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INNOVATIVE POLICY OF CORPORATIONS IN MODERN CONDITIONS OF INTERNATIONAL COMPETITION

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Introduction. The dynamic development of the world economy is an integral part of the process of economic transformation of any country, which, in turn, becomes the basis for change and improvement of economic entities. The modern world is characterized by the need for constant innovation and the flexibility of companies to survive in a turbulent economy. On the one hand, this trend is the key to the development of competition in the market, which inevitably forces corporations to update their development strategies, but on the other hand, reduces the chances of emergence and development of new businesses with limited stock of material and financial assets. Thus, it is innovation that becomes the driving force of development and survival of companies in today's market.

The importance of the latest developments and innovations is not limited to the microeconomic level of specific businesses. Innovations are of great importance for the development of countries and the world community as a whole. It is well known that the national economy can develop in two directions: extensive and intensive. Extensive factors of the country's development include an increase in the mass of primary resources used in the production sphere (such as labor, land, material components), and intensive factors include improving the quality of the resources used and increasing the intensity of their use. In modern conditions, the production and provision of services due to higher employment and the involvement of new natural resources is limited. Intensive factors are crucial for the country's economy. However, staff training, productivity, quality characteristics of materials and equipment, as well as their impact is determined by the speed of innovation. According to various estimates, the contribution of STP to the growth of gross domestic product (GDP) of the most developed countries is 75-100% [1].

Overview of recent researches and publications. Many scientists around the world have studied and continue to study the nature and importance of innovation for the development of the world economy, as well as the innovation policy of companies. Among them the most famous are: Schumpeter Joseph, Hanni Candelin-Palmqvist, Birgitta Sandberg, Ulla-Maija Mylly, Ravi Jain, Harry C. Triandis, Cynthia W. Weick, Baoliang Hu, Janine Fleithde, Medeiros Jose, Luis Duarte, Ribeiro Marcelo, Nogueira Cortimiglia, Gerardo R. Ungson, Yim-Yu Wong, Dirk Meissner, Maxim Kotsemir, Jaideep Anand, Gerald McDermott, Ram Mudambi, Rajneesh Narula and others.

However, many issues still remain debatable and unresolved and need further study and analysis, as the dynamic changes that occur in the world almost every day require the adjustment of existing and the development of new theoretical views on world processes.

The aim of the article is to analyze the innovation policy of modern corporations in conditions of international competition.

Basic material and results. J. Schumpeter considered the technical process to be an important factor that allows a company to temporarily make a profit that exceeds its norm within the industry. The practice of economic development of the advanced countries of the world has proved it right. New technologies, equipment, knowledge and their use in these countries form from 70 to 85% growth of gross domestic product [2]. Innovations in production contribute to scientific and technological progress, which, in turn, due to the active implementation of innovative results, leads to significant economic growth.

A market economy characterized by fierce competition requires a special approach to innovation. Aiming to increase the efficiency of activities, innovations open wide prospects for the development of modern corporations. Successful innovation enables the company to form a positive image, increase competitiveness, use limited resources more efficiently, increase profits.

Innovative type of development has a special impact on the company's management, its goals, functions, methods, forming a special autonomous core – innovation management, which directs and regulates the whole set of innovation and investment processes in the economic system to ensure complex integration of science, production and market [3].

Innovation management provides progressive, proportionate, effective development of the system, its economic stability and security. At the same time, managers should focus their efforts on four priority areas [4]:

- transformation of technical and technological base, in particular, introduction of complex mechanization and automation of production and management;
- formation of a new staff, in particular, by improving the skills and creative activity of employees;
- innovative renewal of all spheres of activity, directions of organization of production and labor, components of management systems;
- strengthening the focus of the current system of work motivation to maintain innovation, innovation climate at the enterprise.

Innovation has become one of the priority ways to develop companies and increase their competitiveness in the market. When studying the levels of innovative development of economic entities, it is important not the absolute indicator of investment in innovation, but the quantitative and qualitative parameters of products or services, ie the result of investing in innovation. Therefore, the main focus should be on the efficiency and effectiveness of innovative investments.

In today's knowledge-based economy, it is innovation in combination with professional management that forms the basis for increasing the competitiveness and profitability of companies. In general, it can be argued that any competitiveness is based on innovation, we should only distinguish between what we are talking about – innovations in management, business models or technological novelty [5].

It is important for the company not only to develop a new product, but also to make it competitive in the market. Competitiveness of a new product (or technology) means its ability to meet the demands and requirements of the market in a certain period of time and to be sold profitably if there are offers of other similar products (or technologies) on the market.

The motives for creating and selling innovations are due to a number of factors. The main factors are:

- 1) increased competition;
- 2) changes in the production and trade process;
- 3) improvement of operations technologies;
- 4) changes in the taxation system, etc.

The purpose of the purchase of innovation is to obtain funds by the business entity in the future through the sale of new products or technologies purchased today.

The main motives for buying innovations are:

- 1) increasing the competitiveness and image of the business entity;
- 2) receiving in the future income on capital invested today.

The maximum increase in competitive advantage is possible if:

- the company has a new advanced technology;

- the firm feels significant interest from consumers;
- created optimal channels in the promotion of goods;
- there is no intense competition, etc.

At the stage of the emergence of competitive advantage, the firm must define its concept and invest in the most important elements of the strategic and innovative potential of the firm. At the stage of accelerated increase of competitive advantage, the firm's strategy should be based on radical transformations, the creation of a system of relationships with partners, suppliers, consumers and others.

The current state of the world economy is characterized by clear changes in outdated views on methods and ways of doing business. Top management of companies focuses on maximizing customer satisfaction, keeping them in the base of regular customers, rather than simply increasing production. Turbulence has become the basis of all human activities. Thus, in order to maintain a competitive position in the market, even the giants of the industry are forced to resort to constant quality renewal of their activities.

Financial stability, quality products, qualified staff, market value of shares, all these are components of the company's competitive advantage (key success factors). Key success factors are a list of factors specific to a particular industry that bring it an advantage over other industries, as well as some companies in the industry over others. These factors vary depending on the characteristics of industries, market segments served, time and stage of the life cycle of the industry and enterprise. The key success factors are based on the following: scientific and technical levels of production and product, levels of marketing and management, organizational and technical levels of production processes, financial and economic levels of the enterprise, qualification levels of staff and more. Each industry has its own specific requirements for the combination of these factors, but for a prosperous enterprise of any industry, each of them can be a tool to win the competition for survival in the market [6].

All key success factors of the company are unique and are created due to the innovations of this company. However, the idea that innovation is just the number of patents for new products or services is wrong. Often innovations are the product of intangible areas of activity. One of such areas is the company's management.

In strategic management, competitiveness is often considered in two aspects [7]:

1) the competitiveness of the product (product), ie the degree of its compliance at a given time with the requirements of target groups of consumers or the selected market for the most important characteristics: technical, economic, environmental, etc.;

2) competitiveness of the enterprise is the level of its competence in relation to other competing enterprises in the accumulation and use of production potential of a certain direction, as well as its individual components: technology, resources, management (especially – strategic current planning), skills and knowledge of staff, etc. expression in such result indicators as: product quality, profitability, productivity, etc.

Usually innovations in the field of product competitiveness are associated with inventions. But we must take into account the existence of product and service innovations, because it is innovation in approaches to sales allows companies – commercial organizations, whose main purpose is to carry out economic activities (production, trade, brokerage, financial, insurance, etc.) – to generate profits without creating new product.

The essence of the company's innovation is revealed in the interaction of two main forms: physical (as a product) and dynamic (as innovative development). Competitive products are the result of the functioning of a competitive organization capable of creating, manufacturing and providing the required level of consumption for customers. The competitiveness of the organization is not its constant characteristic, it determines the ability to compete successfully, to resist in a certain period of the main competitors. With the changes in the external and internal environments, the comparative competitive advantages over other enterprises in the industry also change. Based on this, it can be argued that the competitiveness of the organization is a relative concept, because it can be determined only on the basis of comparing individual characteristics of the enterprise with the characteristics of other, similar firms [8].

The competitiveness of an enterprise depends on the object of comparison, as well as on the factors used to assess competitiveness. We can not talk about the absolute competitiveness of the enterprise: it can be “number one” in its field in the national economy and be uncompetitive in international markets.

Thus, the bulk of innovation is realized in a market economy by business structures as a means of solving production, commercial problems, as the most important factor in ensuring the stability of their operation, economic growth and competitiveness. Innovation is always focused on the market, on a specific consumer or need. In this regard, innovation must be novel, meet market demand and bring profit to the manufacturer. The purpose of innovation is to increase the return on investment.

Significant current global trends in the introduction of innovations by companies are related to the following [9]:

- 1) due to the rapid change in consumer needs, most companies are unable to grow and are forced to leave the market after two years of operation;
- 2) one tenth of the list of the 500 most successful companies in the world is updated annually (this rotation means that 10% of new companies appear, displacing market leaders due to competition);
- 3) the vast majority of companies are not able to maintain the growth of shareholder yields above average;
- 4) out of ten innovative projects, two fail, six “go to zero” and only two “ignite” the market.

It is necessary to distinguish between innovations and any minor changes in products and processes. Of great importance is such an indicator as the novelty of innovation. It is evaluated by technological parameters, as well as from market positions. With this in mind, the classification of innovations is built [10]:

- 1) depending on the technological parameters, innovation are divided into product and process:
 - product innovations include the use of new materials, new semi-finished products and components, obtaining fundamentally new products;
 - process innovations mean new methods of organization of production and can be associated with the creation of new organizational structures within the enterprise.
- 2) by type of novelty for the market there are:
 - new to the industry in the world;
 - new to the industry in the country;
 - new for the certain enterprise (groups of enterprises).
- 3) depending on the depth of change, innovation is divided into:
 - radical (basic) – the emergence of a new method of production or previously unknown product, which initiates or gives impetus to the development of a new industry, such as the invention of the steam engine, nuclear energy, radio, semiconductors, etc.;
 - improving – the introduction of new types of production that realize the innovative potential of basic innovation; they make it possible to distribute and improve the basic generations of equipment, create new models of machines and materials, improve the parameters of products;
 - modification – innovations that companies are involved in a technological process or product to delay the decline in profits and extend the life cycle of improving innovation, such as changing the design of the product, the material from which it is made, changing the way of advertising.

Innovation can be considered as a process with the use in terminological circulation of the concept of “innovation process”. Innovation process – a set of scientific and technical, technological and organizational changes that occur in the implementation of innovations. Dissemination of innovations, as well as their creation, is a component of the innovation process. There are simple natural, simple inter-organizational (commodity) and advanced innovation process [11]:

- a simple intra-organizational (natural) innovation process involves the creation and use of innovations within one organization. The innovation does not directly take the form of goods;
- in the case of a simple inter-organizational innovation process, innovations become the subject of sale in the relationship between producers and consumers. This form of innovation process means the separation of the functions of the creator and producer of innovation from the functions of its consumer;
- extended innovation process is manifested in the emergence of new manufacturers of innovation or in cases of violation of the monopoly of the pioneer manufacturer. In the conditions of commodity innovation process there are at least two economic entities: producer (creator) and consumer (user) of innovation. If the innovation is a technological process, its producer and consumer can be combined into one business entity.

The use of one or another type of organization of the innovation process in firms and corporations depends on three factors: the state of the sphere of the economic system that carries out innovations (market type, social psychology, etc.); the state of the internal environment of the economic system (financial and material resources, application of technology, etc.); specifics of the scientific and technical innovation process as an object of management. In general, the generalized logical model of the innovation process is based on two strategic lines: the growth of social needs and the development of science and technology.

To organize the management of a complex innovation process requires the structuring of this process, ie its division into certain components. In general, the scheme of structuring is usually formulated as follows: research – development – production – marketing – sales (Figure 1).

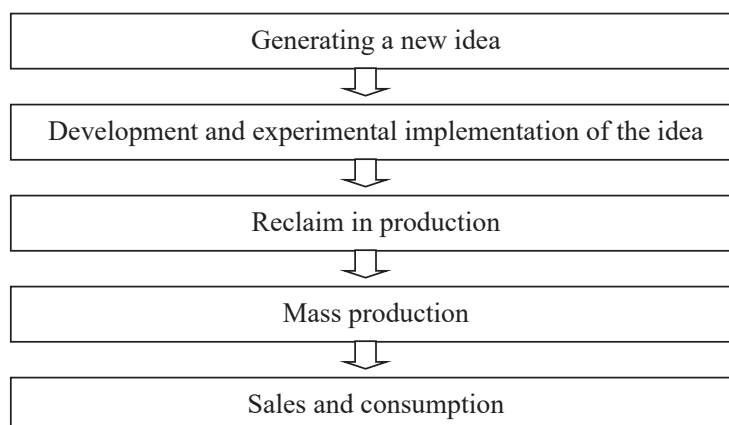


Figure 1. Stages of the innovation process

Source: compiled according to the Meissner D., Kotsemir, M. [8]

Innovations are scientific and technical, technological, economic and organizational changes in production, different from existing practices and aimed at improving the production process in order to ensure competitiveness. Under modern conditions, to increase the competitiveness of enterprises, it is necessary to apply an innovative policy of their activities. There are two models of innovation policy in the world – American and Japanese. American is based on the highest autonomy of the enterprise, the principle of free competition and market regulation by large international corporations. The Japanese model provides for the allocation of technological priorities by the state by stimulating not individual industries, but specific technologies [12].

It should be noted that scientific and technological progress, accelerating the development of information and communication technologies, transport and transportation, contributes to the growth of international contacts, connecting the hemispheres and continents of the world. Among the innovative characteristics of the processes of globalization are the intellectualization of world production, investment globalism and more. Similarly, innovation processes are transformed under the influence of global changes. Peculiarities of innovative development are due to such factors as globalization of demand for high-tech products, internationalization of scientific and research activities, increasing technological development, increasing the level of complexity of scientific developments, increasing the share of investment costs aimed at human capital development and innovation. An important global trend is the globalization of innovation, including research. Changes in the global functioning of organizations affect the choice of priorities in the development and implementation of innovations, as well as in approaches to strategic management of innovation.

Conclusions. Therefore, in order to maintain a competitive position in the market in a turbulent economy, companies must take care of the constant renewal of their economic activities. Thus innovations are a product not only of technological developments, but also qualitative updating of management processes at the enterprise. However, it should be noted that despite the importance of innovation, not every company can afford to conduct research, which in the long run will be embodied in innovation due to their high cost and limited own resources. As a rule, only large corporations have their own research departments, and small and medium-sized companies buy ready-made results from specialized companies. Innovation is a determining factor in the competitiveness of modern corporations, but focusing on them, each company must objectively assess its potential and capabilities. Thus, innovative development provides opportunities to create a quality competitive environment by increasing the impact of scientific and technological progress on the world market, but increases the risks for companies that have a low share of innovation or their short-term advantage.

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Nataliia Bezrukova, Ph.D. (Economics), Associate Professor, National University “Yuri Kondratyuk Poltava Polytechnic”. **Vitalii Svichkar**, Ph.D. (Economics), Associate Professor, National University “Yuri Kondratyuk Poltava Polytechnic”. **Yuliia Riznyk**, Applicant of the second level of higher education, National University “Yuri Kondratyuk Poltava Polytechnic”. **Innovative policy of corporations in modern conditions of international competition.**

The article analyzes the peculiarities of the implementation of companies' innovation policy in terms of increasing competition. It is noted that the modern world economy is characterized by the need for constant innovation and flexibility of companies to survive in a turbulent environment. It is innovation that becomes the driving force of development and survival of companies in today's market. The importance of the latest developments and innovations is not limited to the microeconomic level of specific businesses. Innovations are of great importance for the development of countries and the world community as a whole. The aim of the article is to analyze the innovation policy of modern corporations in conditions of international competition. A market economy, characterized by fierce competition, requires a special approach to innovation. Aiming to increase the efficiency of activities, innovations open wide prospects for the development of modern corporations. Successful innovation enables the company to form a positive image, increase competitiveness, use limited resources more efficiently, increase profits. The article emphasizes that the innovative type of development has a special impact on the company's management, its goals, functions, methods, forming a special autonomous core – innovation management, which directs and regulates the whole set of innovation and investment processes in the economic system to ensure complex integration science, production and market. It is noted that it is important for the company not only to develop a new product, but also to make it competitive in the market. Competitiveness of a new product (or technology) means its ability to meet the demands and requirements of the market in a certain period of time and to be sold profitably if there are offers of other similar products (or technologies) on the market. The work highlights the motives for creating and selling innovations and the factors that determine them. The main motives for buying innovations are outlined. The current state of the world economy is characterized by clear changes in outdated views on methods and ways of doing business. Turbulence has become the basis of all human activities. Thus, in order to maintain a competitive position in the market, even the giants of the industry are forced to resort to constant quality renewal of their activities. The article highlights significant modern world trends in the introduction of innovations by companies. Two models of innovation policy are described – American and Japanese. In conclusion, it can be noted that scientific and technological progress, accelerating the development of information and communication technologies, transport and transportation, contributes to the growth of international contacts, connecting the hemispheres and continents of the world. In order to maintain a competitive position in the market in a turbulent economy, companies must take care of the constant renewal of their economic activities. Thus innovations are a product not only of technological developments, but also qualitative updating of management processes at the enterprise.

Key words: innovation, innovation policy, international competition, transnational corporations, national economy.

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Проаналізовано особливості реалізації інноваційної політики компаній в умовах посилення конкурентної боротьби. Зазначено, що сучасна світова економіка характеризується потребою в постійних інноваціях та гнучкості компаній задля виживання у турбулентному середовищі. Саме інновації стають рушійною силою розвитку і виживання компаній в умовах сучасного ринку. Важливість новітніх розробок і нововведень не обмежується лише мікроекономічним рівнем конкретних суб'єктів господарювання. Велике значення інновації мають для розвитку країн і світової спільноти в цілому. Метою статті є аналіз інноваційної політики сучасних корпорацій в умовах міжнародної конкуренції. Ринкова економіка, якій притаманна гостра конкурентна боротьба, вимагає особливого підходу до інновацій. Маючи на меті підвищення ефективності діяльності, інновації відкривають широкі перспективи для розвитку сучасних корпорацій. Успішна інноваційна діяльність дає можливість компанії сформувати позитивний імідж, підвищити конкурентоспроможність, ефективніше використовувати обмежені ресурси, збільшити прибуток. Наголошено, що інноваційний тип розвитку накладає особливий відбиток на менеджмент компанії, його цілі, функції, методи, формуючи в його складі особливе автономне ядро – інноваційний менеджмент, що спрямовує і регулює всю сукупність інноваційно-інвестиційних процесів у господарській системі для забезпечення складної інтеграції науки, виробництва і ринку. Зазначено, що для компанії важливо розробити не лише новий продукт, а й зробити його конкурентоспроможним на ринку. Конкурентоздатність нового продукту (чи технології) означає здатність його у визначений період часу відповідати запитам і вимогам ринку і бути вигідно проданим при наявності на ринку пропозицій інших аналогічних продуктів (чи технологій). В роботі виділені мотиви створення і продажу інновацій та фактори, якими вони обумовлені. Окреслені основні мотиви покупки інновацій. Сучасний стан світової економіки характеризується чіткими змінами застарілих поглядів на методи і способи ведення бізнесу. Турбулентність стала основою всіх видів діяльності людства. Таким чином, задля утримання конкурентних позицій на ринку, навіть гіганти індустрії вимушені вдаватися до постійного якісного оновлення своєї діяльності. Виділені значущі сучасні світові тенденції впровадження компаніями інновацій. Охарактеризовано дві моделі інноваційної політики – американська та японська. Як висновок, можна зазначити, що науково-технічний прогрес, прискорюючи розвиток інформаційно-комунікаційних технологій, сфери транспорту та перевезень, сприяє зростанню кількості міжнародних контактів, поєднуючи півкулі та материки світу. Задля утримання конкурентних позицій на ринку в умовах турбулентної економіки компанії мають дбати про постійне оновлення своєї господарської діяльності. При цьому інновації є продуктом не лише технологічних розробок, а й якісного оновлення процесів управління на підприємстві.

Ключові слова: інновації, інноваційна політика, міжнародна конкуренція, транснаціональні корпорації, національна економіка.