

Abstract

This paper presents methodology and results of empirical analysis of a relationship of between innovation indicators (as reflected in the innovation indicators statistics) and regional growth in Russia. The integrated econometric approach developed by the authors allows for elicitation of factors that govern innovation activities for all Russian regions via factor and regression analyses. The approach can be adapted to any territory that is sub-divided into administrative regions. The composition of the elicited factors demonstrates that innovation activities that take place in the majority of Russian regions are in accordance with the priorities of the government 'Strategy for Development of Science and Innovation in Russia until the Year 2015'. For a full sample of eighty regions among the input innovation indicators, expenditure on technological innovation has the greatest significant positive impact on economic growth in these regions. Diffusion of knowledge via spillovers between regions stimulates growth in a reduced sample for regions that exclude both innovation leaders and laggards. The study also demonstrates that quality of the institutions affects the level of economic activity, that is, regions with higher levels of institutional capacity produced more (as indicated by greater GRP).