreneurs, and the state is trying to create them legal, economic and other conditions for this activity; mixed strategy is used in the countries, where the economy is largely based on a state sector, when the state applies a strategy of active interference to the state enterprises, while to the rest it applies a strategy of decentralized regulation.

In general, it means that state innovation policy is a complex of principles and mutually supportive economic, legal, organizational, social methods of planning, stimulation, regulation and control over processes of innovation activity in scientific-technical and production spheres. The aim of the state innovation policy is promoting development of science, techniques, technologies, growth of innovation activity, which provides competitiveness of products at the world market, defensive capacity of the state, improves ecological situation, contributes to venture long-term business etc. Keeping this aim in mind, the state determines priority orientations of developing innovation activity and ways to support entrepreneurship, which implement state innovative programs. In its turn, innovation policy of an enterprise is a system of practical management of innovations in the context of a specific enterprise, regardless of the forms of ownership and subordination. It is developed and implemented under the influence of many factors: results of fundamental scientific research, competitiveness, which is a propelling force for developing entrepreneurship and so on.

Extrapolating received theoretical and methodological results directly on social-economic development, it is evident that modern social-economic processes have formed certain requirements to the countries' development strategies, on the contrary to the 19<sup>th</sup> century – first half of the 20<sup>th</sup> century, when economy and social sector of the most countries were developing rather randomly and not in accordance with some patterns. Pragmatic efforts to prevent destructive crises like the world economic crisis and great depression in the late 20s – early 30s of the 20<sup>th</sup> century led to elaboration of Kane's theory and economic model, actualized by Roosevelt in the USA. Since then development of economy in countries occurs in accordance with the chosen models. From this perspective, the innovation model of social-economic development of the country is materialization of achievements of scientific-technical progress, which is a means of economic and social development. Main directionality of the innovation model is focused on forming a type of innovation reconstruction of the national economy. It cannot be applied to separate territories, spheres, enterprises. It may be fundamental for a widened reconstruction of entrepreneurs of all forms of ownership on the basis of applying innovative ideas and products. Thus, the innovation model, having combined social-economic interests may form flexible scientific production and the market of innovative products, integrate common efforts of the state and enterprises to elaborate and implement strategic innovation policy.

In this context it becomes notable that depending on the way of innovation process organization, one can single out various models of innovative entrepreneurship: on the grounds of internal organization, when innovations are created and mastered within the enterprise by its specialized departments; on the basis of external organization with the help of contracts, when orders for creation or mastering innovations are divided between the parts of organizations; on the grounds of external ventures, when an enterprise establishes subsidiary venture companies, which attract additional supplementary means to implement an innovative projects. Therefore, innovation policy and activity, on the basis of cost avoidance, attraction of internal reserves, multiplicative effect, contributes to effectiveness of the social-economic system, establishment and development of modern social-economic relations, growth of economic welfare.

Such logics suggest that innovation and innovation policy make a precondition for modernization. In fact, modernization is a process of taking innovative decisions concerning the usage of the most significant achievements of scientific-technical progress. In its foundations lies a continuous and oriented process of search for those forms and methods, which give a chance to improve efficiency of social production functioning, level of satisfying the society's and its members' needs. Modernization processes, which are actualized on the basis of innovations, create grounds for social-economic growth and improvement of the society's well-being. Modernization carries on previous processes of development and at the same time is growing out of them. Due to modernization we can overcome some limitations and continue development at the new level. The only continuous process of society's development represents the chain "idea – innovation process – basic innovation – new technological state – innovative decisions – development – modernization – development on new grounds". Modernization, in its turn, is combined with transformation processes, which concern social-economic life of the society, its economic, social, legal, cultural and other spheres, as well as governmental policy. Changes within these spheres are interrelated with each other and constantly undergo mutual influence and correction. Unequal development or admiration for improvements of just one of the spheres as a consequence can be characterized by local, limited character of modernization.

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