

REGIONAL INNOVATIVE BUSINESS GROUPS: CONCEPT, TYPES, DEVELOPMENT

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ABSTRACT: IN ORDER TO DEVELOP THE THEORY OF PROJECT MANAGEMENT INTRODUCES A NEW CONCEPT - THE REGIONAL INNOVATIVE BUSINESS GROUP (RIBG). DESCRIBES THE TYPES AND FUNCTIONAL ROLES IN RIBG INNOVATION INFRASTRUCTURE AT THE MESO LEVEL. THE CONCEPT OF INTERACTION RIBG AND POWER STRUCTURES IN THE REGION.

KEY WORDS: REGIONAL INNOVATION BUSINESS TEAM, INNOVATION INFRASTRUCTURE, INNOVATIVE DESIGN, FAVORABLE INNOVATION ENVIRONMENT, INNOVATIVE ACTIVITY.

HARMONIOUS interaction of all the structures responsible for the innovation portfolio condition at the mesolevel is getting more and more vital for many regions.

THE purpose of this paper is to organize the components of the innovative infrastructure to optimize the innovators and the creation of favourable development environment of innovation at regional level.

THE development of favourable environment for innovations is one of the priorities of any region, so it is necessary to identify the main aspects and components of its successful development.

WE understand the term «region» as historically, economically, and socially generated territorial entity that has its limits, internal and external communications, and can be found under the authority of a national entity – a particular state.

THE main aspects of successful development of a favorable environment for innovation will be:

- ⇒ civilized existence and fair competition between market participants, based on obtaining long-term competitive advantage through innovation at all stages of production and sale of goods and services;
- ⇒ cultural and social adaptation of the society to innovations, including, above all, familiarizing with new developments of science and technology (real and virtual exhibitions, museums, etc.), as well as participation in the polls, blogs and forums on the future research directions in order to identify the needs of people in those or other developments;

- ⇒ revitalization of a number of existing regional institutions, especially those that need to support innovation companies and stimulate the development of innovative new businesses, develop links between the different actors of innovation processes.

IN the author's interpretation innovative environment may be a sphere, which would be beneficial to create and enforce any innovation through the effective operation of the system of relations of the regional authorities and business groups, complex web of direct and indirect links which would be based on the rights and responsibilities of interacting parties. Such a system of relations of the regional authorities and business groups depends on the strategy for the region. The result of their collaboration was to develop innovation in the region, and as a result, industry and trade (Figure 1).

IN connection with these relevant in the development of innovative environment of the region is the management of innovation projects and, as a consequence, innovative programs in the region, the totality of which, in fact, is an innovative portfolio in the region. In his thesis Zhiharev K. under the specified term understands the development and operation of the regional innovation system. And the "portfolio is a system of projects and management of the portfolio is not aimed at maximizing the outcome of a particular project, and to maximize the effect of the implementation of all projects at once." [6, 36].

FAVOURABLE for the development of innovative environment must take into account the risk factors of attractiveness and development of the region (especially for the "newcomers" in the region), as well as the rights and responsibilities of regional authorities and business groups that, in fact, are the backbone of the base region.

THE factors of attractiveness of the region are:

1. Competitive federalism. Its feature is the presence of the region's most attractive business environment, namely favourable tax policies in the region, availability of the resource base or processing facilities, favorable land prices, etc. These conditions are discussed in advance between the authorities and business groups. There is a kind of "bargain", the price of which is to ensure law and order and to create "user-friendly" business infrastructure for business - groups, and for the government – taxes, sponsoring of various long-term programmes of development of the region and other factors.
2. Infrastructure Guarantee of attraction for foreign investors is the level of infrastructure development in the region.
3. Dynamics of GRP. Since the gross regional product is calculated at current basic and market prices, as well as in comparable prices, investors will take into account the dynamics of prices for specific periods and in comparison with other regions.
4. Attractive segmentation of demand. Investors will consider market segmentation to identify the increased demand for the product positioned.
5. Low competition. It will help the business to grow and, therefore, a larger profit.
6. Regional development programs / industries support. They will promote the development of industrial clusters and industrial subcontracting.

RISK factors for the development of a region are:

1. Natural disasters, environmental problems. They can be permanent "cost item" for the regional authorities, and many businessmen.

2. Absence of a strong educational and scientific base threatens the development of scientific and production activities of firms in the region in terms of human resources and innovation policy.
3. Unstable labour market, demographic characteristics of the region.
4. Absence of a corresponding level of demography and / or the factors of attracting of labor resource in the region is not conducive to the development of personnel policies of many organizations.

SOCIOBRAINS

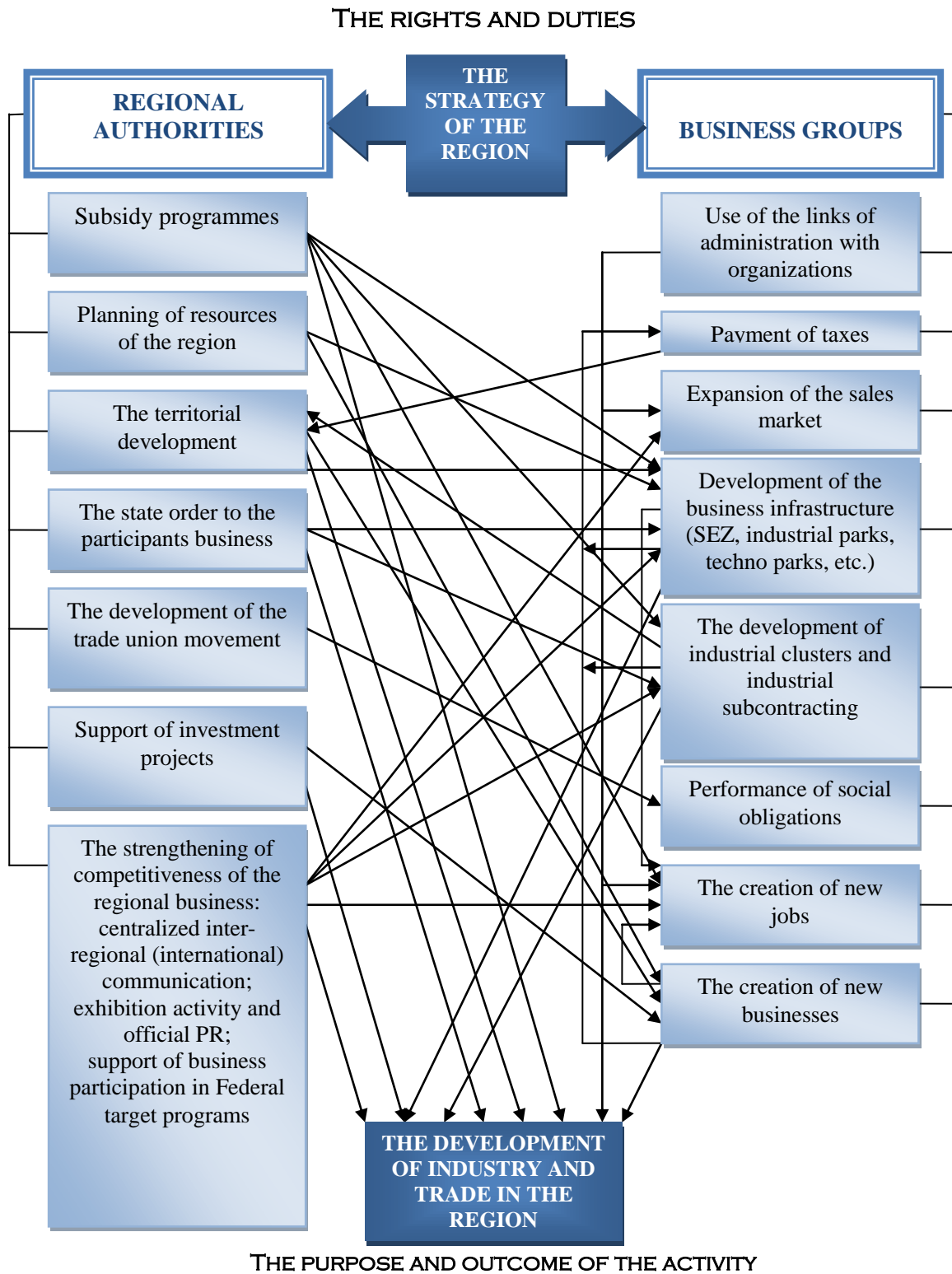


Figure 1:
The System of relations between the regional authorities and the business groups

5. Transport accessibility in the region. Weak links with neighboring regions and countries have a negative effect on the development of many types of businesses.

6. Level of criminogenity of region. The factor is important for a peaceful development of various kinds of business.

7. Restrictions on power supply will not make full use of production capacity.

8. Inoperative legislation does not allow to use benefits of legislation. [5]

ONE of the most appropriate form of organization of production within the innovation portfolio, capable of making the most efficient operation of enterprises in the region, is the creation of an innovative business group.

PARTICULARLY worthy of attention is the term "business group". Originally it was understood as "complex corporate entities" [2], which have different levels of scale and the existence: transnational, national regional. "The share of the largest business groups, which include multinational corporations in developed countries have an average of about half of GDP, and taking into account national and regional groups - 60-70% of the GDP of the country". [2]

IN this paper we can formulate the concept of the term more accurately. Business Group is a group of organizations, which are based on mutually beneficial cooperation, sharing common goals and projects in order to obtain certain economic, social and other effects.

BY studying the innovation of business groups in the region, it is necessary to introduce a new concept of copyright, that is regional innovation business group.

REGIONAL innovative business group (RIBG) is a group of economic operators realizing certain functions within the innovation portfolio in the region. In fact, it is a group of influence on the development of many innovative projects and programmes in the region.

ORGANIZATIONS of small and medium businesses play a significant role in their existence. These companies become generators of promising innovative ideas in many cases, the introduction of the ideas allows them to grow into a larger business and create different business groups. The formation of the above-mentioned favourable innovation environment will depend on the participation of government agencies in support of various business groups.

AS a result, business groups unite on the basis of mutually beneficial contractual relationships of various legal entities such as local governments, regional firms, banks, scientific and technical organizations, social organizations, etc.

LATER, thanks to the diversification of activities, many of the major large business groups are financial-industrial groups implementing their activities in many sectors of economy.

SINCE the economic interest in the creation of large integrated groups that actually represent complex economic systems is quite high, it is the result of their interaction where large-scale investment projects are formed and effective mechanisms for their implementation are developed.

DEVELOPMENT of vertically and horizontally integrated complexes is a base for the creation of new economic relations. Application of integration strategies allows many organizations in the region to carry out expansion of capital.

EXPANSION of services at the expense of existing ones, provides high controllability of cash flows invested in new businesses and aimed at a complete upgrade or modernization of fixed capital and working capital.

RESOURCES market (tangible, labour, financial etc.) develops at implementing of integration strategies, production of the region as well, when supply channels and sale of finished products are set up. If we consider the process in a business group, it gives a multiplier effect and contributes to the development of many sectors of economy in the region.

THE basic principles of cooperation of RIBG are based on resource-based theory, according to which competencies (organizational skills) of firms are formed on the basis of tangible and intangible resources, and already implemented in practice competencies turn into competitive advantages of the firm. In particular, in works of the famous economist, Professor Michael Porter [7, 24 p.], it is often said that only innovations can provide a sustainable competitive advantage that can lead to significant structural changes in the industry in general and in the specific territorial unit (region, country). In this situation, innovations at various stages of production and marketing of products or services are meant. Moreover, firms use integration of resources in this process that can provide a synergistic effect or complementarity (compatibility) of resources that will increase revenue and reduce costs.

IN principle, it is needed to consider innovative development of any organization at the expense of the needs and perspectives of development of the region, a place that the organization takes in its infrastructure. The most important role in this process will belong to sectorial specialization of the region.

IN the author's opinion, the organizations involved in some innovative programmes in the region can be classified as follows: hosts, serving, consumers.

IN particular, the "leading" organization is the organization directly involved in the manufacturing process of creation of an innovative product (service). Such an organization is a "supplier" of innovative ideas, raw materials or component parts, labour and financial resources to businesses in industries for which the region "bets", or the company has been producing final innovative products, or is the "seller" of the product.

THE organization may be "serving", that is providing activities of "leading" companies of the enterprise, such as energy companies, logistics companies, companies producing containers carrying out audit, consulting, financial and other services.

IF the "leading" company, sells (makes a diffusion) of an innovative product, it delivers specific legal entities (which often happens), then such persons are organizations – "consumers", these are large industrial organization representing commercial "chain", for example, a large cluster, third-party organizations that want to invest in a promising new projects, the administration of the region, the state, etc. Figure 2 shows the logic diagram of the interaction of the participants of RIBG.

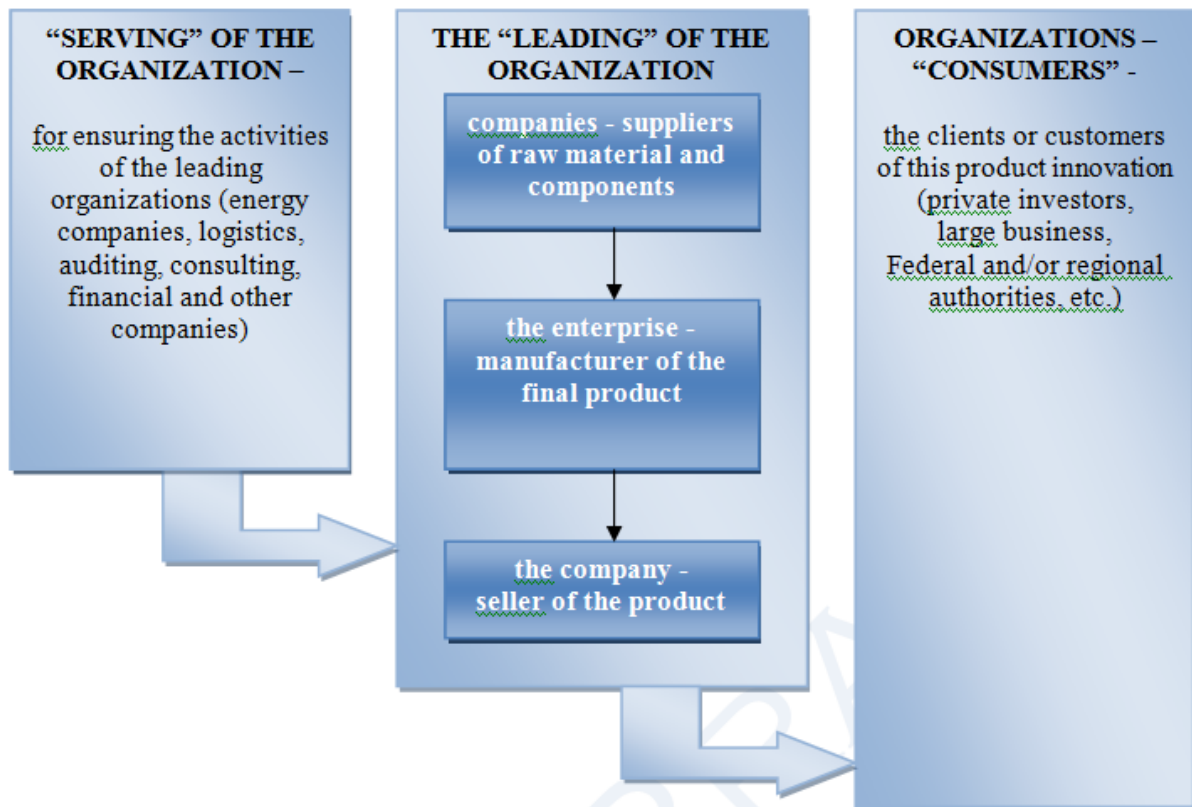


Figure 2.

Diagram of the process of interaction between participants of RIBG

THE presented classification, according to the author's point of view, is of particular interest in the innovation infrastructure (Table 1) and helps to implement the "exchange" of knowledge among innovation stakeholders in the region, mentioned in the article «Innovation, networks and knowledge exchange» [10].

BUT if we consider the business group on the functional distribution through innovative projects and programmes (Table 2), it should be noted that many of the "leading" organizations often use the services of the same "service" organizations and take order from government agencies.

FOR example, considering the functionality of the organizations participating in the city and socially important infrastructure projects (organization of transport, construction and energy, according to the example shown in Table 2), it is clear that they carry out "support" functions for each other. In particular, construction companies render transport companies' services for the construction of roads, bridges and other transportation infrastructure of the city and the region. Transportation and logistics companies provide transportation for construction and energy organizations. Transportation and construction organizations use energy companies.

IT happens so that the functional boundary in the creation of an innovative product is conditional, but the synergistic effect of the interaction of all participants of business groups exceeds all expectations.

FOR example, in the Netherlands, by the middle of 2013 "Smart Highway» (Smart Highways) will appear, which will use a variety of technological innovations to develop on the roads." They lay the basis fluorescent powder, which is drawn by road markings. It is capable of glow in the dark for at least for 10 hours. When the air temperature drops to minus marks on the road snowflakes will appear painted with a special paint dynamic. They warn drivers of icy conditions on the roads. In warm weather, the road will be highlighted sun. Track lighting is powered by wind power, and turns on when it senses a car approaching. Also the road is equipped with a tiny wind turbines, which feed the LED, and show dangerous areas on roads, tunnels, etc.... To the joy of all motorists "smart road" will soon be equipped with special separate strips, from which it will be possible to charge the batteries of electric vehicles". [4]

THIS example shows how harmoniously construction, energy and transportation companies worked to create innovative infrastructure project.

Table 1. Classification of RIBG within the innovation infrastructure

RIBG	The functional role	Types of entities of regional innovation infrastructure
"Leading" organizations	Industrial and technological components	Technology development zones, innovation and technology centers and parks, innovation and industrial complexes, technology clusters, industrial parks, centers of collective use of high-tech equipment, universities, business-incubators
"Serve" organizations	Consulting	Centers for technology transfer and commercialization, business incubators, technological, financial, human resource and marketing consulting, consulting in the field of foreign trade, universities
	Financial component	Budgetary and extra-budgetary funds, investment and venture capital funds, seeding and early-stage funds
	HR component	Universities and education centers
	Information component	The state system of scientific and technical information, the regional centers of scientific and technical information, the Internet
Consumers	Sales component	Foreign trade associations, logistics and marketing firms, wholesale and retail networks, internet - shops
	Government Institutions	The bodies of executive power in charge of government regulation of innovation
	Commercial structures	Large business, private investors

Table 2. Functional distribution business groups within specific innovation projects and programs (for example, regional infrastructure projects in transport, Construction and Energy of the Russian Federation)

RIGB	Transportation	Construction	Energy
"Leading" organizations	Improving energy efficiency and the introduction of resource-saving technologies of the transport system, the creation of modern transport and logistics systems; development of intelligent traffic control system based on modern digital telecommunications and	The use of innovative methods of organization and technology of construction, renovation and major repairs; the establishment and operation of buildings with improved space-planning and design decisions compared with interchangeable types; the use of innovative designs,	Development of new technologies and materials for efficient use of conventional and renewable energy sources, search and development of alternative energy sources, ensuring energy and resource conservation and security [1, 9]

	satellite technology, specialized information and control systems, the creation of new and update existing vehicle fleet and infrastructure to meet the requirements of the best world standards [8,11]	materials [3]
"Serve" organizations	Providing consulting, auditing, marketing, insurance, logistics, energy, recruitment, financial and other services	
Consumers	The public and private order	

WITH the help of RIBG, the region becomes an effective and manageable industrial production and economic structure having a powerful resource and, in particular, the financial base, which helps to solve industrial and social problems effectively.

OF course, the development of an effective regional strategy should be done, above all, taking into account the assessment of the potential and prospects of development of the region and the possibility of forming a regional vertically and horizontally integrated systems, but presented aspects of interaction between the business groups and regional authorities will investigate the conditions for sustainable development and economic growth of the region, namely:

1. Attract domestic and foreign investors;
2. The development of various regional support programmes for groups of complementary and cooperating enterprises producing competitive products;
3. Having a proper level of demographic development of the region and the relevant labour market demand-driven business - structures;
4. Strategic development areas in the region, etc.

FROM the above it follows that:

- ⇒ the proposed terms and definitions will help to systematize the relationship of different parties – the innovators at the mesolevel;
- ⇒ Such arrangements will allow to plan joint activities of these participants within the innovation portfolio in the region;
- ⇒ will be able to find solutions to various business challenges in the management of regional innovation projects;
- ⇒ increase the quality of interaction between the state, society, business and science in the formation and implementation of public policies, the development of instruments of public-private partnerships in specific innovation environment.

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