

MECHANISMS OF FINANCIAL AND ECONOMIC REGULATION OF INNOVATIVE DEVELOPMENT OF ENTREPRENEURSHIP IN THE CONTEXT OF EUROPEAN INTEGRATION



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Abstract Each country forms a financial and economic mechanism for regulating innovative entrepreneurship individually depending on the level of national economy, the state of science and technology, problems of innovative entrepreneurship in the country, the state of innovation activity of its subjects, the existing legal framework, the state of innovation infrastructure. However, the construction and improvement of financial and economic mechanism in each country is based on certain principles underlying the formation of a national innovation system.

Keywords: innovative development, innovation activity, innovative entrepreneurship, national innovation system, innovation process, innovative entrepreneurship.

Introduction

The formation of the national innovation system of Ukraine involves the construction and implementation of financial and economic mechanism that would meet the principles and objectives of the expanded reproduction of the innovation process and the strategic objectives of economic development. The financial and economic mechanism is not only an integral, important component of the country's innovation system, but also a powerful tool for state regulation of innovative entrepreneurship. At the stage of formation and development of market relations, this mechanism should be based on the use of objective laws of market economy, forms and methods of regulating innovative entrepreneurship that meet market principles and should be differentiated for each stage of innovation process and balanced and consistent with the interests subjects.

Literature review. Given that in Ukraine the national innovation system should be based on the principles of systemic and comprehensive, it should be borne in mind that all elements of the financial and economic mechanism for regulating innovative entrepreneurship are closely interrelated, and change one of them at some stage other elements of the mechanism and state of the whole process. However, it should be borne in mind that changes in the parameters and forms of regulation of one stage is not always simultaneously reflected in the state of other stages due to their certain isolation and independence. Therefore, the tools of the financial and economic mechanism of regulation of innovative entrepreneurship are subject to individual determination at each stage depending on its current state, problems of effective development and further balancing to ensure the innovation process as a whole.

Numerous works of foreign scientists are devoted to the study of the regulation of innovation with the help of financial and economic tools (Danko, Medvid, Koblianska, Kornietskyy, & Reznik, 2020). However, the study of the problems of formation of this financial and economic mechanism, substantiation of sources and forms of financing risky innovation, determining the economic efficiency of innovation and its impact on economic processes in the formation and development of market economy of Ukraine can not be considered exhaustive. They relate to certain aspects of this complex process and do not consider the financial and economic mechanism as part of the national innovation system (Danko, Medvid, Koblianska, Kornietskyy, & Reznik, 2020). In addition, these studies have not received sufficient coverage in the domestic scientific literature.

Therefore, there is no single generally accepted methodological approach to the formation of financial and economic mechanism for regulating innovative entrepreneurship in Ukraine, which negatively affects the state of practical solutions to this issue, and thus increase the efficiency and effectiveness of innovation.

Research methodology. Given the current state, specifics and high risk of innovation, an urgent problem at the present stage of scientific and technological development of the country is the search and

justification of funding, sources and amounts of financial resources for a phased innovation process and identify flexible ways to involve them in production and innovation, as well as substantiation of the economic mechanism of innovative entrepreneurship, development of methodological approaches to determining the economic efficiency of innovative projects and innovative activities. After all, as already mentioned, it is significant that more than 80% of the heads of industrial enterprises surveyed by the State Statistics Committee of Ukraine in 2020 considered financial, ie lack of own funds, insufficient financial support of the state, lack of funds to be the most important factor hindering innovation. customer, long payback period of innovations, etc. (Danko, Medvid, Koblianska, Kornietskyy & Reznik, 2020).

In the process of analyzing foreign experience in financing innovation, it was determined that the European Union has a fairly extensive system of sources of funding for science and innovation. At the same time, in Ukraine it is actually possible to regulate the distribution of only budget expenditures, which go mainly to the so-called basic funding. But what should complement basic funding in Ukraine is not regulated or encouraged in any way. In addition, the European R&D funding system is characterized by the diversification of the share of funding through subsidies, both in terms of size of enterprises and organizations and activities. There is a clear distinction between small, medium and large enterprises. In most areas, small businesses are eligible for maximum subsidies. But there are areas of activity, the level of support for which is equivalent to any company (Hanushchak-Iefimenko, 2014).

Discussion of research result. It would also be expedient for Ukraine to diversify the amount of support by industry, as the structural adjustment of the national economy is important for our country. Here it would be expedient to create in Ukraine something similar to the EU Structural Funds, which is purposefully used to promptly correct the imbalance of innovation development in relation to the planned strategic goals. Unfortunately, it is difficult to understand from the available materials the principles according to which the Structural Funds are used in different countries. For example, quite a lot of money is spent on creating an

environment conducive to innovation in France (13.14%) and Poland (18.54%). In Germany, for these purposes, no funds are spent from the structural fund. At the same time, in Germany the maximum share of the Structural Funds is spent on the promotion of research and development results (41.7%), and in Poland only 6.33% of the Structural Funds are spent on these purposes. In Poland, the largest expenditures from the Structural Funds are spent on supporting the creation and development of innovative enterprises (59.28%), while in France the smallest part of the Structural Funds is spent on these purposes (2.3%) (Yermoshenko, Hanushchak-Iefimenko, 2010).

As you know, the main participants in innovation financing in highly developed countries are commercial banks, credit unions, insurance companies, private pension funds, investment companies and funds, central and local authorities, special innovation funds, venture funds, individual investors. In Ukraine, participants in innovation financing are commercial banks, some venture and special innovation funds, budget sources at all levels; budgetary and extra-budgetary structures of technological development; startup funds; guarantee structures and funds; bank loans; grants, etc.

Non-state financial institutions can be an alternative to public budget financial support for innovation. The main role of financial institutions is the rapid distribution of funds among potential investors in innovation. The producer of innovations is usually unable to finance the innovation process at its own expense (in the case of a private enterprise) or from the state budget (in the case of a state-owned enterprise and / or research institute), as innovation projects are known to require long-term lending without guarantees of commercial success and the probability of high risk.

Another lever in financing innovative development is the partnership between the state and business. According to world experience, the governments of many countries have created the conditions for the development of public-private partnership. In the investment sphere, a legislative basis has been created for the development of relations that arise between business entities on the basis of agreements (contracts). Legislation in the field of public-private partnership regulates the relationship between the state

and the private partner. The state party may be represented by the government, central executive bodies, and local authorities (Hanushchak-Iefimenko, 2014).

Using the tool of public-private partnership allows the state to retain ownership of the object, to attract investment resources that it can not provide to increase the competitiveness of these objects, the latest technology, know-how and private management.

Public-private partnership is characterized by such features as the duration of concluded agreements; ensuring higher technical and economic performance indicators than in the case of such activities by a public partner without the involvement of a private partner; transfer to the private partner of part of the risks in the implementation of public-private partnership; prohibition of transfer of ownership of the object of public-private partnership to a private partner during the entire term of such partnership; private investment in partnership facilities; strategic role of the private investor at certain stages of project implementation (design, financing, construction, implementation, etc.).

The benefits of public-private partnership are the mobilization of financial resources of the private partner to solve common problems with the state; access to the experience, technology and know-how of a private partner; timely response to growing demand for public services (heat, water, electricity, transport and other services); meeting society's demand for better services; satisfaction of the deficit of financial resources for technical development (modernization) of the infrastructure for the provision of public services; the possibility of redistribution of state and local budgets for the implementation of socio - economic programs; expansion of the competitive sector, and as a result, the selection of the most optimal private partner (Hanushchak-Iefimenko, 2014).

Research result. Ukraine's economy is in dire need of significant investment, as long-term economic growth can only be ensured by intensifying production, technical and technological renewal of sectors of the economy on an innovative basis. This is the fundamental basis for the formation and expanded reproduction of the economic potential of the country

Despite a slight increase in recent years in the amount of financial resources allocated to innovation in industry, they remain too low and do not exceed 1.5% of GDP, and therefore objectively can not significantly affect the creation and implementation of new technologies needed for the country's economy scale.

State statistics track a limited list of sources of funding for innovation in the industrial sector of the economy, namely: own funds of enterprises, funds of state and local budgets, domestic and foreign investors and other sources in total.

In addition to budget funds, extra-budgetary funds are important in the financial support of innovative entrepreneurship. All over the world there is an extensive network of such extra-budgetary funds, which characterizes the ways and means of solving innovation problems in the country's economy, as well as reflects the level of innovation orientation of these institutions and their investment activities. However, statistics on the financing of innovation in industry show that the volume of funding in this area from extra-budgetary funds is rapidly declining (Hanushchak-Iefimenko, 2014).

The current format of statistical information eliminates the activities of established extra-budgetary funds, the basis of which should be investment and innovation activities, and does not give an idea of the existing network of extra-budgetary sources, the non-governmental system of financing scientific, scientific-technical and innovative activities. assessment of the expediency of their existence in relation to solving the problems of innovative development of the country. The lack of a detailed structure of sources of funding for innovation in terms of sectors of the economy makes it impossible to analytically assess the state of their involvement in the innovation process and make proposals for their expansion, intensification and efficiency of funds. The list of such funds should include, in particular, such institutions as the Ukrainian State Innovation Company as the legal successor of the State Innovation Fund, venture funds, mutual investment institutions, regional extra-budgetary funds, etc. In our opinion, a detailed statistical presentation in the structure of sources of funding for innovation activities of extra-budgetary funds will demonstrate the level of their participation in

this process and will reveal the problems of funding for innovation activities of economic sectors (Yermoshenko, Hanushchak-Iefimenko, 2010).

In developed market economies, science and innovation are funded mainly by non-state funds. Companies take an important part in this process.

In Ukraine, the active participation of private capital in the innovation process requires, on the one hand, the emergence of innovation structures that would be able to create commercially attractive innovation projects in the financing of which would be interested in corporate structures. On the other hand, in the conditions of formation and development of market relations in the country's economy it is necessary to have powerful manufacturing companies interested in constant renewal of production under competitive pressure. Such companies should become a key factor in the effective functioning of the national innovation system and a reliable source of funding for basic and applied science and innovation. Therefore, in parallel with the increase in the efficiency of state funding for innovative development, the country should simultaneously stimulate the development of other segments of the innovation system that can invest in innovative projects. Under such conditions, the share of the public sector in the financing of scientific and innovative activities will be objectively reduced, and the burden on the state budget will be reduced accordingly.

One of the most pressing problems of innovative entrepreneurship in the Ukrainian economy is participation in this process of the banking system. The success of the implementation of scientific and technical achievements depends on how effectively the banking system performs the function of a financial intermediary. Until recently, the Ukrainian banking system did not actively influence the development of the real sector of the economy, and the amount of credit resources did not meet the needs of economic entities. In bank lending, short-term loans are almost seven times higher than long-term loans, in which the priority types of economic activity are industries with a rapid turnover of capital, with a short production cycle (Hanushchak-Iefimenko, 2014).

In our opinion, the implementation of an innovative model of development of the

Ukrainian economy requires other proportions and priorities of lending.

The potential source of financial resources that should be involved in investment and innovation development of the country is the savings of the population (Hanushchak-Iefimenko, 2014). According to experts, with the onset of the economic crisis and the loss of confidence in banks, the bulk of funds are in the hands of the population, ie outside the banking system. Thus, the funds of the population are not used enough to invest in the national economy. For comparison, in the United States the population owns about 70% of financial assets, which is almost five times higher than the share of commercial banks (Yermoshenko, Hanushchak-Iefimenko, 2010).

And these savings are almost completely converted into investments. In Ukraine, the conversion of private savings into investment is extremely low. With the creation of appropriate mechanisms to attract private savings to the stock market, individuals through a network of intermediaries could directly participate in the implementation of innovation projects, invest their savings of their choice and beliefs in profitable but riskier innovation projects. Unlike collective investment institutions, individual innovation accounts allow to take full account of the personal wishes of the owners of these accounts to invest in specific innovation projects. To this end, it is necessary to legislate the mechanism for opening innovative accounts by the population, which would be exempt from taxation. Opening such accounts is one of the most common and effective forms of stimulating the activity of

citizens to invest savings in securities, give impetus to the development of the stock market and intensify innovation.

Given the shortage of domestic resources for the development of innovative entrepreneurship in Ukraine, the possibility of attracting foreign investment is of great importance. But their share in the structure of sources of financing of investment and innovation activities remains insignificant in Ukraine. In order to attract foreign investment on a larger scale, in our opinion, it is necessary to expand the forms of their attraction, using concession agreements for these purposes, to establish legislative conditions for concluding production sharing agreements using investments from different sources, various investment agreements between domestic and foreign companies. It is also necessary to take measures to stabilize the Ukrainian securities market, develop a system of information, marketing and consulting support for innovation and investment programs and projects. Such measures include, first of all, the return of capital of Ukrainian origin illegally exported abroad.

According to experts, the amount of capital exported abroad is about 30 billion dollars. Therefore, his return home will ensure the stability and reliability of the investment process and save public funds for servicing loans from external sources. Despite the fact that this issue has been repeatedly raised at the highest level and has been identified as one of the priorities of the Strategic Development Program of the state, it is still unresolved.

Conclusions

Thus, the improvement of the financial and credit mechanism of innovative entrepreneurship should take place, in our opinion, in the following main areas: the creation of favorable legal conditions for financial and credit organizations that finance innovation; determining the part of the state investment program that has an innovative direction, and establishing control over its implementation, etc.

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