

INNOVATION ECOSYSTEMS AND STRUCTURAL CHANGE IN THE EASTERN EUROPEAN AND BALKAN COUNTRIES

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ABSTRACT

The current economic, financial, and pandemic crises, as well as the challenges of realizing the sustainable development goals have clearly highlighted the new challenges for emerging economies of the Balkan and Eastern European Countries (BEEC), which found themselves in the situation of "the middle-income trap". Our analysis shows the main reason for this situation is the lag during the transition period of recent decades in the effectiveness of innovation policy compared to developed countries. This reason must be critically understood today in BEEC, because the current crisis challenges can be overcome only through an active innovation policy to build the innovation ecosystems, designed to create conditions for the powerful generating of high-tech innovations, especially basic ones that will form of modern Neo-Schumpeterian socio-technological paradigm. Such revolutionary technological changes are related to the deployment of Industry 4.0 and they significantly change the conceptual foundations of today's prevailing neoclassical economic theory (mainstream) on the principles, forms and methods of economic and industrial policy. New phenomena manifested themselves as the chain of methodological challenges: 1) a significant expansion of state intervention to save individual businesses from the crisis through the centralized mitigation strategy, in particular from negative ecological externalities; 2) strengthening of state regulation in many markets that cannot longer be to ensure the Pareto effectiveness in the mode of 'Laissez-faire' as within the country as for international unions; 3) necessity to revise the principles and instruments of monetary policy in the direction of expanding advance lending for innovation, and ensuring the transfer financing under ecological inequality of businesses and population; 4) intensification of state policy in the fields of education, scientific and technical activities, the structural technological changes, innovation activity; 5) the use of matrix systems of public administration, which will promote the development of self-organization of all economic actors to overcome the consequences of the crisis under uncertainty arising. The above-mentioned critical issues will be explored to determine the features of formation the innovation policy of smart specialisation for BEE countries. Also, it will be investigating the specific issues the prospect policy of building the international cooperation that could be fruitful for the region of Balkan and Eastern Europe, especially to stimulate the corporative efforts of different countries to create the regional international innovation ecosystems according to the triple helix approach. On this stage will present an analysis theoretical and applied aspects of regional innovation policy related to the need to create Schumpeter's radical innovations in the implementation of smart specialization policy, both nationally and regionally, and the importance of involving universities in creating basic innovations. This approach will help strengthen competitiveness through radical structural changes in the economy of the regions.

KEYWORDS

Balkan and Eastern European countries, Innovation ecosystem, Neo-Schumpeterian approach, Technological paradigm, Smart specialisation, Structural change.