

CAUSALITY OF DEFINITIONS "COMPETITIVE COMPETITIVENESS" AND "COMPETITIVENESS OF INNOVATIONS": EPISTEMOLOGICAL ANALYSIS FROM THE POSITION OF MANAGEMENT GOALS

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The purpose of the article is to prove the causality of the definitions of "enterprise competitiveness" and "innovation competitiveness" from the point of view of management goals and justify the feasibility of using the definition "innovation competitiveness" and its modifications in the terminological dictionary of the theory of innovation. When studying the epistemology of the term "enterprise competitiveness", we took into account a common feature in the set of definitions chosen for analysis - the relative nature of competitiveness as an object of management, and therefore, the relative nature of the methods of evaluating comparative criteria, which can affect the perception by target consumers of the degree of usefulness embedded in the innovation. Taking into account the high variability of the business environment and the structure of consumer needs, the expediency of using a value-oriented approach to managing the competitiveness of innovations is argued. In line with this approach, the author's position is expressed regarding the need to introduce the definition of "competitiveness of innovation", considering it in the context of comparing the alternatives of the final version of the implemented changes, which have undergone the entire set of works to create value and act as a means of satisfying a certain consumer need. Taking this into account, the features distinguishing internal and external innovations are highlighted. The internal "competitiveness of innovations" is proposed to be considered as the best option for innovative changes in the internal environment of the enterprise according to the established parameters, aimed at solving the problem that worsened/deteriorated its competitiveness in the strategic area of management. External - as a better way to meet consumer needs, which tends to increase in demand by target audiences. It is emphasized that in both cases it makes it possible to determine the potential of utility (value) embedded in the innovation and to form a criterion base for comparative evaluation of consumer value compared to competitors.

Keywords: consumer value of the product offer, target audiences, internal competitiveness of innovations, external competitiveness of innovations, competitive advantages.

КАУЗАЛЬНІСТЬ ДЕФІНІЦІЙ «КОНКУРЕНТОСПРОМОЖНІСТЬ ПІДПРИЄМСТВА» ТА «КОНКУРЕНТОСПРОМОЖНІСТЬ ІННОВАЦІЙ»: ЕПІСТЕМОЛОГІЧНИЙ АНАЛІЗ З ПОЗИЦІЙ ЦІЛЕЙ УПРАВЛІННЯ

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Метою статті визначено доведення каузальності дефініцій «конкурентоспроможність підприємства» і «конкурентоспроможність інновацій» з погляду цілей управління та обґрунтування доцільності застосування дефініції «конкурентоспроможність інновацій» та її модифікацій в термінологічному словнику теорії інноватики. Досліджуючи епістемологію терміну «конкурентоспроможність підприємства», взяли до уваги спільну рису у сукупності обраних для аналізу визначеннях – відносний характер конкурентоспроможності як об'єкта управління. А значить, відносний характер способів оцінювання порівняльних критеріїв, що може впливати на сприйняття цільовими споживачами ступеня закладеної в інновацію корисності. З урахуванням високої мінливості бізнес-середовища і структури споживчих потреб аргументовано доцільність використання ціннісно-орієнтованого підходу до управління конкурентоспроможністю інновацій. В руслі цього підходу висловлено авторську позицію щодо необхідності введення дефініції «конкурентоспроможність інновацій», розглядаючи її в контексті порівняння альтернатив кінцевого варіанту реалізованих змін, які пройшли весь комплекс робіт зі створення цінності і виступають засобом задоволення певної споживчої потреби. З урахуванням цього виокремлено особливості, що відрізняють інновації внутрішні і зовнішні. Внутрішню «конкурентоспроможність інновацій» запропоновано розглядати як кращий за встановленими параметрами варіант інноваційних змін у внутрішньому середовищі підприємства, спрямований на вирішення проблеми, що погіршила/погіршує його конкурентоспроможність у стратегічній зоні господарювання. Зовнішню – як кращий спосіб задоволення потреб споживачів, що має тенденцію до зростання затребуваності цільовими аудиторіями. Підкреслено, що в обох випадках це дає змогу визначити потенціал закладеної в інновації корисності (цінності) і сформулювати критеріальну базу для порівняльного оцінювання споживчої цінності порівняно із конкурентами.

Ключові слова: споживча цінність товарної пропозиції, цільові аудиторії, внутрішня конкурентоспроможність інновацій, зовнішня конкурентоспроможність інновацій, конкурентні переваги.

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INTRODUCTION

Management of any processes involves a clear selection of the final goal (goals) and delineation of ways to achieve it, which may have significant resource-functional variability and be described by a different set of intermediate goals. This rule is the basis of goal-oriented management, which determines the adoption of current decisions by managers of lower levels of management by the extent to which their implementation will bring the company closer to the final goal (a set of strategic goals) determined in the process of developing the activity strategy. To do this, you should clearly formulate the goal in terms that make it possible to understand the content of the final result. This is extremely important for determining priority management actions to ensure the competitiveness of domestic business, which is forced to survive in the conditions of large-scale destruction of the market infrastructure and a drop in the solvent demand of the population.

Given the density of the global competitive space and the intensity of competition in most of its segments, entrepreneurs should develop competitive strategies that will favorably distinguish their product offerings from similar offerings of competitors. It is obvious that many entrepreneurs will have to rebuild business processes or create a new business, not only adapting to new conditions, but also striving to compete on an equal footing with leading manufacturers of other countries. Moreover, in the conditions of the fourth technological transition declared and accepted by global economic players, which was reflected in the concept of sustainable development, domestic business must also take into account its requirements - in order to be able to participate in the global exchange of products and services. That is, to be a competitive participant in the world market.

LITERATURE REVIEW

The issue of achieving and maintaining the competitiveness of economic entities has been the object of scientific research for a long time. The theoretical foundation of scientific research in the field of managing the competitiveness of economic entities in market conditions was formed by the works of representatives of the neoclassical economic theory of the late 19th and early 20th centuries. In particular, these are the works of A. Cournot [1], L. Walras [2], F. Edgeworth [3], A. Marshall [4], which were later continued by J. Robinson [5], E. Chamberlin [6], J. Schumpeter [7] and many others. However, the main attention of neoclassicists was devoted to the study of macroeconomic processes in a competitive environment, where issues were considered through the prism of the influence of the state on economic development. However, the issue of ensuring the competitiveness of economic systems at the micro level is also of great practical importance – because all market participants strive to be ahead of competitors in the fight for consumer attention and access to resources. Therefore, scientific studies (of both theoretical and methodological and applied nature) dedicated to the key factors of competitive success of business structures – the competitiveness of ideas, which most often form competitive advantages – innovations, have become widespread. In particular, we can see this in the works of P. Harmon [8], P. Drucker [9], I. Epifanova [10], G. Krasovska [11], V. Legominova [12], G. Mensh [13], E. Rudnichenko [14], V. Stadnyk [15], R. Foster [16], H. Chesbrough [17], V. Yokhna [18] and many others.

But not all innovations become the basis of quantitative growth of the enterprise. This causes the interest of scientists and practitioners in the problems of innovation management – how to ensure the efficiency of the innovation process and what scale is appropriate to measure this efficiency. That is, which results of innovative activity should be considered acceptable for a specific economic entity, and which ones should be considered insufficient? Can this scale be universal, suitable for use by different enterprises? What should be taken as a basis of comparison and from what positions to justify the choice of this basis of enterprise management? These issues have not yet been sufficiently reflected in the scientific literature and require additional processing for the formation of scientific and practical recommendations that will have practical applicability.

The purpose of the study is to show the relationship and interdependence of the definitions of "enterprise competitiveness" and "innovation competitiveness" from the point of view of management goals and to determine the expediency of their application in the terminological dictionary of the theory of innovation.

RESULTS

The direct connection between innovation and the ability of business entities to increase their competitiveness in the market is the basis of the theory of innovation of J. Schumpeter, who was the first to use the term "innovation" in his "Theory of Economic Development" published in 1934 [7]. Since he considered the economy as a certain system

of combinations of production and resource factors, each of which has an exceptionally unique way of their combination, designed to create a product that goes to the market, he interpreted innovation as "a new combination of production factors motivated by an entrepreneurial spirit" [7]. Such combinations, in his opinion, are: the introduction of a new product unknown to consumers; introduction of a new production method; the opening of a new market segment in which a certain branch of industry was not previously represented; discovery of a new source of raw materials; introduction of a new organizational structure [7].

Actually, this list shows the main directions of finding innovative ideas that will help to improve the business in all the variety of processes that it consists of, to develop it on an innovative basis, or to create a new business. For this, entrepreneurs must be able to see new possibilities in the usual, to combine in a new way what was previously not combined, to find other areas of application of the usual product, etc.

The key role of innovation in ensuring business competitiveness in the global economic space is undeniable. Assessing J. Schumpeter's contribution to the general theory of economic growth, D. Stiglitz (2001), winner of the Nobel Prize in Economics, emphasized that today's development is not simply based on innovation, but is manifested in competition for innovation. With the help of innovations, the markets are competitive and they are increasingly becoming a decisive factor in the dynamic development, transformation and competitiveness of economic systems around the world [19]. Despite the fact that many years have passed since the publication of J. Schumpeter's work, the directions outlined by him for the creation of new combinations of production factors have not lost their significance to this day, although they have been filled with new content. But from the point of view of strategic perspectives, it is important that the new combination of production factors increases the entrepreneur's ability to expand business and grow quantitatively.

Today, the effectiveness of the innovation process is first assessed by the ratio of the income received from the implementation of innovations and the costs incurred. That is, the presence of economic benefit – as the strongest motive for entrepreneurship, which was emphasized by P. Drucker [9]), the author of the concept of entrepreneurial society [see earlier], the founder of the Austrian school of economics L. von Mises [20], I. Kirzner [21], and other supporters of the ideas embedded in this concept. And this is exactly what is taken as the basis for the formation of methodological recommendations for such an assessment in educational literature (for example, in [22, p.288-289]).

Without denying the expediency and universality of the mentioned approach for justifying an entrepreneurial choice, it is still worth paying attention to other motives that drive an entrepreneur - the desire to implement a certain idea that opens up new opportunities for business growth. I. Kirzner, who in 2006 received the Global Prize for Entrepreneurship Research - "for the development of an economic theory that emphasizes the importance of the entrepreneur for economic growth and the functioning of the capitalist process" [21]. And he considered the entrepreneur as the inventor of something new that he created and wants to implement as a business idea in order to get a better result than his market rivals – competitors. And due to this, to grow - to increase your presence on the market.

Here it is appropriate to note that not always an innovative and active enterprise shows constant positive growth dynamics. And this may indicate that their innovations were not sufficiently competitive. This gives grounds for the conclusion of the presence of cause-and-effect dependence (causality) of the specified relationship - without innovations, which have a greater value for the target audience of consumers than alternative product offers, the enterprise will not be able to form competitive advantages and achieve competitiveness as an entity economic activity.

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What innovations can be classified as competitive? In the scientific literature, such a term does not yet have its own definition. Perhaps because the introduction of innovations occurs when the profitability of such an improvement will be proven in the process of justifying its feasibility. And only then the decision to implement the innovation is made. Therefore, a priori it is considered that each innovation is a better choice among existing alternatives. So, it can be assumed that the very term "innovation" already contains an idea about its competitiveness.

However, the author's position is somewhat different. Of course, in the process of justifying ways to solve a certain problem, several options for innovative changes are compared, from which the best is chosen, in the opinion of the management. But the choice is not always objective, it also depends on the subjective perception of the person making the decision, its usefulness (value) in relation to the defined goals (and socially useful goals will not always have priority over others). Other persons who are not interested in the implementation of this option may also influence the choice of decision (out-of-competition selection). In the end, those who will be entrusted with the implementation of decisions may resist their implementation and the planned results will not be achieved. Therefore, it makes sense to talk about the competitiveness of innovations – not as proposals for alternative innovations that compete for the right to be implemented, but as implemented innovations, that is, in the form of the final version of implemented changes that have undergone the entire set of value creation works and act as a means of satisfying a certain consumer need.

This definition summarizes the ultimate goal of any innovation – to satisfy certain consumer needs better than alternatives. But innovations can have different purposes – both to meet the internal needs of the enterprise (for

example, technological or organizational innovations) and the needs of external participants in economic relations (product innovations that have a market value for buyers). Therefore, it is worth defining these groups of innovations more clearly, based on their main purpose.

The internal "competitiveness of innovations" is the best option for innovative changes in the internal environment of the enterprise according to the established parameters, aimed at solving the problem that worsened/deteriorated its competitiveness in the strategic area of management.

In this definition, it is worth additionally emphasizing that the competitiveness of any enterprise is considered within the strategic zone of management. In multidisciplinary enterprises, there may be several of them, they may be at different stages of development/decline. The task of management regarding the selection of competitive innovations concerns the improvement of current business processes. That is, they should be mostly procedural.

External "innovation competitiveness" is a better way to meet consumer needs, which tends to increase in demand by target audiences. Most often, these are product innovations, although they can have not only a mass consumer, but also be developed on an individual order for production needs. Both groups of innovations have consumer value, although the target audiences for them are different. And the formation of competitive advantages based on them also has different significance for solving the tasks of quantitative growth of the enterprise or its development. Therefore, every time decisions about innovative changes should be made from the position of priority of the choice made in order to maximize the increase of the competitiveness of the enterprise in general. The main directions of increasing the competitiveness of product innovations through the creation of additional value for target groups of consumers are presented in Fig. 1.

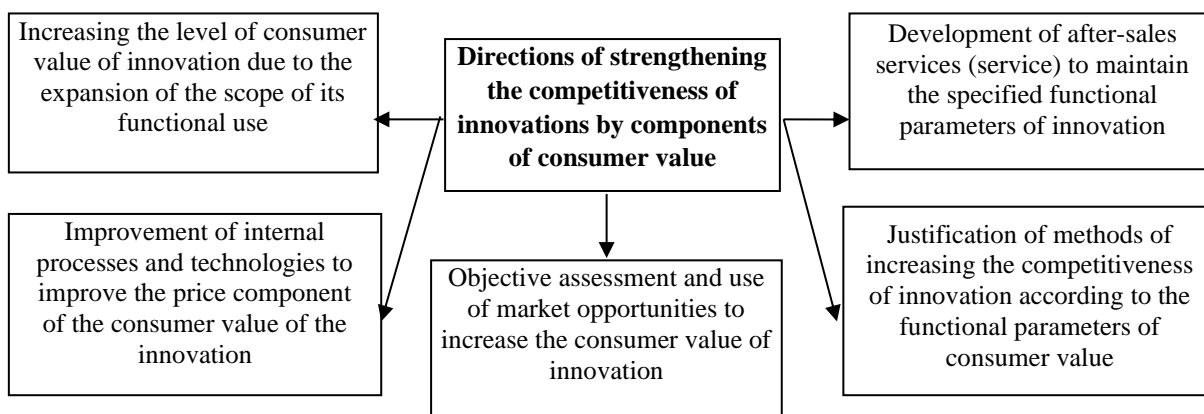


Fig.1. Directions for increasing the consumer value of product innovation to strengthen its competitiveness in target markets
(adjusted based on [18])

When defining the goals of innovative activity, the management of the enterprise should focus the developers' attention on the functional excellence of the innovation - both process and product. However, business usually expects the greatest success from bringing product innovations to the market, which will be recognized by a wide range of consumers. And if the volume of implementation of innovative products (services) of the enterprise exceeds 70% of the total volume of annual sales, then it acquires the status of innovative. That is, it belongs to a special group of market participants, which received the name "innovative entrepreneurship". In the work [23] we emphasized that such a significant share of innovative products in the total volume of sales is evidence of the competitiveness of the idea embedded in it. Depending on the level of its radicality, it can become the basis of a whole cluster of innovations, going beyond the boundaries of the field in which it was created. And the more such enterprises in the structure of the national economy, the more technological it becomes and capable of forming new technological trends in the global market. Therefore, innovative entrepreneurship is considered in modern scientific literature as "the most important tool for the development and transformation of the economic system" [24]. And for the economy of Ukraine in its current state, innovative high-tech transformations are absolutely necessary, because they increase the stability of the economy, its ability to accumulate more opportunities for the country's defense and its post-war recovery.

That is why it is so important to include in the plans for the development of entrepreneurial structures a business idea with a significant potential for increasing the number of those to whom the value proposition will be attractive and useful. It is equally important to constantly develop innovative activity in the long term, ensuring the economic effectiveness of innovations. For this, management should stimulate the ability of personnel to generate non-standard and unique solutions with a high content of scientific novelty, which is difficult to copy. And a decisive role in this process is played by the human intellect, which is able to process significant masses of information and select from the "scattered knowledge" those grains of it that can become the basis of a new value proposition. And then – to form a business model and design effective business processes for its implementation

CONCLUSIONS

While studying the epistemology of the term "enterprise competitiveness", we took into account a common feature in the set of definitions chosen for analysis – the relative nature of competitiveness as an object of management. So, the relative nature of the methods of evaluating comparative criteria, features of the business environment, time guidelines for conducting economic activity – everything that can affect the perception of target consumers of the degree of usefulness embedded in the innovation. Using the epistemological analysis of the terms "innovation" and "competitiveness", their causality is proved in relation to the tasks of managing the competitiveness of the enterprise as a participant in competitive competitions. Taking into account the high variability of the business environment and the structure of consumer needs, the expediency of using a value-oriented approach to managing the competitiveness of innovations is argued. In line with this approach, the author's position is expressed regarding the need to introduce the definition of "competitiveness of innovation", considering it in the context of comparing the alternatives of the final version of the implemented changes, which have undergone the entire set of works on value creation and act as a means of satisfying a certain consumer need. Taking this into account, the features distinguishing internal and external innovations are highlighted. The internal "competitiveness of innovations" is proposed to be considered as the best option for innovative changes in the internal environment of the enterprise according to the established parameters, aimed at solving the problem that worsened/deteriorated its competitiveness in the strategic area of management. External – as a better way to satisfy consumer needs, which tends to increase in demand by target audiences. It is emphasized that in both cases it makes it possible to determine the potential of utility (value) embedded in the innovation and to form a criterion base for comparative evaluation of consumer value compared to competitors.

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