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**THE TERM "INNOVATION POTENTIAL" IN THE
SCIENCE OF ECONOMICS**
**ПОНЯТИЕ ИННОВАЦИОННОГО ПОТЕНЦИАЛА В
ЭКОНОМИЧЕСКОЙ НАУКЕ**

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Abstract. The definition of innovation potential is closely related to the concept of innovation. For many centuries, the role of innovation has not been properly appreciated. In the late 19th century, humanity began to value innovations as an important and integral part of life; however, the concept of innovation potential was formulated only in the late 20th century. The author explores the approaches of many scientists in explaining the concepts of innovation and innovation potential, and offers his own definition of innovation potential.

Аннотация. Определение инновационного потенциала тесно связано с понятием инноваций. На протяжении многих веков роль инноваций не была достойно оценена. В конце 19 века человечество начинает рассматривать инновации как важную, неотъемлемую составляющую жизни, однако понятие инновационного потенциала формулируется только в конце 20 века. Автор исследует подходы многих ученых к объяснению понятий инноваций и инновационного потенциала, и предлагает собственное определение инновационного потенциала.

The evolution of the concept of innovation potential stems from the history of development of the concept of innovation. Throughout human history, technical progress has played a major role in the development of civilization. From stone processing and fire making, agriculture, invention of wheels and writing system to the creation of the World Wide Web and the decipherment of DNA structure, discoveries and inventions allow people reaching a new stage of evolution.

Regardless of this fact, the attitude towards innovations, inventions and discoveries has not been in the spotlight of the contemporaries for many centuries. From ancient times, when the first works in mathematics, mechanics and astronomy appeared, the innovator was more of a rationalizer, the impact of science on the life of the society was insignificant if compared to religion, military industries and agriculture. It is

related also to the resistance of the science to technologies unlike the Ancient China, where different religion allowed developing the science, inventions and innovations for many centuries. In many cases, religious dogmas, especially in the Middle Ages, became the hindering factor in the innovation development and the fields of their application (mainly the social and political history of the society's development), the tools (religious and moral procedure activities) and the principles of moral. The Renaissance, the secular nature of its culture and anthropocentrism give impetus to the development of thinking, creativity and innovation and strengthen their importance. These qualities are promoted and it becomes possible to evaluate the role of thoughts and talents in human activity, and its result has the highest value, and it is a criterion for the evaluation of the society. The Reformation and the birth of Protestantism, when diverse attitude towards amassment, labor, creativity and entrepreneurship made a huge contribution leading to innovation as a key factor of the development. Protestant work ethics and its characteristics – the introduction of trade, and not only the growth of personal consumption, but also favorable activities facilitated the development of the coming era of capitalism. In their works, the European encyclopedists of the 18th century emphasized the importance of the relationship between science and industry in human history: Jean Condorcet, Adam Smith, etc.

In order to find out the essence of innovation, it is necessary to examine the definitions of the given term in the scientific literature. World scientists distinguish a number of basic approaches, where the innovation is considered as: the changes (J. Shumpeter, P. LaPierre, P. Whitfield, K. Knight, L. Blyahman, J. Yakovets, F. Valenta, A. Prigozhin, J. Morozov), the body of resources (M. Bendikov, J. Khrustalyev, T. Chekulina, J. Tamakhina, O. Moskvina, S. Yemelyanov, A.Suvorinov), the process (T. Brayon, B. Twiss, B. Santo, V. Rapoport, K. Pass, B. Louss, E. Pendlton, L. Chadwick, Johnson, H. Harman, S. Glazyev, V. Makarov, V. Medinskiy, S. Valdaicev, G. Gvishiani, V. Lapin), the result (R. Fathutdinov, P. Lemerl, I. Molchanov, E. Utkin, A. Kulagin, S. Beshelev, I. Balabanov, G. Goldstein, S. Ilyenkova, L. Kantorovich, V. Medinskiy, G. Kiperman, N. Moiseyeva, J. Aniskin, A. Levinson, F. Gurvich, D. Sokolov, A. Titov, M. Shabanova).

Thus, the innovative activity is considered to be an important component of the economic growth, still, its role is evaluated as rather secondary, and it does not become the subject of a separate and serious economic research. The innovative activity has not been historically properly valued and has not been legally protected for many years. Only in the late 19th century, the scientists rated the innovations as a very important component of life and development, but the researchers did not discuss the innovation potential stating only indirect factors, which affect its formation.

In the 20th century, the scientists performed active studies of the operation of innovation, its interaction with various factors – both public and private. However, the concept of innovation potential has not been studied in practice, only a few studies have implicitly mentioned it, as well as the factors influencing it and actually forming

the innovation potential have not been studied. The concept of innovation potential was formulated only in the late the 20th century.

In the modern economic literature, some authors define the innovation potential as a body of innovation resources (material, financial, intellectual, scientific and technical), which provides opportunities for innovation and development of innovation technologies, products, services, which is a resource approach to defining innovation potential, which ensures opportunities for innovation operation and establishment of the innovation technologies, production and services, which is the resource approach in defining the innovation potential. Others evaluate the innovation potential viewing the position of the innovation performance, i.e., from the aspect of the real product obtained during the innovation process. In this case, the innovation potential is considered to be the possible future innovation output.

The innovation potential is the ability of different economic sectors to produce high-technology products complying with the world market requirements. That is why the innovation potential is closely related to the specific level of economics – the national economy. The modern economics does not clearly define the concept of innovation potential, herewith, there is no specific approach to their quantitative determination. The concept "innovation potential" was introduced by C. Freeman [2], which the scientist uses to define the system growth with measures for development, acquisition and operation of production and economic, social and organizational potentials.

The practical aspect of the concept of innovation potential is reflected in the works of P. Drucker, in which he studies the sources of modern industrial development [1]. For example, he noted that innovation begins with an analysis of existing potential in order to use it effectively. For example, he noted that the innovations start with analysis of the available potential to use it in an effective way.

The modern researchers give various definitions for the innovation potential. M. Porter, S. Stern, G. Furman [3] define the national innovation potential as the ability of the national economy to develop and commercialize the sustainable flow of new technologies. Thus, this approach allows considering only the technological innovations. K. Poznanska asserts that the innovation potential is the ability to effectively implement innovations, i.e., new products, new technologies, organizational methods and marketing innovations. The potential defined this way depends on the four basic elements: the financial potential, the human potential, the material potential and the knowledge. G. Zhits explains the innovation potential as a body of economic resources, which the society may use for its development in a certain period. He mentions the scientific and technical, the educational potential and the investment potential. The body of these factors, according to G. Zhits, forms the macrosystem's innovation potential. M. Danko defines the innovation potential as the accumulated and specific amount of information about the introduction results of scientific and technical works, inventions, designing elaboration, new equipment and products. A. Bakhtizin, E. Akinfeeva define the innovation potential as a triple structure with the following components: agents causing innovation, innovation

mediums and innovation consumers. D. Kokurin says that the innovation potential is the unused and hidden opportunities of the accumulated resources, which can be implemented to reach the goals. L. Borisoglebskaya, A. Polyakov define the innovation potential as an ability and readiness of the economics to implement the innovation. S. Alekseev mentions availability of all required resources and opportunities in the region for innovative measures as the main factor defining the innovation potential. G. Samostroenko, A. Martemyanov provide the following definition of the innovation potential – a body of external and internal opportunities and conditions, which ensures implementation of the regional socially economical system’s innovation strategy. J. Baklanova emphasizes that the innovation potential includes sources, opportunities, funds, to create conditions for optimization of the science and the technologies investments in the development of the economics, introducing market principles into this sector and its restructuring. In their turn, L. Fathulina, L. Shabaltina believe that it is a body of human, social, legal, materially technical, information and other resources, which is meant for development of the region’s innovations.

These approaches are not mutually contradictory, they reveal the essence of the term "innovation potential" in the integrity of its components, one approach complementing the other. Summarizing the above, according to the author, the innovation potential should be understood as a body of resources (factors, conditions) characterizing the ability of the economic system and the real opportunity to develop in an effective manner. The innovation potential of the region must be defined not only as a body of innovation resources required for the implementation of an innovation activity, but also as an opportunity and ability of the region to create and use the results of an innovation activity.

Thus, the author defines the innovation potential of a region as the region’s readiness for innovations, which manifests itself as the region’s opportunity and ability to transform the initial resources available to the region into a competitive and market-demanded innovation – which is a new product or service.

References

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