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DECOMPOSITIONAL ANALYSIS OF INSTITUTIONAL PROVISION OF TRADITIONALIZATION AND INNOVATIZATION OF THE RUSSIAN ECONOMY

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ABSTRACT

The article considers the theory and methodology of emergence, functioning, development, transformation of the institutions in the process of traditional and innovative development of national economic systems; their variable comparative decomposition is carried out; the functional role of the interaction of traditions, innovations, investments and institutions in the Russian economy and its ambiguous poly furcation consequences are revealed. The study purpose was to identify the nature of traditional and innovative development of the economic systems and to prove its influence on the diversification of institutions; to reveal the interaction of traditional institutions as stable fractals of the national economic system, and innovative institutions as the conditions for its creative destruction and renewal, and investment institutions as ways to ensure sustainable transformation and diversification of these processes in Russia. To achieve this goal, a holistic approach and a variable decomposition method were applied to the study of the traditional and innovative development of national economic systems, which allowed identifying: "genetic resource" - an economic tradition, "genetic push" - an innovative idea, the basis of dynamic transformation and diversification of institutions - intellectual property or intellectual capital. Using deduction, we were able to uncover the logic of emergence, functioning, development, transformation and diversification of the innovation process and its institutional support; to identify the features of open (innovative) and closed (traditional) areas of the national economic system; to define it as a contradictory unity of traditional and innovative institutions, in which their general and specific, hard and soft forms inter-act and diversify. The study originality lies in the fact that the diversification of the institutional matrix is presented and justified as a traditionally innovative development process of the national economic system of Russia, in which traditional and innovative institutions of business, government and society inter-act at different levels and different socio cultures.

INTRODUCTION

The main systemic multifunctional form of institutional support for the traditional and innovative development of any economic system is intellectual capital [1, 2]. Moreover, at all stages of its emergence, functioning and development, intellectual capital generates an adequate system of institutional self-sufficiency and a mechanism for its transformation, diversification and development. An innovative idea is potential intellectual capital. Having arisen on the basis of tradition, an innovative idea is transformed into intellectual capital. It specifies and distances itself in the economic system and the system of its institutions in a certain set of rights. At this stage, it personification occurs. It finds its legitimate or shadowy owner and subjective carrier and, like any capital that "does not like emptiness", rushes to its result - economic innovation - and to systemic effects through it. However, not every innovative idea is embodied in the economic innovation, but only one that finds its application in the economic practice and turns into the intellectual capital, that is, it becomes self-increasing value [3]. Consequently, the economic innovation is intellectual capital applied or put into practice. This is manifested in new benefits, new capital and its new institutions. An innovation applied in the economic system acts as an economic innovation and an adequate form of capital. They have a certain institutional design that transforms the economic innovation and its capital form into an economic tradition. The transformation algorithm of the traditionally innovative process and its institutional support is depicted in [Fig. 1].

MATERIALS AND METHODS

To reveal the trends of traditional and innovative development of the national economic system, to identify the interconnections of its traditions, innovations and institutions, their spheres and subsystems, the laws of their dynamic transformation and diversification, it is necessary to carry out a varied decomposition of the national economic system. In the context of globalization and regionalization, each such system has common and specific properties [4]. Therefore, as an illustrative example, we will turn mainly to the Russian economy to illustrate these processes.

The first decomposition option allows distinguishing three areas of the national economic system in which traditions, innovations and institutions inter-act.

The first field covers the institutions of the state and its executive bodies; the second - the institutions of business, non-profit organizations, households, and individuals as participants in the socio-economic-environmental relations; the third - the institutions of society, legislative bodies of various forms, levels and

KEY WORDS

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various public organizations, unions and other associations. The information flows circulate inside each institute and between them [5]. Moreover, the institutions of the sphere of management and control provide ideal economic information (II) in the form of regulatory documents, the institutions of the real sphere - real information (RI) - demand, supply, products, services, prices, etc., and the institutions of society - coordinated ideal and real information (IRI). According to the activity type in each sphere, one can distinguish traditional institutions where reproductive activity and reproduction of traditional information (culture) are carried out and innovative institutions where productive activity is implemented, and innovative information (culture) is created and reproduced. → The activity regulator of the traditional sphere of institutions is the law of reproduction of the sustainability of the national economic system, or the law of the stabilizing tradition, and the regulator of the innovative sphere of institutions is the law of renewal of the national economic system [6]. → The interaction of these laws gives rise to a pattern of dynamic transformation and diversification of traditions, innovations and institutions

Thus, on the basis of the analysis of the first option of the decomposition of the national economic system, it can be concluded that the traditional and innovative spheres of institutions exist, interact and diversify in it.

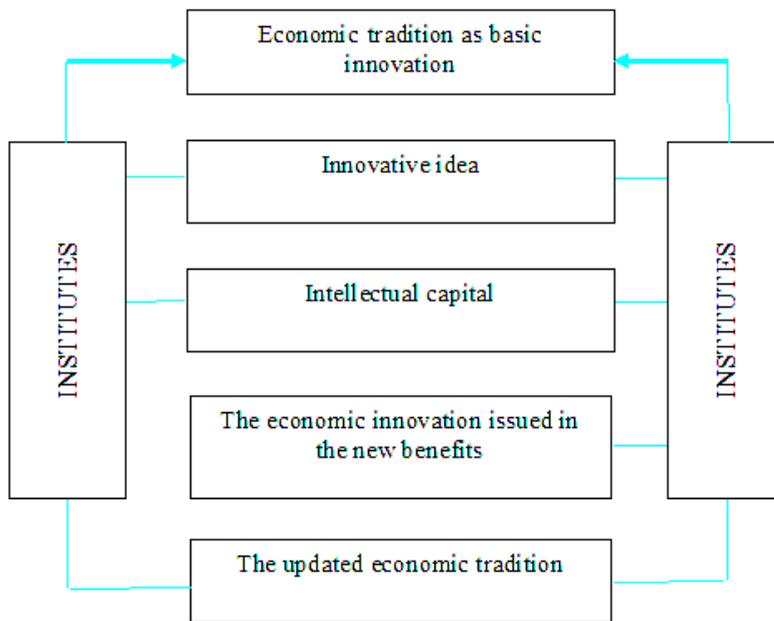


Fig. 1: The transformation algorithm of the traditionally innovative process and its institutional support.

The second option of the decomposition of the national economic system is associated with its characterization as open (innovative) and closed (traditional) areas of diversification of institutions, the regulator of which is the pattern of dynamic transformation of traditions, innovations and institutions of the sphere subsystems of business, government and society.

In this option of the decomposition of the national economic system, three interacting internal sphere subsystems are distinguished and analyzed - business (B), power - legislative and executive (LP, EP), and society (C) with two institutional environments: traditional and innovative. Institutional traditions and institutional innovations interact as systemic utilities. At the same time, traditions are a genetic resource for innovations in the sphere subsystems of business, power and society, and their nutrient medium [7]. It is governed by the law of reproduction of the stabilizing tradition, which accumulates the centrifugal forces of the institutional traditional flows of the national economic system in the circle of optimal opportunities and regulates their dynamic transformation and diversification with institutional innovations through the channels of the internal environment. Diversification of the latter with traditions and their transformation is regulated by the law of renewal, which accumulates the centripetal forces of institutional innovations in the quadrant of the same range of optimal opportunities and, combined with investments, enriches the institutional traditions of the national economic system, adapts new sociocultural through the external environment channels.

The national economic system as an open, innovative sphere of institutions exchanges matter and energy with the external environment, does not impede the exchange of world institutions, allows the updating of its elements - subsystems of business, government and society - and the change of their models in the process of dynamic transformation and diversification of traditional and innovative institutions. In other words, innovative institutions always exist, function and develop in the national economic system, the regulator of which is the innovative law of its renewal [8, 9]. But on the other hand, as a cut of cultural layer of a particular civilization, the national economic system is oriented, first of all, to the reproduction of this type of civilization. From these positions, it appears as a closed subsystem of traditional institutions. The possibilities of using innovative institutions "grown" in one national economic system are limited in

other systems in order to prevent the destruction of ethnic institutions and the integrity of civilization. The role of natural restraint is performed by fractal institutions, that is, moral principles, prevailing values and traditions that maintain the stability of a given society and protect it from the loss of originality and self-reproduction (self-sufficiency). The regulator of institutions in this sphere is the law of stabilizing tradition of the national economic system.

The third option for the decomposition of the national economic system is to study the structure of the institutional contradictory subjects of its innovative sphere. The third option for the decomposition of the national economic system is to study the structure of the institutional contradictory subjects of its innovative sphere. The institutions of the first group include the institutions of partnership and cooperation. Thus, the immediate goal of the Russian research organizations of a fundamental nature is to obtain an innovative idea; the goal of other research organizations focused on applied topics is to translate this idea into particular innovations, for the entrepreneurs - to obtain innovative profits; and the institutions of innovative activity, innovative partnership and cooperation serve as a means of ensuring these goals. The communication and synergetic functions of these institutions, their unifying tendency are manifested in this.

RESULTS

Camel We can distinguish the following main reasons for the effect of such a trend: firstly, the multiplicity of subjects of the innovation process at the functional stages of its implementation; secondly, the diversity, heterogeneity and reciprocity of the goals and means of entities implementing the innovation process; thirdly, the implementation of the goals of all subjects of innovative relations leads to a result not reducible to the sum of particular results. Such a result is an increase in the mass of consumer values, a decrease in the cost of their units and a socially significant, synergetic effect - an increasing aggregate intellectual capital that unites the subjects of innovative economic relations and is supported by homogeneous market innovative institutions.

The second group of institutional contradictory separating subjects of the innovation sphere of the Russian economy includes contradictions of interests that can be reduced to five main subgroups: contradictions in the interests of subjects of innovative relations that determine the specific type of their innovative activity and the institutions that regulate it; contradictions of the psychological order that arise in the transformation process of innovations into traditions, which are manifested in the collision of various institutions; contradictions of innovative market relations with other elements of the national economic system in which they arise, function and develop; contradictions at different levels of the innovation process: international, national, regional, local, business and household; contradictions in the structure of the innovation economic cycle, consisting of phases and cycles, the implementation of which is based on the qualitatively different principles and activity institutions. This group also includes contradictions between the need for innovative development and its negative consequences for the Russian economy. These polyfarication states of the subjects of innovative relations in the Russian economy lead to the fourth option of decomposition of the national economic system related to the study of dissipative phenomena in interaction, transformation and diversification of its traditions, innovations, investments and institutions, which appear in the form of dissipative costs, dissipative transformations, diversifications and other dissipative processes in the institutional structures of the economic system. Their increase or decrease, strengthening or weakening depends on many exogenous and endogenous factors. The dissipativity level of the institutions of the national economic system depends on the innovation cycle phases. The greatest degree of their increase is observed at the phases of introducing innovations into practice, at the phase of its commercialization and distribution, at the phases of updating, transformation and diversification of traditions, innovations and institutions.

The dynamic transformation of traditions, innovations, investments and institutions simultaneously creates and destroys the national economic system. On the one hand, under their influence, positive creative technical, technological, structural, organizational and managerial, socio-economic, institutional and other systemic shifts occur at all stages, levels and in all areas of business, government and society.

On the other hand, the interaction of traditions, innovations, investments and institutions in a certain sense destroys the fractal properties of the national economic system. They are the reason for the change in the types of economic imbalances, as a result of which there are violations of the institutional traditions of the existing system and structure of relations. These "creative destructions" of innovations are accompanied by serious systemic changes in the structure of the institutions of business, government and society, in the forms of their interaction [11, 12]. In this regard, there is a constant objective need to develop mechanisms to ensure stimulation and protection of the creative properties of these processes, especially innovative ones, to prevent and smooth out their destructive systemic effects.

SUMMARY

A varied decomposition analysis of the traditional and innovative development of national economic systems and the forms of its institutional support makes it possible to identify the specific nature of these processes in the real and financial sectors of the national economy, especially in the sphere of its material production. For example, the sphere of material production is going through a difficult period in Russia. The destruction of the old institutions regulating production activity, the lack of new effective institutions

negatively affected the material production of the economy. Surviving Russian manufacturing enterprises are under intense pressure from global competition. Almost all enterprises in the sphere of material production need serious, as well as institutional support.

However, in this case, the institutional differences between two enterprises cannot be avoided. This is predetermined by the fact that, as shown in [Fig. 2], each activity type of a particular national economic system is governed by certain “tough” institutions (laws, by-laws, state standards) that apply only to this activity. Conventionally, the set of tough institutions regulating the activities of a diversified company can be divided into general and special. General tough institutions apply to all activity types that are combined within the company; specific “tough” institutions control only one activity type.

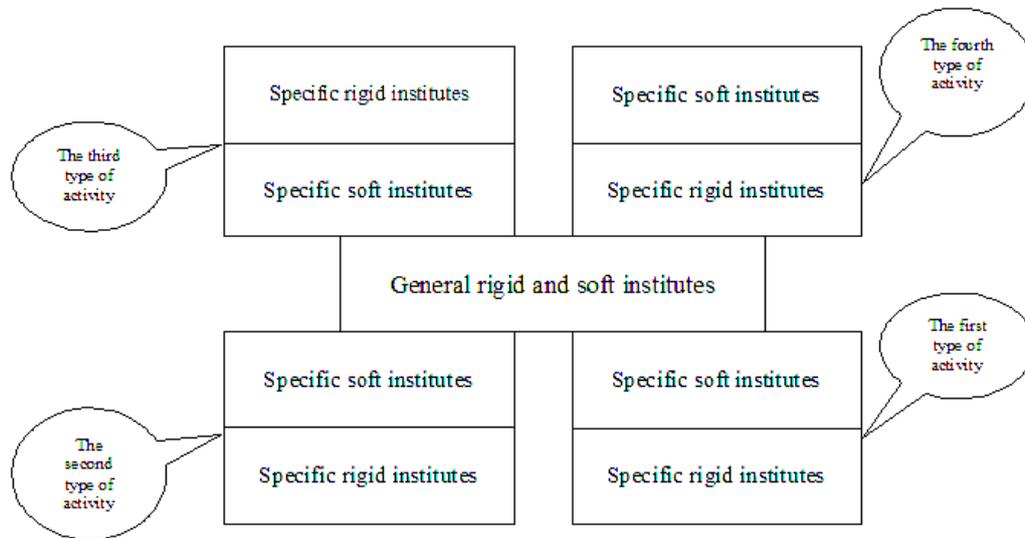


Fig. 2: Institutional diversification as part of a diversified microeconomic system.

CONCLUSION

Thus, a varied decomposition analysis of the forms of institutional support of the traditional and innovative development of national economic showed that general and specific laws of transformation and diversification of its traditional and innovative institutions exist and are being implemented in the Russian economy at all its levels. The emphasis of these transformations shall be shifted towards creating favorable conditions for the formation of optimal traditional and innovative institutional structures and prospects for the development of the national economic system at all its levels and in all its spheres.

CONFLICT OF INTEREST

There is no conflict of interest.

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