

System of innovative business strategic management of the enterprise

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Abstract: The article deals with the system of innovative business strategic management of the enterprise. The relationship between the content of competitive strategies and the adoption of innovative decisions in a specific strategic area of management is substantiated, a mechanism for the formation and implementation of innovative strategies is proposed, including the analysis of the external environment, the definition of the goals and objectives of the innovative development of the enterprise.

Key words: innovation; innovative strategies; competitive strategies; competitiveness; strategic innovative alternatives.

1. Introduction

The transition to an innovative economic model of the country is possible only through the implementation of innovative strategies. With strategies are allowing eff objectively use available Innovations any business potential of the company and das t enable the enterprises determined to share a clear direction of its innovative development.

In strategic management, several features are used, according to which strategies can be classified [1, p. 23; 2, p. 140], the researchers use the following as the main classification criteria : the level of decision making; the basic concept of achieving competitive advantages; stage of the demand life cycle; the state of the environment in which the enterprise operates ; the position of the firm in business; direction of the firm's actions; the degree of risk in actions; the degree of activity of actions; adopted by the organization of industrial solutions and strategic aspects in-house management.

We will consider the development of the organization's innovative strategies in the hierarchy of strategies formed based on the level of strategic decision-making (Table. 1).

Table 1.

The strategic system of the enterprise, formed based on the level of decision-making

Strategy level	Strategic alternative (examples)	Characteristics of the strategy level
General (basic) strategy	Intensive growth, integrated growth, limited growth, reduced activities	The strategy is the basic plan of enterprise management, is distributed throughout the organization, covers all areas of the enterprise
Business (competitive) strategy	Differentiation, diversification, cost leadership, focusing activities in a specific strategic area	The strategy justifies actions and ways to ensure competitive advantage in a specific strategic area
Functional strategy	Production, financial marketing strategy, innovation, etc.	The strategy forms the plan, the current activities of a particular unit or functional area within the enterprise
Operational strategy	Specific product mix developments, innovation, and pricing	The strategy determines the content of activities in the implementation of competitive activities

2. Main part

Some of the less studied in the theory and practice of strategic management are issues related to the substantiation of functional (private) strategies, which include innovative strategies. In the face of increased competition and the emergence of new technologies, interest from commercial organizations in innovative strategies is increasing, therefore, at present, the problems associated with the development and implementation of innovative strategies are relevant.

In the scientific literature, various approaches to the classification of innovative strategies are considered [1, p.45; 2, p. 89; 4, p. 141; 5 , p. 380], for example, researchers propose to classify innovative strategies depending on:

- from the stage of the innovation process, with the allocation of strategies for the R&D stage, strategies for the stage of production development, strategies for the diffusion stage, strategies for the commerce stage;
- the object of innovation management: grocery, technological Kie, marketing, organize and insulation, environmental;

- from the development horizon: short-term (development period up to 1 year), medium-term (1-3 years), long-term (over 3 years);
- from the place of implementation: at the level of the entire enterprise, in a specific functional area, in a specific strategic area of management;
- on the model of the company's behavior in new market conditions: active and passive strategies;
- from the marketing strategy used by the enterprise: offensive innovation strategy, defensive, licensed intermediate, strategy of creating a new market;

In our opinion, innovative strategies need to be developed in close relationship with the competitive (business) strategies of the enterprise. Innovative development is one of the main ways of ensuring competitive advantages of the company, except when the organization is in the process of reorganization and liquidation. Innovation strategies should be aimed at developing the strategic innovation potential of the enterprise.

The process of developing and implementing innovative strategies should include several main stages (Fig. 1).

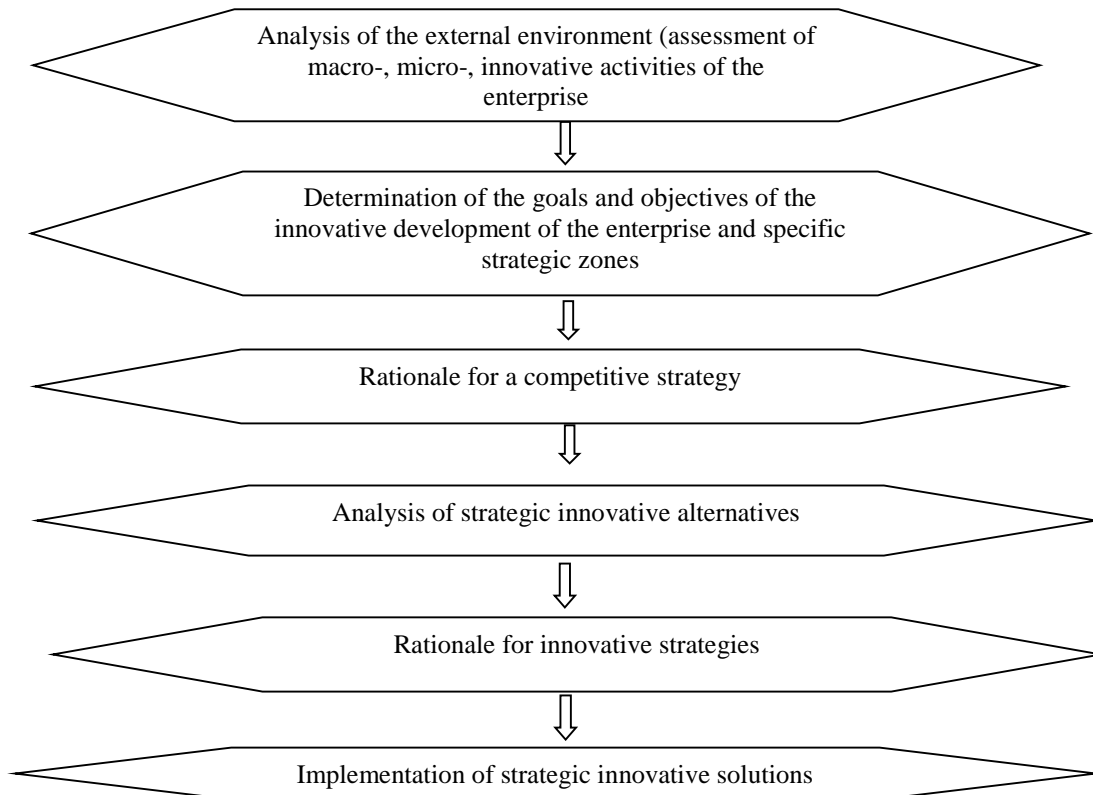


Figure: 1. Algorithm for developing innovative strategies for an industrial enterprise

Each of these stages has an independent meaning and requires the use of specific, in terms of the development and implementation of innovative strategies, procedures and techniques. One of the prerequisites for the development and implementation of innovative strategies is the choice and implementation of a strategy in a mandatory relationship with competitive strategies.

In identifying basic competitive strategies, in our opinion, it is advisable to use the approach of such economists as M. Porter and A. Yu. Yudanov. M. Porter proposes to identify three basic competitive strategies [6, p. 245]: a low cost strategy, a differentiation strategy and a focusing strategy. The approach to the selection of basic competitive strategies, proposed by A. Yu. Yudanov, is based on the innovative direction of strategic decisions of competitive development, the domestic scientist identifies four basic competitive strategies [8, p. 134]: violet, patient, commutant, expired.

We conducted a typology of competitive strategies by combining these two characteristics [3, p. 39], we propose to single out five types of competitive strategies (strategic competitive alternatives) that can be applied in practice by domestic enterprises:

- 1) a strategy for achieving market leadership at the expense of low costs;
- 2) production diversification strategy;
- 3) strategy of differentiation in the local sales market;

- 4) strategy for servicing small market segments;
- 5) strategy of participation in the product of large firms (integration strategy).

Depending on the content of competitive strategies, specific innovative strategies should be formulated and substantiated. Let us consider in more detail the content of competitive strategies and their relationship with innovation strategies.

The strategy of achieving market leadership at the expense of low costs can be used in activities, first of all, by large organizations that carry out mass production of products and have the ability to outstrip competitors due to economies of scale. Accordingly, in practice, this strategy should be used by organizations that have a high level of competitiveness and have a significant resource and financial potential both for the enterprise as a whole and in a specific strategic area of management.

Business entities planning to use this strategy must be either regional market leaders or enterprises with a strong competitive position. The strategy has a pronounced innovative aspect, which is associated with the use of new effective technologies, materials, management methods and production organization. The basis for the design of the innovative component of the enterprise should be the use of long-term and medium-term planned technological and organizational innovations.

The production diversification strategy is innovative in nature and involves the expansion of economic activity into new areas associated with this strategic economic zone, an example is the expansion of the range of products produced through the development of new types of production, provision of new types of services, etc. Industrial diversification involves expanding the range of products or production services provided, as well as the use of new forms and methods of work in the market. In economically sustainable industrial enterprises, the main directions of innovation activity when using this strategy can be the development and implementation of organizational and marketing innovations that are of a short and medium term nature, and the strategy of creating a new market can also be used.

The differentiation strategy in the local sales market involves the production of products that are different from those of competitors; both product quality indicators and the creation of products with new consumer properties can act as distinctive features. The basis for the design of the innovative component of the activities of economic entities adhering to this competitive strategy will be the use of long-term and medium-term planned (in some cases emergent) product and marketing innovations. Examples of marketing innovations include the use of mobile advertising and technical innovations in outdoor advertising, as well as promotional games; provision of subscriptions for visiting establishments; use of online commerce; the use of mobile applications for the selection of products on the site of an enterprise with an artificial intelligence system, the development of trade using vending machines (vending), etc.

The strategy for serving small market segments is based on a focus strategy. This strategy can be based on differentiation (the main, historically formed initial direction), or on cost leadership, or on both, but within the target market segment. Focusing strategies are usually followed by small businesses that manufacture unique products and serve a small segment of the market. Implementation of innovative activities for this strategy involves the implementation of innovative solutions in a specific strategic area of management through the development and implementation of product or organizational innovations.

The strategy of cooperation and integration can be implemented in the following forms: by creating vertically integrated structures; through cooperation of manufacturers with suppliers and intermediary buyers through participation in unions and associations; participation in the formation of franchise networks. The strategy of cooperation and integration is also innovative in nature and is associated with the use of new effective organizational structures in the process of its implementation, therefore, for this strategy, it is relevant to use organizational and process innovations that have a long-term planned nature.

3. Conclusion

In conclusion, it should be noted that innovative strategies, due to their specificity, should form the basis for the implementation of competitive strategies. Business entities should clearly realize that without continuous innovations and changes in their activities caused by the constantly changing external environment, the effective functioning of enterprises in a modern competitive environment is impossible.

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