Tetiana Bochulia
Doctor of Sciences (Economic), Professor,
Kharkiv State University of Food
Technology and Trade,
Head of Accounting, Audit and Taxation
Department
Ukraine, Kharkiv
bochulya@i.ua

Pavlo Hrynko
PhD (Economic),
Kharkiv State University of Food
Technology and Trade,
Associate Professor of International
Economics Department
Ukraine, Kharkiv
pavelgrinko@gmail.com

Maryna Mukhina
Higher educational establishment
«International humanitarian and
pedagogic institute «Beit-Chana»,
Vice-rector of teaching and
methodical work
Ukraine, Dnipro
Mukhina25051963@gmail.com

INNOVATIVE TRENDS OF BUSINESS DEVELOPMENT AS AN INCENTIVE TO
ACHIEVE PROGRESSIVE COMPETITIVE ADVANTAGES

Abstract. The article is devoted to the solution of actual questions concerning modern trends of business development that promote competitive advantages and provide the effectiveness of economic innovation. The cycle of development of strategy and actualization of the competencies of the enterprise is formed. The adaptive strategy of enterprise development is proposed, which provides for the definition of the real internal state and understanding of the external situation as a combination of conditions and relations between formal and informal institutions that provide for the non-alternative benefits. The model of organizational culture as a dynamic category is formed, which corresponds to the life stage of the enterprise development, therefore, affects the management process not in a holistic manner, but according to the operational regulation of activity. A combination of core competencies in the implementation of the synergistic effect of activity is proposed that allows the most effective realization of core benefits, as derivatives from the set of resources and abilities used by a certain business system.
Keywords: innovation trends, development, strategy, model, paradoxes of management
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Introduction. Extensive changes in world economic space, becoming of global media society, changes of priorities and regulators of enterprise activity, active dominant of knowledge, technologies intelligence are influenced on organization and development of economic systems. Organization of business entity carried out in extremely difficult development conditions, for which inherent ambivalent character - turbulence and expanding range of tools and activation of business. However, more opportunities have many difficulties during adaptation economic systems to changes, because such systems are not completely ready to transformations and trying to preserve positions without risk that accompanies changes. Mainly enterprises are chosen traditional pattern scenario of management - preservation of competitive positions without introduction of innovations that characterized by lack of guaranteed effect. The main limiting factors are excessive caution and leveling of individuality in management. Enterprise has to determine its vector of development with considering strategy of transformation, business values, target activity (meaning and causes of existence), on the basis of which management scenario is developed, actualization of which should be carried out according to time and spatial context of enterprise activity at economic external environment.

The issue of business development has not been left out of the attention of scientists, who are concerned with the need to provide enterprises with competitive advantages that are relevant to the new stage of economic development. The relevance of new proposals in managerial activity as an experiment in the concept of creativity is defined, taking into account the innovations in research and the dynamics of the external economic environment and the influence on it of intelligence and technologies.


Research goal is develop recommendations concerning innovative development of modern business in accordance with the trends of the economy and the introduction of technological and competence changes as an element of the culture of continuous innovations.

The totality of general scientific methods of knowledge processes and phenomena that are basis for development of progressive competitive advantages of business has become
theoretical and methodological basis of scientific research. At scientific research used:
gnoesological method for concretization of concepts and factors that are main accent
when defining features of strategy development; system-structural method for differen-
tiation of competency potential of obtaining competitive advantages; method of analogy
for forming combination of core competencies in the implementation of the synergistic
effect of activities; modeling method for constructing cyclic models of strategy develop-
ment and updating of competencies of the enterprise and adaptive strategy of enterprise
development.

Research results. The modern economy is the product of changes and transforma-
tions that caused by the development of theoretical and axiomatic constructions of
economic systems, activation of dissemination of knowledge, definition of intelligence
as driving force of business activities, changing of social order - incipience of «Gen-
eration Z». An illusory has become attempts to neutralize irresistible process of transfor-
mation of the modern world, which is characterized by information and communication
phenomenon and prevalence of technologies. Today for companies and organizations
primary should be the objective is not growth but prosperity [Rushkoff 2016].

The radius and vector of enterprise management have changed under impact of sub-
strates (basic moments of effectiveness) of modern economic systems development.
Therefore the question of management efficiency has become new dimension and top-
icity that has prompted to the study of dialectic of information intercourses concern-
ing formation and dissemination of management influence without its asymmetry and
absolutize of monocontrol at acceptance alternatives of management decisions.

The question of business management development is disputable among the sci-
cientific community, because scientists solve the problem of provision long-term com-
petitive success of enterprises that depends on management decisions, projects and
development scenarios. Innovations that needs to modern economy are emerging
from chaos. Practical recommendations on intensification of critical thinking and pro-
mote integration of sustainable development at enterprise model with expansion of
core competencies are proposed in scientific research [Laszlo, Zhexembayeva 2011].
Scientists are multidimensional considered issues of improvement of mechanisms, in-
struments and means management of business structures. At the undeniable value of
scientific researches of domestic and foreign scientific community is topical need to
develop theoretical and methodological recommendations and organizational provi-
sions of compositional management and creating a fundamentally new subsystem of
enterprise management.

Formation of strategy begins with determination and assessment of problem situa-
tion that for core competencies is implemented by formulation of five basic tasks of its
management: definition of priori (existing) core competencies; developmen of pro-
grams acquisition of core competencies; generation of core competencies; expansion
of core competencies; monitoring and development of measures to protect core com-
petencies with preservation of leadership [Hamel, Prahalad 1996].

To management and expansion of competencies is inherent cyclicality of evaluation,
the ranking of development factors, detection of inefficient elements and update of
strategy, for which new decisions are developed (Figure 1) [Bochulia 2017]. This is in-
verse order of management, when the first stage should be assessment of available
resources, opportunities, constraints, factors after which is formed opinion about the strategy, scenario and objectives of development.

Figure 1 - Cyclicity of strategy development and actualization of competencies enterprise

Source: [Bochulia 2017]

Picture of the development each competencies with allocation of interrelationships between them is multifaceted in the cycle of servicing and expansion management constructions that promotes forming conclusion about current configuration of core competencies. The result is establishing the upper and lower limits of effectiveness with structuring of intercourse between management subsystems with attraction of material and immaterial resources.

The curve of expansion competencies is constructed to enhance the key competencies and information, knowledge, abilities, prototype of management, rules, skills, experience, patterns of decisions going beyond the limits of internal environment to increase the information capacity of conclusions and sententiae concerning the tasks of strategic development.

To summarizing the conducted scientific research should be noted that sententiae about plurality of information policy is became more actual because is basis of management policy as initiative of formation of new business properties, changing its qualitative state, increase of competencies and development potential. With the development of new technologies will win most innovative and intellectual part of the world’s population, thus logical continuation of management concepts should become new paradigm of information development with active dominant of technologies, processes, collaboration, communication interactions.

Today for companies and organizations primary should be the objective is not growth but prosperity [Rushkoff 2016]. Therefore compositional projects are means and objective of provision of conditions for activation development business, principles and
methods of cooperation that is implemented on the basis of systematic generation and application of innovations.

Compositional aspect of management is characterized transformational changes that affect not only at micro level (enterprise) and is regulating the development of business structures and economic systems. For this reason it is necessary to predict formation of compositions decisions with qualitatively new level of management provision for adaptation of business to the changes and transformations the external environment.

Companies need a new alternative approach, according to which a combination of stability and constant change is formed that correspond to the tendencies of development of the world economy [McGrath 2013].

The basis of management involves knowledge of the internal state and understanding of the external situation as a combination of conditions and relationships between formal and informal institutions that provide getting real benefits. It stimulates the managerial apparatus to form strategy is not a long-term development plan, but an absolute algorithm for balancing reasonable guarantees of achieving the goal (Figure 2).

![Figure 2 - Adaptive strategy of enterprise development](image)

**Source:** developed by authors Bochulia T., Hryenko P.

Dynamics of business is connected with dynamics of factors of its development, among of which the special value make up human resources that serving of all other factors. Each sector in Figure 2 reflects not only the strategy of development, but also the ideology of the enterprise, taking into account the factor of external influence. The curve shows the universal life stage of the company from the provision of tasks and standard development to the implementation of managerial competences and observance of the concept of sustainable economic development. The solution to the serious tasks begins with a small, and therefore, the essence of the implementation of changes is the gradual transformations, in particular, from competent development that involves the implementation of behavioral technologies [Service, Gallagher 2017].
Competency development is the basis for the dynamics of business and the achievement of an enterprise of unconditional competitive advantages and a stable financial state. The first level - organizational competencies - characterizes the degree of development of organizational culture as attributive characteristics of the organization and means of adapting to changes in the external environment. It is a powerful managerial instrument that defines a priority direction of activity and provides the coordination of development factors. Organizational culture is the highest degree of implementation of informal institutions in the policy of managing an enterprise. Gradually the implementation of organizational culture provides the achievement of the goal that expressed in the competitive advantage as a priority in material and non-material indicators (Figure 3).

![Diagram of competency development]

**Figure 3** - *Competency potential of gaining competitive advantage*

*Source:* developed by author Mukhina M.

On fig. 3 material components of development are veiled in the constituent parts of the organizational culture that increases the potential of activity more than manipulation of traditional factors of production. Each of the facets of organizational culture corresponds to the life stage of the enterprise development, therefore, affects the management process not holistically, but according to the operational regulation of activity. Organizational culture is a dynamic category and optimized under the influence of external factors that determine the business strategy. Business involves sensitivity to regulatory changes in the external environment that is expressed in the dynamics of criteria for the selection of indicators of management. The integration of the management subsystems, the development of the information and communication platform and the implementation of the managing a resource are carried out mainly on the basis of traditional approaches that take into account the provision of a series of transformations with an innovative basis.

Technologies in business have grown into a person’s dominance in business, which is logically explained by the priority of intellectual capital over the machine. The level of technical competence of enterprise development includes not only the technical platform, software and communication architecture. They are serviced with knowledge,
professional competence and experience, collectively designing the information technology system. In algorithms of calculating the effectiveness of the implementation of information technology take into account direct, indirect and qualitative effects, as well as risks of the project that should guarantee the right managerial decisions of its choice and subsequent control.

The formula of calculation can and should be expanded by parameters that can not be calculated, but which constitute the real intellectual capital of the enterprise. When planning information and technology projects, their preliminary assessment should be adjusted to the indicator of values that inherent in individuals. Thus, technical competencies move to the level of managerial competencies as individual employee skills that adjusted by the business idea of company development. Managerial competencies are flexible according to their essentially and quickly adapt to changes in the internal and external environment with provision behavioral aspect of professional competencies. The latter borrowing a policy of business and are reflected in professional knowledge, characterizing the enterprise through a system of professional competency and development. In the complex of the implementation of organizational, technical and managerial competencies realized core competency, as a derivative of the aggregate of resources and abilities that used by a certain business system, which inherent in an individualized configuration of resources and abilities, creating a competitive and strategic advantage, increasing the efficiency of using in time. The core competency is based on the synergistic effect of integrating the competencies of business, human and technology, which contribute to the increase in the value of all components transferred to the final product (Figure 4).

![Figure 4 - A combination of core competencies in the implementation of the synergistic effect of activity](image)

**Source:** developed by authors Bochulia T., Hryanko P.

The advantage is achieved under various conditions of strategy implementation, which is an integral part of it that is responsible for the principle of continuity of activity
and the temporary aspect of adapting the enterprise to the external market environment. Usually all changes of product are carried out by trial and error: a functional is added, a modification of the appearance, and then - can only hope that it will work. In fact, innovations can be much more predictable and far more profitable that depending on the correct assessment of the economic trends and business opportunities [Christensen, Hall, Dillon, Duncan 2016].

Competitive advantage is a driving force for business development that includes not only the offer of a unique product (product, service) to the consumer, but the formation of an individualized business policy. The functional organization of core competencies in achieving competitive advantage involves the integration of traditional factors of production (capital, assets, resources) with innovation (information, technology, communication). Innovative factors are manifested through the components of human capital to formulate a decision, subsequently transformed into a leading practice that distinguishes business from analogues and forms an instrument for forecasting, designing and implementing the results.

The formal and informal institutions are integrated in the managerial organization that characterize the level of regulatory, organizational, administrative and competent regulation of financial and economic activity of the enterprise. Formal regulation of the management system sets limits on the enterprise’s policy that is necessary to control the information base and bring it to the «single denominator», which is typical for various business entities. To select an effective strategy for enterprise development it is necessary: an understanding of the principles of strategy development, the ability to analyze the factors of the internal and external environment and their influence, the availability of strategic thinking skills. To think strategically - to think by new categories, going beyond the limits of rationality, which limit the cognitive perception of the factors of the internal and external environment. Managerial thinking differs significantly from traditional thinking that manifests itself in the imposition of financial and economic ideology on the philosophical basis of personality development. The economy is characterized by the reverse logic of managerial thinking that is expressed in the adaptation of intellectual resources to the identified aspects of business processes with their development as a consequence of the dynamics of entrepreneurial activity. Rationality of the thinking requires the presence of its various properties, which allow suppressing the mass of ineffective trends in the processing of information that depends on the availability of different knowledge bases related to probabilistic and scientific thinking. Information for making decisions acquires a new status for business entities that have chosen innovation and introduction of new intellectual projects by raising the level of realization of creative initiative, expanding professional competencies, gaining new knowledge, motivating to offer uncompromising competitive decisions [Bochulia 2017]. Consequently, it allows to expand the horizons in the perception of the real financial and economic situation, which develops under the influence of complex transformational processes in the economy and society. Managerial thinking is at the junction of convergent (the basis of intelligence, which allows you to choose from the many options) and divergent thinking (the basis of creativity, resulting in several solutions are simultaneously generated). Managerial decision can be described as a limitation of the convergent thinking by divergent thinking, which implies the dominance of rationality (validity) over creativity (irrationality). They are closely interconnected and interdependent, and their
compromise allows to achieve the managerial balance, which is most approximated by the qualitative and quantitative indicators to the business hypothesis at the present time. The decision of the managerial problem is based on the personal meaning of the conclusions, resulting in the formation of a management image, which is impossible to repeat in the external environment that minimizing the risk for business to lose an exceptional competitive advantage. The management system is the result of the integration of paradoxes as logical contradictions as a result of comprehension of reality and understanding of the depth of processes. The paradoxicality borders on originality, assuming the reality of the existence of judgments, conclusions, decisions without logical justification, which in the form above the traditional conclusions and guarantees the expected result. Modern business is characterized by paradox that served as the basis for drawing conclusions about the contradiction in the effectiveness of the rapid development of technologies and intelligence (Table 1) [Kogon, Merrill, Rinne 2014]. The compromise in managerial paradoxes allows to maintain a balance in the dynamics of business as a developed economic category.

Table 1 - Paradoxes of effective management

<table>
<thead>
<tr>
<th>Paradox</th>
<th>Individual</th>
<th>Enterprise</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Ind individuality of the approach in solving the problem with the group identity of the goal</td>
<td>Versatility of decisions with the individual style of expression of managerial logic</td>
<td>The balance of individual differences between goals and their collective identity</td>
</tr>
<tr>
<td>Development</td>
<td>Development of knowledge, experience, competencies within the enterprise's strategy</td>
<td>Development of the enterprise's strategy as a result of individual knowledge, experience, competencies</td>
<td>Stability of the strategy with a compromise of time and cost</td>
</tr>
<tr>
<td>Motivation</td>
<td>Stimulating the realization of creative potential within the concept of personal development</td>
<td>Stimulating the implementation of business potential while respecting the principles of personal development of individuals</td>
<td>Creating an individual organizational culture</td>
</tr>
<tr>
<td>Control</td>
<td>Autonomy of regulation of administrative powers</td>
<td>Flexible policy of control procedures</td>
<td>Balance of control areas of the enterprise</td>
</tr>
</tbody>
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Source: [Kogon 2014]

The control of the past extends not to the time but to the characteristics of that state in which the individual belonging to the formal and informal institutions was located,
and their development should be the result of the acquisition (development, optimization) of new knowledge, skills, competencies as an experience in accounting of the results. Management policy is based on previous experience as a set of indicators of decisions, which are subject to cost estimation in terms of costs and benefits. Benefit is determined by a compromise of knowledge, resources, motivations, technologies, formal and informal regulators that summed up as a result. The result is a consequence of the choice as instrument for reconciling the price and the results of business activity. The economic chaos that inherent in the modern stage of entrepreneurship development due to significant changes and transformations appeals to the adoption of ready-made solutions that should orient the enterprise, that is to be a kind of «business fairway». Business can always be improved according to interpersonal skills [Mersino 2007].

For entrepreneurship today's changes in different ways affect the decision templates. The necessity of constant ambiguity of management creates a dissonance in informal institutions that balances the business image of the enterprise, for which traditions and principles are more precise concepts and attract the consumer sector.

Thus, the main managerial paradox is the complexity of choice - this process should be simple and not burdened by the high level of influence of various characteristics of the external market environment. To include in the decision (choice) should be those conditions that relevant to the enterprise, which have a real and significant impact on the development of events with the maximum full account of different interests, risks and opportunities without unnecessary overload of unnecessary details.

The more decisions, the more difficult it is to make the final decisions. The variety of choices has had a greater negative effect on the management system, which has led to the need to find new but well-forgotten old business principles.

**Conclusions.** The rapid processes of globalization, informatization and intellectualization have affected the social and economic relations, which became the beginning of significant transformations of business relations. Today, the essence and functions of business have changed, identifying new directions of its development.

Accordingly, enterprises are interested in a quick reaction to the transformation and organization of an innovative business environment that will help maintain competitive positions and take on new «niches» of market. The changes can be called the trend of modern business, which, under the influence of the requirements of the environment, turned into a plastic system with a complex set of information communications.

In the article for the purpose of development of modern business the suggestions have been introduced on the using innovative components of the economy that based on information and behavioral technologies as a basis for transformation of the organizational environment of enterprises, which have to make decisions in conditions of information overload. The main conclusions and the results obtained in the scientific research are as follows:

1. The cycle of development of strategy and actualization of the competencies of the enterprise is formed. Using of such scheme helps to determine the level of development of each competence with the allocation of interactions between them that providing a conclusion on the current configuration of core competencies. The result is the establishment of the upper and lower limits of efficiency with the structuring of relations between the management subsystems with the involvement of tangible and intangible resources.
2. The adaptive strategy of enterprise development is proposed, which provides for the definition of the real internal state and understanding of the external situation as a combination of conditions and relations between formal and informal institutions that provide for the non-alternative benefits. Thus, a complete picture of scenarios of the enterprise’s activity is available with the possibility of their assessment in accordance with the dynamics of factors of its development that allows for timely adjustments. It becomes possible to determine the universal trajectory of enterprise development from providing tasks to the implementation of managerial competencies.

3. Each enterprise has individual competency potential for obtaining competitive advantage that provides for the effective using of managerial instruments that determine the priority direction of activity and ensure the coordination of development factors. It is proposed to form a model of organizational culture as a dynamic category, which corresponds to the life stage of the enterprise development, therefore, affects the management process not in a holistic manner, but according to the operational regulation of activity. Thus, business involves sensitivity to regulatory changes in the external environment that is expressed in the dynamics of criteria for the selection of indicators of management.

4. A combination of core competencies in the implementation of the synergistic effect of activity is proposed that allows the most effective realization of core benefits, as derivatives from the set of resources and abilities used by a certain business system that inherent in an individualized configuration of resources and abilities, creating a strategic development card, increasing the efficiency of use in time.

5. The decision of the managerial problem is based on the personal meaning of the conclusions, resulting in the formation of a management image, which is impossible to repeat in the external environment, minimizing the risk for business to lose an exceptional competitive advantage. The management system is the result of the integration of paradoxes as logical contradictions as a result of comprehension of reality and understanding of the depth of processes. The paradoxes of the effectiveness of management are determined that allows to make a real assessment of the past experience and timely adjustments to the plans that at first glance appear to be effective. It is an opportunity to evaluate decisions from different points of view and minimize unjustified risks that can be misdiagnosed as insignificant.

Proposals and recommendations that are set out in scientific article and are formed for development of modern business and are aimed at spreading technological transformations in economic systems, adapting to changes inherent in the stage of behavior of the modern economy, achieving the effectiveness of managing change and obtaining a result from their implementation. In future it is planned to develop results of research to determine the different directions of business development, based on the implementation of intellectual decisions and professional judgments, which form the basis of any strategy.

References

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