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**INSTITUTIONAL FOUNDATIONS FOR SUCCESSFUL
IMPLEMENTATION OF INNOVATION AND INVESTMENT PROJECTS**

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**ІНСТИТУЦІЙНІ ЗАСАДИ УСПІШНОСТІ РЕАЛІЗАЦІЇ
ІННОВАЦІЙНО-ІНВЕСТИЦІЙНИХ ПРОЕКТІВ**

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**ИНСТИТУЦИОНАЛЬНЫЕ ОСНОВЫ УСПЕШНОСТИ РЕАЛИЗАЦИИ
ИННОВАЦИОННО-ИНВЕСТИЦИОННЫХ ПРОЕКТОВ**

The article considers and classifies the institutional factors of successful implementation of innovation-investment project with their separation into formal and informal, as well as external and internal ones. Clarified that the complexity of the external institutional environment for the implementation of projects in Ukraine makes it necessary to have additional motivators for the development and implementation of a large number of innovation and investment projects that would concern a wide range of enterprises, primarily small and medium-sized enterprises. Internal institutional foundations for successful implementation of innovation and investment projects are the organization of interaction between project participants, among which methods are distinguished by subjective and objective forms, and the difficulty lies primarily in the fact that soft (subjective) methods are in fact decisive.

Key words: innovation-investment project; project management; institutions; institutional analysis; institutional factors; interaction of project participants; coordination of goals.

Fig.: 1. Bibl.: 16.

Розглянуто та класифіковано інституційні фактори успішності реалізації інноваційно-інвестиційних проектів з поділом їх на формальні та неформальні, а також зовнішні і внутрішні. З'ясовано, що складність зовнішнього інституційного середовища реалізації проектів в Україні робить необхідним наявність додаткових мотиваторів для розробки та впровадження великої кількості інноваційно-інвестиційних проектів, які б стосувалися широкого кола підприємств, насамперед малих та середніх. Внутрішні інституційні засади успішності реалізації інноваційно-інвестиційних проектів полягають в організації взаємодії учасників проектів, серед методів яких виділяють суб'єктивні та об'єктивні форми, причому складність полягає насамперед у тому, що м'які (суб'єктивні) методи насправді є визначальними.

Ключові слова: інноваційно-інвестиційний проект; проектний менеджмент; інститути, інституційний аналіз; інституційні фактори; взаємодія учасників проекту; узгодження цілей.

Рис.: 1. Бібл.: 16.

Рассмотрены и классифицированы институциональные факторы успешности реализации инновационно-инвестиционных проектов с разделением их на формальные и неформальные, а также внешние и внутренние. Выяснено, что сложность внешней институциональной среды реализации проектов в Украине делает необходимым наличие дополнительных мотиваторов для разработки и внедрения большого количества инновационно-инвестиционных проектов, которые бы касались широкого круга предприятий, прежде всего малых и средних. Внутренние институциональные основы успешности реализации инновационно-инвестиционных проектов заключаются в организации взаимодействия участников проектов, среди методов которых выделяют субъективные и объективные формы, причем сложность заключается прежде всего в том, что мягкие (субъективные) методы на самом деле являются определяющими.

Ключевые слова: инновационно-инвестиционный проект; проектный менеджмент; институты; институциональный анализ; институциональные факторы; взаимодействие участников проекта; согласование целей.

Рис.: 1. Библ.: 16.

JEL Classification: D230, O220

Problem Formulation. Implementation desired innovative changes and structural changes in the economy is nothing but the realization aggregate of large, medium and small projects of entities connected with new technologies, products, developing new markets and raw materials, organizational changes. The absence of real (related to the development and improvement of enterprises and organizations) projects, the term "innovative development" gets just a linguistic value.

Ukraine today is not characterized by massive implementation of projects, because investments in the country basically are insufficient, as evidence of dangerous dynamics fixed assets depreciation: this index is increasing every year, and if in 2000 amounted to 43.7 % [1], in 2014 - already 83.5 % [2]. The main reason for lack of investment is a significant increase of its risk [3] due to the instability and unfavorable political and legal environment, as well as the inability to force contractors to fulfill the obligations (related to both unfair and ineffective courts) that in general is an institutional problem. Thus, consideration of institutional founda-

tions for the effectiveness of implementation of innovative investment projects as an example of global and domestic experience is relevant.

Analysis of the recent research and publications. Among the authors of publications of foreign and domestic scientists devoted to problems of institutional framework of economic development we can highlight the following authors: A. Gumenyuk, D. North, A. Krysovaty, M. Olson, V. Polterovych and others. Development of the theory of project management is reflected in the works of these scientists: W. Berens, M. Butko, S. Bushuev, W. Verba, A. Zagorodny, S. Moskvina, G. Tarasyuk, G. Tian, P. Havranek and others.

Allocation of previously unresolved parts of a common problem. Relevance of the research institutional framework effectiveness of the implementation of innovation and investment projects in terms of both global and domestic experience of Ukraine due to the complexity of the institutional environment and the problem of lack of conformity in the mass implementation of innovation and investment projects, leading to the destruction of the country's economic potential.

Purpose of the article. The purpose of the article is to study and classify the institutional factors of the effectiveness of the implementation of innovative and investment projects and develop the necessary measures to improve the institutional framework of Ukraine for mass implementation of innovation and investment projects.

Basic material. Development and implementation of investment projects is the main and only method for ensuring the investment development of the enterprise, region, industry, country. According to M.P. Butko [4], there are no other methods of structural transformation of the economy, except for a clear system of organization and management of investment and innovation processes through project management.

A national model for managing of innovation and development projects at all levels, from corporation to state, is the most effective tool in combating crises, this is the value of the project approach [5], an effective combination of western management techniques to national governance culture in accordance with the rational strategy the development of the country leads to prosperity, but mechanical copying of the western and eastern models and management standards reduces the effectiveness of project management, innovation and the national economy as a whole. Project management in modern conditions should include three components: crisis management, project management and innovation management.

The implementation of projects envisages using a project methodology, the feature of which is the requirement achieving the goals taking into account limitations, primarily time and cost. And in developed countries, project management is not always successful in terms of achieving the goal with the initial estimate and in due time. For Ukraine, international financial organizations generally made amendments to these criteria in 2 and 3 times more than declared by the developers.

According to World Finance, the situation when only 10 % of the projects do without delays and overspendings have been observed for at least 70 years, and there are no trends to change this percentage [6]. Specialists from the School of Management of the University of Lancaster and the business school of Manchester University identify the following main reasons for the violation of deadlines and the excess of planned expenditures: the information on which the project is based is false or misinterpreted; the rejection of the experience of previous difficulties and failures; distortion of information. They also highlight the key components of the success of megaprojects: honesty and information openness, a realistic view of things; a team representing all major participants takes on the direct management of the project and all responsibility; quality of communications, prompt and unhindered mutual exchange of information between all project participants.

All these factors of project success and failure are institutional factors, therefore the project analysis contains one the institutional analysis as main component, which takes on the task of qualitative characterization of the impact on the project of its external environment, the possibil-

ity of successful implementation under given conditions. Determination of the impact of external factors (economic, political, legal, sociocultural, etc.) and internal factors (the level of qualification of the project personnel, the management of the organization, the project, etc.) on the possibility of successful project implementation is the main purpose [7]. We have highlighted the institutional factors of success of the implementation of innovation and investment projects on the basis of two criteria: formal and informal, as well as internal and external (Figure).

The institutions are singled out in a narrow and broad sense [8]: yes, in narrow - these are the rules of economic interaction established by law and structures that ensure compliance with these rules by all economic entities, using incentives of reward and punishment; In the broad - is (1) the rules provided by custom or law; (2) legislative and regulatory standards protecting the interests of economic entities and the state; (3) administrative structures that ensure the satisfaction of the economic needs of society from the government and state financial bodies to commercial banks and commodity exchanges; (4) market culture and mentality.

V. Polterovich notes [9] that reforms often negatively affect production, increase uncertainty and thereby make it difficult for investors to choose rational investment directions due to the fact that they are the engine of redistribution processes, diverting resources from production and not increasing the effectiveness of their use. The way out of the "trap of institutional backwardness" is possible is the rational combination of institutional reforms and policies to stimulate economic growth. The possible way out of the "trap of institutional backwardness" is the rational combination of institutional reforms and policies to stimulate economic growth. This strategy is based on the bilateral dependence between the quality of institutions and economic growth. In a fast-growing economy, many types of redistributive activity lose their attractiveness, production investments become more profitable. In a growing economy, it becomes possible to change the proportions of the distribution of a national product while raising the living standard of all social groups, not necessarily associated with high costs. The rapid growth of the countries of the "economic miracle" began with relatively weak institutions, their quality gradually improved. To solve the coordination problems, the governments of these countries used a wide range of instruments, including indicative planning, preferential tariffs, partial exemption of export production from taxes, the creation of government reserves to cover unforeseen losses in exports, accelerated depreciation of fixed capital, soft loans, preferential tariffs for electricity, etc.

Other developed countries (USA, Germany, Great Britain, Japan, and Canada) also used a significant range of benefits for the development of innovative activities of enterprises [10]. In Ukraine, for a while, tax methods of stimulating innovative investment projects have been used, but since 2004, they began to be replaced by direct competitive public lending or investment, while the share of state and local budgets in capital investments fell from 9.2% in 2010. Up to 7.7% in 2015, in our opinion, does not provide significant incentives for expanding the implementation of investment projects. Through a poor investment climate and the practical absence of indirect benefits for Ukraine is not typical of the massive implementation of projects.

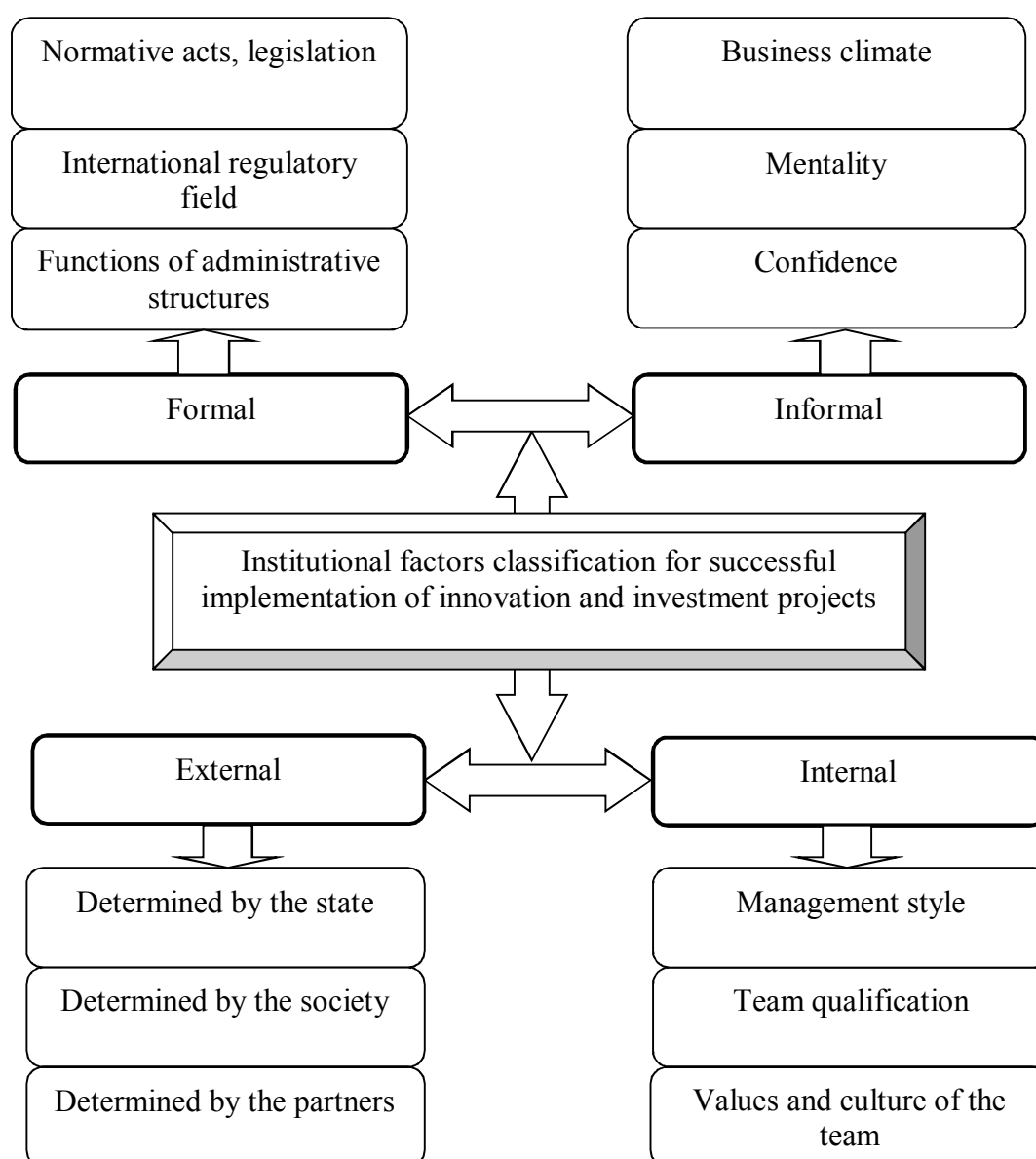


Figure. Institutional factors classification for successful implementation of innovation and investment projects

The organization of internal interaction of the project participants is a big problem, because of the exchange of information between all project participants is a significant factor in the success of the project, therefore the project manager usually spends about 90% of the time in the project on communication. Through inefficient communications, 20% of projects are unsuccessful, and bad communications have always been identified as a critical factor in failed projects [11]. Good communication in the project, on the contrary, allows identifying and resolving conflicts, understanding even complex circumstances, and the common understanding leads to joint actions.

The emergence of the virtual projects market provided opportunities for an end-to-end information partnership "supplier-producer-customer". In the conditions of direct contacts via the Internet, these links can be turned into cooperation within the framework of individual projects, aimed at collective search for ways to increase efficiency along the entire demand-to-consumption chain, as well as sharing benefits. For example, the activities of Cisco System, General Electric,

Dell, Ford, Visa and others [12] are organized. Already there is a transition from competition to cooperation of the divisions of various organizations, because of which the "unified information field of the project" is formed, a collective of like-minded developers of a joint project that provides for a significant reduction in costs. The main threats to the formation of such an environment are: the problem of security of the information project environment, because of the incompleteness of legislation in the field of information technology and the uncertainty of the status of project participants, especially external ones; the level of informational, organizational and corporate culture of the project participants is not the same (sometimes insufficient).

Many methods are used for organizing the interaction, concerning both objective forms (tree of works, organizational structure, network graphs, resource tree) and subjective (or soft) - the coordination of values, culture, goals, communications. Note that the complexity lies primarily in the fact that soft forms are determining, since in management (as in the theory of systems) it is known that the existence of any organization (system) depends on its mission and set goals. The loss of goals entails the destruction or reformatting of the organization (system). To clarify and agree on the goals of all participants is a rather difficult task, especially if state authorities are joining the participants. Clarifying and agreeing the goal of all participants is a rather difficult task, especially if state authorities are joining the participants.

R. Akoff pointed out the importance of coordinating goals and tasks [13]. He suggested do the following at the stage of formulating goals and tasks: 1) define goals and translate them into the language of tasks, resulting in a schedule of tasks; 2) provide a clear description of all tasks and develop measures to assess progress in each of them; 3) exclude conflicts (or develop means to solve them) between tasks, that is, decide what to do if the fulfillment of one task hinders the performance of the other. So, they were asked to eliminate possible conflicts based on the assessment and harmonization of performance indicators. The need for the team to have a project success metric is defined as their main KPI (Key Performance Indicators), is justified in foreign sources [14]. So, in this methodical approach is the intersection of both objective and subjective methods.

The complexity of formulating the target orientation of the consulting project is due, in the opinion of V.A. Verba [15], to the uniqueness and originality of the tasks of the project and the properties of the modern enterprise (client) as an open system, functions and develops, within and outside which there are various dynamic (cyclical or chaotic) processes, to fix the parameters of the changes which are not possible. In addition, observance of the parameters for the result of the consulting project is difficult to forecast because of the emergence of new initiatives generated already during its implementation. For consulting projects aimed at the development of client organizations, it is expediently for the project participants to coordinate the results of the consultation as a state of the economic system with a clear traffic vector clarifying the qualitative and quantitative parameters of the tasks of the individual phases of the project, can significantly influence the timing of its implementation and determine the amount of resources for implementation project, which should be determined by the stages of implementation of specific works, according to the achieved results of previous project stages.

A.N. Medvedeva draws attention to the stage of coordinating the objectives of the project, but from the point of view of values [16]. Thus, she believes that the most relevant task of managing stakeholder interaction appears in the project milestones, when the project management, together with all interested parties, has to make decisions on further development of the project taking into account actual significant changes in the environment. The existing practices of managing interactions in similar situations are typical for flexible project management methods that are applied in the IT field. Typically, such practices emphasize the subconscious creation of an enabling environment for stakeholder interaction and can only be effective with the consistency of their values, and determines their compliance with the concept of partnership in the context of the existing project culture. The maximum permissible level

of heterogeneity of stakeholders in terms of value indicators serves as a consistency criterion. In cultural environments that do not meet these requirements, the implementation of interaction becomes problematic, causes project failures and requires purposeful value-oriented management not in an intuitive manner, but with the help of specific effective methods.

One of the important factors of the management team success is the correspondence of the goals and values of management to the organizational culture of the company where the project is being implemented, or the companies participating in the project. Since the formation of the production climate, corporate spirit, and the creation of values is a long process, the possibility of changing the philosophy of the organization, its ethical norms and traditions in the process of project implementation is practically absent. Therefore, the integration of the goals and beliefs of project management with the organization culture, that implement the project, the value system of investors can become a pledge of successful preparation and operation of the project. In the case that all the participants in the project share the same system of values and priorities, it is easy to build cooperation relationships. Involvement in the project management executives, style and motivation of which are significantly different from the conditions prevailing in the organization of the project is a mistake. It should be remembered: the implementation of similar projects, but in a different entrepreneurial environment (a small high-tech company, a large, stable company, a state enterprise) requires the relevant experience of the team and management style [7].

As individuals, people tend to make their behavior adapt to the prevailing culture. If this culture promotes communication and encourages high standards, and translates failures into learning opportunities, the potential of a communication culture is high. The converse is also true. It is necessary to eliminate communication problems systematically in the organization in order to reduce the risk of failure. In an open communication environment, people can have a difficult conversation, otherwise they could handle badly, and then achieve the most effective results. Knowing that failing is good, because there is a culture of learning - one in which people can recognize that they do not know – and this provides the necessary platform for mastering the skills needed to expand the boundaries, and achieve success [14]. Differences in views, expectations, values and personalities can contribute to the good or conflict situation. Conflicts develop when individual interests become more important than broader organizational goals, and the involved people forget the essence of the overall goals and results of the team. It is extremely important for employees, especially for senior positions, to be active and determined to identify real problems and bottlenecks. This otherwise leads to a deterioration in the quality of work, communication problems and commercial losses.

Conclusions and offers. In the article we classified and examined the institutional factors of the success of the innovative investment projects implementation with their separation into formal and informal, as well as external and internal. The complexity of the external institutional environment for the implementation of projects in Ukraine makes it necessary to have additional motivators for the development and implementation of a large number of innovation and investment projects that concerned a wide range of enterprises, primarily small and medium-sized enterprises. Internal institutional foundations for successful implementation of innovative investment projects are the organization of interaction between project participants, among which methods are distinguished by subjective and objective forms, and the difficulty lies primarily in the fact that soft (subjective) methods are in fact decisive.

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