

# Organizational-economic mechanism of management innovative development of economic entities

Collective monograph edited  
by M. Bezpartochnyi

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mechanism of management  
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Higher School of Social and Economic  
Przeworsk (Poland) 2019

# **Mechanizm organizacyjno- ekonomiczny zarządzania innowacyjnym rozwojem podmiotów gospodarczych**

**Monografia zbiorowa  
pod redakcją naukową  
M. Bezpartochnogo**

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The authors of the book have come to the conclusion that it is necessary to effectively use modern approaches the management of innovative development the economic entities in order to increase the efficiency of activity, to ensure competitiveness, to intensify innovation activity. Basic research focuses on assessing of the level competitiveness and economic security of enterprise, innovative ensuring of economic entities, analysis of human capital, estimation of alternative sources financing of innovation activity of economic entities. The research results have been implemented in the different models of formation the innovation policy of enterprise, mechanisms of innovative processes management of economic entities, introduction of crowdfunding, and improvement of the tax system for innovation development, integration of education, science and production. The results of the study can be used in decision-making at the level the economic entities in different areas of activity and organizational-legal forms of ownership, ministries and departments that promote of development the economic entities on an innovative basis. The results can also be used by students and young scientists in modern concepts and mechanisms for management of innovative development the economic entities in the context of efficient use the resource potential and improvement of innovation policy.

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**INNOVATIVE  
DEVELOPMENT OF  
ENTERPRISE: ESSENCE,  
FACTORS, ELEMENT OF  
ECONOMIC SECURITY**

In contemporary economy innovations were one of the key factors determining the prospects for social and economic development of enterprises.

The practice of management shows that innovative adjustment in the current development of modern enterprises can not only provide high rates of economic development, but also improve the competitiveness of their export potential and will help to solve economic, environmental and social problems. Innovative activity is a major component of the process to ensure successful operation of enterprises, because current economic conditions require intense innovation, effective organizational research and development, regular innovations, reducing innovation risks and strategic management of innovation activities of each company.

Recently, many countries (including Ukraine) announced their

strategic priorities course on innovation economy, while in Ukraine the problem of effective economic development through innovation is extremely important because Enhancing innovation could become the driving force of industrial maintenance enterprises by improving existing production processes, improving the efficiency of all aspects of production and business activities, as well as identifying new perspective forms and lines of business.

Today, in order to ensure efficient and uninterrupted operation of enterprises, very important to the activation of innovation processes, as well as focusing on innovative development, they set themselves new challenges, the importance of which is associated with increased competitiveness; ensure that the value of products for the consumer; social responsibility of businesses, which includes: social responsibility before each citizen to the state, the staff and the consumer sector of the economy. All socio-economic systems should seek to form innovative development model, which will help direct the growth of scientific knowledge, and their mandatory application to improve the efficiency of the enterprise as a whole.

In Ukraine, the issue of innovation activity towards efficiency and quality aspects of production and business activities can be ensured not only the constant improvement of the production process, but also from businesses transition to innovative way of development [1-4].

In the modern business environment innovation – a necessary and objective factor of competitive development of each enterprise. Ukraine embarked on an innovative way of economic development, as evidenced by the large number of measures taken at the national level, including the adoption of the new Law of Ukraine "On scientific and technical activity" [5]; The concept of scientific, technological and innovative development of Ukraine [6], which provides for increased economic competitiveness through structural innovation model of economic growth, intensive, technical and technological renewal of production.

It should be noted that in recent years the government had adopted many resolutions and decisions of government programs aimed at improving the innovation performance of enterprises, but most of them failed to implement in full in the real economy. Because of this, there are contradictions between the economic interests of the state and companies focused on innovative path of development whose solution requires thorough research [7].

It should be noted that the development of innovative pour a lot of factors that contribute to or hinder innovation of innovation in the

enterprise. They are, in most cases, it is appropriate to divide into the following groups: external factors (not to be influenced by economic entities) and internal influences (subject to control by individual service providers), exogenous and exogenous factors (Table 1.5). The external factors include the factors influencing the innovative development of the enterprise environment, these factors include: the political situation, the level of economic growth, the availability of external funding, national and international legal framework, tax policy, scientific and technological progress in the country, the environmental situation in the country and international programs on environmental safety, etc. [8].

Among the limiting factors of innovative development of enterprises occupies an important place insufficient number and variety of funding sources, including the main source of financing innovation enterprises of Ukraine have the means enterprises themselves. It does not allow entities to implement effective innovation policy as an important task is to find and attract financial resources in the innovation sector.

Also factors that hinder the development of innovative enterprises is the outflow of scientific personnel abroad. Every year this trend through Ukraine loses more than 1 million dollars USA. Therefore, one of the effective means of reducing the outflow of scientific personnel is to increase science funding, providing replenishment, change the government's attitude to science. This transition from a model of cheap labor to model high-pay work effectively is the first step in the formation of a competitive economy. Raising the professional level in parallel with the growth of the wage increase innovative development of enterprises [9].

It should be noted that the innovative development affects numerous factors that contribute to the development or innovation or hinder their implementation in the enterprise.

Impact on innovation development of Ukraine carried out largely economic factors, the most important of which is the lack of preparation of logistics for the implementation of new technologies. In turn, the unstable economic and political situation in Ukraine leads to the determination of its economy as unattractive for investment. Factors that contribute to the innovative development of enterprises Ukraine is state support of innovative development, availability of skilled personnel, researchers needed to implement innovative development, the willingness of consumers and their confidence in the introduction of new and those already used overseas technology to make purchases [10].



**Factors that promote or hinder the development of innovative enterprises Ukraine**

Exogenous factors	Endogenous factors
Contribute to the development of innovative The development of competitive high-tech products Save scientific and technological capabilities and state support of innovation activity International Scientific Corporation Development of innovative infrastructure Legislative measures to encourage innovation, provide protection of intellectual property	Contribute to the development of innovative Having reserves of financial and logistical measures Favorable to change, innovation, public recognition, the ability to self Save scientific and technical potential Development conditions of creative work, financial incentives
<b>Discourage innovation development</b>	
Insufficient number and variety of funding sources Complications of research and development Low scientific and innovative potential state Lack of international scientific cooperation Imperfect legislation on innovation The outflow of scientific personnel The lack of a complete information base on innovation	Weakness logistical and scientific base The lack of orientation of organizational structures to innovate Resistance to change, while introducing innovations and innovations Focusing on well-established markets, the short payback Lack of financial incentives and conditions for creative work The dominance of the interests of existing production Low levels of analytical and information base of enterprise

The level of development of enterprises depends largely on acquisition of new technologies that provide long-term competitiveness, high economic performance of enterprises. It should be noted that one should not invest in the projects that are developed and used in other countries [3].

Exploring the theoretical basis of innovation, it is necessary first of all to pay attention to the term "innovation", because innovation is the

main component of innovative development company.

Innovative development company has ensured an effective integrated use of all its components, but in terms of knowledge economy, socio-techno-economic paradigm of innovation and the theory of "open innovation" intellectual component of innovative enterprise development is more important than material [11, p.24].

Innovation is a key means of ensuring economic growth, competitiveness and financial stability of any enterprise [1].

In general definition, innovation is an innovation in engineering, technology, labor or management, based on the use of science and excellence. Innovation acts as the end result of innovation - ie activities related to the transformation of research and development and other scientific and technological achievements in new or improved product introduced to the market a new or improved technological process used in practice or new approach to social services. Innovation as a result of innovation on the one hand, oriented to better meet the needs of consumers on the other – to the desired economic effect. Unfortunately, according to most experts, scientists, state of innovation activity in Ukraine is unstable [2].

Development, development, training, monitoring and justification innovation is in the process of innovation. The Law of Ukraine "On innovation activity" find a definition of "innovation" – an activity that is directed to the use and commercialization of research and development and leads to the release of new competitive goods and services [12,1].

The main reason for the decline of innovation activity of enterprises is reducing funding innovation from the state budget. Proof of this is the situation in Ukraine statistics for 2017, where innovative activity in the industry to guide enterprises only 759, or 16.2% of industrial enterprises of the country, which is 2.7% less than in 2016 (834 enterprises). Of the total number of innovation active enterprises in 2017 carried out by internal and external research – 25,3%, purchase of machinery, equipment and software - 65.9%, the acquisition of external knowledge - 5.7% Other - 22.8% companies. By economic activities the largest share of innovation active enterprises accounted for production of food, beverages, tobacco products - 22.0%.

In 2017 innovations implemented 88.5% of enterprises engaged in innovative activities, or 14.3% of industrial enterprises with those on innovation company spent 9117,54 million UAH, etc. for the purchase of machinery, equipment and software - 5898,84 million UAH, internal and external research and development – 228,48 million UAH for the

purchase of 27 other external knowledge (acquisition of new technologies) – 21,83 million UAH and other work related to the creation and introduction of innovations (expenses) - 1027,11 million UAH. The share of expenditure on the purchase of machinery, equipment and software compared to 2016 decreased from 85.3% to 64.7%. However, spending on research and development (Scientific research) increased from 10.6% in 2016 to 23.8% in 2017, the cost of acquisition of other external knowledge decreased from 0.3% to 0.2% and other costs, in t. h. on marketing and advertising increased from 3.8% to 11.3%. By economic activities most money spent on innovation activities of enterprises manufacturing machinery and equipment (1230,22 million UAH), the production of other transport equipment (1210,75 million UAH) and enterprises producing food products (1151,73 million UAH) [13].

The solution for the innovative development of economy of Ukraine may be attracting more effective funding sources (bank loans, own funds, venture capital, leasing, etc.) and implementing innovative type of industry will provide Ukraine stable economic growth, rapid technological progress and determine the country's place in the world economy.

Innovative development of enterprises is an effective counter response on emerging threats of loss of market share, constant pressure from competitors, the emergence of new technologies, reduction of product life cycles, legislative restrictions and changes in the market.

Effective innovation allows to generate competitive advantage that will allow them to operate successfully in the market [14].

In this version of innovation and innovative development - a way to use the new features (ideas, resources, etc.) to maintain or obtain new competitive advantage. In the long term, the enterprise has no choice but to conduct innovative development, which is an effective source of long-term success and hence economic security.

Economic security company - is a state system of farming, which in addition is also aimed at mobilizing all available at the company corporate resources in order to protect it (the company) from unwanted influences of the present and future time for the most effective use of these resources [14] . That system is able to organize themselves and fulfill, maintaining balance and stability while minimizing threats.

Economic security can not be defined only as a "state security" without long-term development opportunities in an innovative manner.

The economic security of the enterprise - it is his status as an economic system characterized by a combination of existing conditions

under which created and saved the company's ability to function and achieve development goals in terms of internal and external threats arising from the operation and development, through their prevention and neutralization [11, p.40].

Economic security company - as a state enterprise security from undesirable influences, both external and internal nature, the most efficient use of available resources (potential businesses) [15].

The concept of safe economic development company examined M. Kochevym as "...postupalnyy, innovative, sustainable, effective development, provided the conditions and factors in achieving the objectives of the enterprise in the long run" [16]. The main essential characteristics of this concept, in my opinion, is the focus of enterprise development to achieve its main strategic goal - increasing the market value of the company. In the above definition of our economic development is essentially identified with progressive, innovative, sustainable and effective development of the company (synonymizatsiya aforementioned concepts itself is incorrect), without any reference to the criteria of proper safety and economic security. A focus of the (safe) type of the increase in the market value of the enterprise itself not how it distinguishes it from within the understanding of management theory value oriented [17].

In general, it should be noted that a major unresolved problem today is the low technological level of production, low innovation activity of industrial enterprises, poor public financing innovation, lack of own funds for innovation, but because of the slow pace and quality of economic development in general.

To improve the situation in the sphere of innovations require immediate resolution issues: improving regulatory support for innovation; financial incentives activation of innovative processes; improving and expanding innovation infrastructure; intellectual property protection in the innovation sphere; strengthening the relationship between science and industry; providing adequate information towards balancing the supply and demand for innovations like. That is the main efforts of both state and regional authorities should focus on comprehensive fostering innovation through improved financial as well as legal and regulatory mechanisms of regulation by means of an effective innovation policy on the ground. The focus should also focus on developing (or improved existing) effective regional strategies and programs addressing innovation and institutional obstacles to their implementation [18].

Thus, in practice, the implementation of the target program of innovative development of industrial enterprises is implemented through a chain of successive interrelated investment and innovation projects. The effectiveness of the program of innovative development countries depends on the proper choice innovative development of the enterprise [19].

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## **METHODOLOGICAL APPROACH FOR ASSESSING CORPORATE SOCIAL RESPONSIBILITY ON THE BASIS OF BALANCED SCORECARD**

In socio-economic field the results of implementing corporate socially responsible (CSR) actions cannot be reduced to binary win-lose. It is important to monitor progress in CSR through a system of measurement that gives an idea of direction and rate of change over time. Development and application of a methodological approach for

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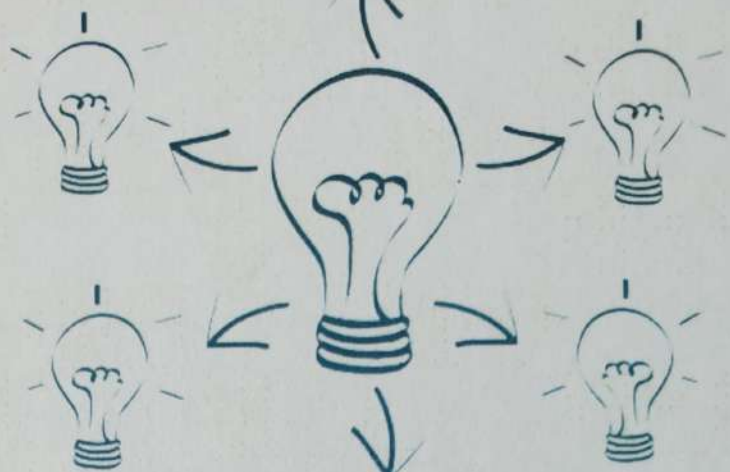
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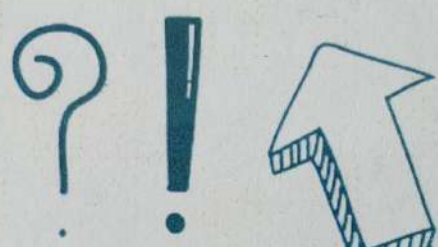
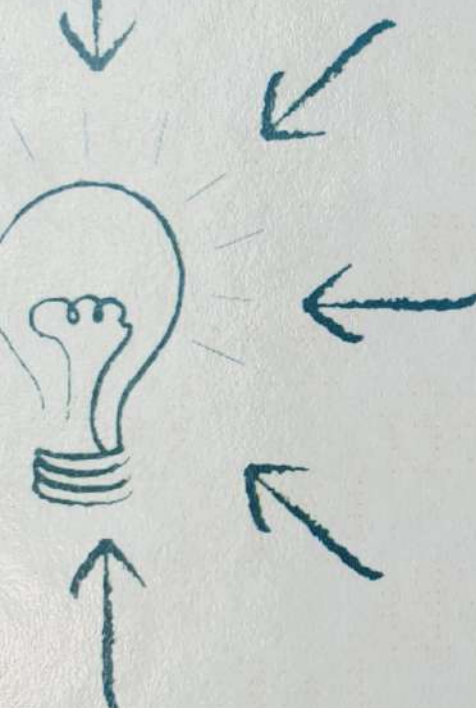
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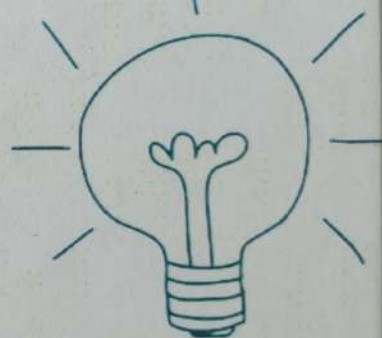
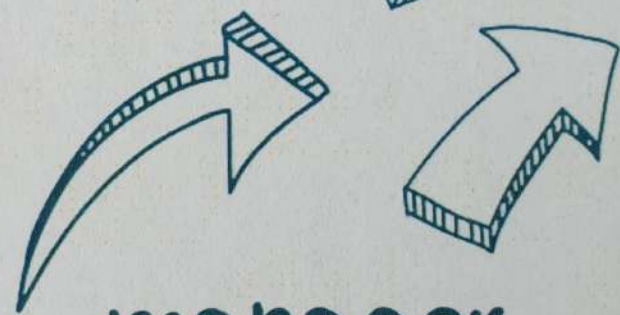
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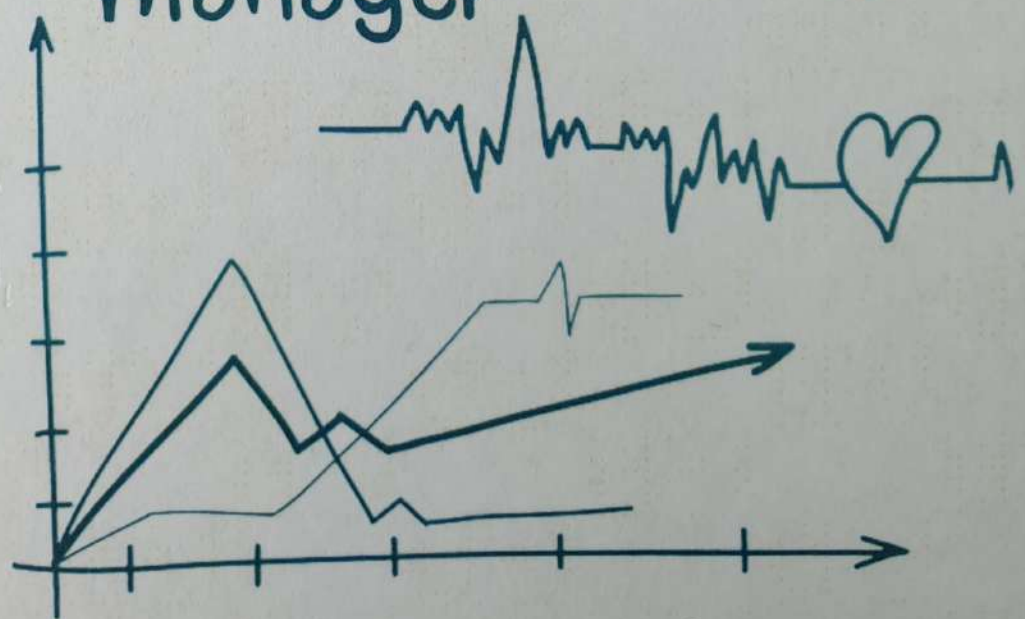


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