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Poltava State Agrarian Academy

**SECURITY OF THE XXI CENTURY:  
NATIONAL AND GEOPOLITICAL ASPECTS**

Collective monograph

In edition I. Markina, Doctor of Sciences (Economics), Professor



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## PREFACE

In the early 21st century, the world faces with cardinal transformations accompanied by changes in geopolitical configurations, integration processes and other changes that affect the state of national and geopolitical security. The events of the last decade have revealed an exacerbation of the problems of global security and the ambiguous impact of the processes of globalization on the development of different countries. Under the circumstances, the rivalry between the leading countries for redistribution of spheres of influence is stirring up and the threat of the use of force methods in sorting out differences between them is increasing. The global escalation of terrorism has become real, the flow of illegal migration and the probability of the emergence of new nuclear states are steadily increasing, and international organized crime is becoming a threat. In addition, in many countries there is an exacerbation of socio-political and socio-economic problems that are transforming into armed conflicts, the escalation of which is a real threat to international peace and stability. These and other factors have led to the fact that the potential of threats to global and national security has reached a level where, without developing a system state policy to protect national interests and appropriate mechanisms of its implementation, there may be a question of the existence of individual countries as sovereign states.

The threat of danger is an immanent, integral component of the process of civilization advancement, which has its stages, parameters and specific nature. Obviously, the problem of security in general, and national one in particular, should be objectively considered in terms of its role participation in the development process, that is, to set it up as both destructive and constructive functions (as regards the latter, it is necessary to emphasize the undeniable fact that the phenomenon of safety is based on counteraction to the phenomena of danger, the necessity of protection from which exactly stimulates the process of accelerating the search for effective mechanisms of counteraction).

The formation of new integration economic relations in Ukraine and the intensification of competition objectively force managers of all levels to change radically the spectrum of views on the processes of formation and implementation of the security management system in unstable external environment that is hard to predict. Today, the main task is to adapt not to changes in market conditions of operation, but to the speed of these changes. In this regard, there is a need to develop effective security management mechanisms that are capable of responding adequately and in due time to changes both in the internal and external environment. Therefore, this problem is being paid more attention in theoretical research works of scientists and practical activity of business entities.

Taking into account the fact that the traditional means of national and geopolitical security as a mechanism in its various models, forms, systems have reached their limits, since they do not contribute to solving the problems of globalization of the

civilization development, there is an objective need to form a paradigm of security management in the 21st century, which aims to confront destruction processes; to harmonize activities of socio-economic systems: society, organization, the state, the world. The joint monograph “The Security of the 21st Century: National and Geopolitical Aspects” is devoted to these and other problems. The progress in the development of the theory of security management on the basis of the analysis of theoretical and methodological works of scientists and the experience of skilled workers presented in the joint monograph creates opportunities for the practical use of the accumulated experience, and their implementation should become the basis for choosing the focus for further research aimed at improving the security management system at the national and international levels. In the joint monograph, considerable attention is paid to solving practical problems connected with the formation of the organizational and legal mechanism of organization of the security system in terms of globalization by developing methods, principles, levers and tools of management taking into account modern scientific approaches.

In the monograph, the research results and scientific viewpoints of the authors of different countries are presented in connection with the following aspects of security management: national security, food, environmental and biological security, economic and financial security, social security, personnel and education security, technological and energy security, information and cyber security, geopolitical security.

The authors have performed a very wide range of tasks – from the formation of conceptual principles of security management at the micro, macro and world levels to the applied aspects of management of individual components of national security.

The monograph “The Security of the 21st Century: National and Geopolitical Aspects” consists of five parts and 70 subparts, each of which is a logical consideration of the common problem.

The structure of the monograph, namely the presence of particular parts, helps to focus on the conceptual issues of the formation and development of national, economic, financial, social, food, environmental, biological, personnel, educational, technological, energy, information, geopolitical security, and problems of the maintenance of the practical process of application of the developed cases.

The joint monograph is prepared in the context of three research topics: “National security management in terms of globalization challenges: macro, micro, regional and industry levels” (State registration number 0118U005209); “Macroeconomic planning and management of the higher education system of Ukraine: philosophy and methodology” (State registration number 117U002531); “Business security: national and global aspects” (Protocol 2-19 of January 30, 2019, Information Systems Management University, Latvia), which emphasizes not only scientific but also practical focus.

The results of the research works presented in the joint monograph have a research and practice value.

The advantage of the joint monograph is the system and logic of the structure, the simplicity and accessibility of the material presentation, the presence of examples and illustrations.

We believe that the monograph will become one more step towards a scientific solution of the problems concerning the formation of an effective system of security management under trying circumstances of globalization.

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## **MARKETING INNOVATIONS AS A PARTICULAR COMPOSITION OF THE PROCESS OF MANAGEMENT OF INNOVATIVE ACTIVITIES AND COMPETITIVENESS OF ENTERPRISES: SAFE ASPECTS**

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Modern business conditions dictate the need for quality and speed of innovation implementation in order to maximize customer satisfaction. Innovation in modern conditions is a factor that allows an enterprise to maintain market positions in a harsh competitive environment. According to the research data [1], the domestic industry according to the level of technology is three times less than the European Union countries, the level of high-tech exports is lowered by 4-8 times, and the level of energy efficiency of exported products - 10 times. Accordingly, in European countries, the GDP growth rate is 60-90%, while in Ukraine it is only 0.7%. An important fact that influenced such a picture is that over the period 1991 - 2017 the number of domestic researchers decreased by 35%, the development of new types of equipment and technologies - by 14 times, and the number of innovative industrial enterprises - by 5 times. What is stunning under these conditions is that Ukraine is the leader among the European countries in the number of graduates of engineering specialties (Fig.1).

Despite such indicators, they receive the lowest wages in Europe. The level of salary in the IT sphere is shown in Fig. 2

A similar situation is observed for all professions in the manufacturing sector (Fig. 3).

Analyzing the situation shown above, it can be argued that in the world leaders-leaders, the leadership realized the need to promote the development of technology and technology, while in Ukraine - this area is given too little attention. For the

period of 1998-2013, research expenditures in Western countries increased by 100%, in South Asia - by 350%. It is important to note that the vast majority of these money is invested not by the state, but by business. That is, companies in the world every year are increasingly spending on innovation.

As noted in the paper [3], the process of enterprise innovation is an integrated combination of science, technology, economics, management and entrepreneurship.

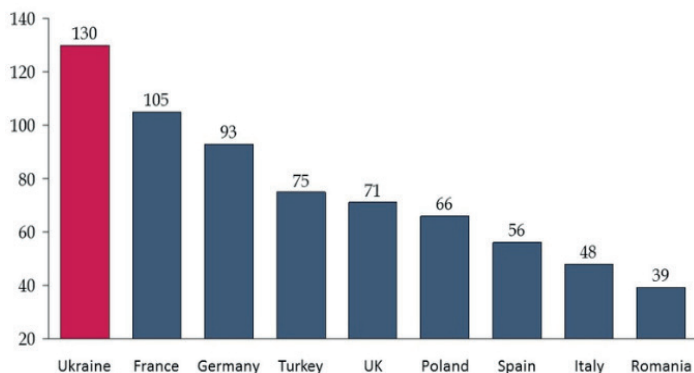


Fig. 1. The position of Ukraine in the number of graduates of engineering specialties among European countries (as of 2014), thousand students Source: [2]

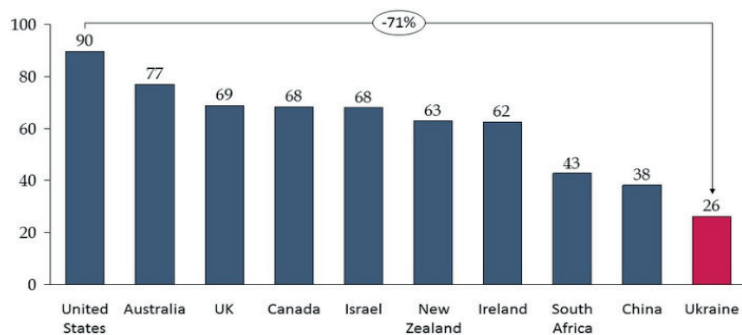


Fig. 2. The level of wages of IT professionals in Ukraine in comparison with world leaders (as of 2014), thousand dollars / year Source: [2]

The essence of innovation is to get an innovation that will enable the company to gain new competitive advantages. In order to ensure the effectiveness of the innovation received, it is necessary to implement a series of measures aimed at its commercialization. Achieving success in this activity is possible provided the company has a high level of adaptability and flexibility to the rapidly changing

environment. Countering the negative impact of the environment will help stabilize the level of economic security of the enterprise and create the basis for a stable functioning with the prospect of developing effective measures to neutralize the threats. Marketing activity has a dominant influence in promoting the innovations of an enterprise in a specific market.

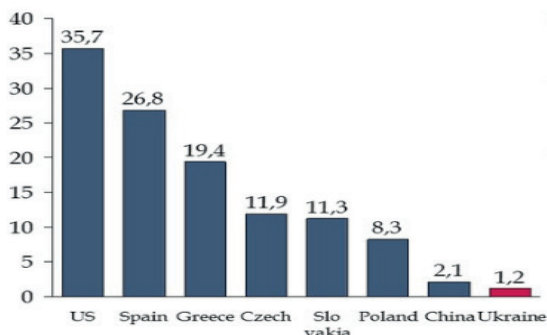


Fig. 3. Wage level in the world (as of 2014),  
hourly labor costs in industry (dollars) Source: [2]

The main reason for the activation of innovation activity to receive new or improved products by enterprises is the constant change in market and consumer needs. Analyzing the research [4], we can establish the fact that 72% of the rapidly implemented innovations in the market were stimulated by demand, that is, their appearance was facilitated by government orders, production needs of the manufacturer directly, as well as market needs. It is logical that in the world practice of 100 successful innovations:  $\frac{3}{4}$  is the producer's reaction to the needs of consumers, only  $\frac{1}{4}$  is the result of the introduction of new developments in the market for R & D. Domestic practice of innovation activity testifies that only  $\frac{1}{5}$  of innovative developments are positively perceived by consumers and get their place in the market. Instead, the global trend is quite different, so in Japan this figure is 68%, in the US - 52%, in Poland - 30%.

An analysis of the reasons for the failure of the promotion of innovative products by domestic innovators to the market indicates that 32% is related to incorrect or incomplete assessment of market requirements.

Achieving the desired level of competitiveness and level of economic security is possible provided that the company develops and implements innovations, as well as realizes a marketing mix that will promote the most effective promotion of innovative products (services) on the market (Figure 4).

The peculiarity of promoting innovative products to the market is that this process requires the development of specific techniques, since traditional marketing tools do not provide the expected results. This is due to the following reasons:

- specifics of market analysis for new and improved goods, in particular, if they are aimed at satisfying hidden (latent) needs or in general forming new needs (radical innovations);
- the complexity of the orientation of production to meet consumer needs, which has a probabilistic (fuzzy) assessment;
- complexity of choice of optimal methods of formation of primary demand and its further stimulation, development of pricing strategies for innovative products (services), formation of the system of sales of innovative products [6; 7, p. 183].

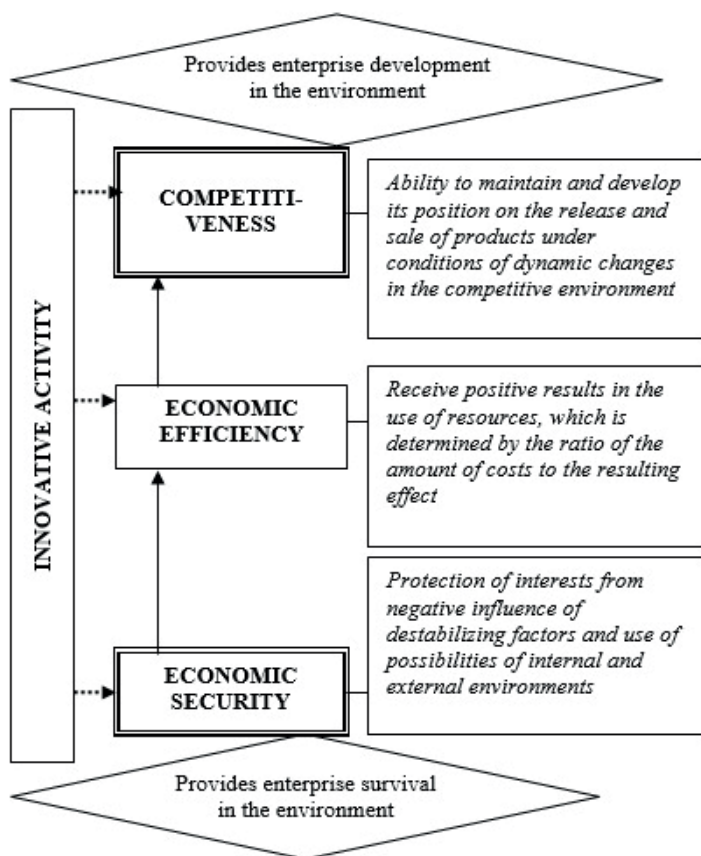


Fig. 4. Influence of innovation activity on economic safety, economic efficiency and competitiveness of enterprises  
Source: author's development on the basis of [5]

Marketing of innovations is a multicomponent concept and should be interpreted as:

1) the concept of market activity of the enterprise, a kind of philosophy of business, according to which the possibility of obtaining income directly proportional to the activity of using innovations;

2) analytical process, which provides for the possibility of identifying market opportunities for innovation development;

3) a means of active influence on potential consumers and the target market in general, which involves the output and promotion of innovations on the market;

4) the function of innovation management, aimed at determining the direction of innovation activity and methods of commercialization of innovative products (services). It is worth pointing out that innovation management is defined as a function of marketing of innovations, which is aimed at realizing the achievements of science and technology in new products (services) that can satisfy the needs of consumers and at the same time ensure the profit of the producer (seller);

5) the means of orientation of the individual economic entity, and the national economy as a whole for innovation development [8].

To effectively implement the commercialization of innovations it is necessary to structure the process for a sequence of stages (Table 1).

*Table 1*

**The process of commercialization of innovations**

<b>Stages</b>	<b>Characteristic</b>
Analytical and strategic	market research, analysis and evaluation of marketing opportunities of the enterprise, market segmentation and selection of target segments, development of marketing strategies
Development of a marketing complex	solutions are being developed regarding further commodity policies, price levels, distribution channels and levels of service, system of product promotion
Organization and management of marketing	creation of a marketing service, functioning of a marketing innovation system, management of marketing activities

*Source: [6]*

On the basis of the research conducted, and taking into account the recommendations [9], it is possible to identify a number of features that are inherent in the market for innovative products, in particular:

- the market is different that the supply is far ahead of the demand for innovation. In essence, it is a seller's market that must convince the buyer of the expediency of acquiring his product.

- the market is characterized by high psychological barriers to the perception of innovative products by consumers.

- the capacity of the market depends on the state of the economy on the «macro» and «micro» levels and its activity with respect to innovations.

- the market of innovations is inherent in a global character.

- unlike ordinary platforms, innovative products do not have a definite place and

channels of sales.

- innovative products are purchased exclusively by professionals (excluding mass consumer goods), and in dialogue with them important competence and special terminology.

- this market is diverse in the variety of goods whose purchase / sale is specific, for example, the use of final results by a co-seller and buyer.

- functioning of this market is carried out in a coordinated interaction of financial, informational and organizational components.

- the subjects of this market (technoparks, research institutes, enterprises and others) are forced to perform their unusual functions, due to the lack of development of the market of innovations and the complexity of communications.

- efficiency and attractiveness, as well as the degree of risk of innovative products is difficult to establish, as they are difficult to predict until the moment they are put into operation. The same reason is compounded by the uniqueness of the product.

- the presence of authorship on innovative products (industrial property or intellectual property) determines their exclusive personification, which depends on subjects of innovation activity (their talent, knowledge and experience).

In some cases, these objects have the ability to multiply, that is, unlimited exchange, for example, licenses.

Taking into account the above mentioned peculiarities in the marketing of innovative products will help to select the most optimal methods for its promotion, which will allow innovative enterprises to achieve the desired profitability indicators and thereby ensure a high level of their own economic security.

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## **STATE LEVEL FINANCIAL SUPPORT FOR DEVELOPMENT OF SMALL ENTERPRISES IN THE CONTEXT OF ECONOMIC SECURITY: FOREIGN EXPERIENCE AND NATIONAL REALITIES**

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Small business is an integral part of a modern economic system, without which the economy and society are not able to exist and develop normally. In the conditions of the economic downturn and crisis phenomena, the importance of a number of functions of small business units is intensifying. In particular, the importance of social function increases, which manifests itself through the employment of a significant part of the population of the country. Also, the functions of increasing the mobility and effectiveness of the national economy are realized through a system of powerful motivational incentives, smoothing of conjectural fluctuations and realization of innovative potential for small business.

Despite its flexibility and the ability to rapidly transform itself into a changing economic environment, small business remains extremely vulnerable to financial crisis. This, first of all, relates to the system of financial support for the activities of small businesses, which in comparison with medium and large ones have rather limited opportunities to attract financial resources. In today's operating conditions, a situation where the only source of financing for a business is a profit of a small enterprise, which is also influenced by many negative factors. Fundamental foundations for studying the peculiarities of the activity and development of small