

INNOVATIVE INVESTMENT ACTIVITIES OF ENTERPRISES: CASE OF INDUSTRIAL PARKS

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ABSTRACT

The research aims to validate the efficacy of creative and investment endeavors undertaken by firms operating inside eco-industrial parks in the framework of a circular economy. The research is based on the use of system and synergistic approaches to study the innovation and investment activities of enterprises within the eco-industrial park. These approaches allow for the examination of these activities as distinct subsystems, which ultimately contribute to the overall synergistic effect of the park. The consolidation of manufacturing firms inside eco-industrial parks involves a more cohesive collaboration among businesses, facilitated by cooperative investments. The proposed systematic approach for assessing the effectiveness of innovation and investment activities of enterprises within ecoindustrial parks has been approved, demonstrating the potential for achieving positive outcomes from investments and innovative projects undertaken by enterprises operating within ecoindustrial parks, within the framework of the circular economy.

Keywords: Enterprise Policy, Investment Activity, Innovative Process, Industrial Parks, Economic Development

INTRODUCTION

The concept of establishing eco-industrial parks is well-established in several nations worldwide. Nevertheless, the present circumstances of worldwide escalation and the rising expense of resources amplify the significance of addressing their growth. Industrial and eco-industrial parks serve as focal points for attracting investment resources and fostering the development of advanced technologies and ideas. The development strategy focuses on improving the quality of life, preserving the environment, and achieving sustainable development goals by using resources more efficiently and minimizing environmental impact through the principles of the circular economy.

Eco-industrial parks serve as a foundation for industrial growth by concentrating companies, attracting investments, and fostering innovation. The economies of scale achieved through the collaboration of enterprises within these parks lead to cost reductions. Consequently, eco-industrial parks contribute to the development of both regions and national economies. The development of eco-industrial parks is a pertinent matter for all countries. In certain countries where there has been rapid growth in industrial parks, despite existing regulations concerning environmental impact, numerous leniencies were permitted.

Industry innovation procedures are aligned with the state's plan for scientific, scientific-technical, and innovation activities. It is well recognized that most industrial and scientific-technical organizations use a production structure focused on a single product during the active phase of industrialization. This approach ensures a rapid increase in national revenue and enhances the country's defensive capabilities.

The system analysis serves as the methodological framework for study. During the research, scientific literature from both domestic and international authors was used to examine the issues surrounding innovation and financial-industrial groupings (FIG). Additionally, periodical materials, pertinent legislation papers, and statistics committees were also consulted.

Currently, the focus of resolving the issue of brownfield and greenfield potential in development processes has shifted towards the principles of sustainable development.

The regions exhibit interregional inequalities, with a notable divergence in economic attractiveness and a growing polarization between the Bratislava area and the other regions of Slovakia. Brownfields and greenfields are crucial elements for progress, modernization, and flexibility in the evolving circumstances that shape society's growth across all geographical sectors. Brownfields, irrespective of their prior use and origin, serve as an untapped resource for the revitalization of the Slovak economy and the enhancement of regional competitiveness. Brownfields and greenfields play a crucial role in regional development, requiring public interventions that use both official and informal methods. The problem of regional development, as described, necessitates the formulation of a distinct and all-encompassing plan at the regional level. This strategy should be founded on clearly defined conditions and other necessary criteria, and should be implemented via legislative actions.

Science parks serve as a crucial network of resources for emerging technology-driven businesses. Castells and Hall (1994) identified three reasons for the establishment of scientific parks: reindustrialization, regional growth, and the formation of synergy. The first two motives might be characterized as the advancement of science and technology (S&T) and the revitalization of the area. The third incentive is to the facilitation of technology transfers from universities or research organizations to companies. Science park's close proximity allows for the creation and maintenance of an inventive environment that creates fresh and useful information via human involvement.

Extensive study has been conducted on the fundamental assumptions and performance related to the concept of "science park".

Nevertheless, the findings from these studies have not been consistent. The interplay and differences across parks have not been thoroughly analyzed. The drivers and benefits of scientific parks vary more across countries than within a single one. The disparities between government policy, legal regulations, capital market circumstances, factor costs, and several other characteristics are significant. The establishment of free trade zones throughout the globe has been particularly significant. These zones facilitate the more unrestricted movement of money and, in some situations like the European Union, the movement of human resources across different geographical areas. The progressive drive towards liberalization enables firms to have more extensive chances for competing in marketplaces that are distinguished by their unique features.

LITERATURE REVIEW

Innovation is widely recognized as a crucial element for firms to achieve success, ensure their survival, and maintain a sustainable competitive edge. The idea of innovation, albeit without a precise definition, was first established by classical economist Schumpeter as the primary catalyst for progress (Atalay et al., 2013). The notion of innovation has been defined in several ways as both a process and a result. Nevertheless, the majority of definitions regarding the notion of innovation concur that it involves the acceptance and implementation of a novel idea or action (Jimenez & Sanz-Valle, 2011). Researchers contend that innovation is a very crucial notion for organizations operating in a competitive and rapidly evolving environment. Innovation is described as a means for organizations to establish and sustain a competitive advantage (Standing & Kiniti, 2011).

Innovation has a crucial role in ensuring the long-term survival of an organization, establishing its dominance in the market, and driving profit growth. The determinant of competitive advantage extends beyond costs. It encompasses various factors such as prompt responsiveness to market demands, high product and service quality, innovation in new products and services, customization of products and services to meet customer requirements, and adoption of novel management models. In contemporary times, these elements have more significance than expenses and have a crucial impact on organizations' capacity to penetrate new markets, expand their current market share, and enhance their competitiveness (Çiçek & Onat, 2012).

Performance refers to the qualitative or quantitative demonstration of the outcomes attained via a deliberate and organized effort. The business performance refers to the measurable outcomes or achievements of a firm within a certain time frame. The performance of a firm refers to the extent to which its aims and objectives are achieved. Business performance assessment involves assessing and comparing a company's performance against predefined benchmarks. Through the process of performance measurement, organizations may assess their progress towards achieving their objectives, identify their areas of proficiency and areas for improvement, and establish their future objectives (Öncü et al., 2015). Company performance is a complex notion that encompasses several aspects such as production, finance, and marketing. These indicators might be specific to different departments and can ultimately lead to growth and profitability (Atalay et al., 2013:228). Objective factors, such as profitability, sales growth, and market share, together with subjective criteria, such as customer happiness and staff satisfaction, may be used to assess firm success in organizations. Another approach used by organizations to assess firm performance is benchmarking, which involves comparing sales, profitability, and customer satisfaction to rivals or industry averages (Erdil & Kitapçı, 2007).

Innovation is crucial for organizations as it enables them to acquire a competitive edge, implement more efficient procedures, excel in the market, and establish a positive reputation. The progressive inclination of organizations might result in short-term losses owing to initial expenditures and the use of internal resources. Innovation, in the long term, leads to a rise in sales and market shares for companies, as well as providing them with a competitive edge. Furthermore, it has a favorable effect on the financial performance of organizations. Existing research mostly consists of survey studies that focus on innovation. Financial success is often assessed using financial metrics such as return on equity and return on assets. The innovation endeavors undertaken by firms have a favorable influence on their production and expansion. In their study, Lööf and Heshmati (2006) discovered that innovation had a beneficial impact on financial performance, particularly in terms of productivity. In a research conducted by Bigliardi (2013), the relationship between the innovation level of small and medium-sized firms and their financial performance was examined. The findings indicated that an increase in the level of innovation leads to an improvement in financial performance. Prajogo (2006) conducted a research on manufacturing and service organizations to investigate the connection between innovation and company success. The findings revealed a robust correlation between innovation and business performance, particularly in manufacturing businesses as opposed to service businesses. In their research, Calantone et al. (2002) reached a similar conclusion that the capacity of organizations to innovate had an impact on their overall success. The research conducted by Zehir & Özşahin (2006) examined the correlation between innovation, an organizational component, and the performance of manufacturing organizations. The authors of the research found that innovation has a growing impact on company success. This is because organizations operate in a highly competitive market and client demands are always evolving. The research conducted by Erdil & Kitapçı (2007) examined the impact of organizations' innovation efforts on business success. The findings of the study indicate that the level of innovativeness shown by a company directly influences its business performance. In a research conducted by Rhee et al. (2010) on technology-innovative organizations, it was discovered that innovativeness had a notable impact on performance. Rhee et al. In line with the research conducted in 2010, Jimenez Jimenez & Sanz-Valle (2011) examined the correlation between innovation and performance in their study. The study's results indicate that innovation has a favorable impact on corporate success. The research conducted by Çiçek & Onat (2012) examined the impact of innovation and innovation-oriented activities on corporate performance. The study findings indicate that investments and expenditures on research and development by firms in the information and technology sector trading on the ISE have a beneficial impact on their financial success. The research conducted by Atalay et al. (2013) examined the correlation between innovation and company performance. The findings indicated that technical advances, namely those pertaining to product and process innovation, had a substantial and favorable impact on firm performance. Muiruri & Ngari (2014) examined the impact of financial innovations on the financial performance of commercial banks in their research. The study's results indicate that financial innovations have a significant influence on the financial performance of banks. The study conducted by Öncü et al. (2015) examined the impact of innovation and customer performance on the financial performance of medium-sized enterprises. The findings revealed that both innovation performance and customer performance have a significant influence on the financial performance of medium-sized manufacturing enterprises. The research conducted by Kitapçı & Çömez (2016) examined the impact of innovation and organizational learning on the performance of quality-oriented private sector organizations. The results demonstrate a direct correlation between innovation and financial success. The research conducted by Şişmanoğlu & Akçalı (2016) examined the impact of R&D expenses, which are regarded as a measure of innovation, on the financial performance of information and technology firms. The research examined seven information and technology organizations and showed that higher R&D spending positively influenced sales, which served as a measure of financial success. Research on innovation and financial success suggests that organizations are motivated to be creative in order to enhance their company performance and gain a competitive edge.

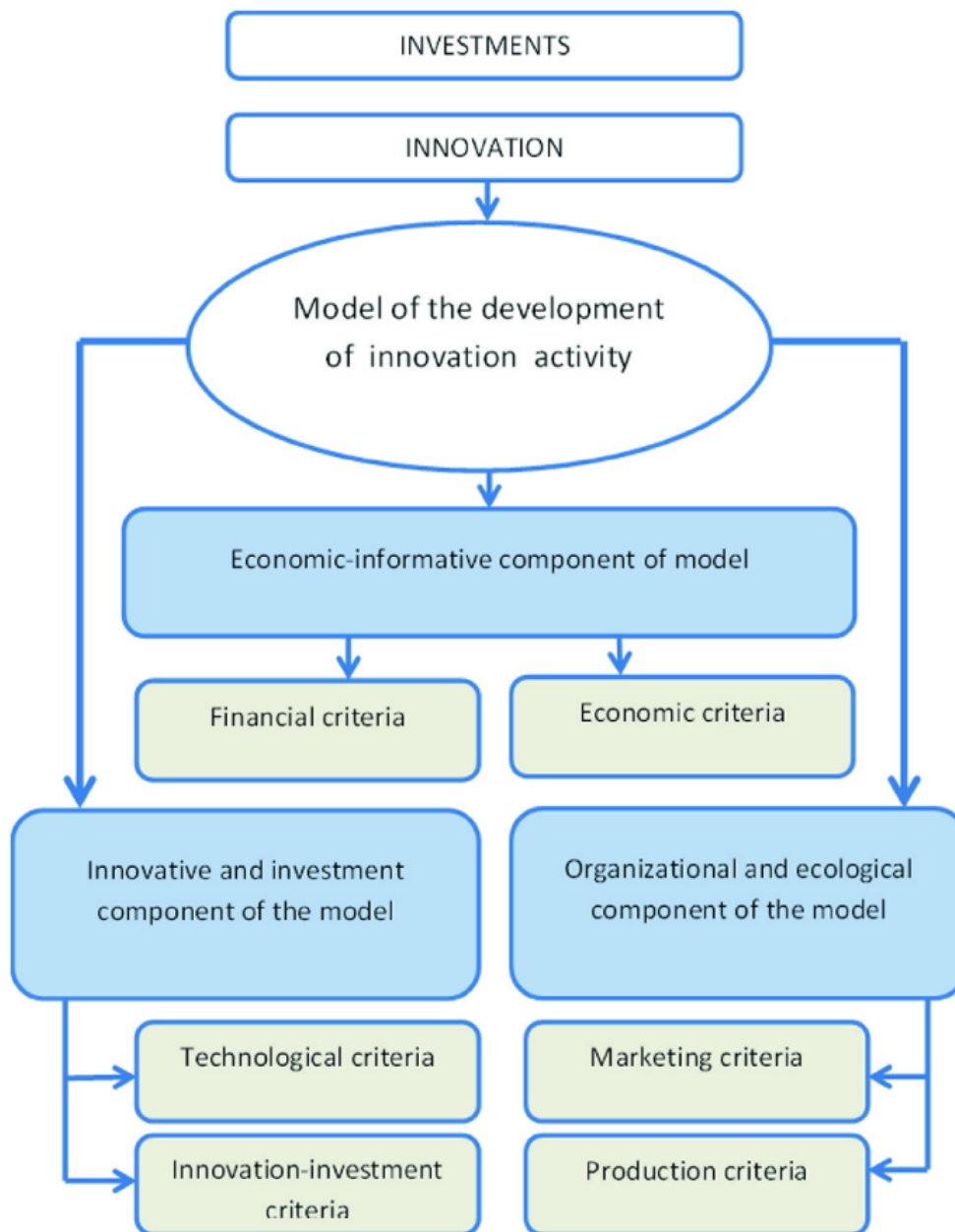


Figure 1: The correlation between investment development and innovative activity of industrial enterprises.

Source: Cherep, A., Mostenska, T., Cherep, O., Tarasiuk, H., Bexhter, L., 2020

METHODOLOGY

This study included doing an analysis, synthesis, and comparative analysis of the research conducted by different scientists throughout the refinement of various literatures.

DISCUSSION

Furthermore, the financial execution of the industrial park relies on the concepts of a public-private cooperation. Funding is allocated from both regional and federal governments, as well as private investment. Specifically, the first socio-economic phase is funded by both federal and regional budgets, as well as private investments. However, the subsequent phase is solely sponsored by private investments.

Simultaneously, the state, in its capacity as a venture investor, assumes a prominent role in the development of industrial parks. It also actively engages with creative industrial park enterprises and fosters the promotion of product exports. In addition, the state is formulating legislative and economic policies to incentivize

enterprises to engage in research and development activities and adopt innovative practices. Industrial parks primarily serve to boost regional and local development and enhance their competitiveness.

The primary purpose of the industrial park is to provide comprehensive support to creative resident initiatives from their inception to their implementation. Regarding this matter, the crucial aspects in the advancement of the industrial park include the presence of knowledgeable business consultants, close proximity to universities, establishment of a technological foundation, provision of favorable conditions for innovative companies to engage in research and development, and reduction of financial and time-related expenses.

It is important to emphasize that the industrial park's territory houses highly sought-after and exclusive equipment that is used to create integrated technology chains. Therefore, the technological equipment in the industrial park is specifically designed for research and development activities, as well as the production of prototypes and small product series.

It is intended to create a network system that will connect the industrial park with nearby science, education, and production centers. This system will eliminate the need for expensive specialized technical equipment, increase efficiency, reduce costs, and prevent expensive plants from being idle.

Simultaneously, the presence of a highly advanced scientific and technical infrastructure inside the industrial park indicates that it is not essential to incur substantial expenses in order to establish one's own technological foundation. In order to enhance efficiency in the industrial park, it is imperative to centralize the management of the equipment complex in one location. This will provide a single point of access to scientific and technical services for the future residents, enabling them to fully utilize the available technological capacity to address their specific needs.

CONCLUSION AND RECOMMENDATION

Industrial parks function as centers of innovation, promoting vibrant investment activity among businesses. By fostering collaborative workplaces and facilitating the sharing of resources, they expedite technical developments and stimulate economic growth. The case study emphasizes the crucial significance of industrial parks in promoting investments driven by innovation, which in turn move enterprises towards enhanced competitiveness and sustainability.

Recommendation

- Create designated innovation zones inside industrial parks that are specifically focused on research and development activities, with the aim of promoting cooperation across different industries.
- Introduce incentive programs for businesses operating in industrial parks that show substantial investment in innovative initiatives.
- Enhance the ease of obtaining funds and awards that are especially designated for innovative projects inside industrial parks.
- Establish collaborations with research organizations and universities to provide a platform for exchanging information inside industrial parks.
- Establish incubation programs inside industrial parks to cultivate entrepreneurs and new companies, fostering a thriving environment for ongoing innovation.

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