

INNOVATIVE ASPECTS OF THE ECONOMIC DEVELOPMENT OF SMES: EXPERIENCE OF THE EU AND UKRAINE

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Abstract. Innovations and their use in the competitive struggle, both at the level of national economies and at the level of enterprises, are undoubtedly becoming the main driver of development in modern conditions. This goal can only be achieved through a profound technological re-equipment of scientific, technical and productive potential, which requires an intensification of investment activity in the economy. The latter is a necessary condition for ensuring sustainable growth and strengthening the competitive advantages of national economies in global markets through their modernisation and technical reconstruction. That is why, at the present stage, the only way to develop the world economy to meet the global challenges and increase the level of international competitiveness is to create an innovation and investment economy. However, many factors hinder such development in European countries, and certainly in Ukraine. It is particularly difficult to implement innovations in the small and medium-sized business sector. The reasons for this gap include the low interest of the financial sector and large companies in financing small and microenterprises, underdeveloped mechanisms for cross-sectoral capital flows, and weak levers to stimulate the introduction of high-technology, high-cost innovations for small and microenterprises. As a result, innovation does not become a means of enhancing the competitiveness of the economy. The purpose of the article is to summarise theoretical approaches and practical aspects of determining methods and instruments of regulation of economic development of innovations in the sector of small and microbusinesses in Ukraine. The article is also aimed at a comparative analysis of foreign experience of state regulation of modernisation transformations in the economy on an innovative basis and at making proposals for their implementation in Ukraine. This study uses the methodology of interdisciplinary science. The theoretical underpinning is based on the content analysis of research by scholars from different countries, the integration of interdisciplinary knowledge and the integration of heterogeneous characteristics into one system. This has allowed certain results to be formulated, substantiated and conclusions to be drawn. In particular, the comparative analysis of the development of innovation in SMEs, the identification of trends in the development of small and microenterprises in Ukraine under martial law, the determination of the role of innovation in the post-war economic recovery of Ukraine, and the consideration of methods of regulating the implementation of innovation in SMEs in the EU. The global paradigm of the European Union's "new innovation perspective" is that by implementing active policies to promote innovation and new knowledge, EU member states are contributing to the fact that regional policy, which used to be redistributive in nature, is increasingly taking on the features of a structural innovation policy. The synergistic effect is achieved by combining the member states' own national innovation strategies and their participation in supranational, pan-European innovation programmes. At the same time, a feature of recent years is that the EU supranational institutions prefer to assist regions not through direct funding, but by motivating the development of their innovation infrastructure as part of the development of innovation policy. The development of innovative activities should become a tool for strengthening cooperation with other countries and Ukraine's entry into the global innovation community. Participation in international innovation programmes, projects and conferences will facilitate

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the exchange of experience and technologies between countries, as well as attract foreign investors to Ukraine. Cooperation between the state, business and research institutions will be the basis for creating an innovative ecosystem in Ukraine. Efficient use of national resources and potential, attraction of talented professionals and start-ups, which will contribute to economic development and improve living standards, will ensure the creation of a favourable environment for innovation activities of small and microbusinesses.

Key words: innovation activity, institutional support, economic environment, global innovation index, EU innovation paradigm, small and medium-sized business, war in Ukraine, innovative modernisation.

JEL Classification: O31, O33, E22, F01, F42

Introduction

Innovations and their use in the competitive struggle, both at the level of national economies and at the level of enterprises, are undoubtedly becoming the main driver of development in modern conditions. This goal can only be achieved through a profound technological re-equipment of scientific, technical and productive potential, which requires an intensification of investment activity in the economy. The latter is a necessary condition for ensuring sustainable growth and strengthening the competitive advantages of national economies in global markets through their modernisation and technical reconstruction.

That is why, at the present stage, the only way to develop the world economy to meet the global challenges and increase the level of international competitiveness is to create an innovation and investment economy. However, many factors hinder such development in European countries, and certainly in Ukraine. It is particularly difficult to implement innovations in the small and medium-sized business sector.

The reasons for this gap include the low interest of the financial sector and large companies in financing small and microenterprises, underdeveloped mechanisms for cross-sectoral capital flows, and weak levers to stimulate the introduction of high-technology, high-cost innovations for small and microenterprises. As a result, innovation does not become a means of enhancing the competitiveness of the economy (Rodryk, 2020).

The purpose of the article is to summarise theoretical approaches and practical aspects of determining methods and instruments of regulation of economic development of innovations in the sector of small and microbusinesses in Ukraine. The article is also aimed at a comparative analysis of foreign experience of state regulation of modernisation transformations in the economy on an innovative

basis and at making proposals for their implementation in Ukraine.

This study uses the methodology of interdisciplinary science. The theoretical underpinning is based on the content analysis of research by scholars from different countries, the integration of interdisciplinary knowledge and the integration of heterogeneous characteristics into one system. This has allowed certain results to be formulated, substantiated and conclusions to be drawn. In particular, the comparative analysis of the development of innovation in SMEs, the identification of trends in the development of small and microenterprises in Ukraine under martial law, the determination of the role of innovation in the post-war economic recovery of Ukraine, and the consideration of methods of regulating the implementation of innovation in SMEs in the EU.

1. Research Methodology

1.1. Methodology for the Study of the Formation and Development of the Implementation and Use of Innovations in the SME Sector in Ukraine and the EU

In each country, the main aspects of SME innovation development and its impact on the economy were studied, as certain trends in each country are determined separately depending on socio-economic characteristics. Fundamental works: F. Agnioni, M. Kondratiev, J. Cook, R. Solow, B. Twiss and J. Schumpeter are devoted to determining the role of the impact of innovations on economic development in general and on the formation of state instruments for regulating and intensifying innovative development. The next stage was the study of the formation of innovative strategies and investment development strategies, carried out by such scholars as P. Drucker, G. Mensch, R. Foster, F. Hayek, etc. Among Ukrainian scientists who

have studied the problems of innovation development, the following should be noted O. Amosha, B. Burkinsky, Y. Zhalilo, S. Llyashenko, O. Lapko, B. Malysky, L. Fedulova and others. The issues of financing, grants and other government support for innovation, emerging risks and methods of mitigating them are the subject of works by outstanding scientists, including B. Martin, J. Irwin and F. Ladd, K. Savenko, etc.

Many scientists, such as O. Nosova (2021), M. Curie (2023), M. Landesmann, R. Stollinger (2020), as well as experts from the European Commission Edquist C. (2006), K. Szopik-Depczyńska, K. Cheba, I. Bak, A. Kedzińska-Szczepaniak, K. Szczepaniak, G. Loppolo (2020), have devoted their work to the development of innovation policy and the potential of the European Union as one of the main players in the global economic arena.

Caramello M., Campi G., Di Mario C., Lai F., Torbol P. (2020), O. Levkivsky, A. Kozlov, T. Pysarenko, T. Kvasha, O. Kovalenko and others have analysed the peculiarities of innovation activity in Ukraine within the framework of international ranking programmes and the development of European integration. However, the nature of innovation processes is so dynamic, turbulent and simultaneous that there is a need to constantly analyse and research the features of new methods, tools and opportunities, especially for Ukraine, which has been surviving for two years in the face of a full-scale invasion by the Russia.

At the same time, economic conditions in the world are changing so rapidly that it is necessary to constantly look for new forms and methods of financial support for economic modernisation in a crisis, as well as factors that prevent effective influence on the course of innovation processes and obtaining the expected results (Bilyk, 2019).

Considering the essence of innovation activity of small enterprises, it should be noted that innovative small enterprises are a structural element of small business with characteristic features and functions.

In the economy of any state, small innovative enterprises perform certain functions and occupy their inherent positions in certain sectors of the economy. Thanks to small innovative enterprises, appropriate entrepreneurial behaviour is formed,

which is driven by the innovative component (Kolisnichenko, 2017).

According to Rodryk D. from the University of Virginia, all innovations are mutually beneficial: they can increase overall productivity, but they can also create a strong income redistribution effect in favour of capital owners over workers. And if the overall productivity increase is not very large, the negative income redistribution effect can easily outweigh it (Rodryk, 2020). Economists Daron Acemoglu and Pascual Restrepo call this phenomenon "so-so" innovation.

The practice of innovative activities of small and medium-sized enterprises shows that the most effective innovation structures are technology parks, technopolises, innovative business incubators, science and research and technology centres. The activities of such structures are aimed at creating favourable conditions for the effective operation of innovative enterprises specialising in the development and implementation of innovative business ideas. The main purpose of such structures is to create favourable conditions for the operation of innovative enterprises through the temporary provision of production space, material and technical resources, research equipment and consultancy services.

In most countries, technology parks facilitate the commercialisation of scientific and technological developments. Over the past few decades, a significant number of technology parks and technopolises have been established in Europe, America and Asia.

Ukraine's European integration orientation opens up new opportunities and prospects for small businesses, while the problem of ensuring development is becoming increasingly relevant, as in order to compete in the European market, it is necessary to meet their quality standards, which requires significant financial investments to improve operations. Given the limited equity capital available for doing business and the underdevelopment of the Ukrainian institutional market for small business development, the possibility of attracting funds from foreign investors is becoming the most attractive prospect. Therefore, it is advisable to conduct a study of the practice of international institutions and small business support organisations that operate effectively in European countries and have experience of cooperation with Ukrainian small businesses.

1.2. Establishment and Development of SME Innovation Activities in the EU

The creation and development of small and medium-sized enterprises is a priority area of economic policy for any country. Small and medium-sized enterprises are the basis of the economy of most economically developed countries, accounting for 60-70% of GDP (Kolishnichenko, 2017).

In the EU, small and medium-sized enterprises account for up to 99% of all businesses, creating 65 million jobs. Small and medium-sized businesses employ a significant proportion of the working population: 72% on average in EU countries, 78% in Japan, 75.3% in South Korea, 73% in Italy, 54% in France and the United States (World Bank Group Global economic prospects, 2019).

At the same time, in the USA and EU countries, up to 50% of innovative products are created by small enterprises. Therefore, the study of trends and prospects of innovation activities of small and medium-sized enterprises using domestic and foreign experience is becoming extremely relevant.

Small businesses in many countries of the civilised world represent the middle class, which is the basis of stable economic development.

Most countries that have stepped up the development of small and medium-sized businesses have made major economic breakthroughs.

The European Charter for Small Enterprises states that small enterprises are the backbone of the European economy. They are a key source of jobs and a fertile ground for business ideas. Europe's efforts to open up the new economy will only succeed if small businesses are put at the top of the agenda (Curie, 2023).

In economically developed countries, small and medium-sized businesses account for about 90% of all enterprises and the vast majority of GDP. Statistics show that the vast majority (99.8%) of non-financial sector enterprises in the European Union are SMEs, with 66.7% of the employed population and 58.6% of value added generated by SMEs (European Commission, 2020).

SMEs are also more innovative. Most of the small firms that emerged in the late 1980s in the UK are the most technologically advanced. And in the US, about 50% of scientific and technological developments are carried out by small enterprises. In the UK and Germany,

23% and 26% of innovations were created, respectively.

Small innovative businesses are the basis, the main breeding ground for venture capital. Small high-tech firms account for more than 85% of the world's risk financing (Mazzucato, Semieniuk, 2017).

Most scholars believe that the size of the enterprise plays a crucial role in the implementation of innovation activities. At the same time, they identify key differences between large and small companies in the context of innovation, such as: speed of decision-making; attitude to risk; resource allocation; understanding and management of the business model; streamlined and stable processes versus lack of such processes; compliance with rules rather than their violation; and a difference in the understanding of innovation (Mazzucato, 2015).

1.3. Analysis of the Economic Environment of Small and Medium-Sized Businesses in Ukraine under Martial Law

Innovative activity consists of scientific, technological, organisational, financial and commercial activities that together lead to the creation of an innovation. As of February 2022, 40 industrial parks (31 of which are included in the Register of Industrial Parks), 26 science parks, 16 technology parks, 24 innovation and technology transfer centres, 22 innovation centres, 38 commercialisation centres, 24 innovative business incubators have been created and are operating in Ukraine, 1 investment and technology cluster, more than 30 clusters, 1 innovation and production association, other start-up schools, incubation programmes, intellectual property centres, venture and investment funds, centres of scientific, scientific and technical and economic activity, and so on (Scientific and analytical report, 2023).

Given the challenges that Ukraine has faced throughout this decade (including the economic blockade by Russia since spring 2013, the annexation of Crimea and the military conflict in Donbas since 2014, and the coronavirus pandemic since early 2020), innovation activity in the country has been in a state of recession.

According to a research conducted by Gradus Research, in July 2023, half of the enterprises (51%) in Ukraine were only partially operational, 22% continued to operate, and 19% temporarily

suspended operations, although they intended to resume them as soon as possible. Only 48% of respondents said that their business did not need to relocate, while most entrepreneurs were forced or planned to move their business to safer regions to preserve it due to problems with logistics, sales, the possibility of saving jobs, etc. At the same time, 11% of domestic businesses were relocated abroad by their owners (Analytics and infographics about Ukraine, 2023).

After a sharp decline at the beginning of the war, the Ukrainian economy began to recover slowly in the second and third quarters of 2022 as a result of the further liberation of Ukrainian land, the adjustment of businesses to the new conditions and the operation of the grain corridor. However, the existing logistical problems, especially in the metallurgy sector, the destruction of production facilities, especially in the energy sector, and the decline in real household income are slowing down the economic recovery, so that, according to the National Bank's forecasts, the decline in Ukraine's GDP could be around 32% this year (Analytics and infographics about Ukraine, 2023).

According to the State Statistics Service, almost 60% of large and medium-sized enterprises in Ukraine were able to achieve positive financial results in the first nine months of 2022 (Belyalov, 2022). However, it is unlikely that similar trends will be seen in the performance of small and microenterprises. Therefore, despite the importance of such a business area as innovation for the strategic development of not only the enterprises themselves, but also the country's economy as a whole, in the short term, one should most likely expect a decline in the indicators of innovative development of the domestic economic system. According to the Global Innovation Index 2021, Ukraine ranked 49th out of 132 economies in 2021 and had better results in terms of innovation indicators than in previous years. The overall position of Ukraine among 39 European economies is 32nd. Traditionally, the best indicators are the high quality of human capital, and the worst are the state of institutions and infrastructure (91st and 94th, respectively) (Global Innovation Index 2021).

In 2022, 26 economies showed better innovation outcomes (knowledge, technological and creative outputs) compared to their innovation resources

(infrastructure, institutions, market and business sophistication, human capital and research) – these are the so-called innovation outperformers. Ukraine belongs to this group. Ukraine's ranking in these GII blocks is shown in Figure 1.

Ukraine has also lost ground on the global startup map (Caramello, Campi, Di Mario, Lai, Torbol, 2020), although the domestic startup ecosystem remains one of the regional leaders, ranking 50th in the world (-16 positions compared to 2021) and 12th in Eastern Europe (-6 positions compared to 2021).

The war has significantly exacerbated the degradation of domestic innovation ecosystems, which is not only due to the suspension of operations (over 40% of SMEs have stopped their activities) and businesses' attempts to simply survive in the current environment (innovation is not currently seen as a priority by business management), but also due to the loss of export markets by many innovative SMEs. Today, dozens of ecosystem actors (universities, research institutes, incubators, accelerators, business associations, development agencies, etc.) have also switched to survival mode (Yurchak, 2023).

2. Results and Discussion

2.1. Creation of a New Innovation Paradigm for the European Space

The analysis shows that in the EU today, on average, 79% of large manufacturing enterprises with more than 250 employees and 58% of medium-sized enterprises with 5-249 employees use innovation, but only 44% of small enterprises with less than 50 employees. In the services sector, these indicators are 73% for large enterprises, 49% for medium-sized enterprises and 37% for small enterprises (European Innovation Scoreboard 2020). In 2021, the European Commission will publish the annual European Innovation Scoreboard, which provides an assessment of innovation activities in EU countries and compares their performance with their main competitors (Zayats, Yarema, 2022).

According to the 2020 EU Science, Research and Innovation Performance (SRIP) report, around 2/3 of the EU's productivity growth over the last decade has been driven by innovation. Today, they are increasing the stability of manufacturing sectors, the competitiveness of EU Member States' economies, and the digital and environmental

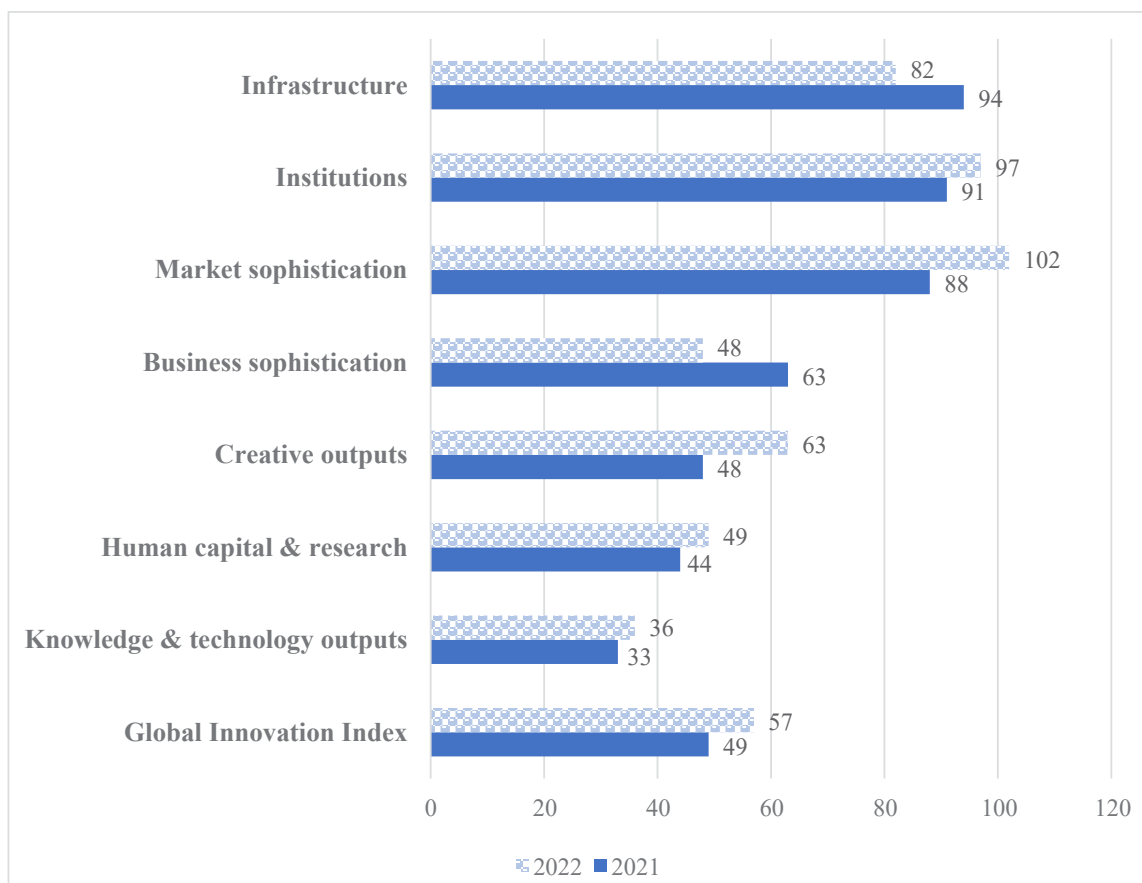


Figure 1. The seven GII pillar ranks for Ukraine indicators in 2021 and 2022

Source: *The Global Innovation Index 2022*. Available at: <https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2022-enmain-report-global-innovation-index-2022-15th-edition.pdf>

transformation through policies that support the innovative and green economic transformation of European regions.

The results of the study show that the positive trend in the EU's innovation development has generally continued: over the past 10 years, innovation activity has increased in 25 EU countries and decreased in only three.

According to the Global Innovation Index, EU countries are divided into four subgroups:

I. Leaders: Sweden, Finland, Denmark and Belgium, whose innovation activity is significantly higher than the EU average.

II. "Successful innovators": Austria, the Netherlands, Estonia, France, Germany, Luxembourg and Ireland, whose innovation activity is rated above or close to the EU average.

III. "Moderate innovators" – Croatia, Cyprus, Czech Republic, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Portugal, Poland, Slovakia, Slovenia and Spain, whose innovation activity is below the EU average.

IV. The "modest innovators" (newcomers) are Bulgaria and Romania, whose performance is significantly below the EU average.

The overall ranking is based on a composite score across 12 innovation criteria. Sweden is still the EU's innovation leader, and the performance groups are geographically concentrated: "leaders" and "successful innovators" are located in Northern and Western Europe, while most of the "moderate" and "modest" innovators are in Southern and Eastern Europe.

On average, innovation efficiency in the EU grew by 12.5% between 2014 and 2021, with five member states increasing productivity by 25% or more (Cyprus, Estonia, Greece, Italy and Lithuania), four by 15-25% (Belgium, Croatia, Finland and Sweden), eight by 10-15% (Austria, Czech Republic, Germany, Latvia, Malta, the Netherlands, Poland and Spain), and the remaining 10 member states by 10% (Zayats, Yarema, 2022).

The objective reasons for the increased attention to improving this strategy, both at

the level of individual countries and at the pan-regional level in the EU, are as follows:

- 1) Global changes in the dynamics, essence and manifestations of scientific and technological progress, forms and mechanisms of practical implementation of its results;
- 2) growing international competition between developed countries (and especially Asian countries) for leadership in innovative development;
- 3) increased likelihood of a "productivity paradox" in the process of overcoming the "innovation deficit" compared to such leaders as the United States and Japan.

The latter requires a special explanation, since the European Union in the late 1980s already "faced" this "paradox", when the rapid development of new areas of scientific and technological progress, which incorporated the latest achievements of science and technology, did not contribute to the expected return.

The economists' assessment of this broken link between knowledge and innovation was based on a decline in productivity growth (and this trend for the EU was the most pronounced among OECD countries), despite the implementation of an active innovation policy in the region with significant financial support. Therefore, the accelerated exploration of new approaches to innovative development in the context of the design and implementation of policies to support it requires significant adjustments in its management to exclude the possibility of a "reincarnation" of this precedent today, perhaps in an even more negative way for the EU (Landesmann, Stollinger, 2020).

Currently, the new objectives of the EU strategy for science, research and innovation (proposed and published by the European Commission in 2015) form the basis of the current EU innovation strategy. This is actually a set of targeted approaches and measures defined in official documents as the "three O's" concept – Open Innovation, Open Science and Openness to the World. This concept includes the following components (European Council, 2020):

- 1) Digitalisation of the economy;
- 2) creation of the Innovation Union (IU);
- 3) European Research Area (ERA);
- 4) achieving sustainable development.

The main motivation for updating the new concept is its formalisation and specific measures for its practical implementation in the

process of innovation transformations, taking into account the current challenges of innovation development related to the "openness" of the innovation process and the role of the state and supranational governments in supporting open innovation.

In 2021, the Europe 2020 strategy was replaced by a new six-year EU Framework Programme for Research and Innovation, Horizon Europe 2021–2027 (programme budget: 95.5 billion EUR), which prioritises research and innovation by generating new knowledge and innovative solutions to create a green, digital and inclusive Europe.

The main blocks of the programme are (Edquist, 2006): advanced science ("open innovation", "open science", "openness to the world"); global challenges and competitiveness of European industry (high-tech market, knowledge-intensive products and services, licences and know-how); innovative Europe (R&D funding, public-private partnership).

The second chapter of the Horizon Europe 2021–2027 programme "Global Challenges and Competitiveness of European Industry" and the EC report "Vision for the European Industry 2030" (Curie, 2023), it is planned to concentrate financial support on such important research areas as clean energy (low-carbon and zero-waste economy), synthetic materials, digitalisation and modernisation of European industry and services. According to experts, in 2030, European industry will retain its position as one of the world's leaders in an environment where no country will have hegemony in the global economy – neither the US, nor China, nor any other major power. Recommendations for ensuring the modernisation of European industry for the next decade by stimulating innovation and developing a common technology development policy are presented in the EC report "Long-term challenges and EU research policy" (Special meeting of the European Council, 2020).

With a Global Innovation Index (GII) value of 31.0 (relative to the EU average in 2015), Ukraine has the status of a "slow innovator". The value of the GII in Ukraine (0.168) is more than three times lower than the EU average (0.542) (Figure 2).

Compared to 2021, Ukraine has the best results in the innovation dimension "Environmental sustainability" – 75.9 of the Impact indicator,

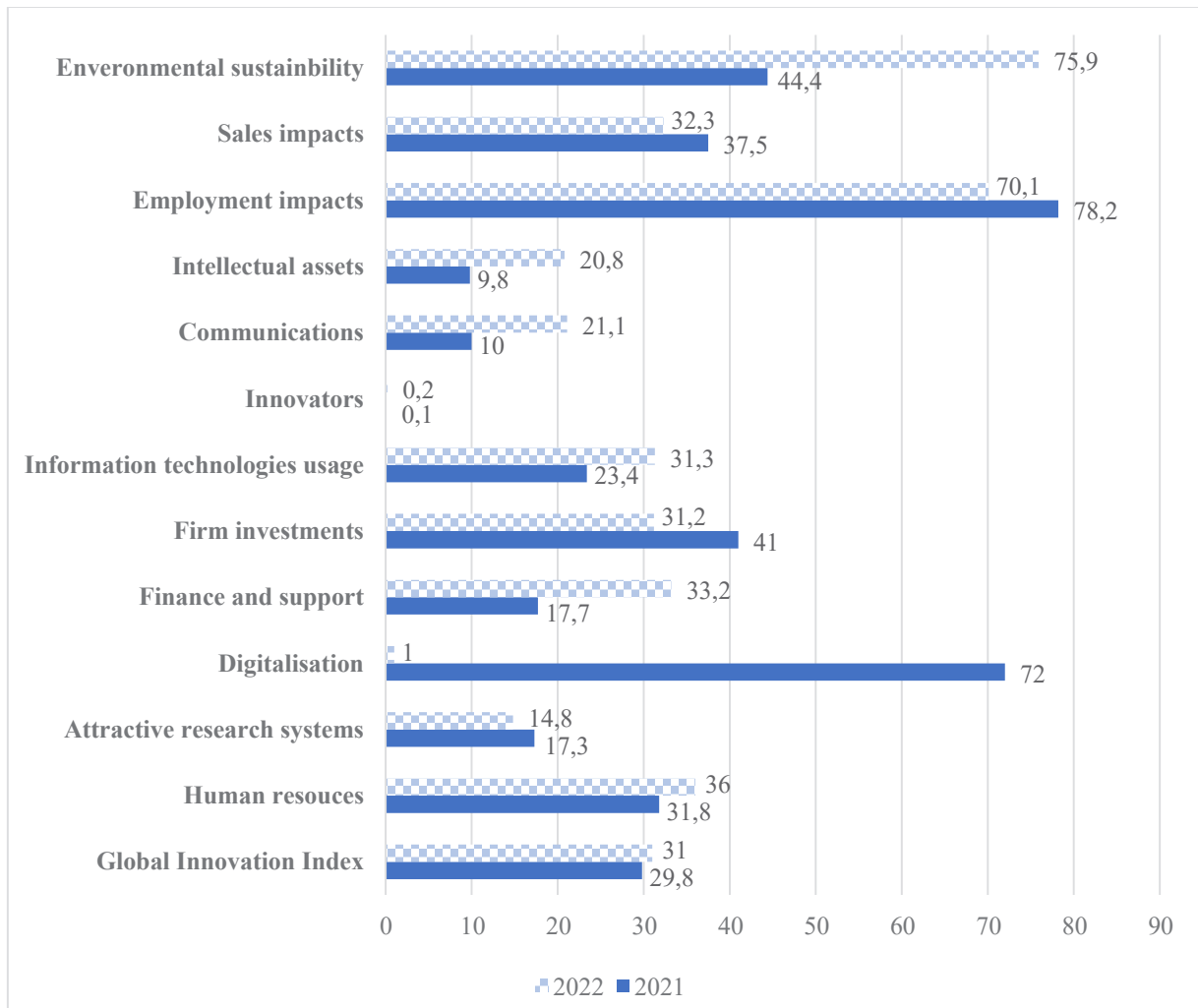


Figure 2. Ukraine in the innovation measurement of the EIS (European Innovation Scoreboard) in 2022

"Finance and support" – 33.2 of the Investment indicator, as well as "Communications" – 21.1 and "Intellectual assets" – 20.8 of the Innovation activity indicator. In 2022, no results were obtained for the innovation dimension "Digitalisation" of the Framework Conditions indicator and "Innovators" of the Innovation Performance indicator.

2.2. The Role of Innovation in the Recovery of the Economic Situation in Ukraine after the War

In the current situation, the issue of innovation in the post-war economic recovery of Ukraine should be researched and developed in the following areas: the role of innovation in creating new jobs, increasing labour productivity and competitiveness of enterprises, increasing exports and improving the

living standards of the entire population (Belyalov, 2022).

Overall, the study of innovation as a factor in global integration and post-war recovery of Ukraine will be useful for developing strategies to support innovative enterprises and public policies in the future. Innovations can be a key factor in Ukraine's post-war economic recovery.

The development of new technologies, products and services will help enterprises to increase productivity and competitiveness, which in turn will lead to higher production and improved living standards. Innovative activities can become an incentive for entrepreneurship and investment in Ukraine. New technologies and products will attract the attention of foreign investors and become a factor in attracting new investments into the country's economy. Innovation projects should become a tool for strengthening Ukraine's economic security.

The development of new technologies and products will reduce dependence on imports and increase exports, which will have a positive impact on the country's trade balance.

At the same time, Russia's military aggression has drawn attention to Ukraine from the EU and the international community and contributed to support for Ukraine in various areas, including innovation.

Currently, a grant of 20 million EUR has been allocated specifically for 200 Ukrainian startups and innovative SMEs (Yurchak, 2023). According to the authors, given the current situation, the most relevant areas for the development of domestic innovations today and in the near future will be the defence sector, healthcare, construction, IT industry, inclusive development and education. However, such a development is unlikely to be possible without the formation of national research institutions, which, as rightly noted by (Belyalov, 2022), can be centres of specialised in-depth knowledge and generate adequate responses to new challenges in the context of national priorities.

Not only government programmes, but also educational and scientific programmes and events, such as the Science&Business Startup Hackathon, which was implemented in the summer of 2022 with the support of the Ministry of Education and Science of Ukraine for scientists, startups and entrepreneurs with both innovative ideas and existing dual-use innovative projects, play an important role in innovative foreign investment attraction. Such events provide a platform for exchanging experience with foreign colleagues, as well as for presenting modern, cost-effective and innovative Ukrainian projects that are looking for sources of promising financing.

1. Official website of the Advantage Ukraine platform. URL: <https://advantageukraine.com/ua/>.

2. Interactive map of investment and business opportunities in Ukraine. URL: <https://investmentmap.com.ua/>.

3. "Science&Business Startup Hackathon". URL: <https://mon.gov.ua/ua/news/sscience-business-startup-hackathon>.

It would be expedient to provide indirect state support for the development of innovation through:

- Participation in the development of favourable credit, tax and customs policies for the development of innovations;

- taking measures to find potential investors;
- disseminating information about government support for innovation;
- taking measures to develop innovation potential;
- ensuring open access to information on the state of development of innovation infrastructure and other information (economic, legal, statistical, production, technological, marketing) required by innovation entities for the creation and/or implementation of innovations;
- promoting cooperation between small and medium-sized enterprises, investment organisations, other businesses, research institutions, higher education institutions and other innovation entities;
- promoting the commercialisation of innovation and research results;
- cooperation with Ukrainian and international innovation infrastructure, international funds and organisations, including through technical assistance.

Conclusions

The following conclusions can be drawn from the study.

There are challenges and obstacles to overcome on the path to Ukraine's innovative development. These include insufficient funding for innovation projects, lack of favourable legislation, low level of professional qualifications and infrastructure for innovation.

Ukraine's economy cannot be characterised by high rates of economic development in wartime, but it is now necessary to find modern ways to attract foreign investors for the economic, infrastructural and systemic recovery of the Ukrainian economy. In the authors' view, the most effective way to attract foreign investment is to use innovative approaches to presenting promising and innovative projects, as well as to build effective and active cooperation between business, government and research institutions. Combining the efforts of all participants in this complex mechanism will allow building Ukraine's own trajectory of increasing investment attractiveness in the post-war recovery.

The global paradigm of the European Union's "new innovation perspective" is that by implementing active policies to promote innovation and new knowledge, EU member states are contributing to the fact that regional policy, which used to be redistributive in nature,

is increasingly taking on the features of a structural innovation policy. The synergistic effect is achieved by combining the member states' own national innovation strategies with their participation in supranational, pan-European innovation programmes. At the same time, a feature of recent years is that the EU's supranational institutions prefer to assist regions not through direct funding, but by motivating the development of their innovation infrastructure as part of the development of innovation policy.

The development of innovative activities should become a tool for strengthening cooperation with other countries and Ukraine's entry into the

global innovation community. Participation in international innovation programmes, projects and conferences will facilitate the exchange of experience and technologies between countries, as well as attract foreign investors to Ukraine. Cooperation between the state, business and research institutions will be the basis for creating an innovative ecosystem in Ukraine. Efficient use of national resources and potential, attraction of talented professionals and start-ups, which will contribute to economic development and improve living standards, will ensure the creation of a favourable environment for innovation activities of small and microbusinesses.

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