

## INNOVATIVE DEVELOPMENT OF UKRAINIAN ECONOMY ON THE BASIS OF ITS HIGH-TECH MODERNIZATION

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### **Key words:**

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For today, the leading position is occupied by those enterprises that are innovative and active and use all available resources effectively. Innovation and modernization in general will be a key factor in the success of any enterprise. This paper explores the essence of the concept of "modernization"; the main components of this phenomenon are identified: modernization of economy, state and public relations. The main purpose and problems of modernization are substantiated, the main forms of this process are considered, such as: primary or endogenous modernization; Secondary or catching up modernization and modernization of post-communist countries. The concept of "effective economy" is considered and analyzed. Also, proposals have been formulated to intensify the processes of modernization of the Ukrainian economy. The dynamics of investment-active enterprises in Ukraine and the total amount of expenditures by directions of innovation activity of industrial enterprises are analyzed. The main features of modernization have been structured and considered taking into account the innovative development of economic entities, regional and state economies. The necessity of carrying out innovative activity for successful development of the economy of the country is established. Types of economic modernization are expanded through innovative activities aimed at innovative development of economic entities, regions and the state. The structure of economic modernization is systematized as a complement to the component of innovative development, which will ensure not only the stability of the economy of the state, regions and enterprises, but also its growth. Suggestions are made to improve the processes of modernization of the economy, which envisage innovative development in order to ensure the competitiveness of the country's economy.

## ІННОВАЦІЙНИЙ РОЗВИТОК ЕКОНОМІКИ УКРАЇНИ НА ЗАСАДАХ ЇЇ ВИСОКОТЕХНОЛОГІЧНОЇ МОДЕРНІЗАЦІЇ

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### **Ключові слова:**

модернізація, складові модернізації, інноваційна діяльність, динаміка.

Сьогодні лідируючі позиції займають ті підприємства, які є інноваційно-активними та ефективно використовують усі наявні ресурси. Інновації та модернізація загалом є ключовим фактором успіху будь-якого підприємства. Досліджено сутність поняття «модернізація»; визначено основні складові цього явища, до яких входять модернізація економіки, держави та суспільних відносин. Обґрунтовано головну мету та проблеми модернізації, розглянуто основні форми цього процесу, такі як первинна або ендогенна модернізація; вторинна або наздоганяюча модернізація та модернізація посткомуністичних країн. Розглянуто та проаналізовано поняття «ефективна економіка». Сформульовано пропозиції щодо активізації процесів модернізації економіки України. Проаналізовано динаміку інвестиційно-активних підприємств в Україні та загальний обсяг витрат за напрямками інноваційної діяльності промислових підприємств. Структуровано та розглянуто головні ознаки модернізації з урахуванням інноваційного розвитку суб'єктів господарювання, економіки регіонів та держави. Установлено необхідність здійснення інноваційної діяльності задля успішного розвитку економіки країни. Розширено типи економічної модернізації через здійснення інноваційної діяльності, що спрямована на інноваційний розвиток суб'єктів господарювання, економіки регіонів та держави. Систематизовано склад

модернізації економіки як доповнення складового інноваційного розвитку, що забезпечить не лише стабільність економіки держави, регіонів та підприємств, а і її зростання. Внесено пропозиції щодо покращення процесів модернізації економіки, які передбачають інноваційний розвиток для забезпечення конкурентоспроможності економіки країни.

### Statement of the problem

Today the economy of Ukraine is in deep crisis, which is confirmed by the recession of the main economic indicators of the country. This crisis goes far beyond the financial and economic sphere, the economic downturn, the volatility of the banking system are all components of the crisis that is increasingly absorbing Ukraine. The current economic crisis extends to almost every aspect of life, becoming systemic. Since the crisis is not systemic in nature, it is systemic in nature, and its roots lie in the general social woes, in particular in the total mistrust that prevails in the modern world, to overcome it is to modernize society as a whole.

One of the components of a society's modernization, which aims to bring the country to a new level of development and eliminate the crisis at the systemic level, is to modernize the economy.

Thus, in order to maintain a competitive position in the world market, a post-industrial breakthrough is needed, which is based on the modernization of its economy. Ensuring such a modernization breakthrough is fundamentally relevant for Ukraine, which is facing the challenge of integrating into the world market as a full partner of the leading powers.

### Analysis of recent studies and publications

The problem of modernization of the economy and its components has been at the center of scientific and socio-political discussions in Ukraine in the last decade. Many scientific works of national scientists are devoted to the problems of research and analysis of the processes of modernization, as well as the development of state strategies. K.O. Buzhimska in her work [1] explored technological changes and structural transformations of the country's economy, as components of economic modernization. N.I. Obushna in her work [2] considered the main features of the modernization process. In her

works [3-4] E. M. Libanova considered modernization as part of a comprehensive process of modernization of society and explored the social problems of modernization of the economy in Ukraine

### Objectives of the article

The objective of this work is to study the current state of the Ukrainian economy and identify promising ways of its development.

### The main material of the research

Upgrades mean improvements to meet modern requirements. The term in English means "modernization" and implies the introduction into society of the features of modernity. Modernization is the process of improving existing systems, methods, procedures and technologies to improve their efficiency and reliability, and is one of the important areas for improving technical and economic indicators, enhancing intensive development and increasing production efficiency [1].

Considering the point of view of scientists on the modernization of the economy, we propose to consider it further as a process of updating the systems, methods and tools of managing the activity of the enterprise, the effective use of all its available resources. Modernization is a cumulative, gradual, progressive process of political, economic, social and cultural-psychological development capable of providing a post-industrial breakthrough. It is a complex process and is carried out in all constituents of the state, because it is impossible to improve one sphere of the country without improving all others.

Modern structural-functionalist theory describes the main features of modernization as changes in modern society (Table 1).

Thus, according to structural-functionalist theory, the main features are the transition from obsolete values, which do not satisfy society and do not meet the standards of development to newer more modern ones.

Table 1 - Main features of modernization in modern structural-functionalist theory [2]

MAIN SIGNS OF MODERNIZATION			
Contrast modern society with traditional, which impedes economic development.	Development through evolutionary stages, identical to all societies.	Existence of modernizing elites and groups within society or modernization from the outside by the introduction of capital, institutions, models of socialization and education.	Overcoming and changing traditional values that are unfavorable to social change.

As Ukraine is currently in a state of global crisis, which is not systemic in nature but financial and economic, its roots lie in the general social problems, in particular, in the total mistrust that prevails in the modern world, its overcoming is due to the modernization of everything society.

The components of this process are the modernization of the economy, the modernization of the state, and the modernization of public relations, and the combination and interaction of all three subjects makes it impossible to

influence any one component without adequate action in other spheres [3].

Modernization is a revolutionary process because it involves dramatic changes in almost all institutions, systems and structures of society. At the same time, changes in one component of social development lead to transformations and other components and eventually lead to holistic systemic shifts. Usually, at least 3 forms of modernization are distinguished [4]:

1) primary or endogenous modernization - a theoretical construction that encompasses various socio-cultural shifts during industrialization and the formation of capitalism; it is associated with the destruction of past, first and foremost, hereditary traditions and traditional lifestyles, the proclamation and realization of equal civil and other rights, the establishment of democracy. The ideology of primary modernization is based on the fact that the industrialization and development of capitalism, by virtue of its prerequisite, has individual freedom and autonomy, and the extension of its sphere of rights. Primary modernization is thought to be inherent in advanced societies that have gone this route on their own;

2) secondary or catch-up modernization encompasses the socio-cultural changes occurring in less developed countries, which are delayed with these transformations, but implement them in the presence of appropriate models of social organization and culture, using the experience of developed countries;

3) modernization of post-communist countries, which has its own distinctive features related to the "modernization" of economies that are at the middle level of industrial development, sufficiently urbanized, with a fairly high level of education of the population, with an extensive system of social protection, etc.

Modernization of the economy means structural, technological, institutional changes in the national economy, aimed at improving its competitiveness and ensuring its development in the long run. The purpose of such modernization in Ukraine is to build an efficient market economy.

It is necessary to consider in more detail what is meant by an efficient economy today.

First, the social dimension must be taken into account when determining effectiveness. Technically, manufacturing can be highly profitable with low wages. It is also possible to have a limited group of modern, highly productive enterprises in the country that can provide their workers with a high level of well-being and at the same time create a situation where

there is neither a job nor a chance to get a job for the majority of the population.

Secondly, if efficiency is understood only as a ratio of output to cost, the Soviet planned economy can also be called effective. If the economy does not develop at high volumes of profit, does not increase its technical level, does not diversify and adapt to changing conditions, and competitiveness is supported by, for example, low labor costs, how effective is this type of management?

Third, it is important how free a person is employed in this economy, because freedom, legal and minimum social protection is a precondition for the realization of the enormous resources invested in the natural human need for self-realization.

Based on the above, we can conclude that economic growth is possible without economic development, which has been observed in Ukraine in recent years.

The task of Ukraine is to carry out high-tech modernization of all sectors of the national economy, to move to an innovative model of development.

Modernization is a process of improvement and "modernization", and therefore it is also the introduction of some innovations, i.e. systematic and purposeful innovation aimed at ensuring a new level of interaction through the use of new scientific, economic or scientific and technical knowledge.

The development of the Ukrainian economy is not possible today without innovative activities. Innovations are aimed at partial renewal; their main feature is the rapid results in relatively short payback periods. Innovative development is one of the determining factors for increasing the efficiency of the enterprise, improving the quality of products, economical and profitable use of natural resources, preventing the environmental consequences of industrialization. Since the process of modernization is closely linked to the introduction of innovation, it would be advisable to analyze the volume and direction of costs that were directed to innovation processes in Ukraine in previous years (Fig. 1) [5].

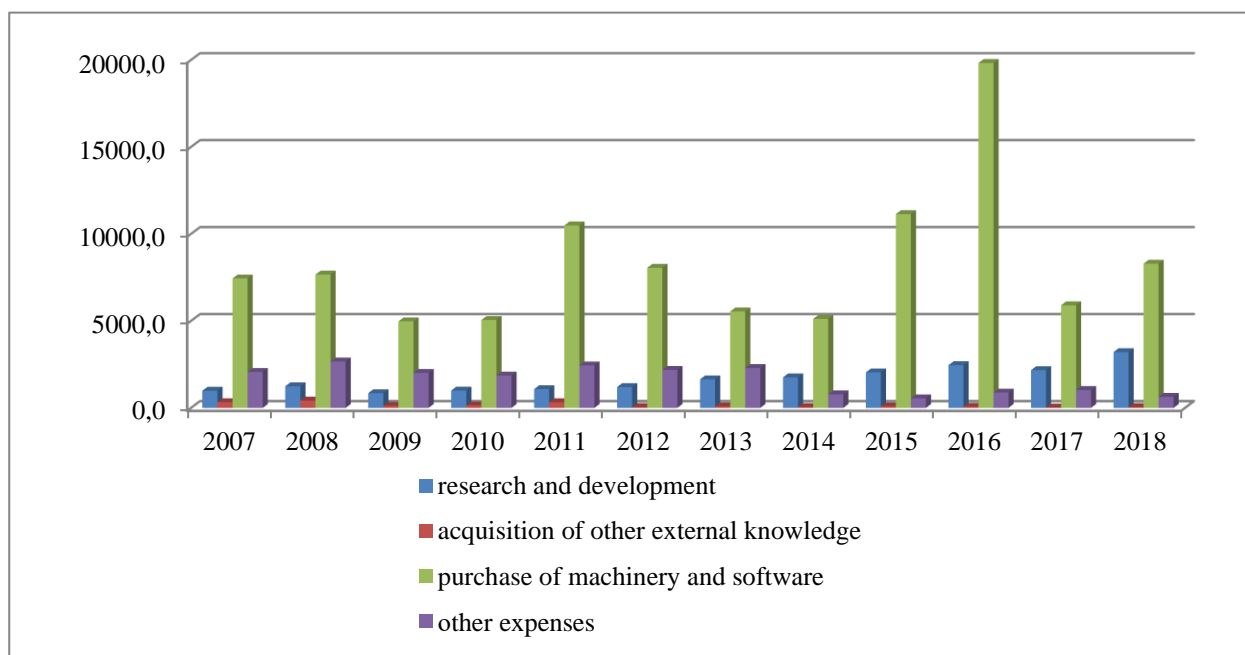


Fig. 1. The total amount of expenditures in the areas of innovation activity of industrial enterprises

According to Fig. 1 it can be noted that the largest amount of investment is spent on the purchase of machinery and software, in the second place there are other costs. Investments in the innovation process have intensified since 2007, before that the process was in a state of stagnation, and the investments had a small amount.

Also, one can consider the number of investment-active enterprises in Ukraine today (Fig. 2).

If we analyze the share of innovation-active enterprises in the territory of Ukraine, it can be noted that the number of innovation-active enterprises in industry has declined sharply since 2015 (by 48.8% compared to 2014), and the proportion relative to the total number is variable (Fig. 2).

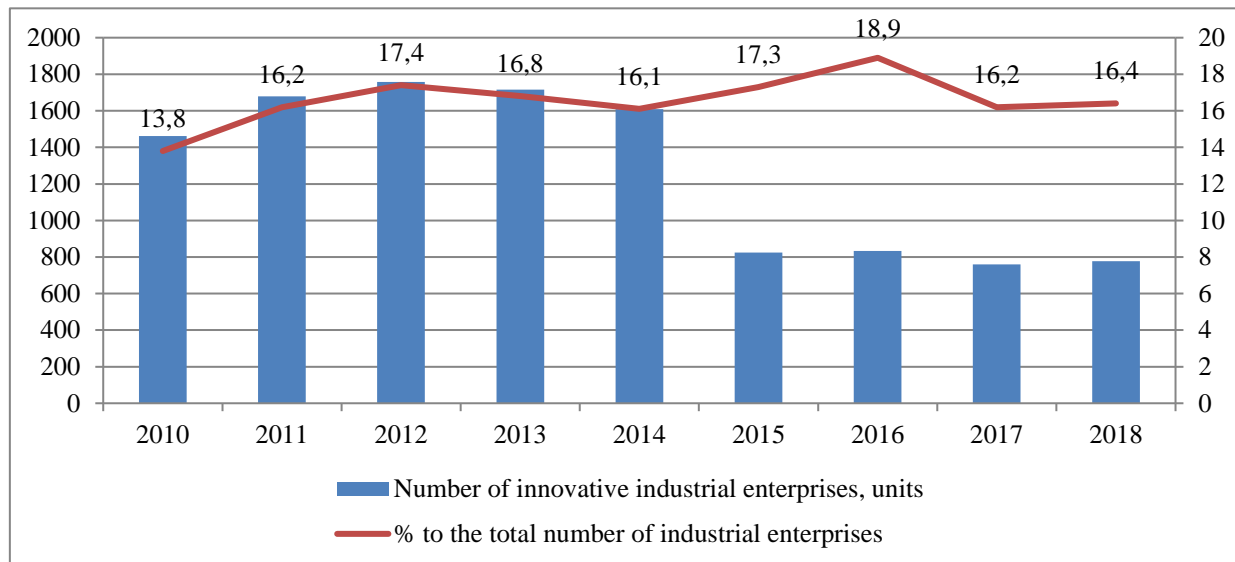


Fig. 2. Number of innovative enterprises [6].

In 2014 and 2017, there is a decline in the share of innovatively active enterprises, which was a consequence of the crisis in the economy, but further increases. It should also be noted that, among those innovative enterprises, only a fraction actually introduced innovative products and services to existing markets. From fig. 2 shows that in 2018 the absolute number of enterprises engaged in innovation activity decreased by 47%.

Modernization processes must be innovative, use the latest technology and provide an innovative way for the organization to grow. The openness and accessibility of information in today's world creates all conditions for borrowing best practices and implementing them in your own organization.

Given all the above, we can conclude that strengthening national competitiveness can be achieved through a deep, consistent, systematic policy of modernization of the domestic economy. Many domestic economists and governmental structures are inclined to do this, and the task that the leadership of our country faces is to create the conditions for modernization and technical re-equipment. The state modernization strategy should also be supported national manufacturer and a competent export strategy that will bring about positive change in the short term.

The transformation of Ukraine into a highly developed state implies a change in the economic course of the country, which requires the state to strengthen its economic function on a new basis and to implement large-scale measures to ensure the modernization of the economy. Successful modernization of the economy is the key to the country's dynamic and democratic development, which should reduce Ukraine's backwardness from the developed countries of the world and lay the foundation for a continuous economic renewal in the future.

The final qualitative result of economic modernization should be a real narrowing of the gap between Ukraine and the advanced market economies. An indicator of the success of such a process should be the reduction of Ukraine's per capita income (GDP) gap from developed countries and the growth of the Human Development Index.

Today, Ukraine has the task of implementing a high-tech modernization of all sectors of the national economy, moving to an innovative model of development.

Therefore, in order to be successful in improving and modernizing the country as a whole, it is necessary to first put into order the individual constituents of the state, since modernization is a complex process that involves, if not simultaneous, the gradual improvement of all constituents of the state.

### Conclusions

As a result of the research we can conclude that today the social development of the modern world is under the sign of modernization. The process of modernization is complex and systematic, covering all spheres of social, political and economic life of society. This process is accompanied by transformation of tools and methods of development and technological progress.

Regarding the modernization of economic processes, it can be noted that as a result of the analysis of the available data, in order for Ukraine to occupy a high place in the hierarchy of world leaders, it is necessary to modernize its economy, which will provide a post-industrial breakthrough and help to reach the level with the developed countries, and the purpose and result of such modernization will be to build a socially efficient economy.

As the economy develops and the living and working conditions of the people improve, the role and importance of human capital, intellectual and social capital will grow

rapidly, transforming them into a powerful factor in economic and social development.

Therefore, for Ukraine, successful modernization of the economy is the key to dynamic and democratic

development, which should lead to reducing the economic backwardness of the country from the developed countries of the world and to lay the foundation for a permanent economic renewal in the future.

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