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INNOVATIVE COMPONENT IN THE PROCESS OF VENTURE BUSINESS` ATTRACTION

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Анотація. Проаналізовано сучасний стан промислових, зокрема машинобудівних, підприємств України в розрізі залучення інновацій. Виділено основні перешкоди залучення венчурного бізнесу до розвитку підприємств. Досліджено інноваційні драйвери, що виступають індикатором необхідності залучення інновацій.

Ключові слова: інновації, інноваційний драйвер, венчурний бізнес, розвиток підприємства.

Abstract. The current state of industrial enterprises in Ukraine, particularly in the field of engineering, were analyzed in terms of innovation attraction. The main obstacles to attracting venture business for enterprise development were identified. Innovative drivers, serving as indicators of the necessity of innovation involvement, were explored.

Keywords: innovations, innovative drivers, venture business, enterprise development.

In contemporary economic conditions, scientific, technical, and technological progress has become a decisive factor in the development of both individual national economies and international economic and political relations in general. Currently, this influence is theoretically reflected in the concept of the 'knowledge economy,' which has emerged through the analytical generalization of the regularities of global economic development. The European doctrine of innovation (OECD) substantiates a new theory of economic growth, stating that knowledge is the most crucial endogenous production factor, exerting a noticeable impact on the functioning of the “engine of capitalism” [3]. One of the key factors in the economic growth and development of a knowledge-intensive production country is identified as expanding companies' access to the functioning products and sources of venture business financing. In the context of the financial-economic crisis, attracting venture business can become a catalyst for the development of innovative processes and knowledge-intensive production in Ukraine. According to calculations by Ukrainian scientists, the current share of knowledge-intensive production in the industrial structure is only 3–4% [2].

Several obstacles hinder the involvement of venture business in the development of industrial enterprises, including economic and political instability, the absence of an effective legal framework regulating venture financing, the lack of state interest in the development of small and medium-sized innovative entrepreneurship, a small share of domestic venture capital compared to foreign counterparts, the absence of an institutional environment for venture financing, and the lack of economic and tax incentives from the state to attract funds into knowledge-intensive production, among others.

An essential condition for the functioning of industry and the economy in Ukraine is its transition to an innovative type of development, which should be based on the improvement of managerial and organizational processes, as well as the creation of so-called drivers for innovative breakthroughs. Research into leading global experience indicates that the development of science and technology, as well as organizational and managerial processes, in the context of efforts to incorporate innovations into various sectors, leads to innovative breakthroughs in different spheres of the world economy.

Contrary to this trend, Ukrainian industrial enterprises do not actively seek to integrate innovations into their development, as there is a lack of financial resources due to the country's investment unattractiveness and investors' reluctance to invest capital in high-risk projects. However, the actively developing form of financing, venture investment, is specifically directed towards high-risk projects and will enable Ukrainian enterprises to make innovative breakthroughs and become competitive in the markets of EU countries and worldwide. Innovative drivers serve as a kind of signal indicating the necessity of incorporating innovations

into production. The mentioned factors emphasize the need for an analysis not only of innovations themselves but also for a broad exploration of the theoretical aspects of the concept of 'innovative driver' as a driving force compelling enterprises to engage in innovations for the sake of continuous technological development. The term 'innovative driver' should be understood as a set of aspects, conditions, factors, resources, institutional and economic mechanisms, organizational and managerial methods and decisions characterizing the ability and real potential of an economic system for sustainable innovative development processes.

The key indicators of the scientific and technical level of the engineering industry are the metrics of innovation development in the sector. Research on innovative activities within the industrial sector as a whole and specifically in mechanical engineering (Table 1) has indicated that the share of innovation-active enterprises in the industry is lower than in the mechanical engineering sector.

Table 1

Innovation Activity of Ukrainian Enterprises during 2015-2022 years

Year	The share of enterprises engaged in innovations, %	Total expenditure amount, million UAH	Including by directions, million UAH					
			research and develop-ment	у тому числі		acquisition of other external knowledge	purchase of machinery, equipment, and software	other expenses
				internal R&D	external R&D			
2015	13,8	8045,5	996,4	818,5	177,9	141,6	5051,7	1855,8
2016	16,2	14333,9	1079,9	833,3	246,6	324,7	10489,1	2440,2
2017	17,4	11480,6	1196,3	965,2	231,1	47,0	8051,8	2185,5
2018	16,8	9562,6	1638,5	1312,1	326,4	87,0	5546,3	2290,9
2019	16,1	7695,9	1754,6	1221,5	533,1	47,2	5115,3	778,8
2020	17,3	13813,7	2039,5	1834,1	205,4	84,9	11141,3	548,0
2021	18,9	23229,5	2457,8	2063,8	394,0	64,2	19829,0	878,4
2022	16,2	9117,5	2169,8	1941,3	228,5	21,8	5898,8	1027,1

(Compiled based on [1])

Throughout 2021, enterprises spent 23.2 billion UAH on innovations, including 19.8 billion UAH on the acquisition of machinery, equipment, and software, 2.4 billion UAH on internal and external research and development, 0.1 billion UAH on acquiring existing knowledge from other enterprises or organizations, and 0.9 billion UAH on other innovative activities (such as design, training, marketing, and other activities). The breakdown of expenses by directions of innovative activity in the Ukrainian engineering industry is provided in Table 2.

Table 2

The share of expenses by directions of innovative activity in the engineering industry of Ukraine, %

Metrics	2019	2020	2021	2022
The share of expenses on innovative activities in mechanical engineering in the total volume of expenses on innovative activities in the industry of Ukraine, including by directions:	31.6	19,1	28,4	37,5
machinery and equipment	53,9	47,2	44,9	39,4
electrical, electronic, and optical equipment	9,7	11,6	9,5	11,3
vehicles and equipment	36,4	41,2	45,6	49,3

(Compiled based on [2])

As seen from Table 2, in 2019-2022, the highest share in the structure of expenses of engineering enterprises was attributed to the costs of purchasing machinery, equipment, and software. Considering this, it is challenging to label the level of innovation activity of engineering enterprises as satisfactory. Such trends contribute to the increase in the import of engineering products, and therefore, the engineering industry may become less competitive in the global market. This may be primarily associated with the fact that the financing of innovation activities by engineering enterprises is mainly done from their own funds, the share of which averaged 80% over the analyzed period. Meanwhile, only 10% of innovations were financed from the State Budget in 2021 [2]. In the conditions of limited availability of other funding sources, companies usually allocate their own funds to ensure current production and economic activities rather than the development of the innovation component.

Thus, the analysis of the innovation activity of engineering enterprises in Ukraine leads to the conclusion that these enterprises are experiencing an "innovation crisis." Therefore, there is a need to identify conditions under which a company can start incorporating innovations into its development. One of these conditions is the presence of an innovation driver, which the author understands as a set of aspects, conditions, factors, resources, institutional and economic mechanisms, organizational and managerial methods, and decisions characterizing the ability and real potential of an economic system for sustainable innovation development processes.

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