Чем более точна наука, тем больше можно из нее извлечь точных предсказаний.
А. Франс

Економіка підприємства та управління виробництвом

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INNOVATION AS A DRIVER FOR CONFLICT AND HARMONY OF SOCIAL AND ECONOMIC INTERESTS

S. Labunska
O. Prokopishyna

Based on the analysis of innovation activity of domestic enterprises the complex of factors that restrain economic growth and provoke social discords in Ukraine has been revealed. The traditional coordination structures cannot ensure an efficient response, especially in the sphere of innovation activity. To resist these negative factors a necessity for the enterprise management system to contain a special subsystem responsible for economic safety management has been grounded. The development and scientific justification of the structure, components, goals and procedures of such a subsystem rests upon the insight into the nature of links between economic safety and innovations. To follow the conclusions of Simon Kuznets that innovations may have positive or negative unexpected results, the research has proved that the condition of business of absolute safety excludes active innovations, as a controllable system having reached the balance of expectations of all stakeholders has no stimuli to change and, moreover, it aims to avoid innovations, as any change destroys the achieved balance of material, financial and labour flows. An insight has been gained into the nature of socioeconomic interests of major actors in the external surroundings of a company, such as national and regional authorities and local self-governmental bodies, competitors, consumers and suppliers. The essence of conflicts and factors that provoke conflicts in the process of implementation of innovations has been revealed. Managerial approaches have been proposed to the harmonization of the interests of business, its internal and external stakeholders by means of permanent innovation activity.

Keywords: *innovation, economic safety, economic growth, social and economic inequality, management.*

ІННОВАЦІЯ ЯК ФАКТОР КОНФЛІКТУ ТА РУШІЙНА СИЛА ГАРМОНІЗАЦІЇ СОЦІАЛЬНО-ЕКОНОМІЧНИХ ІНТЕРЕСІВ

Лабунська С. В.
Прокопішина О. В.

На основі аналізу інноваційної діяльності вітчизняних підприємств виявлено комплекс факторів, які негативно впливають на економічне зростання й соціальну стабільність в Україні. Традиційні структури координації не забезпечують очікуваної ефективності дій, що найбільш відчутно у сфері інноваційної діяльності. Обґрунтовано, що для протистояння цим негативним факторам система менеджменту підприємства має містити спеціальну компоненту, відповідальну за управління економічною безпекою. Розвиток і наукове обґрунтування структури, складових частин, мети та процедур, які реалізують у межах такої підсистеми, ґрунтується на вивченні глибинних взаємозв'язків між економічною безпекою та інноваційною діяльністю. Спираючись на висновки Семена Кузнеця щодо непрогнозованих позитивних та негативних результатів інноваційних процесів, доведено, що стан абсолютної безпеки унеможливлює активну інноваційну діяльність, оскільки керована система, досягнувши балансу очікувань усіх зацікавлених осіб, не має стимулів до змін і, більше того, прагне уникнути інновацій, тому що будь-які зміни порушують досягнутий баланс матеріальних, фінансових та трудових потоків. Досліджено природу соціально-економічних інтересів таких основних суб'єктів зовнішнього середовища суб'єкта господарювання, як державні та регіональні органи влади й місцевого самоврядування, конкуренти,

постачальники та споживачі. Виявлено мотиви конфліктів і фактори, які провокують їхнє виникнення та загострення у процесі інноваційної діяльності. Запропоновано управлінські заходи, що здійснюють, із метою гармонізації соціально-економічних інтересів підприємства та суб'єктів його внутрішнього й зовнішнього середовища шляхом інноваційної діяльності.

Ключові слова: *інновація, економічна безпека, економічне зростання, соціальна та економічна нерівність, управління.*

ИННОВАЦИЯ КАК ФАКТОР КОНФЛИКТА И ДВИЖУЩАЯ СИЛА ГАРМОНИЗАЦИИ СОЦИАЛЬНО-ЭКОНОМИЧЕСКИХ ИНТЕРЕСОВ

Лабунская С. В.
Прокопишина Е. В.

На основе анализа результатов инновационной деятельности отечественных предприятий выявлен комплекс факторов, которые негативно влияют на экономический рост и социальную стабильность в Украине. Традиционные структуры координации не обеспечивают ожидаемую эффективность действий, что наиболее ощутимо в сфере инновационной деятельности. Обосновано, что для противостояния этим факторам система менеджмента предприятия должна содержать специальную компоненту, ответственную за управление экономической безопасностью. Развитие и научное обоснование структуры, составляющих, цели и процедур, которые реализуются в рамках такой подсистемы, опирается на изучение глубинных взаимосвязей между экономической безопасностью и инновационной деятельностью. В развитие подходов Семена Кузнеца о непрогнозируемости положительных и отрицательных результатов инновационных процессов, доказано, что состояние абсолютной безопасности исключает активную инновационную деятельность, поскольку управляемая система, достигнув баланса ожиданий всех заинтересованных лиц, не имеет стимулов к изменениям и, более того, стремится избежать инноваций, так как любые изменения нарушают достигнутый баланс материальных, финансовых и трудовых потоков. Исследована природа социально-экономических интересов таких основных субъектов внешней среды предприятия, как государственные и региональные органы власти и органы местного самоуправления, конкуренты, поставщики и потребители. Выявлены основные мотивы конфликтов и факторы, которые провоцируют их возникновение в процессе реализации инноваций. Предложены управленческие мероприятия, осуществляемые с целью гармонизации интересов предприятия и субъектов его внутренней и внешней среды путем постоянной инновационной деятельности.

Ключевые слова: *инновация, экономическая безопасность, экономический рост, социальное и экономическое неравенство, управление.*

Rapid changes in market conditions, new consumer trends, globalization and digitalization of the world economy, security issues, and adaptation to geopolitical threats are among the major challenges facing companies in today's Ukraine. These require active, innovative and integrated managerial responses to ensure that business remains competitive and continues to demonstrate good performance in the years to come. The need for greater management coherence, focus on long-term strategic approaches, and engagement with a wide range of actors in the internal sphere and external environment force companies to search for new and effective management frameworks for perpetual innovation activity.

The paper is intended to develop a company innovation management system, based on the harmonization of socioeconomic interests of the entity and agents of its internal and external environment that ensure stable economic growth in the optimal range of economic safety fluctuations.

Due to the information and telecommunication revolution the traditional business coordination mechanisms do not ensure the target financial performance. Development of innovation management requires amendments to the complex of managerial instruments applied for coordination of social and economic relations during the processes of production, exchange and consumption. Such coordination is based on the perception, processing and transfer of information and knowledge, as well as preparation and decision-making for effective action.

Based on the assumptions of limited and free business information, zero cost of processing it and decision-making, the neoclassic theory is developing the hypothesis of complete rational market agents in perfect competition. However, in practice companies operate under conditions that neoclassic economics fails to explain perfectly, however, certain principles have a significant impact on the behavior and decisions of business entities. The assumptions of neoclassic theory regarding rationality and opportunism of stakeholders are crucial for grounding the theoretical basis of innovation management.

The concept of bounded rationality is based on the fact that human behavior is rational. The practical application of this concept is quite narrow, as decision

makers in innovation management do not tend to search for the best solutions but select proposals that satisfy their subjective criteria. The results of H. Simon's studies of decision-making in economics lead to the conclusion that social and economic systems are majorly resistant to novelties, so one abstains from further search for new alternatives if the option that meets certain criteria is found [1].

For innovation management the threat of opportunism may be even more dangerous than limited rationality. Innovation activity has a high level of uncertainty and may be negatively affected by the information asymmetry. Opportunism increases the level of existing innovation risks, causes conservative attitude and confrontation; as a result, an increase in transaction costs can further limit the possibilities of innovation diffusion.

To avoid opportunistic behavior and to decrease the impact of incomplete or distorted information flows the system of economic safety should perform during innovation activity. However for objective detection of interrelations between innovation and economic safety, the nature of these categories as complex phenomena of social life should be revealed.

According to A. Afuah [2] innovation is the process of employing new knowledge to provide a new product or service to customers. Oslo Manual [3] defines innovation as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. At the most abstracted level innovation can be defined as an attempt to change for the better; and the only way for a company to survive and succeed in constantly changing surroundings is to change continually for the better, but every change leads to uncertainty and risk.

Due to a lack of comprehensive, unambiguous, consistent and stable set of values, a lack of perfect and complete information, as well as constraints imposed by historicity, most, if not all, decisions in organizations are made in uncertainty. Instability, risk and uncertainty of surroundings provoke the concept of enterprise safety into being.

Consistent refinement of the content and nature of categories and concepts that are close to the concept of economic safety resulted in defining unsafe condition as a condition causing damage to the company, threats arising through contradictions between economic interests, while economic interests are objective motives for business [4]. On the one hand, contradictions between economic interests actualize the formation of the company economic safety system; on the other hand, creating an effective system of economic safety embodies the essential interest of a company. So, businesses strive for inherent safety that could only be achieved through systematic innovation.

At the highest level of abstraction innovation is an ambivalent phenomenon; it may be defined as the abolition of the existing and establishing something new. Because of this, innovation (I) causes the phenomenon of economic growth (EG) through the mechanism of competition (C). Schematically, such a movement may be represented as follows:

$$I \Rightarrow C \Rightarrow EG \qquad (1)$$

Innovative changes in the economic system create a so-called internal energy for economic growth [5]. These changes violate the achieved balance of interests, however, create the basis for economic growth and transition to a new qualitative state. In light of this, a generalized challenge for innovation management is to ensure the transition to a new balanced state of economic system.

Economic growth of intensive type has special inherent nature, so that the expanded reproduction is based on radical renewal of fixed capital. It necessitates significant financial resources and causes lots of risks associated with uncertainty of the innovation process and its results.

Exploring innovation as a systemic process, one can see that the concept of innovation varies depending on the "coverage areas". Innovation can impersonate complex life cycle stages of innovation, starting with the relevant (involved in achieving the final result) fundamental research. On the other hand, innovation may only be defined as the final stage of the cycle, which determines the development and dissemination of new technologies or new high-tech products.

The implicit feature of innovations, emphasized by almost all scholars, is the phenomenon of transformation of scientific research results to real product that has its use in practice. Therefore, on a certain level of generalization the innovation process may be defined as the transfer of science into the field of material production.

Based on this approach, innovation may embody the result of the innovation process. The generalized definition of the innovation process as a process of converting ideas into new (improved) products which are in demand in the market may possess the base for further conclusions. So, the authors propose to understand the innovation process as the consistent transformation of viable ideas into a new or improved product, technology or management, ready for the market launch or practical use, that combines inherent diffusion of the information resource.

This definition provides a logical framework for understanding innovation as a combination of innovative processes that are specifically undertaken by business units. So, innovation activity may be defined as a set of consistent and focused actions intended for the implementation of innovative processes by a business entity, a characteristic feature of such actions being attraction and application of a unique information resource, which is characterized by diffusion during the consumption, affecting the recognition of the novelty of

innovations and ownership for innovative products and results of conducted research and development.

The proposed definition allows creating a model of innovation as an open system, which at its entrance is determined by company's innovative potential and, accordingly, by a set of ideas that may be implemented and transformed into product innovation by implementing innovative processes. The innovation process is an objective condition for the renewal of technological basics of production, improvement of consumer features and evolution of business management.

For the company economic safety management activities of economic agents that cause real and potential threats are of the top priority. So, in order to justify further conclusions, the innovation process is defined as interaction of economic agents aimed at the development and implementation of new or improved efficient technologies, algorithms and managerial instruments in an innovation-driven management company.

The innovation manager should not only consider the cyclical nature of innovation activity but also chain effects that are inherent features of the innovation process. Chain effects are unavoidable, as a separate innovation stimulates further changes in other parts of the economic system. In the case of systematic and consistent innovation activity, the efficiency of a distinct innovation multiplies, and vice versa – the implementation of episodic innovation processes eliminates the positive effect of innovation and has a devastating impact on managed systems. The overall effect of saturation innovative integrated technological systems is obviously synergistic in nature, as it does not only exceed the total effect of individual parts of the innovation system, as manifested in qualitatively new result management system innovation, but the nature of innovation as a complex economic and social phenomenon also emphasizes the importance of application of the synergetic paradigm to form the theoretical basis and applied components of the economic safety management that is responsible for perpetual innovations.

Studying innovative companies' practical experience leads to the conclusion that the innovation management system is sensitive to accidental or poorly projected changes in the external environment. This feature is caused by availability of influential fluctuations in the management system environment that arise from additional effects of uncertainty changes during interaction of management innovation activities with other subsystems. For example, increasing financial flows to innovation management can cause a conflict with the subsystem of human resources, which may occur underfunded. This can cause unforeseeable adverse changes in the subsystems of manufacturing, marketing, etc. Moreover, the subsystems may further conflict with each other and cause increasing internal threats in the top system of the company economic safety. So it is possible to hypothesize upon significant interrelations between the system of the company economic safety and the innovation activity management.

At the maximum level of economic safety the management system has no incentives to innovate, since the implementation of economic interests and the achievement of the goals are possible without any changes in the controlled system, and moreover it strives to avoid innovations because any change disrupts the existing balance in which achievement of objectives is considered as secured. But at the minimum level of economic safety, in circumstances where a company has no opportunities to achieve its goals, the management system completely blocks the allocation of resources for innovative activity, since their use in the extremely aggressive environment is not only inefficient, but also is irrational. Reducing the aggressiveness of the environment is accompanied by the formation of opportunities and chances for implementation of company's economic interests. Thus, it seems logical to assume that the function of relationship between the level of innovation activity, and the level of economic safety has an extreme point, i.e., a turning point of safety level when the top management system has the greatest incentives to innovation (Fig. 1), the shape of the proposed model also corresponds to Simon Kuznets's curve [6].

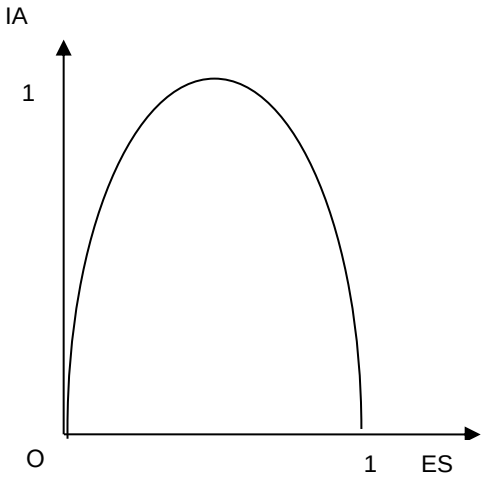

Fig. 1. **The relationship between innovation activity (IA) and economic safety (ES) of a business unit**

It should also be noted that the relationship between the innovation management system and other subsystems is nonlinear, although in the short term it has a very defined line trend.

In the areas of bifurcation points the innovation management system tends to fluctuations, the extremum function of total expenditures in the innovative activity management in relation to the integral index of economic security has a frequency that proves the existence of positive and negative additional (synergistic) effects of innovation management.

This conclusion conforms with modern scientific theories of the cyclical development of socioeconomic systems.

So, Simon Kuznets in his Nobel prize lecture, defined the nature of technological innovation as "a venture into the partly unknown, something not fully known until the mass spread of the innovation reveals the full range of direct and related effects" [7] and underlined the point that the effects of such ventures are numerous, moreover lots of venues have the unexpected results, which may be positive or negative.

As V. Zarnowitz proved in [8, p. 530–533], business cycles have a wave character with a strong growth stage during turbulence and depressive changes in the external environment and decline in the period of stability. A similar study of the relationship of life cycles of companies and macroeconomic development of Ukraine was represented by A. Pushkar, who notes that depressed economy encourages enterprises to introduce measures to revive as a business unit.

In modern studies of economic cycles and general equilibrium of economic systems of the high hierarchy W.-B. Zhang states that development of a dynamic economic system must balance passing near its bifurcation points, the existence of which is caused by endogenous macro factors. At the same time chaotic changes in development are cyclical and self-contained, so, they have small impact on the dynamics of the major function. In his studies, W.-B. Zhang argues that there is a limit cycle in the vicinity of equilibrium for small values, which is defined by bifurcation points [9].

In the bifurcation-related systems the bifurcation cycle of one function, say $F(t)$ equals $2\pi / I(t)\,\varepsilon$, where I is another functionality, bifurcation-dependent feature, t is the period of cyclical fluctuations, and ε is functional amplitude fluctuations that induce changes mainly influenced by the factors of micro environment. Thus, nonlinear relationship between the systems of company's economic safety and innovation management determines the existence of a bifurcation cycle with fluctuations between the indicators of economic safety ($F(t)$) and innovation activity ($C(t)$) with a period of bifurcation t. It should be emphasized that considering the functional relationships of these systems in the cyclical development of long waves, nonlinear relationship is observed that also allows enough opportunities for linear bonds in the short term. Changing economic environment of economic safety is characterized by a hardly forecasted mutual confrontation behavior, indicating that the properties of open systems are fully implemented in the short term.

Since the system of economic safety is defined as a system whose main objective function is to minimize the negative effects of all types of both external and internal threats to the development strategy of the entity, it should be emphasized that during the last structuring to assess the degree of impact, their possible mutual effects or compatible display must be taken into account. Thus, direct or indirect (even on a virtual level information) interaction of internal and external environment can be expressed as the weakening effects of the contradictions of their interests and unexpected (slightly predictable) amplification of determined additional effects in innovation management. The latter comes from the fact that the display of the synergistic action of the environment of economic safety systems is attached inside the system of economic safety and other subsystems of management, the impact of which can be considered as an external influence on the system of innovation management. Formally, the impact of these factors can be described as follows:

$$C(t)_{\varepsilon} = Y\left(\sum_{n=1}^{\infty}\omega_n\left(\sum_{i=1}^{\infty}x_{it}\right);\omega_n\left(\sum_{i=1}^{\infty}y_{it}\right);...\omega_n\left(\sum_{i=1}^{\infty}\psi_{it}\right);\Omega\left(\sum_{i=1}^{\infty}x_{it}\right)\right), \quad (2)$$

where Y is the function of the overall management impact on the innovation activity and behavior of actors of company's internal sphere and external surroundings;

Σ is the total management impact on innovation activity;

ω_n is the function of generalized impacts of different factors on innovation activity;

n is the number of management subsystems affecting innovation activity;

x_{it}, y_{it}, ψ_{it} are specific factors influencing specific management systems in the process of innovation activity in a certain time period;

Ω is the function of generalized impacts of external surrounding factors on company's innovation activity;

x_{it} are specific external surroundings factors;

t is the referenced period of time.

To differentiate the components that form the index of the total simultaneous impact on the innovation activity system it is appropriate to clarify the position of A. Pylypenko [10, p. 73], as for the formation of accounting policy in the innovation cost management. He distinguishes factors that can be included into the environmental model of direct influence, factors of indirect effects environmental model and factors of competitors environmental model. It should be emphasized that innovative risk is the probability of losses in the business activities associated with investments in the production of new goods and services. Risk is measured in absolute (the amount of damage in monetary or physical terms) or relative (the ratio of potential losses to certain basic values: the available resources of the company, the amount of spending on innovation or expected revenue) indices.

Thus the level of company's economic safety acts as the major motivating factor for further innovations and also as the major deterrent, which avoids the risk of losses of stability. At the same time it should be noted that any movement of a system to the next bifurcation point in development, in which the system acquires other properties, involves the introduction of some innovative changes that allow for competitive advantages in the market environment and ensure existence of a separate organizational unit. No changes in business processes of economic systems of any level will inevitably lead to the loss of competitive

advantage that at the high-level synthesis is confirmed by the analysis of static information about the results of Ukrainian enterprises' innovation activities.

According to the State Statistics Service of Ukraine [11] in the year of 2015 17.3 % of industrial enterprises with an average number of employees more than 50 people were engaged in innovative activities. Companies spent 13.8 billion UAH on innovations, including 11.1 billion UAH (80.7 % of the total cost) on purchase of machinery, equipment and software, 2.0 billion UAH (14.8 %) on internal and external research and development and 0.1 billion UAH (0.6 %) on the acquisition of other external knowledge (acquisition of new technologies). The main source of funding for innovation expenditures were company own funds, that totalled 13,427 million UAH, funds of domestic and foreign investors totalled 132.9 million UAH, loans amounted to 113.7 million UAH, state and local budgets donated 93.5 million UAH for innovations. In 2015 innovations were implemented by 87.7 % of enterprises engaged in innovative activities, including innovative products and new processes. Although the cost of innovation has increased significantly compared to the previous year (almost 79 %), in 2015 69.2 % of the companies that conducted innovative activities sold innovative products for 23.1 billion UAH that is 10.12 % less than in the past year. In general, as Fig. 2 demonstrates, the share of innovative product sales in GDP has a negative trend.

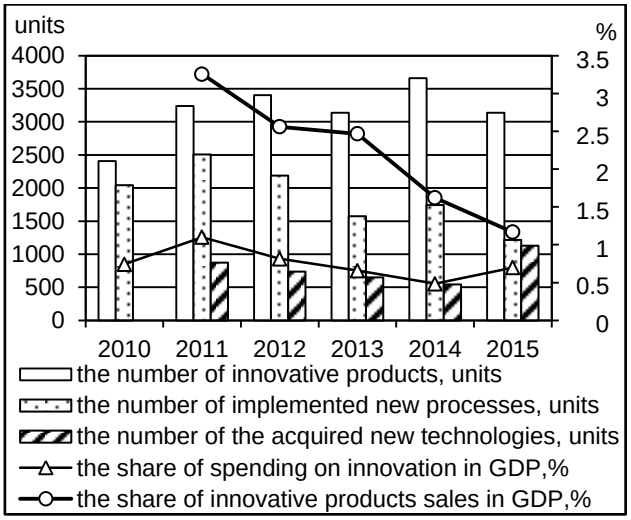

Fig. 2. **The results of innovation activity in Ukraine**

Ranking positions of Ukraine on innovation economy (Fig. 3) show that despite the desire of Ukraine for the implementation of the innovative type of economic development, the institutional environment does not provide sufficient incentives and economic leverage on the implementation of innovative changes at domestic enterprises, for the majority of economic units problems of formation or increase of efficiency of innovation activity management are of high priority.

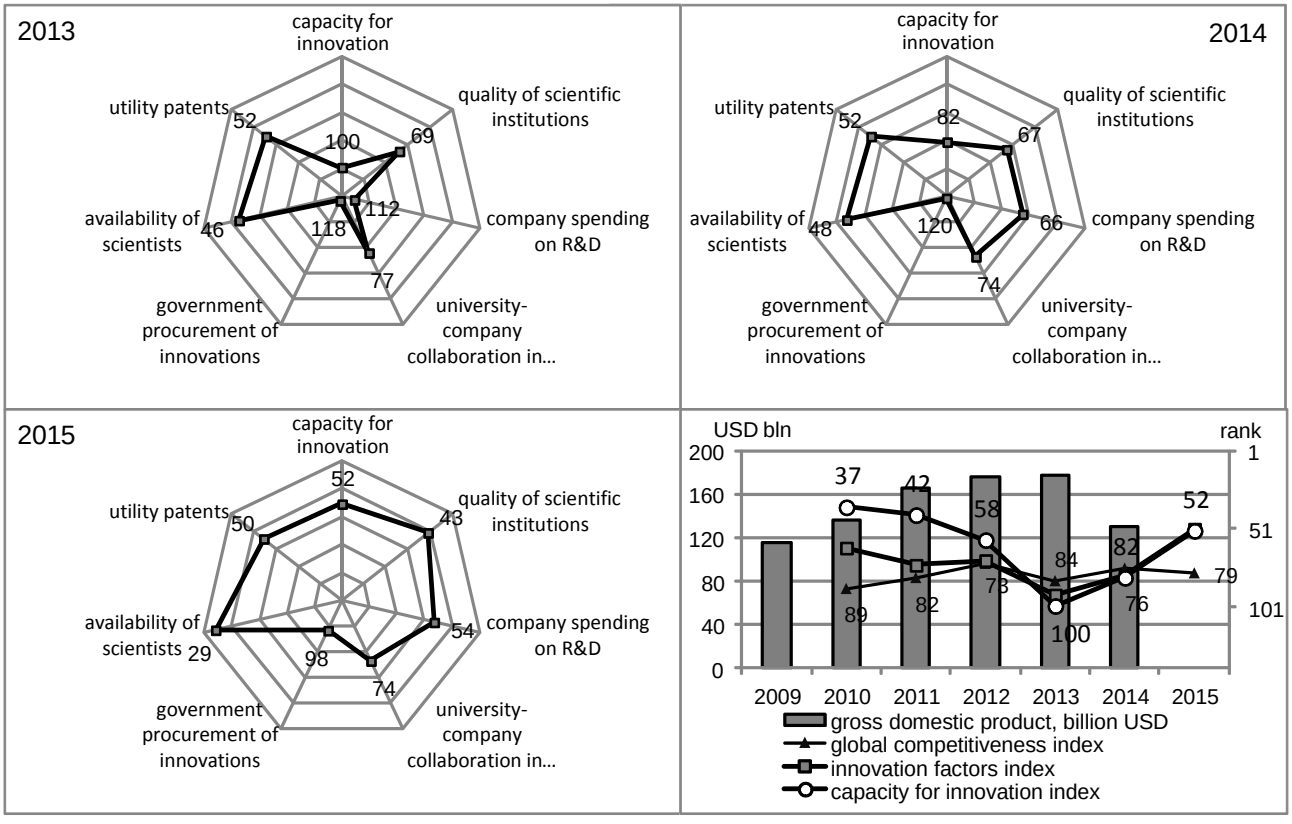

Fig. 3. **The global ratings of innovative factors of Ukraine's economy competitiveness**
(developed by the authors based on [12])

So the strategic objective of effective enterprise management is to keep the system within the allowable corridor along with simultaneous optimization of parameters of innovation activity in terms of economic security, that may be achieved by implementing complex administrative measures to harmonize social and economic interests of a wide range of agents in the company internal sphere and external environment (Fig. 4).

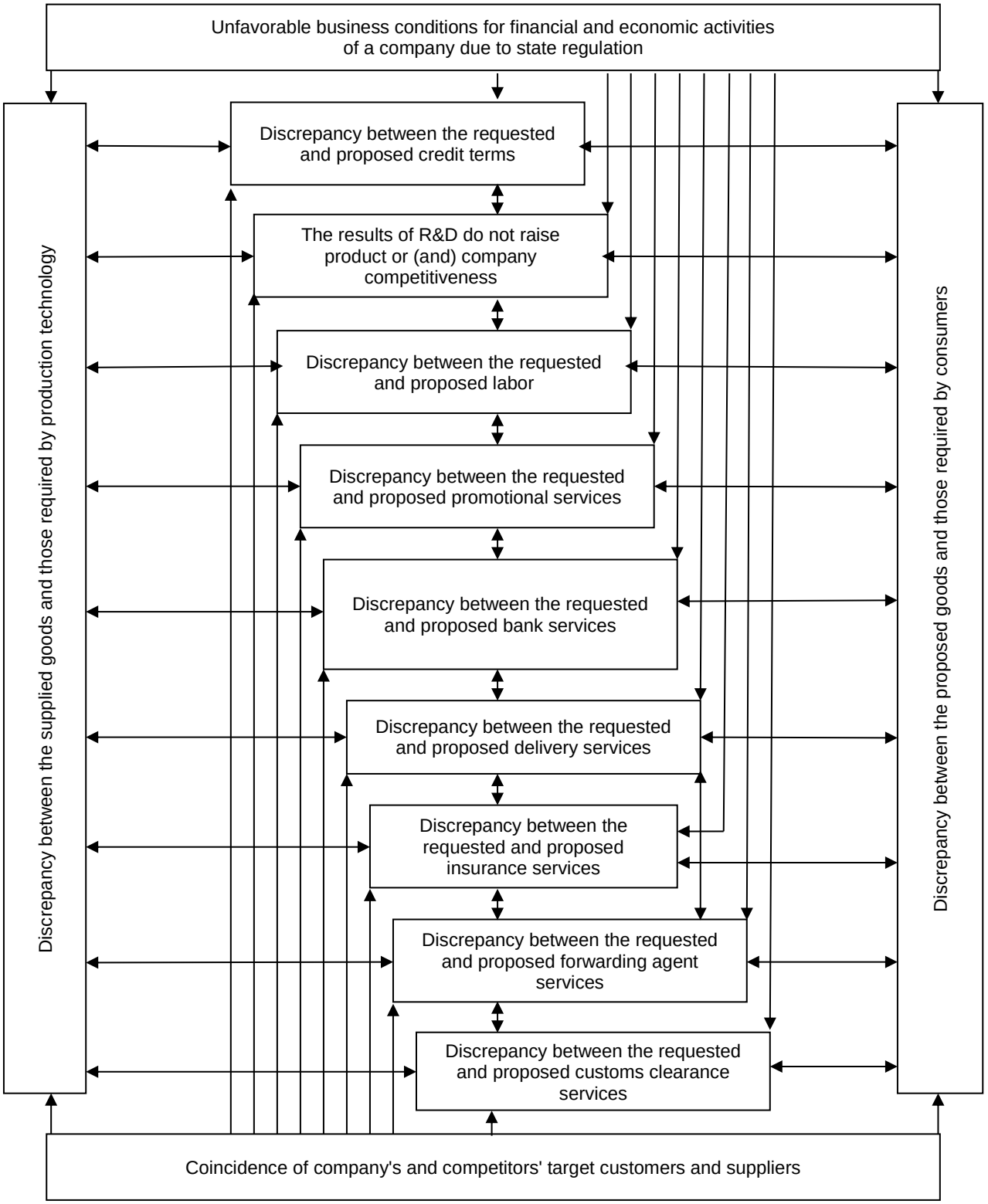

Fig. 4 **The chain accumulation of contradictions in the interests of the business unit and actors of its external environment**

The nature of social and economic systems and economic relations depends on the satisfaction of economic interests, which act as the causes and conditions of interaction of socioeconomic systems, and are in constant motion and development. Interests reflect fundamental economic contradictions such as contradictions between limited resources and unlimited needs, between efficiency and full employment and more. The causes and types of contradictions of economic interests are varied, but they all have a common basis.

The contradictions permeate through all economic relations and embody a source for a priori insurmountable economic life, including industrial enterprises. The task of elimination of contradictions between the interests is not fulfilled by enhancing economic efficiency of enterprises, but it is rather achieved through identifying the nature of these contradictions and further development of the company with a view to resolving conflicts and harmonizing interests of internal and external environment. A delay in resolving the contradictions between economic interests will inevitably lead to a slowdown of company's economic development.

In order to form an effective innovation management mechanism for major groups of agents in the internal and external environment, a company must specify: threat agents and their major interests; its own economic interests in specific subjects; the nature of the conflict of interests (threat); factors and conditions that lead to the realization of the conflict; form and outcome indicators of socio-economic conflict. At the preparatory stage the results may be represented as an array "actors – interest – contradiction". For each company, due to specific innovation activity content, the array "actors – interest – contradiction" is individual, but the generalized nature of the major groups of the environment within the parameters is given in Table 1.

Table 1

The main components of the array "actors – interest – contradiction" for different external surroundings actors

Item	National and regional authorities and local self-governmental bodies	Competitors	Consumers	Suppliers (for example, suppliers of inventory)
The main interest of the external surroundings actor	Increasing tax proceeds to local and regional budgets with minimizing social tensions and negative impact on the environment	Increasing the volume and profitability in the long term	To receive in time a product of appropriate quality and price	To sell the goods in the amount allowing the company to achieve the planned profit
The main interest of the innovative business unit	Getting an opportunity for effective business	Increasing the volume and profitability in the long term	To sell the goods in the amount, that makes it possible to achieve the planned profit	To receive in time a product of appropriate quality and price
The essence of conflicts	Regulation of national and regional authorities makes business inefficient	Coincidence of the interest objects and subjects (the interest object is a group of customers and suppliers, the interest subject is business agreements)	Discrepancy between the goods proposed and required by consumer	Discrepancy between the goods supplied and required by the production technology
Factors that provoke conflicts	Non-professional members in the government, requirements of international authorities	Availability or a possibility for a competitor to acquire additional resources	Lack of awareness of potential customers; specific requirements for quality, design and maintenance; purchasing power	Inappropriate quality standards, technical, commercial and financial documents; low culture of business; inefficient technology and/or organization of production, low production capacity; limited or complete lack of resources
Manifestations of conflict	Instability of the tax legislation; imperfect tax administration; high tax rates and fees; sudden change in the political situation	Severance of business relations with customers and suppliers	Unsatisfactory changes in demand, non-standard price elasticity of demand; low level of loyalty to the trademark	Lack or shortage of supplies; increase of prices; disruption of supply (time, size, quality, variety); unfavorable terms of payment; existence and growth of doubtful receivables
The result of the conflict	Cessation of activities	Loss of competitive position	The planned level of sales is not reached	Opportunities to expand production are not fully exploited

As Table 1 shows, government regulation has a significant impact on innovation activity of enterprises. The activity of state and regional governments, local governments can have both positive and negative effects. The introduction of various forms of ownership provides opportunities for entrepreneurship, raises interest of a wide range of individuals in the enterprise performance and responsibility for the use of accountable resources management, and therefore the efficiency of enterprises.

The establishment and regulation of the financial market contributes to the appearance of new sources of investment resources, including those of foreign origin; providing state guarantees for foreign investors to increase the number and scope of investment projects implemented at domestic enterprises.

Many scholars [12] raise questions about the negative impact of the state on businesses, which also corresponds to the authors' thesis concerning multiple interrelations between economic safety of the state and business. In many areas there are conflicts of interests of the state and individual entities. One of the main features of government regulation that adversely affect the level of innovative activity is the instability of tax legislation and uncertainty of the political situation. Overall, tax regulation is one of the most important components of state regulation; tax regulation issues attracted the attention of many researchers and economists, as this is the area where the interests of the state and entities intersect.

To be able to function, public bodies are interested in the accumulation of budget resources, and in some cases – in the increase of funding. However, the relationship between the level of tax rates and state budget gains, demonstrated by A. Laffer, is inherent in modern Ukraine. Excessively high tax burden (priority state interests) inhibits taxpayers' incentives to development and expansion of activities. The interest of companies, by contrast, is to minimize the costs associated with the repayment of tax liabilities, so liberalization in taxation objectively improves the profitability of activities and strengthens the financial position of companies, positively affects economic safety of enterprises. Grounded reduction of the tax burden has a positive effect on the overall amount of tax revenues due to the expansion of the tax base, but excessive liberalization leads to a reduction in state revenues and the inability to finance in full state social and economic programs.

However, it should be noted that, in general, the actions of the government can simultaneously have a positive effect on the activity of some economic agents and negative – on others. So, using tax gains the state bodies can reallocate capital across sectors and thereby influence the structure of production in the country. Rising tax revenues from entities make possible increased government orders for production in certain sectors, that stimulates their development. Antitrust policy aimed at creating conditions for competition, reduces threats from monopolistic enterprises, but most of these companies have been threatened by this policy. Protectionism in foreign trade provides certain advantages for domestic producers by creating barriers to the penetration of foreign competitors in the domestic market, but some companies importing goods may turn unable to overcome an obstacle in the implementation of their activities.

It is necessary to underline the fact that interests of the state and regional authorities can vary. The main reason for these differences is the extent of powers and, therefore, areas of interest. The interests of the state are distributed across the country. One of the important tasks of public administration is to eliminate the effects of uneven regional development, the implementation of which is achieved through the redistribution of the national income share between more industrially developed regions and regions with low employment and incomes. This redistribution improves the socioeconomic situation in the country as a whole, but usually goes beyond the interests of donor regions. Another point of differences in the interests of the state and regional authorities is the subordination of these organs. The legislative initiative of regional authorities is limited by regulations adopted by the supreme legislative body of the state, while state agencies are affected by international organizations that can encourage them to limit individual interests.

Contradictions force the company to move in the direction of sustained economic development and serve as an internal source of functioning and development of the company and its competitive relationships. Resolving contradictions involves creation of an environment of interaction where harmonization of their interests is possible. However, new conditions may produce new contradictions. In resolving the contradictions of economic interests management must take into account the following factors:

1) resolution of contradictions is a preferred direction of an active (dominant) handle for social and economic relations. All of the economic interests may be considered as either the active (dominant) side, realizing its interest, or as a passive one, which prevents this implementation, or through which this interest is realized;

2) resolution of contradictions is balancing the strengths and weaknesses of opposing interests (factors, motives, needs, resources, etc.);

3) as a result of resolving contradictions in the content of economic interest quantitative (e.g. new incentives and motivation) or qualitative (e.g. new forms of economic interests) changes occur.

The contradiction may have antagonistic or nonantagonistic character. So there are two types of solutions: first, by the emergence of forms of motion that contribute to the greatest extent of possible implementation of the interests of all the warring parties;

secondly, by increasing limitation on the economic activity of one of the subjects with its further elimination as a subject of economic relations. The best way to resolve contradictions is the first one that harmonizes interests.

Modern society has transformed the objective function of business. Optimizing its performance, the company strives to meet the goals of society and the individual. For this reason, the type of objective function enterprise that seeks to harmonize the interests of all stakeholders, no longer meets maximization. Therefore, the criteria of rationality that lies in the efficient allocation and use of scarce economic resources are complemented by a new function: the perpetual harmonization of interests.

The research may conclude that one of the challenges of company innovation management comes to leveling asymmetry between the needs of internal and external environment agents and the revealing possibilities to satisfy them. The majority of domestic and foreign enterprises with insufficient attention to the needs of society have led to the alarmingly increased asymmetry between the needs of the groups of external and internal environment and the company's ability to satisfy them. However relationship of these groups is the main competitive advantages of stable growth (the ability to build and maintain partnerships based on competences) which includes access to the best resources. Moreover, the company's ability to meet the needs of stakeholders is the main condition for their existence.

Thus, the paradigm of harmony (balance) of economic interests should be the basis for the formation and functioning of the modern company innovation management. Innovation management is aimed at the harmonious development of business in the long term that can provide stable economic company development through continuous study and satisfying existing and future needs (economic interests) of agents in the internal and external environment.

As socioeconomic interests of agents in company's internal sphere and external surroundings have complicated mutual influence, the urgent task for further research is to identify the parameters of the model of social and economic interest evolution that can be successfully implemented based on the experience of mathematical economics methods in processing statistical data by Simon Kuznets.

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Information about the authors

S. Labunska – Doctor of Sciences in Economics, Professor of Accounting Department of Simon Kuznets Kharkiv National University of Economics (9-A Nauky Ave., Kharkiv, Ukraine, 61166, e-mail: svetlana.lab@gmail.com).

O. Prokopishyna – PhD in Economics, Associate Professor of Accounting Department of Simon Kuznets Kharkiv National University of Economics (9-A Nauky Ave., Kharkiv, Ukraine, 61166, e-mail: olena.prokopishyna@hneu.net).

Інформація про авторів

Лабунська Світлана Віталіївна – д-р екон. наук, професор кафедри бухгалтерського обліку Харківського національного економічного університету імені Семена Кузнеця (просп. Науки, 9-А, м. Харків, Україна, 61166, e-mail: svetlana.lab@gmail.com).

Прокопішина Олена Вікторівна – канд. екон. наук, доцент кафедри бухгалтерського обліку Харківського національного економічного університету імені Семена Кузнеця (просп. Науки, 9-А, м. Харків, Україна, 61166, e-mail: olena.prokopishyna@hneu.net).

Информация об авторах

Лабунская Светлана Витальевна – д-р экон. наук, профессор кафедры бухгалтерского учета Харьковского национального экономического университета имени Семена Кузнеца (просп. Науки, 9-А, г. Харьков, Украина, 61166, e-mail: svetlana.lab@gmail.com).

Прокопишина Елена Викторовна – канд. экон. наук, доцент кафедры бухгалтерского учета Харьковского национального экономического университета имени Семена Кузнеца (просп. Науки, 9-А, г. Харьков, Украина, 61166, e-mail: olena.prokopishyna@hneu.net).

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THE ISSUES OF CORRECT EVALUATION OF ECONOMIC GROWTH

I. Serova

The formation of a correct information base in the research on economic growth has been studied. Typical situations have been pointed out where the process of data collection and primary processing, provided the accuracy and comparability requirements are met, is the basis for reliable information. There has been stated a need for prior examination of the complex structure of a system, such as the economy of a state with a view to achieving its qualitative homogeneity. It has been shown that if the problem of data homogeneity is a prerequisite for correct analysis, the structure of a specific system determines the choice of the method of its typology. The relationship between the combination type and approaches to determining their homogeneity has been presented. The necessity for the use of the measurement system, depending on the source of information and the current trends for an adequate choice of data analysis methods has been shown. The list of factors affecting the accuracy of economic measurement has been determined. Based on the fact that the index is a quantitative and qualitative generalizing characteristics of any population property in a particular place and time, the interrelation of the characteristics of economic indicators has been considered in accordance with the causes and sources of accidental errors. The accuracy of the indicator measurement over a long period of time has been proved to be determined by the uniformity of the development periods. According to the author the inconsistency between the official figures may be caused by different calculation for the different forms of presentation. The dependence of the common problems of price and output measurement on the signs of their