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# **Innovative Strategic System Management of the Enterprise**

Aziza Tokhirovna Akhmedova <sup>1</sup>

**Annotation:** The article deals with the system of innovative 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.

**Keywords:** innovation; innovative strategies; competitive strategies; competitiveness; strategic innovative alternatives.

<sup>&</sup>lt;sup>1</sup>teacher Samarkand Institute of Economics and service



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The economic transition to the country's innovative model is possible only through the implementation of innovative strategies. The strategy of the enterprise makes it possible to effectively use the existing innovative business potential and enables enterprises and organizations to define clear directions for their innovative development.

The strategic system of innovative enterprise management is the goal of economic activity. In addition, it is an object of economic theory and determines an important role in economics.

The theoretical and methodological foundations of our study of the formation and development of the market economy system are reflected in the works of scientists Ansoff I.A., Belov S.A., Borovskikh N.V., Muzaev I.R., Poretskov K.V., and others.

When writing the article, the method of analysis, synthesis, expert assessment, as well as other methods of theoretical economic research were applied.

In strategic management, signs are used by which the strategy is classified [1, p.23; 2, p.140], as the main criterion. The researchers use the following classification: 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 actions of enterprises; degree of risk; the degree of activity of actions; production decisions made by the organization and strategic aspects within the enterprise management.

We will consider the innovative development of organizational strategies in a step-by-step direction of strategies formed based on the level of decisions made.

Table 1 An enterprise system formed on the basis of the level of strategic decision-making

Strategylevel	Strategicalternative (examples)	Characteristics of the strategy level
General (basic) strategy	Intensive growth, integrated growth, limited growth, shrinking activities	The strategy is the basic plan of enterprise management, is distributed to the entire 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
Functionalstrategy	Production, financial marketing strategy, innovation, etc.	The strategy forms the plan, the current activities of a particular unit or functional area within the enterprise
Operationalstrategy	Specific product mix developments, innovation, and pricing	The strategy determines the content of activities in the implementation of competitive activities

In the theory and practice of strategic management, one of the less studied issues is the substantiation of functional (private) strategies, which include an innovative strategy.

In the context of increased competition and the emergence of new technologies, the interest of commercial organizations in innovative strategies is increasing, therefore, based on this, the

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problem associated with the development and implementation of innovative strategies is currently relevant.

In the scientific literature, different 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 its innovation process, with the allocation of strategies for the R&D stage, strategies for the stage of production development, strategies for the stage of commerce;
- ➤ from the object of innovative management: product, technological, marketing, organizational, 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;
- ➤ from the model of the company's behavior in new market conditions: active and passive strategies;

In our opinion, innovative strategies need to be developed in close relationship with the competitive (business) strategies of the enterprise. The innovative development of an enterprise is one of the main ways to ensure competitive advantages, except for such cases when the organization is at the stage of reorganization or liquidation.

We carried out a typology of competitive strategies by combining the two criteria indicated, and it was proposed to distinguish 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 serving small market segments;
- 5. the strategy of participation in the product of large firms (integration strategy).

Depending on the content of the competitive strategy, specific types of innovation strategy should be formed and substantiated.

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

The strategy for diversifying production includes an innovative nature and involves the expansion of economic activity into new areas used in this strategic zone of management, as an example of which is the expansion of the range of products produced through the development of new types of production, the provision of new types of services.





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The strategy of differentiation in the sales market involves the production of products that are different from the products of competitors, both indicators of product quality and the creation of products with new consumer properties can act as distinctive features. The main 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.

The strategy for serving small market segments is based on a focusing 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.

The strategy of cooperation and integration can be implemented in the following forms: through the creation of vertically integrated structures; through cooperation of manufacturers with suppliers and intermediary buyers through participation in associations. This 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 innovations that are of a long-term nature.

And so, 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 must clearly understand that without continuous innovations and changes in activities caused by a constantly changing external environment, effective functioning in a modern competitive environment is impossible.

Based on our point of view, the expansion of the role of financial support for innovation through:

- 1. direct financing;
- 2. creation of venture innovative funds that enjoy benefits;
- 3. creation of a technology network to ensure the effective development of innovation processes and much more.

Product innovation is associated with the creation of new types of production, then social innovation means the creation of new jobs. Thus, the impact of product innovation on the labor force is mainly in the reallocation of jobs, and changes in their structure and payment of wages.

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