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# Innovative Development Models and Principles of Service Enterprises

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***Abstract***

*This article presents theoretical views on innovative development of enterprises operating in the service sector, models used in foreign countries, and principles of implementation of innovative activities. The characteristics of service enterprises engaged in innovative entrepreneurship are highlighted. The main factors and features accelerating the development of innovative activity in the service sector are analytically studied, and directions for its further acceleration are proposed.*

***Keywords****: service enterprises, innovative activity, innovative entrepreneurship, innovative strategy, model, principle.*

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In the conditions of a high transformation of the economy, innovative activity is an important part of the development of modern service networks and is determined by the specific characteristics of the implementation of innovative activities in the field. Therefore, first of all, the research of elements and methods of development of innovative activity in service enterprises is one of the most important issues.

Researches the problems of innovative strategies and management of innovative activities in enterprises, the priority directions of financing innovative projects. He proposes the formation of functional tools of this direction, that is: "ensuring consistency and interrelationship between the organizational structure of the distribution of financial resources and the order of execution, processes, innovative strategies; the formation of specific goals of companies aimed at ensuring a stable competitive advantage; development of plans for formation of assessment; introduction of the procedure of parallel execution of selection and implementation of innovations of various forms; finding a balance between different innovation strategies" [1].

According to the approach of R. Foster and S. Kaplan, the main problem of innovative activity is "dependency on the external environment, suggesting a solution taking into account the calculation of alternative ways of obtaining innovations and a change in the approach to strategic planning" [2].

According to V.P. Baranchev, N.P. Maslennikova, V.M. Mishina, the characteristics of innovative activity management "is considered to be the object of life cycle management of innovations and innovative products that occur based on the previous knowledge of highly qualified specialists gathered in one place" [3].

Many economists have researched the nature of acceptable innovations and forms of organization of enterprise activities in order to develop innovative activities. Today, models related to innovation processes are emerging through:

- "technological push" model. This model is considered classic, and it was developed by scientists such as M.I. Tugan-Baranovsky, Y. Schumpeter, G. Mensh in their scientific activities. In this model, the main role of innovations as high-level achievements of science and technology is taken into account. The model of "technological impulse" appears in the form of a linear and periodic sequence of stages of economic development. Based on this model, there are linear sequential processes depending on scientific developments;
- "demand call" model (market pull). K. Freeman and D. Roman are supporters of this model, according to which a successful news business is formed as a result of the development of networks with high science capacity in accordance with consumer demand. Determination of market demand for research and design developments, which are the basis of innovative processes, is considered. In this case, the sequence of stages of innovative processes will have a linear description;
- model of coupling of innovative activity (coupling). R. Rotuella, D. Moveri and others conducted research on this model. The stages of this model include: sequence, interaction, functional description shows that the process of creating news is not linear. The model is based on development and construction processes as stages of innovative activity with high resource capacity;
- integrated model of innovation processes. M. Aoki [4] is the founder of this model. It is based on the integrity of the ideas of a group of experts working in different directions. This

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approach is based on accelerating the innovation process. Therefore, the launch of a new product on the market was considered the most effective in the cooperation of all relevant departments of the company. An intersectoral working group is needed to oversee this process;

- innovative processes in the model of strategic networks. R. Cooper [5], K. Oppenlender [6] are representatives of this direction. The difference from the previous models is not only functional, but also has an institutional or network description. The final goal of the model is the interaction with external agencies (suppliers, consumers, competitors) considered innovation.

The formation of new economic relations based on the economy of knowledge includes education, health care, scientific research and development as forms of economic activity with a high scientific capacity to produce services.

Service enterprises engaged in innovative entrepreneurship include:

- the service enterprise performs complex innovative activities;
- conducts scientific research and experimental construction work, produces new types of products and services, purchases innovative technologies;
- systematically introduces new scientific and technical solutions to new or improved products and technological processes and organization of activities;
- is considered to have a high level of financing of innovative activities;
- has intellectual property rights;
- produces and realizes innovative products (services) that are more than 70% of the total volume of production (services).

Implementation of innovative activities in service enterprises is a means of achieving a commercial goal and the main factor of sustainable economic growth.

The development of local innovative activity has a slow formation direction due to a number of factors. However, most influencing factors and circumstances determine the need for sustainable development of local innovative entrepreneurship [7].

In our opinion, the following are the main factors accelerating the development of innovative activities in the service sector:

- intensive organization and activation of service processes at the expense of scientific and technical achievements, introduction of innovations;
- increasing the leadership function of scientific activity in creating a new product (service) and innovative technology;
- rapid wear and tear of fixed assets and service facilities;
- creation and introduction of a qualitatively new product as a basis for profitable activity of the service enterprise.

It is known that in order to ensure the innovative development of the country's economy and increase the intensity of services to the population, it is necessary to create an innovative economy based on innovative achievements and having stable economic growth in the long term.

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In the economy, the innovative process as an object of management is subject to a number of objective laws, which include: the probability of the development of innovations in terms of duration, costs and results, the complexity of planning innovative processes in the service sector, and their orientation to meeting specific needs. In this period, innovative activity in the service sector has a social orientation, because social needs that help to improve the standard of living of the population stimulate the development of relevant activities and ensure the growth of the economic and social spheres of production.

Innovations in the service sector should meet the specific needs of both producers and consumers of services and ensure the achievement of the goals of the service provider, increase the efficiency of its activities, increase profitability and strengthen its position in the market.

Implementation of innovative activities in the service sector should be based on a number of principles: customer orientation, connectivity, comprehensiveness, compatibility and integration, selectivity, analytical support and information base formation, etc. This requires the development of an innovative management strategy, the main element of which is the long-term goals of innovative development, integrated into the system of strategic goals of the service enterprise, focused on achieving competitive advantages and long-term survival.

**Table 1. Principles of implementation of innovative activities in the service sector**[1]

| Principles | Content |
|---|---|
| Customer orientation | Any innovation and innovative activity in the service market should, first of all, be in accordance with the demands and needs of consumers and be able to fully satisfy their needs. Any economic activity that does not take into account the needs and demands of consumers is ineffective. |
| Cognition | This principle implies that in the implementation of innovative activities in the service sector, it is envisaged to systematically carry out research and experimental design works based on the economy of knowledge. |
| Complexity | In solving the problems of achieving efficiency in the service sector, it represents the need to take into account not only individual economic aspects of the implementation of innovative activities, but also social, ecological, legal, organizational-technical, and informational aspects. |
| Interoperability and integration | This principle strengthens the integration processes related to the implementation of mutual cooperation with enterprises, organizations, scientific-research institutes and higher educational institutions in the implementation of innovative activities in the service sector. |
| Selectivity | It involves the introduction of methods and tools used in the stages of implementation of innovative activities in the service sector. |
| Formation of analytical support and information base | According to this principle, the process of analytical support for the implementation of innovative activities in the service sector can be effective only if its information supply is sufficient. In this case, it is necessary to develop measures of influence on the improvement of the analytical and information base of the introduction of innovations and their appropriate management. |

[1] Developed by the author.

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Similarly, in the innovative management of the enterprise in the service sector, great importance should be attached to the analysis of the service market, the comprehensive study of the entire set of consumer characteristics of services, and the marketing and organizational components that allow them to be distributed to other markets. The marketing concept of managing the innovative development of the service enterprise consists mainly of adaptation based on the needs and demands of consumers. The active use of the marketing concept arises from the requirements of market orientation of management activities in the service sector, and their defining features include the following:

- creating values for the consumer of services, focusing on the formation of his needs;
- focusing on the microenvironment, competitors, taking into account the specific needs of partners;
- environmental monitoring, analysis of alternative changes (technological, organizational, social) that determine favorable opportunities or threats for enterprise development;
- functional integration in strategy formulation and use of knowledge to assess consumer needs and problems.

The development of the management system of innovative processes in the service sector largely depends on the characteristics of the life cycle stages of the service, the parameters of the external and internal environment of the enterprise, innovative potential, and financial support for innovative changes [8]. It is accepted to divide the life cycle of services into five stages: creation, development and planning of services; market access; increase in the volume of sales of services; the saturation of the market and the reduction of the service volume require its further renewal, improvement of quality parameters. The growth of the stage of the life cycle is to ensure an increase in the sales volume due to the modernization of equipment, the development of new devices and equipment, and the search for the most effective forms of innovative management organization.

At the same time, the strategic innovation goal works as a means of achieving the priority goals of enterprises. According to the content of the goal, an offensive innovation strategy aimed at achieving a leading position in the service market or a stabilization strategy aimed at maintaining the achieved positions is formed [9]. Among many scientific approaches to innovative management for service enterprises (systematic, reproductive-progressive, functional, marketing, regulatory, process, etc.), the most rational ones can be distinguished. For regional innovative management of the service sector, in our opinion, it is necessary to use a systematic approach that allows to increase the organizational, quality and efficiency of the implementation of innovative activities, based on the study of management objects as a system. Process and marketing research approaches can be recommended in the implementation of innovations for service enterprises.

The process approach considers management functions as strategic marketing, planning, organization of processes, accounting and control, motivation, coordination as interrelated activities [9]. In this case, the central function of innovation management is the mutual cooperation and coordination of the work of enterprise units, which is most reasonable for medium and large service centers.

The marketing approach to innovation management ensures customer orientation, in which the strategy of the service enterprise consists of the analysis of strategic needs for certain services,

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strategic market segmentation, forecasting of the life cycle of the service, analysis of the competitiveness of services. In the system of new economic relations, each potential consumer becomes the real basis for conducting marketing research, where great importance is attached to the penetration of innovations into the service market (promotional strategy), the formation of distribution channels, the placement of innovations in the market (operational innovation marketing) and others. Innovative marketing is an effective tool in the fight for competitive advantages, which has been proven in the experience of developed countries.

However, the effectiveness of innovative activities is largely determined by the level of development of the innovative infrastructure.

Innovation infrastructure is a set of interconnected, complementary systems and their respective organizational and management systems, which are necessary and sufficient for the effective implementation of innovative activities and the realization of innovations.

Innovative infrastructure predetermines the rate of development of the country's economy and ensuring the well-being of the population. The market orientation of the innovative infrastructure determines its ability to perform all its functions in the conditions of the modern market economy and their ability to quickly adapt to constant dynamic changes. The ultimate goal of the development of innovative infrastructure is not only the creation of specific organizational structures for the more effective implementation of scientific, technical and innovative activities, but also ensuring the implementation of their total activities in the interests of society, as well as the exit from the economic crisis, structural changes in the production (service) process, the quality of services and increasing competitiveness, strengthening the attractiveness of the services produced in domestic and foreign markets, maintaining and further developing the scientific, technical and innovative potential of the regions and the entire country. In this case, the innovative infrastructure should be formed as a complex organizational and technical system that includes the following systems as subsystems:

- an information supply system that provides access to innovative databases and knowledge under various conditions for all interested legal entities and individuals by technical hardware and software systems that provide an innovative base based on fast reliable data and knowledge necessary for the high-quality implementation of an innovative project;
- instrumental support system served by technical hardware and software systems that implement flexible automation of all stages of the process of creating an innovative project. Implementation of an innovative project includes marketing, feasibility study, development of an innovative project - a new system (innovative product), full supply of necessary equipment, training of employees to service the innovative product being created, commissioning, ready delivery, certification and service will consist of display steps;
- design, technological and production support system for creation of products, high technologies and innovations requiring new competitive science and their practical development in enterprises;
- a scientific-scientific institution that provides high-quality professional and quality comprehensive expertise (scientific, socio-economic, production-investment, environmental, etc.) and certification of innovations, and services in the field of metrology, standardization and quality control provided by innovative activity the system of examination and certification of technical and innovative programs, projects, proposals and applications;

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- monitoring, marketing, advertising and exhibition activities, patent-licensing work and intellectual property protection, monitoring of regions, sectors, enterprises and regional products (services) with high innovation and scientific capacity, direct and indirect state support of innovative activities, coordination and regulation of innovative activities with the active use of various non-budgetary sources (resources and investments of local business structures) and its financial and economic support system;
- personnel training system provided by leaders with professional training and experience in practical innovation, providing organization and implementation of innovative projects (this is the main and defining system of the innovative infrastructure).

In this case, it is necessary that each of the above-mentioned innovative infrastructure systems have their own mechanisms for the realization of their functions and have appropriate organizational structures in the form of specialized innovative enterprises, institutions or organizations that ensure the operation of these mechanisms.

In our opinion, it is necessary to supplement and expand this infrastructure with the following new elements (structures) in order to improve the functional capabilities of innovative projects and systematically implement them into production:

1) establishment of a central interdepartmental innovation council to provide socio-economic, organizational-economic and technical-economic justification and relevant innovation programs at the national level;

2) establishment of regional innovation councils intended for coordination and regulation of innovation and investment policy in all regional authorities, directly in the field, in the activities of economic entities.

In the innovative economy, the rapid economic results of the innovative infrastructure ensure the implementation of the full innovation cycle in enterprises: marketing, technical and economic feasibility studies, training of employees, after-sales service, etc.

The results of the research show that innovations with a complex description can be considered the most popular, that is, this option of modernization affects the range of services produced, the technologies used, management schemes, and the interaction of managers with hired employees. Other options for combining innovations accompany other strategies of enterprises in the service sector: technological innovations with organizational, product and technical, etc. However, with reasonable reorganization and modernization, innovations that provide enterprises with quality, allow maintaining an optimal level of service production, and create conditions for customer retention are directed to cost reduction and effective use of human resources.

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