

COOPERATION OF SCIENCE AND BUSINESS WITHIN THE CONTEXT OF PROMOTION OF INNOVATIONS AND BUSINESS

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Introduction. In presence of present economic conditions and tendencies the cooperation of scientific institutions, which are usually equaled to universities, and business, its demand, possibilities and perspectives are becoming the topic that is discussed more and more often. The importance of this research area is manifested not only by rapidly growing number of international business and scientific cooperations, but also by the uprise of various programs of innovation support and promotion of cooperation. It is often stressed in the scientific literature that strong economics, stable financial system, high level of new technologies, and perspective development of innovations are achieved by the States, which pay the most attention to and promote the expansion of cooperation between high science and business. According to J. Kim, S.J. Lee, G. Marschke (2005), the formal and informal cooperation agreements are closely related to the management of knowledge and its implementation in practice, whereas the performed scientific researches allow stating that the cooperation of business institutions with universities and scientific research centers only improve the technological and innovative advantage of the companies, thus the competitiveness between the business subjects is also improved. However, some scientists, for example D.C. Mowery, B.N. Sampat (2005), K. Laursen, A. Salter (2004), T. Bjerregaard (2010), state that universities and scientific research centers are not the best partner for business subjects, because of quite strong cultural differences, which result in minimal reclamations of innovations and technologies in practice. Besides, it should also be noted that the cooperation of scientific institutions and business subjects in the area of innovation creation and implementation is possible exclusively in some business areas, among which only the technological cooperation should be distinguished (W.M. Cohen, D.A. Levinthal, 1989, 1990). However it is not meaningful to state that the demand for business and scientific cooperation exists only in technologies, thus all the possible cooperation channels should be considered in order to promote the long-term economic potential of the country exactly within the context of creation of innovations and their practical applicability.

Thus the object of this research is the cooperation of business and scientific institutions.

The object of research is to identify and elaborate the cooperation of scientific institutions and business subjects within the area of creation and implementation of innovations.

In order to conduct the successful and reliable research, the following tasks are set:

- To identify the cooperation of business and science and its course;
- To predict and assess the cooperation possibilities;
- To analyze the demand for innovations in order to promote business.

The Lithuanian and foreign scientific works, empirical researches and economic literature have been analyzed in the work, and the practice has been studied with regard to cooperation of scientific institutions and business subjects, demand for it, its possibilities and perspectives.

Process of scientific research and interpretation of results received

The constantly growing competitive environment of business subjects cause demand and development of new technologies, innovations and other factors, which determine the competitive advantage. The majority of scientists, such as D. Schartinger, C. Rammer, M. M. Fischer, J. (2002), D. Trzmielak, E. Gwarda – Gruszczynska, M. Geenhuizen (2010), who analyze the perspectives of cooperation between business and science, also state that creation of new technologies and implementation of innovations are becoming some of the most important competitive factors, which allow successful competition in modern market. Among the business subjects such opinion prevails, because nowadays the scientific institutions not only are able to generate the ideas, suggest new and innovative products to the business subjects, but also help to implement new management systems of organization or quality, which the business subjects would be capable to implement in practice. It has to be noted that if the business subjects and scientific institutions cooperate in the same geographical medium, the cooperation process is quite simple (see Fig.).

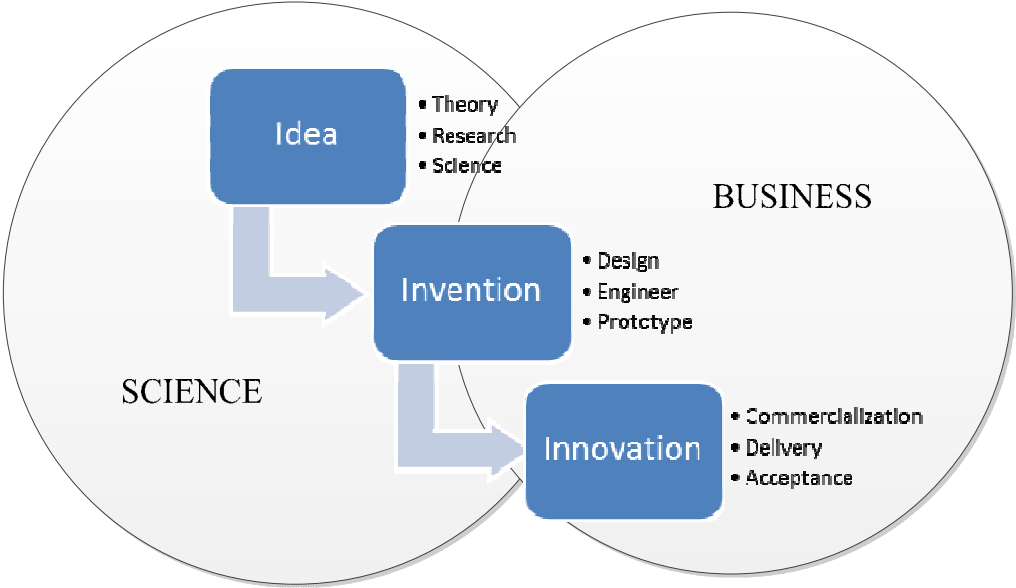


Fig. The process of science and business cooperation

Source: compiled by the author with reference to L. Weber, J. Duderstads (2006), R. C. Miller, B. J. Le Boeuf (2009), F. S. Kieff, T. A. Paredes (2011).

When the business subjects decide to cooperate with scientific institutions in order to create an innovative product, the question how it should be done arises most frequently. Therefore Figure 1 shows one of many possible creation models of innovations, where the creation product of new product is described, more particularly result of

scientific and business cooperation. According to the empirical tests done by such Lithuanian and foreign scientists as R. K. Sawyer (2012), J. Hage, M. Meeus (2009), the well structured and clearly presented creation process of the new product is very important for its success. If the output of science and business cooperation does not contain, i.e. in the creation and implementation process there are no stages envisaged in advance, or they are not followed, the big possibility exists that the product under creation will suffer failure. According to researches, the probability of success is increased if the idea generation stage precedes creation of the product. During this stage it is important to find as many different ideas as possible and to select the most suitable and attractive one for that time. It should be noted that one of the most frequent mistakes of innovation creation is insufficient attention to ideas generated in the course of science and business cooperation and to their development. Besides, it has also to be noted that it is very important to control in each stage of cooperation of business and science whether the created product will be really commercially beneficial to business subject. The constant and timely assessment in the early stage of innovation creation allows determining that the product will be commercially not useful and thus that the creation works should be stopped. Therefore the business subject may avoid big losses, which are caused when it is noticed too late that the cooperation result of business and science may be commercially not useful. The orientation to market demands has been clearly distinguished, as well as inclusion of users into the creation process of innovations, i.e. the third stage of cooperation of science and business is formed and executed until the end.

The creation process of product innovations demands big investments, which do not buy off in case of failure and companies suffer big losses. It has to be noted that the production of some companies in the sector of creative industries is of low level of innovation and thus may compete only in local market. There are some companies of creative industries, which do not create innovations of their product, but simply render maintenance services for foreign creators and thus compete by offering lower price of provided services. When the expenses for work force, energy and raw materials are increasing, such companies are not able to compete with similar companies in the country of smaller expenditure and thus they are forced to go bankrupt. Therefore recently the cooperation of scientific institutions and business subjects in the international medium has been propagated a lot not only on the local, but also on the international scale. Such form of cooperation allows the business becoming competitive not only in the local market, but in the international one, as well. For example, difficult present economic situation in Greece determines that it is necessary to start the new development of science and technologies in search for strategic partners, for example, in China, which may substantially contribute to activation and promotion of future perspective of private sector that may be a key engine to strengthen national economics. For this purpose in the beginning of 2012 the interstate cooperation contract was signed, which is expected to be one of examples, how to facilitate the conveyance of technologies and to develop the advanced experience, innovative products and services of high added value so that the business competitiveness was improved, as well as

volumes and quality of international scientific cooperation. However, it should also be noted that the international cooperation between scientific institutions and business subjects has both advantages and disadvantages, because the geographical situation of the country causes the particularity of innovations, technologies and production present in the market. Besides, the cooperation of business subjects and scientific institutions in the international level is restricted by interrelations of the countries and their consistency, because worsening of international relations within the political and commercial context may increase the risk of cooperation. However despite the risk, the scientific institutions of different countries have bigger potential to offer as competitive products as possible; but it is necessary to take into account the remote cooperation, different language, other market peculiarities, barriers between institutions and business, and culture.

Conclusions. The creation of new technologies and implementation of innovations is becoming one of the most important competitive factors, which allow the business subjects to compete successfully in present market, thus the demand for cooperation of business and science is still getting accelerated. The scientific institutions today are not only able to generate new ideas, suggest new and innovative products for business partners, but they are also able to help implementing new organization or quality management systems, which the business subjects are capable to apply in practice. According to the done empirical tests, the well structured and clearly presented creation process of the new product is very important for its success. As recently the cooperation of scientific institutions and business subjects in the international medium has been propagated a lot not only on the local, but also on the international scale, the detailed, logical and clear structure of the cooperation process is acquiring more and more significant meaning.

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THE IFRS IN THE REPUBLIC OF MOLDOVA: ADVANTAGES OF APPLICATION AND OBSTACLES OF IMPLEMENTATION

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Discussions about the accounting reform in the Republic of Moldova are very contradictory and controversial, raising a stringent interest between specialists and practitioners, even after the adoption (on 04/27/2007) of a new Accounting Law nr. 113-XVI, which is based on financial reporting harmonization of local entities with European Union Directives and International Financial Reporting Standards (IFRS).

The legal framework of accounting includes: Accounting Law, Conceptual Framework for Financial Reporting, National Accounting Standards (NAS), Comments to NAS, Chart of accounts.

These legal documents of R. Moldova were not revised and/or modified during the last decade and do not correspond to international requirements, being in retro gradation comparing to the IFRS.

Legal framework development of the financial reporting in the Republic of Moldova according to the Accounting Law and Accounting Development Concept will take place through different ways of application of accounting standards depending on entities and accounting systems.

According to the 15th paragraph of the Accounting Law, there are three categories of entities:

- Public interest entities,
- Entities that apply double-entry accounting system,
- Small and medium entities (SMEs)

Public interest entities are obliged to apply IFRS. Entities that use double-entry accounting system will apply NAS which correspond to IFRS. SMEs will apply IFRS or NAS on their decision.

The first step of the improvement of accounting legal framework took place on December 2008 with the Ministry of Finance Decree nr. 109 that determine future application of international standards called SIRF in the Republic of Moldova (Standarde Internațională de Raportare Financiară).

According to this decree, starting with financial situations of 2012, IFRS should be applied by all public interest entities in redaction of the International Accounting