

## FORMATION OF THEORETICAL FUNDAMENTALS AND STRATEGY OF INVESTMENT-INNOVATIVE ECONOMIC DEVELOPMENT AT MACRO AND MICRO LEVEL IN GLOBALIZATION CONTEXT

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**Abstract.** The article considers the theoretical foundations and strategic directions of investment -innovative development at the macro and micro level in a global environment. Summarizing the approaches developed in domestic and world science, the author has formulated a copyright definition of innovative development. The study has revealed the chain nature of investment - innovative development that has sequential generation of innovation through investments in a geometrical progression to infinity. To meet the needs of the analysis and formation of the strategy of investment-innovative development of Ukrainian economy at the macro and micro level in the context of globalization, the author has recommended to use a common methodological approach to record keeping and reporting, determining components of investment - innovative development and to provide for the replacement of the term "investment" activities with "investment-innovation" activities in the accounting documents.

**Keywords:** theoretical fundamentals, strategy, investment-innovative development, globalization.

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### Introduction

In the context of globalization, effective development of national economy based on investment and innovation is possible provided that it has a clearly defined and properly structured theoretical framework. A coordinated information policy in the society will facilitate and expedite the process of applying the investment-innovative model of development of national economy in a practical way. The focus area of this policy is to prove the inevitability and usefulness of the transition of the economy at both macro and micro level from an industrial era to a postindustrial knowledge economy, which is based on investment, innovation, intelligence, science and the like. It is important to be aware of undeniable advantages and the positive results of using investment-innovative levers of development at the management level of enterprises that operate in the domestic and international markets. Given this, the formation of the theoretical foundations and shaping a strategy of investment-innovative development of the economy at the macro and micro level in the context of globalization, should be considered relevant and timely.

### Theoretical fundamentals of investment - innovative economic development

A number of Ukrainian economists such as V. Andriychuk, M. Fleichuk, A. Mokii, O. Amosha, A. Galchynskiy, V. Geyets, V. Gusev, L. Malyuta, E. Molchalova, I. Pavlenko,

I. Prokopenko, T. Stovbun, P. Svirko, V. Semynozhenko, O. Sobkevych, A. Sukhorukov, V. Fedorenko, and A. Chukhno carried out the studies of the theoretical foundations of investment-innovative development of Ukraine.

Many foreign scientists, among them are S. Glazyev, P. Drucker, N. Ivanova, G. Keynes, M. Kondratiev, B. Kuzyk, S. Kuznets, G. Mensh, R. Nelson, M. Porter, P. Romer, B. Santo, A. Spiethoff, J. Schumpeter, A. Hansen, Yu. Yakovets, K. Yanovskyi and others, focused on the study of different conceptual approaches to the disclosure of the concepts "investment" and "innovation", disclosing the nature of the relationship between them, defining the stages and components of the investment-innovation process and building the model of investment-innovation development of the economy at the macro and micro level under the influence of global factors.

Nevertheless, terminological and structural components of investment and innovation development of the economy require further systematization and generalization. In general, priority should be given to addressing the issues that have not found a clear solution in academia. These include searching for the relationship between investment and innovation as determinants of economic growth, determining the ways of the enterprise development and building a model of investments and innovative products cycle. It is investment and innovative development of the national economy as well as the formation of its strategy that should be given priority.

The aim of the article is to systematize and generalize the existing terminology and to provide recommendations on the formation of theoretical foundations and shaping the strategy of investment-innovative development of the economy at the macro and micro level in the context of globalization.

In the Academic Explanatory Dictionary of the Ukrainian language the term "development" has the following interpretation: 1) action by importance; 2) the process by which a change in the quality of something occurs, the transition from one qualitative state to another, higher; 3) the degree of education, culture, mental, and spiritual maturity. (Academic Explanatory Dictionary of the Ukrainian language, 2016).

Joseph Alois Schumpeter interpreted the term "development" as "... the fact of constant change of historical conditions, which, for this reason, become historically individual in time. And each subsequent historical condition can be adequately understood from the previous one." For I. A. Schumpeter, economic development is a fundamentally new use of the services of labor and land, which is carried out in the form of making new combinations (Schumpeter, 2008).

Scientists often turn to addressing the opportunities and challenges of development at the critical stages of the society, in conditions of the critical state of socio-economic systems, when the country needs to find a way out of economic recession and switch to gradual recovery and growth of the economy at the macro and micro level.

Development should be distinguished from growth, although these concepts are close and constantly intersect. In the Explanatory Dictionary by Ozhegov, growth is referred to as: 1) an increase in number, size, and development; 2) improvement of the development process.

Scientific literature distinguishes between "catching-up development", "accelerated development", "advanced development", "sustainable development" and "innovation (investment - innovative) development."

M. Z. Zgurovsky treats "catching-up development" as movement of the national economy to the level already achieved by a country or group of countries (Zgurovsky, 2010).

The concept of accelerated economic development originated in the Soviet Union. The aim of this development is to achieve a qualitatively new state of maturity of the civil society by implementing an acceleration strategy with the use of economic policy instruments. The latter contains a social dimension and a number of economic, organizational, political and ideological processes of acceleration.

"Accelerated development" aims at acquiring a higher level of development compared to the level already achieved by a specific country (group of countries). This development is based on a sharp increase in innovative activity for the timely creation of new opportunities for economic growth. It is carried out on a new technological base and provides transition of the economy to a higher level of efficiency. Given this, we can argue that the concept of accelerated development can be implemented through the model of investment-innovation economy at the macro and micro level, with mandatory development of human capital. Thus, advanced development is based on scientific and technical progress (STP) and scientific knowledge. STP, which is implemented in full due to globalization processes, enhances the international scientific and technical exchange, opens up access to new technologies to less developed countries, aligning technological development between the countries of the world. (Hlazier, 2010).

Over the last decade of the twentieth century the principles of sustainable development and the innovative development concept established as guidelines for the progress of world civilization. The principles of sustainable development were approved by the world community at the UN Conference on environment and development in Rio de Janeiro (1992)." In 1994, they were published in the finished form in the United Nations "Human Development Report," namely, in the universal concept of sustainable development.

According to the nature of these principles, the development is considered sustainable when, subject to achieving sustainable growth, it ensures equitable distribution of its results, the development of human potential and realization of women's rights, the preservation and restoration of the environment for present and future generations.

According to researchers of sustainable development, innovative economy is essentially a "knowledge economy", because the main part of the cost of the total product falls on knowledge, not manufacturing.

The essence of the concept of innovative development is the achievement of economic development through large-scale introduction of products of intellectual labor (knowledge, technologies, scientific-technical developments, etc.) in economic circulation for their commercialization and the achievement of socio-economic impact. The concept of innovative development proves the way to achieve sustainable economic growth through innovative development of human potential, reduction of anthropogenic load on a human and environment.

For identifying the characteristics of "innovative development", we have analyzed and systematized approaches to the definition of this concept proposed by scientists.

We have singled out characteristics that are inherent in "innovative development" at the macro and micro level in global economic conditions:

- 1) At the macro level, the term "innovation development" is used when talking about the construction of the state innovation development models, carrying out research on the mechanism of realization of scientific and technological progress in the economic development of the country, the region, the formation of knowledge economy, searching for new sources of economic growth and more. At the present stage of world economic civilization one can witness transition from industrial to post-industrial phase of development

of society because of modern innovative technological factors. For the post-industrial society the characteristic features are as follows:

- improving the efficiency and productivity through the use of modern high and flexible technologies;
- globalization of information exchange;
- spread of distribution networks of production organization instead of its concentration;
- increasing intellectualization of production, which involves increasing the share of intellectual intangible assets in the asset structure of the enterprise;
- a high level of education and information-technological competence of the person.

2) At the micro level, the term "innovation development" is used to describe the process of economic change at the enterprise level through innovation.

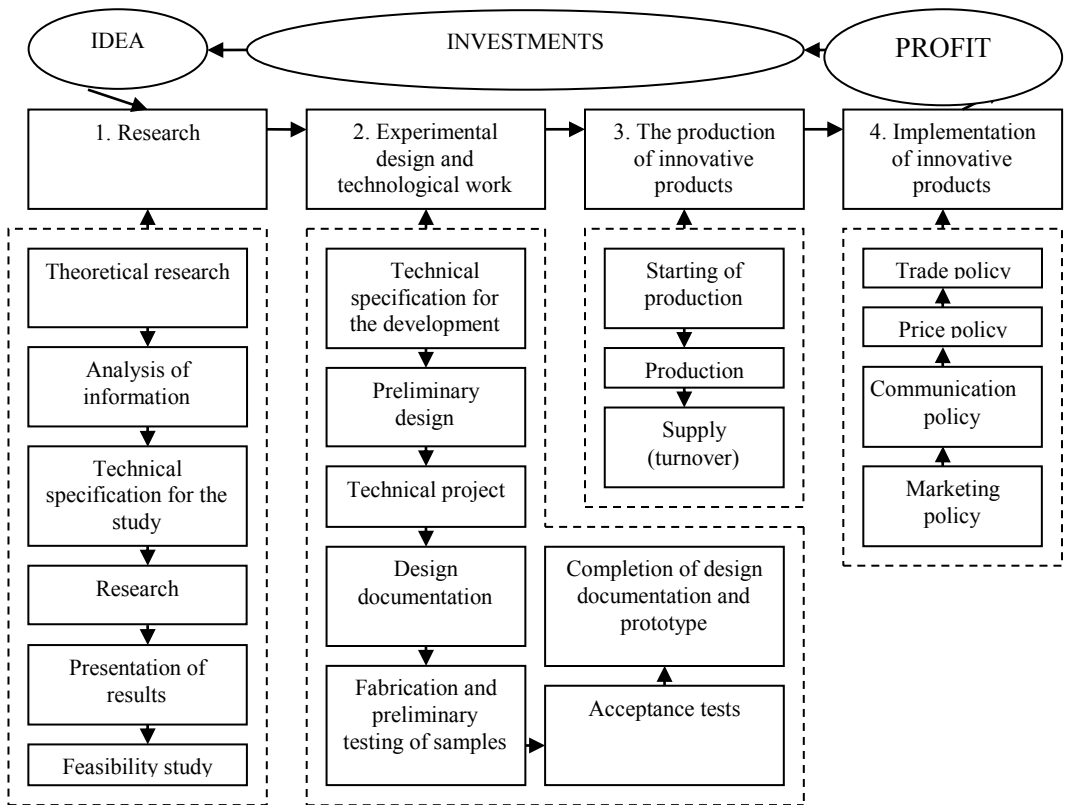
Investment-innovative activity at all levels of the economic system is considered to be the basis for transition to the investment-innovative development. For the needs of analysis and shaping the strategy of investment and innovation development of Ukrainian economy at the macro and micro level in the context of globalization, we consider it necessary to establish a unified methodological approach to the accounting of investment and innovation and generalization of accounting information in the financial statements as part of the investment, operating or financing activities. Although it makes no sense to consider innovation as a separate type of business, but it should be accounted for in constant relationship with the operating, financial and investment activities. Moreover, the priority task is to link the innovation process with investment activities, because it is impossible to develop and implement innovations without the investment costs for these needs. The process of transformation of funds, scientific research, technical solutions, improved competitive technologies to qualitatively new fixed assets, other tangible and especially intangible assets is carried out through investment activities.

We propose to define the investment-innovative development as a targeted process of positive shifts through investment in innovations that will result at the micro level – in an increase in the efficiency of economic activity of enterprises and at the macro level – in the growth of the national economy, scientific and technological development and qualitative improvement of the standard of living of the population. The resources that are introduced in the commercial or economic process (in particular in investment and innovation processes) as potential sources of economic benefits can include: natural resources (natural substances that are potentially suitable for the use in the production process); material resources (everything made by human labor that is necessary for the production process); labor resources and human staff who are involved in all stages of the process; investment and financial resources; information and intellectual resources, in particular the objects of intellectual property rights of different nature (inventions, results of research and development (R & d), patents and the like).

These resources should be put into the economic process (including investment, innovation processes) and directed by intelligent resource of management solutions.

Intellectual resources with prospects for commercialization, when they materialize, and intellectual resources of management solutions that are guided by these processes, are crucial for investment and innovation processes.

The main stages of the transformation of intellectual property into innovative products (services) at the micro level are shown in Fig. 1.



**Fig. 1. The stages of the cycle of investment and innovation products (services) at the micro level (Compiled by the author)**

Consequently, investment and innovation are the main determinants of economic growth in any country because they contribute to the formation of innovative type economy. It makes sense to agree with A.V.Uhina, who argues that innovation is a qualitative component of economic growth while investment is quantitative. Innovation, which belongs to high-quality investment component, defines various areas of refinancing funds in the relevant technologies, products and services. This allows economic system to achieve the highest level of development (Uhina, 2016).

Investment as a quantitative component creates conditions for a real economic breakthrough of Ukraine, making structural changes in the national economy through innovation.

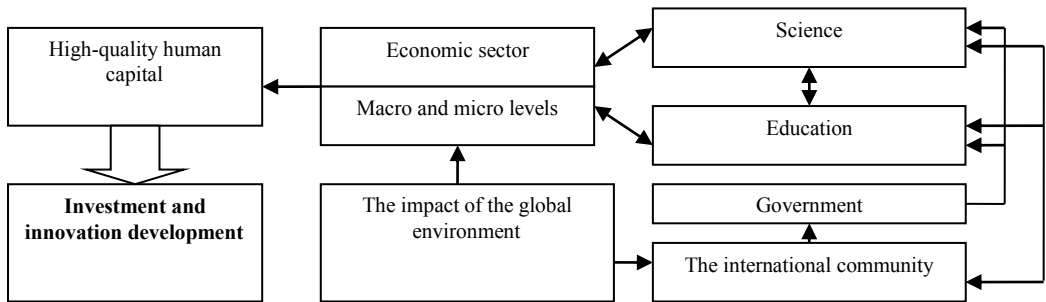
**The strategy of investment-innovative development of the economy at the macro and micro level in the context of globalization**

Formation of strategy of investment and innovation development of Ukraine's economy at the macro and micro level in the context of globalization depends on the chosen model of economic reforms in the country.

According to the Dictionary of Economic Terms, the definition of economic modeling in the economy (Fr. Modelle, from Lat. Modulus - measure sample) is a reproduction of economic objects and processes in cramped, small, experimental forms in artificial conditions (full scale simulation). Economics often uses mathematical modeling to describe economic processes with mathematical dependencies (Dictionary of Economic Terms, 2016).

V. P. Gordienko argues that in modern conditions the most effective is the innovation-investment model of development aimed at overcoming structural deformations in the economy of surrounding areas through the modernization, renovation of production assets, the increase in the share of high-tech industries, the expansion of capacity of the labor market, enhancing the export potential and the like. (Gordienko, 2012).

In General, taking such a position, it is appropriate to focus on the provision of priority in the model of investment-innovation development of the economy of Ukraine to high-quality human capital, which promotes intense shifts of innovative character. Fig. 2 presents the author's model of investment-innovative development of Ukrainian economy at the macro and micro level in the global environment through enhancing human capital.



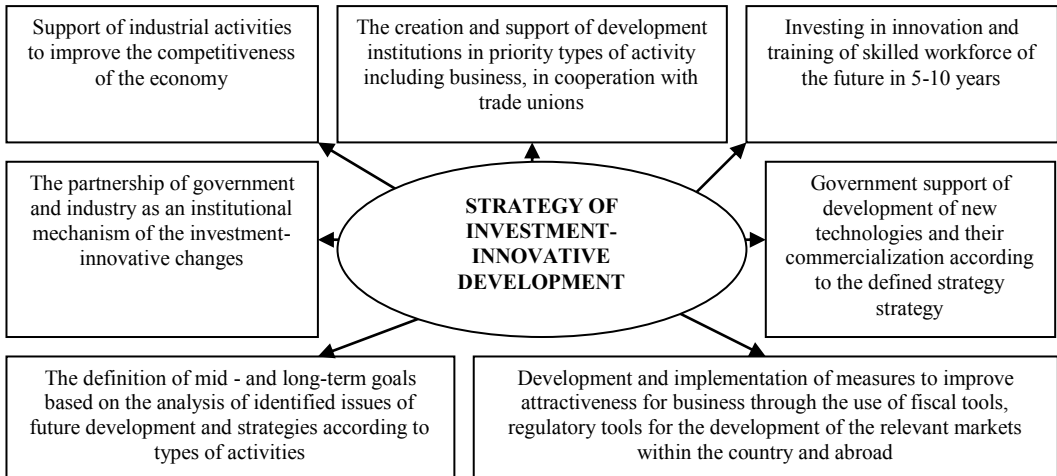
**Fig. 2. Author's model of investment-innovation development of Ukrainian economy at the macro and micro level in the global environment through enhancing human capital**  
(Compiled by the author)

After all, the state must make a bet solely on high-quality human capital, to include competitive science, advanced education and high-tech business in a list of the main drivers of its economy.

From the point of view of N.V. Ivanova, investment-innovative development model is an economic model of development of the productive forces of the country, which is based on the use of high technology, contributing to the creation of competitive products for domestic consumption and export to foreign markets. (Ivanova, 2014). This model is complex and is formed from a set of elements in a dynamic interconnection: production of scientific knowledge and innovation; education and training; commercialization of scientific knowledge and innovation; using innovation; management and regulation of innovation development of the economy; financial security reforms.

Scientific and technical potential of our country is pretty powerful, but due to inefficient management the development and implementation of innovations is quite passive. It requires refocusing on the high-tech way of further development. The government should make a bet solely on high-quality human capital, to include competitive science and advanced education and high-tech business in the list of main drivers of its economy.

Analysis of the listed strategies used by developed countries in upgrading the industrial activities on the investment and innovation basis allows forming a national development strategy, which is shown in Fig. 3.



**Fig. 3. Components of the strategy investment and innovation development of Ukraine**  
(Compiled by the author)

The model of investment and innovation development of economy manifests itself at different levels, hence the need to change approaches to their management.

### Conclusions and suggestions

Thus, the article deals with theoretical principles and strategic directions of investment and innovation development at the macro and micro level in the global environment. Based on the analyses of the achievements of domestic and foreign scientists, the concept "development" is regarded as the process of accumulation of positive shifts, which changes the quantity and/or quality of a particular economic phenomenon (or its separate components) with the transition to higher quantitative and/or qualitative status.

Summarizing the existing in domestic and global economic thought approaches, a copyright definition of innovative development has been proposed, in which the concept "innovative development" implies a targeted process of positive shifts through innovation, which will lead, at the micro level – to the increase in the efficiency of economic activity of enterprises and at the macro level - to the growth of the national economy, scientific and technological development and qualitative improvement of the standard of living of the population.

The study has revealed the chain nature of investment - innovative development that has sequential generation of innovation through investments in a geometrical progression to infinity.

In the study, investment-innovative development is regarded as a targeted process of positive shifts through investment in innovations that will result at the micro level – in the

increase in the efficiency of economic activity of enterprises and at the macro level – in the growth of the national economy, scientific and technological development and qualitative improvement of the standard of living of the population..

To meet the needs of the analysis and formation of the strategy of investment-innovative development of Ukrainian economy at the macro and micro level in the context of globalization, the author has recommended to use a common methodological approach to record keeping and reporting, determining components of investment - innovative development and to provide for the replacement of the term "investment" activities with "investment-innovation" activities in the accounting documents.

A promising area for further study of the issue is the formation of a complex accounting and analytical mechanism for management of investment-innovative development of enterprises.

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