

ІНСТИТУЦІОНАЛІЗАЦІЯ ІННОВАЦІЙ У КОНТЕКСТІ ЗМІЦНЕННЯ ЕКОНОМІЧНОЇ БЕЗПЕКИ ДЕРЖАВИ ТА ПІДПРИЄМСТВ

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Подано характеристику факторів, що визначають особливості розвитку інституційного середовища. Доведено необхідність глибиннішого дослідження проблем, які пов'язані з інституціоналізацією інновацій, у контексті зміцнення економічної безпеки всіх учасників ринку і покращення процесів управління капіталізацією економіки. Акцентовано увагу на посиленні процесів інституціоналізації інновацій в умовах загострення системної кризи в Україні.

Ключові слова: інституціоналізація, інституціоналізація інновацій, капіталізація, економічна безпека.

INSTITUTIONALIZATION OF INNOVATIONS IN THE CONTEXT OF STRENGTHENING ECONOMIC SECURITY OF A STATE AND ENTERPRISES

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The description of factors that determine the characteristics of the institutional environment is given in the article. The necessity of a more in-depth study of the problems associated with institutionalization of innovation in the context of strengthening the economic security of all market participants and improving management capitalization economy is proved. Attention is focused on strengthening the processes of institutionalization of innovation in terms of exacerbation of systemic crisis in Ukraine.

Key words: institutionalization, institutionalization of innovations, capitalization, economic security.

The formation of problem. The need in formation of economic security in Ukraine requires practical implement of new philosophy in innovational processes management and balance of strategical goals in the system, such as “society-country-investor-enterprise», where the significance of value categories is identified not only by economic benefits, but also by social values . Innovations – are the main carriers of such values. Among the main functions of national security in the Law of Ukraine “About National Security of Ukraine” [1] is highlighted the importance of continuous monitoring of various processes in the political, social, economic, environmental, scientific and technological, informational, military and other fields. Venture capital plays the most important role in innovative processes, when the part of money of venture funds are paid in stocks, and the rest – in the form of investment credit, gaining special significance for new companies (start-ups), and for existing economic structures [2, 3].

Capitalization and innovative processes in Ukraine, opposite to post-industrial countries of the West, are far from potential development of national economics and opportunities in intellectual capital development.

Starting from 1991 there was no real financial market in Ukraine, as even now we have a constant administrative intgerference of NBU into the processes of national currency exchange rates, when the

investment market keep staying on the stage of stagnation, what makes impossible for stock funds and society to solve the problem of resources supply in innovative production.

The permanent tendency of enterprise bankruptsy (from 40 % to 70 % in different regions), high “dollar-oriented” economics and cost growth on foreign currency credits, innovative passiveness of more than 90 % from the total quantity of enterprises, miserable part of economic capitalization (almost 20 % from VAP) – all those factors indicate the real need in the development of the concept of economic security formation in the country and its synthesis with institutional theory [4–6].

Practical value of such research will be seen in innovative tendencies of technological sphere, of intensive development (D + R), and also of development of cooperation between different economical agents.

Increase of external and internal threats to the stability of the domestic economy in 2013–14, russian-ukr.military conflict and the need in restructurasation of all types of economic activity of government enterprises, brought a significant cost to the Ukrainian budget and changed the approach in forming the economic security [6].

Analysis of recent publications on given topic.

American futurologist Elvin Toffler pointed that the problem of innovations is the most complicated and important. According to “Frascati management”, applied in 1993 in Italian city Frascati, innovation is defined as the final result of innovation activity, embodied in the form of new or improved product introduced on the market, or process used in the practice or a new approach to solving social problems. Therefore, the quality of the institutional environment will depend on the velocity of innovation from the producer to the final consumer, industrial efficiency, technological and commercial activities of business entities, the possibility of strengthening the competitive position of the economy and its security in an unstable environment. The problem of the formation and strengthening of economic security in recent years, especially after the aggravation of the financial crisis in Ukraine, is considered by Ukrainian and foreign scientists in the light of strengthening the stability of economic structures [7, c. 18–25; 8, c. 15–35; 9], in order to form the venture financing of innovative companies [13–16].

In the context of innovative economic development concept of "institutionalization" is considered as a dynamic process creation and development of institutions and institutes that focuses on capacity building of technological development of the country, regions and enterprises [17–19].

Factors that form such potencial are following:

- scientific and technological potential of the economy (on the basic of fundamental and applied research);
- priorities for scientific and technological development of the real sector of the economy;
- the potential of financial markets through the use of innovative solutions and development of public-private partnerships;
- the potential of science and education, its competitive position in world markets;
- models of self-production structures, business partnership development and promotion of contemporary business models towards ensuring high rates of development of innovation (process, product, managerial, organizational, infrastructure, etc.).

In terms of "catch-up" policy of Ukraine's economy, lack of incentives for the implementation of models of social responsibility and intensify its innovation, ineffective protection of intellectual property significantly narrowed the scope of the impact of state-led regulation innovative businesses, including international, the targets of which sometimes conflict with economic security. For example, “Motor Sich”, which gets up to 70 % of revenues from exports to Russia (even in terms of actually undeclared war with Ukraine in November 2013.) , fulfills the obligations to Russian customers for the supply of components for military equipment [10], although President Poroshenko of Ukraine in June 2014. has forbidden the cooperation with Russia. [21]. Under conditions of significant shortage in government funds (total debt in March 2014. was 53 % of GDP or 80 billion UAH.) It will be impossible to restructure Ukrainian business without attracting private capital, including venture capital funds. All those aspects have to be considered

in their interdependence in the context of strengthening economic security, including the issue of private capital to innovative businesses.

More than 50 years ago (in 1958) in USA the program SBIC (Small Business Investment Company) was launched, in which the government gave access to public financing for young and growing innovative companies, with a simultaneous investments from private investors funds (in the ratio of 2: 1 or 3: 1 (two or three share capital has to be from private sources). Today's most well-known holdings of USA started their activity from this program of investment in small businesses ("PKIMB") – a unique program, a public-private partnership, through which and since its activity in more than 100 000 small American enterprises was invested total sum of 48 billion. USD (e.g. the company: Intel, Apple Computer, Callaway Golf, JetBlue Airbus and others) [15].

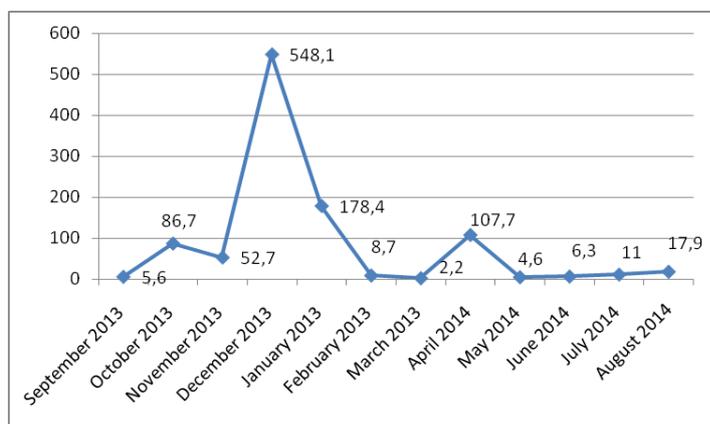
The objectives of this article – to give meaningful characteristics of institutional and innovative processes in the context of strengthening the economic security of the state and enterprises.

Presentation of main materials. First of all, each problem requires to be identified on intellectual level with the definition of causality and, secondly, to be solved by system resource support (space-time, financial, investment, information, personnel, marketing, logistics, innovation, institutional).

In the last decade the base of analysis and evaluation is considerably changed, including activities related to the promotion of innovative activities, since privatization and the sale of enterprises external knowledge is formed by tangible and intangible values, capacities, database collected on the basis of information from public and government sources, copyrights, business plans and results of market research, trade marks, patents, archival information, socially significant services, quota on emissions into the environment and so on. The result of such a negative phenomena is the fact that Ukraine got a status of market economy country only in 2006., i.e. 15 years from the beginning of the development and independency of the country, what brought the country to high corruption in the economy, including high-tech industries; polarization of regional economies in terms of innovation activity; low investment attractiveness of enterprises operating in non-competitive markets; high monopolization of markets by ineffective policy and licensing patents; imperfection models investor protection and others. Over the years of building an independent Ukrainian state cash flows from the sale of products to the domestic and foreign markets not zrivnovazhuvalysya flows of final goods and services, including innovative as the day increases inflation, threatens economic security with a high probability of redemption of impaired assets oligarchic structures.

The cash flows from sales on domestic and foreign markets are not balanced with the end production supply and services, including innovations, what increases the inflation processes up till now, and jeopardises economical security of the enterprise with a high probability of its bankruptcy and merger by Oligarch structures.

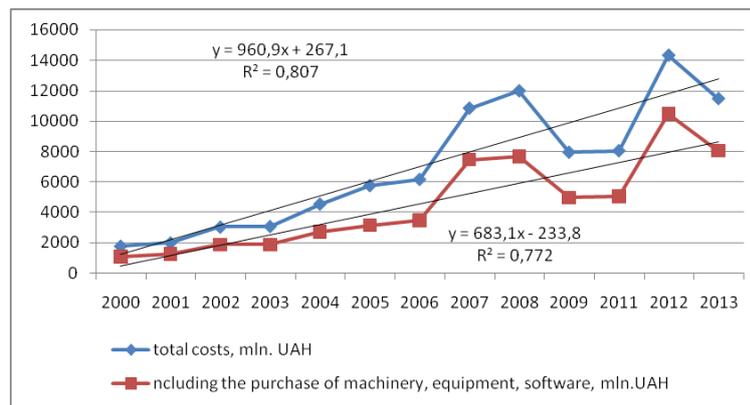
The growth of disability to stabilize the stock exchange market, and unstable development of capital and innovative processes in Ukraine, can be seen on the first picture.



Picture 1. Dynamics of trading on the Ukrainian Stock Exchange in September 2013- august 2014. (in mln.UAH)

Source: constructed by authors based on database [22]

Systemic crisis in Ukraine in 2013-14 influenced the decrease of stock fund activity , what disables to attract foreign investments in innovations due to the deficit of turnover funds (picture 2).



Picture 2. The dynamics of innovation activity of Ukraine's economy and trends, which reflect the change in the total expenditure on innovation and change in costs for the purchase of machinery, equipment and software

Source: constructed by authors based on database [4]

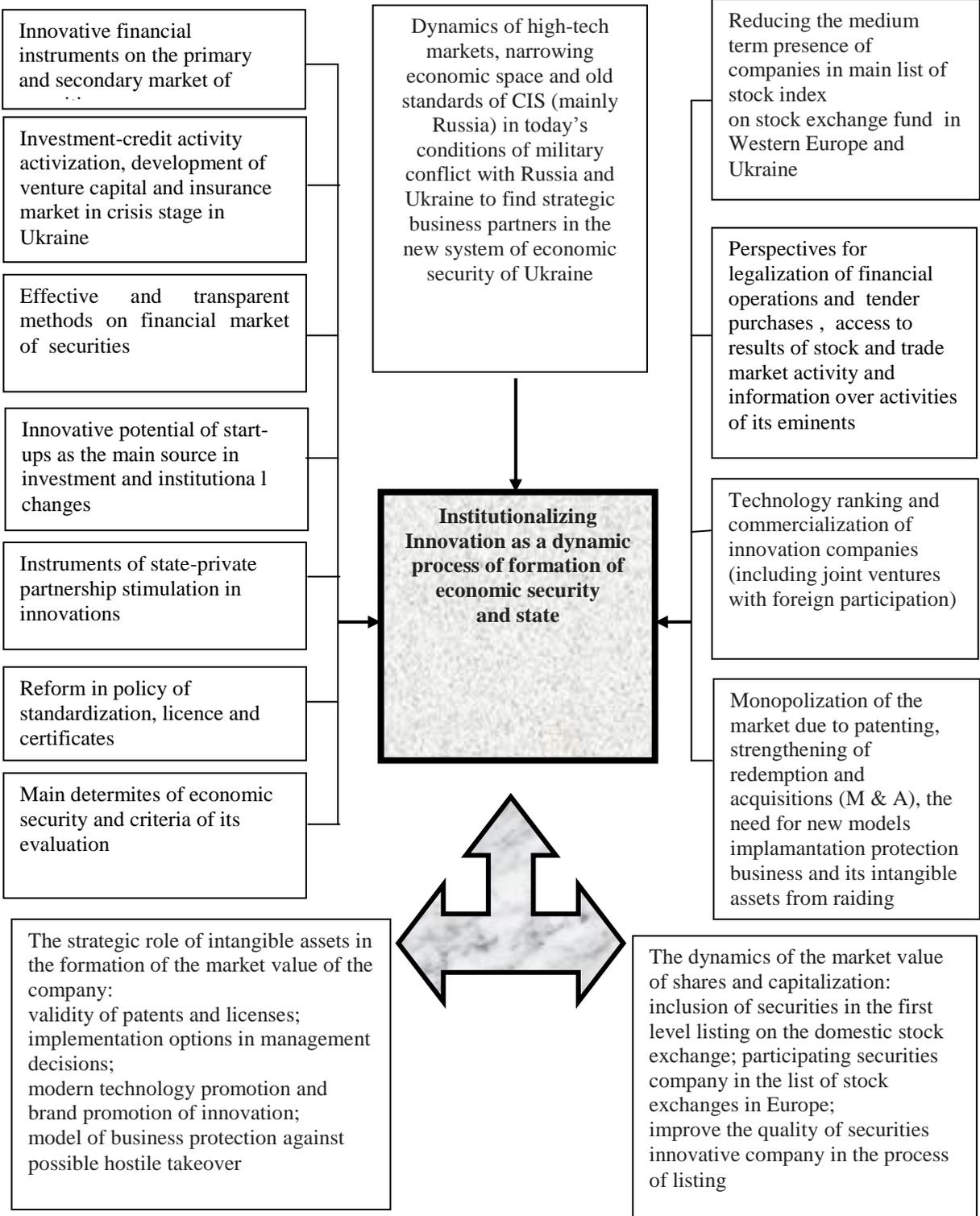
Recapitalization is often accompanied by the emission of the investment unattractive convertible bonds that need to be taken in return for shares in order to avoid bankruptcy. Therefore, the financial stability of innovative businesses seeking to buy bankrupt firm, will depend greatly on the accuracy of analysts' forecasts on the issue of such securities and property redistribution, including by conversion of bonds into shares.

Ukraine leadership position in the global market for steel exports, military equipment, outsourcing services and agribusiness products reflect the priorities outdated model of capital reproduction without sufficient incentives for innovative entrepreneurship. Thus, in 2013, Ukraine was on ninth place in the list of world steel producers, as evidenced by the World Steel Association; in terms of exports of major weapons in 2012 Ukraine ranked fourth in the world, the country ranked fourth in the world in the number of certified IT professionals after the United States, India and Russia [23]. The state budget deficit increases the positive trend of privatization. Thus, in July 2014, Cabinet of Ukraine approved the order, which included a list of objects to be privatized, 164 items worth about 3 billion. UAH, and their market value – 15 billion UAH. [24]. Export products with low added value could provide a technological breakthrough of our economy and the uncertainty of the prospects of innovative development reduced the attractiveness of investment securities reflected in capitalization, including stock exchange PFTS, which as of 04/09/14 was. Was only 169,747, 00 mln. (about 13 billion. dollars., for comparison – capitalization of only one Japanese company Toyota dated on 16.05.13. reached until 217 bn USD.!) [25].

Technological readiness in various sectors of Ukraine (in telecommunications, information technologies, biotechnology, etc.) required appropriate resource support to implement new ideas with broad alternatives pryvatnoh attract capital. However, in terms of consistently high level of "dollarization" of the economy and the negative balance of foreign trade (up 8.47 billion USD in 2013.) Dominated by very different priorities innovative enterprises and the financial cost of maintenance costs for the purchase of imported equipment in high-tech sectors grew in exponentially, resulting in the loss of financial autonomy of market agents and they became a target for ransoms and acquisitions. Worldwide practice shows that the spread of new technologies grows more intensive, which mostly take place in the form of capture submarkets. According to research by A. Cooper and D. Shendela conducted in 22 companies in 7 industries, in four of them the first commercial supply of new products took place outside the industry, and investment in new technology gives its revenue approximately in 5-14 years [26] . This means that the research problem institutionalize innovation requires a broader interpretation of the effectiveness of investments in production, marketing, logistics, including restructuring business. Similar phenomena are, in our view, define new directions in enhancing economic security and state.

In a competitive environment, an important prerequisite for the formation of economic security serves to improve the quality of the institutional environment, which includes, in particular, the various

technology resources for the investment and innovation development that are associated with the complex problems of macro, meso and micro levels, such as: capitalization of the economy and the formation of the market values of innovation active enterprises, prevention of devaluation of its securities as the issuer's equity markets; policy risk sharing between partners, especially in the monopolized market of Ukraine; possibilities of increasing the concentration of market power (if sufficient support from the industry institution and national institutions) or, conversely, dispersal equity, forced redistribution of equity and market power in a more severe restrictions on the part



Picture 3. Institutionalizing Innovation as a dynamic process of formation of economic security and state

Source: author's own development

Antymonopolnoho Committee of Ukraine, financial, environmental institutions, etc.; ambiguous interpretation of the prospects of the stock market capitalization and the economy on the part of top management, experts and analysts, stock exchanges, leading to different estimates the cost of business and others. This means that the institutionalization of innovation affects different sphere of market agents, which act as initiators and developers of innovations, playing strategically important role in preparation of Ukraine to join EU (picture 3).

In terms of absolute dominance of own sources of financing business activities (2014. – 70%), including innovation, particularly relevant are venture capital funds to finance projects and strategies for investment and innovation development. This requires a deeper study of objects and subjects of innovation management at different stages of the life cycle of production and life cycle innovation projects, cyclical industry and related sectors related to the technological chain of production of the finished product, as well as problems with the acceleration of diffusion of innovations in society involving stakeholders. This approach extends the horizon of scientific research studies of the formation of economic security companies and their resource support towards the development of Ukrainian economy of knowledge with high quality institutionalize innovation.

Conclusions and further research prospects. Institutionalizing innovation – is a complex of socio-economic and social phenomenon characteristics of which priorities in strengthening the economic security of both the state and the corporate sector are determined, activity and interaction patterns of political, intellectual and financial capital market agents in the creation and marketing of new products and services .

The strong dependence of the success of innovative business attractiveness of the company on the stock market in terms of opacity functioning stock markets of Ukraine manipulation system of different multipliers and expectations of investors, inherent to the domestic stock market, in particular, the ratio of return on investment and growth rates of net cash flows adversely affect the financial stability innovation active companies, their economic security, reduces the elasticity of innovation production and economic space for maneuverability making innovation management.

With the ratification of the Association Agreement between Ukraine and the EU 16 September 2014. more urgent problem of institutionalization of innovation appears, where a significant limiting factor in the activities of producers (both incentives and economic growth) will be social, corporate and environmental standards and energy-consuming projects. Accordingly, in another coordinate system will be considered the following: functions of the existing institutions for certification and patenting inventions, policy de-monopolization of markets, legalization of the economy, the innovation potential of enterprises and research organizations and their cooperation in the European space with appropriate software (political, legal, informational, financial, etc).

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