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CREATION OF MECHANISM FOR INTENSIFICATION OF INDUSTRIAL ENTERPRISES' EFFECTIVE INNOVATIVE DEVELOPMENT

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In the article, the components of the organizational and economic mechanism for intensification of industrial enterprises' innovative development are suggested. The model of creation of the economic mechanism for industrial enterprises' innovation activity (IA) is improved. It is established that the difference between the economic mechanism (EM) and the organizational mechanism (OM) lies in the fact that the former aims to achieve goals by regulation of financial, production, technological, innovation and marketing activities, management of enterprise's development, but it does not involve planning, organization, causes, IA strategy development, ownership form determination, implementation of measures to improve enterprise's resource availability, methods and techniques of IA decisions-making and implementation.

ФОРМУВАННЯ МЕХАНІЗМУ АКТИВІЗАЦІЇ ЕФЕКТИВНОГО ІННОВАЦІЙНОГО РОЗВИТКУ ПРОМИСЛОВИХ ПІДПРИЄМСТВ

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Ключові слова:

активізація,
інноваційний розвиток,
економічний механізм,
елементи, інновації, управління,
ефект, напрями, ефективність

Метою статті є розробка складових організаційно-економічного механізму активізації інноваційного розвитку промислових підприємств та удосконалення моделі побудови економічного механізму інноваційної діяльності (ІД) промислових підприємств. Об'єктом дослідження є механізму активізації ефективного інноваційного розвитку промислових підприємств. Запропоновано складові організаційно-економічного механізму активізації інноваційного розвитку промислових підприємств. Удосконалено модель побудови економічного механізму інноваційної діяльності (ІД) промислових підприємств. Встановлено, що відмінністю економічного механізму (ЕМ) від організаційного (ОМ) є те, що від спрямований на досягнення цілей шляхом регулювання фінансової, виробничої, технологічної, інноваційної, маркетингової діяльності, управління розвитком підприємства та не охоплює планування, організацію, мотивацію, розробку стратегій ІД, визначення форм власності, здійснення заходів щодо покращення забезпеченості підприємства ресурсами, методи і способи прийняття рішень ІД та їх реалізації.

Purpose of the article

To suggest the components of the organizational and economic mechanism for intensification of industrial enterprises' innovative development.

Problem statement

The relevance of studying this issue is explained by the fact that most enterprises strive to achieve high indices of economic development, which is possible provided that

the credit system, financial security and organization of the production process are effective. However, introduction of innovations at enterprises is rather slow due to a lack of knowledge on application of innovations, lack of financial resources and failure to meet the goals set. The main way to develop an enterprise’s IA is to use a mechanism to manage this activity, which will enable achievement of goals and control over the process of strategy implementation.

Analysis of the sources used

Quite an interesting approach to the development of the IA economic mechanism was used by O.A. Kyryk [1, p. 39–43; 2, p. 75–76], who considered it as a set of methods, principles and means to be applied in implementation of innovation activities, which enables improvement of innovative development, introduction of innovative technologies in order to meet consumer needs and strengthen competitive positions on the market. S.O. Tyvonchuk and Ya.O. Tyvonchuk [3, p. 101–104] developed the approaches to formation of an intensification mechanism for enterprise’s innovative development, which will help to overcome a technological gap, introduce innovations in production and organize innovation activities. The authors considered the stages of increasing the innovations application efficiency as the premises for innovative development improvement, including feasibility of innovations involvement; collection and processing of information on the existing innovations; analysis of the resources availability, identification of environmental factors’ impact and definition of product markets; innovation strategy implementation, application of innovations; monitoring, evaluation of results.

Results

S.O. Tyvonchuk and Ya.O. Tyvonchuk determined the following elements of the mechanism (Fig. 1): objects, subjects; public administration; business structures; partnership; functions (planning, organization, motivation, control); methods (insurance, crediting, price adjustment,

state control, tax pressure); factors that contribute to innovative development; areas of the mechanism application; legislative framework; tools for the mechanism adoption. The mechanism adoption will promote innovation activities, production of innovation products in accordance with consumer needs, establishment of partnership enterprises, but the authors did not address the issues of innovation strategies selection, their implementation and feasibility of forecasting the innovative development results.

The components of the economic mechanism suggested by O.A. Kyryk are as follows: functions, principles, methods, interests and elements. The elements of the IA economic mechanism are as follows (Fig. 2): financing of innovative development; innovation management; marketing; government assistance; search for innovations; application of innovations; development of innovation projects. We should note that the economic mechanism application will assist with the IA adaption to environmental factors’ variability, satisfaction of the company owners’ needs, application of innovation strategy and making effective innovative decisions. The disadvantage of the analysed approach consists in non-consideration of the stages of innovative development forecast, implementation of IA public administration and application of tools for the mechanism implementation when building the mechanism.

Another scholar, I.M. Kipiuro, suggested a model for building the organizational and economic mechanism for investment and innovation development, which is based on application of methods, levers, tools, organizational and economic principles, and adjustment of development areas in order to obtain positive results [4, p. 46–48]. The organizational and economic mechanism is based on four blocks, namely: assessment of the prospects for IA development (analysis of the level of the enterprise’s investment activity, research of the impact of external environment on IA, assessment of resource availability, establishment of prospects for innovative development, calculation of IA efficiency); application of tools (insurance, tax obligations, legislation, causes, marketing, pricing,

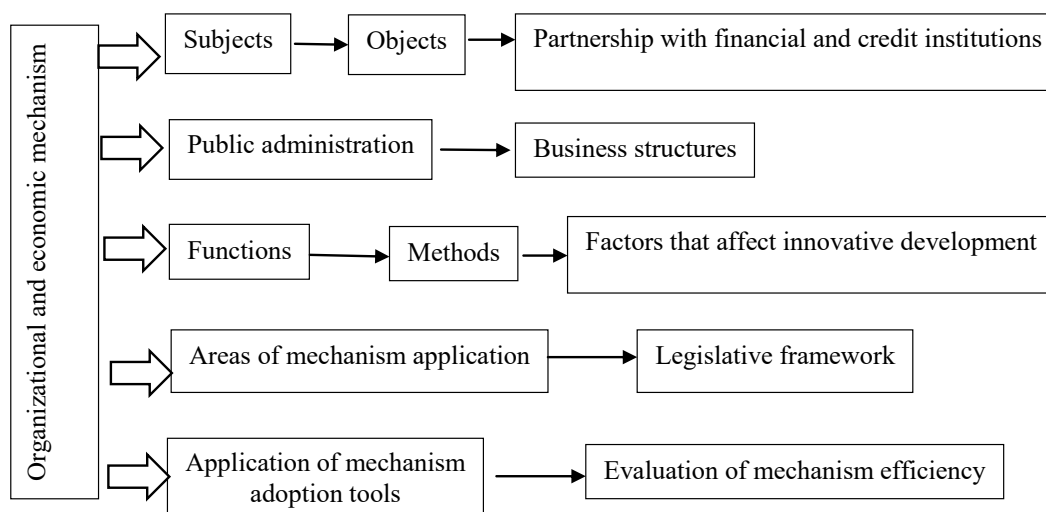


Fig. 1 – The components of the organizational and economic mechanism for innovative development intensification
Source: developed by the author on the basis of the [3, p. 101–104]

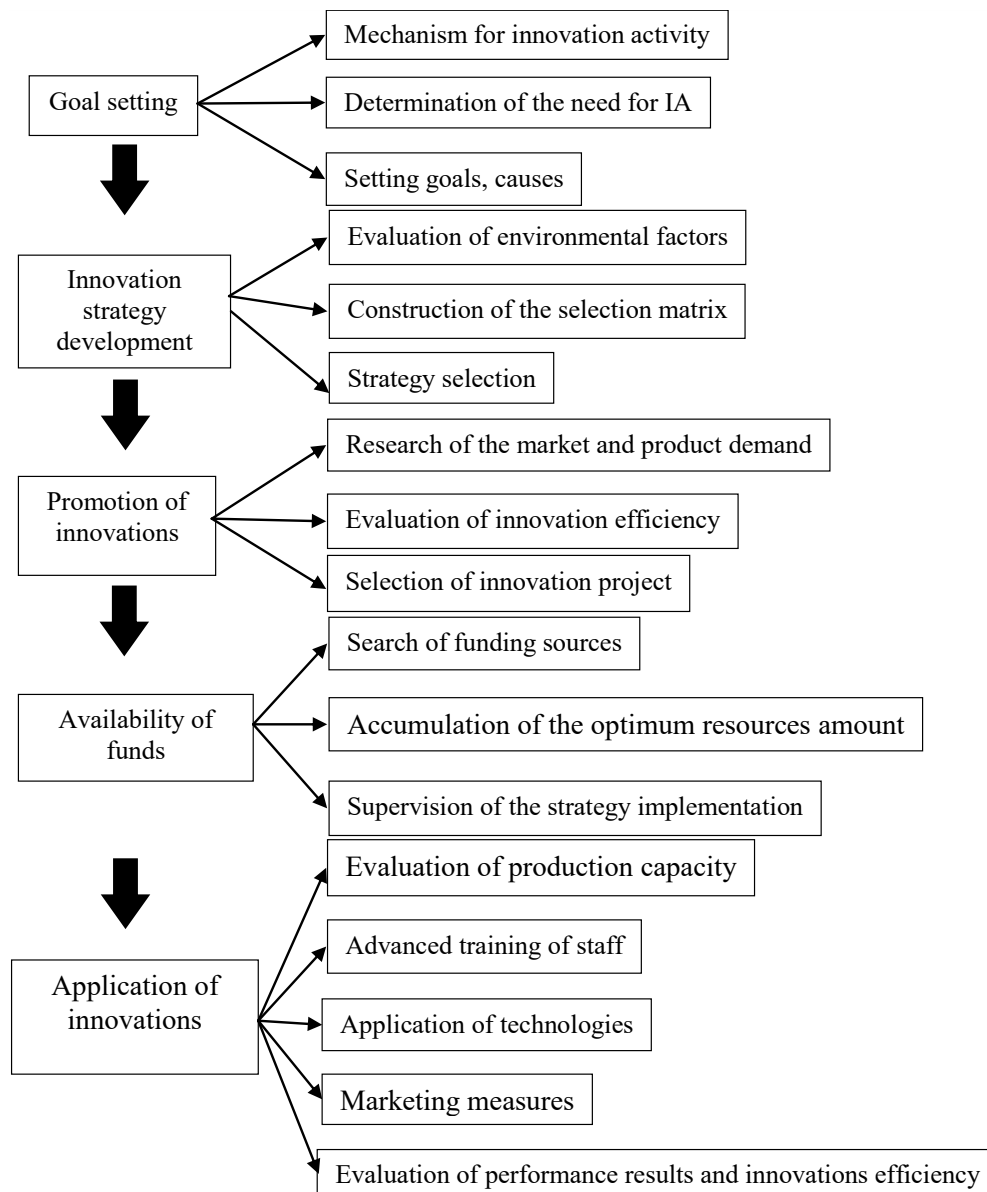


Fig. 2 – The model of building the economic mechanism for innovation activity

Source: developed by the author on the basis of the [2, p. 75–76]

forecasting, financial assistance); investment security (borrowed funds, investment resources, own resources, subsidies); functional purpose (mechanism adjustment, supervision of innovative development, application of principles, analysis of the dynamics of investment and innovation activities). The advantage of this approach lies in the ability to increase the enterprise’s competitiveness, modernize production and improve IA development.

Based on the generalization of the scientists’ approaches, it was established that there is no effective mechanism for IA development. Consequently, the existing mechanisms are ineffective for industrial enterprises. The IA organizational and economic mechanisms under analysis do not determine the expediency of constructing economic mechanism as a separate component of business mechanism, of distinguishing organizational and economic

mechanisms, target orientation of the mechanism and expected economic effect to be obtained with the EM application. The subsystem of mechanism development and application, investment orientation and sequence of implementation in practice of industrial enterprises are not covered as well. Therefore, we considered it necessary to make additions to the economic mechanism of innovation activity [5, p. 6–7].

Conclusions

Thus, we have improved the economic mechanism of the industrial enterprise’s innovation activity, which, unlike the existing ones, is a complex separate, adjusted, dynamic system based on economic, financial, technological, production, marketing, and legislative tools that affect IA implementation. The mechanism includes

information, social, and environmental components, contains functions, principles and methods, depends on implementation of the enterprise's management process and application of technological developments and innovation; it enables regulation of economic relations between business entities provided that IA subjects and objects interact, the influence of factors on EM development and IA improvement is considered; it permits creation, application and distribution of innovative developments, improvement of innovation activity as well as obtaining total economic effect. The mechanism is a regulated and developed tool for carrying out innovation activities, which is aimed at achieving the goal set on the basis of IA

strategy implementation in accordance with the specified conditions for activities and innovative development both of enterprise and society; it takes into account the impact of competitive environment and interacts with the methods of innovation management; it is an integral part of the enterprise's economic mechanism.

The advantage of the improved economic mechanism of IA is that it uses methods, principles and standards of activity, identifies areas of innovation and takes into account the possibility of changing the activity goals in order to obtain the expected results, encourage employees and raising interest in goods production and business process organization.

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