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INNOVATIVE BUSINESS DEVELOPMENT IN THE DIGITAL ECONOMY

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Abstract. Ensuring innovative development of entrepreneurship requires comprehensive consideration of internal and external factors of the system under study, formation of strategies and programs of its innovative development for the purpose of increasing the innovative potential of its participants, active interaction between them, increasing the use of innovative technologies, generate ideas and transformations. In order to ensure stability, retailers are invited to adapt to changes in the macro- and micro-environment using in economic and financial activities innovative components that ensure competitiveness and anticipate crises. The purpose of the paper is the theoretical and methodological substantiation of scientific theses and the development of practical recommendations for the management of innovative business development in the digital economy. The theoretical and methodological basis of the study are the basic factors of economic theory, organizational theory, management theory, information theory, and scientific studies on the management of innovative business development in the digital economy. According to the conducted studies, there are significant "setbacks" of the market in the innovation area forcing the state to assume a number of organizational, financial and institutional functions to regulate the innovation cycle, in which there are more or less "non-market" phases. Today, there are a large number of indices and ratings in the world, with the help of which it is possible to assess the innovative development of the country in various areas of social life. According to the results of the conducted studies, the dynamics of indicators of innovation potential of Ukraine for 2014–2018 is quite slow, which confirms the need for additional incentives and support for organizations engaged in new developments, scientific and applied studies. The conducted analysis of the innovation activity of Ukraine shows its rather low efficiency, which together with political instability leads to a decrease in the investment attractiveness of business.

Keywords: innovative development; business attractiveness; entrepreneurial activity; digital economy; management

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1. Introduction

The development of the modern economy is determined by the high rate of economic and technological transformations, which is increased by competition in industries and dynamic changes in the needs of the public. However, the domestic business sector demonstrates signs of prolonged stagnation, which overcoming is a critical task for the development of the economy of Ukraine at both macro and micro levels. Therefore, the selection of innovation as a driving force of progress simultaneously encourages positive changes not only in scientific thought, but also qualitative changes in the entire system.

According to the liberal economy concept, there appear special conditions for economic entities, which are based on the processes of the macroeconomic situation with the provision of appropriate institutional changes and are related to freedom of choice, pricing policy, collaborative processes and information flows. At the same time, business, as a whole system, affects all components of the structure of the organization, which disturbs their independence, affects the dynamics of development inhibiting the progress of changes both at the national level and at the level of each individual organization. This is especially true of innovative business development in the context of digital transformations, which is a new dimension of reality with the definition of digital leadership.

In the modern world digital technologies create fundamentally new opportunities for building interaction between the state, business and the population eliminating long chains of intermediaries and accelerating various transactions and operations. Such factors come to the fore due to the rapid development of information technologies and globalization of the economy, which offer fundamentally new concepts of consumption and open additional potential for the development of new markets and innovative solutions.

But at present, the digitalization of the economy of Ukraine is actually narrowed to the development of communication and information networks, as the digital infrastructure of Ukraine is underdeveloped. Thus, according to Speedtest.net, the world positions of Ukraine by the indicators of Internet connection quality are quite low: the 114th positions by the quality of mobile Internet and the 45th place by the quality of broadband Internet (Exploring Fixed Broadband and Mobile Network Performance in Ukraine (2019)). Besides, if Ukrainian IT companies can afford state-of-the-art equipment, small and medium-sized businesses, potential buyers of their products and services in Ukraine, are limited in both technology and finance. This also applies to an average consumer, who, for the same reasons, does not have full access to modern digital benefits.

It is obvious that in such conditions, organizations, including trade ones, need to intensify innovation and technological development, to be innovative, so as not to lose global competitiveness and connection with their customers. The solution of this problem belongs to the type of complex multicriteria tasks, which actualizes scientific and economic studies from the perspective of theoretical and methodological, as well as institutional base of business management, its innovative development in the digital economy, needs clarification, revision, supplementation and deepening.

2. Literature review

At present, new technological solutions allow not only more economical use of finite and non-reproducible natural resources but also the gradual abandonment of their use, as modern economic theory, its industrial paradigm is unable to reveal the processes and phenomena characteristic of the new economy and society. Human civilization has entered a phase, which is important for it, and which should be defined as a change of epochs of economic knowledge (Ghanbari et. al (2017); Shevyakova et al. (2021)). The formation of the knowledge economy is facilitated by the exponentially growing demand for services provided through information and

communication technologies — ICT (cellular and satellite communications, digital television and radio, Internet, e-government, e-democracy, etc.) (Ismail et. al (2017)).

The main feature of modern economic and social development is its globalization. In these conditions, the key principles of the economy are changing: new objective laws appear; in the area of production, distribution, exchange and consumption of essentials, information technologies are increasingly used; the basis of the latest technologies are innovative solutions, which require new investments, all this comes down to the fact that there appear new types of product: knowledge, information, intellectual property; new (electronic) forms of money. On this basis, the foundations are created for the introduction of a new kind of economy: digital, which can act as a unifying link of all these components (Olbert & Spengel (2017)).

That is, "in the conditions of the accelerated development of the information society in Ukraine, which leads to the deployment of globalization, improvement of information technologies, transformation of information into important business tools, new tasks are set, a new vision of informatization of enterprise management is required" (Richter et. al (2017)).

The economy needs changes, transformations and innovations, which are provided by the generation and implementation of new knowledge, which is directly dependent on the planetary information sphere as a result of adaptation of social and economic institutions to the formation of information paradigm of the modern world. The need to change the inertial industrial development to the innovative development, which meets the requirements of the modern stage of the scientific and technical revolution, has become logical (Watanabe et. al (2018)). The basis of such changes is science as the highest level of development of the control mind, rational and irrational thinking, creativity of intellectual decisions, development of previously unexplored problems (Holford (2019)).

For traditional concepts it is typical to endow economic relations with market characteristics leveling conditions and principles that do not meet the demands of the macroeconomic environment. A market participant is a person separated from formal institutions with the possibility of independent influence on market relations (Catalini (2017)). However, such a display of independence is accompanied by the negative influence of subjectivism, which is inherent in the traditional views of economists with a lack of maneuvering in the policy of both macroeconomic and microeconomic development.

Today, modern economics is based on innovative approaches to the regulation of socio-economic relations, which is a logical consequence of the development of multimedia space with the ability to manage information thus revealing the new properties of the economy, market and society (Nambisan et. al. (2017)). The economic existence of the individual is at the intersection of the processes of transformation and radical changes caused by the evolution of the idea of economic and information processes with the revision of traditional economic theory as one that does not correspond to modern realities.

However, despite significant scientific achievements, the problem of digital transformation of business through innovative development in a country, which affects the transformation of organizations, including trade ones, remains underdeveloped, which requires further scientific, methodological, practical studies and justifications.

3. Research Methodology and Data

The theoretical and methodological basis of the study are the basic factors of economic theory, organizational theory, management theory, information theory, and scientific studies on the management of innovative business development in the digital economy. In the process of the study, the following scientific methods and techniques were used: observation, sampling and grouping — for theoretical justification during the identification of problems and trends regarding the subject of the study; generalization and comparative analysis — to form a

strategy for innovative development management, logical-structural and graphic modeling — to illustrate the essence of phenomena, relationships between elements of the system, directions of change in the digital economy.

The information base of the study consisted of laws and regulations of Ukraine, special literature, data of international ratings, the State Statistics Service of Ukraine and other ministries and agencies, data from financial statements of trade organizations.

The purpose of the paper is the theoretical and methodological substantiation of scientific theses and the development of practical recommendations for the management of innovative business development in the digital economy.

4. Results

Reorientation of Ukraine to innovative development is possible only under the condition of large-scale implementation of innovative projects, and the transition to an innovative model of economic growth is one of the main tasks of the state in the near future. Directions of innovative development of the enterprise in the digital economy can be classified on various grounds. But none of the shown components of ensuring successful innovative business development has a complete scientific solution, and the current management practice in Ukraine indicates a relatively low level of use of new knowledge.

It is possible to identify some contradictions between the growth of the traditional economy and innovative business development, as this may not be related to innovation at all. This indicates that economic relations have been transformed into a qualitatively new stage of its development, one of the manifestations of which is the formation of national innovation systems (NIS) and their competition. According to statistics, currently in Ukraine 834 enterprises are innovatively active (National Accounts (GDP) (2020)).

The role of the state is complicated by the support of targeted structural changes and institutional reforms that promote the realization of scientific and technological potential, R&D, opportunities for intellectual and creative resources of human capital — within a single consensus of "science – education – production". "Setbacks" of the market in the innovation sphere force the state to assume a number of organizational, financial and institutional functions to regulate the innovation cycle, in which there are more or less "non-market" phases.

We consider it appropriate to use the term "innovation portrait/scoreboard" to reflect the economic condition of an object, as today the world uses a large number of indices, ratings, factors helping to assess and reflect the innovative development of a country in various areas of social life (Figure 1).

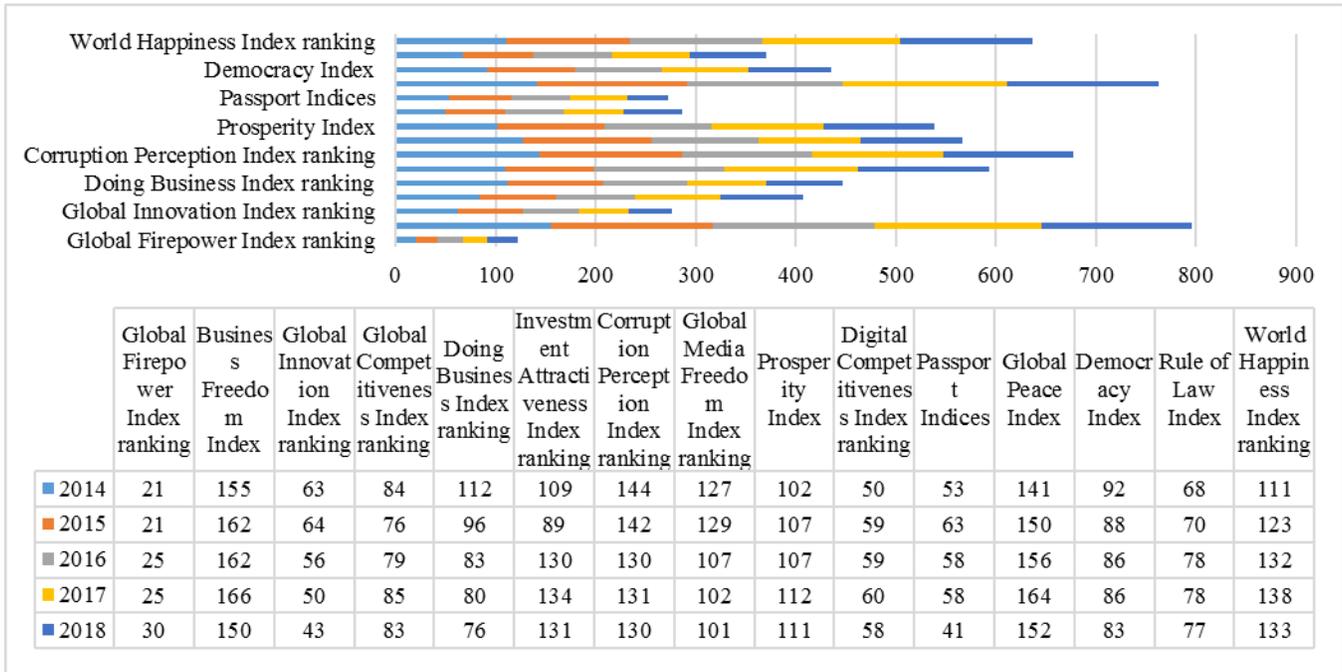


Fig. 1. Innovative scoreboard of the position of Ukraine in the world ratings

Source: built by the authors according to *Position of Ukraine in the Global Competitiveness Index 2016–2017 Rankings (2017)*, *Digital Economy and Society Index (2019)*, *Digital single market. Bringing down barriers to unlock online opportunities (2019)*, *Digital globalization: The new era of global flows (2019)*

Among them, the most detailed and complete description of the country is provided by the Global Innovation Index (GII), which allows to obtain an assessment, including of Ukraine, by comprehensive parameters, namely those of: human capital and research; infrastructure; market and business condition; level of technological development and creative results. Consideration and analysis of these parameters contributes to the development of effective state policy focused not only on innovation of production, but also on the development of research, education, intellectualization of capital, etc.

The Innovative Input Subindex covers five input indicators: institutions; human capital and research; infrastructure; market condition and business condition. The Innovation Output Subindex consists of the following key indicators of innovation results: level of technological development and creative results. Overall GII score is calculated as the average of the input and output subindex data.

The rating of Ukraine among the countries of the world changed under the influence of external factors in 2017–2018 (Ukraine had the 45th position in the Global Innovation Ranking (2020)):

- 1) Global Innovation Index in 2017 — 36.45 scores (50th position of 127 countries), in 2018 — 38.52 scores (43rd position of 126 countries);
- 2) Global Competitiveness Index in 2017 — 4.00 scores (85th position of 138 countries), in 2018 — 4.11 scores (81st position of 137 countries);
- 3) Social Globalization Index — an impressive decrease from the 33rd place in 2017 to the 49th place in 2018 among 207 countries.

To form a holistic picture of the innovation potential of Ukraine, we will analyze the innovation development indicators of the country for 2014–2018 (Table 1).

Table 1. Innovation scoreboard of the dynamics of the components of the global innovation index of Ukraine for 2014–2018

Innovation potential components	2014		2015		2016		2017		2018	
	score	position								
Global Innovation Index	36.3	63 of 143	36.45	64 of 141	35.7	56 of 128	37.6	50 of 127	38.5	43 of 126
Innovation Input Subindex	38.2	88	39.06	84	38.9	76	41.0	77	42.2	75
Institutions	52.9	103	52.2	98	48.7	101	47.9	101	49.1	107
Human capital and research	36.6	45	40.4	36	40.8	40	39.6	41	37.9	43
Infrastructure	27.1	107	26.3	112	32.3	99	39.3	90	38.1	89
Market condition	45.1	90	43.9	89	42.1	75	43.2	81	42.7	89
Business condition	29.1	87	32.4	78	30.6	73	35.3	51	34.5	46
Innovation Output Subindex	34.4	46	33.85	47	32.5	40	34.2	40	39.8	35
Development of knowledge and	38.2	32	36.4	34	34.1	33	32.8	32	36.7	27
Results of creative activity	30.6	77	31.3	75	31.0	58	35.6	49	36.5	45
Innovation Performance Index	0.9	14	0.9	15	0.8	12	0.8	11	0.9	5

Source: built by the authors according to Digital Economy and Society Index (2019), Digital single market. Bringing down barriers to unlock online opportunities (2019), Digital globalization: The new era of global flows (2019)

According to the conducted studies (Figure 2), the dynamics of indicators of innovation potential of Ukraine for 2014 - 2018 is quite slow. The achievement of the obtained result was positively influenced by the development of institutions, knowledge and technologies, business condition and the results of creative activity.

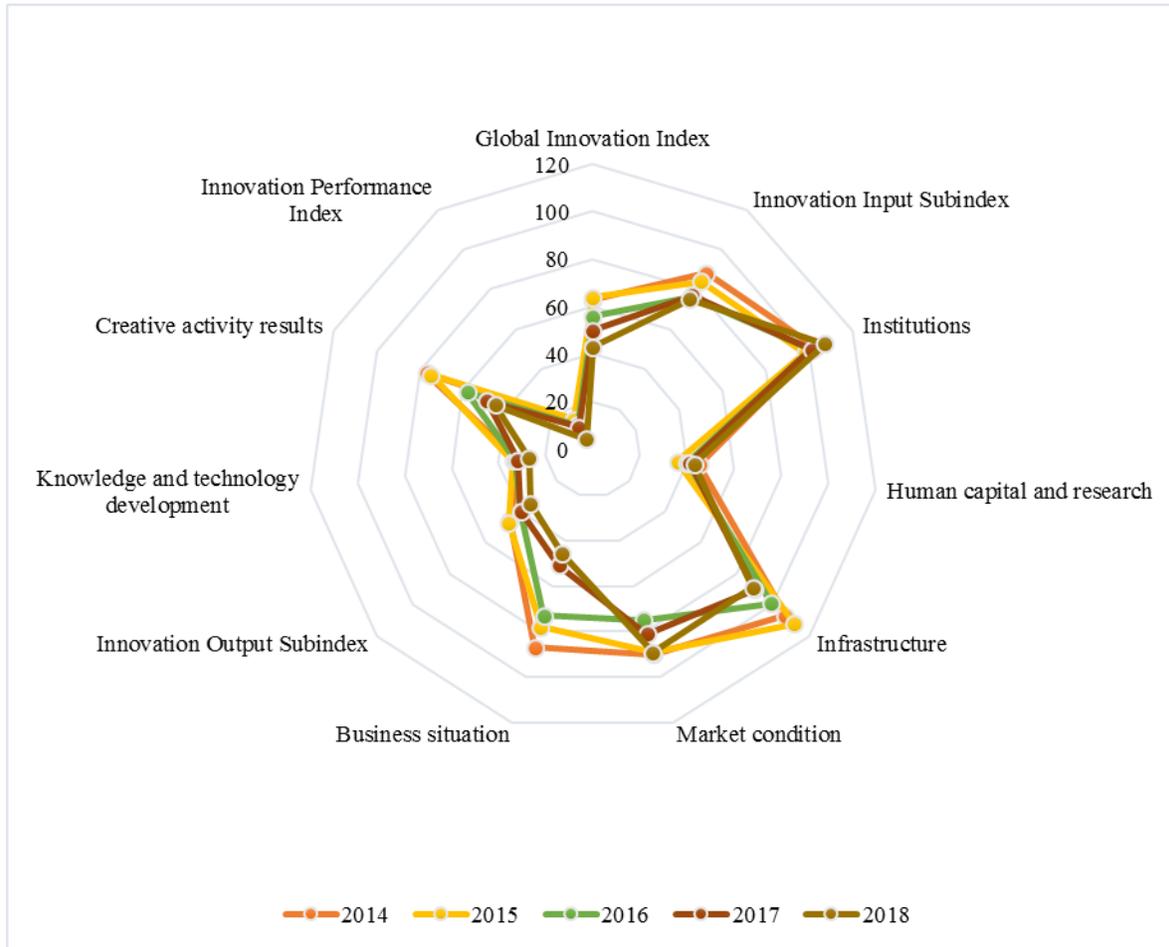


Fig. 2. Innovation scoreboard of the dynamics of the components of the global innovation index of Ukraine for 2014–2018

Source: built by the authors according to *Digital Economy and Society Index (2019)*, *Digital single market. Bringing down barriers to unlock online opportunities (2019)*, *Digital globalization: The new era of global flows (2019)*

Infrastructure remained almost unchanged, but human capital and research indicators, as well as the market condition in 2018 decreased significantly. This may indicate the need for additional incentives and support for organizations engaged in new developments, scientific and applied research.

Also, the main developments are carried out by specialized research organizations, which at present, unfortunately, are far from production processes, which may slow down the introduction of innovations and new technologies. For the effective penetration of new technologies into practice, it is important to bring science and business as close as possible, to establish a mechanism for technology transfer.

The "institution" indicator includes the political situation, the legal framework and the business environment. That is, in the state institutions form the basis within which private enterprises, companies and government agencies interact with each other to generate income and ensure economic prosperity. The institutional framework is extremely important for maintaining competitiveness and economic development. In 2018 the rating score of institutions increased significantly to 49.1 points compared to previous years (48.7 in 2016, 47.9 in 2017). A positive trend is observed in the business situation. According to this indicator, Ukraine moved from the 87th place in 2014 to the 46th place in 2018.

The global Doing Business 2017 study published by the World Bank determines the rating as regards the conditions for doing business created in the world countries. The rating covers 190 countries and the conditions for doing business in them. In 2018, Ukraine ranked 81st among 137 countries in the global rating of countries by the indicator of economic competitiveness (in the previous year it ranked 85th) (Position of Ukraine in the rating of world countries by the global competitiveness index of 2016-2017 (2017)).

In 2018, the indicator of development of knowledge and technology also increased, as well as the results of creative activities, which are somewhat interrelated and indicate a harmonious combination of economic, social and environmental factors, which ensure protection of future generations, provide opportunities for development of freedom of life choice, in particular, creating favorable conditions for small and medium-sized businesses (tax holidays, soft loans, business consulting, etc.).

Infrastructure is important for the efficient functioning of the economy, as it is an important indicator in determining the location of economic activity, stimulates competition and has a significant impact on economic growth. However, unfortunately, the infrastructure has hardly changed its value in the rating. Quite a different situation is observed in the political environment. In recent years, the country has consistently ranked 122nd or 123rd in the rating, and this is almost the penultimate position among the world countries (Digital Economy and Society Index (2019)). Human capital and research indicators are also negative, especially for the level of education, which is losing its position, even from 2016 to the present, ranking 20th, 30th and 34th, respectively. However, it is these factors, which determine innovative development.

Thus, the conducted analysis of the innovation activity of Ukraine shows its rather low efficiency, which together with political instability leads to a decrease in investment attractiveness. Problems arising as a result of the innovative activity of organizations often have an economic, even macroeconomic nature, are manifested in the imbalance of economic processes, slowdown (for the period of transformation) in economic growth, irrational use of resources (lack or excessive consumption in some cases).

Effective business activity is a source of economic growth, which provides employment in the country and directly affects the quality of life of the population. Intensification of competition in domestic and foreign markets, the appearance of its new forms, differentiation of consumer demand require the search for new directions of formation of competitive advantages of domestic enterprises in the context of globalization.

Therefore, the study set a task to obtain new knowledge on the management of innovative business development in a digital economy, which can be solved through the transition to controlled socio-cultural evolution based on creative intelligence, building a socially oriented economy, which provides the necessary conditions for harmonization in the chain: "individual-enterprise-society-state", and their widest possible distribution among all participants of this process.

Today digital technologies are changing the environment, including the economic environment. Therefore, it is advisable to analyze our own institutional field where the digitalization of our economy and public administration will be deployed (Figure 3).

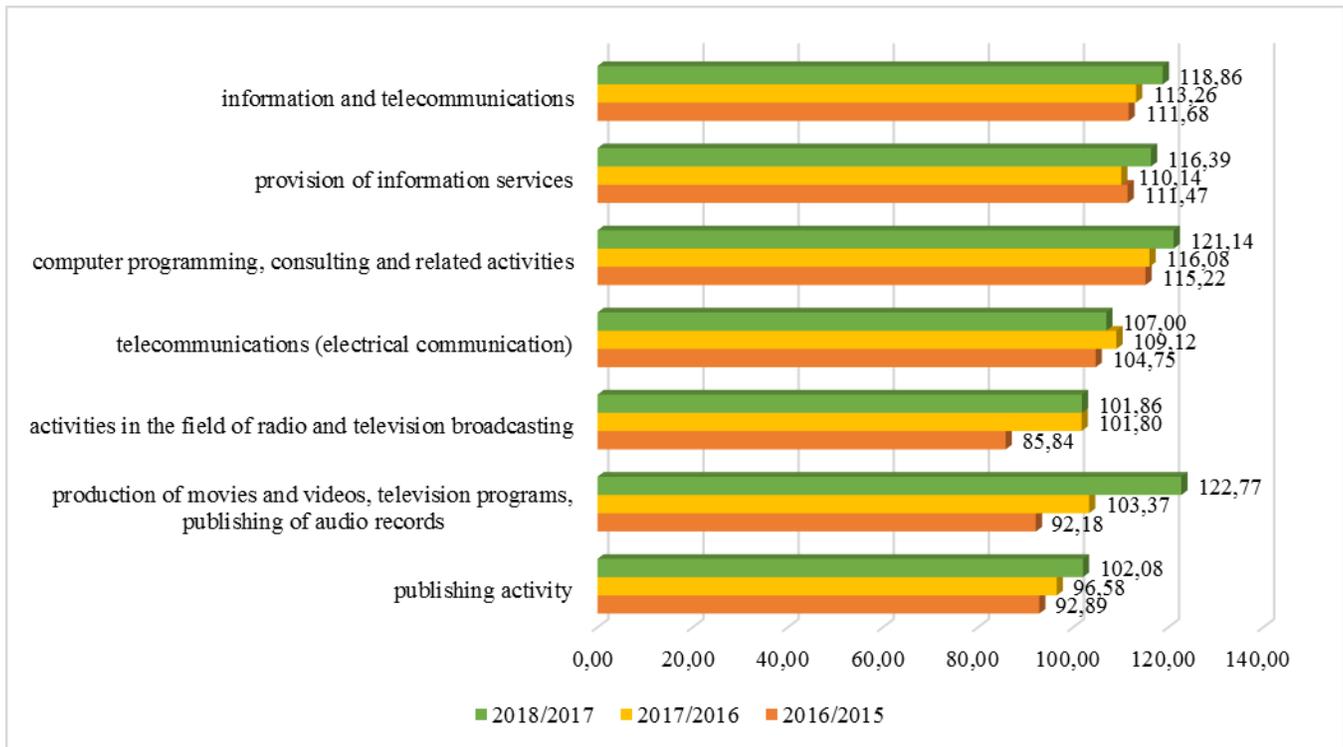


Fig. 3. Relative growth of the number of business entities by types of economic activity directly related to the digitalization process in Ukraine in 2015-2018, %

Source: built by the authors based on National Accounts (GDP) (2020)

Thus, despite the decrease in the total number of economic entities, the number of economic entities in Ukraine, which are directly related to the digitalization process, for example, in computer programming, consulting and related activities, has been growing since 2015. Their number increased from 79,657 to 129,066 (2018), but this process is quite slow averaging about 2 % growth per year.

Specialists and managers of organizations understand that without the use of digital technologies they will not be able to compete successfully in either domestic or foreign markets and appreciate highly enough the effectiveness of their already implemented solutions.

However, organizations approach these technologies very pragmatically and focus on what is no longer possible to do business without and rushing to invest in fundamentally new areas. It is obvious that rapid and, at the same time, accurate changes in the regulatory framework will be necessary, and it is already important to understand which aspects of them do not sufficiently correspond to the digital challenge, and which are simply absent. Finally, a significant number of organizations believe that they could be strongly encouraged to make greater use of digital technologies by receiving some government support and quality regulatory environment, which can indeed improve the well-being of society. However, the impact of such regulatory environment can be both negative and positive, which is not always obvious. For example, the behavior of entrepreneurs and individuals is largely due to changes in the regulatory framework, but these changes are often insignificant and difficult to predict or assess.

And it is particularly difficult to assess the regulatory impact in the long run, as it is highly dependent on changes in the economic and social spheres. Indeed, the assessment of the impact of a normative legal act is often based on limited information and sometimes on "assumptions" about who and how this regulatory document affects. Thus,

a system approach is needed to identify and assess regulatory impact. Only this way legislators can be sure that the benefits of their policy can outweigh the costs it involves.

The conducted analysis shows that, despite the fact that according to the Internet Association of Ukraine, there are 21.6 million users of the Internet in Ukraine, among them the most active users belong to the following categories: schoolchildren/students, owners or directors of large and medium-sized businesses and servicemen (the level of Internet use of these groups was 100 %) (Internet Association of Ukraine launches the project "SOS Provider" (2020)). In 2019 in Ukraine the share of Internet trade was only 6.77 %, and the annual growth index decreased significantly compared to previous years and amounted to only 14.17 % in 2019 (Figure 4).

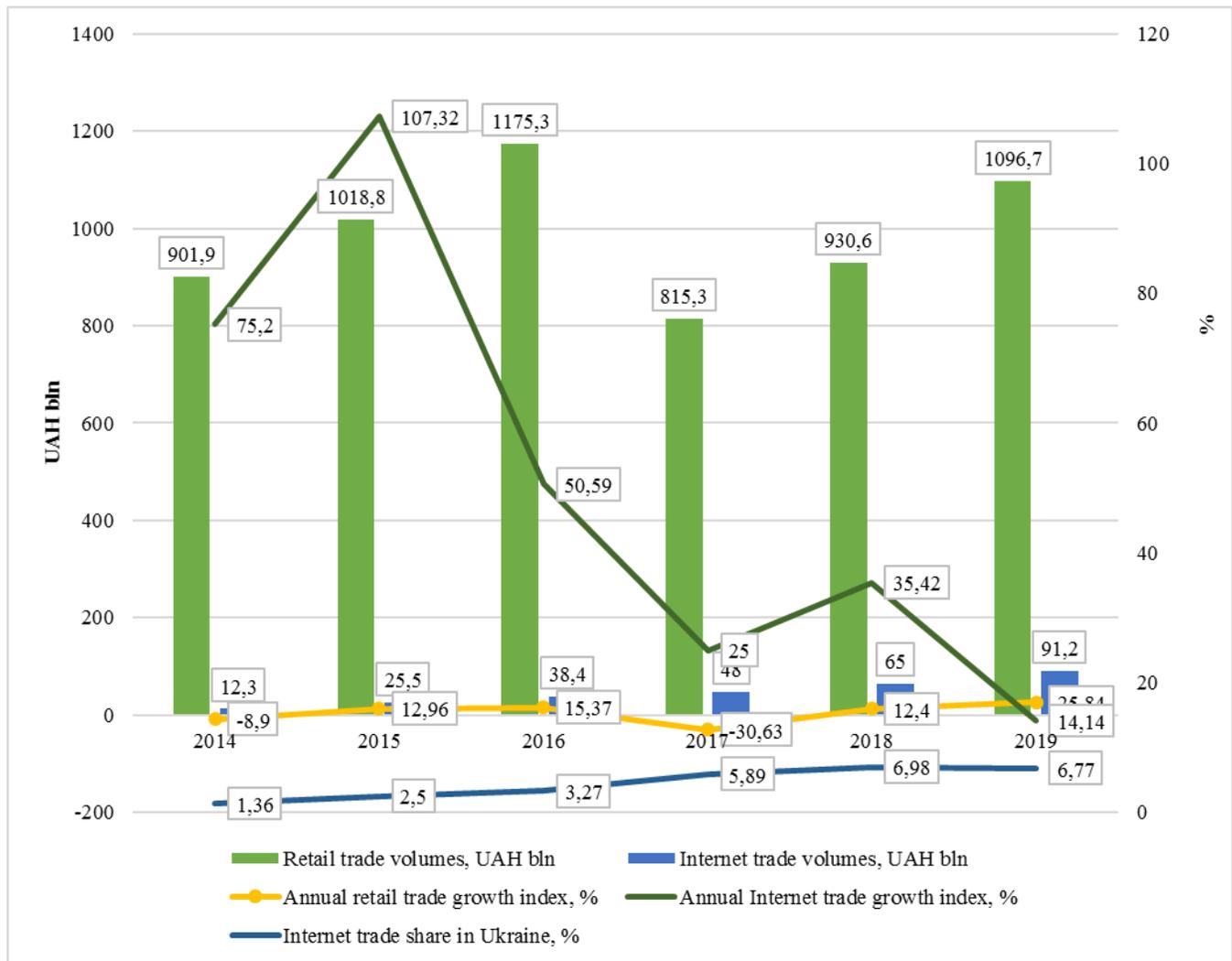


Fig. 4. Dynamics of indicators of Internet trade development in Ukraine
 Source: built by the authors based on National Accounts (GDP) (2020).

Unfortunately, such a slow development of e-commerce once again confirms the imperfection in Ukraine of the regulatory framework for digitalization of business, the weakening of the economy as a whole, the passivity of organization management regarding the implementation of innovative technologies of business development, as its transformation requires structuring and systematization of relevant processes in organizations, and relations between them, which are constantly undergoing transformations, timely adaptation of management activities in a

dynamic information environment, which contributes to the transformation of the management system, its constituent elements and the relationship between them.

Thus, given the significant role of retail chains, which are directly interested in the results of bringing goods to the final consumer, and especially those, which represent the interests of specific manufacturers and profess a policy of loyalty to consumers, it is safe to state their direct involvement in the implementation of the concept of innovations initiated by consumers.

In the course of introduction and use of digital technologies there appear inhibiting factors, including: lack of investment resources for project implementation and further maintenance of IT systems; problem with staffing of the "digital revolution": there is a lack of both IT specialists and users who are able to properly and effectively use innovative technologies; innovative solutions do not always find a response from suppliers and consumers who continue to work in the old way; insufficiently developed infrastructure; inefficient use of information resources.

5. Discussion

The conducted study identified the following areas in which the state could support Ukrainian enterprises in the development of modern digital technologies.

Encouraging competition, creating conditions for equal competition. The digital economy is developing simultaneously in a wide range of areas, so it is impossible to build it through the efforts of a limited number of organizations endowed by the state with special powers and resources (Veselovsky et. al (2018)). Therefore, the central role in this economy will be played by private business with a strong entrepreneurial basis, as well as the authorities, which main task is to create the infrastructure and conditions for private initiative.

Formation of general technological platforms. Often a serious barrier to the widespread use of digital technologies is the need for a simultaneous adoption of them by a whole group of organizations, which form cooperative chains. To reduce this barrier, the state can act either as an organizer of broad consortia or technology platforms uniting various interested organizations (for example — work in the field of "Internet of Things"), or as a regulator directly setting requirements for the use of certain technological solutions (for example — automated systems in retail trade, online cash registers, etc.). Although the forced use of digital technologies in some cases causes business dissatisfaction due to the need to incur unforeseen costs, in the medium and long term, it has a positive effect through the synchronization of the implementation of standard technological solutions in entire segments of the economy (Sturgeon (2021)).

Changes in legal regulation. The conducted analysis indicates the presence of significant shortcomings in the legislation of Ukraine. It needs to be revised taking into account new types of relations, their legal structure (new objects and subjects of information legal relations, specific rights, duties and responsibilities). Large-scale work with the conceptual framework of information law and the elimination of legal obstacles, which are currently present in information law and the practice of its application are required. In particular, some legal institutions need to be developed in the digital economy. It is necessary to form a single trust in the digital environment through the development of trusted services: identification and authentication of interacting entities, protection against unauthorized access to documents, verification of authority to sign documents, etc. A special intermediate mode is required for categories of data, which do not belong to the category of restricted information, but potentially have such nature. There become acute the issue of development of the market of services related to personal data management, etc. (Pazaitis et. al (2017)). At the same time, the state should not "run ahead" trying to rigidly regulate the processes, which are in the process of development, for which users themselves have not yet formulated their requirements. Moreover, the adoption of regulations governing the development of the digital economy should take place in dialogue with users, developers, service providers.

Qualified customer. The state generates a significant demand for various products and services, as well as provides a large number of services. Many of these products and services can be provided using digital technologies. By forming an order to increase the digitalization of its own activities, the state thus not only stimulates the development of companies in the field of ICT, but also sets standards for working with digital technologies, forms a culture of working with them in a wide range of economic entities (Quinton et. al (2018)). As positive examples here we can mention the program "Electronic document management", the transition of tax authorities to electronic reporting, the use of plastic cards for social benefits, etc.

Introduction of additional tax incentives for the development of digital technologies. All experts highly appreciate the importance of reduced insurance premiums for the growth of IT companies. They are unanimous that it is necessary to continue this benefit. The expediency of introducing a tax benefit for the amount of capital investments in modernization is currently being discussed. In the case of appearance of such benefit, it would encourage, inter alia, more intensive investments of companies in digital technologies (Teece (2018)). It will also be extremely important to regulate tax issues in cross-border online trade. This will give a positive impetus to the development of this business segment.

Personnel training and distribution of information about digital technologies. The widespread use of digital technologies will inevitably contribute to significant changes in the structure of employment and the relevant qualifications of employees. There will arise a need in a large number of IT professionals, programmers, and skilled users who know how to work in a digital environment. Furthermore, there is already a clear shortage of so-called "digital leaders" and digital entrepreneurs, that is top managers who understand how to carry out digital transformation of business processes. A separate task is the work of the state with the media in order to prepare our citizens for future changes, to warn of risks, to conduct digital education (Li et. al (2016)).

Ensuring cybersecurity. Ensuring that collected, stored and used data are protected from criminal encroachment is a critical condition for the development of the digital economy. Ultimately, only the state can provide such confidence (IKoch & Windsperger (2017)). To do this, it is necessary to solve several problems: develop legal norms to combat cybercrime, have qualified cybercops, develop technological solutions and standards, ensure cross-border cooperation (because cybercriminals know no borders).

Development of new technological solutions. In digital technologies, the path from basic exploration to commercial application is quite short. Here is an example: studies on quantum computers or artificial intelligence are rapidly move into the commercial stage. In these conditions, the state must not only maintain a high level of funding for scientific projects from the budget, but also find the right tools to attract private funds in exploratory studies, stimulate development of corporate science, develop pilot research projects, train managers of scientific organizations capable of combining the qualities of scientist and entrepreneur.

Promotion to foreign markets. The growing wave of fundamentally new products and services based on digital technologies gives a new chance to Ukrainian manufacturers. Rapid growth in exports of IT products is quite possible. The state can support this trend by providing marketing information, supporting participation in foreign exhibitions and conferences, providing subsidies and guarantees for export credits, reimbursing the cost of patenting, forming investment funds aimed at concluding M&A agreements abroad.

Cross-border cooperation. The development of modern digital technologies has made national borders transparent. The joint teams including representatives of different countries are working on innovative projects, new solutions and services are instantly spreading around the world, competition has acquired a transnational nature. Attempts to impose restrictions on international cooperation very quickly undermine the competitive position of domestic producers. As a result, too straightforward struggle for national security leads to its own

undermining. It is necessary to ensure for Ukrainian users the possibility of the use of services offered by the world market, cross-border transmission of non-classified data (including in the framework of scientific and technological exchange, medical consultations) or telemetry data on the operation of industrial equipment). The inclusion of Ukrainian companies into global technology alliances forming technology standards for years to come should be encouraged.

Conclusions

It was determined that the globality of the information space encourages the use of knowledge as a key competence in the formation of an information society, and the development of the information system fully depends on institutional, intellectual and innovation-resource support in space-time coordinates and is a sign of innovation. There was suggested a new ideology of the process of innovation as a prognostic idea of business development in the digital economy at the macro and micro levels, which makes it possible to ensure an integrated effect during the transformation of modern global socio-economic processes.

As part of the development of the conceptual paradigm of business development research, there was carried out a consistent consideration of methodological issues of assessing the state of domestic business, parameters of the structure and features of institutional organization of enterprises, digitalization of business, identification of the business and investment climate, competitiveness of business environment for assessing its effectiveness, which allows to substantiate the model of effective business organization using the methods and means of institutional design.

It was determined that the number of registered business entities in Ukraine has been declining recently, which is due to the instability of the economic situation against the background of the joint force operation, imperfection and inconsistency of the legal framework, which requires constant monitoring of changes and adjustments of activities, social sentiments in society at the macro level, the poverty of Ukrainian society, which creates social tension exacerbated by unfulfilled promises of political leaders, etc. Over a five-year period, the annual innovation index ratings have a similar dynamics, and a significant difference in 2014–2015 can be attributed to the escalation of geopolitical tensions, which has made significant adjustments to the development of the economy of Ukraine. The conducted study helped to identify areas, in which the state could provide support to Ukrainian enterprises in the development of modern digital technologies.

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