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**Features of an enterprise
development strategy based on
innovation**

The article describes the features of an enterprise development strategy by analyzing the terms «strategy», «innovation» and the formation on the basis of strategic planning in enterprises. The necessity of the enterprise's development strategy the formation on the basis of innovations mainly connected with an increase in the level of competitiveness, as evidenced by a brief overview of the evolution of the term «strategy». The content of strategy in enterprises in terms of innovation was described, which is a collection of all the constituent elements of internal processes and relations, aimed at developing a long-term development of a particular enterprise by enhancing the implementation of innovations. Disclosed objects and features of strategic management in terms of development of innovative activity. Article shows statistical data of investment on research and development in the Republic of Kazakhstan. It was understood, that the formation and implementation of innovation strategy determine the activities of the enterprise in the innovative development and allow more successfully solve many problems associated with the development, increase production efficiency and competitiveness.

Key words: innovation strategy, innovation, development strategy, enterprise.

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**Инновациялық қызмет
негізіндегі кәсіпорындардағы
стратегиялық дамудың
ерекшеліктері**

Мақалада кәсіпорындардың дамуындағы стратегия негіздері «стратегия», «инновации» терминдерін талдау арқылы және соның негізінде кәсіпорындардағы стратегиялық жоспарлау қалыптасатыны айқындалады. «Стратегия» терминіне қысқаша шолу арқылы дәлелденгендей, кәсіпорындардың инновация негізінде дамуындағы стратегия қалыптасуының өзектілігі, бірінші кезекте жоғары деңгейдегі бәсекелестікке байланысты. Жаңашылдықтарды енгізуді белсендендіру арқылы кәсіпорындардың айқындалған ұзақмерзімді дамуын жасау, ішкі үрдістер, байланыстар мен барлық жинақтаушы элементтерден тұратын инновациялық қызметтің даму кезеңіндегі кәсіпорындардың стратегиясының мазмұны айқындалды. Инновациялық қызмет дамуының кезеңіндегі стратегиялық дамудың міндеттері мен ерекшеліктері көрсетілген. Қазақстан Республикасындағы ғылыми зерттеулер және тәжірибелік-конструкторлық жұмыстарға салынған қаражаттардың статистикалық мәліметтері келтірілді. Инновациялық стратегияны қалыптастыру мен жүзеге асыру кәсіпорындардың инновациялық даму қызметін анықтайды және өндіріс тиімділігі мен бәсекеге қабілеттілігін арттыру бойынша көптеген мәселелерді шешуге болатыны жайлы анықталды.

Түйін сөздер: инновация стратегиясы, инновация, даму стратегиясы, кәсіпорын.

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**Особенность стратегии
развития предприятий
на основе инновационной
деятельности**

В статье раскрываются особенности стратегии развития предприятий посредством анализа терминов «стратегия», «инновации» и формирование на основе этого стратегического планирования на предприятиях. Актуальность формирования стратегии развития на предприятиях, основанной на инновациях, прежде всего, связана с повышением уровнем конкурентоспособности, что доказано через краткий обзор эволюции термина «стратегия». Определенно содержание стратегии предприятия в условиях развития инновационной деятельности, которая представляет собой совокупность всех составляющих элементов, внутренних процессов и связей, направленных на разработку долгосрочного определенного развития предприятия путем активизации внедрения новшеств. Показаны задачи и особенности стратегического управления в условиях развития инновационной деятельности. Представлены статистические данные по вложению средств в научно-исследовательские и опытно-конструкторские работы в Республике Казахстан. Выявлено, что формирование и реализация инновационной стратегии определяют деятельность предприятия в инновационном развитии и позволяют более успешно решать многие вопросы, связанные с развитием, повышением эффективности производства и конкурентоспособности.

Ключевые слова: инновационная стратегия, инновации, стратегия развития, предприятие.

**FEATURES OF
AN ENTERPRISE
DEVELOPMENT
STRATEGY BASED ON
INNOVATION****Introduction**

The road to success for companies in today's economic environment is more demanding than ever and the capacity of adapting to the rapid changes is compensatory in order to resist on the market. The managers struggle, daily, with increasingly complex problems, caused by fierce competition in the market but also from the rising demands of customers. The reality of current business environment, force managers to think of new ways of dealing with the challenges. The globalization of the economy leads to a fierce competition on the market, fueled by the customer easy access to information and therefore leading to high expectation from the companies. In this context every manager need to adopt some strategy in order to stay on the market [1].

At the same time from the management it is required to create a development strategy and make adjustments to it much faster than it was a few years ago, while the probability of forecasts on which policy decisions are based, should be increased. In such circumstances, enterprises need to improve methods and mechanisms of formation of strategy based on innovations [2]. However, during transition period to the path of innovative development traditional methods of strategic management no longer meet the new requirements and are not in a position to contribute to effective work. Well-known specialist in the field of management P. Drucker points out that the company, which is not updated, inevitably ages and breaks down [3]. Crucial importance in the organization of an effective strategic management of the enterprise is the formation of a strategy that focuses managers on the problem solving in a situation of rapidly changing conditions [4].

Literature overview. Investigation of formation of innovative development strategy requires the study of such basic concepts as strategy and innovation. In the book «Strategy and Structure: Chapters from the history of American industrial enterprise» A. Chandler stressed out that the strategy should « the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals» [5].

Then Kenneth Andrews, a professor at Harvard University, has published a book «The concept of corporate strategy» in 1971, and then was issued an updated edition in 1980, where the definition of strategy was given as «the pattern of decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities» [6]. Andrews also draws a distinction between «corporate strategy,» which determines the businesses in which a company will compete, and «business strategy,» which defines the basis of competition for a given business. Strategy as the basis for the competition brings us to another Harvard Business School professor Michael Porter, who became well-known after the publication of his book in 1980, «Competitive Strategy». Porter defines competitive strategy as «enhanced formula of how the business has to compete, what goals it should have, and what policies are needed to meet these goals»[7]. Here it can be seen that in contrast to the definition of Andrews, Porter's definition of strategy is much narrower and focused, as connected with the basis of competition. In his works, M. Porter underlines that the main strategy of the problem - is a choice and maintenance of «winning» position in the market environment (Porter, 1985). «The strategy of the company as a competitive position» From this perspective, the main purpose of the company strategy is to find and use the competitive advantages of the company. The development of a market economy with a constant increase in competition has fixed this line as a major development strategy [2].

Benjamin B. Trego and John W. Zimmerman defined strategy as «the framework which guides those choices that determine the nature and direction of an organization»[8].

In 1994, Henry Mintzberg, professor of management at McGill University, reviewed the whole process of strategic planning in relation to the problem in his book «The Rise and Fall of Strategic Planning.» Mintzberg argues that the concept of the strategy actually has several meanings, all of which were useful. He indicated that strategy is a plan, a pattern, a position, a perspective and, in a footnote, he indicated that it can also be a ploy, a maneuver intended to outwit a competitor. A more recent entry appears in Strategic Planning for Public and Nonprofit Organizations, published in 1996 by John

Bryson, where strategy was defined as «a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it» [9].

The classics of management theory Michael Albert, Franklin Khedouri, Michael H. Mescon say that «the main task of strategic planning, which is an element of strategic decision, is to ensure that innovations and changes in the organization are sufficient.»

The purpose of the article is to reveal the process formation of strategy, so let us make an overview of different definitions and interpretations of the category «innovation» in the literature.

In economic literature there is no common approach to the definition of «innovation» yet. Historically, the formation of the theoretical foundations of the study of innovation began in the early XX century, one of founders is the Austrian economist Joseph Schumpeter [10].

He wrote about the innovation processes as new combinations, which are formed as a result of re-organization of production through the use of new technology, the emergence of new raw materials, the introduction of new products, the emergence of new markets [11].

B. Santo explains innovation as «social, technological and economic process through which the practical use of the ideas and inventions leads to the creation of the best features of the products, technologies, and if it is guided by economic gain, income, its appearance on the market may bring additional income ...» [12]. O'Sullivan (2000) stated that «Innovation is the process through which productive resources are developed and utilized to generate higher quality and/or lower cost products than had previously been available». Edison said that innovation «is more than simply coming up with good ideas: it is the process of growing them into practical use» (Bessant & Tidd, 2009).

Alignment. After analyzing different points of view of scholars on the basic directions of development of strategy and definition of innovation, it is become clear that innovation plays a major role in shaping the strategy. This is due to the fact that the winner of the competition is the one who builds its activities mainly on the basis of an innovative approach and the main purpose of the strategic plan aims to develop new products and services, technology, access to new markets. In accordance with this, the strategy of the enterprise in the conditions of development of innovative activity is one of the main.

The content of enterprise strategy in terms of innovation, is a combination of all the constituent ele-

ments of internal processes and connections, aimed at creation of a long-term development of enterprise by enhancing the implementation of innovations. Enterprise strategy with innovation activity reflects a structured set of interrelated provisions, including institutional, economic, organizational, legal, informational and analytical aspects.

Thus, the strategy of the enterprise in the conditions of development of innovative activity - it is a single highly integrated system of interconnected components and elements that determine the direction of the effective development of the organization.

Strategic management objectives in terms of innovation are

- identifying areas of enterprise development,
- implementation of a single innovation policy,
- Definition of the strategic functions of business units engaged in the development and implementation of innovative plans and programs,
- Development of directions and order out of the crisis caused by the introduction of failed innovative projects

Features of strategy of the enterprise in the conditions of development of innovative activity are

- 1) focus on the long term;
- 2) coordination of innovation, marketing and manufacturing activities in the development of strategy;
- 3) the pursuit of a high level of organizational culture and motivation of participants in the process of strategic management,
- 4) focus on the supplying of of internal and external competitive advantages
- 5) focus on increase of efficiency of the enterprise's innovative activity

Strategic management of the enterprise through the use of the capacity for self-organization based on the teaching and self-study if staff, coordination of interests of various groups and the delegation of authority, as well as disclose the existing potential of the enterprise, including the most complete realization of creative abilities of employees and creation of a strong organizational culture.

In order to increase number of effective domestic enterprises is necessary to actively and widely develop management approaches focused on recognition, deployment and support of self-organizing tendencies. The main principles of formation of innovative strategy is a system of measures, a synergistic effect of socio-economic activities, the permanence of the innovation process. At the same time the process of innovation in our understanding - is a dynamic, probabilistic, cyclical

process aimed at realization of the intellectual capital in the sphere of production through the implementation of innovation in the market as a highly competitive product.

The starting point of formation of strategy of innovative development is the analysis of the state of the environment. It aims to identify opportunities and threats in the macro- and microeconomic environment. Incentives of innovation activity are both external factors and internal problems of the company (equipment wear, high energy costs, lack of capacity). External stimulus of innovation mainly is to fight in the market of final products for the consumer. In the domestic market, intense competition experience business entities that produce import-substituting products. Export orientation is also a powerful factor for innovation, as the company has to promote their products on the world market with highly competitive [13].

The innovation strategy should provide purposeful activity for managers to improve the effectiveness of the innovation process. The innovative strategy involves association within the framework of management of the corporation of all elements of the system: Science - Technology - Production - Consumption, which provides for the establishment of conditions for stimulating research and innovation activity on the basis of feedback in the innovation process. Effective implementation of innovative strategies demonstrate Japanese corporations, as well as high-tech companies in other countries. M. Aoki, analyzing the innovation process in the Japanese firm, notes that it is characterized by a whole system of feedback [14].

In the frame of the program of industrial-innovative development of Kazakhstan for 2015 - 2019 years, the government has taken a number of measures to create a system of innovative enterprises and to enhance them. As a result of the reforms after the implementation of SPAID share of innovation active enterprises increased from 4% to 7.6%, increased business expenditure on technological innovation by 3 times (from 113.5 to 326 billion tenge), similarly increased volume of innovation products (with 111.5 to 379 billion tenge). According to «Innovation» the factor of Global Competitiveness Index of the World Economic Forum, Kazakhstan has improved the rating and took the 79th place, according to the research «Global Technology Revolution 2020», which is predicts development of science and technology in the world in the next decade and a half Kazakhstan's positions is 85, however, overall it is among the countries whose scientific and technological potential is measured by negative values (-0.38).

The Republic of Kazakhstan for implementation of innovative solutions needs to attract considerable investment. In 2015, domestic expenditure on research and development activities increased by 4.5% compared to last year and amounted to 69 302.9 million KZT in Kazakhstan at the expense of borrowed funds on R & D was financed by - 63.4% at their own expense - 36.6%. The share of costs for applied research in the total volume of internal costs amounted to 53.3%, basic research - 22,9% and experimental development - 23.8%.

Statistical research of innovation activity in Kazakhstan showed that in 2014 a number of innovation active enterprises was 1940, which is above the level of 2013 by 8.5%. The most active are the innovative manufacturing industries. The volume of innovative products and services increased by 0.4% compared with 2013 and totaled 580 386.0 million tenge, from which products were sold in the amount of 525 924,9 million tenge. The volume of innovative products delivered for export amounted to 177 435.6 million tenge.

Despite considerable scale of undertaken in recent years to support innovative activity measures key issues remain:

- 1) insufficient stimulation of transfer of advanced technologies;
- 2) the ineffectiveness of mechanisms to address and search of priority technological problems of enterprises and businesses;
- 3) low level of business responsiveness to technological innovation;

- 4) lack of technical and managerial skills;
- 5) lack of development of innovative technologies in the educational system;
- 6) inadequate system for monitoring the implementation of innovative projects [15].

Conclusion

Development and implementation of innovative strategies determine the activity of the enterprise in the innovative development and allow more successfully solve many problems associated with the development, increase production efficiency and competitiveness. The process of formation and implementation of innovative enterprise development strategy should be based on the principles that define the objectives, direction, development methods, planning and implementation of innovative activity of the corporation, and shall be implemented on the principles and methods of strategic behavior.

The process of formation and implementation of innovation strategy includes the development of corporate system of long-term objectives of innovation and selection of the most effective ways to implement them. However, we must bear in mind that innovation corporation includes different areas of corporate strategic choices, so the formation and implementation of innovation strategy requires a systematic approach that allows for a coherent and coordinated activities of all divisions of the corporation and has a synergistic effect.

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