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**FACTORS THAT AFFECT THE EVALUATION OF THE  
EFFECTIVENESS OF CORPORATE MANAGEMENT INNOVATION  
IN AN INDUSTRIAL PLANT**

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*In article the factors that affect the evaluation of the effectiveness of corporate management innovation are considered, their classification is provided, their influence on the development of Ukrainian machine-building enterprises and the factors of internal and external environment that influence the development of innovation in the enterprise are considered.*

**Keywords:** *factors of enterprise, innovation, enterprise system development environment, engineering, pricing, influence.*

**Introduction.** The main direction in shaping corporate innovation management in the company associated with a certain level of development and its improvement based on quantitative and qualitative assessments of internal and external factors of the company and output rating. Improving corporate innovation management company is not only improving innovative capacity, but also the optimization of factors and conditions necessary for its operation (innovation culture and innovation infrastructure).

**Analysis of recent researches and publications.** Significant contribution to the study of problems of estimation innovations made by foreign and domestic scientists: Schumpeter A.I. [1], Volkov A.I., Denisenko M.P. [2]; Yohna M.A., Stadnik V.V. [3] and others, as well as foreign researchers Altshuller J., Fyyakselya E. [4], Hemel G. [5] Shlenov J. and others. **Previously unsettled problem constituent.** However, today the issue of evaluation of corporate innovation management is the subject of debate.

**Main purpose of the article.** The purpose of this paper is to determine the

factors that affect the evaluation of the effectiveness of corporate management innovation. To achieve the above-named goal should be to examine current factors and determine which of them influence the corporate governance system innovation.

**Results and discussions.** Enterprise is an open system, depends on the environment relative to the supply of resources (raw materials, energy, human resources) and demand from consumers for products. Enterprises have to adapt to this environment to maintain efficiency and competitiveness. The main characteristics of the environment is the interconnectedness of factors, complexity, mobility and uncertainty. The complexity of the environment – a number of factors which production system will respond with a view to their survival and development, and the degree of variation of each factor.

Mobility (dynamic) environment is the speed with which changes occur in the enterprise environment. The uncertainty of the external environment is a function dependent on the amount of information available to the company on specific environmental factors and function of confidence in the accuracy of the information. Environmental factors the company divided the factors and factors of direct influence indirect influence.

We offer, that external factors include the indirect effects of the step factors: social, technical, economic, political. Factors indirect effects tend to affect as much as factors of direct action, however, the medium indirect impact is much weaker. Characteristics and ability to predict the effects of indirect factors for the enterprise difficult and time-consuming.

Economic factors are mainly characterized by traditional criteria: economic growth, employment, balance of payments. Economic Wednesday is constantly changing and actively influence the company. The guarantee successful operation of the business in favor of its ability to analyze and predict trends in the economic environment [1].

The employment indirectly, but significantly affect the company. Unemployment has a negative impact on the company, especially in terms of demand for products. The higher the rate, the lower the demand and the problematic sales. In the fall issue of demand growth becomes a problem every company. Technical factors are variable and internal enterprise and external factors. Technological environment tends to change (especially in high-tech units), creating additional opportunities (in the form of benefits in manufacturing, sales, provision of new needs) and restrictions. Social factors determine specific settings for enterprises (traditions and values of life and culture of the organization) and affect the success of their work, for example, from the traditional demand of consumers.

Political factors determine the degree of social stability. They are closely related to social and acquire special significance for enterprises. The political decision factors include national, regional legislatures and courts in respect of production (tax

remissions, consumer protection, control of prices and wages); interests of political forces, parties. Considerable importance for enterprises is a factor of political stability, which depends on the inflow of foreign capital.

Factors direct effects are: the state; suppliers; consumers; competitors. Factors direct impact directly affect the decision now in his business. External factors act as direct exposure range some restrictions. The state is a regulator that protects the enterprise level. This role through tax breaks, subsidies, legal controls, customs duties, quotas, interest rates, etc. Suppliers – legal and natural persons who are involved in the logistics of the production of the company. Serious constraints on the supply side may be the price of resources, quality of delivered goods, services and conditions of contracts. Enterprise operates a network of different suppliers. The relationship between the company and the supplier is determined by their mutual interests. The degree of consistency depends on the success of the interests of both, and therefore a positive or negative impact of direct exposure to the environment.

Businesses must take into account the mobility of factors of environment in predicting the results of their activities (e.g., changes in prices of raw materials, components, fuel, energy, transportation). The calculations enterprises providing material resources there are factors limiting stocks. Supply system requires close cooperation with suppliers on a "just in time" as limited cash reserves and, consequently, reduced solvency and business activity of the company. Consumers are deciding which goods and services are preferred and at what price, to determine the final results of the company, and the company, in turn, affect suppliers of materials and labor. We identified, in its existence of any company indirectly pursues the goal of consumer demand. Therefore, self-sufficiency and survival of the company depends on its ability to find customers for their products and meet their needs.

The enterprise is constantly variable competitive environment. The founder of the theory of brand Aaker D. [3] identifies three elements related to achieving continuous competitiveness: competitiveness mechanism, the foundations of competitiveness, market segments. In a market economy is particularly important to competition from foreign production companies and the solvency of customers. Enterprises in a market economy can not withstand stiff competition without constant renewal of products and high innovation activity. Define factors external and internal environment, which necessitates the corporate management of innovation engineering companies.

Engineering has a special place in ensuring the sustainability of social reproduction. The state can not be sustainable leader in the world economy, if not a "machine core self" – engineering and construction industries, which have the ability, on the one hand, to reproduce themselves, on the other – to create tools for other areas of engineering, including MIC for other sectors of the economy [2].

State machinery is characterized by a number of problems: low competitiveness

of products associated with aging and a high degree of wear of assets; lack of financial resources due to low investment, poor efficiency of interaction of financial and credit institutions with the industry, rapid growth of prices for products and services of natural monopolies; lack of structuring complex in scientific and technological fields; shortage of qualified personnel for engineering enterprises.

In the transition period Ukrainian machine building ceased to be a monopoly and, at the same time, failed to reach the world level of quality. In this situation, consumers sought to acquire a high-quality imported products, eliminating thus domestic producers opportunities to replenish working capital, profit and invest in improving their product [10].

Market-oriented economic system leads to an excess of supply over consumer demand. Creation and development of competitive advantages based marketing leads to higher quality and lower prices for concurrent engineering products, causing a loss of revenue. It is therefore important to conduct domestic engineering protectionism by the state. The state creates conditions for certain business entities built according to his concept of economic governance and economic agents adapt their activities according to the proposed conditions. Thus, the study of the state of the market (makromarketing) and the regulation of its impact on economic operators, and they, in turn, by studying market demand, survival conditions on it; make decisions about the need for innovation through a counter-proposal to carry out impact on the market. Implementation of innovation as an essential factor in the production of machine-building enterprises of Ukraine is closely connected with the formation of such an important link as mykromarketing. Upgrading production through the research needs of consumer demand, improving product competitiveness, the organization of effective distribution channels, advertising will have a positive effect, resulting in a return of invested funds, filling the market with domestic competitive products, ousting foreign producers, employment of highly skilled workers, recruitment budgets all levels.

The main factor of the environment, which necessitates innovation enterprise is competition. The danger of falling behind the competition or the desire to get ahead of them, the most effective motivation for innovation. It is believed that the market is more competitive, the more receptive to innovation. Ukrainian business is susceptible to innovations by setting attract new, high-tech equipment that can be seen in the increasing volume of its imports. In fact, the purchase of foreign equipment is quite profitable businesses for several reasons: because of the relatively lower cost, high quality of the service, payment methods. Interest to upgrade technology in enterprises emerged after the 1998 crisis, and enterprise development strategy based largely on attracting foreign investment. According upgrade was due to borrowing foreign technology, not always today [5]. However, the development of innovative activity only on the basis of purchasing foreign equipment threatens the preservation of the

technological backwardness.

Dynamics of imports of machinery and equipment in the country is growing, indicating a large enough consumer demand for machinery imported and negative impact on the domestic mechanical engineering. However, Ukraine has a huge technical, technological, intellectual potential, which under the circumstances is still unclaimed.

Environmental factors that contribute to the need for innovation companies also have suppliers and consumers of resources. Consumers often determine the need for enterprise innovation, deciding which products are best for them and the company, in turn, affect suppliers of resources. Enterprise resource-buyer in this case, imposes additional requirements to suppliers with their variety, quality, resulting from innovation-enterprise resource provider. In this case the consumer marketing is aimed at a certain group of consumers [9]. There's also the reverse situation, when the company supplying resources company supplies its consumers new or upgraded resources that can provide the conditions for the start of production of new or upgraded products. Then the company uses food marketing aimed at specific product service. In both cases, the company risks. It can make a product that is unknown who will buy or find customers, but fails to meet its needs and implement products. Therefore, if possible, the product and the consumer are created in the same time. This is the essence of the concept of integrated marketing-oriented product and the consumer.

Studies show that companies with ties suppliers and consumers is positive and statistically significant factor in the emergence of innovation at the company. Another factor that moves on innovation, is to improve the state of environmental, energy and other standards that make updating manufactured products. While our country can ill use this resource innovation. Achieving infrastructure needs and the corresponding effective demand of the market implemented in the national economy. Process of disproportionate development of the economy, its individual parts, fluctuations in production and sales, should not be seen as a coincidence of adverse circumstances, but as a general pattern characteristic of a market economy.

Rising commodity prices are currently higher than the growth in prices of Engineering, along with a decrease in aggregate demand caused the reduction in production engineering. Achieving a balance in the change in prices for raw materials and finished products resist natural monopolies and the virtual absence of the domestic market of imported raw materials [3].

Potentially be effective economic measures – to create a competitive environment in the commodity sector, infrastructure, facilitating access to the domestic market of imported raw materials.

A special place in the structure of the cost of resources is the cost of capital – of fixed assets and debt. The decline in production in machine-building complex leads

to an increase in the proportion of conditionally fixed costs in production costs and adversely affect the expansion of its proposal.

Impairment of current assets and the lack of sufficient funds in companies with high cost of credit is critical reduction offers products in the machine-building complex. The change in engineering productivity depends on the components, the most important of which is the technological level of production. Rising production costs, availability of excess capacity, obsolete technology and lack of funds for their modernization led to the decline in the production of material goods. Reducing demand, which is an investment, is one of the factors that have a negative impact on the volume of products; that is a factor Deals: Changing the amount of output, in turn, leads to the need for restructuring of engineering companies with a focus on innovation [8].

High of material and energy intensity of production engineering was a big problem for Ukrainian companies. The combined effect of these two factors on the structure of production engineering superior impact the solvency of consumers. We select 10 key factors contributing to the need for innovation to increase production engineering companies: one price and non-price nine.

The price factor:

1. Increase their prices.

Non-price factors:

1. Rising prices for resources and services, including:

a) raw materials;

b) electricity.

2. Ineffective government regulation (tax laws, tariffs, distribution investments, etc.).

3. The fall in productivity, including:

a) maintenance backlog;

b) lack of investment;

a) large scale production;

d) inefficient allocation of resources (financial, commodity, financial, labor, intellectual).

4. The demand of traditional customers through:

a) insolvency;

b) poor quality products.

5. Increased competition from foreign producers of similar products and domestic.

6. Change the position of products on the market, including:

a) internal (growth of imports of machinery and equipment);

b) external (lower exports of machinery and equipment).

7. The emergence of new consumer demand.

8. The low level of capacity utilization.

9. Change in product mix.

Distribution is conditional factors, some of which can be formed under the influence and internal and external environment (e.g. traditional customers fall in demand may be caused by the insolvency of consumers (external factor) or low quality (internal factors)). External and internal factors together affect innovation company, one without the other is not true. External factors that lead to the need for adaptive innovation enterprises, but uncontrolled, internal adaptive and managed by the company.

The balance between these activities occur under the influence of the main characteristics of the environment (complexity, mobility and uncertainty) and largely depends on the innovative potential of enterprises (together different types of resources required for the implementation of innovation). Businesses with missing or underdeveloped innovation potential need innovation, increasing company adaptability to environmental changes and the enterprise with advanced or high innovation potential need innovation aimed at stability and growth in demand for products [10].

The factors necessitating the implementation of corporate innovation management in engineering enterprises in order to increase production and sales, increase profitability of sales, creation of import substitution and displacement production equipment from foreign manufacturers internal market by improving the competitiveness of domestic products. The main components of competitiveness, technical level of production, the level of marketing, information security compliance requirements and consumer service organization, price, payment terms. Therefore, innovation engineering companies aims to provide logistical and material restructuring of assets, technological, industrial, general structures as a condition for increasing the competitiveness of products in order to improve the results of industrial and economic activity.

**Conclusions and further researches directions.** Thus, based on the study identified factors of effective development industry, promoting the implementation of corporate innovation management. And because of innovation as a factor of economic growth at the company associated with two major challenges: limited funding innovation and complexity management innovation, we must recognize that the main factor contributing to the efficient development of enterprises in modern conditions is an investment plan designed to select from the variety of innovations are most attractive to investors and are most useful for enterprise development, strengthening its market position. Effective approach to enterprise development requires a special approach and the application of the system of innovation, which must meet the conditions of stability and flexibility results in the economic crisis. More study of this combination can be further direction of research.

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## **ФАКТОРИ, ЩО ВПЛИВАЮТЬ НА ОЦІНЮВАННЯ ЕФЕКТИВНОСТІ КОРПОРАТИВНОЇ СИСТЕМИ УПРАВЛІННЯ ІННОВАЦІЯМИ НА ПРОМИСЛОВОМУ ПІДПРИЄМСТВІ**

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*В статті визначено фактори, що впливають на оцінювання ефективності корпоративної системи управління інноваціями, надано їх класифікацію, досліджено їх вплив на розвиток машинобудівних українських підприємств; розглянуто фактори внутрішнього та зовнішнього середовища, що впливають на розвиток інноваційної діяльності на підприємстві.*

*Ключові слова: фактори підприємства, інновації, корпоративна система, розвиток, середовище, машинобудування, вплив, цінова політика.*

## **ФАКТОРЫ, ВЛИЯЮЩИЕ НА ОЦЕНКУ ЭФФЕКТИВНОСТИ КОРПОРАТИВНОЙ СИСТЕМЫ УПРАВЛЕНИЯ ИННОВАЦИЯМИ НА ПРОМЫШЛЕННОМ ПРЕДПРИЯТИИ**

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*В статье определены факторы, которые влияют на оценку эффективности инноваций корпоративного управления, предоставлена их классификация, их влияние на развитие украинских машиностроительных предприятий; факторы внутренней и внешней среды, которые влияют на развитие инноваций на предприятии.*

*Ключевые слова: факторы предприятия, инновации, корпоративная система, машиностроение, ценообразование, влияние.*