

THE IMPACT OF INTERNATIONAL
FACTORS ON THE INNOVATIVE ACTIVITY'S
FINANCING IN REPUBLIC OF MOLDOVA

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Rezumat

Impactul factorilor internaționali asupra finanțării activității inovatoare din Republica Moldova

În prezentul articol se aduc argumente în favoarea importanței evidențierii și analizei detaliate a factorilor internaționali care determină finanțarea activității inovatoare din Republica Moldova.

Sunt estimate cauzele care rețin activitatea inovațională în sectorul real în condițiile crizei. În acest context, dezvoltarea corporațiilor transnaționale pe teritoriul republicii necesită creșterea obiectivă a rolului instituțiilor integratoare. Ulterior acestea vor contribui la formarea spațiului instituțional, considerat factorul oportun în dezvoltarea economică regională. Eficacitatea acestui proces depinde de echilibrul multitudinii de factori ce influențează finanțarea activității inovatoare din R. Moldova.

Cuvinte-cheie: analiză, factori, finanțare, procese integratoare.

Резюме

Влияние внешних факторов на финансирование инновационной деятельности в Республике Молдова

В статье представлены результаты обзора и анализа влияния некоторых внешних факторов на финансирование инновационной деятельности в Республике Молдова. Рассматриваются и анализируются причины, сдерживающие инновационную активность реального сектора в период кризиса. Таким образом, развитие интегрированных корпораций в Республике Молдова объективно требует усиления регулирующей роли интеграционных институтов, способствующих формированию пространства взаимодействия экономических субъектов. Эффективность интеграционного процесса зависит от баланса множества факторов, влияющих на финансирование инновационной деятельности.

Ключевые слова: анализ, факторы, финансирование, интеграционные процессы.

The economic reforms occurring during the last decades on the territory of Republic of Moldova are directed towards the creation of a favourable micro and macro economic climate. Unfortunately, this process is often interrupted by economic instabilities on the background of a rough competition between local and foreign manufacturers. At a certain point, the businessmen acknowledged that in order to enter and survive on foreign markets it is necessary to learn the methods and tools of the modern management, because the current type of the economic growth is not reduced only to known facts in this area: extensive and intensive. Nowadays, the economic growth at a global level is characterized by achieving new and net superior living standards, public availability to high quality resources, proper assessing knowledge and finally influence increase of human resources on economic growth.

Developed countries show us that the leading place would be attributed to the system with a higher technological level, based on intellectual resources. At present, a tough competition for the global market, and the creation of global competition priorities based on scientific researches and innovative activities, is taking place among the USA, Japan and Western Europe.

At the end of the XXth century in the USA, it was promulgated the techno-global doctrine, whose purpose was to ensure the global technological competition of the USA at the international level. It included incentive activities of the private sector in the field of innovations' development, marketing new technologies, creating human potential able to contribute to the development of "new economies" [1].

According to Maastricht Convention, Western European countries emphasized the necessity to increase the scientific-technological basis of the European industries and to improve the competitiveness of the European community countries at an international level. It is expected that the end of 2010 will mean the ending of the creation process of a Single European research area. In order to achieve this, it is necessary to increase the share of investments in innovations up to 3% of GDP, 2/3 of which are assumed to be provided by the private sector. This is a starting point in the decrease of the economic crisis.

Thus, the stimulation of the innovative processes in the developed countries becomes the crucial condition of a progressive economic development. It was observed that the updating of the innovative process and the sensibility to the factors of increasing the innovative activity is of primary importance in the framework of finding the leader position in globalization conditions.

Most ex-soviet countries, which have signed the Convention of technical-scientific collaboration with the European Community, which refers to a potential economic growth based on the development and innovations' marketing should take all these into account.

The habit of these countries to carry on a managerial activity based on the accumulation of goods does not meet the current requirements of world economy. This finding is particularly important especially for the countries that are in the process of modernizing their economy alongside with globalization requirements and the development of "new economies". Therefore, if density factors that determined the economic growth in the USA in the last 50 years is composed of scientific progress - 49%, labour - 27%, capital - 24%, then in the former soviet countries the GDP increased by 6% from labour, 10% from capital and 80% from natural rents. It is clear that such a correlation among the factors is against the current demands [2].

The new concept of economic development and growth makes impossible the use of traditional economic growth patterns because the influence of the new trends is not taken into consideration. This mirrors an inadequate reality which doesn't ensure a competition in the region as well as the production and launching of goods and services that can be competitive on an international level. Innovative policy should modernize national economy by providing progressive developments of some specific domains of particular activity according to the new economy's demands.

Thus transnational corporations are trade enabling structures. Due to this the benefits of intraregional trade as well as regional integration enhance. The gross product of TNC's account is about 1/4 of world GDP. The added value produced by the largest corporations exceeds the GDP of small countries. During 2004 total sales of TNC's foreign affiliates were estimated to almost 19 trillion dollars, from which the exports were of 3.7 trillion and the number of employees was of 57 million people. Even by conservative estimates, TNC's account for nearly half of global R & D expenditure and at least 2/3 of business expenditure on research and development is estimated at - \$ 450 billion.

The world we live in is characterized by a complex of interrelated processes that shape regional economic grouping. However, they don't appear only as a result of a formal grouping integration. Equally important is the process of corporate regional economic integration.

Thus, on the global market operate new type of economic actors, whose purpose is the exit out of the economic crisis and business optimization. Integrated corporations control the supply chains in different domains, as well as almost all stages of development and use of products from research and development to production and subsequent the use of final products (consumer engineering, consulting, financial and other services) as well as strategic marketing. The service sector is changing from an isolated industry into an integrated part of industrial corporations, from which they derive a significant share of their profits.

The development of integrated corporations in the Republic of Moldova requires the strengthening of the regulatory role of the integration institutions. This will contribute to the shaping of a common institution for the interaction of regional associations economic agents, as well as the creation of international and global norms and values in national economic practice. Institutions create the conditions for successful promotion of national producers on the world market, implement various forms of defending their interests, provide "enhanced support of effective national systems of unique or reproduction material resources, human capital, culture-values" [3].

Thus, the effectiveness of the integration process of TNC activities in Republic of Moldova depends on balancing many factors.

At the same time, the present corporate model can't be a factor supporting the establishment of formal integration structures that will lead to the crisis decrease. Until now the business has treated them fairly indifferent largely due to their low efficiency. Therefore, to a greater extent in the Republic of Moldova, the corporate model of integration might substitute the formal integration project, and even to some extent being offset by the lack of interactions at state level.

It should be emphasized that the corporate integration significantly accelerates the development of economic convergence processes. Although its lobbying capabilities, corporate structure accelerate the implementation of several major integration projects. This is particularly important in terms of keeping authoritarianism, making crucial economic decisions and the increasing public protection in regard to commodity and other strategic sectors of the economy.

Cash transfers that accompany labour migration became one of the most important financial flows to the former Soviet Union and the main attribute of economic growth in member countries.

Corporate integration helps to improve the political landscape, which is incompatible with the logic of confrontation in intergovernmental relations. It requires a balanced policy in relations with CIS countries while taking into account the corporate sector's interests. Restricting the wine supply from Moldova and Georgia in 2006 directly affected the interests and Russia's capital, which has substantial assets in the wine industry in these countries.

Most national businesses are seeking and developing new products and technologies through new innovation opportunities. There can be distinguished some fundamental traits which determine the need for increasing the innovative activity in CIS countries.

Firstly, we should mention that the competition among businesses within each country as well as abroad is an important factor in this context. For example, the manufacturers of the vineyard in-

dustry are forced to compete among themselves in Republic of Moldova and on Russian, Ukrainian and Byelorussian markets they compete with similar products made in Georgia. Higher requirements force national businessmen to improve the quality of new products that are launched.

Secondly, we should stress the customers' variable demand. Lately, the customers have become more informed and experienced concerning the quality of the goods and services that are offered to them. This leads to the revision of enterprises' internal policy in order to offer to the customer goods and services that are competitive on regional markets.

Thirdly, we should emphasize the rapid development and the diversity of new technologies that make possible the manufacturing of new products, which were impossible in the past because of expensive production costs.

These three factors stimulate businessmen to continue searches and investigations. In the last 20-30 years the quantity of purchasable products and their variety increased several times.

Hence, in modern conditions the development of national economies is based on the state's policy of innovative development which consists of the maintenance of economic and social development on the basis of an effective use of society's intellectual resources. Efficiency increase of innovative policy means an improvement of the legislative basis and the creation of effective mechanisms of financial support in order to support the innovative activity.

One of the major problems which should be solved during the implementation of national innovative policy is the adoption of the legislation on innovative activity. The appropriate solution in this case is the adoption of the innovative code in the country within the limits of which it is necessary to concentrate all key norms of the legislation concerning innovative activity.

In particular, the code should give an interpretation from the legislative point of view to the basic concepts concerned when discussing innovative activity (innovations, innovative activity, innovative policy, innovative process, innovative project, and innovative potential). It should define the possibilities of drawing foreign investments for innovations in Republic of Moldova. The introduction of the basic criteria of the innovative projects in the legislature will have a great value for the country and it can offer the possibility of government financing for their implementation. It should also provide equal terms for investors in order to stimulate the investments for innovations and to adopt in legislation the criteria of managing the innovatively active businesses as well as add a list of stimulus measures of stimulation of these enterprises.

In the process of developing financing proposals for improvement of innovative processes, it

is often emphasized the major role of enterprises' private resources. In this case the innovative policy of the Republic of Moldova should be objectively focused on increasing the amount of private resources which play the role of financial maintenance when implementing of the innovations. This can be achieved by the means of proper tax stimulation of innovative activity.

However, an important prerequisite for addressing the financing of innovative projects is the growth in the economy long-term domestic savings. This can be achieved by establishing pension funds, insurance funds, developed for internal accumulation and effective use of accumulation institutions and by mobilization of long-term investment resources necessary to provide innovative activity's financings. They will promote efficient control of the long-term investment resources by defining priorities which will support the creation and introduction of innovations at the enterprises all over the country. Such institutes are capable to act as trust funds of long-term investment resources (including insurance and investment funds); venture capital funds; banks, specially authorized to provide support for the implementation of regional innovative activity (innovative banks).

It is necessary to create such conditions for the enterprise of our country in order to achieve the best sought after managing opportunities that will allow the enterprises to be innovatively active.

In conclusion we should mention that the improvement process of the innovative activity in Republic of Moldova indicates the need to optimize the possibilities of national economies to be sensitive to the global innovation process. In turn, this will lead to the establishment of world competitive priorities and the modernization of national economies according to the "new economies" requirements.

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