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Article

Financing of Organizational and Economic Mechanisms of Innovative Management in Foreign Countries

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Abstract: These are about the Innovation financing mechanisms, which are important determinants of national competitiveness and important for sustainable economic development. At the same time, in some of the developed countries, the establishment of links between the government institutions, the scientific research, and the production sector has developed to provide opportunities for stimulating innovation expansion. Nevertheless, there is still a lack of knowledge about the functioning of organizational and economic financing mechanisms in different national innovation systems and about the possibility of utilizing foreign experience in new innovative management development. The financing of innovative management: Organizational and economic mechanisms in foreign countries. Methodological basis: the research applies mixed methods such as observation of selected samples, logical analysis, economic statistical methods, and comparative analysis of economic indicators. The stability of the service sector and management practices of innovation under the conditions of economic digitalization, based on foreign statistical data and institutional experience. The results also demonstrate that the presence of the state in the market for innovation in the form of direct and indirect financial instruments (tax incentives, preferential loans, depreciation policies, etc.) serves as a powerful incentive for innovation activity. Interestingly, it was small innovative enterprises that were the most efficient, generating high rates of innovations for the cost or rapid adoption of novel technologies in excess of large firms. It suggests that institutional support, coupled with financial incentives, enhances innovative capacity and maintains economic competitiveness. Based on these findings, the study suggests that the best practice of procurement foreign financing model can elevate the innovative managerial systems, and contribute to sustainable economic progress, especially in developing countries. Future directions should add a quantitative dimension for all different economic sectors with respect to the effectiveness of innovation financing.

Keywords: Government, Mechanism, Economic Development, Statistical Indicators, Scientific Research, Experimental Construction Work, Economic Activity.

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1. Introduction

In world practice, there are different models of the interaction of science and production between the public sector and, accordingly, different ways of carrying out innovative activities. One of them is active state intervention in innovative processes [1]. Such intervention should not be perceived as an attempt to regulate economic activity or significantly expand the scope of state support for innovation. The issue here is about the methods of state participation in innovative processes, which will have to ensure that they are directly stimulated for the results of innovative activities of business entities. From this point of view, there is an interest in the successful experience of newly industrialized countries in the development of policies to stimulate innovation and increase the competitiveness of the economy [2], [3].

In Western countries, state intervention is one of the main factors in ensuring national competitiveness and further improving the well-being of the population. Significant achievements of Western countries in the development of Science and technology are explained not by the strength of individual initiative in them, but by the fact that it is being more efficiently captured [4]. In industrialized countries, the state's innovation policy is aimed at creating a favorable economic environment to stimulate innovative processes, and is a link between academic science and production tasks. State influence in the field of innovation can be divided into direct and indirect measures. The ratio in each specific case is determined by the economic situation in the country and the concept chosen by the state for regulation [5].

The Chilean experience is particularly notable in this regard. First, the main source of economic growth in Chile is the use of Natural Resources. Secondly, this country used the most systematic model of encouraging innovation, which is called “development institutions” [6]. Thirdly, development institutions in Chile work within the framework of a segmented national innovation system. Fourth, Chile is characterized by a combination of internal and external sources of innovations.

2. Methodology

The methods of sample observation, logical approach, economic-statistical analysis, analytical analysis, statistical observation and comparative analysis were used in the article [7]. The data were analyzed in a comparative manner, the prospects of the service sector, economic indicators, development of the service sector and problems in the sector were studied, and an attempt was made to cover them theoretically. In our research work, foreign experience in managing the service sector in the conditions of digitalization of the economy and their economic indicators were statistically analyzed [8]. The service sector was studied as the object of research.

3. Results and Discussion

In general, in world practice, the following types of tax incentives are used to support and encourage innovative activities: providing and investment tax benefits, delaying tax payments on profit costs for innovative purposes; tax reduction due to increased innovative costs; introduction of "tax holidays" on profits from the implementation of innovative projects for several years [9], [10];

- Preferential taxation of dividends received on shares of innovative organizations of legal entities and individuals; reduction of income tax rates aimed at order and joint work; the relationship between the provision of benefits taking into account the priority of the projects being implemented;
- Preferential taxation of profit received as a result of the use of patents, licenses, know-how and other intangible assets included in intellectual property [11]; reducing the taxable profit on the value of equipment and equipment given to higher educational institutions, research institutes and other innovative organizations; deduction of contributions to charitable funds, the activities of which are associated with the financing of innovations, from taxable income; to include part of the profit of an innovative organization in special accounts with preferential taxation later, in case of use for innovative purposes [12], [13].

Foreign experience shows that small innovative businesses are very dynamic and require relatively small investments. In developed countries, small businesses provide about half of the innovation. The number of innovations per unit of cost is four times higher than for small firms, twenty four times more than for large firms. In addition, small firms absorb innovation three times faster [14].

In the system of state incentives for innovative activities, direct forms are combined with indirect forms of financial support for the innovation process (tax benefits, preferential loans, discounts, depreciation write-off) [15]. To achieve innovative power, it will be necessary not only to carefully study the experience of advanced foreign countries with effective results, but also to direct investments in any market-creating innovations that exist in the field of Public Administration, innovative management at enterprises, the development of innovations and the emergence of creative potential of the population.

4. Conclusions

The results of the study show that an efficient financing of the organizational and economic mechanisms occupies a key position against the background of maintaining innovative management systems and ensuring the competitiveness of the national economy. Analysis of foreign experience shows that the most successful development of innovations occurs in the context of a coherent innovation policy, where a combination of mechanisms of direct and indirect state support such as tax incentives, preferential financing of research works and institutional coordination of efforts in the field of innovative development are realized. Results show that small innovative firms contribute a large part of innovations and are more efficient and adopt technologies quicker when compared with large firms. Formulating the results, one may say, that the simultaneous use of financial support instruments provided by organizational mechanisms generates a favourable environment for connecting science to production and promoting innovation activity. These results suggest that importing successful foreign financing models can optimize innovation management systems and consequently upgrade economic structures in a way that drives sustainable economic development, especially in countries struggling with economic modernization. Future studies need to develop quantitative assessment models for financing mechanisms of innovation and to investigate their sectoral applicability in the context of the digitalization of the economy and structural adjustment.

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