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To cite this article: E Idrisova 2019 *IOP Conf. Ser.: Earth Environ. Sci.* **274** 012075

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The economic mechanism of innovative development of the industry

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Abstract. The article analyzes the main theoretical approaches to the concept of “economic mechanism.” It is concluded that the elements of the economic mechanism, affecting the intermarket segment of the agri-food market and the market for innovations, accelerate industry development. The innovative development of the industry is affected by the application of organizational, regulatory, informational, production, personnel measures. The choice of specific methods and tools of the economic mechanism depends on the sectoral features, the level of sectoral innovation development.

1. Introduction

Innovative development of the agricultural sector involves the integration of efforts of agricultural producers and consumers of its products to introduce innovations at all stages of the reproductive cycle to achieve sustainable food supply of the population, intensive economic growth.

A review of the literature [1-6] shows that there is a great variety of approaches used to define an economic mechanism. We consider an economic mechanism in relation to the process of innovative development. In the economic literature, the “mechanism” is defined as market, economic, organizational, financial, investment, anti-crisis, etc., which identify its main elements and concepts. At the same time, it is possible to single out similar scientific judgments regarding its elements, structure, levels, and forms of manifestation.

2. Methods

The system, process, and situational approaches are used, which determine the content of the economic mechanism corresponding to these approaches.

3. Results and Discussions

We believe that in innovation development there is an impact of innovation on agriculture, which leads to the emergence of innovative products in the market for agricultural products and food; and in the resource market, there are innovative technologies for the production and processing of agricultural products.

Intermarket interaction of the agri-food market and the market for innovations leads to a flow of capital, contributing to an increase in the efficiency of their functioning and innovative development.



If the total reduced price of resources (including the cost of an innovative product) is lower than the average market price of a new product, then the agricultural organization — the consumer of the innovative product — receives an incentive to produce, and capital will flow into agriculture. With a higher price of resources, due to the high cost of an innovative product, an agricultural organization loses an incentive to live and capital can go away.

Intermarket interaction of the agri-food market and the innovation market takes place between regions, countries, several markets, and segments of the same market.

The elements of the economic mechanism, influencing the intermarket segment of the agri-food market and the innovation market, accelerate industry development (Figure 1).

Analysis of promising research institutions of the Russian Academy of Sciences shows that the expected innovative technologies and innovative products are distributed as follows in the spheres of the agro-industrial sector and in agriculture: production of the means of production – 18.13%; plant products – 26.37%; livestock products – 23.08%; food products – 18.13%; non-food processing products – 6.04%; storage and transportation – 8.24%.

The result of the innovative development of the industry are: (a) the adequacy of domestic production of the main types of agricultural products, raw materials, and food; (b) physical and economic accessibility of food products in volumes and assortment in accordance with rational consumption norms; (c) food safety and quality.

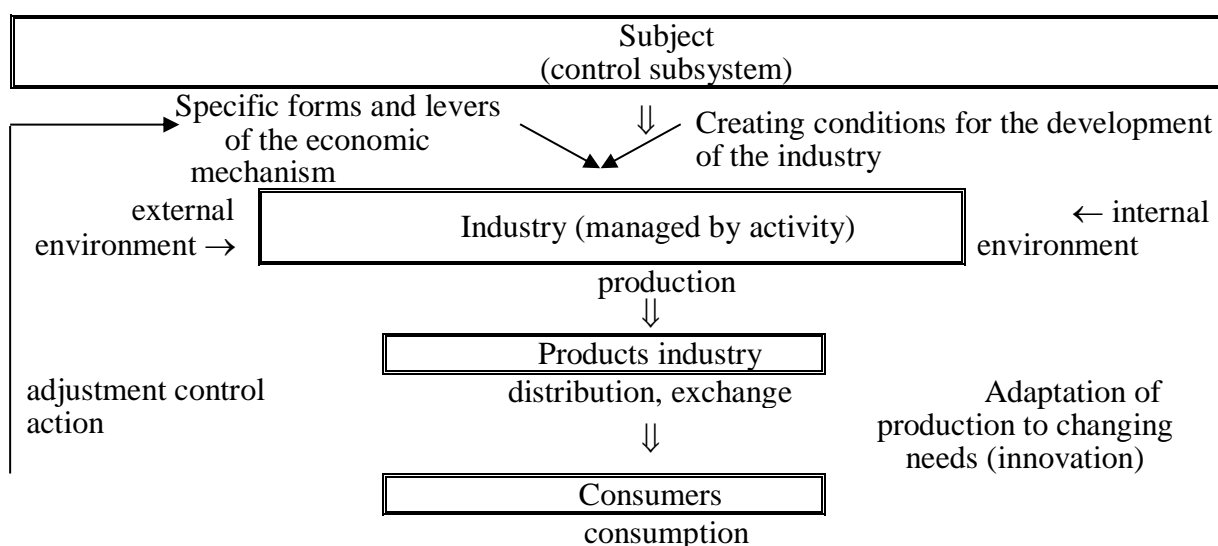


Figure 1. Model of the impact of the economic mechanism on the innovative development of the industry.

The innovative development of the industry is affected by the application of organizational, regulatory, informational, production, personnel measures. The choice of specific methods and tools of the economic mechanism depends on the sectoral features, the level of sectoral innovation development. The economic mechanism of innovation development, in turn, includes financial and economic, marketing, social, legislative and other blocks. To regulate the interaction of the innovation market and the agri-food market, it is necessary to regulate intermarket barriers to create optimal conditions for their functioning and innovative development.

4. Conclusions

Innovation is one of the sources of transformation of the economic mechanism of development. The elements of the economic mechanism, affecting the intermarket segment of the agri-food market and the market for innovations, accelerate industry development.

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