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## INNOVATIVE COMPONENT OF ECONOMIC SUSTAINABILITY OF REGIONAL ENTERPRISES

*In modern conditions, innovation and innovation activity are becoming increasingly important for the economic development of the country and for the successful financial and economic activities of commercial organizations, being one of the basic elements of an effective strategy and an important tool for creating and maintaining competitive advantages. The importance of innovation activity as a driving factor of stable economic growth remains. The impact of these trends is further strengthened by the military situation, which has aggravated the need to use intensive ways of development and aggravated by the general scientific, technical and technological backwardness of many domestic industries. Significant difficulties in the practical application of the existing theoretical provisions of the analysis and evaluation of innovations are caused by the lack of methodological developments in the field of internal control of innovation activity and assessment of its overall efficiency for the enterprises of the region. The underdevelopment of the system of special analytical indicators and approaches to the assessment of innovations, taking into account their economic nature and content, in some cases negatively affects the validity of decisions made by financial managers of organizations. Changes in tax legislation also have a certain significance for the enterprises of the region and economic analysis and financial and economic control. An additional stimulus for the study of innovation activity problems is actively occurring nowadays processes of globalization and internationalization of the economy. Entering the world stock markets, attracting foreign investment and preventing capital outflow are directly related to the mastering by economic entities of modern technologies in the field of production management, marketing and finance, with their accounting and reporting in accordance with international standards. In this regard, there is a growing need for methodological developments in the areas of analysis and control, including in the least developed area of innovation activity analysis. The need for periodic adaptation and improvement of analytical methodologies also gives rise to changes in other normative and legislative acts that form the legal basis for innovation activities.*

**Keywords:** economic sustainability, innovation activity, risk, impact, indicators, enterprise, region.

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## ІННОВАЦІЙНА СКЛАДОВА ЕКОНОМІЧНОЇ СТІЙКОСТІ ПІДПРИЄМСТВ РЕГІОНУ

*У сучасних умовах інновації та інноваційна діяльність набувають дедалі більшого значення для економічного розвитку країни та для успішної фінансово-господарської діяльності підприємств регіону, будучи одним із базових елементів ефективної стратегії та важливим інструментом створення й підтримання конкурентних переваг. Зберігається значення інноваційної активності як рушійного фактору економічної стійкості. Вплив зазначених тенденцій ще більше посилюється воєнним становищем, яке загострило потреби використання інтенсивних шляхів розвитку та поглибилося загальним*

науково-технічним і технологічним відставанням багатьох вітчизняних галузей. Суттєві труднощі в практичному застосуванні наявних теоретичних положень аналізу й оцінки нововведень спричиняє недостатність методичних розробок у сфері внутрішньогосподарського контролю інноваційної діяльності та оцінки її загальної ефективності для підприємств регіону. Нерозвиненість системи спеціальних аналітичних показників і підходів до оцінки інновацій, що враховують їхню економічну природу та зміст, у низці випадків негативно позначається на обґрунтованості рішень, які приймають фінансові менеджери підприємств регіону. Певне значення для підприємств регіону та проведення економічного аналізу і фінансово-господарського контролю мають також зміни в податковому законодавстві. Додатковим стимулом для дослідження проблем інноваційної діяльності слугують процеси глобалізації та інтернаціоналізації економіки, які активно відбуваються в даний час. Вихід на світові фондові ринки, залучення іноземних інвестицій і запобігання відтоку капіталу прямо пов'язані з освоєнням економічними суб'єктами сучасних технологій у сфері управління виробництвом, маркетингом і фінансами, з веденням ними обліку та складанням звітності відповідно до Міжнародних стандартів. У зв'язку з цим зростає потреба в методичних розробках у сферах аналізу та контролю, у тому числі в найменш розвиненій галузі аналізу інноваційної діяльності. Необхідність періодичної адаптації та вдосконалення методик аналізу породжує також зміна інших нормативних і законодавчих актів, що становлять правову основу інноваційної діяльності.

**Ключові слова:** економічна стійкість, інноваційна діяльність, ризик, вплив, показники, підприємство, регіон.

**Introduction.** Recently, there has been a growing awareness of the importance of the innovation component of the economy. This rightly emphasizes the special role of small and medium-sized businesses in generating and commercializing innovations. At the government level, both separate programs to support innovative businesses and comprehensive mechanisms for the development of national and regional innovation systems are being developed. However, the problems of adequate measurement of the conditions and results of the high-tech sector of the economy remain unresolved, and the issues of managing its development remain open. Any enterprise operating in a market economy sets its main internal goal to maximize profits. The main goal of innovation activity of enterprises or organizations can be defined as obtaining a certain number of innovations in the form of new products, technologies, raw materials, methods of organization and management with certain characteristics. Innovative activity plays a crucial role in maximizing the company's profit, the main factor of its economic sustainability.

**Materials and methods.** The modern economic literature does not have a clear definition of the concept of "economic sustainability" and expresses different opinions about the set of indicators that allow it to be determined; these circumstances have led to a certain scientific interest in the study of this problem. In particular, many aspects of this problem are addressed in the works of V. Apopi, G. Bashnyanin, O. Bila, I. Blank, G. Velykoivanenko, E. Velychko, V. Vitlinsky, L. Donets, V. Zagorsky, S. Ilyashenko, E. Utkina, A. Mazaraki, N. Mashina, B. Mizyuk, S. Nakonechnyi, G. Kleiner, V. Tochylin, M. Khokhlova, K. Hladen, A. Shtefanych, O. Yastremska and others. The study of literature and practical experience shows that there is no universal methodology for determining the economic sustainability of an enterprise, and there are no optimal cri-

teria for its assessment. The issues of determining the reserves for growth of the "economic sustainability" of an enterprise remain controversial. The insufficient development of the above problems has led to the relevance of this article and its **purpose**, which is to detail the definition of the innovative component of economic sustainability of enterprises in the region.

**The results.** Information about the company should be as complete as possible so that a potential investor can be convinced of its reliability and stable position in the market [3].

The key to survival and the basis for the stability of the company's position is its sustainability. The sustainability of an enterprise is influenced by various factors:

- the company's position in the financial market;
- production of products in demand;
- product quality;
- the company's potential for business cooperation;
- the degree of dependence on external loans and investors;
- presence of insolvent debtors;
- innovative activity;
- efficiency of business and financial operations.

A variety of factors allows us to consider sustainability. Depending on the factors that influence it, it can be internal, external, general (price), and financial [1].

Internal sustainability is the overall financial condition of an enterprise that ensures a consistently high performance. It is based on the principle of active response to changes in internal and external factors.

The external sustainability of an enterprise is conditioned by the stability of the economic environment in which it operates. It is achieved by an appropriate system of management of the market economy throughout the country.

The overall sustainability of an enterprise is a cash flow that ensures that the receipt of funds (income) is constantly exceeding their expenditure (expenses).

Financial sustainability is a reflection of a stable excess of income over expenses, ensures free maneuvering of the company's cash through their efficient use, and contributes to the smooth production and sales process. It is formed in the course of all production and business activities and is the main component of the overall sustainability of the enterprise. It is important that the state of financial resources meets the market requirements and the needs of the enterprise, since insufficient financial stability can lead to insolvency of the enterprise and lack of funds for production development, and excessive financial stability can impede development by burdening the enterprise's expenses with excessive reserves and reserves.

Thus, the essence of financial sustainability is determined by the effective formation, distribution and use of financial resources, and solvency is its external manifestation [2].

An enterprise, as an open system, ensures achievement of its internal goal – making a profit – through innovative activity, which consists in adding to the results of activity in the form of products characteristics that meet the requirements of the enterprise's external environment. Innovations as a result of innovation activity, on the one hand, should be focused on better, more complete satisfaction of consumer demands, and on the other hand, on obtaining a certain economic effect in the form of profit for enterprises that initiate their development and implementation.

The achievement of strategic and tactical goals largely depends on factors of various kinds. When making management decisions on innovations, it is important to clearly classify the factors and identify their content. The factors that shape the innovation activity of an enterprise are divided into internal and external.

The formation of innovation activity is influenced, firstly, by the expansion of the range of products (services) sold. In the case of an already operating enterprise, the expansion of the product range is possible only in two ways: by producing new products or by improving the products already produced. Obviously, both the first and the second direction, which ensures the expansion of the range of products (services) and ultimately leads to an increase in profits, is directly related to innovation activities, since the set of works related to the development, mastering and improvement of already manufactured products is inherently innovative. Second, maximizing the price at which products are sold. The ability to increase the selling price of a product directly depends on the supply and demand for the product. The most important thing here is the position of the company in the market: whether the company operates in a competitive environment or is a monopolist. It should be noted that the innovative activities carried out by enterprises and organizations and the innovations they receive are

one of the means by which they can ensure a monopoly position in the market or demand for products and unreasonably inflate the selling price.

It should be emphasized that in this case, the possibility of increasing profits will depend on the type of innovation being implemented. For example, it is obvious that a radical product innovation that has no analogues in the world, when in demand, contains much greater economic potential than a modifiable product innovation. In other words, innovative activity allows enterprises to take a monopoly position in the market under certain conditions with all the consequences that follow from this in terms of increasing the company's profit by increasing the selling price of products. With regard to the possibility of increasing the selling price of a product in a competitive environment, it is advisable to use the product-market matrix for analysis, which clearly shows that the possibility of increasing the selling price of a product exists if the company launches a new product on the old market (temporary monopoly position) or a new product on a new market, as well as an old product on a new market, which is again related to innovation. This leads to the following conclusion: the possibility of increasing the selling price of a product or service aimed at increasing profits directly depends on the company's innovation activities.

Thirdly, minimizing the cost of manufacturing and selling a unit of product (service) is possible only in two ways; either by mobilizing the reserves of the technology already in use, or by developing a new technological chain or new elements in the old technological chain. This means both the development of new equipment, technology, and new methods of organization and management of production and sales. Ways to maximize the company's profit by minimizing the cost of manufacturing and selling a unit of product (service) are determined by the effectiveness of innovation.

Fourth, maximizing sales volumes. There are two main areas of focus here: increasing sales of old products and new products. In turn, the increase in sales of old products is possible through a set of marketing activities aimed at stimulating sales (advertising, lotteries, contests, sales, etc.), entering new markets with old (for the enterprise) products, and increasing the consumer appeal of products. In this case, consumer appeal means a set of product parameters that reflect its ability to satisfy both existing and new, including hidden (unconscious) consumer requirements. In turn, consumer appeal includes such elements as product price, quality and additional product features. Increasing consumer attractiveness will mean a change in the above elements that is attractive to consumers. Obviously, activities related to improving the quality of products and adding new functions to them will be innovative. In turn, the launch of new products is also the result of innovative activities.

Thus, an increase in sales is also largely achieved through appropriate innovative transformations.

To summarize the above, it would be appropriate to quote Jack Welch, Chairman of the Board of Directors of General Electric, who was named the best manager of the twentieth century by Fortune magazine. In his opinion, "business is a simple thing: you have to produce cheaper, faster and better than anyone else, and to do this, you need to increase the productivity and efficiency of business management, as well as introduce as many innovations as possible". This statement once again confirms the crucial role of innovation and the resulting innovations in the development of economic systems. However, it should be noted that increased productivity and business management will also be the result of innovative transformations.

In addition, this approach allows not only to analyze the sustainability of the enterprise, but also to identify untapped areas of innovation activity of the enterprise. At the same time, the analysis of the impact of innovation activity on the sustainability of an enterprise or organization should go in two directions.

The first direction involves analyzing the dynamics of the profit share of each product in its total volume, it is necessary to track the increase in profit for each product of the product range. At the same time, it is necessary to take into account the volume of sales of each product in order to determine the stages of life cycles of the company's product range and to predict, and therefore take preventive measures that ensure a certain level of profit for the enterprise as a whole for a prospective period of time. In other words, the company's management should "ideally" take measures to ensure a consistent change in products and technologies so as to ensure a sustainable rate of return, which in turn is achieved by intensifying innovation activities.

The second element-by-element analysis of profit growth, which will consist of profit growth by expanding the range of products, increasing selling prices, reducing production and sales costs, and increasing sales volumes. Identification of the actual state of affairs at the enterprise in the light of ensuring its sustainability will serve as the basis for further innovative transformations. Such an analysis will not only identify possible areas of innovation activity, but also justify which of them is the most cost-effective. Areas of innovative activity are understood to mean innovative projects aimed at both the development and the introduction of new products and technologies. In this case, it is advisable to conduct a comparative analysis of the profitability of each of the areas of innovation, i.e., it is necessary to determine the likely increase in profits for each area of innovation and select those that will provide the highest performance. The introduction of innovative developments for domestic enterprises is especially relevant, since most of them need to choose the best ways of development through innovative transformations.

**Conclusions.** Thus, economic sustainability is one of the main indicators of the efficiency and stability of an enterprise. It is influenced by various factors, among which innovation activity plays an important role. The factors that shape the innovation activity of an enterprise are divided into internal and external. The formation of innovation activity is also influenced by the expansion of the range of products sold, maximization of the price at which products are sold; minimization of the cost of manufacturing and selling a unit of product, maximization of sales volumes. Innovations as a result of innovation activities, on the one hand, should be focused on better, more complete satisfaction of consumer demands, and on the other hand, on obtaining a certain economic effect.

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