

of innovative programs, but its influence to strategic decisions should be minimal.

Innovation driven economy of the country is based on creating attractive business opportunity for local market companies, where main accelerators are government or major financial institution. Creating conditions for competitive market among local companies protects deep penetration from foreign competitors. New technologies influence to the development of international competitive economy [6]:

- Increasing value assets and performance of companies, where consumers, shareholders and investors receive maximum benefits.

- Rising opportunities to develop in different segments helps to diversify market which contributes to the emergence of many development aspects within the company;

- Reducing production costs. Applying new technologies along with the restructuring are the best solution to reduce production cost of allocation processes.

Development of venture activity is determined by a combination of methods, techniques and measures to stimulate public venture activities. Thanks to foreign experience, the model of development of venture activity can be defined: direct investment to public funds in innovative companies. Investment of public funds through venture capital financing, venture mixed development program activities, warranty of venture activity development.

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INSTITUTIONAL AND STRUCTURAL CONSTRAINTS OF THE RUSSIAN ECONOMY

Shestakov R.B.

*Orel State Agrarian University, Orel,
e-mail: sches-roman2010@yandex.ru*

The main result of the global financial crisis for most developed countries and developing markets has become a forced process of

modernization of the productive forces, and as a consequence – the phase transition to the new technological order. This process, along with the volatility of world markets and the gradual recovery of the world's leading economies, is a significant pressure to the losing competitive advantages Russian economy.

Unfortunately, domestic economic policy has not pursued enhance of competitiveness¹ and, given the increasing openness (eg. WTO and Customs Union) and the free movement of capital, this problem will occur particularly acute. Potential GDP at constant domination of the commodity sector and unfavorable investment climate, almost reached, and «conservative» economic policies have led to the loss of the «natural» competitive advantage of Russia – the ability to use cheap and available resources. Not the last role has played here ambiguous activities of the institute of «state corporations» (singular «parastatal» forms of business on factor markets).

So-called infrastructure «mega projects» does not bring real results. The reasons for their weak influence on the development of the economy, is the abandonment of the principles of macroeconomic multiplier – namely, the use of materials and equipment of domestic production, as well as the use predominantly of resident workforce. The presence of «corruption tax» strengthens immunity monetary stimulus to the economy and reduces the multiplier.

An overindulgence of devaluation tool, except of short-term budget replenishment, do not have a stimulating effect on the economy that is largely depended on consumer and industrial importing goods.

Small and medium business, the most important base of socio-economic development and innovation, is continuing shrinking. The business environment is influenced by negative factors such as the rise of resources cost and limiting access to them, the lack of cheap long money, the poor competitive environment, the weak protection of property and the imperfection of the judicial system, the deficiency of incentives for innovation and of qualified personnel.

Large business having principally an offshore character is protected from the imperfections of the business environment. 9 and 10 deals of large businesses take place outside Russia². Over the last years there has been significant annual capital outflows, and accumulated funds (pension fund, the National Welfare Fund, etc.) are not used in the economy. Opportunity costs of this process due to

¹ Global Competitiveness Report 2012–2013 // World Economic Forum [electronic resource]: [site]. Mode of access: <http://www.weforum.org>.

² Annual President Message for the Federal Assembly (in 2012) [electronic resource]: [site]. Mode of access: <http://www.kremlin.ru>.

the multiplier effect are greater than the value of funds themselves.

Naturally, the expected result is a slowdown of economy growth and the practical cessation of growth of industrial production.

Modernization of the economy structure and institutions is essential for sustainable growth and competitiveness in the global market. According to IEF RAS calculations economic growth of at least 8%³ needed for modernization (compared to the projected rate of about 1%)⁴.

Thus, a structural transformation and modernization of institutions is needed to overcome the

limitations of economic development, to reach a sustainable GDP growth on intensive basis and to create a favorable business environment. The most difficult problem here is the problem of synchronized affecting the formal and informal institutional matrix elements, according to their characteristics and relationships.

Conservative economic policies must be transformed into a policy of re-industrialization and innovative development. Full integration in the global economy as a strong independent player is impossible without a strong economy.

³ See Institute of Economic Forecasting / Russian Academy of sciences [electronic resource]: [site]. Access mode <http://www.ecfor.ru>.

⁴ Forecasts of socio-economic development [electronic resource]: [site]. Access mode <http://www.economy.gov.ru>.

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