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ANALYSIS OF INNOVATIVE ACTIVITY IN UKRAINE

Introduction. Due to Ukraine’s European choice in a highly competitive environment, it has become urgent to form and implement an innovative model of economic development, which should provide high and sustainable economic growth, solve some of the problems related to the quality of life, ensure the competitiveness of the the national economy, and increase domestic exports in the global market. However, economic transformations have not made the innovative way of development one of the main characteristics of Ukraine’s national economic growth.

Review of recent publications. The problems of Ukraine’s innovation policy, its major challenges and ways to overcome them have been studied by such scientists

as R. Mann, J. Schumpeter, N. Andreiuk, L. Fedulova, V. Lavruk [4], Ye. Maslennikov [1], A. Poberezhets, M. Tarasiuk, M. Yokhna [3], R. Zadorozhnyi and others. They have covered the imperfections of Ukraine's innovation policy; nevertheless, innovative activity and systems of stimulation and finding ways to reach the level of international experience are still under discussion.

Objectives of the paper. The paper aims to study international innovation policies and carry out a comparative assessment of innovative activity, identifying key problems that hinder the economic multiplicative growth of Ukraine's national economy.

Results of research. Integrating into European society and making its economy comply with international standards, Ukraine should take into account the nature of exports of the advanced economies – a large share of services in the structure of exports and their high added value. The EU, US, Republic of China, Japan and many other countries are investing significant financial and human resources in the innovative development. In this way they form cash flows, the flows of information and innovation which are the key factors of the innovation-driven system.

Although the Ukrainian government has legally approved a list of innovation priorities, innovation policy in the state is rather blurred. To increase the efficiency of budget expenditures, the government should reduce the list to 2-3 points. Furthermore, less than 1% of GDP is allocated to R&D, so Ukraine cannot afford to finance all these priorities. However, as international experience shows, a tangible result can be achieved if investments in research account for at least 3-4% of GDP.

Of special interest are a number of methods facilitating the analysis and the assessment of the country's innovative development.

First, investment is made in research and development. Next, the practical research results should be implemented in private enterprises in cooperation with highly-qualified company's staff. Finally, the evaluation of these three factors would allow making a full assessment of the state regulation of innovation sector.

The data in Figure 1 show that the dynamics of innovation among Ukrainian enterprises is negative – a number of companies in all areas of study, except for humanitarian, noticeably reduced. This is connected with adverse conditions in the field of scientific and technological progress and scientific research. The level of innovation among small and medium-sized business is directly related to governmental activities in the R&D sector and is a driving force for the development of the national economy.

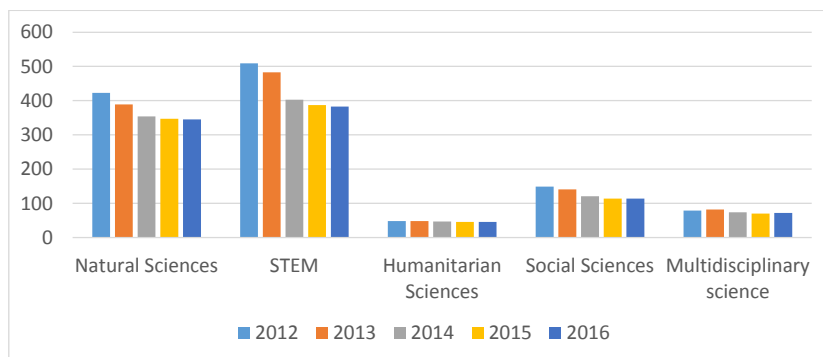


Fig. 1 Distribution of organisations involved in innovative activity (by branches of science)

Source: created by the author based on [2]

Information and communication technology industry is suffering severely, because the level of its domestic developments does not comply with the world standards. The volume of necessary investments in the development and support of modern technological level of high-tech products is so high that their absence has led to the complete degradation of specific industries, and the fall in demand for this type of production and, as a consequence, its displacement from the domestic market. The short life cycle of western innovations coming to Ukraine does not boost the competitiveness of Ukrainian enterprises. Developing an innovative economic model is possible only with the active support at the state level to stimulate the development of fundamental science and the creation of long-term motivation.

The main reasons for inefficient innovative activity at enterprise are the lack of funds (11.7%) and lack of innovation opportunities (7.4%). It should also be noted that the majority (61.9%) of enterprises do not see a compelling reason for the integrating innovation policy at enterprise because of the paucity of government stimulation of innovation activity at enterprises and a scarce government innovation in the field of scientific research and strategic industries businesses.

Particular attention should be paid to the fact that Ukraine has a considerable scientific and technological potential. Therefore we should prevent further economic development from being hindered by poor regulatory framework. In general, the process of the emergence of high tech (innovative) products on the market consists of three components:

1. Government investment in research and development.
2. Examination and test of new technologies.
3. The emergence of new products with higher added value, which is characteristic of highly developed countries with high levels of innovation.

It should also be noted that the government should apply a minimum of rigid control tools thus significantly increasing the freedom of development for SME's. State regulation should only be used as a catalyst for all research processes in the

country to attract investment, both domestic and foreign. Maximum approach to a free market in such a situation will foster the development of the innovative integration of business at all levels, but now unfair competition along with the corruption of the state apparatus occur too frequently.

Conclusion. The study evidences that the innovation policy of Ukraine is less developed than in more advanced countries. Moving towards European integration, the state will inevitably have to make a number of significant changes both in its legislation and economic development strategy. Due to the fact that innovation strategy consists of two equally important parts – planning and implementation, the improvement should take place uniformly in each part, covering methods and tools of economic activity planning, replacement of classical approaches as well as an increase in investments in various long-buyback-period projects in a scientific field – research and development, education, programmes etc. Innovation is undeniably an important area, especially in today's competitive markets. To be competitive in the global markets, a state must comply with the overall level of quality and technology, so Ukraine needs to raise the level of innovation through radical changes, which would result in private entrepreneurs' voluntary innovation of their activities.

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