

# Analysis of the Important Principles of the Innovation Strategies Implement of the Region for Improving its Investment Attractiveness

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**Abstract** — The article analyzes the most important principles for the implementation of innovative strategies of the region in order to increase its investment attractiveness. The main methods and mechanisms for implementing innovative strategies and their impact on the formation of an innovative system of the region are considered and presented. Author's offered definition of such an economic definition as "investment attractiveness". The factors of internal and external genesis influencing the innovation environment of the region and its investment attractiveness were studied. The problem of attracting investments, including foreign ones, to the economy of the region with the aim of increasing the efficiency of implementing innovation strategies as a factor in improving its investment attractiveness was investigated. The nature of the relationship between the investment importance of the region and the possibility of building an active segment of the national innovation system is reflected in it. Measures are proposed to increase the investment attractiveness of the region in the context of the need for progressive measures to ensure the effective implementation of innovative and investment activities.

**Keywords** — *Innovative strategies, investment attractiveness, region, principles of implementation.*

## I. INTRODUCTION

Difficult economic and geopolitical conditions, complicated by the introduction of economic and political sanctions against Russia, led to an increase in the impact of factors hampering the flow of foreign investment into the Russian economy. As a consequence, in order to attract investment, it is necessary to improve the investment climate and increase the investment attractiveness of the state in general and regions in particular.

The Russian economic system is vulnerable to the global economy that is why the problem of maximum self-sufficiency of domestic industrial and food competitive products is becoming topical, which can be accomplished by shifting the focus of investment activity to the sphere of innovations and increasing the investment attractiveness of regions [1].

Necessity of formation regional segments of the national innovation system is dictated by the high level of competition in the modern world economy, as well as the need to create the latest technologies. Being relatively isolated and at the same time organically integrated into a single economic space part of the national innovation system, the regional innovation system represents the institutional basis for the region's innovation activity [2].

Orientation of the Russian regions in the innovative way of development presupposes an effective interaction of all participants in the innovation process in the region, coordination of all stages of the innovation cycle, ensuring continuity and diffusion of scientific and technical knowledge, their accessibility and commercialization opportunities, which will increase investment attractiveness and ensure investment flows to the region.

Investment and investment processes have a significant impact on economic growth and socio-economic development of the region as a whole [3]. Nowadays the role of regions in resolving the problems of social and economic development is growing significantly. In order for each specific region to be the generator of innovative development, it is necessary to take an active investment position and work with the business

community to increase the investment attractiveness of the regional economic system [4].

Despite the common opinion regarding the importance of investments in the regional economy and the investment attractiveness of the region, there is no single point of view on the essence and economic content of investments and investment attractiveness.

## II. METHODOLOGY

The main methodological and methodological approaches used in the formation and implementation of innovative strategies of the region were worked out in the works of foreign and domestic authors, namely P. Draker, R. Cantillon, A. Marshall, J. Schumpeter, G. Markowitz, N.D. Kondratieva, S.Yu. Glazjeva, V.Ya. Gorfinkel, I.G. Andreeva and others.

The patterns, problems and prospects for the development of the regional segment of the national innovation system are presented in the works of the scientists M. Miller, F. Modigliani, S. Ross, B. Terborg, V.V. Bocharova, Yu.A. Doroshenko, D.A. Endovitsky, I.V. Somina, A.G. Ivasenko, N.V. Kiseleva, A.A. Rudychev, P.P. Taburchak and others.

At the same time, investment activity is regulated by the norms of various branches of legislation: business, civil, private, budgetary, tax, administrative, customs, and international.

The main laws regulating investment activity in the Russian Federation are:

Federal Law of November 26, 1998 # 181-FL "On the Budget Development of the Russian Federation";

Federal Law of February 25, 1999 # 39-FL "On investment activities in the form of capital investments";

Federal Law of July 9, 1999 # 160-FL "On Foreign Investments in the Russian Federation."

The main method of studying the identified problem of implementing innovative strategies of the region in order to increase its investment attractiveness is the dialectical method of cognition of reality. In addition, such general scientific methods of cognition as system, method of analogies, structural, comparative analysis, method of economic and statistical analysis.

## III. RESULTS AND DISCUSSION

Actively proceeding processes of global globalization and integration have a significant impact on the tightening of competition between regions for the right to be innovative and investment-attractive, have highly developed infrastructure and a high level of well-being of citizens. The urgency of the problem of competition is also associated with the limited potential for economic growth of the country's subjects and financial flows from potential foreign investors in less well-off regions [5, 6].

Analyzing the growth in the number of high technology industries over the past decades, we can formulate the conclusion that science with every century acquires an

increasingly important role in the economy, and it is not only the level of development of the state that affects science, but the degree of development of science that determines the speed of progress in the country. In modern production, innovation, as a result of scientific activity, begins to play a special role. The state and business is important, when the state supports the business in all legal ways, while clearly recognizing the differences in innovations and here the interaction of science.

The innovative development strategy of the Russian Federation for the period until 2020 provides for a set of measures to ensure the country's transition to an innovative economy, including those aimed at increasing the effectiveness and efficiency of research organizations and creating a most-favored-nation treatment for the development of innovative business [7, 8].

The practical implementation of the country's innovative development strategy depends to a large extent on the effectiveness of regional innovation processes. The main objective of the regional economic policy is to ensure the transition from resource-raw materials to an innovative development model. The use and increase of the innovative potential of the regions will allow not only to smooth out the high level of interregional differentiation, but also to increase the competitiveness of regions and the national economy as a whole. At the same time, increasing the competitiveness of the regional economy is becoming a decisive factor in improving the quality of life of the population, ensuring social and economic stability and national security of the state [4, 9].

The idea of innovative development involves the use of the entire hierarchy of social institutions, namely science, education, business, state administration.

One of the most important foundations for the formation of innovative strategies for the development of the region is the creation of prerequisites and conditions for the accelerated development of modern high-tech industries whose products will possess the properties and quality of the highest level capable of competing in the world market of high-tech products [10].

The creation of regional innovation systems that form the national innovation system should be carried out exclusively on the modern technological base of the industrial sector, the production of which will be oriented towards the introduction and use of the achievements of the knowledge-intensive sector of the economy. In modern conditions, the most effective way to solve the problem of Russia's economic development is the possibility of expanding domestic demand for innovative developments and knowledge-intensive products, as well as stimulating the flow of private investment resources into Russian innovation and investment projects [11].

These are the most important principles of formation of innovative strategies of the region [12]:

- formation of innovative infrastructure of the region;
- high innovative activity of enterprises;

- development of intellectual capital and the formation of intellectual property;
- increasing of efficiency and practical feasibility of results of scientific researches and technological development;
- intensification of scientific and technical equipment and technological development.

However, scientific and technological and other shifts in the economy occur when the industry and the real sector of the economy realize the need for the development of industrial production and the use of innovative, technological developments in it. At the same time, the gap between science, education and production has grown to a critical point: they were organizationally and economically disunited. Economy will not be able to develop without the integration of science, education and production, a joint innovation strategy.

The relevance and relevance of the country's transition to an innovative socially-oriented development model requires a balanced solution to issues related to the preservation and development of the existing potential, as well as the selection and support of priority areas. These directions, in turn, provide a breakthrough in the economic development of the region, solve the problems of increasing the competitiveness of the regional economy, innovation of industries, accelerated development of small and medium-sized innovative business [4].

The investment attractiveness of the region is largely determined by the innovative component, which implies active use of innovations, since the attraction of innovative technologies to the region creates long-term factors for economic regional development [13, 14].

In the process of managing the investment attractiveness of the region, it is of great importance to influence factors and manage them. To manageable factors of investment attractiveness of the region we will classify the legal provision of investment activity, the development of the market, the availability of real estate, the provision of qualified personnel, administrative factors.

Factors affecting the investment climate in the region are the following [15 ]:

- factors that determine the economic potential of the regional economic system: the availability of resources in the region, the bioclimatic potential, the availability of free land for productive investment, the level of energy and labor resources, the development of scientific and technological capacity and infrastructure;
- factors characterizing general business conditions: environmental safety, development of material production industries, the volume of unfinished construction, development of the construction base;
- factors of the development of the market environment in the region: the development of market infrastructure, the capacity of the local market, export opportunities;
- political factors: level of public confidence in regional power, the relationship between the federal center and

the authorities of the region, the state of national-religious relations;

- social and socio-cultural factors: the standard of living of the population, the prevalence of alcoholism and drug addiction, the level of crime, the size of real wages, working conditions for foreign specialists;
- organizational and legal factors;
- financial factors: budget revenues, the availability of extra-budgetary funds per capita, the level of bank interest, the development of interbank cooperation.

Note that the country's innovation policy is determined by the level of investment development of the regions, the degree of effectiveness of the formation of the regional investment portfolio and the effectiveness of innovation processes. Table 1 shows the grouping of Russian regions according to the level of social and economic development, and corresponds to the typology of subjects in terms of their attractiveness to investors. The grading of regions into types characterizes the level of development of the investment sphere and the degree of perception to the implementation of innovative projects.

TABLE I. GRADING OF REGIONS INTO TYPES ACCORDING TO THE LEVEL OF INVESTMENT SPHERE DEVELOPMENT AND THE DEGREE OF PERCEPTION TO THE IMPLEMENTATION OF INNOVATION PROJECTS [5]

Region type	Level of investment activities development	Level of innovation development
Regions in the zone of intensive development	High level: corresponds to the level of development of the regions-leaders	High level: corresponds to the level of development of the leading regions
Prospective regions	Average level: corresponds to the average Russian level of development of the country's regions	Average level: corresponds to the average Russian level of development of the country's regions
Regions in the zone of stagnation	Low level: below the average Russian level of development of the country's regions	Low level: below the average Russian level of development of the country's regions

Investment attractiveness is determined by a system of diverse factors, the list and impact of which can vary and vary both with the type of investors and with the production and technical features of the financed investment project [3].

Based on the scientific approaches of economists to determine such economic categories as "investment attractiveness", we give an author's definition of this concept. The investment attractiveness of the region is the ability of the regional economic system to attract investment resources from various sources, which is formed under the influence of investment risks, the needs of the real sector of the economy, innovation potential, socio-economic conditions and other factors, the impact of which will give an economic benefit from investing in innovative projects [12].

At present time, innovative economy in the current conditions of development of the world community is the formation and provision of the possibility of effective

development of science and technology, the application of scientific knowledge and innovations in the real sector of the economy, especially in the industry. At the same time, we note the presence in the Russian Federation of significant differences in the regions in terms of the level of scientific, innovative, productive potentials, as well as investment security, the degree of focus on innovative development, and the effectiveness of ongoing modernization processes [7, 16].

#### IV. EDUCATION

In conclusion, we note the most important conditions for the formation and implementation of innovative strategies in the region. First of all, the need for their formation is conditioned by objective reasons, among which is the importance of stimulating the innovation activity of the region with the application of methods and principles of project management for the purpose of its innovative development. Secondly, in order to successfully implement the region's innovative strategies, it is necessary to ensure that the goals, as well as the forms and methods of implementing national and regional innovation strategies, are in line. They must form a single system, lead to the emergence of a synergistic effect.

In this way the solution of the problems complicating the prospects for its participation in the system of international investment in the context of increasing the efficiency of attracting and using foreign investments should become a priority. Effective implementation of innovative strategies of the region will help to strengthen investment attractiveness and create a favorable investment climate.

#### V. CONCLUSIONS

Summing up the main results, it should be noted:

1. Necessity to form regional segments of the national innovation system in the conditions of the modern world economy, as well as the need to create the latest technologies.
2. Orientation of the Russian regions in the innovative way of development presupposes an effective interaction of all participants in the innovation process in the region, coordination of all stages of the innovation cycle, ensuring continuity and diffusion of scientific and technical knowledge.
3. Science with every century is gaining an increasingly important role in the economy and not only the level of development of the state affects science, but the degree of scientific development determines the speed of progress of the country.
4. Attracting innovative technologies to the region creates long-term factors of economic regional development.
5. The country's innovation policy is determined by the level of investment development of the regions, the degree of effectiveness of the formation of the regional investment portfolio and the effectiveness of innovation processes.

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