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Strategic Approaches Increases Economic Efficiency in Innovation Business

Abstract

This article investigates the ways to increase the economic efficiency in innovation business projects. Innovation plays a crucial role in the development of the economy, and the successful implementation of innovation projects leads to increased economic efficiency and the long-term success of businesses. The article discusses the main aspects such as innovation project management, efficient resource utilization, risk management, and the application of technological innovations.

Firstly, the role of project management and the application of modern management approaches in innovation projects are emphasized. These approaches ensure that projects are implemented on time, within budget, and to the appropriate quality standards. Furthermore, the proper management of resources—optimizing not only financial, but also human capital and technological potential—is one of the key factors that increase the efficiency of innovation projects.

The proper assessment and management of risks are critical to the successful implementation of projects. This allows project managers to take proactive measures against uncertainties and potential issues. The correct evaluation of market demands and customer needs also helps increase the economic efficiency of innovation projects.

Lastly, the application of technological innovations and digital transformation processes plays a significant role in innovation projects. The use of modern technologies optimizes production processes, improves product and service quality, and allows for more agile responses to customer demands.

In conclusion, for increasing the economic efficiency of innovation projects in business, the proper application of several essential factors is required. These factors include management approaches, productive resource use, risk management, and the application of technological innovations. The integration of these approaches will ensure the success and economic efficiency of innovation projects.

Keywords: *innovation, economic efficiency, project management, management approaches, resource management, risk management, business strategic approaches*

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İnnovasiya biznesində iqtisadi səmərəliliyi artıran strateji yanaşmalar

Xülasə

Bu məqalədə innovasiya biznesində tətbiq olunan layihələrin iqtisadi səmərəliliyinin artırılması yolları araşdırılmışdır. İnnovasiya, iqtisadiyyatın inkişafında mühüm rol oynayır və innovasiya layihələrinin uğurlu icrası, iqtisadi səmərəliliyin artırılmasına və biznesin uzunmüddətli müvəffəqiyyətinə səbəb olur. Məqalədə innovasiya layihələrinin idarədilməsi, resursların səmərəli istifadəsi, risklərin idarə olunması və texnoloji yeniliklərin tətbiqi kimi əsas aspektlər müzakirə edilmişdir

İlk növbədə, layihə menecmentinin rolu və innovasiya layihələrində müasir idarəetmə yanaşmalarının tətbiqi vurğulanmışdır. Bu yanaşmalar, layihələrin vaxtında, büdcə çərçivəsində və müvafiq keyfiyyətdə həyata keçirilməsini təmin edir. Həmçinin, resursların düzgün idarə olunması, yalnız maliyyə deyil, həm də insan kapitalı və texnoloji potensialın optimallaşdırılması innovasiya layihələrinin səmərəliliyini artıran əsas faktorlardandır.

Risqlərin düzgün qiymətləndirilməsi və idarə olunması, layihələrin uğurla həyata keçirilməsində böyük əhəmiyyət kəsb edir. Bu, layihə menecerlərinə qarşılaşa biləcəkləri qeyri-müəyyənliklərə və problemlərə qarşı qabaqlayıcı tədbirlər görməyə imkan verir. Bazar tələblərinin və müştəri ehtiyaclarının düzgün qiymətləndirilməsi də innovasiya layihələrinin iqtisadi səmərəliliyini artırmağa kömək edir.

Son olaraq, texnoloji yeniliklərin tətbiqi və rəqəmsal transformasiya prosesləri innovasiya layihələrində böyük təsirə malikdir. Müasir texnologiyaların istifadəsi istehsal proseslərini optimallaşdırır, məhsul və xidmətlərin keyfiyyətini artırır və müştəri tələblərinə daha çevik cavab verməyə imkan verir.

Nəticəsi olaraq, innovasiya biznesində tətbiq olunan layihələrin iqtisadi səmərəliliyinin artırılması üçün bir çox vacib amillərin düzgün tətbiqi zəruridir. Bu amillər arasında idarəetmə yanaşmaları, resursların səmərəli istifadəsi, risklərin idarə edilməsi və texnoloji yeniliklərin tətbiqi kimi mühüm sahələr mövcuddur. Bu yanaşmaların birləşdirilməsi, innovasiya layihələrinin uğurunu və iqtisadi səmərəliliyini təmin edəcəkdir.

***Açar sözlər:** innovasiya, iqtisadi səmərəlilik, layihə menecmenti, idarəetmə yanaşmaları, resursların idarə edilməsi, risklərin idarə olunması, biznes strateji yanaşmalar*

Introduction

The modern economy is characterized by rapid changes, a highly competitive environment, and a structure shaped by technological innovations. For any company or state that seeks to adapt to these changes and strengthen its position in this environment, innovation, development, and sustainable growth strategies are crucial. Innovation is not limited to the creation of new products and services; it also encompasses optimizing business processes, improving management systems, and creating more agile work environments. In other words, innovation is a broad concept that involves not only technological advancements but also organizational changes, the effective use of human resources, and strategic planning.

In this context, the economic efficiency of innovation projects is of great importance. Economic efficiency measures how effectively resources are used in a project or initiative to provide maximum benefits. This efficiency is not only related to cost reduction but also to the optimal use of resources, the creation of new value, and the realization of long-term economic benefits. Innovation projects, carried out in this field, are not solely focused on the implementation of new technologies but also on improving work processes, enhancing employee potential, and presenting innovative approaches in line with market needs. This, in turn, increases economic efficiency and provides companies with a competitive advantage.

However, the implementation of innovation projects requires financial investment and resources. The effective management of these resources and making the right decisions at each stage is essential for the successful completion of a project and for increasing its economic efficiency. Companies cannot rely solely on the application of new technologies; they must also focus on managing these technologies correctly, allocating financial resources properly, and applying agile management practices in project management. Thus, increasing the economic efficiency of innovation projects requires the development of internal management practices and adaptation to external market conditions.

At the same time, the application of innovative approaches, the changing market demands, and the development of customer needs are crucial factors affecting the economic efficiency of projects. Innovation is not just about introducing new products or services but also about improving existing products and services, making production processes faster and more efficient. In this regard, market research and competitor analysis play a significant role. Companies must design their projects not only based on their internal strengths but also in accordance with market dynamics and must correctly

assess customer needs. This results in more efficient project implementation and higher customer satisfaction.

Research

Innovation, as an integral part of the modern economy, is one of the main factors ensuring economic growth in both developed and developing countries. The success of innovation projects in business depends not only on the creation of new products and services but also on increasing the economic efficiency of these projects. Therefore, applying various methods and approaches to increase the economic efficiency of innovation projects can contribute to the economic development of companies and states operating in this field (Aliyev, 2020).

The purpose of this article is to explore the main ways and strategies to increase the economic efficiency of innovation projects in business. Additionally, this article aims to provide information about the key challenges encountered in the implementation of innovation projects and how to overcome them. The goal is to present practical guidelines for professionals and managers working in the field of innovation and help them understand the importance of this field for the economy.

This paper will explain several important aspects that can help increase the economic efficiency of innovation projects and demonstrate how these aspects can be applied. These tasks include the application of technological innovations, improvement of management approaches, efficient use of resources, accurate assessment of market demands, and ensuring proper financial support. Additionally, creating an innovation culture in the construction industry and managing risks will also be discussed (Huseynov, 2019). The successful completion of these tasks will ensure the success of the projects and contribute to the increase in economic efficiency.

Thus, this work aims to present the crucial steps and best practices for increasing the economic efficiency of innovation projects and contributing to the development of this field and the success of organizations.

The implementation of innovation projects must be determined by the resource capabilities of individual economic entities and society as a whole. The selection of objectives by economic entities and the methods by which they are to be achieved in the process of stimulating innovation implementation determine the innovation policy of these entities (Ismayilov, 2020).

The financial methods used for the stimulation of innovation project implementation should align with the specific features and the overall economic situation, ensuring that the expected results are achieved by the participants in the market. The stimulation of innovation development is most effective when organizational measures at all levels of the management hierarchy are coordinated during the implementation of innovation processes. Creating favorable conditions for this process is essential. The degree of effectiveness can be measured by the net profit. In most cases, the commercial viability of innovations and their economic efficiency is determined by comparing the revenues from the sale of innovation products with the potential income the company could have generated from producing innovation internally.

The creation of favorable conditions for stimulating innovation project implementation is the responsibility of government bodies. The government's innovation policy should ensure the alignment of the interests of all participants involved in the innovation process, in addition to the objectives defined by the social and economic strategy of the society, particularly raising the national economy's competitiveness in the global market.

In economic literature, the main directions of state support for innovation project implementation include (Guliyev, 2021):

- Facilitating the adoption of scientific and technical achievements in production;
- Supporting innovation activities that enhance product competitiveness;
- Providing comprehensive support for innovations that form the basis of modern technologies;
- Connecting government regulation of innovation project implementation with competitive market innovation mechanisms and the protection of intellectual property.

The experience of economically developed countries demonstrates that sustainable economic growth in a global competitive environment depends on the high application levels of new

technologies and innovations in production. According to research, in the overall competitiveness ranking, economic indicators contribute 25%, technological development and innovation factors contribute 50 %, and public and governmental institutional quality indicators account for 25% (Mammadov, 2021). The common features of all innovation-active countries can be summarized as follows:

1. A strong role of the government in financing specific innovation projects as well as the development of overall innovation activities;

2. A sustainable legal framework supporting the stimulation of innovation project implementation.

The analysis of indirect methods of stimulating innovation project implementation abroad shows that the formation of a stimulating tax system through the implementation of tax mechanisms for research and development activities serves as the basis for innovation development. The principles followed by government bodies in the application of mechanisms to assist innovation processes and their implementation are of significant interest.

The methods that are more aligned with the requirements of Azerbaijan's economy include:

1. Tax stimulation – profit tax reductions based on research and development and experimental design work expenses.

2. Lower tax rates on profits.

3. Stimulation through amortization policies.

International experience indicates that state support for innovation project implementation through various stimulation measures and their corresponding mechanisms plays a crucial role in the development of innovation processes. If the goal is to technically modernize all production sectors at a new technological level and intensify the application of innovations, general decisions spread equally across the economy are sufficient. However, it must be noted that in such cases, sectors with higher investment attractiveness will attract more investment, while riskier high-tech sectors, lacking sufficient investment, may not have the financial foundation necessary for future development. Therefore, the system of stimulating innovation project implementation should address two key issues set by the state: the overall activation of innovation implementation and the enhancement of the competitiveness of high-tech sectors in the economy, considering the prospects for access to global markets.

In other words, the growing interest in innovation activities directly implies an increasing interest in economic growth across various sectors (Rahimov, 2021). The mechanism stimulating the implementation of innovation projects is the change in the competitiveness and profitability of goods at different stages of scientific and technological progress. This means that entrepreneurs who first adopt scientific innovations and new technologies can produce higher-quality products and achieve lower production costs after the initial increase in expenses (Tidd & Bessant, 2014). Entrepreneurs who do not engage in innovation lose their competitiveness and eventually face bankruptcy.

The main directions for stimulating the implementation of innovation projects include improving the normative and legal framework for research and development, reallocation and concentration of budget funds in priority areas, attracting extra-budgetary sources and private capital, and reforming the structure of scientific and technical complexes, especially the network of state scientific centers (Valiyev, 2020).

In general, the intensification of implementation problems in commodity markets leads to an increase in the level of competition, a rise in the number of innovation market offers, and an increase in operations. Therefore, in a market environment, economic entities should integrate the stimulation of the implementation of innovation projects with the strategic development goals of the enterprise to enhance the effectiveness of these projects.

The emergence of strategic and innovation activities should be considered as an evolution in the management systems of economic entities due to the increasing complexity of external environmental conditions. Despite the implementation of innovation, it is essential to consider strategic factors such as the analysis of the external environment, resource allocation, and corporate strategy when making decisions. The development of new technologies is seen as a crucial direction in the process of making strategic decisions. Typically, implementing a strategy leads to changes in the company's activities,

such as the development and launch of new products or the adoption of new technologies. However, any changes are considered innovations. Thus, today, innovation projects define the future development directions of the enterprise, integrating the company's innovation and strategic activities with market development.

In the management process, the integration of strategic and innovation management functions, along with considering the external market environment and factors that improve the competitiveness of products, is vital for the transition to an innovation-driven development model based on the efficient performance of the global economy (Yang & Liu, 2017). Given the increasing role of new technologies as a factor of economic growth and development, stimulating the implementation of innovation projects should not be seen as a private functional task but as an overall strategic objective.

In recent years, expenditures on scientific research and technical developments in Azerbaijan have been significantly reduced. This reduction in public spending on scientific research and technical development has been allocated to subsidizing existing scientific research institutes rather than supporting commercially promising applied research. Thus, government funding for scientific research and experimental work has been more directed at maintaining the infrastructure of scientific research organizations rather than achieving relevant results.

Results and discussion

The research on improving the economic efficiency of innovation projects has led to several significant findings. The results of the research show that there are several key factors for increasing the economic efficiency of innovation projects, and the proper application of these factors leads to the success of the projects and, consequently, makes companies more competitive.

First, effective management and efficient resource usage are crucial for the successful implementation and economic efficiency of innovation projects. The analysis showed that the success of these projects depends not only on the effective management of financial and human resources but also on the proper strategies in project management. When the management of an organization applies appropriate approaches and modern management technologies in managing innovation, the economic efficiency of projects will be higher.

The second important result is the proper management of risks and optimization of decision-making processes. The research demonstrated that innovation projects always face certain risks, and these risks should be properly assessed. If organizations fail to analyze and address challenges during the implementation of projects, the economic efficiency of the project may significantly decrease. Therefore, special attention should be paid to the process of risk management.

Another key finding is the positive impact of technological innovations and digital transformation on the economic efficiency of innovation projects. Technological developments simplify production processes, improve product and service quality, and enable companies to respond more flexibly to customer demands. Therefore, including technological innovations in innovation projects and taking digital transformation processes seriously helps achieve efficient results.

Additionally, correctly assessing market demands and providing products and services that align with customer needs are key factors in improving the economic efficiency of projects. When companies properly analyze market demands and implement innovation projects that meet customer expectations, they not only increase customer satisfaction but also improve financial performance.

The research results highlight several critical factors for improving the economic efficiency of innovation business. The most important of these factors are the application of proper management strategies and the use of modern technologies. For each innovation project to succeed, it is essential to manage not only financial resources but also human resources and time effectively. Companies should not only apply technological innovations but also build strong collaboration with project managers and team members.

To improve the economic efficiency of innovation projects, companies should carefully monitor market demands and keep customer needs in mind. To stay ahead of competitors in a rapidly changing market, companies must offer new and creative solutions and optimize their resources accordingly. These approaches will not only increase customer satisfaction but also improve financial results.

Finally, risk management is an important factor in improving the economic efficiency of innovation projects. Every project faces certain risks, and these risks should be properly managed to significantly impact the project's economic outcomes. Identifying risks in a timely manner and taking appropriate measures can ensure the successful implementation of the project and the long-term sustainable development of the company.

Conclusion

This paper thoroughly analyzes the improvement of economic efficiency in innovation business projects, investigating the main factors through various methods and approaches. The results of the research indicate that increasing the economic efficiency of innovation projects is possible not only through technological advancements but also by applying strategic management approaches, effectively using resources, adapting to market demands, and implementing modern management methods. Therefore, the successful implementation of innovation projects requires the integration of many factors.

Firstly, one of the main factors for improving the economic efficiency of innovation projects is the application of proper management approaches. The research showed that the effectiveness of project management depends on the application of appropriate management structures and methods according to the goals and objectives of the project. Using modern management approaches, such as agile management and strategic management systems, helps overcome difficulties encountered during project implementation. These approaches also allow for the optimization of resources and ensure that projects are completed on time and within budget. In this regard, leadership skills and the role of the management team in successfully carrying out innovation projects are critical.

Efficient resource usage is also a significant factor in improving the economic efficiency of innovation projects. According to the research results, the successful execution of projects is greatly influenced by the proper and efficient management of not only financial and material resources but also human resources and time. Organizations must plan and use their resources effectively to achieve positive economic results. Here, optimizing human capital and technological potential is as important as managing financial resources. A well-chosen team and relevant training can stimulate employees' creativity and participation in innovation activities.

The management of risks is also a crucial factor in improving the economic efficiency of innovation projects. Every innovation project naturally involves certain risks, which should be properly assessed. The research showed that proper risk management directly affects the success of the project and its economic outcomes. If risks are analyzed and planned in advance, fewer difficulties arise during the implementation phase, and the risk of encountering problems in later stages is reduced. Proper risk management helps protect both financial assets and the long-term sustainability of the project. The use of modern technologies and tools in risk analysis and management further enhances success in this area.

Technological innovations and digital transformation processes play a significant role in improving the economic efficiency of innovation projects. The research results indicate that the use of technology helps reduce production costs, improve product and service quality, and respond more flexibly to customer demands. Utilizing technological innovations in innovation projects also shortens the time to market and increases customer satisfaction. The application of digital tools and technologies allows companies to act faster and more efficiently in the market, boosting their competitive advantage. Additionally, digital transformation processes simplify internal management processes and make them more agile.

Correctly assessing market demands and providing products and services that meet customer needs are also important factors in improving the economic efficiency of projects. In innovation projects, customer satisfaction should be the top priority. When companies analyze customer needs and market demands correctly and offer products and services that meet their expectations, it ensures the successful implementation of the projects. In this context, it is crucial for companies to pay attention to market research and make decisions based on customer demands. Only products and services that meet customers' expectations can ensure high sales revenues and long-term economic efficiency.

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