

EVALUATION SYSTEM FORMATION OF DEVELOPMENT OF ENTERPRISE'S INNOVATIVE POTENTIAL

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ABSTRACT

It is proved that only the introduction of the concept of total innovations is able to ensure the survival of companies in global markets. The adaptation factors of the organizational business model to the perception of innovations in the company are analyzed. The evaluation system of development of enterprise's innovative potential is determined on the conceptual basis of value chain of innovations. The components of development program of innovative potential are formed using four vectors: innovative competencies, innovative capabilities, innovative resources and innovative projects.

Keywords: Innovative Potential, Key Indicators of Efficiency, Business Model, Total Innovations, Development Strategies.

JEL Classifications: M5, Q2.

INTRODUCTION

Modern conditions of functioning and development of enterprises are characterized by high level of instability, tough conditions of competition and growing challenges to ensure their dynamism, viability and anti-entropy. This requires the use of new approaches to the organization and conduct of entrepreneurial activity. In recent years, in the competition, there has been a tendency to shift emphasis from the level of competition for goods and services to the competition of management models. There is a need to rethink the factors of ensuring accelerated economic development at micro- and macro levels on innovative basis, to change the scale and structure of production processes, to significantly enhance the competitiveness of enterprises and to introduce progressive business models and managerial innovations into their activities. In addition, effective management of enterprises, which turned into complex economic systems in the current state of the open information and global economy, actualizes the

introduction of the latest theories, concepts, methods and tools into the practice of innovation management.

In view of this, it is relevant to study the theoretical and methodological approaches to the development of enterprises on the basis of activation of innovative entrepreneurship, ensuring the highest efficiency and effectiveness of innovative processes in the conditions of their nonlinear flow and the application of the principles of open innovation, the development of relevant methodological tools for justification of relevant programs for the development of innovative potential.

REVIEW OF PREVIOUS STUDIES

All components of competitiveness directly stimulate the development of innovations, but each of them is associated with a separate component of the innovation system and with a separate stage of the innovation process (Intriligator, 2017). No component of competitiveness is either main or primary. Successful innovations are based on the balanced interaction of all components; the development of each component is necessary (Dauphinee et al., 2018). But depending on the situation, some of them may be more important. Thus, the relative importance of the components and individual factors depends on the stage of development of the country's innovation system. In this regard, one of the main means of development management of the innovative and industrial components of an industrial enterprise is its innovative potential.

In the research process, a resource approach was used. In this approach, innovative resources are a set of scientific, logistical and technological, organizational and financial resources that are used to carry out innovation activity (Goldberg & Schiele, 2018).

Innovative capabilities of an enterprise may also be interpreted as a complex of its properties, which characterize the ability to dynamically plan, create and integrate innovative resources, as well as use them in operational processes to carry out innovation activities (Malecki, 2018). Thus, innovative resources are distinct from the innovative capabilities of the characteristics of the enterprise activities, but serve as a basis for their development, that is, the innovative capabilities demonstrate the ability of the company to apply, and not only to accumulate innovative resources.

In such a way, the enterprise's innovative potential can be understood as an integral phenomenon that characterizes the current and future opportunities of the economic entity to transform the economic resource pool through the capabilities inherent to its employees for the purposeful innovation activity. In other words, the enterprise's innovative potential can be defined as an integral characteristic of the complex of economic resources, current and future capabilities and opportunities of the economic system to carry out purposeful innovation activity through the transformation of the economic resource pool taking into account the system of internal and external factors.

The following factors influence successful implementation of innovations, according to the results of our research: the presence of a source of creative ideas, market orientation, an effective system of selection and evaluation of ideas of new products, superiority over competitors' products, compliance with the innovative strategy of the organization's purpose, marketing know-how, enterprise access to resources, global concentration of goods, creation of lending mechanisms, improvement of legal and regulatory support.

The effectiveness of the use of innovative potential is a determining element of the level of business activity of the enterprise, which better determines the general business effectiveness. The innovation objective serves as a enterprise's global strategy as a way of achieving its higher

goals: obtaining sufficiently high profits in the long run, preserving, and then increasing the competitiveness on the market, solving the crisis problem and the problem of survival in general. The task is to transfer the enterprise's potential from one state to another, higher than previous, sufficient to achieve the goal.

In order to realize the development program of innovative potential and to evaluate its effectiveness, it is important to combine individual elements of the innovation process into a coherent picture. A typical situation is when the components necessary for this are already in the enterprise, but the introduction of innovations remains a process with spontaneous and uncertain characteristics. Therefore, the implementation of the development program of innovative potential is possible on the basis of the use of the philosophy of total innovations, formalized by McKinsey & Company, and, in general, supports the idea of humanizing the innovative factor of economic growth (Rasiel, 1999). Total innovations as a concept are based on the ability of managers and employees to consistently and continuously involve in the process of innovation the whole enterprise.

The use of the philosophy of total innovations (Taddeo et al., 2017) involves the emphasis on such components of innovation activity as goals and strategies of innovation development, innovation audit, a balanced portfolio of innovation projects, and adaptation of the business model to the perception of innovation.

METHODOLOGY

The Balanced Score Card (BSC) was used as a methodological research platform, namely, part of the development method of The Key Performance Indicators (KPI). KPI-it is a quantifiable indicator of the actual results achieved. The most relevant use of the concept of KPI in business process management: KPI are measures of performance, efficiency, performance of business processes. KPI help company: to control the business process and to determine how much time and resources were spent to complete the task; to evaluate the performance and benefits of the work of each employee, his contribution to the achievement of the common goal of the company; to create a system of motivation and incentives for employees-for example, when they fulfill or exceed the established key indicators to pay a cash bonus, in the opposite situation-to deduct bonus. In the BSC concept, financial and non-financial indicators of enterprise value are integrated taking into account causal relationships between the resulting indicators and key success factors, under the influence of which they are formed. The balance in the BSC concept has a many-sided character, covering the links between monetary and non-monetary indicators, strategic and operational levels of management, past and future results, as well as between internal and external aspects of the enterprise. In our opinion, BSC is a mechanism as a set of forms, methods, technologies of formation and use of available resources with the aim of providing and making management decisions on solving a particular goal. The BSC approach as a mechanism allows considering this system of indicators on the basis of the attribute approach in three aspects: as a structure, a set of conditions and processes.

RESULTS AND DISCUSSION

With regard to the goals and strategy of innovation development, it is necessary to determine in this context where, when and how innovations should be implemented. The choice of strategic guidelines for innovations determines the directions of enterprise's investment. An enterprise should clearly predict which innovative projects will provide the highest profit. There

are many different approaches to evaluate innovations, so a well-formulated innovation strategy allows one to identify these trends and understand what resources to move towards the goal by investing the necessary funds in innovations in such a way that these investments pay off. In order to properly invest in innovations, enterprises must make full use of their knowledge of industry specifics, technology and customer behavior.

Next, all obstacles to innovation must be eliminated, that is, to make an innovative audit. In order to designate obstacles of this kind, the term “*stereotypes*” that are inherent in any enterprise is often used. Template thinking and established behavioral patterns inevitably arise as a result of a successful past experience. Stereotypes become a kind of rules-the usual processes and procedures help the enterprise to work effectively, to succeed by analogy with past achievements and to avoid mistakes. From such rules, a corporate culture of attitude to innovation is unconsciously formed, which has both positive and negative sides. Typical stereotypes for most enterprises may take on different forms-from the attachment to existing business models in a clearly evolving market situation to the limited use of information from external sources.

There are ways to overcome stereotypes in innovation activity, and there are many ways. The study of the relationship between the attitude of enterprise managers to innovation and the success of their implementation showed that there is a strong correlation between these two aspects: the greater the priority for top management is the introduction of innovation, the more successful the company is in this field. In order to create the foundation for further development, the company must make significant changes. In order to change the situation across the entire enterprise, the CEO will have to constantly participate in the process of transformation.

The formation of a balanced portfolio of innovations and management is a vital part of the strategy of successful innovations. One of the strengths of a quality portfolio of innovation is a balance that helps manage risks, and gives senior management the opportunity to choose business concepts that simultaneously support the existing strengths of the enterprise and allow one to develop a new growth potential. Important factors for effective portfolio management are the availability of transparent information on projects in the development and selection of adequate evaluation indicators.

Adaptation of the organizational model to the perception of innovation suggests that the optimal organizational structure, processes and personnel resources will vary depending on the specific enterprise and the conditions under which innovations are developed.

But whatever these conditions, structure and processes were, enterprises should be originally set to develop and implement innovations. In this process, it is important that the enterprise remains dynamic and flexible (Gil'orme et al., 2016). It should be able to adapt to work with various forms of innovation. Profile activity is well suited for the step-by-step implementation of not too radical innovations that ensure stable business development; more decisive transformations require special support. The further the innovative development departs from the main business model, the more specially allocated resources are needed to support it. Since not all innovations arise within the enterprise, and more and more often the latter are searching for a variety of innovative ideas in external sources, in order to open up new opportunities, it is necessary to change the nature of interaction and make relations more extensive, which will allow partners to feel themselves as participants in a large joint project. In addition to the structure, appropriate processes and tools must be adapted to the perception of different types of innovations.

A standard approach based on an existing business model will not work if the innovation development deviates significantly from the main business model (Nakashydzze & Gil'orme, 2015).

An additional factor in the success of innovation is the creation of an environment in which the diversity of personnel is encouraged. For the successful development of innovations, employees of the very different age, with different knowledge, views, attitudes and experiences, need to be involved (Tetiana et al., 2018a:2018b). The source of diversity, such as youth, is often underestimated. Enthusiasm, optimism, and youthful energy can bring new ideas to any system and help get rid of stereotypes that have evolved over the years. The possibility of self-realization, which young employees receive through collaboration with more experienced colleagues, may become an inexhaustible source of innovation, as both parties will learn from each other.

Increasing the innovative competences of the enterprise's employees forms the core of the program for the development of innovative potential (Tetiana et al., 2018). The analysis of the peculiarities of human resources management activity aimed at developing innovative competences allowed to formalize its main elements, which it is reasonable to consider the formulation of innovative goals, the formalization of innovation strategy, ensuring the attraction to innovation processes of different groups of employees, training, motivation, stimulation and evaluation of innovative achievements of personnel. The tasks corresponding to these elements are the development of corporate innovation values, the planning of activities for the development of innovative competences, the development and support of forms of support for innovation activities in the enterprise, the introduction of differentiated approaches in the policy of personnel management, depending on the degree of participation in the innovation process, the development of forms of recognition of talent and the merits of innovators at the enterprise, as well as the development of personal and professional characteristics of the categories of employees involved in innovations.

Evaluation of the development of innovative potential, including its management, and its effectiveness is an important part of the system approach to activating innovation activity in the enterprise. At the same time, at the present stage of the scientific discourse, approaches to carrying out the corresponding evaluation, in our opinion, are rather fragmentary. Although different scientists determine individual indicators and indicators to determine the effectiveness of implementing certain innovative measures and programs, the functioning of the management system, etc., there is no generalized systematic view on how to fully evaluate the process of development of innovative potential and its effectiveness.

Also for modern enterprises, important links of innovation analysis are the interrelation between the dynamics of market value and investments in the development of innovations, the “*raising*” of innovation topics on the level of strategic management, as well as regular monitoring of the efficiency and effectiveness of innovation activity. The Key Performance Indicators (KPI) is an internal setup tool (Table 1), in accordance with the concept of formation the value of innovation.

Table 1 KEY PERFORMANCE INDICATORS FOR EVALUATION OF DEVELOPMENT OF ENTERPRISE'S INNOVATIVE POTENTIAL	
An integral part of the development program of innovative potential	KPI
Innovative competencies	<p>The share of employees actively involved in the implementation of innovations.</p> <p>The number of new ideas that arose in the enterprise.</p> <p>The number of new ideas from outside.</p> <p>The number of patents received by employees.</p>
Innovative capabilities	<p>Market capitalization.</p> <p>Business value.</p> <p>Revenue, profit.</p> <p>Margin revenue ratio.</p> <p>The number of innovative proposals and concepts that are awaiting consideration by the company.</p>
Innovative resources	<p>Customer satisfaction with new products or services.</p> <p>Research expenditures in % to the amount of proceeds.</p> <p>ROI on new products or services.</p> <p>Net added value created by the entire portfolio of new products or services.</p> <p>The share of new ideas that have been funded-the return on investment rate.</p> <p>Share of intangible assets.</p> <p>Depreciation of fixed assets.</p> <p>The share of material costs in the structure of cost.</p>
Innovative projects	<p>Revenue increase as a result of the introduction of new products or services.</p> <p>Share of sales of new types of products or services in the total sales.</p> <p>Number of new products or services put on the market.</p> <p>Increase in profit as a result of the introduction of new products or services.</p> <p>Changing the market share as a result of the introduction of new products or services.</p>

CONCLUSIONS

The process of choosing key indicators of efficiency as a modern tool for evaluating the effectiveness of economic processes for the purpose of managing innovation development involves identifying the needs of different interest groups and clarifying the set of general and specific indicators in the context of innovation development. The proposed list of key indicators of innovation efficiency is structured according to the components of innovative potential-innovative resources, competencies, capabilities and projects.

Implementation of the program of development of innovative potential is possible on the basis of the use of the philosophy of total innovations, which supports the idea of humanizing the innovative factor of economic growth and focuses on management processes on the ability of managers and employees to consistently and continuously involve the entire enterprise in the process of innovation. At the same time, the effectiveness of this process is determined by the formation of a special type of corporate culture that stimulates innovation and includes a well-established process of evaluating new ideas and proposals, a balanced portfolio of projects, effective collaboration between representatives of different functional areas in working groups

and the use of new tools and processes to provide the optimal combination of creative energy and executive discipline.

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