

Svetlana SAVINA

Vinnitsia National Agrarian University
rector@vsau.org

Functions, Models, and Forms of the Innovative Development of a Company

ABSTRACT

The article contains a study of the dependence of the enterprise on the competitiveness of its innovative activity.

Experts highlight factors refraining the innovative development of production: the absence of financing (85.7%); high expenses (40.3%); considerable credit rates (38.7%); a significant economic risk (24.1%); problems concerning raw materials (29.2%); the imperfect legislative framework (31.5%). In Vinnitsia region there has been a tendency of the decrease of a general amount of innovative expenses of light industry companies during the last years. As a result of the innovative activity next structural forms may be highlighted: the reduction of transactional and operational costs; the re-projection and the expansion of the nomenclature of company products; the optimization of an organizational and managerial structure of a company; the creation of a quality system; the certification according to appropriate standards.

The formation of innovation development mechanism of light industry companies contemplates the complex implementation of the topical achievements of science and techniques (innovations) in a production and managerial activity and should be based on such conceptual principles: — resource provision: the existence of an appropriate amount of material, labor, technical, applied, and infrastructural opportunities of companies for implementation of innovations and realization of system changes; — efficiency: the dynamic reduction of non-production costs, the increase of incomes of realization of products manufactured on the basis of new technologies; the expansion and strengthening rival positions of a company in a market; — balance: the existence of balanced system of the quantitative and qualitative estimation of a finance and economic activity and of the estimation of efficiency of innovation implementation and system changes; — controllability: the compliance of a factual state of an innovative process with a project one, which is planned after processes of the management system change; — coherence: the synchronization of implementation of innovative processes and technologies with essential organizational changes according to time, terms, and resources. Taking into consideration the done research the author may conclude that the provision of high competitiveness of a light industry company is possible in terms of the formation of effective management system of its innovation and investment development with account for all essential requirements and principles.

Key words: *innovation, light industry, innovation process, evaluation of the implementation of innovations; manageability of innovation.*

Introduction. Under conditions of the development of market relationships, the increasing uncertainty, and an increasing risk the efficiency of an economic activity and a high level of competitiveness of companies significantly depend on a level of innovative activity of a company.

Analysis of the last researches and publications. Theoretical matters of the innovative activity have been examined in working papers of foreign scientists-economists, among which are H. Barnett, P. Drucker, E. Mansfield, G. Manshey, B. Santo, R. Solow, B. Twiss, A. Toffler, W. Hartman, E. von Hippel, and J. Schumpeter. Examination of peculiarities of the innovative processes in Ukraine is performed by famous Ukrainian scientists such as V. Andreichuk, L. Bezchasnyi, V. Besedin, S. Valdaitsev, A. Halchynskiy, V. Heets, A. Datsii, M. Nuzhnii, N. Kondratiev, A. Lapko, Yu. Nikolenko, D. Stechenko, V. Trehobchuk, A. Yuzefovych, M. Yakubovskiy etc. However, there is a need of further research of matters of the construction of a structure of a modern innovative system and the improvement of an organizational and economic mechanism of innovative management.

A purpose of the article is to research factors, principles, and functions of the innovative development mechanism of light industry companies.

Presentation of the Main Material of Research. In scientific literature the innovative development of a company is considered as:

- a process of economic activity (Illiasenko, 2005, p. 132);
- a set of relationships (Zaglumina, 2010);
- a way, a basis of which is strengthening the compatibility of a company, its sub-systems, and goals of each person (Pidkaminnii, & Tsipurinda);
- a process of a purposeful movement to a balanced innovative state under an influence of a synergetic activity of external or internal factors (Piliavoz, 2012);
- the structural enhancement of a financial and economic activity (Zaiukova, 2008).

Experts highlight factors refraining the innovative development of production: the absence of financing (85.7%); high expenses (40.3%); considerable credit rates (38.7%); a significant economic risk (24.1%); problems concerning raw materials (29.2%); the imperfect legislative framework (31.5%) (Androshchuk, 2005).

In scientific literature three forms of the innovative process are considered:

- a simple internal organizational innovative process;
- a simple inter-organizational (product) process containing two stages: the first one contemplates a set of stages of scientific and research works, experimental production and distribution, and commercial production; the second one contemplates the allocation of a socially beneficial effect between developers of innovations and between producers and customers;
- an expended process is expressed in a form of new innovative producers, of the violation of the monopoly of an initial pro-

ducer conducting to the improvement of consuming qualities of a product with the help of the mutual competition.

In Vinnytsia region there has been a tendency of the decrease of a general amount of innovative expenses of light industry companies during the last years.

As a result of the innovative activity next structural forms may be highlighted: the reduction of transactional and operational costs; the re-projection and the expansion of the nomenclature of company products; the optimization of an organizational and managerial structure of a company; the creation of a quality system; the certification according to appropriate standards (Table 1).

Table 1
Characterization of Possible Structural Changes.

Form of changes	Characterization of changes
Modernization	Improvement, renovation of production potential of a company in order to adjust it to modern requirements, norms, and technical terms, of quality figures; substitution of morally and physically depreciated equipment; process automatization enhancement; energy consumption decrease.
Technical re-equipment	A complex of technical and organizational measures regarding enhancement of technical and economic level of some manufactories, workshops, and sectors containing a possibility of partial re-building and expansion of present objects or implementation of new objects, improvement of a general factory economic system and assistant services in order to enhance competitive positions of companies in a market on account of qualitative improvement of products (works, services) and expansion of nomenclature.
Reconstruction of structural components of a company	Reconstruction can be a form of performance of capital building at a company. It is executed according to a specially developed project, has a temperate character, and directed to general or partial re-equipment and re-organization of production under considerable coverage of a passive share of fixed capital.
Re-engineering	Enhancement of general efficiency of economic processes contemplating re-projecting of internal relations of companies (in some cases a radical one) and simultaneous preservation of the main crews of an organizational structure; change of management style, delegation of responsibility, expansion of rights of structural crews and single employees; stimulation of a creative activity aimed at reduction of costs, enhancement of service quality and a speed of partner servicing etc.
Re-structurization	Significant re-organization of a production structure and organization of management within a company; change of an organizational structure and a system of management in general; change of organizational strategy; re-specialization of production departments; implementation of modern systems of analytical processing of data and of automatized expert systems of decision making.
Re-organization	A complex of the most radical changes (separation, connexion, segregation, reduction etc.), which are characterized by re-organization of a legal entity in order to obtain additional and aggregated effect of a change of structure of main and additional capital, restructurization of balance, elimination of duplication of powers and functions, reduction of operational costs under increase of a production amount, and usage of scale effect etc.

Source: composited and complemented by the author, using (Zaglumina, 2010); (Solokha, Kas'ianova, & Moreva, 2013, p. 128).

The formation of innovation development mechanism of light industry companies contemplates the complex implementation of the topical achievements of science and techniques (innovations) in a production and managerial activity and should be based on such conceptual principles:

- resource provision: the existence of an appropriate amount of material, labor, technical, applied, and infrastructural opportunities of companies for implementation of innovations and realization of system changes;
- efficiency: the dynamic reduction of non-production costs, the increase of incomes of realization of products manufactured on the basis of new technologies; the expansion and strengthening rival positions of a company in a market;
- balance: the existence of balanced system of the quantitative and qualitative estimation of a finance and economic activity and of the estimation of efficiency of innovation implementation and system changes;
- controllability: the compliance of a factual state of an innovative process with a project one, which is planned after processes of the management system change;
- coherence: the synchronization of implementation of innovative processes and technologies with essential organizational changes according to time, terms, and resources.

The innovative development of an economic mechanism should be performed in compliance with principles of systemacy, adaptiveness, dynamism, self-organization, self-regulation, efficiency, controllability, balance, dimension, self-development, uncertainty.

In the formation and the change of directions of innovative development of an economic mechanism of light industry companies there is a need to take into account a set of factors determining opportunities of their realization. They may be divided into two groups: factors influencing the innovative development of an external environment; factors influencing the innovative development of an internal environment of a company (Table 2).

On my opinion, the next factors have a peculiar significance for the effective innovative development of light industry companies: the compliance of company products with demands of consumers; the instability of development of economic processes of external and internal environments; levels of internal environment (the provision with resources, a financial and economic position of a company, the existence of a highly qualified staff); a high level of competition of light industry products in a market.

Table 2

Factors Influencing the Innovative Development of an Economic Mechanism of Light Industry Companies.

No.	Type of factors	Factors of influence	Factors facilitating the development	Factors refraining the development
Factors of the external environment influence				
1	Factors characterizing a level of rival in a market	conjuncture of a market, dynamics of development of rival producers, conjuncture of development of external markets	development of competition, high demand for innovative products, increase of consumer solvency	high economic risk, absence of information in markets
2	Financial and economic factors	a system of bank crediting, a level of inflation, a state of security market, taxation system	a developed system of preferential taxation and crediting, insurance of innovative risks	insufficient quantity and diversity of sources of financing, absence of an optimal level of taxation
3	Factors stipulated by a level of technical and economic progress	a beneficial innovative climate, development of cluster unions, acceleration of a process of transferring of results and developments	a high level of the scientific and technical development, international scientific and technical cooperation; developed system of an innovative infrastructure	absence of reliable informational basis for innovative developments, a long period of recoupment of innovations
Factors of the internal environment influence				
1	Factors of current functioning of a company	a production, marketing, logistics, distribution activity; implementation of resource-saving technologies	existence of reserves of different types of resources for occurrence of innovative development	lack of own funds and resources, orientation on sustainable markets, high economic risk
2	Factors of company strategic development	perspective planning of technical development of a company and its production basis	existence of a flexible system of management, international scientific and technological cooperation, formation of task-oriented groups	orientation on sustainable markets, on short-term recoupment, absence of information on markets
3	Factors of a social position of a company	a moral and psychological climate, a system of motivation in attainment of mutual goals of production	developed system of material encouragements concerning implementation of innovative developments	absence of material incentives and conditions of creative work

Source: developed by the author, using (Gavrilko, Kolodiichuk, & Chertorizhs'kii, 2011), (Gorodis'kii, 2009), (Kostiuk, & Boiarinova, 2011).

The system of management of innovative development of light industry company economic mechanism should provide the execution of a set of functions (Table 3).

Table 3

Functions of Management of the Innovative and Investment Development of the Economic Mechanism of Milk Industry Companies.

No.	Type of managerial function	Content of a managerial function
1	Monitoring of an external environment	Analysis of current market conjuncture, factors determining conjuncture, a prognostication of conjuncture development
2	Analysis of a company internal state	Analysis of results of an activity, calculation of company activity efficiency, determination of company's strong and weak features, substantiation of its development tendencies
3	Choice of directions and variants of innovative development of company economic mechanism	On the basis of SWOT-analysis method to determine external influences and threats, strong and weak features of a company activity
4	Formation of a purposeful market to realize projects of innovative and investment development	Choice of purposeful segments or fields of a market for variants of innovative and investment development
5	Analysis and quantitative estimation of risks at stages of innovative and investment development	Usage of methods and models of accounting of possible risks to make and to correct managerial decisions
6	Formation of perspective directions of innovation and investment development	Formation of a system of purposes, prior tasks for current and long-term innovation and investment development
7	Formation of a management structure of innovation and investment development	Formation of an optimal organizational structure of a management system in accordance with a system of formulated goals and tasks
8	Planning of an activity on chosen directions of innovation and investment development	Development of perspective and current plans, determination of financing sources, formation of optimal investment structure
9	Control over a process of execution of tasks of innovation and investment development	Indication and elimination of causes of deviations from a confirmed program of innovation and investment development (according to terms, amounts etc.)
10	Development of managerial decisions on search of new directions of innovation and investment development	Preparation of decisions on correction and change of priorities of an activity, on development of new variants of innovative development

Composited by the author, using (Illiashenko, 2004, p.157), (Illiashenko, 2005, p.124).

The mechanism of light industry innovative development should solve a set of tasks, provide effective development of a company and the increase of its competitiveness: the permanent renovation of the nomenclature of products and enhancement of its qualitative features; the technological and structural improvement of production to expand production of competitive products; the enhancement of production and distribution activities on account of the increase of labor productivity and the decrease of all types of costs; the formation and the realization of a company development strategy on the basis of implementation of perspective achievements if techniques and technologies; the coherence of an activity of all departments of a company in the innovative process.

The innovative activity is regulated by the normative and legal acts (Vinnik, 2004, p. 454-456).

Despite the normative and legal acts of the highest legal power, a set of sub-legislative normative and legal acts was confirmed. These acts regulate procedure and organizational aspects of the matter of investment relationships.

Conclusions. Taking into consideration the done research the author may conclude that the provision of high competitiveness of a light industry company is possible in terms of the formation of effective management system of its innovation and investment development with account for all essential requirements and principles.

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