EUROPEAN ACADEMIC RESEARCH
Vol. XI, Issue 1/ April 2023

Impact Factor: 3.4546 (UIF)
DRJI Value: 5.9 (B+)

ISSN 2286-4822
www.euacademic.org

The Role of the Business in the Development of the Territory

Msc. KOZETA JANA
Agricultural University of Tirana, Albania
Dr. ALDONA MINGA[1]
University of "Fan S Noli" Korçë
Email: amrruku@yahoo.it
Doc. Dr. LINDITA MUAREMI[2]
University of Tetova, North of Macedonia
Email: lindita.muaremi@unite.edu.mk

Abstract

Businesses reshape the territorial configuration of economic activity by creating new forms of organization as part of the innovation process. Innovation is an integral part of businesses for which being innovative means more profit. Innovation can come in many forms, through a new product, service, or process. It is the choice of businesses taking into account the environment in which they operate and how they will enter the market. The main purpose of this case study is to identify how the conception of a new innovator business developed the territory where it operated. Through an interview we realized that starting a new business in the food industry which was an innovator in form and content had a great impact not only on the lives of consumers but above all had a direct impact on local producers, who found an opportunity and a market to sell their products.

Keywords: innovation, territory, business innovation

I. INTRODUCTION

The aim of these case study is the identification of how business innovation has impact local producers and how encouraged them to increase the production. But before we will explain what is innovation and its importance. Innovation is not a new phenomenon. Arguably, it is as old as mankind itself. There seems to be something inherently "human" about the tendency to think about new and better ways of doing things and try them out in practice. Without it the world in which we live would have looked very, very different. Try for a moment to think of a world without airplanes, automobiles, telecommunications and refrigerators, just to mention a few important innovations from the not-too-distant past. Or in an even longer perspective where would we be without fundamental innovations such as agriculture, the wheel, the alphabet, printing etc. In spite of its obvious importance, innovation has not always got the scholarly attention it deserves. For instance, students of long-run economic change used to focus on other factors, such as capital accumulation or the working of markets, rather than

[1] Lector at University "Fan S. Noli" of Korçë, Albania
[2] Lector at University of Tetova, North of Macedonia

innovation. This is now rapidly changing, however research on the role of innovation economic and social change has proliferated in recent years, particularly within the social sciences, and with a bent towards cross-disciplinarily. In recent years the number of social-science publications focusing on innovation has increased much faster, as a result our knowledge about innovation processes, their determinants and social and economic impact is greatly enhanced.

The development of a territory and the role of business in innovation are closely intertwined. A thriving business sector can help drive economic growth and development in a region, while a supportive environment can foster innovation and entrepreneurship. We have to consider these key points:

- Infrastructure and resources: A region need adequate infrastructure, such as transportation and communication systems, to support businesses. It also needs a skilled workforce, access to financing, and other resources that businesses require to innovate and grow.
- Collaboration and partnerships: Collaboration between businesses, academia, and government can create a supportive environment for innovation. Partnerships can help businesses access new technologies, research, and other resources, while also fostering entrepreneurship and innovation.
- Innovation clusters: Innovation clusters are geographic regions where a high concentration of businesses, universities, and other institutions collaborate and innovate together. These clusters can lead to increased productivity, economic growth, and job creation.
- Sustainability and social responsibility: Businesses can play a vital role in promoting sustainability and social responsibility in the region. They can adopt environmentally friendly practices, support local communities, and create jobs that provide fair wages and benefits.
- Investment and entrepreneurship: Finally, investment in new businesses and entrepreneurship is critical to driving innovation and economic growth. Encouraging startups and supporting small businesses can create jobs and contribute to the development of a thriving business sector.

The development of a territory is a complex process that involves a wide range of factors, including economic, social, and environmental considerations.

Economic development is often the primary focus of territorial development efforts. This includes efforts to create jobs, increase productivity, and attract investment. A range of strategies are used to promote economic development, including tax incentives, investment in infrastructure, and support for small businesses and entrepreneurship.

Social development is also an important aspect of territorial development. This includes efforts to improve education, healthcare, and other social services, as well as promoting social inclusion and reducing poverty. Social development can be a key driver of economic growth, as it helps to create a healthy and well-educated workforce.

The literature also highlights the importance of environmental sustainability in territorial development. This includes efforts to promote sustainable land use, reduce pollution and waste, and protect natural resources. Sustainable development can help to ensure the long-term viability of a region, while also improving the quality of life for residents.

Effective governance and planning are critical to the development of territories. This includes developing policies and regulations that promote economic, social, and environmental sustainability, as well as coordinating development efforts across different sectors and levels of government.

Collaboration and partnerships are also key to territorial development. This includes working with businesses, academia, and civil society to develop innovative solutions to complex challenges, as well as promoting dialogue and cooperation among different stakeholders. The early concept of innovation in economic development and entrepreneurship was popularized by Joseph Schumpeter, a German economist. Innovation, in his view comprises the elements of creativity, research and development, new processes, new products or services and advance in technologies (Lumpkin & Dess, 2001). According (Kuratko & Hodgetts, 2004), innovation is the creation of new wealth or the alteration and enhancement of existing resources to create new wealth. Innovation is also seen as a process of idea creation, a development of an invention and ultimately the introduction of a new product, process or service to the market (Thornhill, 2006). At present, this concept is applied in every facet of social lives and activities. This makes the innovation concept become more multidimensional and intricate. Beaver (2002) believes that innovation is an essential element for economic progress of a country and competitiveness of an industry. Innovation plays an important role not only for large firms, but also for SMEs (Jong & Vermeulen, 2006). Sandvik (2003) argues that innovation is one of the most important competitive weapons and generally seen as a firm's core value capability.

Innovation is also considered as an effective way to improve firm's productivity due to the resource constraint issue facing a firm (Lumpkin & Dess, 1996). Bakar and Ahmad (2010), add that the capability in product and business innovation is crucial for a firm to exploit new opportunities and to gain competitive advantage. Leaving definitions aside, the fundamental question for innovation research is of course to explain how innovations occur. One of the reasons why innovation was ignored in mainstream social science for so long was that this was seen as impossible to do. Schumpeter (1934), in his early works, was one of the first to object to this practice. His own account of these processes emphasized three main aspects:

(i) the first was the fundamental uncertainty inherent in all innovation projects;
(ii) the second was the need to move quickly before somebody else did. In practice he argued, these two aspects meant that the standard behavioral rules economists used to assume surveying all information, assessing it and finding the "optimal" choice, wouldn't work. Other, quicker ways had to be found. This did, in his view involve leadership and vision, two qualities he associated with entrepreneurship;
(iii) third was the prevalence of "resistance to new ways" or inertia at all levels of society, which threatened to destroy all novel initiatives, and forced entrepreneurs to fight hard to succeed in their innovation projects.

Such inertia was to some extent endogenous, since it reflected the embedded character of existing knowledge and habit, which, though "energy-saving", tended to bias decision-making against new ways of doing things. However, in reality most innovations involve teamwork and take place within larger. Schumpeter (1934), especially in his early works failed to take the organizational dimension properly into account. In later work he acknowledged this weakness, and emphasized the importance of "cooperative" entrepreneurship in big firms without analyzing the phenomenon in detail. Systematic theoretical and empirical work on innovation projects in firms and the management of such projects was slow to evolve, but during the last decades a quite substantial literature has. In general, research in this area agrees with Schumpeter's emphasis on uncertainty (Nelson & Winter, 1982). (Kim & Nelson, 2000) suggest the term "active imitation" for producers, who by imitating already existing products, modify and improve these.

1.1 Research Question and Objective

Our researchers have done research, to see the impact that the creation of a new innovative business has. Innovation can come in many forms, through improving the existing product, creating a new product, improving service and process. All these changes will affect the territory where they operate and all stakeholders. To see all these influences, we ask the research question: How did the creation of a new innovative business affect the development of the territory where it operates?

The objective of this case study is to see how the conception of a new business, which was an innovator in what it offered, influenced the development of the territory where it operates.

II. LITERATURE REVIEW

Business firms and the forms of organization that they assume in pursuit of profit are inherently territorial (Walker, 1988). Companies assume territorial attributes in the ways in which they organize the different activities that go into creating and selling products and the way they allocate these activities within their own enterprises and among other firms with which they interact. Such managerial allocation of the various steps that are involved in the production and sale of goods creates linkages of economic activity within and across firms. From these intra firm and inter firm linkages emerge forms of business organization that are marked by boundaries within and between enterprises that reflect an organizational distribution of economic activity. This organizational distribution of economic activity, built from the boundaries within and between firms, spreads economic activity territorially across space. Territorial innovation systems include mutually connected enterprises in certain sectors, together with appropriate suppliers and the service sector, as well as a series of supporting institutions. (Minga, A et al 2023). In this way, business organization has territorial outcomes. Innovation plays decisive roles in the geographic transformation of economic activity (Storper & Walker, 1989). Nevertheless, while the relationship between innovation and the spatial reorganization of economies is well established in the geographic literature, what is less clearly specified are the mechanisms by which innovation transforms the geography of economies. Some researchers have insisted on establishing the connection between innovation and territory through the study of specific places and the cultures of interactive learning that flourish in such places (Saxenian, 1994). Others with a similar perspective have shifted the emphasis from specific places to more generalized territorial units, most notably the region or the nation, in accounting for the emergence of regional or national systems of innovation (Asheim & Gertler, 2005). A different approach connects innovation to the spatial transformation of economies through the study of specific industries and the shifting locational patterns of industries as they develop new products and processes and seek territorial outlets for producing and selling in new ways (Angel & Engstrom, 1995). Still another approach focuses on the process of capital accumulation in which territorial change results from the creatively destructive and innovative tendencies of industries as they seek new spaces for investment, resources, markets, and growth (Storper & Walker, 1989).

A final group of researchers have uncovered the nexus between innovation and territorial change in forms of business organization, commodity chains and inter firm networks that emerge in response to new technologies and new relationships among lead producer firms, suppliers, and buyers (Gereffi & Korzeniwicz, 1994). Business firms are actors that shape the spatial development of economies. As a consequence, "studying firms" in their role as agents that make decisions about profit making is a logical imperative for understanding how economies develop spatially (Markusen, 1994). Numerous approaches to the issue of the firm and its role in spatial outcomes characterize the geographic literature. Theorists, influenced by the insights of (Marshall, 1890), on external economies and industrial districts, have argued that the firm is a place-based entity. According to this view, the innovative behavior and competitive differentiation of firms and their role in driving territorial development are derived from the unique history, culture, and institutions of the locations in which the firms are embedded (Brusco et al, 1982). Others have studied the firm and its impact on the geography of economic activity within the context of broader organizational forms, such as the production network or commodity chain (Porter, 1985). Perhaps most common is the approach that positions firms within industries (Schoenberger, 1986). In these representations, what is decisive in driving the process of spatial formation and differentiation are historical, cultural, economic, and organizational forces that act upon and operate outside the business enterprise. A different orientation to studying firms as drivers of territorial development focuses on what occurs inside the enterprise. This approach takes as its starting point the process of organizational decision making and the contingent activities that occur within the so-called black box of the firm (Rosenberg, 1982). Yet, this framework that focuses on the firm as an actor remains uncommon in economic geography owing to the absence of micro level theory on the "firm-territory nexus" (Marcuse, 2003). Two critical insights emerge from the emphasis on the activities and choices internal to the enterprise that provides the analytical bridges between the firm and the territorial development of economies.

The first focuses on the innovative nature of the firm. The second focuses on the organizational nature of the innovation process. Although innovation occupies a position of centrality in the literature on the spatial development of economies, the role of the innovative firm in such outcomes is explored far less systematically. Schumpeter (1939), was arguably the first theorist to elevate the firm as the central actor and protagonist of economic development. Yet, even he conceded that the activities occurring inside the firm that enable it to assume the role of innovator remained unspecified in his work (Schumpeter 1947). Theorists who have been influenced by Schumpeter have argued that innovation is a process of learning in which firms assume mastery over new sets of organizational capabilities (Nelson & Winter, 1982). Such an augmentation of capabilities, in turn, becomes embedded within the enterprise as changes in organizational structure (Chandler, 1962). In this way, innovation is a process with organizational consequences. Yet, to understand innovation as a change in the organizational structure of the firm, it is necessary to probe the fundamental nature of business organization. For Coase (1937), business organization is the result of decisions by firms on how to manage and coordinate the linkages among the different steps in producing and selling a product or service. Such decisions establish organizational boundaries within and between firms. These boundaries become fixed, depending on the extent to which firms absorb different steps internally and become integrated and the extent to which firms leave different activities to contracting relationships with other companies, resulting in disintegrated market links between companies. For Coase (1937), choices about whether to absorb sequential steps of economic activity internally or contract with other companies depend upon a single variable the transaction costs of undertaking such activities internally or externally. This model yields two basic typologies for business organization, one that is integrated and hierarchical and the other that consists of highly specialized disintegrated firms contracting through market links (Coase 1937; Williamson 1975). Critics have assailed the model inspired by Coase for neglecting organizational forms "neither market nor hierarchy." These critics argue that networks of firms constitute a unique form of business organization existing outside the continuum represented by vertically integrated firms and firms contracting through markets (Powell 1990; Castells 1996; Amin and Hausner 1997). Such intermediate organizational forms reflect a more complex division of labor between firms (Gereffi and Korzenwicz 1994; Sturgeon 2002; Gereffi, Humphrey, and Sturgeon 2005). Other critics have insisted that transaction costs as a singular explanation for business organization is fundamentally misguided. For these critics, business organization results from efforts to augment capabilities, not to economize on costs (Chandler 1977; Lazonick 1991, 2003; Langlois 2003).4 As firms assume mastery of new capabilities and remake their organizations, they reassess the allocation and coordination of the different steps in producing and selling products (Chandler 1988). From these reallocations of economic activity and transformations in capabilities emerge new operational routines for producing and selling products, and new forms of organization to implement them (Chandler 1977). Although Chandler's theory of business organization contains a highly determined relationship among strategy, capabilities, and structure (McCraw 1988), his empirical data revealed the route to organizational change to be the result of contingent decisions exercised by actors within the firm.

The innovative organization is one that acts strategically by using its own administrative power to control the allocation and sequencing of economic activity, a process of replacing market links in the economy with the managerialism of "the visible hand" (Chandler 1977). Such nonmarket forms of power and control constitute "the social foundations of the innovative enterprise" (Lazonick 1991, 2003). In this way, innovation and organizational change are social processes. It is this social character of innovation and organizational change, emphasizing the power of the firm to control, that elevates firms as actors and conditions the trajectory of an innovative advance.

III. METHODOLOGY

The methodology used for this case study is the Qualitative one. The sample selected was random, the method used to collect data was online. Primary data were collected through interviews, while secondary data were collected from numerous scientific studies that have been done in this field. The analysis of the results is descriptive. The interview was conducted with the administrator and creator of the market who sell the bio product. This business has about 70 employees, currently has 3 markets and aims to increase their number. The interview contains questions about how the idea for such a business was born and the meaning of the impact it has had. The whole interview consisted of four questions to understand how this innovative business affected the environment in which it operates.

IV. RESULTS AND DISCUSSION

Different businesses choose to enter the market where they operate in different ways. Improving an existing product, creating a new service, new process, or entering new markets are all innovative forms of how a business seeks to increase its profits. But these innovative forms also affect the environment or territory where they operate, developing them. Their development can come through the increase of the number of employees, or also through the increase of the production in that territory. Starting a new business will always have an impact. What we will analyze and then conclude from this case study is to understand how an innovative business, the first of its kind in our country, affected the territory where it currently operates. We will analyze the questions developed during the interview and understand how all this has influenced the development.

Question 1: Why you chose to start a business like this?
In the European Union these products had been marketed for years and were an integral part of society, and why not offer our customers products of this standard. These products have a lot of nutritional value and are very healthy for all. The need that the market had for this type of service, as in the Albanian market were not traded Bio certified products. I thought that Albanian consumers would need products of this standard, in order to have a healthier life.

Question 2: How this has affected the lives of consummators?
With the opening of this market, a part of the consumers knew them as products but most of them did not. It has been very difficult for us to have the trust of our customers. By emphasizing the benefits that these products have achieved, consumers have made these products part of their daily routine. We have changed the way they eat, improving their quality of life through safe and healthy products. We take care of consumers who have health problems, offering products according to their specifications.

Question 3: How it has affected local producers?
At the moment we started this business, we did not think that we would offer local products. What happened is that the consummators were also looking for local products. Gradually these products occupy an important place in daily consuming. The opening of this business in this format gave the opportunity to small local producers, who tried to offer a quality product that would make a difference and have a sales opportunity. These manufacturers have increased their production to meet the growing demands of consumers. But we must also say that the number of these producers who maintain quality in their production is increasing, an increase which has a chain effect by increasing the number of employees and improving livelihoods. After the opening of the market, those few producers who produced organic products, found a place where they could sell their products. We support and encourage local producers to produce as many organic products as possible. Consumers are increasingly oriented towards these safe products, enabling small producers to increase production.

Question 4: What impact it has had on the environment where you operate?
What we have noticed in these first years of business, is that the impact that this business has is huge. Normally, with the growth of the business, the number of employee's increases, the welfare increases, but also the growth increases the

possibility of small producers to increase their products. The effects of all this are positive. The use of such products eliminates the use of pesticides, which are harmful to consumers and the environment. In addition to being certified organic products, they are also ecological, helping to reduce environmental pollution. The use of these products makes us have a healthier society.

V. CONCLUSIONS

Businesses have a key role in economic development in society, developing the territory where it operates. The development of a business is also influenced by the socio-economic context in which it operates. Taking into account these elements of the territory, a business chooses the way it will enter the market to adapt to the needs of consumers. Businesses can choose different innovative ways to meet the needs, through a new product, service or process. What we concluded from this case study is that the conception of a new business, which was an innovator for the territory where it operated had a positive impact on all stakeholders. Through the provision of quality products, it positively influenced the way of feeding the consumers, improving the way of feeding. But the effect came in chains, affecting local producers as well, giving them the opportunity to sell their products, all those producers who meet the requirements that a Bio certified product must have.

Normally, the increase in demand led to the demand for increased production of these local producers. Also, with the growth of the business increased the number of employees. The use of such products eliminates the use of pesticides, which are harmful to consumers and the environment. In addition to being certified organic products, they are also ecological, helping to reduce environmental pollution. The use of these products makes us have a healthier society. It is very important to understand that innovation is essential for the improvement and development of businesses, generating more profits as a result this will bring the development of the territory where it operates. In this case study this business has had a positive impact on all stakeholders and as a result gave a development to the area.

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