

ECONOMIC THEORY AND HISTORY OF ECONOMIC THOUGHT

**The Influence of intensity of firms' innovation activity
on the industrial markets structure****Azmuk L.A.**PhD, Associate Professor, Department of Enterprises' Strategy
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In the article, the authors emphasize that today the character of relationship between the number of firms and their penchant to innovations is complex and ambiguous and depends on many specific features of the sector. Thus, the designation of efficient firms' size in innovation requires a differentiated analysis of industrial markets and isolation of the fundamental factors' impact contributing to the success of innovation activity in specific markets.

Today, in scientific and technological progress the leaders are the US, European Union, Japan and China. The R&D costs are 2–4% of GDP in these countries. In Ukraine, the share of total appropriations for research activities in GDP is less than one percent during the last 10 years.

The analysis of global innovation market has shown that in the sectors characterized by high efficiency of R&D the producers' concentration is increasing. This is due to increasing returns to scale, which is typical for the costs on R&D, and the profitability of entrance to a low concentrated market for large companies.

The analysis of innovative activity of

domestic companies shows that a higher innovative activity is mainly characterized for large firms with the opportunity of working capital to implement technological innovation. Medium-sized firms easier minimize the costs and regulate the number of employees due to adequate level of capacity loading.

In general, the level of innovation activity of domestic firms is extremely low. The main reasons of this situation are: the instability of the system of state regulation of the economy and property rights; high level of monopolization industry markets; episodic government actions to stimulation of innovation; lack of financial resources, unstable level of demand for the firms products, est.

The main directions of innovation activity stimulation in the domestic industry should be: the creation and development of innovation infrastructure at national and regional levels; the development and strengthening of financial and credit institutions, ensuring continuity of financing innovative projects; intensification of international scientific and scientific-technical cooperation; legislative changes in the area of innovation on benefits and incentives, est.