

# Institutionalization of the innovative scenario of development of the country: modern state policy of innovations

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**Abstract**–The relevance of the research topic is due to the fact that at the present stage the innovative activity of the region becomes one of the most important spheres of its socio-economic development, since innovations inevitably entail a very wide range of changes in the main directions of economic development, in technology and production technologies, as well as determine the emergence of many social, organizational and managerial innovations. Therefore, the further progressive development of the regions and the country largely depends on the state of their innovation subsystems as the most important tool for the implementation of the innovation scenario, which allows to ensure conditions for sustainable economic growth.

The creation of market system institutions that influence the formation and development of the business sector is the most significant problem, especially in the specific conditions of the transformation of the national economy. Institutional changes are reflected in the actions of entities engaged in entrepreneurial activity in all spheres and sectors of the national economy in accordance with the requirements of objective laws of social development.

**Keywords**–development, innovations, innovative subsystem, scenario, economic

## I. INTRODUCTION

Starting to study a specific area of knowledge related to the in-depth study of the problems in the field of innovative development of the region, it is necessary, first of all, to determine the set of the most frequently used terms, their essence and content, which are key in the modern regional economy.

Naturally, in this context, our study will use of fundamental concepts of the theory and methodology of regional innovation development. This, in turn, will require substantial adaptation of essentially solved problems in the dissertation work. At the same time, the functional adaptation of the concepts used in the study and their definitions to the purpose, objectives and object of study is of importance for us.

In the economy of any country, investment and innovation play a huge role. The inflow of investment resources ensures social reproduction on a constant or expanding scale. In turn, the qualitative component of investments are innovations that determine the possible directions of investment in new technologies, products and services. All this makes it possible for the economic system to reach a qualitatively higher level of development. Investments become the most important means providing conditions of real economic breakthrough of the Russian Federation, creating structural changes in the national economy, introducing innovations. At the same time, the basis for the transition to the innovative stage of development is investment and innovation at all levels of the economic system.

Crisis and overheating situations are the result of asymmetric expectations in a holistic economy. The changing list of desired and desired preferences of individuals, their groups and society as a whole is a form of reproduction of economic information that leads to the humanization of the results of economic growth. In this case, individuals, their groups and society as a whole act as consumers of various types

and types of reproduced goods, including various information products. If earlier understanding of the effectiveness of growth results was a positive (descriptive) category, now it turns into a normative (recommendatory) category.

## II. MATERIALS AND METHODS

The object of the study is the economy of the region and its innovative subsystem. The subject of the study is the tools for the implementation of the innovative scenario of the regional economy. The theoretical and methodological basis of the study was the fundamental concepts and hypotheses presented in the classical and modern works of domestic and foreign scientists on the problems of development of the regional economy, including its innovation subsystem. Also, the theoretical and methodological basis was the main provisions of economic science, devoted to the disclosure of the essence and content of the main tools for the implementation of the innovative scenario of the regional economy. The methods of logical, evolutionary, comparative, structural-functional, economic-statistical, quantitative analysis, as well as the methods of scientific abstraction and modeling were used in the development of the theoretical provisions of this work.

The aim of this study is to identify the nature of the relationship between investment and innovation as factors of economic growth. In accordance with the goal, the following tasks were defined: - to analyze the theoretical models of economic growth, theoretical and methodological approaches to the definition of the concepts of "investment" and "innovation"; - to choose a theoretical model for the study of the relationship of investment and innovation, suitable as a basis for empirical research.

Methodological basis of the work includes the neo-classical economic theory and neo-institutionalism. The need to combine neoclassical and neoinstitutionalism approaches in the study of the relationship between investment and innovation is due to the following considerations. Study it is advisable to perform based on the theory of F. Aghion (neoclassical direction) because of its relevance and due to the lack of alternative theories in the framework of neo-institutionalism. Elements of the neo-institutional approach can be logically applied in the study of the country's innovation system. Through a contractual relationship, it is possible to describe the relationship of investment and innovation from the point of view of the theory of the firm. The combination of approaches of neoinstitutionalism and Neoclassicism is logical, their joint use does not contain internal contradictions from the point of view of methodology of modern economic science. The following methods and techniques of analysis were used: formal logic, comparison, generalization, functional analysis, modeling and system approach – to summarize the results and identify the logical relationship. The empirical study was carried out using special methods: graphical, correlation, regression analysis.

## III. RESULTS

Based on the developed subject-functional scheme of the innovation system of the country the problems of development of innovative activity in the Russian Federation are revealed and the measures aimed at their elimination are offered. These problems include the following: the insurance market is poorly developed in terms of insurance of innovative risks; credit institutions are not ready to Finance innovative projects; intellectual property is poorly protected; the legislation in the part of innovations provides freedom of action when concluding contracts, which in the current conditions increases the risks of opportunistic behavior between the subjects of the innovation process. These problems can be solved by targeted actions of the state, including co-financing by the state of part of the insurance premium from the Federal budget under contracts of insurance of innovative risks; stimulation of credit institutions to provide credit to insured innovative companies; educating the public in part of contractual relations in the implementation of investment in innovation.

It should be noted that the concepts of economic development and economic growth should be distinguished. Economic development is a broader concept than economic growth. First, development can occur in the absence of growth, in parallel with the emerging prerequisites for it. Secondly, changes in the form of structural changes and all kinds of innovations that can be attributed to development often occur during a crisis and do not immediately lead to economic growth.

J. Schumpeter understood economic development as "the production of a new (or creation of a new quality) good, the introduction of a new method (method) of production, the development of a new market, obtaining a new source of raw materials (semi-finished products), carrying out appropriate reorganization (for example, ensuring a monopoly position or undermining the monopoly position of another enterprise)" [1]. These characteristics of economic development can be attributed to both macro-and microeconomic level. Economic growth can be represented as the trajectory along which the economy moves in its development. Short-term economic growth based on the impact on indicators does not speak to the economic health of the whole system. Thus, economic development is defined by many criteria and economic growth is only one of them. Economic growth, combined with improving indicators of qualitative change, can be a sign of sustained and progressive development. Thus, economic development does not always lead to economic growth, but always leads to qualitative changes in the components of economic growth.

Among real investments, economic and non-economic (socio-cultural level) are logically distinguished. It is also necessary to give a definition of gross private domestic investment, as in the framework of this work the author will focus on the consideration of private domestic investment, foreign investment is

not the subject of this work. All final purchases of machinery, equipment, tools by business enterprises; all construction; changes in the value of inventories are private domestic investments. Moreover, all construction refers to investments because even a house of an entrepreneur can be rented and generate income, and the change in the value of reserves - because it is an unused product.

Innovative activities in the field of occupational safety and health are recognized as extremely important today. Here we can distinguish the following subgroups on the results of innovation: social results, manifested in particular in the form of the exception of heavy, harmful to health work, improving safety and health at work, the exclusion of occupational diseases and accidents at work; economic results, which result in increased productivity, increased profits, product growth; technical results in the form of improvements in the technical parameters of machines, equipment, products or improving the organization of labor and the flow of technological processes, reducing downtime.

It is necessary to highlight another aspect of innovation – their most relevant topics. Today, these are developments in the field of information technology, environmental protection, living matter, including medicine, multimedia educational products, technologies for alternative energy sources and energy conservation. Among the priorities are also the development of artificial intelligence, superconductivity, nanotechnology and micromachines, the use of solar energy, deep processing of waste.

#### IV.DISCUSSION

The problems of formation and development of innovative systems at various levels, as well as the issues of activation of innovative activity are considered in a number of works of foreign scientists - D. Bell, B. Lundwall, R. Nelson, B. Twiss, K. Freeman, J. Schumpeter and others. These issues are reflected in the studies of domestic scientists, among which it is necessary to distinguish A. I. Anchishkin, K. A. Bagrinovsky, E. V. Balatsky, M. A. Bendikov, N. V. Beketov, L. S. Blyakhman, C. B. Valdaytsev, S. D. Valentine, A. E. Warsawsky, L. M. Gokhberg, A. A. Dagaeva, A. P. Egorshin, N. I. Ivanov, V. L. Inozemtseva, B. N. Kuzyk, V. L. Makarov, D. S. Lvov, A. A. Rumyantsev, A. F. Sukhovey, A. I. Tatarkin, A. A. Trifilova, Y. V. Yakovets and others.

Within the framework of the institutional direction of economic thought, the theory of property rights (R. Coase, D. North, O. Williamson and others), economic theory of contracts (A. Alchian, B. Klein, R. Crawford, O. Hart, G. Demsets, S. peyovich, R. Posner, S. Chen, O. Williamson), the theory of public choice (J. Buchanan, M. Olson, and others), theory of the firm and economic behavior (D. Mechling, M. Jensen, L. Thevenot, C. Menard, G. Simon, T. Eggertson, O. Williamson and others). At the same time, the issues of the relationship between investment, innovation and economic growth in the aggregate remain insufficiently studied in the scientific literature. In addition, the

analysis revealed the need to study the relationship of investment and innovation through contractual relationships. Required, as an empirical justification of the relationship between innovation and economic growth based on the theory of F. Aghion.

Qualitative economic growth is characterized by an increase in the share of innovation in the structure of economic growth factors and an increase in potential output. According to E. Denison, the contribution of the innovation factor to the economic growth of developed countries is about 2/3 [2].

The investment process can be fragmented, affecting only the development of individual industries or regions. Depending on the specific areas of investment is determined by the nature of the reproduction process. These areas may include investments in technologies used in the country, imitation of technologies known on the world market that are new to the economic system in question, or creation of innovations. There are the following signs of investment growth: high saturation of the economy with investments, sufficient for modern rates of capital renewal, including due to the inflow of foreign investments, leading to active renewal of fixed assets; the predominance of advanced investment growth compared to GDP; the frontal nature of the investment process, covering the main viable economic activities; high flexibility, mobility of capital, ensuring its rapid overflow into the most promising areas [3].

With this type of innovation process, only partial modernization is possible, which is not able to have a serious impact on the economic system as a whole, there is no complexity and from the point of view of the macro level, such investments have a low level of efficiency. In this case, economic growth is possible provided that the situation in other industries or regions will not be so negative as to block the positive effect of this kind of investment. Investments can be carried out comprehensively and contribute to the implementation of large-scale projects. In this case, investment can be a major factor in the development of the economy. Large-scale investments can trigger a multiplier effect, causing growth not only in the part of the economic system where the initial investment was directed, but also in related industries and industries. If in the economic system different industries and enterprises work with a close division of labor and cooperation and belong to the same technological structure, it increases the likelihood that the investment impulse at one point leads to the spread of investment demand for other interrelated enterprises, there is a positive multiplier effect. Investment problems are practically solved at the level of firms and at the level of the entire national economy. All branches of economic theory, one way or another, consider the problem of investment and pay much attention to it. The consequence of the excessive popularity of economic categories is often their use in different meanings, as a result of which their content becomes somewhat vague and loses a strictly defined meaning.

G. Mensch [4] ahead, Ben proposed a classification of innovation, allocated baseline, improve and pseudoinstallata. Basic innovations are divided into technological, forming new industries and new markets, and non-technological, responsible for changes in culture, public services and management. Due to the fact that each type of innovation requires certain costs of labor and capital, there is competition for resources between innovations.

#### V.CONCLUSION

The key factors hindering the implementation of the innovative scenario of the regional economy development are identified: economic and financial (lack of funds; uncertainty of economic benefits from the use of developed technologies), institutional (imperfection of the regulatory and legislative framework; chaotic nature of the formation of information for innovation and forms of providing it to consumers; lack of available databases of industrial catalogs and prototypes, new developments, innovative projects and partners, competitions; failure of the subjects of innovative infrastructure), instrumental (the imperfection of the methodological tools of assessment of the level of development of innovative subsystems of regions; the fragmentation of the use of separate tools for innovative economic development of the region).

There are many classifications of innovation on various grounds. The main features (criteria) of classifications are the level of novelty, the role in the reproduction process, the degree of radicality, the scope of application, the degree of impact on the effectiveness of innovative processes, the subject content, the nature of use, the scale, the level of regulation and management, the incentive (source) of appearance, the nature of social goals and others. On the subject of innovation are divided into: innovation-product (innovation, having the physical form of a finished, fundamentally new or improved product, requires significant investment); innovation-process (technical, production and management improvement); innovation-service (related to the maintenance of the processes of using the product outside the enterprise, for example, computer software).

Thus, innovation acts as one of the ways of implementation of reproduction processes, and each enterprise independently makes a choice, investing in this or that way of reproduction. In this case, economic development will depend on the amount of capital invested and the quality of the chosen method of reproduction.

Investments trigger the mechanism of economic growth and therefore are the primary factor of economic growth. It should be noted that not all types of investments have a positive impact on the economic system. In our opinion, financial investments can in the long term lay the preconditions for destabilization of the economy and dependence on the external environment. Real investments can lead not only to economic growth, but also to economic development.

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