PROSPECTS FOR THE DEVELOPMENT OF INNOVATIVE ECONOMY (BASED ON SOUTH KOREAN EXPERIENCE)

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Abstract. *Innovation economy emphasizes that knowledge, entrepreneurship, innovation, technology and cooperation are the main factors of economic growth. Companies can add value by creating new ideas that can be developed into products, services and business models that lead us into the future together. This article provides information on the development of the innovative economy of South Korea.*

Keywords. *Innovation, South Korea, R&D, economy.*

In the modern world economy, the striving of states to lead is characterized by the direct influence of national economies. Achieving this goal cannot be imagined without sustainable innovative development. For this reason, in the next decades, the creation and introduction of innovations, the transition to the innovative path of economic development, and the formation of national innovation systems are receiving special attention of foreign and local economists.

Innovation is an important driver of progress that benefits consumers, businesses, and the economy as a whole.

From an economic perspective, innovation describes the development and application of ideas and technologies that improve goods and services or make their production more efficient.

Innovation economy emphasizes that knowledge, entrepreneurship, innovation, technology and cooperation are the main factors of economic growth. Companies can add value by creating new ideas that can be developed into products, services and business models that lead us into the future together.

It follows that the sustainable development of the economy depends on the level of use of natural resources, geographical location and intellectual potential. And this is a well-chosen key to success in the path of innovative development for the near future.

If we look at history, we can cite the development of steam engine technology in the 18th century as the first example of innovation that spurred economic development. The reason is that the use of steam engines in factories made mass production possible, and they revolutionized transportation with railroads. Recently, information technology has changed the way companies produce and sell their goods and services, while opening up new markets and new business models. As an example, we can see the development of Internet trade, the entry of companies such as Ebay, Alibaba, Azamon [1].

In the 21st century, the word "innovation" has become a widely used but misunderstood everyday term. In order to gain or maintain a "competitive advantage" in the world market, enterprise managers try to introduce innovations into production. Corporate marketing consultants advertise their strategic advice as the essence of innovation, the survival of local organizations depends on innovation-driven capacity building, schools use innovative methods in their curriculum, higher education institutions use innovation ideas seek to strengthen their influence by introducing more products into life.

One of the main benefits of innovation is its contribution to economic growth. Simply put, as a result of the introduction of innovations, higher productivity is achieved in production, that is, it produces more products. As a result of increased production, service industries also expand - in other words, the economy grows [2].

The increase in production productivity brings great benefits to consumers and businesses. As production increases, the wages of workers also increase. Due to the increase in the wages of

workers, their needs will expand and they will be able to buy more goods and services. At the same time, businesses generate more revenue, which allows them to invest and hire more employees.

The transformation of South Korea from its position as an agrarian country as a Japanese colony in the first half of the 20th century to one of the most innovative countries in the world is a remarkable achievement [3].

The history of innovative development of South Korea can be divided into several stages:

1. The first stage corresponds to the period of the presidency of Lee Jin Man (1948-1960), and its characteristic feature is the formation of the structure of economic management by the state. As a result, a number of high-tech product manufacturers, including large monopolistic enterprises such as "Samsung", "Laky Goldstar (LG)", "DEU", "Hyundai" were established during this period.

2. The second stage. The formation of the state's economic policy in the Korean economy covers the years 1961-1979. This period was a period of rapid development of the Korean economy based on the model of export orientation.

3. The third stage. In the economic development of the Republic of Korea covering the years 1980-1987, the town of Daedeok (Daedeok Science Town) was established in order to implement structural changes and reforms in the economy.

4. The fourth stage corresponds to 1987-1992, the goal of joining the ranks of technologically developed countries was set by the state.

5. The next fifth stage of economic development was associated with the elimination of the Asian financial crisis and its consequences. The government had to turn to the International Monetary Fund for help. A broad program of reforms was implemented in the country's financial, corporate and state sectors, as well as in the labor market. The flow of foreign investments into the economy has increased, the country has fully repaid the loan of 13.5 billion dollars given by the IMF. If before the crisis, the country's foreign exchange reserves amounted to 9 billion dollars, by 2015 they amounted to 550 billion dollars [4].

The state of Korea has established strong international cooperation relations in the field of ITTKI. Most of the projects in this direction are implemented with the USA (34 %) and Japan (15 %), and relations are also established with European countries such as Germany, France, Great Britain. For example, in 2006, the Republic of Korea and the European Union established KORANET (the Korean scientific cooperation network with the European Research Area), KESTCAP (the KoreaEU Science and Technology Cooperation Advancement Program) and KORRIDOR (Stimulating and facilitating the participation of European researchers in Korean R&D programs) projects were signed. These projects include nanotechnologies and the creation of new innovative materials; information and communication technologies: development of new technologies, Internet technologies and robotics; determines the implementation of scientific research in areas such as energy.

Table 1. Major Innovation Achievements and Challenges of South Korea [5].

Achievements	Problems
Korea has shown an impressive growth trajectory towards high-income status and innovation frontier. Strong global leadership in IT technologies, particularly broadband, 5G and digital government. Strong economic performance and a comparative advantage in manufacturing, particularly in advanced products such as semiconductors and smartphones.	Large differences in firm size across industries, manufacturing and services.
	Knowledge-intensive activities are highly concentrated in manufacturing and, in particular, in conglomerates, which pose a threat to the overall market.
	High productivity gaps across networks and firm size can hinder knowledge spillovers and inclusive growth.
	Higher gender equality, e.g. When it comes to wages and women's participation in research, inclusive growth and innovation will be critical.

Korea is a leader in spending financial and human resources on research and development. Korea does well in investing in green innovation, e.g. In terms of R&D budget and patents for climate mitigation. Large differences in firm size across industries, manufacturing and services.	Despite efforts to liberalize FDI regulation, Korea remains the most restrictive of OECD countries.
	Despite a relatively open migration system, a lack of inclusiveness and working conditions hampers Korea's attractiveness as a migrant and expatriate destination.
	Korea is expected to have the fastest growing elderly population by 2050, which will have a structural impact on the economy and innovation system.
	Korea's legacy as a developing country with strong business-state ties and a weak civil society means that carbon emissions reductions are much lower than in other leading economies.

The following conclusions were formed based on a comprehensive study of the importance of innovative management strategies in South Korean countries:

In the example of South Korea, it is necessary to support the establishment of small and medium-sized businesses and broadband network-based companies in the country in the field of biotechnology, artificial intelligence and cyber security.

Today, the participation of countries such as the USA, Canada, EU, Japan, China, Israel and Russia in more than 1,000 innovative projects of South Korea indicates that the innovative environment created for conducting scientific research is also at a high level.

The experience of South Korea is a good example for developing countries in the direction of innovative development. First, there is no doubt that education forms a nation's ability to absorb new knowledge and technologies. Thus, the government should take full responsibility for taking necessary measures for the development of human resources. Early investment in education, as Korea did in the 1960s and 1970s, is critical in laying the foundation for industrial development. To help workers cope with technological change, the government should provide vocational and technical training or take steps to promote such training in the workplace. Then, as the economy develops, technological competence becomes a decisive factor, and there is a need to train highly qualified scientists and engineers who are able to deal with developments at the scientific and technological frontiers. In short, advanced education in science and technology should be a priority in preparation for entry into the developed world. In the case of Korea, education and industrialization aided each other in sustaining and accelerating development. Education enabled technological learning and thus industrialization, and industrialization increased the rate of return on investment in education and increased the demand for education.

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