



Economic Theory

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**ESSENCE OF ECONOMIC INNOVATIONS
IN UKRAINE AS A COMPONENT
OF GLOBALIZED PROCESSES
OF WORLD ECONOMIC SPACE**

Abstract

Globalized innovation processes in the economy of Ukraine can be characterized as intensification of interdependence between different spheres and processes of global economy, likewise formation of single market of goods, services, capital, land, work-force, information and knowledge.

Key words:

Innovations, innovational activity globalization of the world economic development.

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Introduction. At the present stage of national society development the whole system of economic relations is changed. The essential feature of economic relations is innovations. From the methodological point of view, using of intellectual property in the economic activity under conditions of its commercialization is called innovation entrepreneurship. This process is preceded by innovation activity, channeled for accumulation of intellectual potential, which eventually should group with economic activity under the influence of innovation entrepreneurship and in the process of innovation product commercialization it should obtain the added cost (profit). The noticed economic mechanism shows the actualization of innovation activity as an environment for promotion of scientific and productive potential. Desire to promote the innovation activity in Ukraine makes the scientists and experts look for the efficient incentives and ways of innovation processes implementation, taking into consideration the relevant innovation policy. Let us consider the opinions of some scientists on this matter.

In Ukraine, as A. Chukhno noticed [1], that financial crisis is one of the key problems. For example, the building boom was connected with the fact that over the period of 2007–2009 mortgage credit lending grew very fast and exceeded the rates of growth of economic crediting thrice. If in 2005, the amount of additional provision of crediting came to the half of the state budget income, in 2008 the amount of additional provision of crediting exceeded state budget income and in 2009 the annual increment of crediting exceeded the total income of budget of all levels.

The priority-oriented object of financing became the sphere of commerce and maintenance (as of the beginning of June, 2009) (UAH 154 billions, 21,6 % of the total volume), consumer lending (21,4 %) and especially real estate lending – UAH 170,7 billions, which exceeded the volumes of crediting of industry, building industry, transport and communications, put together [2, p. 8].

Decline in production caused the reduction of surplus and additional value, which in its turn, reduced the budget revenues and augmented the budget deficit. If its admissible rate is 3%, in 2009, in accordance with the Budget Law of that year, the deficit was 7,5%, in other words UAH 31 billions. UAH 44 billions channeled for bank recapitalization should be added to the officially admissible deficit in 2009 in the amount of UAH 31 billions. As a consequence, it amounts to UAH 75 billions, and considerably burdens the budget and its implementation [1, p. 8–10].

Banking system of Ukraine is also in difficult position. It was completely depended on external crediting. Foreign capital in the banking sector became the main factor of rapid growth of Ukraine's external debt: its volume increased from \$ 30,6 billions at the beginning of 2005 to \$ 102,4 billions in 2008, 3,2 times as much. Unjustified accumulation of total external debt put the country under jeop-

ardy of corporate default. As a result, National Bank of Ukraine sharply increased banks' refinancing. Over the period of 2008 it reached UAH 170 billions, in other words 3/4 of the amount of state budget revenues [2, p. 13].

All the mentioned facts caused the slowdown of innovation processes in Ukraine. Analyzing the organizations, dealing with scientific and technical works, we can speak about the growth of their number over the period from 1991 to 1995 (for 109 (8,11 %)) and about their decrease over the period from 1995 to 2010 (for 49 (3,37 %)).

In 2008, 1397 enterprises or 13 % of examined enterprises (in comparison with 1472 or 14,2 % in 2007) practiced innovation activity in production sector. Processing industry, namely the enterprises, dealing with coke industry and refined products takes the biggest share of innovation activity (34 % of examined enterprises of the given branch), likewise machine-building industry (21 %), chemical and petrochemical industry (20 %), metallurgical production and industry of metal structures and other metal products (14 %).

Summarizing the facts, concerning the mentioned process, P. Bubenko and V. Husiev [4] defined such components as identification of two types of activity: innovation and scientific and technological. Significant identification of those types of activity is connected with the fact, that the engineering approach to the processes of development is still dominant in Ukraine. This approach supports such point of view, that «science can do everything» (if it is properly financed). What about science and technology, they are more and more internationalized in the global world and less depend on countries and their territories, migrating across the borders with the information flows, industrial equipment and proprietary articles etc. [4, p. 31]. The mentioned above scholars noticed that the principal entities of innovation activity are employers but not scholars and engineers, who create knowledge, or mediators, who commercialize that knowledge, or state institutions, specifying the rules of the game at the market and financing some pioneering stages of innovation cycle [4, p. 33-34]. The conclusion is the next: we have no effective system of knowledge commercialization, the main entities of which are employers. As a consequence, the noticed scholars admitted that it is possible to build a distinct system of commercialization if there are a rejection number of employers, able to state a request on such system likewise all necessary conditions for its fulfillment. And only after that we can expect the development of effective innovation infrastructure and emergence of innovation legislation. [4, p. 34].

Such opinions of the mentioned scholars contradicts to the economical logics of economic and innovation activity, supplementing each other, integrating into the innovation process and creating under their influence the production of new generation. It also contradicts to the process of combination of human resource and intellectual assets in the economic and innovation activities. Human resource and intellectual assets are transformed and become an intellectual capi-

tal and together with the fixed and variable capital constitute the innovation product in the process of production.

Scholars A. Stepanov, N. Honcharova and H. Androshchuk believe that the innovation business – is first of all interruptible connection of all components of innovation cycle under commercial principles [5, p. 53–54].

From the point of view of A. Sydorov and H. Anisimova, transformations in the innovation sphere speak about the absence of distinct organization and balance of process of scientific and technological development as well as availability of process, which is inverse to the process of innovation knowledge integration [6, p. 21].

As we can see, scholars' admonishments speak about the problems while organization and implementation of innovation activity. Each component of that process require careful examination, taking into consideration the peculiarities of real actions of employers-innovators and innovation entrepreneurship. The question referring to the system of innovation detailed study is timely not only from the theoretical point of view but also from the viewpoint of choosing of specific ways for Ukraine's development.

Problem definition. It is necessary to define what is needed to improve the innovation activity in Ukraine as an environment of scientific and productive work under conditions of globalization in the world economic development.

Results. For historical reasons, Western Europe (and a little bit later Canada, USA, Australia and Japan) became the leader of nationalization of economic life in the second half of the XX century likewise globalization of economy and regional integration. During the first 16–18 centuries of the new era, that group of countries, called nowadays «the West», according to the level of their development varied little from other countries of the world, if take into consideration such criterion as per capita GDP.

The investigated aspect in the experimental science was especially important for the West. It became the main condition of technological advance speed-up. Structural changes, which dispose restrictions at the markets, free purchase-sale of property, success in corporations and accounting control establishment, likewise formation of confident financial institutes – all these facts promoted the reduction of risks and entrepreneurship development. In contrast, in another part of the world, ownership relations as well as other social institutes were traditionally aimed at defense of social and clannish priorities, social equilibrium support. Those institutes did not allow independence concerning individuals likewise encouragement of innovations and risk social changes.

As a result, in XVIII–XIX centuries at first Western Europe and then another countries of the West could reach considerable technical advance, labor productiveness growth, dynamic development of international trade, engagement of natural resources from other countries to the own economic turnover. All the

above mentioned caused the increase of prosperity in the countries of the West. In England, for example, labor productiveness (GDP calculatingly for one hour of labor time consumed), over the period from 1700 to 1890 increased 3,5 times as much, and over the period of next 100 years, from 1890 to 1989 – 6,5 times as much. Correspondingly, income per capita increased as well: 3,1 times as much and 4,9 times as much. The other countries of the world advanced very slowly. If in the West the average income per capita over the latest thousand years increased 49 times as much, in the other countries of the world – only 7 times as much. Explosion between the levels of technological and economic development and correspondingly per capita income in the West and another countries up to 70-s of the XX century continued to increase steadily.

Human emancipation, encouragement of human creative work, warranty to enjoy the fruits of labor coupled with market system of management opened in Western Europe, USA and other countries an unflagging source of permanent innovations in technological sphere, management and marketing. The West did not only led the van in the world economic commonwealth but also turned to advantage the natural resources and low-paid manpower of all mankind. At first, by means of rude military violence, establishment of colonial empires, forcing of conquered people to pay a tribute but after that, according to the establishment and development of capitalism in monopolies, more and more on the basis of efficient differentiation of labor among industrial metropolis and agrarian and raw material colonies and semi-colonies taking into consideration absolute and relative advantages of each party.

In such a way, the structure of international distribution of labor is permanently modernized, by means of transferring of labor-intensive, material intensive, energy-intensive stages of the real sector of economy. Globalization, covering all regions and sectors of the world economy, fundamentally changes the relationship between internal and external factors of development of domestic economies to the good of the first mentioned.

The notion «globalization» is widely used in economic literature; it is quite difficult to explain it from conceptual and practical point of view. Globalized processes are very controversy.

Professor of sociology from California (USA) Manuel Castells considered globalization as «new capitalistic economy», He defined such features of globalization as: information, knowledge and information technologies are the main sources of productiveness and competitiveness growth; that new economy is organized through the network structure of management and production but not through the individual firms in the same way as before [7].

M. A. Shepelev in the monograph «Global world, ORDO NUOVO and new political science» noticed that «word globalization» takes on enormous significance and becomes similar with such notions as «history», «culture», «civilization», «modernity», «progress» etc. Globalization of the world economy, politics

and culture became the overarching theme of international studies at the suggestion of American scholars in the end the XX century» [8].

N. V. Stukalo in the monograph «Globalization and development of Ukraine's financial system» mentioned: «In accordance with complex approach, globalization is a complex geopolitical geoeconomic and geocultural phenomenon, which strongly influence upon all sides of social vital activity [9]. Professor I. I. Dakhno also defines globalization as: «objective phenomenon of the modern world, in other words it does not depend on subjective desires, likes and dislikes. Globalization is a movement of humanity to the formation of integral global civilization. Economic factors are in the basis of this movement: «globalization of economy means that state boundaries and distinctions between world financial markets has lost their former importance» [10].

M. Holovaty in conceptual and terminological dictionary defines the notion globalization as: «Process of goods, services, capital, and work force exchange going beyond the state boundaries, assuming a form of permanent and firmly increased intergovernmental economic integration. Globalization is connected with the complex of urgent, vital world human problems, in order to solve them; we need to join together efforts of all nationalities and states» [11].

Methodology of globalization processes determination is based on economic approaches at the different levels of economic management. S. I. Sokolenko defines the notion of globalization in the monograph «Global markets of the XXI century. Challenges for Ukraine» as «the principal indicator of company's globalization is international diffusion of sales proceeds and capital assets, intra-company semi-product, finished goods trade and intra-company flows of technology... globalization at the level of individual industry is defined by the degree of company's competitiveness inside the branch in the one country is interrelated with its competitiveness in another country ... globalization at the level of separate country is specified by the level of interdependence of its economy and the world economy at all... globalization at the world level is defined by increased economic interrelations among the countries» [3].

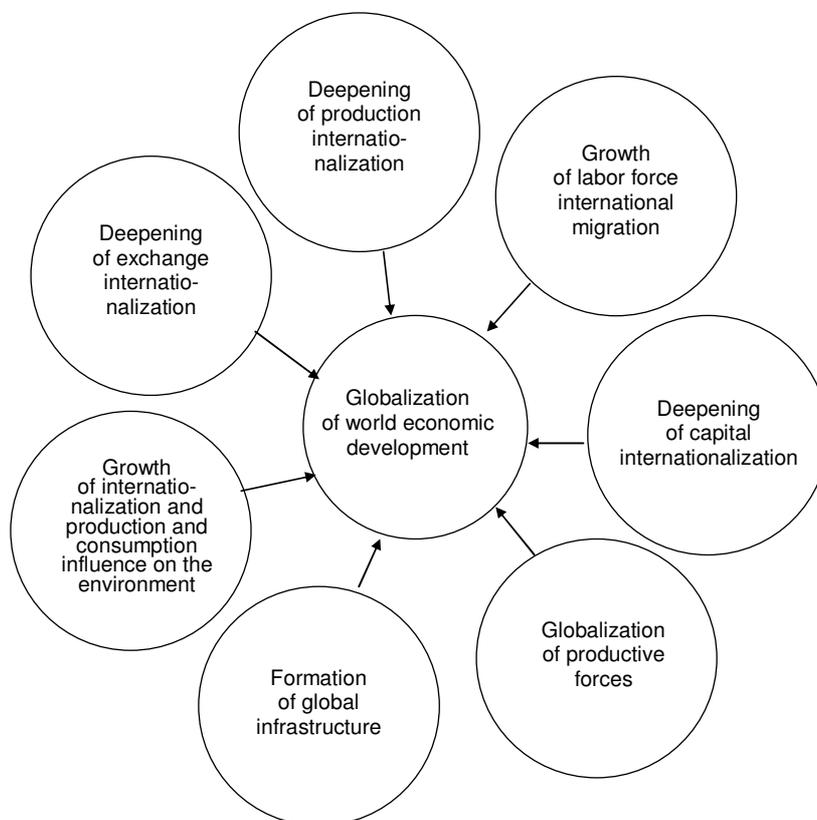
Modern globalization of world economic development is expressed on such processes (figure 1).

It is necessary to create a common global world economic legal information cultural space for free effective entrepreneurship activity of all economic entities, create a united global market of goods and services, capital, labor force, economic convergence and unification of certain countries into united world economic complex.

Globalization of economy comprehends all aspects of production and exchange, likewise service industries. It expands not only financial markets, information flows, goods and services markets, but also production factors markets – of capital and labor.

Figure 1

Components of globalization of world economic development



World economy is gradually transformed into some kind of system of joined vessels, where the international capital flow and labor services are defined by the difference in income level (profit on capital and amount of remuneration) in the various parts of that system. Capital and labor overflows from regions with low level of income into regions with high level of income [12].

Conclusions. To make a conclusion, we should say that scholars' opinions on development of innovation activity should be considered from the perspective of formation of environment in the economy of Ukraine, favorable for economic and productive work.

Variety of approaches attached to this problem speaks about the efforts, concerning new positions in conditions of globalized processes of world economic space as well as complicated questions concerning innovation entrepreneurship and its components.

On our opinion, globalized innovation processes in the economy of Ukraine can be described as intensification of interdependence among different spheres and processes of the world economy, which are expressed in the gradual transformation of the world economy into the single market of goods and services, capital, land, labor force, information and knowledge.

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