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## **INSTITUTIONAL FRAMEWORK OF INNOVATIVE ACTIVITY IN THE AGRARIAN SPHERE**

**Abstract:** This paper considers the conceptual category of institutional economic theory, the institutional structure (the set of formal and informal institutions) innovative activities in the agricultural production, the current state of institutional provision of innovative activities in the agrarian industry of Ukraine. The reasons of the inefficient institutional structure of science and innovative development of the industry.

**Keywords:** innovation, institution innovation resources, intellectual product, competition, conceptual category.

Institutionalism is among methodologically productive areas of economic theory in the study of content areas and mechanism for implementing the processes of systemic transformation of the economy to an innovative model of development. In most developed countries targeted state support of innovation activity is gradually minimized to creating innovative institutional environment that encourages innovation and attracts foreign capital in the innovation sector. Today in innovative sphere of agricultural sector of Ukraine the need to improve the use of the institutional approach, established relationships between the state and scientific areas and business entities, mechanisms to encourage the cre-

ation of competitive innovative products and their manufacturing, is of the paramount importance. Research various different views of the institutions as an economic category showed that there are no single treatment for their definition and classification, produced not a single concept on the content of the definition “institution”.

Modern security contributions importance of institutional innovation in agricultural sector due to the need to find new mechanisms and methods of interaction between all participants of the innovation process [1]. A key factor in promotion of innovative activities, the results of numerous studies are structuring the basic blocks of institutional func-

tioning of market technologies (patents and licenses, scientific and technologically demanding products, high-tech capital, scientific and technical experts), i. e. innovative transformations change – the production of scientific knowledge and innovation, their commercialization and application, that provide legal and organizational basis in innovation sphere. Most studies on special topics of institutional factors on economic growth related primarily to the role of political and legal institutions in economic conflicts and reducing transaction costs, but technological and organizational innovations in the institutional system, which have direct impact on economic development, are often overlooked. So it is important to assess the role of institutional structure and institutional changes, aimed at efficiency of innovation activity in agricultural production.

The vast majority of researchers treat institutionalism as a sustainable system of basic institutions that has developed historically, which regulates the functioning of the main interconnected public spheres – economic, political and ideological, or in a more narrow sense, as a ‘web’ of interconnected institutions and the resulting political and economic organizations. Institutions in the economic literature are mainly the following components: institutions as rules that are resistant standards; as standards of behavior; as habits, routines, customs, traditions, institutions as patterns of thinking; as social relations; as laws and organizations (institutions) that control certain social relations; as the mechanisms for resolving conflicts between economic actors; as law enforcing mechanism; as equilibrium in the standard coordination repeating game [4, 67; 5, 151]. In our opinion this is due to the complexity and diversity of this category and different methodological approaches application to its study.

New institutionalism, in order to justify the actions and functions of the factors that shape the institutional system of innovation, differentiate the concept of “institutes” and “institutions”. The vast majority of researchers see “institutions” as system of formal (rela-

tively stable and long-term social and economic norms “are defined in the laws and all sorts of prescriptions, so these are “public and transparent”) and informal institutions (they act through moral and ethical values, beliefs, taboos, habits, reflecting the general civilizational and cultural level of the individual and society. Some elements of the institutional system are quite dynamic in nature and serve as means of affecting the real state of the innovation process (eg, laws, regulations, agreements, etc.). However, the other – is an objective content and forms whole range of economic relations superstructure (eg, market, competition, ownership, etc.), so it is hard to influence [6, 223]. Another form of revealing institutions are institutes (another translation – organization). The institute is the subject of an institutional mechanism. As noted by D. North “... there are no other solutions besides using institutional mechanisms to set the rules, and use of the organization – to ensure compliance with these rules”.

To provide highly efficient innovative activity in the agricultural industry, as our research reveals, the systematic approach to the creation of appropriate institutions with appropriate set of rules and regulations is necessary, including:

- institutional and organizational support – a system of organizations (government), providing formulation and implementation of state policy in innovation field [2];
- institutional law support – system of legal acts regulating the implementation of state policy in innovation field;
- institutional support of innovative transformations (production of scientific knowledge and innovation, their commercialization and application) and functioning of technology market (patents and licenses, scientific and technologically demanding products, high-tech capital, scientific and technical experts);
- institutional staffing – the specific activities carried out during training for implementation of the state policy in innovation field [3].

Overall institutional transformation on the formation of institutional support innovation system, in experience of developed countries, should not occur in isolation but as part of the national innovation system (NIS), providing synergetical effect on sustainable economic development based on the generation, dissemination and practical application of new knowledge and innovation [5; 6]. Unfortunately, institutional configurations of innovation activity in the agricultural sector of Ukraine do not provide an appropriate structured system of innovation's institutional support. Major problem is the implementation of institutional structuring depth of interdisciplinary links in the innovation cycle "basic research – development – commercialization of innovations in production", functioning of research and high-tech products market, cooperative and contractual relationships within the scientific, technical and innovative structures and external contractors also. Therefore, only a small part of the national agrarian scientific capacity, as in Ukrainian scientific environment in general, is focused on keeping scientific knowledge up to date.

Considering, from our point of view, the key problem of mutual influence on institutions and innovation and in particular the development of scientific, technical and human capacities, it should be noted that arrangements for innovation in the agricultural sector are being held mainly on acquisition of foreign machinery and equipment, the introduction of individual technological elements of the innovation process without scientifically integrated approach to shaping of innovation projects and adaptation to institutional forms and structures, in which they were supposed to be implemented. Rules and regulations, established by law of Ukraine, central and local authorities were ineffective regarding stimulation of innovation process organization [5]. This was a major conceptual mistake that preserved inefficient institutional structure of science and innovative development of the industry branch. It should be noted that Ukraine has enough powerful

scientific potential of agricultural science, which in the conditions of effective institutional system has the power to carry out scientific support of competitive domestic agricultural production, its release to the world market.

Practice has proved that it is due to the formation of institutional innovation system, the conditions for effective use of existing scientific potential consideration of complex intractable conflict and ways to overcome them by increasing the efficiency of the institutions interdependencies innovation system.

With the growth of investment in basic innovation starts or accelerates production growth and increases its market share while displacing outdated technology, lowering costs, creating added value to interested shareholders, lower prices, demand increase. This positive process indexes improvement innovations, new investments attraction into innovation projects and regular increase in sales due to the emergence of new competitive products. Further – quantity of workplaces increase, improvement of population's welfare. That's the way to support of one institute to another. This explains the situation when optimal organization of scientifically demanding production specifies designing those products, which are expected on the market.

With development of business-system in case of shaping functional institutional system of innovation activity, where innovations are often very different from each other – adaptation of object transformation is happening to theoretical ideology and objects and approach to their application, its global changes in conditions of implementation of a solution (created innovation), also regarding connection of the latter with various institutions: technical, economical, social.

Providing effective operation and development of the agricultural sector in Ukraine in modern conditions grounding on innovative principles requires the harmonization of government institutions, business and scientific institutions in form of partnership, implementing the concept of institutional support innovative development of the industry at the re-

gional and national level. Institutions, as latest studies of “new” and “old” institutionalists reveal, are most frequently meant as prevailing set of rules, regulations, guidelines, traditions and customs that form a framework limitation operation corresponding type of economic system and create models of economic behavior of economic subjects objects based on innovation. Institutional structure’s base of any type is a set of formal and informal institutions. The current condition of institutional support for innovation in agricultural production makes it necessary to increase integration of science, business and government agencies institutions, organizing theirs closer cooperation to enhance innovation activity on the basis of shaping

innovation resources’ management business-system, a mechanism of attracting private investors to perform scientific-innovation process.

Effective comprehensive structural institutional changes in innovation activity may be seen through analysis of the gross domestic product structure, results of internal and external trade, labour distribution and its productivity. It is proved that scientists carry out effective researches and their findings have high susceptibility in production, because they are working in adequate institutional sphere; development of effective institutional environment is the result of advanced scientific research methods of research institutes and high proficiency of scientists.

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