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## "MODERN PROBLEMS OF ECONOMY" MATERIALS

*Of The IX International Scientific And Practical Conference*  
October 16, 2019

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This publication is recommended for a wide range of professionals involved in scientific and practical activities in the sphere of economy and entrepreneurship.

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5. The slower trend of formation of business risk insurance in our country is characterized by the fact that, at the initial stage of development of commercial insurance in Ukraine, insurers did not possess the necessary monetary power or the necessary skill to work in this direction. The solution of various problems with insurance coverage for entrepreneurs and company employees in the criteria of a market economy can only be achieved through a combination of different forms of insurance: state, mutual, cooperative, joint-stock. With all this, it is necessary to distinguish between the fields of activity of any of these forms of insurance and ensure their interaction with the goal of better meeting the needs of businessmen.

The development of the insurance market of Ukraine requires significant assistance from the state. It is necessary to resolve the issue of taxation of insurance activity and its state regulation. Insurance should develop as an independent financial instrument, constantly expanding operations.

Insurance of entrepreneurial risks, on the one hand, is able to ensure continuity of reproduction, and on the other hand, compensate for the losses of organizations and ensure their solvency as a result.

Thus, this type of insurance contributes to the development of technological progress and the introduction of new technologies, removes many risks associated with this activity from the entrepreneur, and enhances his willingness to innovate.

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## **IMPLEMENTATION OF THE FUNCTIONAL APPROACH IN THE INNOVATION CULTURE FORMATION AND REALIZATION FOR UKRAINE'S INDUSTRIAL ENTERPRISES**

The development of innovative culture in industrial enterprises is now one of the strategic priorities for innovation in Ukraine, and its importance is increasing as we move from an industrial economy to an innovation and knowledge economy. An innovative culture becomes an environment where sustainable development begins, this is the environment where the interests of the majority of the population of the country begin to

be satisfied through the implementation of the advanced achievements of science and technology. The presence of innovative culture in the country is considered an indicator of the wisdom of society [1]. In these circumstances, it is necessary to build a stable tradition of perceiving the new, the ability and willingness to use it comprehensively in the interests of common progress.

The term "innovation culture" was first introduced in 1995 in the EU's Green Paper on Innovation. In the Law of Ukraine "On Priority Areas of Innovative Activity in Ukraine" (Article 2), innovation culture is a component of innovation potential, characterizing the level of educational, cultural and socio-psychological preparation of the individual and society as a whole to the perception and creative implementation of the idea of economic development of the country on innovative grounds [2].

Typically, an innovative culture reflects a person's value orientation for innovation, embedded in motives, knowledge, skills and behaviors, as well as patterns and norms of behavior. It plays the role of socio-cultural mechanism of regulation of innovative human behavior. It is the result of social interactions and is transmitted through training, numerous contacts between groups of people, behavior, attitudes, norms, system of values, attitudes, work ethics, symbols, leadership style, ceremonies, communication, language. The range of innovation culture is quite wide: from creation of conditions for effective use of innovative potential (individual, enterprise, organization) to its reforming. It ensures people are receptive to new ideas, ready and able to support and innovate in all walks of life. Thus, innovation culture reflects not only the level of development of innovation processes in the enterprise, but also the degree of participation in these processes of people, their satisfaction with this participation, ensures the susceptibility of people to new ideas, their willingness and ability to support and implement innovations in all spheres of life [3]. At the same time, applying a functional approach to the process of formation and implementation of innovative culture of industrial enterprises of Ukraine allows to increase transparency of these processes, creates their structural certainty, gives targeted orientation and increases the responsibility of performers for the results.

Planning the process of formation and implementation of innovative culture involves a set of measures aimed at developing plans, programs, projects, strategies to enhance the level of innovation culture of employees of the enterprise as a component of the national economy of the country.

Organizational aspects of formation and realization of innovative culture of the enterprise implies creation of certain groups, teams, funds of encouragement, etc. for materialization of processes of innovative culture in practice.

Motivation and stimulation of the process of formation and realization of innovative culture provides a system of incentives and motives aimed at the interest of employees in raising it by intensifying their activity in this direction.

Some indicators, criteria and indicators should be mentioned regarding the control of the processes of formation and realization of the enterprise's innovative culture.

Thus, one of the indicators of the implementation of innovative culture in the enterprise is the presence of incentive systems, open communication and information networks, team organization of work, and an indicator of its effectiveness activation of innovation processes in the enterprise. An effective innovation culture overcomes the obstacles to activating the creative work of an innovation project team or the staff of an innovation organization and its individual members, namely: fear of publishing the results of their own research or development (fear of being ridiculous or not reasonably intelligent), expressing their thoughts and ideas; fear of criticism or self-censorship that impedes creative activity; fear of mistake or failure; fear of change (complications associated with the need to change the way we operate in the new environment); excessive creative imagination; re-evaluation of own ideas, etc. Along with this, it makes sense to emphasize on the innovative culture of the manager, which is defined by certain stereotypes of behavior, socio-psychological characteristics, professional orientation, social and value orientation, as well as the issue of formation of innovative culture at different levels of organizational structure and its influence on the relationship between organizational structures and influence them. Here the innovative culture of the enterprise acts as a collection of such subcultures, the emergence of which occurs within the departments, project groups, specialized departments.

Thus, the introduction of a functional approach to the formation and realization of innovative culture of the enterprise in the conditions of change will allow increasing the activity of innovative activity not only within it, but also positively influence the increase of the level of innovative culture in society and the state as a whole.

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### **THEORETICAL AND METHODOLOGICAL ASPECTS OF ANTI-CRISIS ACTIVITY MANAGEMENT OF INDUSTRIAL ENTERPRISE: STRATEGIC AND REACTIVE INNOVATIONS**

In the period of overcoming the consequences of financial, economic and political crises, the issue of research and study of theoretical and methodological and practical aspects of crisis management in industry, finding the most effective tools for its renewal and development in the crisis management system becomes especially relevant. At the same time, the development of the processes of management and production of an industrial enterprise includes four stages: stage 1 – simple management; 2nd stage – management in the conditions of growing production; Stage 3 – management adapted to complex production, Stage 4 – crisis of management.

In Ukraine, the regulatory framework on anti-crisis management is presented in the form of the Law of Ukraine "On Recovery of the Debtor's Solvency and Recognition of Bankruptcy" of June 30, 1999, and also the Bankruptcy Code of Ukraine (Verkhovna Rada (BBR) Notices, 2019, № 19, p. 74). However, with regard to the widespread term in the business community, the term "crisis management" should be noted that it has not yet found a regulatory framework and therefore needs clarification, and the variety of existing tools and tools of crisis management requires the separation of the most effective in terms of speed, space and time.

Researches in this direction have been carried out by both domestic and foreign experts, who, under crisis management, understand, as a rule, crisis management or management, aimed at exiting an enterprise from a crisis state in which it is already, without isolating in the whole variety of anti-crisis instruments and the most effective means. Some scholars view crisis management as an integral part of situational management and, at the same time, as its process, identifying these concepts. Therefore, it is advisable to consider situational management from a dual perspective: as a



tool and method of crisis management of the socio-economic system, as well as a set of management methods and measures aimed at avoiding a crisis situation or improving the enterprise. Here, the concept of situational management implies that its component is crisis management, an opportunity conditioned by the human factor and the cyclical development of socio-economic systems. The concept is based on the process of crisis deployment and is organically related to it. It can be presented as a sequence of interdependent stages: the situation is crisis management; the problem is management, which increases the likelihood of crisis; crisis phenomenon – management in the crisis zone; crisis situation – management of stabilization. It is advisable to differentiate between management and financial aspects, as well as strategic and reactive innovations, in the deployment of a crisis at an industrial enterprise according to the life cycle of the enterprise [1].

The author's concept of crisis management is a qualitatively new level of his understanding not of situational management «by deviation» but of management, which implies the creation and functioning of an effective system of crisis management in pre-crisis conditions. The concept is based on the relationship between the types of management and the stages of maturation of the crisis, and is organically linked to the process of deployment of the crisis. It can be presented as: a) situation – crisis management; b) problem –management that increases the likelihood of crisis; c) crisis phenomenon – management in the crisis area; d) crisis state – management of stabilization [2].

A tool for advancing, prevention, timely resolution of problematic situations, as well as eliminating the effects of the crisis and the crisis are innovative activities, serving as an event and tool for renewal and development as an individual enterprise, and the national economy as a whole. At the same time, the process of crisis deployment can be presented in the form of a chain: «problem situation – conflict – crisis phenomenon – crisis state», where the scope of strategic innovation as a tool for crisis prevention, renewal and development of social and economic systems should be delineated, as well as reactive innovations as a tool for stabilizing the situation.

Crisis or «reverse of development» is due to neglect or not timely application of the tool of crisis management – strategic innovations, actualizing the issue of innovation management at industrial enterprises, the scope of which is determined by the main criteria for socio-economic development. Here, strategic innovations act as a tool for the crisis management system of industry as a macro-, and at the micro level. However, it should be emphasized that small and medium-sized enterprises have an average life of 3-5 years. Of the large companies, no more than

12% live to be 30 years old, and countries may exist for more than 30 years, so the concept of «innovation strategy» is significantly different for them.

Thus, from an author's point of view, crisis management should be considered as an activity of economic entities, aimed at predicting and preventing crisis phenomena in the functioning and development of socio-economic systems at all levels. The crisis management should be restored to the competence of the authorities of the situational management sphere. This fundamental feature should be reflected at both the level of each enterprise and the legislative level, which will radically change the conceptual approach to solving national problems of crisis management. Forming a system of crisis management of an industrial enterprise, it is necessary to take into account the regularities of the development of management processes in the processes of production development, and the implementation of strategic innovations at industrial enterprises should be considered as an anti-crisis measure and a tool for updating and developing the national economy.

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### **REINDUSTRIALIZATION OF INDUSTRY OF UKRAINE AS ONE OF THE DIRECTIONS OF ECONOMIC DEVELOPMENT**

After 28 years of market transformation, Ukraine did not receive economic prosperity, but a significant decline (about 40% of the 1990 level). The current process of de-industrialization has led to a sharp reduction in the share of industrial production in GDP and industrial employment in Ukraine. The country needs to take a course on reindustrialization and move on to long-term planning.

Reindustrialization is the restoration, catching up and revival on new technological foundations of the basic branches of industrial structures; development of high-tech sectors of industry, production of the latest technological structures.

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