

**Management of
innovative development
the economic entities**

**Collective monograph edited by
M. Bezpartochnyi, I. Britchenko**

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M. Bezpartochno, I. Britchenko**

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The authors of the book have come to the conclusion that it is necessary to effectively use modern approaches the management of innovative development the economic entities in order to increase the efficiency of activity, to ensure competitiveness, to intensify innovation activity. Basic research focuses on assessing the competition of economic entities, internal control in organizations, analysis of credit risk, diagnostics of sources of funding for innovation, assessment of social innovation and human development factors. The research results have been implemented in the different models of reengineering business process, development of alternative agriculture, the digital economy, knowledge management. The results of the study can be used in decision-making at the level the economic entities in different areas of activity and organizational-legal forms of ownership, ministries and departments that promote of development the economic entities on an innovative basis. The results can also be used by students and young scientists in modern concepts and mechanisms for management of innovative development the economic entities in the context of efficient use the resource potential and improvement of innovation policy.

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INTRODUCTION

Progressive institutional and structural transformations of the economy require intensive updating and provision of programs, plans and projects for the management of innovative development the economic entities, positive changes, significant improvement of the regulatory environment, creation of appropriate conditions for modernization of industries and enterprises on the basis of latest technologies. Providing innovative development the economic entities is impossible without reorganization and improvement of the theory and practice of development of management systems of these processes.

In order to ensure the development of economic entities on an innovative basis in modern conditions of activity the necessary foundation is to intensify innovation processes in all spheres of activity and to direct the efforts of all elements of the organizational structure to the implementation of the tasks. The effectiveness of innovative development the economic entities is determined by the ability of the management system to influence on all business processes of the enterprise and to coordinate its internal capabilities with the challenges of the environment in order to ensure competitiveness and strengthen market positions.

The purpose of writing this collective monograph is to substantiate theoretical-methodological foundations and development a management system of the development of economic entities in a globalizing environment, taking into account transformational changes in the international economic environment.

The object of the authors' research was the process of management the development the economic entities in conditions of resource constraints, the specifics and trends in the development of economic entities under the influence of factors of the internal and external environment, the generalization of world experience in the management of development the economic entities in order to improve efficiency of the formation and use of the resource potential and innovative activity the economic entities in various spheres of the national economy in conditions globalizing.

The subject of research were various processes of formation and effective use of innovative potential the economic entities; formation of organizational-economic mechanisms for management of innovative development the economic entities; use of credit-financial and investment instruments to stimulate innovative development the economic entities; improving of intellectual and personnel potential of innovative development the economic entities; consideration of practical aspects of innovation development management in different sectors of the economy.

Chapter 6

EXPERIENCE THE COUNTRIES OF THE EUROPEAN UNION IN MANAGING INNOVATIVE DEVELOPMENT THE ECONOMIC ENTITIES

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**MECHANISMS OF
GOVERNMENT
MANAGEMENT OF
ENSURING INNOVATION
SECURITY OF THE
STATE: WORLD
EXPERIENCE**

The current stage of Ukraine's socioeconomic development is characterized by a number of threats to stability and stability in the field of economic security of the state, including a decrease in the competitiveness of domestic goods and services in the domestic and foreign markets, which leads to a slowdown in the growth of the gross national product and a reduction in activity, basic branches of the economy, insufficient provision of reproductive processes. One of the main reasons for this is insufficient innovative activity on the part of the state, in particular in the domestic economy sector.

However, the situation is complicated not only by the decline in innovation activity, but also by the weakening of Ukraine's innovative security, which manifests itself in the reduction of the share of high technologies used, the destruction of innovation infrastructure and loss of ties between business entities and research structures, the low level of innovation in technical and technological processes of species economic activities and industries on which the national economy specializes.

The problems of the formation of the system of economic security of the state, including various structural and functional parameters, have been studied in the scientific works of such scientists as V. Begma, I. Binko, L. Braun, S. Varnalia, T. Vasiltsiv, A. Vlasyuk, C. Kirichenko,

A. Koval, A. Lyashenko, H. Malgröm, H. Maul, L. Mieri, I. Migus, A. Mokiy, G. Pasternak-Taranushenko, I. Revak, E. De Soto, M. Fleischuk, M. Cilinsky, A. Sharov, V. Shlemko. Strategic priorities and practical aspects of activization of innovative activities in the provision of innovative state security are actualized in the works of A. Amosh, A. Galchinsky, V. Geitz, V. Novitsky, A. Sukhorukov, M. Hvesik, N. Yurka, and foreign scientists V. Baumol, E. Denis, R. Lucas, R. Solow, J. Schumpeter, and others.

However, the main obstacle to restoring innovative activity in realizing the potential of innovative development of the Ukrainian economy is the lack of a systematic approach, which should be based on a complex combination of institutional mechanisms that simultaneously form a clear and transparent legal framework, lay down elements of the innovation infrastructure, create appropriate incentives and motivations for all subjects of the system of innovation security, build an organizational structure for managing these processes, determine the current and strategic prospects for the development of innovative activities and the use of its results for the purpose of inclusive growth of Ukraine.

In modern conditions of the active formation of the information society and a comprehensive knowledge economy, the pledge to increase the competitiveness of the national economy and economic security of the state is inextricably linked with the development of innovative activity characterized by the ability of the national economy and society to generate, implement and implement new technological solutions in various spheres of social and economic activity. It becomes obvious that the economic security of the state increasingly depends on the effective use of innovation potential on the basis of novelty and innovations, when innovations penetrating into various sectors of the national economy condition their constant modernization and transition to new forms and more effective models of economic development.

The specificity of the current stage of the globalization of the world economy calls for the activation of innovative activity as the most effective tool for enhancing the competitiveness of the economy, increasing the economic efficiency of the national economy on an intensive basis, improving the participation and location of the state in the system of international scientific and technological cooperation. Reforming the institutional system for ensuring the state's innovative security, developing the institutional infrastructure for integrating research and innovation activities should take place through the use of

positive international experience in implementing institutional mechanisms to ensure innovation security adequate to modern challenges and threats to innovation security for countries with a transformational economy.

It should be noted that in the economically developed countries of the world, more attention is paid to the development of theoretical and applied foundations for the development of the innovation sphere, the formation of a favorable economic and legal environment for the implementation of innovative activities, and the construction of effective innovation systems. On the other hand, the issues related to the direct formation and implementation of institutional mechanisms for ensuring innovative security are topical in countries that have faced problems of carrying out structural and technological modernization of the production complex, their transition from planned to market methods of managing the economy, to finding their own niches in the international division of labor not found.

It should be noted that in the countries with transformational economies, market mechanisms for stimulating the development of innovation activity are mostly insufficient for the implementation of the innovative model of economic development with a low level of effectiveness of certain important institutions of the system of innovation security. So, the problem of implementing institutional mechanisms for ensuring the state's innovative security acquires particular relevance for transformational economies in the context of the implementation of the innovative model of economic development. Therefore, the world experience of institutional support of innovation security at all levels of the systemic hierarchy of economic management is of considerable interest both for the development of the security system of subjects of innovation activity and for the innovative component of the state's economic security.

At the same time, we note that the leaders of innovative development are countries such as the United States, Japan, Germany, Britain, Israel, etc. In order to consider the possibility of adapting and applying their positive experience in the direction of the formation and development of the institutional system for ensuring the state's innovative security, The peculiarities of the institutional basis of these states in this sphere.

First, the governments of many developed countries in their policy documents officially declared the transition to an innovative way of economic development, which primarily involves the formation of an institutional and legal basis for state innovation security through the

development of effective regulatory and legal mechanisms and tools to ensure the development of innovation, creation of an effective system of public administration bodies, which would clearly define and regulate the scope of activity and functioning of the subjects of the system of innovative security of the state within which their economic interests are satisfied and risks and threats to the safety of innovation activity are limited.

Secondly, in countries that occupy the leading position in the world market of high-tech products, state and non-state institutions have been established and are effectively supporting and stimulating the development of innovative activities, the formation of intellectual, human resources, venture and financial investment and innovation activities at the national, sectoral and regional levels (Ministry of Innovation, Science and Research, industry innovation councils, innovation fund, industrial parks, techno, venture capital funds, technology transfer centers, etc.). These institutions carry out strategic and tactical actions for the development, implementation of long- and medium-term priority areas of innovation, the formation of a favorable environment for attracting investment resources in innovative processes, the implementation of activities to enhance the innovation activities of economic entities.

Thirdly, the experience of many developed countries (the USA, Ireland, Finland, Israel) testifies to the possibility of implementing structural changes in the innovation sphere only if the model of a market economy is used with a high share of direct and indirect state stimulation of activation of innovation activity and development of effective state innovation policy on the development and implementation of institutional mechanisms and tools for ensuring the state's innovative security.

For example, the stimulating role of the state in ensuring the innovative development of the US economy has gradually been transformed from the application of administrative methods for regulating innovation to program-targeted ones, as well as indirect incentives for the development of innovation (tax incentives, the accelerated depreciation of fixed capital, patent policy, antitrust policy, etc.). In the area of creation of a favorable climate in the innovation sphere, the US government policy is aimed at increasing the share of financing of innovation activities by the private sector.

World experience shows that in the economically developed countries of the world, in addition to the development and

implementation of proposals to improve the state regulation of the development of innovative activities, the list of the main tasks of government bodies includes the development of documents for strategic planning of the institutional and legal basis for the state's innovative security, the improvement of sectoral and regional programs for the development of innovative activities, as well as the implementation of practical measures for the UK the reduction of innovation security at all levels of the systemic hierarchy of economic management.

The experience of the EU countries allows us to distinguish three main stages in the formation of institutional support for the development of the innovation sector, namely: preparatory – the creation of the institutional and legal foundations of the EU's joint innovation policy, basic organizational institutions and sectoral international structures; normative and constructive – the development of institutional and economic and institutional-organizational mechanisms for ensuring the innovative security of the state, as well as the creation of a regulatory and legal basis for regulating innovation processes and relations between subjects of innovation activity (in 1990, the “Industrial policy in an open and competitive economic environment” envisaged activation of innovation policy and maintenance of cooperation between enterprises [1], in the Green Book on Competitiveness and (1990) reasonably refrained from using traditional (interventionist and protectionist) tools); (3) practical – the implementation of activities to support and stimulate the development of innovation (in the Fifth Framework Program (1998-2002), measures were introduced to disseminate best practices for stimulating the innovative activity of small and medium-sized businesses); A European research space has been created whose task is to consolidate the scientific, technological and innovation potential of the EU member states; In the framework of the implementation of the Lisbon Strategy, practical measures were implemented to introduce financial and economic incentives for investment support of innovation activities, to develop the institutional infrastructure for the integration of research and innovation activities, and to improve the institutional support for the management of the research and technological cooperation in the innovation sphere.

In 2010, based on the assessment of the results of the implementation of the Lisbon Strategy, a new strategy was adopted, “Europe 2020 European Strategy for sensible, sustainable and Inclusive Growth” [2], which focused on the relations of participants in innovation processes, especially between the private and public sectors, large and small

business, science and production, as well as the elimination of obstacles to innovation that exist in the creation, protection, protection and commercialization of intellectual property, technical standardization coy et al.

We should highlight the experience of creating effective institutions for supporting and stimulating the development of innovation in spatially-structural or sectoral sectoral dimensions of state innovation security. Thus, under the Government of Australia (the Ministry of Innovation, Industry, Science and Research), industry innovation councils have been created that contribute to strengthening the innovative culture of industrial groups, encouraging the promotion of innovative ideas and technologies in the national industry, establishing effective mechanisms for interaction between industrial enterprises, research and educational institutions and public authorities [3, pp. 337-340].

Equally useful for the development of innovation in countries with transformational economies may be the experience of individual countries on the development of the institutional and economic basis of the state's innovative security through the formation of venture financial and investment support for innovation. The global trend of the last decades is the gradual increase in the amount of state and private sector spending in innovative processes (moreover, the share of private investment is growing at a faster pace), and the growth of the science intensity of GDP. The highest share of expenditure on Research & Development (R & D) in GDP is typical for Finland, Denmark, Sweden, Israel (at 3-3.5%). On average, in economically developed countries this share is 2.5-3%. The highest growth rates of expenditure on research and development are characteristic of the newly industrialized countries. For example, in Brazil, the share of such expenditures in GDP increased from 0.98% in 2003 up to 1.7% in 2010. The share of government funding for Research & Development spending (R&D) in the world differs significantly (from 17% in Sweden to 60% in the Czech Republic), but in most developed countries it is at the level of 25% 35%.

It should be noted that the bulk of fundamental research is financed from the budget, most of which are carried out by universities. For example, in the US, more than 60% of the fundamental work is financed by the federal government, incl. in military and space spheres, and private companies – only 16% [4]. At the same time, in most developed countries, private companies play a decisive role in financing applied research. In particular, the participation of private capital in the

financing of Research & Development» (R&D) in the EU countries is 55%, and in the USA – 67%. In order to attract investment resources of the business sector to innovative processes, a special financial institution has been set up to distribute risk and attract private capital to the sphere of Research & Development» (R&D) (experience of the EU countries).

The most significant institutional and financial instrument for strengthening the EU's innovative security is the Framework Program for Research and Technological Development, which aims to stimulate Research & Development» (R&D) at the European, national and regional levels through financial investments in the scientific and manufacturing sectors. As part of the new framework for research and innovation, Horizon 2020 plans to increase spending to 80.2 billion euros, which is 46% more than in 2007-2013. [5].

The experience of developed countries shows the importance and necessity of using tax mechanisms for activating innovative activity, through which the state stimulates the attraction of investment resources in innovative processes, incl. business and banking sectors. The most developed tax mechanisms for activating investment innovation processes are in the US and the UK. The system of tax credits and tax credits in the United States provides for: 1) preferential taxation of venture companies and enterprises engaged in “Research & Development” (R&D); 2) an investment tax credit; 3) reduction of the profit tax for organizations with securities of venture structures; 4) a reduction in the profit tax for small scientific business (20% of the increase in expenditure on research and experimental development is removed); 5) a tax credit for funds invested in innovative activities (in some states up to 25% of investment). Under the tax credit in various states, investments are made in the association of start-up companies that provide financing for small businesses to develop experimental samples of products or processes, carry out marketing and feasibility studies for new products or processes, develop business plans for the creation and production of new products and services [3, p. 465].

The state policy of the majority of the developed countries of the world is focused on the development of a system of priorities and incentives that would channel bank credit resources to support the innovative development of the real sector of the economy through the following activities: a) stimulation by the state to create specialized innovative banks, as well as long- establishment of tax privileges for funds invested in innovative processes; b) reduction of the profit tax rate of commercial banks in the case of allocating resources for long-term

lending to innovative projects; c) creation of a system of preferential refinancing for providing commercial banks that provide soft loans for the implementation of investment projects for the development and implementation of innovations; d) introduction of the mechanism of state insurance of credits granted to subjects of innovation activity; e. encouraging commercial banks to purchase shares of enterprises that produce innovative products; e) Reduction of the reserve ratio for banks lending to innovative projects [6, p. 232].

The experience of many countries shows that the development of elements of the innovation infrastructure (technoparks, technopolis, industrial parks, science parks, regional innovation clusters, business incubators, venture capital funds, technology transfer centers, etc.) Carries out systematic positive impact on the socio-economic development of the country, its export potential, by: a) intensifying investment activities in the real sector of the economy, facilitating technological modernization of industrial production, realizing importation strategies; b) improvement of export structure and strengthening of export potential; c) increase of investment attractiveness, level of guarantees and protection of rights of institutional investors, facilitates attraction of foreign investments in innovative processes; d) increase in the volume of revenues to budgets and state trust funds; e) strengthening the social security of the state by creating new high-tech jobs; e) development of modern production and market infrastructure; e) reduction of energy and resource costs of production.

One of the key elements of the innovation infrastructure is technological parks, the activity of which is aimed at the implementation of innovative projects for the introduction of high-tech developments in the innovation sector and the launch of new competitive products. More than 160 technoparks function in the USA (which makes up about 30% of the total number of such structures in the world), in Germany – more than 60, in China – about 50, in the UK – more than 40 analysis of the functioning of US technology parks as a basic model for the formation and development of technology parks structures allows us to conclude that it is necessary to intensify the state's actions to increase the efficiency of technological parks, which is expressed in direct (funding from the state budget) and indirect (certain tax incentives Do other preferences) types of state aid [7, p. 46].

Special economic zones (SEZ) are special institutions for supporting and stimulating the development of innovation activity, in particular in

the direction of attracting investments in innovative processes, developing export-oriented high-tech industries, attracting and introducing new technologies, and optimizing the use of natural and manpower resources. In this context, the experience of Turkey, which has been using the zones of technological development for more than 10 years, acting as focal points for high-tech industries and scientific research, can be useful for countries with a transformational economy.

Since the entry into force of the Law on the Organization of Industrial Zones, more than 30 zones of technological development are functioning effectively in Turkey. The success of the Turkish experience is based on the systemic nature of the ongoing reforms, the development and implementation of the necessary incentives for the development of technological development zones, in particular: (1) enterprises located in such zones before the end of 2024 are exempt from income tax or corporate tax; (2) for the specified period, the sale of products created in these zones is not subject to VAT; (3) the wages of employees of enterprises engaged in Research & Development (R&D) are exempt from taxation; (4) 50% of payments for special insurance are covered by the state in favor of employees for 5 years [8, p. 77].

The functioning of industrial parks is one of the important conditions for the effective development of the economies of many countries. According to various estimates, the number of industrial parks varies between 12-20 thousand units. In particular, 400 industrial parks have been created in the USA, more than 100 industrial parks in the Czech Republic, more than 100 in the Czech Republic, more than 60 in Poland, and 71 in Slovakia. In Vietnam, 200 industrial parks account for 25% of GDP and 40% of attracted investments [9]. A special feature of the development of industrial parks of the countries of Central and Eastern Europe (Poland, Romania, Slovakia, Hungary) is the important role of local government in their creation and support. For example, in the high-tech industrial park “Shtarad Szczecinski”, the city authorities decided to provide assistance to investors in the form of exemption from property tax (land, buildings, structures or parts thereof intended for conducting economic activities) (experience of the Republic of Poland) [10].

An important role in financial and investment provision of state innovation security is played by venture institutes, which are considered to be one of the most effective instruments for activating innovative activity of economic entities and attracting investments in the innovation sphere. An indicative example of the development of venture financing

industry is the experience of Japan, which provides for the creation of a fund for accumulating capital for venture funds and innovative enterprises in the form of direct investment or low-interest loans, the creation of a system of coaching centers for venture entrepreneurship, improving the conditions for the development of informal venture financing (business angels), development of venture and innovation infrastructure (technology parks, business incubators, venture laboratories, veins urnye fairs of national and regional level) [11, pp. 426-427].

The sector of innovatively active small and medium business occupies a central place in the system of innovative state security, which is the determining factor of economic growth in the economically developed countries of the world. That is why it is expedient to study and adapt the experience of those countries where the development of innovative entrepreneurship occurs in conditions of limited financial resources and with a significant potential for scientific, technological and innovative development. In particular, Poland created a network of institutions to support and stimulate the development of innovative activities of small and medium-sized businesses (the Polish Agency for Enterprise Development implements a program to support the protection of intellectual property, provides loans for financing innovative projects for up to 10 years, organizes information and consulting support for small and medium-sized businesses in the innovation sphere, the Lubelsk Regional Development Fund, the initiator which was created by the municipality, banking institutions and the Chamber of Commerce and Industry, which provides support to the small and medium-sized business sector by financing investment and innovation projects).

To strengthen cooperation between the scientific sector and the small and medium-sized business sector in Poland, the project "The All-Polish Network for Technology Transfer and Innovation Support for Small and Medium-Sized Enterprises" is being implemented, providing for the creation of an information base for business entities and institutions that form both demand and supply for innovative products. Also in Poland, academic entrepreneurship is actively developing on the basis of the established network of academic business incubators, which unite 31 universities and more than 1,400 business entities and ensure the transfer of technology from the scientific sphere to the real sector of the economy [12, pp. 68-70]. So, the experience of Poland can serve as a successful example of institutional support for the integration of research and innovation activities for countries in which the institutional

conditions for the development of innovative business support infrastructure are not fully developed.

The transfer of advanced technologies is an important condition for the formation of an innovation environment, contributes to the technological modernization of the real sector of the economy and, accordingly, to the strengthening of the competitiveness of the national economy and the state's innovative security. Great interest in the formation of institutional mechanisms and tools to stimulate the transfer of technology to countries with a transformational economy is represented by the experience of Japan, which has made significant progress towards the integration of research activities and the production sector. The process of reforming the institutional and legal basis for the transfer of technology in Japan began in 1998. After the adoption of the legislative act, which provided for the establishment of universities at institutions for the transfer of technology. The government of Japan played a decisive role in financing such technology transfer centers (ninte TLO), in particular, covering two-thirds of the operating costs (without reimbursement of costs associated with servicing patent attorneys and payment of patent fees) in the amount equivalent to 300 thousand dollars. A year for a period of five years.

The next stage in order to increase the effectiveness of the functioning of institutions for the transfer of technology by the government was the transformation of universities into independent administrative units that received autonomy, the right to hire academic and non-academic personnel and, moreover, the ability to preserve property rights to own inventions and independently manage intellectual property [13, p. 60]. Thus, universities and research institutes have become active subjects for commercializing the results of scientific, technological and innovation activities, thereby providing a close link between science and high-tech production.

An innovative mediation (innovation centers, technology consulting, patent and licensing institutions, technological foresight, technological brokerage, etc.) is an institutional tool for reducing the transaction costs of the commercialization of scientific and technological developments in individual countries. Only in Germany more than 190 intermediary technology transfer agencies and several hundreds of technology information agencies function effectively. Functions of technology intermediaries in the innovation sphere are performed by scientific societies and joint research associations in industry (Fraunhofer Society, which unites 45 research universities and is funded by federal

government grants and proceeds from contract research.) To facilitate access to its services, small innovative enterprises the government grants subsidies of up to 40% of the full cost of ordered R&D) [14, p. 122].

As the world practice shows, intermediary institutions in the innovation sphere play a key role in the commercialization and transfer of technologies, ensuring the formation and use of the scientific and technological and commercial potential of new developments, analyzing the “patentability” of research and development, assisting business entities in legalizing rights on objects of intellectual property, analysis of the market of innovative products and assistance with business planning for the implementation of new high-tech the search for potential consumers of objects and legal support of transactions for the purchase and sale of intellectual property, management consulting for small and medium-sized businesses in the innovation field, the search for and attraction of venture capital to innovative enterprises, the organization and management of innovative projects (the experience of the United States, Britain, Germany, France, Japan, Israel, Taiwan) [15, p. 322].

We emphasize that the international transfer of technology has long been one of the most profitable export items of countries such as the United States, Japan, Israel and the United Kingdom. One of the most powerful technology transfer systems is the US, with total revenue exceeding \$ 100 billion annually. The essence of the economic results of this process lies in the formation of financial and investment potential, obtaining and implementing the results of scientific research and development that contribute to accelerating scientific and technological progress, increasing technological rent from patent-licensing contracts and enhancing international cooperation in the scientific and technological sphere.

It should be noted that the level of innovation security of the state essentially depends on the creation of an effective system for the commercialization of intellectual property objects, which ensures the integration of science and production. The experience of state regulation of Singapore in the field of intellectual property, as a country that is one of the world’s leaders in the protection of intellectual property rights, is interesting. In Singapore, much attention is paid to mechanisms to stimulate the activity of the intellectual property market through the implementation of state programs in the field of equity financing of patent costs, consistent information and advisory support to intellectual property owners during the creation and commercialization of

intellectual property. In addition, the approach of “granting a positive grant” in Singapore, which provides for the compliance of the invention with three criteria is interesting: the subject of the patent must be new, contain an inventive component and industrial application [16].

Useful in terms of ensuring innovation security in countries with transformational economies may be the experience of countries that pursue a selective protectionist policy regarding the import of technology. For example, in South Korea, the Center for the Involvement of Foreign Technologies conducts technology expertise and provides permits for their acquisition with a view to limiting access to the country of obsolete technologies [17].

Studying the experience of the UK on institutional support for intellectual components of innovation security in the face of limited financial, industrial and material resources, it is necessary to pay attention to the state policy of supporting creative industries, which includes regulatory legal, financial and tax mechanisms and tools to stimulate the development of creative institutions both at the state, and the municipal level. An effective state regional policy of supporting and stimulating the development of creative industries makes it possible to obtain a significant synergistic effect of socio-economic and innovative development, in particular, to create new sources of income generation, to ensure an increase in the level of employment; to intensify entrepreneurial activity, incl. in the innovation sphere, develop scientific and technological, intellectual and innovative potentials; promote the revitalization of territories.

In the UK, the creative industry has created almost 1.5 million new jobs, and the total turnover of goods and services is estimated at 36 billion pounds per year. The share of creative industries each year accounts for more than 3.4% of world GDP or about 1.6 trillion. [18, p. 50]. The creative industry is one of the sectors that demonstrate the outstripping growth rates of production and marketing of products and services in comparison with traditional economic activities.

One of the most important areas of the state innovation policy of the economically developed countries of the world is the stimulation of researchers' mobility, which helps to attract intellectual capital mainly from developing countries. For this, international research partnerships are being established, migration, educational and scientific activities are being implemented (academic programs for interuniversity education, cultural exchange and scholarships for study and research, etc.).

For example, Germany conducts an intensive selective immigration

policy in the field of attracting specialists in information technology. The Government of Australia supports the “General Skilled Migration” program through which highly qualified people are selected for formal employment in areas where there are not enough specialists of their own. But the implementation of the relevant state policy in highly developed countries constitutes a significant threat to the innovative security of states that are developing, reinforcing disparities in regional innovative development and complicating their transition to an innovative model of economic development.

In order to counter the “brain drain” the state authorities can use the experience of post-socialist countries that have faced this problem after the collapse of the USSR, in particular Poland, Hungary and Belarus, to introduce institutional mechanisms for recording and capitalizing intellectual potential by: 1) legal support of intellectual security of the country; 2) coordination of the work of institutions whose task is the formation and implementation of the state’s intellectual and personnel policy; 3) system accounting and monitoring of the state’s intellectual potential (formation of appropriate databases and maps of its spatial distribution); 4) developing mechanisms to counter negative migration trends of intellectual capital by introducing targeted programs for the employment of highly skilled workers, creating appropriate conditions for their self-realization; 5) the formation of an appropriate institutional environment for the development and capitalization of the intellectual potential of the state and regions; 6) introduction of organizational and economic mechanisms for attracting intellectual potential in the implementation of socio-economic development programs, individual projects.

That is why, recognizing the need to preserve and accumulate powerful intellectual potential and strengthen the competitiveness of the national economy, the Turkish government promotes the implementation of a number of programs aimed at encouraging Turkish specialists working abroad to return to Turkey through scholarships for a period of one to two years. At the same time, the size of the scholarship depends on the salary that the specialist received abroad, on the level of qualifications and public significance of the activity that the specialist plans to implement upon return to the state. It is also worth noting that the level of innovation security of the state essentially depends on the creation of an effective institutional basis for the protection and commercialization of intellectual property (OIC). Therefore, in many countries of the world, effective management of intellectual property is

important in the sphere of ensuring the state's innovative security. Therefore, the EU countries have created favorable economic and legal conditions for the commercialization of OIC, in particular, multilevel agreements on the rights of protection and protection of intellectual property between state institutions, research institutions, academic and industrial structures are concluded.

So, the experience of the highly developed countries of the world shows that the provision of a structural and innovative model of economic development, without alternativity of which at the post-transformation stage is recognized, is possible provided that the institutional and legal basis for innovative development and state security, institution-organizational and financial support for innovation, also the formation of institutional infrastructure for the integration of research and production (development of innovative clusters in the high technology sectors of the economy, technology parks, business incubators and other elements of the innovation infrastructure, the creation of regional innovation development centers, the development of the institute of mediation in the innovation sphere (intermediary firms, technological brokers, etc.), the establishment of a legal protection system intellectual property, the development of interstate scientific research and technological cooperation in the innovation field through the use of various forms of integration into the global market of innovative products, incl. international technology transfer; development of electronic management, development and implementation of innovative services, mechanisms of interactive communication between public authorities, enterprises, state and non-state institutions; creation of a system of informational support of subjects of innovative activity by conducting market research and marketing studies of current trends in the development of the internal and external market, requirements and needs of consumers; the introduction of specific measures in the migration policy (counteraction to negative migration trends of intellectual capital, the system of attracting intellectual resources of other states) the formation of a system for training and improving the skills of management specialists in innovation activities; wide involvement of scientists of high qualification for carrying out research and development directly in the sphere of production; increase of the social status of innovation activity, formation of an innovative culture of the society) in order to stimulate the innovative activity of the subjects of the real sector of the economy.

Thus, the role of the state in the management of institutional

mechanisms and instruments for ensuring innovation security is strengthened, and through it, the economic security of the state, as the use of the above approaches to conduct state policy in the management of innovative economic development, the formation of an institutional basis for the state's innovative security, allows significantly strengthen traditional mechanisms of state incentive and the activation of the work of government in this direction will contribute to strengthening the competitiveness of the subjects of the real sector and the national economy as a whole.

Conclusions. In the development of state mechanisms for management of innovation security, the methods of direct (administrative and program-targeted methods, the implementation of which is based on the implementation of direct state financing of innovation activities, involves the development and adoption of various strategies and targeted programs aimed at the development and activation of innovative processes), and indirect influence of public authorities on stimulating the development of innovative activities (legal, organizational, economic, social psychological, which are oriented towards creating a favorable economic and legal climate for implementation and ensuring active and effective interaction of participants in the innovation process).

It should also be noted that effective practical solutions for reforming the institutional system for ensuring the state's innovative security, developing the institutional environment, and the infrastructure for integrating research and innovation activities have also been developed by world experience in implementing institutional mechanisms for ensuring innovation security. In particular, important conclusions for countries with a transformational economy are the need to establish an institutional and legal basis for innovative development and security of the state, the formation of institutional and organizational and financial support, as well as the development of institutional infrastructure for innovation.

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**ACCOUNTING POLICY
OF A BANK IN
INSOLVENCY – A STEP
FOR CREATIVE
MANAGEMENT**

Introduction

Bankruptcy Matter is covered by the Bank Bankruptcy Act, the Credit Institutions Act, and the Commerce Act. In Bulgaria, the Law on Credit Institutions regulates the conditions under which a bank declares insolvency and the actions of its managers – conservators and trustees.

As there are no special provisions in the Bank Bankruptcy Act and the Credit Institutions Act, the provisions of Part Four of the Commercial Law apply accordingly.

In economic terms, insolvency is the termination of insolvent trader's business and the transition to collective proportional satisfaction of creditors' claims. The trader who is declared bankrupt ceases commercially to engage in commercial transactions and earn income

CONCLUSION

In a market economy one of the most important factors in the effective functioning and development of economic entities is the successful implementation of their innovation activities. In turn, the spread of processes for the introduction of innovation by economic entities becomes a key condition for accelerating the socio-economic development of the country.

The results of the author's research in the collective monograph are devoted to solving problems of formation and development of an effective system management of innovative development and theoretical-methodical principles of organizational-economic management by choosing directions of innovative development the economic entities.

Innovative activities are usually carried out by economic entities from time to time, rather than on a regular basis, due to lack of financial and other resources, uncertainty and increased risk of innovation, lack of appropriate experience in innovation management and effective science-based tools formation of the mechanism management of innovative development.

The main advantage of the innovative way of development is ensuring economic growth without proportional increase in consumption of raw materials, formation of conditions under which investment into the creative and scientific potential of society becomes extremely advantageous. After all, innovative development the economic entities, based on the general principles of cyclical development of scientific-technological progress, determines the objective need for changes in generations of technology and technologies, provides of possible alternatives for the implementation of scientific-technological innovations, etc.

The presented results of the research in the collective monograph reflect the theoretical and practical aspects of the introduction of mechanisms for the management of innovative development the economic entities.

It is established that the increase of the efficiency activity the economic entities in the current harsh environment of the competitive environment is based on the improvement of the process management of innovative development the enterprise.

It is determined that the need for implementation of innovative development the economic entities are stipulated: the intensification of

intensive factors the production development, which promote the application of scientific-technological progress in all spheres of economic activity; the determining role of science in improving the effectiveness of the develop and introduction of new technology; the need for a significant reduction in the timing of creation and implementation of new technology; increase of technical level of production; the need to develop the creative skills of inventors and innovators; increase in costs and deterioration of economic indicators of economic entities when developing new products; rapid moral aging of technology; the objective need for accelerated implementation of new technology, etc.

The system management of innovation development is an open system that constantly interacts with the external environment of activity, providing flexibility and adaptability the economic entity to market conditions. Taking into account these functions makes it possible to conclude that the process of transition the economic entity to the innovative way of development requires the creation of a new system of its organizational management taking into account corrective actions.

Innovative development in the volatile market conditions of the transition economy is characterized by specific features that cause the formation of numerous models of management systems in each particular situation. The choice of a model depends on the conditions of activity the economic entity, the level of economic development, the formation of its innovative potential.

The current stage of expansion of globalization, informatization and market relations provides great opportunities for development at the expense of connecting to innovation processes more advanced economic entities, integrating participants of innovations within the framework of cooperation, attracting Internet technologies, using world achievements and opportunities of international institutions. According to practice the business entities in the formation of organizational potential insufficiently used the possibilities of world consolidation. The main reason for such a situation is the low level of readiness for changes the economic entities. The period of organizational change requires serious investment, which in turn limits the possibilities of the current economic growth the economic entity, regardless of the sources of funding for innovative development programs. At this stage, the formation and flexibility of the management system of innovative activity the economic entity enables to transform into a new way of development without unnecessary expenses. Innovative development is a systemic orientation of activity the economic entity to achieve high performance results at the expense of innovation factors,

which are based on a continuous uninterrupted search of new means and spheres of realization of the potential the enterprise in an unstable market environment. Innovative development at the level of an individual economic entity involves the implementation of the process of introducing promising innovations, the implementation of which should contribute to increasing the competitiveness of the enterprise.

The transition of the economic entity to the way of innovation development requires him to organize a management system capable of responding quickly to changes in both the external and internal environment of operation. Management of innovative activity the economic entity is a complex system of interrelated functions, the sequence of which ensures the formation of competitive advantages through innovative development factors.

The economic situation in recent years is characterized by an increase in the degree of globalization and business informatization, increased competition on the markets of goods and services, capital and labor. Such market development leads to the need to create a sustainable innovation policy, which is based on the integration of economic entities, concentration of capital. As the world experience shows, alternatives to innovative development today do not exist yet, since it is practically impossible to compete in foreign markets in the traditional field of activity. Only fundamentally new technologies, supported by managerial innovations, will create a new competitive environment and provide the prerequisites for achieving leadership positions on the market. In turn, increase of business activity and innovation will allow providing high rates of economic growth, increase of capitalization the economic entities and scale of production.

The generalized researches in the collective monograph indicate that the management of innovative development the economic entities should be considered as a systematic management of innovation activities aimed at creating and ensuring the achievement of economic growth through the rational use, increase and distribution of innovation and economic-technological potential, including material, labor, financial, information resources, in order to transform it into innovative capital, is capable of providing innovative development the enterprise. That is, while managing of innovative development the economic entities there is a systematic decision-making process and the transformation of innovation potential into innovative capital, the very realization of innovation potential leads to the innovative development of economic entities, and the systemic ensures the sustainability of development.

Management of innovative development the economic entities

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Zarządzanie innowacyjnym rozwojem podmiotów gospodarczych

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