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INNOVATION SUPPORT SYSTEM FOR PREFERENTIAL TERRITORIES

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Abstract

The purpose of the article is to determine principles and essence of preferences differentiation with a focus on stimulating innovative development factors of the territory of advanced development. The authors theoretically substantiate the need for preferences differentiation, taking into account novelty, technological effectiveness of decisions made, implementation stage of an innovative project by residents of the territories of advanced development. The article reveals the role of the territories of priority development in innovative development of the region in the context of developing new methodological foundations for managing innovative activities. The authors generalized the experience of using various tax and non-tax preferences in the management of innovative activities and revealed the features of each stage of the innovation process. The paper analyzes the existing model of preferences for the territories of advanced development. The methodological basis for the research and preparation of this work includes fundamental research by Russian and foreign scientists in the field of regional economics, innovative development and economic theory.

Keywords: System of preferences differentiation, territories of advanced development, regional innovative development, innovative advantages of the region

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1. Introduction

Modern economic, scientific and technological challenges, global trends that affect strategic guidelines for development of Russia, determine the need to search for new sources of economic stability and growth. Federal Law No. 473 of December 29, 2014 “On the Territories of Advanced Social and Economic Development in the Russian Federation” was a timely legislative initiative. Territories of advanced social and economic development are a part of the territory of a constituent entity of the Russian Federation, where special legal regulations for conducting business and other types of activity are established, preferential tax treatment, simplified administrative procedures and other preferences are provided. Territories of advanced development should ensure the development of territories. However, the existing approach to the allocation of these territories and their management as territories with certain problem areas, designed to “level” the territories and eliminate disproportions, does not correspond to the concept of advanced development and does not allow revealing the potential of these territories as a power of innovative growth and centers of technological development.

A number of long-term plans for development of the territories of advanced development have not been approved; there is a need for an assessing efficiency system. Based on the data of the Accounts Chamber, we should talk about systemic weaknesses and the need to improve the functioning mechanisms of the territories of advanced development.

Differences and advantages of the territories of advanced development should be noted as the necessary stimulating conditions for economic development based on the use of factors of intensive economic growth. The territories of advanced development, subject to development of the necessary methodological basis, has the potential to become another development tool. Strategic guidelines for the innovative development of Russia are actualizing new initiatives, which determines research tasks related to increasing the efficiency of using infrastructure and administrative conditions of preferential territories – the territories of advanced development, the need to search for new methodological approaches to the management of these territories, using a wide range of preferences to activate innovative factors in the development of these territories and priority of technological solutions for the residents of the territories of advanced development. Preferential regulations are widespread in international activities as preferential economic regulations created in order to develop foreign trade activities. In the management of innovative activities, the experience of creating such territories as centers for the country's innovative development should be highlighted. For example, the well-known Silicon Hills, in which innovative infrastructure and preferences, free market mechanisms without government intervention, and market potential of developments have determined the attraction of investments in the scientific and technological sphere.

1.1. The concept of territories advanced development

A preference is an advantage, a benefit provided to various economic entities, residents of the territories of advanced development in order to stimulate certain spheres of activity and industries. The preferences system of the territories of advanced development based on the definition and purpose of these territories should contribute to advanced development. Revealing the essence of advanced development, it is necessary to highlight theoretical approaches to advanced development in various contexts of social and

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economic systems in the works of Russian and foreign authors such as Belyakova (2001); Ivanov (2015); Efimova and Kotilko (2014); Lucas (1988); Adises (1979); Schumpeter (1982); Nelson (1993); Tees et al. (1997), Hamel et al. (1989) and others. Advanced development is a model of economic development of a territory (region), which presupposes a high rate of economic growth due to qualitative changes in institutional and infrastructural basis of the region's innovative development (Belyakova, 2001; Efimova & Kotilko, 2014; Glazyev, 2010; Ivanov, 2015; Lucas, 1988; Schumpeter, 1982).

There are some differences in the current management system of the territories of advanced development from the existing special economic zones and zones of territorial development, the first are created for specific large investors who have concluded preliminary agreements with the authorized federal body that determine the type of planned economic activity, the amount of investment and the number of jobs created. There is no focus on technological effectiveness and innovation in the application of preferences, but there is an opportunity to use existing incentives for small innovative organizations, ground support for research activities. A resident of the territory of advanced development is an individual entrepreneur, a legal entity that is a commercial organization that has entered into an agreement on the implementation of activities in the territory of advanced development and is included in the register as the residents of the territories of advanced development. The threat of an economic crisis and the forced accelerated digitalization in some sectors of the Russian economy have highlighted some limitations and problems of strategic planning in technological areas. During periods of recession (periods of depression), the economy is structurally ready for basic innovations, which subsequently manifest themselves as results with a corresponding multiplying effect. Therefore, formation of economic growth points and disclosure of innovative capacity of the territories of advanced development is a relevant research.

The most important problems and preferences for business according to the results of a survey of technology companies “JSC “Russian Venture Company” are preservation of jobs and teams 51%, lack of liquidity 36%, taxes payment 52%, insurance payments 35%, bank loans 28%, rent and others mandatory payments 39%; on preferences, the largest number of respondents (59.3%) voted for preferential tax rates (this will make it possible to redirect funds for the company development, purchase the necessary raw materials, and reduce the cost of the team saving). One of the proposed additional instruments is special tax treatment. It is noted that the indefinite introduction of such conditions will contribute to the development of small and medium-sized technology companies. 45.2% and 41.5% of survey participants voted for a preference – deferred insurance payment and deferred tax payments, respectively, loans. More than half of the respondents (54.8%) consider the introduction of concessional lending programs to be an effective support measure, 41.5% of the respondents believe that guarantee support programs will be effective; 37% are sure that, among other measures, the state needs to exempt technology companies from fines and penalties for late payment, 40% of respondents believe that it is necessary to subsidize loan payments and interest during the period of work interruption.

International experience in stimulating innovation and using preferences as tools is most interesting in countries with a high level of innovation activity and performance. In Germany, the preferences system for innovative businesses can be characterized as mixed: funding is provided through foundations, and societies partially finance public research institutions, and the state provides funds for private research. The federal system allows both central and regional authorities to participate in the science financing. The

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Association of Foundations for the Promotion of German Science includes over 300 business-funded foundations. The state stimulates their activities with tax incentives. The laws of Germany limit the influence of the federal government on the choice of priorities and goals in scientific research, which allows for the development of different approaches to the selection of priorities and goals in scientific research. The most significant developments remain in the automotive and engineering industries.

In France, the main obstacle to the required development of innovation was the fragmentation of the three structures in which scientific research was carried out: academic, government and commercial. Poorly regulated management of joint projects did not allow large enterprises to increase their activity in joint projects with the state and universities. An inconvenient system of intellectual property rights hindered the attraction of small businesses to innovative activities. Therefore, in the late 1990s – early 2000s, measures were taken to harmonize and stimulate these areas.

Considering the experience of stimulating innovation in other countries, we should focus on the experience of countries that are leading in the existing ratings of innovative development. For example, the European Innovation Scoreboard (EIS) includes 27 indicators, the methodology of which includes the dependence of innovation performance on broadband Internet access, the Entrepreneurial Motivation Index. In 2018, for the first time, Russia was included in the EIS ranking report along with other BRICS countries, as well as Australia, Canada, the United States, South Korea and Japan as part of a comparative analysis of the level of innovative development of the EU with global competitors.

South Korea, being the permanent leader of the Bloomberg rating, ceded only in 2020 its primacy in the Innovation Index to Germany. According to the data of the National Statistics Office published on the website of the Ministry of SMEs and Startups of Korea (MSS) about 90.2% of the population is employed in small business, with over 3.6 million business entities, which is 99.9% of the total number of registered commercial enterprises (Lucas, 1988). The main direction of preferences development is associated with strengthening the competitiveness and supporting innovation of micro-, small and medium-sized enterprises. MSS implements strategies that stimulate the enterprises growth at all stages of development – from start-ups to SMEs, from SMEs to international enterprises, the application of technologies based on new knowledge. These applications contain a variety of measurable financial exemptions and benefits, such as (Mensh, 1979): subsidized loans with a lower rate; subsidies and tax incentives to provide commercialization to new ideas; preferential taxation procedure; a system of scientific and technical assistance to startups, which, according to experts' assessment, are the most promising. Such support measures have a great impact on the effectiveness of innovation activities, increasing the contribution of small enterprises to innovative products production competitive in foreign markets. In addition to these support measures, there is the Korean Small Business Corporation in South Korea, which finances a whole programs package. For this purpose, long-term, stabilization and trade loans, as well as loans for R&D commercialization and development of small businesses in the provinces are provided. The complexity of innovative processes implementation in the economy is confirmed by international statistics on the implementation of innovative business projects (according to the Draper Fisher & Jurvetson venture capital fund).

South Korea is one of the most successful countries that has made the transition to industrialization in a short period of time, invests in research and development of advanced technologies and supports the

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private sector through subsidies. The emphasis in financing in recent years has been placed on technologies such as robotization, artificial intelligence, 5G networks, and smart cars. Since the 1990s, the Korean government has been implementing comprehensive programs to create long-term growth drivers. Their main goals are to develop key industries and support new industries: big data, artificial intelligence, smart cities, innovative drugs, new materials, improving the healthcare system, personalizing data, next-generation communications, and other areas.

1.2. Levels and stages of innovative projects and programs implementation in the conditions of preferential territories

Innovative projects and programs constitute a significant part of the economic mechanism for managing scientific and technological development of a territory and a region as a whole. In the innovative activity management of the territories of advanced development, it is necessary to distinguish several levels of implementation of innovation project and innovation process. This division allows you to determine the range of necessary preferences for residents of the territories of advanced development and the necessary organizational, administrative, preferential conditions of the business environment in order to activate and improve the effectiveness of innovation processes.

The first level is the level of business system, development of entrepreneurial activity, which itself determines natural market environment for formation of innovative needs and entrepreneurial initiative based on internal needs and motivations. The second level is work of executive authorities and other organizations of innovation infrastructure in the regional management system at the level of mechanisms, procedures, and institutional framework for innovation development in the region. The conditions of the territory of advanced development as a preferential territory should include a system of stimulating innovation activity for participants in the innovation process, starting from the initiation stage and pumping the introduction of new knowledge into practice, ending with the commercialization of innovations. Taking into account the staged nature of the innovation process in terms of its content, starting from the stage of generation, conceptualization, optimization and implementation in the scientific literature, there are various approaches for identifying the stages of an innovative project. Innovation process is a set of works aimed at creating and commercializing new knowledge in the form of scientific and technical products. It can consist of several interconnected stages, such as fundamental and applied research, experimental development (developmental work), bringing products to market (manufacturing application), production and distribution. In their definition of the national innovation system (NIS), a number of researchers pay attention to the role of incentives and competencies, define the innovation process as three intersecting processes: creation of new knowledge; transformation of knowledge into a product, system, process or service; further development according to market demand. (Patel and Pavitt, 1994). Innovation process is a set of works aimed at creating and commercializing new knowledge in the form of scientific and technical products, improving production technology, implementation of new knowledge in a product in organizing an innovative business – from the seed stage to IPO (Initial Public Offering). It is necessary to define and reactivate mechanisms for integrating an innovative project into management system of the territory of advanced development. Each stage of the innovation process is associated with the choice of institutional, instrumental support for innovation in the region. A project at the level of business systems allows you to

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initiate and implement each entrepreneurial idea, and at the level of regional systems, the task of preferences is to provide the appropriate infrastructure, tools and processes. The effectiveness of an innovative project at the organizational level depends on integration into the regional management system, infrastructural, institutional support for entrepreneurial and innovative activities. Various models of organizational development are based on different organizational phenomena (eg, structure, individual mentality, functional problems), it should be noted that all nine involve progress through similar stages of the life cycle (Global Research & Development Incentives Group April 2017; Greiner, 1972; Patel, 1994). The second level determines necessary infrastructural and institutional conditions for each stage of innovative project implementation. It is necessary to formulate the priorities of entrepreneurial initiative, taking into account regional issues, social and economic effects, to provide subsidies and other preferences (lack of financial resources is the most pressing problem at the first development stages). Thus, implementation of each innovative project should be based on a balance of goals and interests of all internal and external stakeholders. These tasks are not achievable without the active role of contact audiences in the factors system of organizational environment – general public, active citizenship and entrepreneurial culture. Ignoring investors' motives and not understanding innovation process essence at the level of innovation project's preferential needs, which is being implemented by a resident of the territory of advanced development, are fraught with danger of ineffective budget funds and other resources use, centralization of power and strengthening the role of state influence. The entrepreneurial level actualizes and implements natural mechanisms for managing innovative activities of the territories of advanced development. The support level for innovation in the region includes, according to the stages of innovation process implementation, definition of the region's innovation needs, taking into account its specifics and socio-economic problems, formation of new organizational forms – innovation clusters, system of government order for innovative products, institutional and infrastructural basis for innovative entrepreneurial activity development in the region.

The first stages of innovation project implementation in accordance with the first phase of innovation process, including its initiation, are associated with new knowledge generation. At this stage, the failure risk is very high, investment potential is determined by many factors, but at this stage the number of investors is limited. The main role is played by government funds and grants, public resources and funds of inventors. In the early stages of an innovative company growth, or the seed stage of project implementation, various business angel communities play a special role as investors. From the standpoint of the executive authorities of a regional entity, the first stage includes determining regional innovative needs, key indicators for selection of innovative business ideas, taking into account problems and sectoral priorities of the region. This is the stage of planning, determining the resource-target architecture for introducing the project into the regional development strategy. The first stages of an innovative company growth, implementation of an innovative project include launch (in fact, the stage of a start-up project and transition to early growth).

At the level of regional authorities, there should be assistance in providing resources and removing administrative barriers to innovative business development. At this stage, institutional and infrastructural support for entrepreneurship is of great importance. In the science-intensive sphere, in this matter, the development of new organizational forms play a great role – innovative regional clusters, which make it

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possible to maximize economic and organizational efficiency of the project implementation, to optimize the use of resources. After production start in the growth stages, tax preferences are of the greatest importance. The territories of advanced development have the following tax benefits: income tax 0-5%, property tax 0%, land tax 0%, insurance contributions to state non-budgetary funds (Russian Federation), incl. 7.6% Pension Fund, 6% Social Insurance Fund 1.5%, Mandatory Health Insurance Fund 0.1%. At this stage, tax credits, accelerated depreciation of R&D fixed-capital assets, increased exemption from the tax base, and other preferences remain relevant for innovative business (Hamel et al., 1989). Also, based on the results of the study by the international company "Price Waterhouse Coopers", we can conclude that in a mature market economy, tax credit is mainly provided, and in other economic systems – deduction of R&D costs.

Special economic zones were supposed to become a flexible tool for attracting financial resources to the economy, a motivation to develop for a number of regions. The systematic practice of special economic zones development is due to the adoption of the Federal Law No. 116-FZ of July 22, 2005 "On Special Economic Zones in the Russian Federation". The main conditions for special economic zones creation, in contrast to further forms, were a longer period of their operation – 49 years. After more than a decade of its existence, this model of regional, territorial, administrative division of special territories and zones did not meet expectations regarding its effectiveness. It should be noted that the territories of advanced development turned out to be more effective than the special economic zones (according to the Ministry of Russian Far East Development and the Ministry of Economic Development), for a short period of its existence, they attracted 375.4 billion rubles of investments, which is 12 billion rubles more than by the special economic zones. The territories of innovative development, in contrast to the territories of advanced development, are created taking into account existing production, research infrastructure as territories with innovative potential based on technology parks, science cities and special economic zones. In essence, the territories of innovative development, operating on the basis of municipal legislation, are elements of infrastructure, and not territories that can affect the region as a whole. The criteria for choosing the territories of advanced development in single-industry towns is in fact the focus on leveling the socio-economic development of settlements and the need to attract investment to the region, but the development of high-tech industries in the existing preferences model is not a priority. To activate innovative development, disclose innovative potential of the territories of advanced development in the region and implement the principles of the territory advanced development, we need a system of preferences differentiation.

The analysis of the existing preferences model of the territories of advanced development by phases of innovation process and stages of investment project implementation showed the lack of preferences at some implementation phases of innovation process. The authors highlighted the following phases of innovation process: R&D and fundamental research; introduction of innovations into production; introduction of an innovative product (process) to the market and an increase in production volumes; slowdown in sales and production growth. Outside the territory of advanced development as a preferential territory, there are general measures to support the entrepreneurial sector of the economy and measures to support organizations in scientific and technological spheres (Federal Law No. 127-FZ of August 23, 1996; Federal Law No. 473-FZ of December 29, 2014).

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Based on the study of the best foreign experience in stimulating and developing innovative activities, the territory of advanced development in single-industry towns affect alignment of socio-economic development of settlements, the territories of advanced development in the Far East – investment attraction to the region. The priorities for supporting innovative activities have been determined, taking into account the regional specifics; in order to activate the innovative activity factors, it is necessary to emphasize some stages associated with the research projects initiation and their launch into production. Innovation activity manifests itself in an extremely diverse way, not only in the form of new products or production processes, but also in the form of marketing and organizational innovations.

Due to the indicated variety of types of innovation activity, there are some forms of innovation activity associated with a product, process, organization of production or marketing, aimed at developing competitive advantages in almost every region. Thus, neither the support of all regional territories that is the same in volume and form, nor the support of the most powerful of them, possessing innovative potential, can be recognized as the best solution. A compromise is preferences differentiation depending on the goals of innovative regional development, territorial specifics, the level of technology and compliance with regional scientific and technological priorities and innovation process phases. Among the principles of such an innovative policy, it is necessary, first of all, to highlight: creation of a territorial special model of preferences for a given territory in order to stimulate innovative development of the region, to implement the strategy of the socio-economic development of the territory; balancing and agreeing on preferences between the participants in the innovation activity of the territory, including the population of the given territory, research organizations, big, small and medium-sized businesses, organizations of the innovation infrastructure; formation of long-term trust relationships between the participants in the innovation process, taking into account the factors of spatial localization of business chains, ensuring trust and attractiveness of innovative activities in the territory. In the territories of advanced development, a special role is played in the first phases of innovation process, as shown by the foreign experience of successfully stimulating innovative activity, preferences in the form of possibility of receiving subsidies from the federal budget not only for infrastructure development of the territories of advanced development, for introducing innovations into practice and launching production, compensation for start-up investments; such preferences as preferential lending in banks are also attractive at the first stages of growth.

Tax preferences become relevant with the growth of business profitability. Administrative preferences in the form of shortening the time for conducting control checks and obtaining permits, possibility of obtaining a land plot for rent without bidding; attracting labour force without taking into account quotas; application of free customs zone procedure and other administrative preferences are in demand depending on the resident's specialization, their available potential and organizational development stage. As a part of general support measures for organizations in scientific and technological spheres, it is relevant to support businesses in the early development stages in the form of grants for the commercialization of R&D results.

This support should be synchronized with the conditions of preferential territories and zones, and separate territorial priorities should be identified. In the preferences system of the territories of advanced development, it is necessary to make differentiation according to the development stages of an innovative

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project and specialization in priority areas of the region according to the "Fund for the Promotion of Innovations".

2. Problem Statement

The system of differentiating preferences for supporting innovation activities of residents of the territories of advanced development, ensuring implementation of the advanced development principles, should include the following components:

1) The system of preferences differentiation in order to provide resources for an innovative project, formed on the basis of the tools for attracting and stimulating investors most interested in the results of a venture project, depending on the implementation stage of an innovative project, respectively: business angels, "seed" investors, "seed" funds, the state as an investor, state funds, venture funds, private equity funds, financial and credit organizations, stock market investors. Provision of budgets funds, including subsidies for the purpose of financial support of costs and (or) their reimbursement, financial support of capital investments are of particular importance at the first stages of the initiation and project implementation, tax credits, allowing to increase the project profitability; at the following stages of growth, the following become more priority: accelerated depreciation of R&D fixed assets (including intangible assets); exclusion of increased R&D expenses from taxable income of companies; reduction (or cancellation) of income or social taxes for personnel performing R&D; reduction (or cancellation) of the tax on corporate income obtained from the use of R&D results, provision of privileges for customs duties payment.
2) The system of preferences differentiation for organizational and administrative support of an innovative project of a resident of the territory of advanced development, formed on the basis of preferences distribution depending on resident's specialization and implementation stage of the innovative project, includes the following conditions: obtaining a land plot for the implementation of a project; the right to connect to infrastructure facilities (which is the most important at the stage of launching production), water disposal, heat supply; implementation of "one window" principle, which greatly facilitates any administrative procedures, application of the customs procedure of the free customs zone; provision of state (municipal) guarantees and sureties necessary to attract investors at the first stages of R&D, initiation of a project and introducing innovations; leasing state and municipal property, granting rights to extract and use natural resources; granting organizations implementing projects rights in relation to the results of intellectual activity and means of individualization for a certain period; formation of long-term demand through the purchases of goods, works, services, granting the right to conclude contracts to meet state (municipal) needs, which, as a preference, is also in demand both at the first stages of innovation process and at the stages of growth and development of an innovative company; provision of property of a public law entity as a contribution to the capital of the organization implementing the project; providing organizational, consulting, information support for the implementation of investment projects.

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3. Research Questions

The research object in the article is the system of preferences differentiation for participants in the innovative activity of the territories of advanced development, formed in order to stimulate innovative activity of the region.

4. Purpose of the Study

The purpose of the study is to determine the principles and essence of preferences differentiation with a focus on stimulating the factors of innovative development of the territory of advanced development. The need for preferences differentiation is theoretically substantiated, taking into account the novelty, manufacturability of decisions, the stage of an innovative project implementation by residents of the territories of advanced development.

5. Research Methods

The methodological basis of this study includes fundamental research by Russian and foreign scientists in the field of scientific and technological development, strategic management, and regional economics. In the process of preparing the article, the following methods of scientific research were used: methods of systemic and formal-logical, scientific analysis and synthesis, comparative analysis, economic and statistical methods.

6. Findings

The necessity of differentiating preferences depending on the innovation process stage within the development stage of innovative projects and programs has been substantiated. The essence of the system of preferences differentiation in order to stimulate the innovative activity of the territories of advanced development is revealed. The principles of preferences differentiation, the directions of differentiation depending on the residents' specialization and the stage of business development are determined, the effects of the preferences differentiation in the management of innovative activities, the formation of relationships between participants in innovative activities are formulated.

7. Conclusion

The proposed system for the preferences differentiation and organizational and administrative conditions for innovation activity in the territories of advanced development provides the needs of an innovation project in preferences at each stage of innovation process based on the inclusion of the presented components. The system for the preferences differentiation in order to stimulate the innovation activity of the territories of advanced development will provide the following effects (Sumina, 2021):

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- conjugation of the territory development strategy with the general strategy of advanced innovative development of the region based on the priority and investment attractiveness of innovative activities of the residents of the territories of advanced development;
- resources concentration in knowledge-intensive and technological areas of the economy, stimulating generation of innovations that can be transformed into intangible and tangible assets with market potential;
- assessment of the effectiveness of using innovative potential of the territory;
- setting guidelines for advanced development based on taking into account the investment attractiveness of territories, preferential conditions for the organization of high-tech industries and differentiation of the territory (region) with territories (regions) leading in terms of assessing innovative activity.

The system of preferences differentiation is based on the following principles: balancing the interests of the participants in the innovative activity of the territory of advanced development (business sector – the residents of the territories of advanced development, innovative institutions, organizations of innovation infrastructure, population of the territory, government bodies); consistency and availability of coordination mechanisms for management and resource provision of innovation processes, ensuring the establishment of a relationship between the participants in the innovative activity of the territory and the flow of the necessary resources at each stage of an innovation project implementation; priority of the initial stages of an innovative project in the redistribution of administrative and tax preferences, excluding initiation, R&D stages, the launch of pilot production, which differ in capital and resource intensity in the absence of income and return on invested capital; focus on investment attractiveness and social efficiency of innovative projects, use of preferential conditions of the territory of advanced development, taking into account public opinion and evaluation. Taking into account the implementation features of each stage of innovation process in the system of preferences differentiation from the point of view of participants in innovative activities – residents of the territories of advanced development, state authorities, investors, population of the territory, is necessary for functioning of motivational mechanisms of entrepreneurial activity, ensuring the investment attractiveness of the economy high-tech sector (Hamel et al., 1989). The system of preferences differentiation is aimed at increasing efficiency of the territories of advanced development as preferential territories, achieving targets and return of budgetary funds used, solving problems through innovative solutions and increasing innovative potential of the territory.

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