

## SECTORAL INNOVATIONS AS A FACTOR IN THE DEVELOPMENT OF THE STATE AND SOCIETY

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### ABSTRACT

The article provides a brief overview of the essence and content of innovations.

**Key words:** innovation, innovative activity, innovation process, innovation policy, innovation management, technological process, creative process.

### INTRODUCTION

The term "innovation" was first used in the 19th century in the studies of culturologists and means the penetration of some elements of one culture into another [1, p. 5].

In the textbook "Fundamentals of Innovation Management. Theory and Practice" edited by A.K. Kazantsev and L.E. Mindeli notes: "The word "innovation" is synonymous with innovation, or novelty, and can be used along with them.... Innovation arises as a result of the use of the results of scientific research and development aimed at improving the process of production activity, economic, legal and social relations in the field of science, culture, education, and in other spheres of society" [2, p.6].

The Concept of the State Innovation Policy of the Russian Federation for 2002-2005 emphasizes that innovation is the final result of innovation activity that has been implemented in the form of a new or improved product sold on the market, a new or improved technological process used in practice [3, p.2].

Innovation activity is an activity aimed at the use and commercialization of the results of scientific research and development to expand and update the nomenclature and improve the quality of products (goods, services), improve the technology of their manufacture with subsequent implementation and effective implementation in the domestic and foreign markets [4, p.15].

The Austrian and American economist J. Schumpeter, who was the first to use this term, interpreted innovation as a new combination of resources motivated by an entrepreneurial spirit.

J.Schumpeter noted the role of innovation as a means to overcome economic downturns. The researcher showed that the source of profit can be not only price manipulations and cost reduction, but also a change in products. In his work The Theory of Economic Development, J.Schumpeter wrote: "By enterprise we mean the accomplishment of new combinations, and also that in which these combinations are embodied: factories, etc. p. Entrepreneurs, on the other hand, we call economic entities whose function is precisely the implementation of new combinations and which act as its active element" [5, p.

The Scottish economist and philosopher-ethicist Adam Smith in his monograph "The Wealth of Nations" emphasized that the organizational mechanism of capitalism is not only the

market system (the ratio of supply and demand), but also competition, which forces not only to satisfy ever-increasing needs by lowering prices and improving quality, but also to do this in the most efficient way through the transition to new technologies. i.e. with the help of innovations [6, p. 19].

The American economist and marketer F. Kotler defines innovation as an idea, product or technology launched into mass production and presented on the market, which the consumer perceives as completely new or possessing some unique properties [7].

A great contribution to the development of the theory of the innovative way of economic development was made by the great Russian economist N.D. Kondratiev, who received worldwide recognition, who, expounding the doctrine of large cycles of conjuncture of half a century duration, substantiated the natural connection between the "upward" and "downward" waves of these cycles with the waves of technical inventions and their practical use. N.D. Kondratiev assigned the main role in the changes in the economic life of society to scientific and technical innovations [8].

In the textbook "Innovation Management" edited by S. V. Maltseva, it is noted: "innovation is the final result of innovative activity, embodied in the form of a new or improved product (product, work, service), production process, marketing or organizational method — in doing business, organizing workplaces or external relations" [9, p. 23].

The textbook "Innovation and Project Management" emphasizes: "It is also common to understand innovation as an innovation that has gained public recognition through commercialization, transformation into a commodity or service. All interpretations of the concept of "innovation" are united by a common characteristic feature - a new consumer value of the product created in the process of innovative activity" [10, p. 20].

The methodology for the systematic description of innovations in a market economy is based on international standards, the recommendations for which were adopted in Oslo in 1992, hence the name "Oslo Manual". They are developed in relation to technological innovations and cover new products and processes, as well as their significant technological changes [11, p.18].

In the scientific literature, there are many approaches to defining the essence of innovation. Two points of view are the most common: in one case, innovation is presented as the result of the creative process in the form of a new product (technique), technology, method, etc.; In the other, it is a process of introducing new products, elements, approaches, and principles instead of the existing ones.

In his textbook "Innovation Management" G. B. Shpak

Thus, the indispensable properties (signs) of innovation are:

- scientific and technical novelty,
- Production applicability
- economic utility,
- commercial feasibility (efficiency)" [12, p. 41].

In this regard, most researchers distinguish two sides: the "materialization" of an innovation – from an idea to its embodiment in a product, service, technology; "commercialization" of an innovation – its transformation into a source of income [13, p. 34].

Thus, the concept of innovation applies to a new product or service, a method of its production, an innovation in the organizational, financial, research and other spheres, any improvement that provides cost savings or creates conditions for such savings.

Innovations contribute to the saturation of the market with high-quality goods and services. Through innovations towards greater comfort, the living environment is changing and the quality of life is improving.

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