

# INNOVATIVE ENTREPRENEURSHIP MODELS IN THE MANAGEMENT SYSTEM OF ENTERPRISE COMPETITIVENESS

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## ABSTRACT

*An innovative business model of an enterprise is not only the basis of its management. The high degree of business transparency, simplicity and availability of the system description allow developing the initial technical task and arrange the resource management system. Moreover, with the accumulation of changes in the business model, it is possible to develop new requirements for the improvement (adaptation) of the enterprise competitiveness management system. For example, it allows you to always provide the necessary resources of the required quality, in the required quantity, in the right place, at a specified time and at a reasonable price. The latter, in turn, can seriously reduce production costs, thus ensuring an increase in the competitiveness of the enterprise. Three directions in which scientists and practitioners are looking for principles for the formation of the business model of the enterprise were identified. The main factors of building a competitive business model of the enterprise were established. The elements that should include an innovative business model for maximum efficiency were studied.*

**Keywords:** Business Model, Enterprise Competitiveness, Business Strategy, Value Formation Vectors, Personnel Policy.

**JEL Classifications:** M5, Q2

## INTRODUCTION

Intensification of the systemic globalization processes at the regional, national and global levels, which appear against the background of radical innovative transformations in all fields of economy and public life, change in technological structures, transition to a post-industrial society, is accompanied by an aggravation of international competition and the formation of new business models.

In today's competitive business environment, key management issues are not only increasing the volume of products (services) produced, but also attracting investment resources and distributing them between areas of use, which will ensure the fulfillment of plans for the enterprise current operations and expansion based on various types of innovations. Therefore, a modern enterprise as an economic entity at any level should, on the basis of its strategic goals, choose for itself one or another business development model.

## REVIEW OF PREVIOUS STUDIES

Modern trends in the development of the economic environment have led to a significant change in the attitudes of scientists and practitioners to the enterprise management process and the emergence of a new direction, which is determined by the integrated use of methodological approaches and analysis tools, as well as by factors such as dynamism, non-standardity in the vision of further business development (Hilorme et al., 2019b; Táncošová, 2019).

The result of recent scientific research and practical approbation in this area was the formation in Western scientific thought of a modern management concept based on the development and implementation of a successful business model of an enterprise (Evans et al., 2017), which, unlike classical business strategies, can be evaluated in terms of efficiency.

Today, when defining the concept of "*business model*", two approaches are distinguished:

- Focused on business processes/roles (approach directed to the enterprise) (Clauss, 2017; Linder & Williander, 2017; Drobyazko et al., 2019b).
- Value/customer oriented (approach aimed at the external environment of the enterprise) (Yang et al., 2017; Drobyazko et al., 2019a).

Conceptual business models of business entities are built on a foundation that describes the priorities of these entities in creating unique competitive advantages and key business success factors. The specific character of business models is determined by the choice of certain elements by an entrepreneur or business owner (components, competencies, functions, resources, factors, institutions, values, processes, flows, etc.), as well as their combination (Hilorme et al., 2019a).

The main theoretical and methodological approaches to the development of a business model of a modern entrepreneurial structure in modern literature are (Foss & Saebi, 2017) component, competence, functional, resource-factor, institutional, marketing, process, communication.

Thus, a business model is a general picture of how an innovative concept will create economic value for a buyer, for an enterprise, for shareholders and partners. The business model is built taking into account the various components of the business, which include: entrepreneurship, strategy, economics, finance, operations, competitive strategies, marketing and sustainable growth strategies.

## METHODOLOGY

In the course of study, the following methods were used: monographic method (in the study of business model management processes), terminological (in the study of the transformation of terms, in particular, the "*business model*"); generalization and scientific abstraction (when developing an innovative business model based on the synthesis of two approaches-business processes and the formation of business value); systematic approach (with a comprehensive study of strategic management), analysis and synthesis (with the substantiation of theoretical principles and principles for the formation of business models).

## RESULTS AND DISCUSSIONS

The main advantages of innovative business models in the organization's competitiveness management system over traditional ones are the tools of competition. Unlike classical methods

involving innovations in one or two areas of the economic mechanism of an enterprise (for example, pricing or technology policy), the introduction of new business models will make significant changes to most of its elements, including the choice of the target need of a potential consumer, the profit management mechanism and a method for their sustainable combination.

In modern conditions, many business models have lost their effectiveness and competitiveness. Enterprises that used outdated business models are ruined suffer losses and leave the market. Conversely, a number of business models that were relevant in the pre-crisis period turned out to be highly effective in a crisis, and provided the companies that use them with new opportunities for business growth and development. Further use of inefficient business models and sluggishness in defining new business models, tardiness in going to them can entail significant financial losses for an enterprise - up to a loss of the opportunity to remain in business in principle.

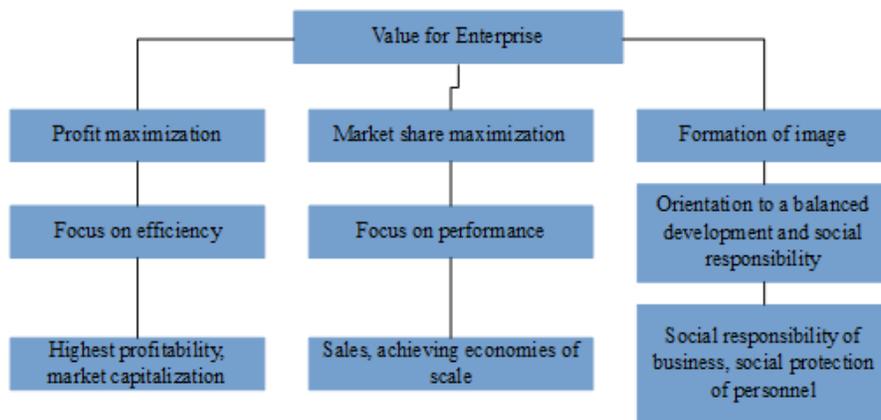
The modern market is characterized by rapid changes in the requirements and needs of consumers, therefore, the development of a business model should be based on reliable forecasts of the state and market conditions not only in the near future, but also in the long term. It is important not only to correctly identify the need, but also to correctly evaluate the capacity of the target segment and its resource capabilities, understand the composition and identify key elements of business processes in order to make them effective, be able to establish mutually beneficial relationships with partners, find ways to attract the attention of consumers, and in general, to build an innovative business model.

It is necessary to proceed from the fact that an innovative business model is a method of doing business that ensures competitive stability and rapid growth of an enterprise. The sustainability of the business model is achieved through the correct vision of key aspects of creating new value (innovation).

The use of business modeling involves the implementation of a comprehensive economic, analytical, graphical and programmatic justification of the choice of the most effective option for the strategic development of an enterprise, in particular the delimitation of the stages of formation and development of a business model based on individual factors, conditions and characteristics.

One of the priorities in choosing an innovative business model is the choice of a method of forming value for the consumer. We have identified three alternative vectors: product leadership, operational excellence and understanding (engagement with) the client.

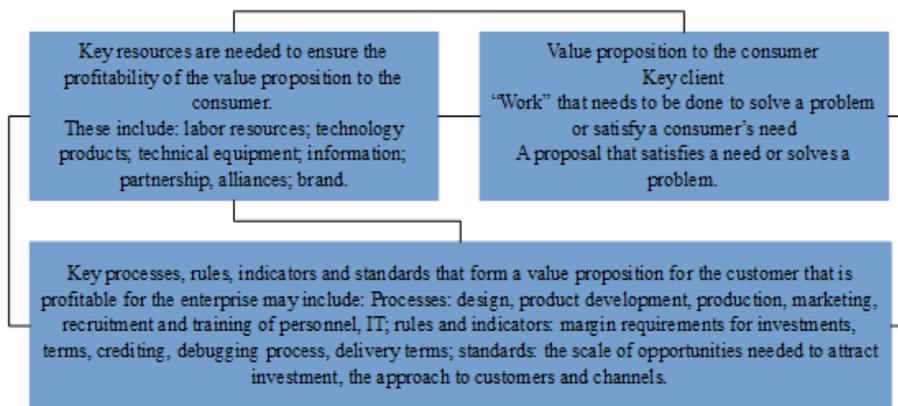
An important priority when choosing an innovative business model for an enterprise is the formation of value for an enterprise. Here we can distinguish three main vectors, having considered the essence of which the company chooses for itself the most important variant of priority development: focus on performance, focus on efficiency, or focus on balanced development and social responsibility (Figure 1).



**FIGURE 1**  
**VALUE FORMATION VECTORS FOR AN ENTERPRISE IN ACCORDANCE WITH THE CONCEPT OF BUSINESS MODELS, FOCUSED ON BUSINESS PROCESSES/ROLES (AUTHORING)**

In case of a focus on maximizing performance, the task of the management team will be to direct staff to achieve economies of scale, a large market segment, due to the high sales volume. If the company chooses to focus on improving the efficiency of its activities, efforts should be directed at obtaining the best indicators of absolutely all types of profitability, maximizing the market capitalization of the enterprise. The third vector directs the activities of the company to achieve a balanced development and respect for social responsibility to society.

Therefore, understanding the needs of consumers, enterprises and taking into account the influence of all factors and the creation and provision of integrated business solutions for targeted market segments are a priority task for the development of an enterprise. A successful innovative business model consists of a proposal that has a high customer value, and the key resources and processes that an enterprise will have to combine to create its offer. We will form the main elements necessary to create a successful innovative business model in the enterprise competitiveness management system (Figure 2).



**FIGURE 2**  
**ELEMENTS OF A SUCCESSFUL INNOVATION BUSINESS MODEL IN THE COMPETITIVENESS MANAGEMENT SYSTEM (AUTHORING)**

For the effective implementation of the proposed innovative business model in the enterprise competitiveness management system, we propose to implement measures developed to improve the management process and coordinate decisions.

After all, it is management business processes that should ensure the enterprise's efficiency in the management and coordination of decisions.

The development of new training programs for employees at various levels, including distance learning, on-the-job training, the creation of a virtual training center leads to an increase in the skills of employees, the mastery of new specific skills, and this is an additional way of motivation.

Using sources of open innovation contributes to the diversification of scientific ideas, the intensification of the innovation process and reduce the cost of technology transfer. This method allows us to identify and meet the needs of consumers, because the result of open innovation is not necessarily a specific technology or development, sometimes it can be just an idea or a proposal to solve a certain significant problem.

The organization of festive general corporate events increases motivation, contributes to a better awareness of the values of the company, fosters loyalty among employees to their company.

The introduction of a system of material incentives for employees to innovate leads to an increase in the number of ideas, a decrease in resistance to change, and an acceleration of innovative development at all organizational levels.

## **RECOMMENDATIONS**

Based on the analysis of the ways, criteria and priority directions for selecting an innovative business model in the enterprise competitiveness management system, the most optimal would be to build a business model based on the Canvas Business Model. This model is a simple and effective tool for creating a new business model, which is used by many enterprises to create sustainable competitive advantages. Using the Canvas Business Model will help create value for customers, improve the ability of enterprises to design, test and create products and services that customers want.

## **CONCLUSIONS**

Thus, a business model that will be based on innovations will be successful - starting from the idea of a new consumer value (goods, services), the way it is created and ending with new approaches to working with consumers and partners in order to generate revenue from the sale of consumer value occurred for a long time and provided the company with rapid growth. Depending on how long innovations can provide greater consumer value of a product or enterprise's services compared to competitors, the sustainability of the business model and the growth rate of the enterprise depend.

Thus, the main features of the modern business environment are increased competition between national and foreign producers, the emergence of new types of risks in business, which are not only economic but also social and political, periodic fluctuations in financial markets that change the speed and direction of capital movements etc.

In such changing conditions it is especially important to ensure the effective functioning of economic entities, which is confirmed by an increase in the market value of the enterprise. This is possible due to the formation of an innovative business model in the enterprise

competitiveness management system. Indeed, one of the main factors for ensuring the efficiency of an enterprise's activities and increasing its competitiveness is its ability to effectively manage innovations.

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