

**THE STRATEGY OF INNOVATIVE DEVELOPMENT:  
CONCEPT, ESSENCE AND SIGNIFICANCE FOR BUSINESS UNITS  
IN CONDITIONS OF CONTINUOUS DEVELOPMENT**

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**Abstract:** Strategies for innovative development of business units are considered, which cover many alternative positive innovation processes in business structures and business units, which allow significantly accelerating the innovation process and making a profit. A matrix of strategies for innovative development of business units is proposed and their place for successful innovative development is determined by choosing the appropriate strategy. Characteristic features of introduction of basic and improving innovations at different levels of management are defined.

**Keywords:** strategy, innovative development, business unit, business structure, sustainable development, innovation potential, innovation strategy, development.

With the help of innovative innovations, it is possible to create a clear competitive strategy (innovation strategy) to identify the business benefits of business structures, while optimizing the associated risk, avoiding unwanted costs and gaining innovative value for business units in general. Innovative business development strategy includes a combination and relationship of tasks, goals, directions, relevant decisions on the transition of business units from the existing state to the new desired state through the mechanism of innovative measures: technical, technological, financial, resource, personnel, economic, managerial, organizational, product, social, as well as focusing enterprises on competitive markets [1]. That is, the innovation strategy is manifested in a certain type of functional behavior of business structures in

the market. The above gives grounds to claim that the model of behavior of business units influences innovative strategies, which can be active or passive. An active or technological model of behavior of business units allows you to respond quickly to events and possible changes in the environment and implement the necessary technological innovations. Having chosen one or more active strategies, the business entity chooses to use the latest technological design as the main driver of success. Among the active innovation strategies are the strategy of leadership and the strategy of imitation of leadership. If businesses choose a leadership strategy, it means that they must constantly and continuously launch a completely new product that is new to themselves and consumers [2]. Having chosen imitation strategies and specifically the strategy of following the leader, companies wait until the competitor enters the market with their latest products, and only then begins the production of similar products and its sale. At the same time, there is a technological and marketing adjustment of the innovative product by studying and avoiding mistakes of the leading company [3].

Particular attention should be paid to the fact that companies that follow the leader produce and sell not a one hundred percent copy of the product of the leading company, and its improved version. That is why business units that have chosen a strategy to follow the leader, invest heavily in their R&D to improve existing products, which were released by the first leading company. Enterprises that follow the leader usually have a large production potential in their arsenal, which allows them to minimize the cost of innovative products through a flexible system of economies of scale. In addition, companies use a modified unique experience in the vector of marketing, which allows you to control the variability of the external environment, to direct the shortcomings in the marketing moments of leading companies in their competitive advantages, and as a result - more efficient use of new sales channels. The main advantage of the effective operation of enterprises that have chosen the strategy of following the leader is the recognition and high reputation of the brand, which allows you to quickly commercialize an innovative product [4].

Those business units that choose the strategy of copying the leader are usually

characterized by the lack of a strong R&D base, they do not have the availability and capacity for mass production and product sales, and they lack significant potential in product promotion and marketing in general. Enterprises that work on the strategy of copying the leader, receive a license for the right to produce and commercialize innovative goods and begin production of an exact one hundred percent copy of the goods of the leading company. Such companies cannot make large profits from their market leadership, and to increase profitability use price factors that become available using cheap raw materials, substitutes and cheap labor [5].

Regarding other innovation strategies (dependence on the leader and self-improvement), it should be noted that regardless of the fact that these innovation strategies are technological, but the level of their innovation is quite weak. In particular, those companies that choose a strategy of dependence on the leader immediately embark on the path of complete dependence and subordination of the leader, and the release of innovative products by such companies is only to meet the needs of consumers or the leader. Yes, they are forced to imitate the release of innovative products of other leading companies. Practice shows that most often such a strategy is chosen when there is no strong knowledge-intensive base, sufficient funding from the state and private sectors, as well as the lack or lack of qualified staff in the field of R & D [6]. The strategy of self-improvement is inherent in enterprises that seek to optimize their costs in innovation by any means. The strategy of self-improvement is associated with the introduction of actions to improve the product (product) in order to reduce its cost, which in turn is achieved by:

- reducing labor costs;
- combining effective management with diversification and further adaptation of production;
- introduction of innovative technological processes;
- production automation;
- using methods of processing raw materials and the use of secondary raw materials in the production process [7].

Thus, the strategy of innovative development should be considered under the

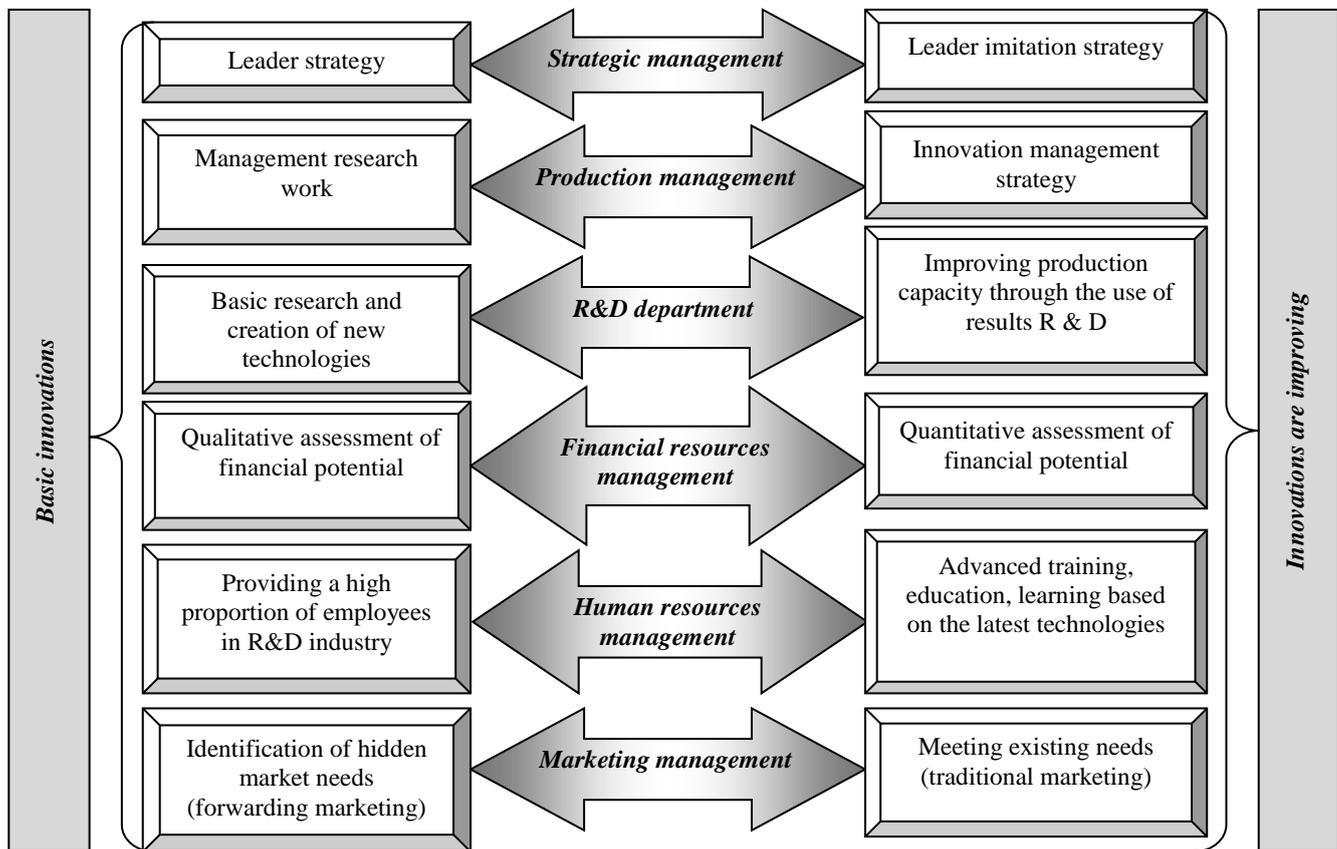
influence of a combination of the influence of innovative factors of the industry in which the business unit operates, and its innovation potential (Fig. 1).

<b>Influence of innovative factors</b>	<b>Minimum</b>	Strategy of innovative development aimed at maintaining key positions in the market	Strategy of innovative development aimed at the development of new products and occupation of the market segment  <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"><b>Business unit A</b></div>	Strategy of innovative development aimed at the development of new products and occupation of the market segment  Strategy of innovative development aimed at occupying leading positions in the market
	<b>Average</b>	Innovation development strategy aimed at improving innovative technologies and equipment	Innovative development strategy aimed at confronting competitors and imitating the leader  <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"><b>Business unit C</b></div>	Innovative development strategy aimed at introducing know-how and using the latest technologies
	<b>Maximum</b>	Innovation development strategy aimed at keeping ISBs in a break-even zone  <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"><b>Business unit B</b></div>	Innovation development strategy aimed at keeping ISBs in a break-even zone	Innovation development strategy aimed at maintaining its innovation potential taking into account the risk factor
		<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
		<b>Innovative potential</b>		

**Fig. 1. Matrix of strategies for innovative development of business units and their place for successful innovative development through the selection of appropriate strategies [proposed by the author]**

The ranking of relevant business units in the plane of this matrix is based on a preliminary determination of the impact of innovation factors on business units and their overall innovation potential. Thus, according to the levels of influence of innovation factors and the levels of their innovation potential, it is possible to use a

certain strategy of innovation development, which aims to improve the activities of business units in the innovation sphere and involves the use of basic and improving innovations. In fig. 2 shows the characteristic differences in the implementation of basic and improving innovations in the process of effective management [8].



**Fig. 2. Characteristic features of the implementation of basic and improving innovations at different levels of government [improved by the author]**

The key characteristics of basic and improving innovations presented above can serve as a basis for creating a methodological approach to the effective involvement of new innovative technologies, technical and technological reconstruction (modernization) of business structures. It is also worth noting that the strategies of innovative development of business units are influenced by a variety of factors, the main essence of which can be reduced to the following features [9]:

- with the increasing importance of innovation as a motive for economic well-being there is a need to increase the importance and importance of innovation management in management and bring the mechanism of development and

implementation of product and technological innovations to a new corporate level of effective decision-making. to optimize risks in the process of creating and implementing strategic maneuvering in today's market;

- the mechanism of development and implementation of the strategy of innovative development must be carried out taking into account the type, scale and specifics of future innovative modernizations;

- when establishing the effectiveness of innovative innovations, it is necessary to pay attention to the consolidated principles of strategic planning, which are used to analyze and evaluate the innovative state, its behavior, activity, innovative strategies, projects and innovation potential;

- to effectively integrate innovative ideas into the activities of business units that help accelerate the introduction of innovative technologies and strengthen strategic competitive advantages, it is necessary to create and implement a mechanism for integrating strategic management and innovation management, which in turn will implement the principles of strategic management in active activity of innovative development. Thus, in the context of sustainable development, innovation strategies cover a wide range of alternative positive innovation, financial, investment and other processes in business structures and business units, provide an opportunity to significantly accelerate the innovation process and make a profit, with business models of innovation development, which are the basis of sustainable innovation development in general [10].

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