

Features of innovative activity of industrial enterprise in Ukraine

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Abstract: Innovative active enterprises are often faced with the output of a new product on the market. Often failures take place during the development phase due to incomplete or incorrect data analysis of the market. The article examined more detail given problem using the tools of logistics. Particularly acute problem of competitiveness becomes for industrial enterprises. Due to defective management, imperfection business processes, product quality requirements of this sector of the economy and other reasons, a large number of industrial enterprises were not prepared to adequately active behavior in the market.

Keywords: innovative activity; competitiveness; logistics.

JEL Classification: L50, L52

Introduction

New economic conditions aggravated businesses competition in both the domestic and foreign markets. The effects of the financial crisis, inconsistent government policies to protect domestic producers, a high level of moral and physical deterioration assets and other factors combined resulted urgency of the problem providing the competitiveness of enterprises.

Nowadays industry is regarded as the most complex of which depends on the competitiveness of goods and services both in the domestic and international markets. According to the State Statistics Service of Ukraine (SSS 2014), the complex includes 48,103 active enterprises. The cost of property and equipment industry is 1101199 million, the number of workers it is more than 3 million people.

The third and fourth technological modes dominate in industry. Their share in the industrial production is 95%. The bases for these modes are metallurgy, chemical industry, light industry, fuel and energy complex, most branches of engineering. Share fifth and sixth technological structure does not exceed 5%. The bases for these modes are the electronic products, computer, optic fiber equipment, software, telecommunications, robotics, information services, and biotechnology.

Industrial enterprises are the worst hit by the financial crisis. Due to the decline in external demand was a fall in exports of industrial products, the decrease in production and an increase in finished goods in warehouses, reducing the financial results, the deteriorating financial condition? Although a large number of industrial enterprises reap significant profits, but the profitability of operations over the last 5 years did not exceed 5%. More than 40 % of industrial enterprises of the total in 2012 were flawed.

The export share of industrial output in GDP is about 40%, but its structure is unsatisfactory because of the prevalence of raw component which exceeds 60%. Production of high-tech and knowledge-intensive industries in total is only 15%.

It should also be noted negative emerging trend, the decline in production. Under these conditions, it is necessary to ensure the development of innovative activity of domestic industry, which would enable them to improve, become more attractive investment, and as a consequence - to compete with foreign companies. But you must first have a clear understanding of the basic problems of development and modern tools to solve them.

The purpose of research.

The purpose of research is to research the peculiarities of innovative activity of industrial enterprises in Ukraine and to define the place of logistics in creating a new product.

Results and analysis.

The innovation is a developing complex process of creation, distribution and use of the new idea which promotes increase in overall performance of the enterprise. At the same time the innovation is not just the object introduced in production, and the object which is successfully introduced and making profit as a result of the conducted scientific research or the made discovery qualitatively other than the previous analog.

The scientific and technical innovation needs to be considered as process of transformation of scientific knowledge to the scientific and technical idea and further – in production for satisfaction of need of the user. In this context it is possible to allocate two approaches to a scientific and technical innovation.

The first approach reflects grocery orientation of an innovation in the basic. The innovation is defined as process of transformation for the sake of release of finished goods. This direction extends when the consumer's positions in relation to the producer are rather weak. However, products in it – not an ultimate goal, only means of satisfaction of requirements. Therefore, according to the second approach, process of a scientific and technical innovation is considered as transfer of scientific or technical knowledge directly to the sphere of satisfaction of needs of the consumer. The product at the same time turns in the technology carrier, and the form which he takes, is defined after coordination of technology and the satisfied requirement.

Thus, innovations, first, shall wear market structure for satisfaction of needs of customers. Secondly, any innovation is always considered as the difficult process assuming change of scientific and technical, and economic, social and structural character. Thirdly, in innovations the emphasis is placed on fast implementation of an innovation in practical use. Fourthly, innovations shall provide economic, social, technical or ecological effect.

Innovative process is a process of conversion of scientific knowledge to an innovation which can be provided as a serial event chain during which the innovation grows ripe from the idea to a specific product, technology or service and extends in case of practical use. Innovative process is directed to creation of the required markets of products, technologies or services and is carried out in tight unity with the environment: its directivity, rates, the purposes depend on the social and economic environment in which it functions and develops. Therefore only, on the innovative way of development economic recovery is possible.

Innovative activities are activities, are directed to use and commercialization of results of research and development for extension and up-dating of the nomenclature and improving of quality of products, enhancement of technology of their manufacture with the subsequent implementation and effective implementation in the internal and foreign markets.

The innovation can be considered as:

- ✓ process;
- ✓ system;

- ✓ change;
- ✓ result.

The innovation has accurate orientation to the end result of application-oriented character, it always shall be considered as difficult process which provides a certain technical and social and economic effect.

The innovation in the development (life cycle) changes forms, moving ahead from the idea before implementation. Course of innovative process, as well as any other, is caused by difficult interaction of many factors. Use in enterprise practice of this or that version of forms of the organization of innovative processes is defined by three factors:

- ✓ condition of the external environment (political and economic situation, market type, nature of competition, practice of state-monopoly regulation, etc.);
- ✓ condition of the internal environment of this economic system (presence of the leading businessman and team of support, financial and material resources, the applied technologies, the sizes, the developed organizational structure, the internal culture of the organization, communication with the external environment, etc.);
- ✓ specifics of the most innovative process as object of management.

Innovative processes are considered as the processes penetrating all scientific and technical, production, marketing activity of producers and, eventually, focused on satisfaction of requirements of the market. The most important condition of success of an innovation is presence of the innovator enthusiast captured by the new idea and ready to make every effort to realize it, and the leading businessman who has found investments has organized production, has advanced new goods on the market, has undertaken the main risk and has realized the commercial interest.

Innovations form the market of innovations, investments - the capital market, innovations - the market of the competition of innovations. Innovative process provides introduction of scientific and technical result and intellectual potential for receiving the new or improved production (services) and the maximum gain of value added.

Innovative process can be considered as rather isolated, having final product and using traditional processes and structures as means of the realization without their any essential change (an example - release of some technical product which isn't replacing production of already existing products, and supplementing them). Management of such simplest type of innovative process comes down to allocation of resources for ensuring this process and to creation of additional incentives to participation in this process of the providing systems and services.

Recognition of usefulness of the new concept or the idea by the end user causes change of the external environment. The advantage, useful function is a difference of an innovation from opening and an invention. Opening and inventions have no social and economic value if don't become an innovation basis. Secondary introduction belongs already to updating.

It is expedient to enter division: the new opening, inventions, the ideas for the first time introduced in production by innovators, receiving primary superiority and which are quite often financed from the centralized sources belong to innovations of the first sort; inventions, a know-how, the ideas and opening introduced repeatedly by simulators belong to innovations of the second sort, i.e. such novelties aren't new in the world any more. If innovations of the first sort aren't obligatory for all enterprises, then innovations of the second sort are obligatory for all, and they are already more often financed by credit sources in venture and other forms.

The creator of new technology, i.e. the innovator, proceeds from such criteria as uniqueness and novelty; and the simulator – from such criteria as life cycle of a product and its economic efficiency.

The uniqueness can be reached only in case the personnel of the enterprise have own, original knowledge and skills in this industrial sphere. Innovations are extremely important for such organizations which sell licenses.

As a result of modern changes, tendencies and processes both in the equipment and in economy new requirements which can't be satisfied at the expense of the available results of activity of people are formed. There are problems which solution is possible only by designing of new means and products, new organizational forms, i.e. thanks to innovative activity of people which makes the maintenance of any innovation.

According to the legislation of Ukraine innovative activity – is an activity that directed to the use and commercialization of research and development and leads to the release of new competitive products (services). In the works of the most respected experts in the field of innovation paid much attention to this process, and the process of developing a new product collectively comprising the steps of studying the market situation and idea generation to output real product to market. During this time, the organization has the potential options, receives information from the consumer evaluates the product removes from consideration the least attractive, developing product prototypes, tests and implements them in the market.

It should be noted that savings in the early stages may cause higher costs and even losses on these. Therefore intelligent policy management requires careful corresponding relation to the management of each of the business processes of new product development. The main business process of creating a new product includes:

- ✓ studying the market,
- ✓ generation of ideas,
- ✓ filtration of ideas,
- ✓ verification of the concept,
- ✓ economic analysis,
- ✓ product development,
- ✓ testing the product,
- ✓ test marketing,
- ✓ launch on the market,
- ✓ evaluating the effectiveness launch on the market.

Note that in the literature reviewed process is limited to stage launch on the market. We propose to extend the traditional understanding of this new stage of the process - assessing the effectiveness launch on the market, which will analyze achieving the targets of the use of the product, customer satisfaction and time to carry out the necessary adjustments.

For a period of one to two years after the launch on the market of novelty should be in the careful attention managers. Constant monitoring of the situation of the product, such as audit achieving the targets and analysis of customer satisfaction, allow time to identify and correct the errors and inaccuracies. Targets can be projected sales, availability of the product and so on.

Tracking Key Performance Indicators of the product output can be carried out by means of qualitative and quantitative researches. These data will help managers responsible for monitoring, promptly make appropriate changes to the product, thereby responding to market needs as much as possible reduces the risk of new product failure.

An effective method is also a selection of a manager assigned to the new product. In the area of his attention and control should be the entire chain - from raw material purchasing to final sales. The main task of the manager is to promptly inform management of any cases of deviation from the plans. Thus, in practice, to

increase accountability of manager's motivation system can be based on achieving the targets of the use of the product and the required level of satisfaction on the basis of a period of time.

Despite the existence of profound algorithms to develop new product failures when starting new products is quite high. This especially applies to consumer products. Approximately 80% of new consumer products and 20% of new services fail.

Denote the major causes of failure of developing new products to the market:

- ✓ increase in costs to create and promote new products,
- ✓ tightening of laws on environmental protection and consumer protection,
- ✓ reducing the profitability of new products,
- ✓ increase of market segmentation,
- ✓ globalization of competition and growth in the supply of new products,
- ✓ reduction of product life cycles.

Analysis of the reasons for the failure of new products avoids many problems and greatly reduces the potential costs. It is worth to point out that the issues that new products are commercially unsuccessful can be divided into internal and external. Front cover causes, the occurrence of which depends largely on the perception of end-users of the product. These include, first, the lack of new product obvious distinctive edge as the inevitable failure of the product, if consumers believe that the novelty does not exceed the product they enjoyed before. One possible reason for this assessment is that the specifications of the new product do not meet the requirements of the market. It's also possible that the company has chosen the wrong strategy for positioning and consumers do not see the benefits of new products. Having first problem allows identifying testing, and the second - a survey of consumers.

However, most of the causes of inefficient launching new products are internal. These include:

- ✓ inadequacy of regulations managing the development of new products,
- ✓ indifference managers,
- ✓ slow the development of new products,
- ✓ non-systemic approach to the development of new products,
- ✓ poor coordination in the development of a new product in large industrial enterprises.

New product development – a process which requires coordination of efforts of many participants-requires specific program implementation. Superficial market research, segmentation errors in the absence of clear objectives and monitor the execution of the budget, the use of risky positioning strategies end in failure largely of new products on the market.

A significant factor in the failure of a new product is indifference managers who believe that the development of new products diverts scarce resources away from the existing main production range.

An important issue is also a focus on short-term profit. If managers are focused solely on the performance of current income, the new product will most likely not be executed at the desired quality.

Many managers underestimate the negative effects of low rates of development of new products. Today, when the product life cycle has been steadily declining, and technological breakthroughs in various fields have become almost daily events, delays in the market - a strategic mistake. In companies that are in no hurry to introduce new products, develop new products cost prohibitive increases. Such companies rarely win significant market share or achieve savings in production and marketing. From a commercial point of view, the performance of the enterprise is more important than management cost of the product or to achieve a better quality product. In many modern studies indicated that the delay in the output of goods for 6 months results in the

average for the industry to reduce the amount of return is 33%, with budget overruns group drafting a 10% reduction in the amount of profit corresponds to only 2%.

Modern industrial enterprise constantly need new market demand, as its managers the necessary skills assessment and implementation of new ideas. It is clear that employees of small industrial firms have close relationships with each client so that they understand that their success depends on the degree of customer satisfaction. But with the consolidation of its firm connections with consumers weakened, senior managers do not have regular contact with customers and employees low levels. The organizational structure of the company's growing more and more complicated and prioritizes issues of internal administration, which inevitably leads to a weakening of attention to customer problems.

Large industrial companies have a high level of functional specialization and usually geographically separated. Employees of the departments of sales, production, procurement, research and development are subject to different managers. Each service, each department has not only corporative, but also their own goals and develop their own culture relations. Thus, a significant problem the company is sharing information, communication between functional departments and prioritizing areas of their activities. Not surprisingly, a large number of innovative projects that are carried out on large industrial plants are closed, without having to hit the market.

Quality control process creation and launch of new products is not only important for new businesses that are trying to start a new product, but also for effectively working for many years organizations. Traditionally, work on a new project starts with the department of research that highlights promising idea. The study takes several months, and then developed a technology component of the product. When the design phase is completed, the project is sent to the production department. At each of these stages may delay associate with non-compliance and operations departments all sorts of delays? For example, the production department can send a draft for revision, citing the inability to manufacture the existing technology, resulting designers will spend some time on achievements of the project. Once finally on the market, the new product is likely to disappoint commercial staff, because the idea has lost its novelty, and the product will offer consumers no new benefits. As a result, the functional departments will accuse each other of incompetence. Preferably, the problem of coordination between divisions arises from the lack of a single center of administration and decision-making processes are integrated into all new product development. That is why there is a huge poorly managed and poorly structured flow of incoming and outgoing information which, in turn, leads to poor performance of a particular process.

A key problem that arises due to the presence of all these difficulties is long, uncompetitive release dates of the new product in today's competitive environment which is unacceptable.

All these and many other problems in the development of a new product can lead to that business or uncompetitive product release, or not are able to release it. This, in turn, damages for loss of profits due to the deteriorating position of the company and the market.

In general we can formulate the following main consequences of failure for the company related to inefficient release of a new product:

- ✓ freezing of funds spent on raw materials to create products unclaimed market,
- ✓ losses from inefficient investment in the product,
- ✓ loss of market opportunities for the company as a result of delays in bringing to market a new product,
- ✓ failure to achieve the strategic goals of the company.

This way, the managers' key task is to create conditions that would ensure the innovativeness of its activities in managing assortment portfolio reduced the risk of faulty manufacture or unclaimed product market, reduced development time of a new product.

It should be noted that the task of developing a new product the company may decide to use the principles and tools of logistics. In view of outlined challenges and opportunities of logistics, you can define the basic provisions that highlight the role of logistics in the process of creating a new product:

- ✓ advancing requirements not directly to the quality of products, and to the system of product creation process, logistics ultimately designed to ensure predictable and stable quality, while reducing the development of new products,
- ✓ logistics puts spotlight selection mechanism for coordinating the development process. This approach, establishing a clear area of responsibility and motivation of managers remove their indifference and the risk of cross-functional relationships of incoordination and practice shifting the responsibility during non-compliance of a particular task,
- ✓ logistics configures the entire system to determine and achieve the final result of innovation, using the mechanisms of scientific justification for the demand of market outcomes, thereby reducing the risk of failure of new products to a minimum,
- ✓ using existing logistics tool provides the ability to optimize the performance of the material and information flows of the process of creating a new product,
- ✓ logistics provides reliability in obtaining the results of the activities of the enterprise by duplicating parts of the business,
- ✓ logistics provides continuity of experience and expertise in the development of a new product. Having transferred the management history allows more informed approach to operations to create new products.

Conclusion

The systematic study of the problematic aspects of innovative activity of industrial enterprises reviews the main causes and consequences of ineffective innovation. Established that the key task of managers of the enterprise is to create conditions which guarantee its innovation activities in managing assortment portfolio, reducing the risk of production of low-quality or unclaimed product market and reducing development time of a new product. Determined the role of logistics in creating a new product, which in this process is very important since the introduction of the logistic approach to innovation activities of enterprises using the corresponding logistics tools can significantly improve the performance of the material and information flows and coordination in cross-functional level.

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