

Theoretic-methodological approaches to determine the content and classification of innovation-investment development strategies

Tatyana Gerashenkova ^{1,a}

¹Bryansk State Technical University, 243360 Boulevard 50-letiya Oktyabrya, 7, Bryansk, Russia

Abstract. The article states the necessity to form an innovation-investment strategy of enterprise development, offers an approach to its classification, determines the place of this strategy in a corporate-wide strategy, gives the methodology of formation and the realization form of the innovation-investment development strategy.

Introduction

Modern conditions, characterized by environmental dynamism and day by day increasing competition, require the management of a business entity, including the current internal state of affairs, to pay more attention to external factors and business perspectives. The purpose is to foresee them and organize the work in such way that, when reacting timely to occurring changes, the management use opening possibilities and avoid appearing threats with maximal utility.

Materials and methods

Nowadays, not belittling issues of rational use of resource potential in current activities, the management, which provides for adaptation of the company to rapidly changing conditions of running business in a strategy aspect, becomes of key importance. [1, 2] A variety of reasons has led to a surge of strategic management importance. They are speed-up of changes in the environment, appearance of new inquiries and preferences of consumers, increase of competition for resources, business internationalization, appearance of new unexpected possibilities opened up by scientific and technical achievements, development of information networks making possible immediate information dissemination and acquisition, wide accessibility of modern technologies and a change of a human resource role. These reasons are based on human potential as the foundation of the company and they allow the management to orient production activity to consumer inquiries, to react flexibly and to conduct well-timed changes in the company, to respond to environment challenges and to allow achieving competitive

advantages. All these factors in conjunction enable a company to survive in the long term, thus to achieve set goals [3].

Results and discussion

Till the middle of the previous century most companies, operating in conditions of market economy, fulfilled economic activity without seeing ahead very far.

An administrative-command system, working out five-year plans everywhere, did not provide them with enough flexibility, supposing correction of business entity behavior caused by environment changes. These conditions considered to be rather static.

However, recurrent crises in market economy, as well as "difficulties in development", appeared in planned economy in the second half of the XX century, highlighted key points requiring managements of enterprises to develop a long-term outlook oriented line of conduct, based on forecasts of environment changes and developmental trends of the business entity itself.

Strategic management, being an activity of setting corporate-wide goals and stating problems and able to lead the company to its goal, requires development of whole range of functional strategies. They combine the whole scope of activities inside the business entity and point out the path, common for all and, with that, specific for each department, from the current state of the company to a desired one in the long-term perspective.

Connected with the importance of innovations in the modern world it seems to be practical to emphasize strategic aspects of innovation oriented development and issues of its financial provision. It is awareness of constant purposeful changes necessity in all fields of

^a Corresponding author: gerash-tatyana@yandex.ru

company's activity that caused strategically valuable innovation-investment processes realization, which, in turn, requires a suitable theoretic-methodological base.

The required basis of this process existence is available innovation-investment potential, the realization of which has the following step-by-step sequence: innovation-investment strategy, strategic planning and design, analysis of project risks and actual effectiveness of innovation-investment activity. Let us describe the essence of these steps.

First, we shall take the content of innovation-investment development strategy, which represents an organic junction of innovation and investment strategies in necessary and sufficient part of them.

The analysis of approaches to classification of innovation strategies presented by the author indicates that the main disadvantage of available classifications is lack of consideration of innovation transformation intensity and innovation specifics itself, i.e. the functional scope of company's activities, in which the innovations will be realized [4, 5, 6].

Thus, most of used approaches to classification of innovation strategies point out business strategies. Their content by no means emphasizes the perspectives of innovation activity, the innovations serve only as an instrument to carry out marketing or stabilizing (anti-crisis) strategic measures.

Investment strategies in different scientific sources are classified by investment goals, nature of economic circumstances, management type and a variety of other factors. The allocation seems to be an approach that optimally represents classification characteristics [7]:

- strategies of innovation renewal: the priorities in investments are given to investing in creation new products, production and management technologies;
- strategies of long-term capital growth: the funds are invested in new business;
- strategies of the investment potential increase, in which the main purpose is to obtain investment income, at that the spheres of investment may be the most diverse.

Taking into account that only the first of the listed strategies contains innovation orientation, it is the author's opinion that innovation-investment strategies for enterprises of the real sector of economy can be of two types [3].

1. Investment strategies of the initial stage of the innovation-investment process are used by explorer enterprises (pioneering), or by violent enterprises (large companies, often multinational corporations), which include, besides departments of main profitable activity, internal innovation structures, conducting research and development at the expense of external financing, or by investment of company's own funds.

This type of the strategy is characteristic for enterprises possessing significant innovation potential and investment appeal; that are innovators, pioneers in their field, or enterprises aiming to keep leading positions.

2. Strategies of the final stage of innovation-investment process are typical to enterprises, which either by the process or product imitation or by

technological transfer adapt the existing innovations to the conditions of their business system, their market position, their consumers. Sources of financing can also be different depending on the level of financial soundness.

The second group of innovation strategies is practiced by followers and late majority in their activities.

To clarify the importance of innovation-investment strategy we shall point out its place in the complex of business entity's corporate strategies (figure 1).

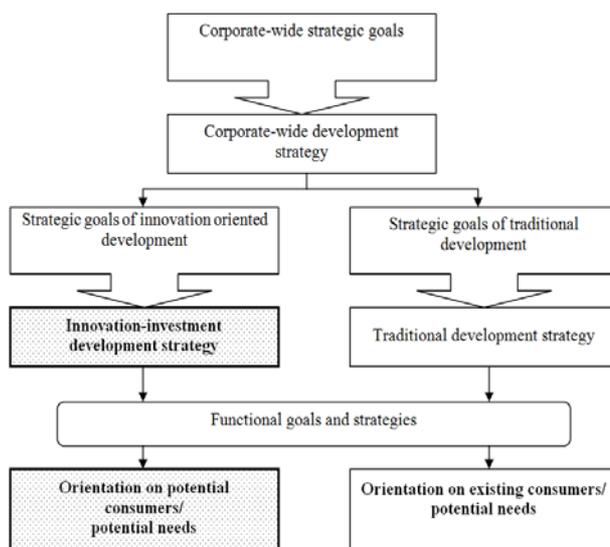


Fig. 1. The place of the innovation-investment development strategy in the complex of enterprise's corporate strategies

Innovation-investment strategy includes the priorities of technological development, which determine: 1) directions of development of innovation-investment management allowing maximally use intellectual and financial resources in the innovation field; 2) renewal of legislative base of innovation and connected with it part of investment sphere; 3) restructuring of the scientific sphere with allocation of the market oriented innovation sector.

This problem solution is subjected to the necessity of creating conditions for effective processes of structural transformations, as well as providing for appropriate use of economic levers during innovation-investment activities of market agents.

Further, it seems appropriate to offer a model of strategy formation of innovation-investment enterprise development (figure 2) [2], the distinctive feature of which is innovation direction of business and investment mechanism, all-round support and regulation by the government of strategically significant fields of national economy, responsible for national security.

Innovation-investment design initially assumes marketing and development of measures on market preparation, providing for fast realization of innovation offered for implementation. Execution of this works allows obtaining and further processing information databases to select and use in the established enterprise the most effective and mature technologies, equipment

and other achievements of scientific and technological progress, and to use the existing production lines in newly organized manufacture at the working enterprises and incomplete construction. In the absence of thereof the necessity and economic feasibility of enterprise's investment attraction to the fixed capital, long-term credits, loans should be substantiated. Determination of expedience is also possible in order to give support measures in the government organization of innovation project implementation.

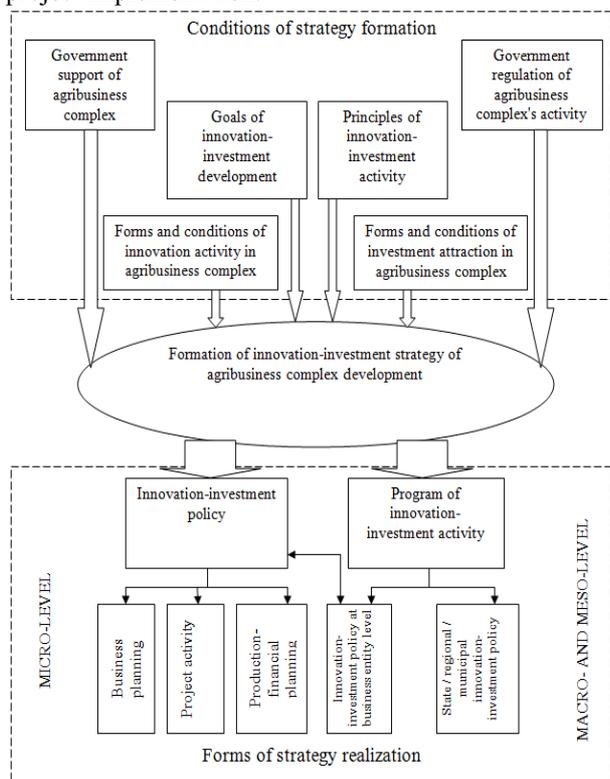


Fig. 2. Conditions of formation and forms of realization of innovation-investment enterprise development

The guarantee of successful designing is high qualification of temporary management and an executor group in all components of innovation-investment project.

Further the project stipulates complex delivery of necessary equipment, payment conditions and terms. It presumes motivated selection of contractors, suppliers and dialers using audit and consulting firms.

Attention must be paid to prospective quality control systems and ecological cleanness control of manufacturing process.

An important part of innovation-investment design is multistage planning of reinvestments, floating funds gain and credit repayment in real-time mode.

Planning of measures providing for further perspectives of innovation-investment activity development is a logical conclusion of the project.

Analysis of project risks presumes their qualitative and quantitative identification with risk-based formation. Qualitative analysis of risks allows solving problems connected with collection of relevant information to detect and identify reasons of their occurrence, possibilities and ways to manage them, processing and

systematization of obtained data. Quantitative analysis gives possibility to generalize obtained data and evaluate the result in money terms.

In the process of innovation-investment activity there appears the necessity to coordinate in time the investment opportunities with processes of creation and commercialization of innovations, for which it is necessary to use the criteria for innovation-investment activity effectiveness evaluation.

The main purpose of the innovation-investment strategy, which should form considering specifics of a business mechanism of the agribusiness complex, is expansion of production scale and improvement of its competitiveness by attracting investments in development and/or commercialization of innovations.

Goal formation and possibility of its realization assumes performing a series of sequential actions (figure 3), which are fulfilled by direct administrative interference, or achieved by substantiating measures of government support and development programs corresponding to aims of business entities.

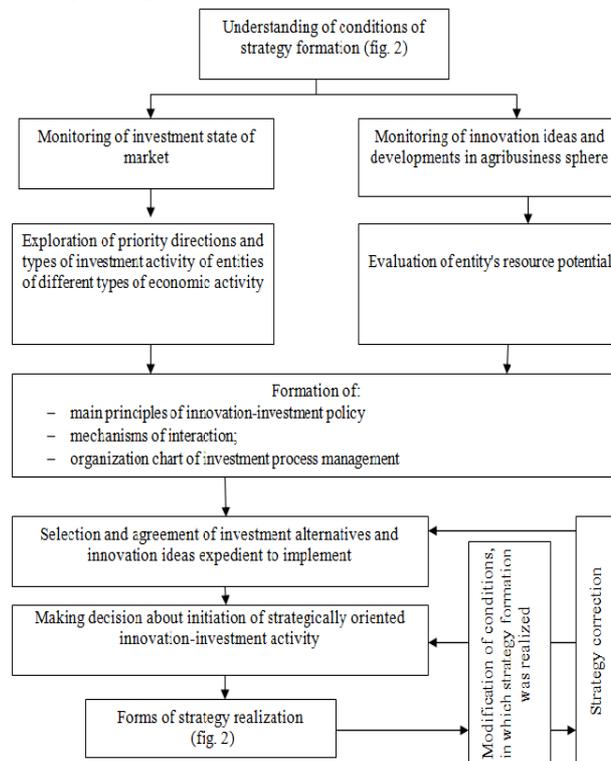


Fig. 3. The sequence of elaboration of the innovation-investment enterprise's development strategy

Effective realization of any strategy requires development and implementation of corporative policy concerning a series of decisions fundamental for the enterprise. The author presents the innovation-investment policy in general case as the complex of approaches to stimulate innovation-investment activity, development of innovation-investment potential. It determines the direction and expedience of processes of carrying out activities in the innovation-investment sphere, promotes activation of innovation-investment processes.

However, an innovation-investment policy is important not only in the enterprise scope. It must be present at all levels of economy functioning.

Implemented at the state level an innovation-investment policy must, first of all, provide for promotion of investments in innovations. This is possible to achieve by development and realization of monetary, amortization, tax policy. It seems also necessary to stimulate investments in peculiar sectors of region's economy and spheres of activity by introduction of credit and tax concessions. By direct administrative interference of state authorities it is possible to provide for effective utilization of large enterprises' resource potential in order to secure innovation-investment development. And finally, realization of governmental programs for support and development, corresponding to the aims of business entities, is able to increase the level of controllability of innovation-investment processes.

The strategic objective of innovation and investment development of industrial enterprises is to ensure effective interaction between the subjects of mutually beneficial industrial, scientific and educational activities through the creation of sustainable capacity development, as well as software to improve the quality of life. In accordance with this purpose, the basic principles that contribute to the achievement of the strategic objectives are:

- the principle of sustainable development and the integration of production, research and the educational process;
- the principle of efficiency calls for the increased use of new technologies, equipment and production organization, characterized by high economic and social efficiency, high return on innovation costs;
- the principle of sustainability requires the development and implementation of innovations in the field of environment and minimization of harmful effects on the human body, prevention of environmental damage and achievement of high environmental impact resulting from the implementation of innovative processes;
- the principle of integration speaks of the simultaneous development of science and innovation systems, innovation cycles of creation and dissemination of innovations in the industry in the region;
- the principle of the economic activity territorial distribution requires preferential creation and use of innovations with the most comprehensive view of the socio-economic interests of a specific territory.

Acknowledgment

Thus, determining an essence and positioning the innovation-investment strategy in the corporate-wide strategy, forming and implementing political decisions, required for its realization at all levels of economy functioning, seems to be a guarantee for successful

development of business entities in a long-term perspective.

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