

## **THE INNOVATION - ECONOMIC PERFORMANCE RELATIONSHIP. CONCEPTUAL APPROACHES**

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### **Abstract**

The paper is aimed to find the answer to the questions: What do we understand by the term of economic performance of the enterprise? What is the impact of innovation on economic performance of the enterprise? The answer to these two questions was based using qualitative analysis methods, such as documentary analysis of various scientific publications. The paper analyzes specialized previous empirical studies and researches, whose results contribute to defining and understanding the concepts of "economic performance" and "innovation" and, also, the relationship that is created between them. The performance is an economic concept, variously defined in the literature. For example, a performance approach, favored by many authors, is in terms of efficiency, effectiveness and economy indicators. Other authors consider that performance is equivalent to increasing of economic indicators from one year to another (for example, turnover, profit, profitability, market share, sales etc.). Thus, an enterprise achieves economic performance if it registers higher economical results, than the previous year. The literature gives a special place to innovation process, as key determinant of economic performance. The innovation is an expensive process for the enterprises and serve its purpose, as long as the company using it is increasing the economic performance. So, it is considered that the performance is a function of productivity and efficiency. Productivity and efficiency are the effect of innovation and technology. These results can substantiate the decisions at microeconomic level concerning the innovative investment (as action to increase the economic performance of the firm) and at macroeconomic level, where decisions are concretized in policy of increasing the competitiveness of the national economy.

**Key words:** performance, innovation, productivity, enterprise

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