

SMART-SPECIALIZATION AS A TOOL OF INNOVATIVE DEVELOPMENT OF THE REGIONAL ECONOMY (ON THE EXAMPLE OF ZAPOROIZHZHIA OBLAST)

Zavadskykh Hanna,

Candidate of Economic Sciences, Associate Professor of the Department of
Economics and Business
Dmytro Motornyi Tavria State Agrotechnological University

Tebenko Vita,

Candidate of Economic Sciences, Associate Professor of the Department of
Economics and Business
Dmytro Motornyi Tavria State Agrotechnological University

The European concept, which promotes economic growth through better disclosure of the potential of regions - SMART-specialization, is becoming more popular. In modern conditions, SMART-specialization has become a tool for finding and justifying the most competitive industries of a certain territory or country, the support of which can have a significant positive socio-economic effect. In recent years, EU countries have been actively using SMART specialization when developing regional development strategies. This experience is adopted by Ukraine, which is actively looking for potential industries and productions where the strategy of "smart specialization" or SMART-specialization can be implemented.

The purpose of the work is to study the prerequisites and strategic priorities of SMART-specialization of the regions of Ukraine using the example of the Zaporizhzhia region.

Many scientific works by domestic and foreign authors are devoted to the theoretical foundations of the "smart economy", in particular, and SMART specialization. Among domestic scientific research, the works of such scientists as O. Amosha, O. Berezina, R. Gireyko, S. Groshev, T. Kosenkova, O. Lyakh, O. Rakovich, M. Soldak, D. Cherevatskyi, T. Cherepova should be noted, O. Yatsyuk. The peculiarities of the implementation of SMART specialization in certain European regions are revealed in the works of such scientists as D. David, A. Jaffe, B. Cohen, M. Lerider, D. Rodrik, J. Roach, D. Forey, R. Hausmann, V. Hall, D. Young.

European countries are actively applying the Smart Specialization Strategy-S3 as one of the effective tools for accelerating innovative development, structural and technological modernization, and increasing the competitiveness of regions. The experience of the EU member states shows that SMART specialization is aimed at abandoning the traditional policy of state support for certain types of economic activity in favor of supporting technological innovations in the most promising sectors of the economy. SMART specialization is based on a partnership between representatives of business, government, scientific and technical institutions and the public.

The peculiarity of this policy is that the government encourages and stimulates entrepreneurs, science and developers to better cooperate with enterprises to reveal the main directions and/or sectors of specialization of the region. Clusters are important in this concept both as the main "blocks" for building such SMART specialization and as tools for implementing this strategy. The main advantage of the implementation of SMART specialization at the regional level is the further increase of its competitiveness, ensuring the effective use of innovative potential and innovative activity, taking into account the decisive role of the innovative factor in ensuring the sustainable socio-economic development of regions.

SMART specialization is an innovative EU tool for building regional capacity thanks to two key approaches, in particular, consideration of local conditions and the knowledge economy. In practice, this approach involves identifying competitive advantages and assets of the region, using its innovative and scientific potential.

SMART specialization must be introduced into the system of strategic planning of regional development. The association agreement with the EU stipulates that by the end of 2025, Ukraine should bring its legislation as close as possible to EU legislation and implement the provisions of about 350 EU directives, regulations and decisions into domestic legislation. One of these changes is the introduction of SMART specialization into the system of strategic planning of regional development, which is already defined by the relevant legal framework.

The smart specialization approach, aimed at finding and developing key priorities and competitive advantages determined by the unique potential of each territory, is one of the modern tools of national/regional development capable of intensifying innovation and investment processes to achieve smart, sustainable and inclusive economic growth.

Regional Research and Innovation Strategies for Smart Specialization (RIS3) is based on economic transformation programs and performs the following five functions:

- 1) focuses on state support and investments for key national/regional priorities, problems and needs of knowledge-based development, including those related to ICT;
- 2) is based on the strengths of each country/region, competitive advantages and potential of the region;
- 3) supports technological innovations and stimulates private sector investments;
- 4) interest all actors to participate fully and encourage innovative activities;
- 5) monitors and evaluates based on actual data [7].

The determination of smart-specialization directions in the regions of Ukraine was carried out with the active support of a group of experts from the Joint Research Centre (JRC) of the European Commission. They assessed sectors and types of production according to their economic and innovative potential for three regions (Zaporizhzhia, Odesa, and Kharkiv regions), as well as visualization of branch specializations of all regions of Ukraine (Rovnyak, 2019). Currently, according to the algorithm and methodology of the European Commission, all regions of Ukraine have assessed their economic and innovative potential and tentatively determined the main areas of smart specialization. They are reflected in the Regional Development Strategies of the regions of Ukraine for the period until 2027[1].

Zaporizhzhia region is an economically developed export-oriented industrial-agrarian region with a developed sector of high-tech industry (metallurgical, machine-building and energy-generating enterprises). According to the results of the monitoring of the socio-economic state of the regions of Ukraine for 2020 in the direction of "Investment and innovation development and foreign economic cooperation", Zaporizhzhia region took 6th place among 25 regions, while in 2019 it was on 10th position, i.e. positive dynamics are observed (+ 4 points) [2].

A feature of the Development Strategy of the Zaporizhzhia region for the period up to 2027 are specific goals that distinguish it from other strategies and are characteristic only for this region. This is task 2.4.1. "Increasing the potential of airports and ports (including river shipping)" and 2.4.2. "Integration of the transport network and infrastructure in the Trans-European backbone transport network (TEN-T)" [3]. It is assumed that at least one strategic goal of the regional strategy should be determined on the basis of SMART specialization and aimed at the innovative development of a limited number of types of economic activity in the region.

The functioning of a powerful industrial sector and agriculture allows the region to remain among the leaders in Ukraine, but in general, their lower economic efficiency and the exploitation of outdated economic structures cause a noticeable lag behind similar foreign regions.

Today, the economic specialization of the Zaporizhzhia region is determined by the sectors of the economy that have the largest specific weight in terms of the volume of output of products and services. The dominant shares are characterized by industry (64.26%), wholesale and retail trade, repair of motor vehicles and motorcycles (24.03%), agriculture, forestry and fishing (4.94%) and construction (1.76%).

In general, three sectors of the economy - industry, trade and agriculture - form more than 93% of the volume of products and services in the region (including industry - 64.26%). In fact, Zaporizhzhia Oblast is one of the five regions of Ukraine (along with Donetsk, Ivano-Frankivsk, Poltava and Rivne Oblast) whose economy has the highest level of industrialization - more than 60%, while on average in Ukraine the share of industrial production in the total output is 34% [5].

As for light industry, the region has a significant level of specialization in the field of equipment construction, in the production of agricultural and logging machinery, wood products (carbon paper and decalcomania, production of wooden containers), as well as the production of work clothes and technical textiles. Marine fishing is also a sector of specialization for the region.

Given the strengthening of competitive conditions in the region, it is important to identify the existing potential of economic sectors to strengthen their competitiveness

positions on international markets, as well as the creation of new industry and inter-industry clusters. The successful development of the region and the achievement of the specified goals is ensured by a sufficient volume of the gross regional product (GRP), the creation of which is determined by natural and labor resources, the good geographical location of the region, and the inflow of domestic and foreign investments.

The regional development strategy of the region for the period until 2027, approved by the decision of the regional council No. 134 dated 12.12.2019. This document provides for the achievement of four strategic goals:

- 1) development of human capital and improvement of the quality of life of the population;
- 2) the competitive economy of the region (which develops on the basis of SMART-specialization) in the national and global space;
- 3) harmonious spatial development;
- 4) environmental safety and conservation of natural resources [6].

SMART specialization is an important mechanism for implementing new regional policy tasks in Ukraine.

Within the framework of the new regional policy, SMART-specialization fulfils the functions of ensuring the balance of interests of the "state - region - subjects of economic activity" and creating optimal conditions for regions to reveal the potential of self-development due to the implementation of individual functions of innovation (stimulation of technology transfer), industrial (implementation of an innovative type of industrial development) and structural (structural modernization of the regional economic system) policies.

In our opinion, the basis for SMART specialization of the Zaporizhzhia region can be industries such as metal smelting, production of cast iron, steel and ferroalloys; production of other finished metal products; production of tools and equipment for measurement, survey and navigation; production of watches; production of electric motors, generators, transformers, equipment for agriculture and forestry, engines and spare parts for rotorcraft.

Using an integrated approach will help improve coordination management activity and will ensure consistency in making management decisions; increasing the efficiency of the use of state funds directed to the implementation of regional and local development projects, national, regional and industry programs, as well as programs for the development of problem regions, such as coal, and modernization of industry and development of the infrastructure of territories in general. Under these conditions, the SMART specialization priorities of the regions are competitive advantages and benchmarks for the structural modernization of their economy.

Implementation of the principles of SMART specialization is an extremely urgent task, since it is on its basis that it is possible to unlock the regional potential for structural and technological changes, as well as industrial modernization on an innovative basis. The implementation of the principles of SMART specialization is an extremely urgent task, since it is on its basis that it is possible to unlock the regional potential for structural and technological changes, as well as industrial modernization on an innovative basis.

List of references:

1. Baranovsky M.O. SMART-specialization as a tool for revitalizing the development of Ukraine's regions. Scientific Bulletin of Kherson State University, 2020. No. 13. P. 7-17.

2. Zavadskikh H.M., Tebenko V.M. Prospects of innovative development of the Zaporizhzhia region. Regional economy and management, 2021. No. 4(34). P. 33-39.
3. Official website of the Zaporizhzhia Regional State Administration. Regional development strategy of the Zaporizhzhia region for the period until 2027. URL: <https://www.zoda.gov.ua/news/48277/strategiya-regionalnogorozvitku-na-period-do-2027-roku.html>.
4. Patytska H.O. The strategy of smart specialization in the context of ensuring the competitiveness of the region: theoretical aspect // Effective economy. - 2019. No. 11 [Electronic resource].-Access mode: <http://www.economy.nayka.com.ua/?op=1&z=7399> (access date: 12/24/2019).
5. I.Z. Storonyanska, M.I. Melnyk, I.V. Leschuh. Prerequisites and strategic priorities of smart specialization of the region. Ukraine economy. 2020. No. 4. P. 39-56. <https://doi.org/10.15407/economyukr.2020.04.0039>
6. Regional development strategy of the Zaporizhzhia region for the period until 2027, approved by the decision of the regional council No. 134 dated 12.12.2019. URL: <https://www.zoda.gov.ua> (date of application: 23.09.2020).
7. Formation of "smart specialization" in the economy of Ukraine: a collective monograph / [Yehorov I.Yu., Bazhal Yu.M., Haustov V.K., Chernenko S.M. etc.] ; edited by: chl.-cor. NANU I.Yu. Egorov; National Academy of Sciences of Ukraine, State University "Inst. economy and predicted National Academy of Sciences of Ukraine". - Electron. data. - K., 2020. - 278 p.