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## THE PARADIGM OF INNOVATIVE ECONOMIC DEVELOPMENT: A NEW PHILOSOPHY OR THE BASIS OF EVOLUTION IN THE CONDITIONS OF DIGITALISATION

### Abstract

This article discusses the processes of implementing innovative prospects for developing the Russian economy in the context of digitalisation. Currently, in countries with a high level of innovation component in all spheres of economic activity, innovation is fundamental for the development of the economies of these countries. Innovative development is an integral part of economic development philosophy in countries such as Germany, Sweden, Japan, South Korea, China, the USA, and other developed countries. Unlike the countries mentioned above, the economy of the Russian Federation, despite the existing high innovation potential, is an economy in need of significant refinement. Innovations must be the basis of modern philosophy and the development and transformation of the Russian economy. The authors consider the model of innovative development and the processes associated with the improvement of innovation as a philosophy of development and transformation, which will provide the basis for the economy's evolution in the current situation and increase the competitiveness of enterprises of the Russian Federation. In the article, the latency of innovation is proposed as an aspect of innovative development – to transform existing developments and generate new ideas.

*Keywords:* paradigm of innovative development, philosophy of innovative development, economic evolution, digitalisation, innovation latency.

### Introduction

The rapid development of information technologies, nanotechnology, artificial intelligence, and the Internet of Things catalyses the introduction of digital technologies into various economic and socio-political aspects of society worldwide. In the context of global digitalisation, the successful development of the economy of the Russian Federation is significant, and the competitiveness of Russian manufacturers in the world market is also significant. Russia can become the leader of the international innovation market based on the paradigm of continuous innovative development, which is based on the

active use of knowledge, that is, on their constant generation, transformation, accumulation and development. With this approach to the innovation process, knowledge becomes primary, and production, financial and infrastructure resources become secondary (Stepchenko, Davydova, Aldoshin, & Novikov, 2019). The knowledge economy is the highest stage in developing an innovative economy, in which a person, his knowledge, intellectual capital and creative component take the leading roles (Shumikhin, 2017). It has to be stated that the basis of the Russian economy is still a raw material growth model, which ensures development under certain conditions due to high demand and high prices for hydro-

carbons and other raw materials. As an example, we can cite high gas prices in Europe on the spot market, which allows Russia to receive additional revenues to the budget from the activities of PJSC GAZPROM. We have to admit that the winter period will pass, European countries will not abandon alternative energy and high demand, and with its high prices for raw materials, they will not be able to support the economy of the Russian Federation for a long time. The rise in prices will be followed by their fall, immediately affecting the decrease in revenues coming to the budget. Therefore, to reduce dependence on market conditions and prices for hydrocarbons and other raw materials, it is vital to transfer the economy of the Russian Federation to a new development philosophy based on the widespread creation and implementation of innovations. The paradigm of innovative development should become the basis for the economy's evolution in modern, rapidly changing conditions. "The transition of the economy to a new qualitative level of development occupies one of the main places in the development of a non-raw material growth model, which underlines the relevance of the study of the prerequisites and stability of the formation of the digital economy and the development of innovative orientation of all business

entities" (Zakharov, 2020).

Unfortunately, it is not the philosophy based on the paradigm of innovative development in our country, but even the very concept of innovation is not sufficiently clear to most citizens. Someone believes that innovation is any innovation, that innovation is the introduction of modern technologies, and that innovation is an investment in promising projects. Speaking in general, the concept of innovation and an innovative approach is quite complex and incomprehensible for the majority of the population and enterprises, which cannot but affect the transition to a new philosophy of developing the entire economy. It is impossible not to agree with the statement that "to activate innovation activity in Russia, it is necessary to understand the philosophy of creating and implementing innovations" (Zavadovskiy, 2011).

#### Analysis of Competitiveness and Innovative Development of the Domestic Economy in the World Market

According to recent studies, in 2020, Russia ranked 11<sup>th</sup> in terms of GDP globally. The data are shown below in Fig. 1.

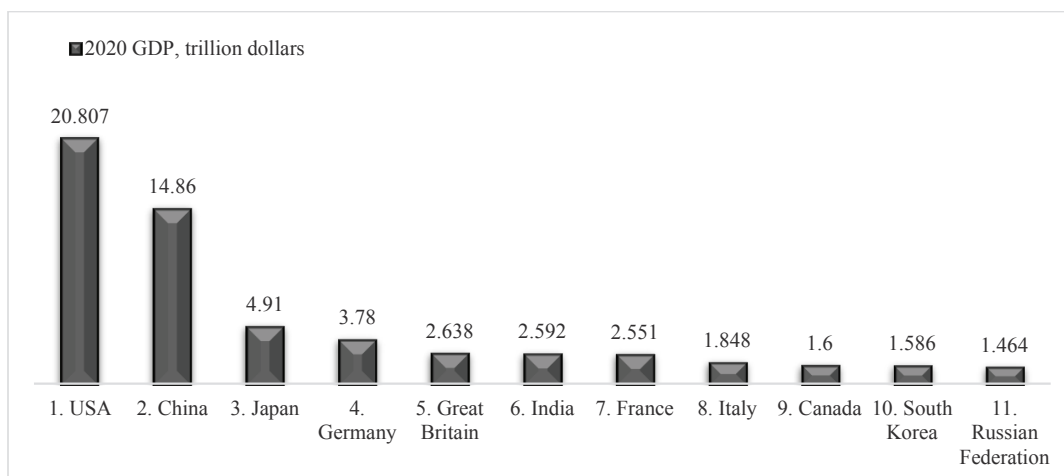


Figure 1. The level of GDP in the world's leading countries (compiled based on Simonov, 2021).

As before, the basis of the Russian economy is the raw material model of development and growth. Despite the loud statements of individual politicians and leaders, the Russian economy has not undergone significant changes in its development strategy. As a result of this development approach, a completely different situation develops if we look at Russia's location in the world ranking by the level of innovative development. Countries such as the USA, Great Britain, Germany, and South Korea are also among the top 10 countries in terms of innovative development. Not far from them (in the second ten) are China, France, Japan, and Canada. All countries that are among the top 10 economies globally in terms of GDP occupy leading positions in terms of innovative development. Russia, with low production volumes of high-tech products (Mandych & Bykova, 2021), is far from the leaders and ranks 47<sup>th</sup> (Global Innovation Index, 2020). We would like to draw attention to the fact that Russian small innovative enterprises (Korsakova, Dubanovich, Drozdov, Mikhailova, & Kamchatova, 2021) make an active contribution to the level of GDP and digitalization of the Russian economy, but this is not enough and requires the inclusion of a more significant number of large enterprises in the process, the quality of whose employees has begun to grow significantly recently.

The situation in the world competitiveness ranking is not the best for Russia either. Thus, in the overall world competitiveness ranking for 2021, Russia ranked 45<sup>th</sup> (World Competitiveness Ranking, 2021). Russia is ranked 42<sup>nd</sup> in the World Digital Competitiveness Ranking for 2021 (World Digital Competitiveness Ranking, 2021). It has to be stated that in the global economy, the countries that create and provide the most favourable conditions for innovative development are more competitive. "The presence of these circumstances determines the formation of a macro-competitive paradigm of innovative development of the national economy, including the creation of effective mechanisms for generating innovations" (Popova, Korostelkina, & Dedkova, 2018, p. 44). The economy of the Russian

Federation has good opportunities to adapt to the digital economy. The presence of high educational potential and good material and technical base can positively impact adaptation to new conditions of economic activity (Batrakova & Kolpakova, 2012).

According to the authors of the article, the modern paradigm of innovative development aimed at increasing the productivity of intellectual resources (Akopova & Panasenkova, 2012) should ensure not only the effective organization of interaction processes between economic entities but also the improvement of the interaction of various links aimed at continuous training, professional development and creative activity (Smirnov & Kadyshchev, 2012). To do this, it is necessary to understand and accept the philosophy of economic development based on the paradigm of innovative development. The sooner this is implemented, the sooner the Russian economy will be able to embark on an intensive development path through innovations.

#### Innovation Latency as one of the Aspects of the Philosophy of Innovative Development

According to such authors as Duysekova Z. and Lebedeva S., the philosophy of innovation activity is to transform a successful idea into a mass-use product. At the same time, the idea, investment and innovation are integral parts of this philosophy (Duysekova & Lebedeva, 2016). We agree with these authors that the main stages of the innovation process, idea - investment - innovation, are integral parts of this philosophy. However, I would like to note that the result of the commercialization of an idea is a product that can be sold profitably, not a product as a category. The demand distinguishes innovation from a product as a category.

Moreover, this product does not necessarily have to be of mass use. Innovation as a product can also be aimed at a narrow market segment. In addition, a distinctive feature of innovations from traditional goods is the presence of innova-

tion latency, which means a reserve of further improvement and development hidden in the innovation, which can manifest itself after a certain period under the influence of scientific, technical

and economic factors (Sekerin, Burlakov, Bank, & Gorokhova, 2017). We believe that this category should be added to the main aspects of the philosophy of innovative development (Fig. 2).

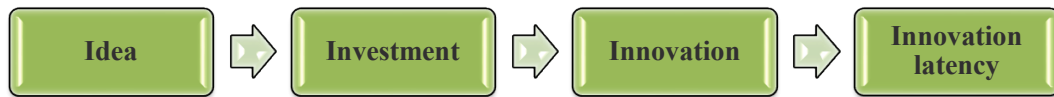


Figure 2. The Main Aspects of the Philosophy of Innovative Development.

It is believed that the latency of innovation is unintentional, and its manifestation is not always realized immediately, and sometimes it remains completely unconscious until the end (Burlakov, Sekerin, Gorokhova, & Dzyurdza, 2017).

In fact, there are three types of innovation latency: conscious, progressive, and sudden. Sudden latency is characterized by a high degree of uncertainty since this latency is probabilistic, while progressive and conscious latencies are more deterministic. Planning the latency expected from innovation is of great practical importance. Emerging individual situational factors can influence the identification and implementation of innovation latency. While maintaining consistency in working with existing innovations to identify their latency, it is possible to neutralize emerging risks and bring them to calculated expectations.

In order to identify the latency of innovations, it is possible to use methods of formalized presentation of innovation as a system and methods of activating the intuition and experience of specialists, supplementing them with particular methods of formalization of tasks. Based on the results of the conducted research and calculations, the latent properties of the innovation under study are identified, highlighted and systematized, and recommendations for their manifestation in the external environment are written. The authors would like to note that the identified latency is implemented according to the plan established by the innovative enterprise, in the preparation of which customer orientation and market expectations, including formed demand, are of great im-

portance. The category studied by the authors, innovation latency, currently contains non-existent opportunities for both innovative enterprises and potential customers.

In conditions of the highest market competition and chaotic fluctuations of market conditions, there is a rapid renewal of the assortment and novelties and working with the latency of innovations is a very resource-intensive and renewable process. In some cases, the identified latency of innovations can be a source of scientific, technical, economic, and social development within the enterprise and the state.

The realization of innovation latency can result from a combination of well-known innovations, their transformation, or the sudden discovery of a new innovative value of a product. As noted earlier, latency innovation is of three types: conscious, progressive and sudden. Conscious manifestation of innovation involves the manifestation of new or additional properties of the product, in response to the consumer's request, now or after some time, creating a sense of control over the process of product transformation in the consumer, working with the expectations of the consumer will essentially be able to involve the consumer in contact with innovation. The progressive manifestation of innovations will allow the researcher to be involved in working with innovation due to the high detectability of such innovations in the short and medium-term and will significantly reduce the cost of developing innovative products. With the correct formation of a culture of working with innovations in society based on the philosophy of innovation,

Sudden innovations will allow more often to identify unpredictable and hidden ideas, creating prerequisites for the emergence of breakthrough technologies. The most attractive from the authors' point of view in the proposed philosophy of innovation is the absence of boundaries for the development of innovation in general and each innovative idea in particular. The latency of innovations as part of the philosophy of innovative development can ensure stable, controlled growth of the innovation potential of any product being developed, the enterprise and society as a whole, thereby ensuring the efficiency and competitiveness of the enterprise participating in the ongoing developments.

#### Discussion

The authors' scientific novelty consists of the proposal to include the category of innovation latency in aspects of the philosophy of innovative development. The authors describe and propose a mechanism for working with innovations and innovative products, which allows multiplying the possibilities of implementing an idea at any implementation stage. A characteristic of the described category is given. The practical application of the approach to working with innovations through the prism of innovation latency will change not only the depth of understanding and the possibilities of applying the philosophy of innovation as a separate category but also ensure a reduction in project implementation time and growth of economic indicators, thereby ensuring the competitiveness of the products being developed, and as a consequence of the economy of enterprises and the country as a whole, both in the short and long term.

#### Conclusion

The paradigm of innovative development is designed to ensure the creation of conditions in the Russian Federation that will increase production volume and improve the quality of innovative products. The Russian economy has good

potential and sufficient human resources to change its trajectory towards an economy based on knowledge and scientific developments. The assistance and efforts of foreign partners are increasingly creating prerequisites for the accelerated implementation of these processes. In order to realize the innovative potential available in the Russian Federation, it is necessary to adopt an innovation philosophy based on the paradigm of innovative development in the economy of both enterprises and the Russian Federation as a whole. In the philosophy of innovation development of enterprises and projects, along with such aspects as an idea, investment and innovation, it is necessary to consider the latency of innovation. The proposed philosophy of development and implementation of innovations, taking into account the latency of innovations, will essentially ensure the quality of work with innovative products, will reduce the cycles of development of innovative products, will ensure the formation of a new culture of work with innovations, and thereby ensure the innovative development of the Russian Federation both in the short and long and medium-term, thus ensuring an increase in the country's defence capability and significant economic growth.

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