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DOI: 10.32702/2306-6814.2025.10.37

THE IMPACT OF INNOVATION MANAGEMENT ON BUSINESS DEVELOPMENT IN UKRAINE

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ВПЛИВ МЕНЕДЖМЕНТУ ІННОВАЦІЙ НА РОЗВИТОК БІЗНЕСУ В УКРАЇНІ

In a dynamic market environment and amidst rapid technological changes, innovation has become the foundation of the viability of domestic businesses. Innovation management encompasses the processes of developing, implementing, and commercializing new ideas, which are essential prerequisites for building a company's ability to operate sustainably, adapt to changes in the external environment, maintain financial stability, generate profit, and achieve long-term development. Thus, the purpose of the article is to analyze the impact of innovation management on business development in Ukraine, as well as to study the role of innovation in ensuring the viability of business entities under conditions of economic instability. Based on the results of the study, it was found that innovation management influences business development through several key aspects, including strategic planning of innovations, identification of innovative ideas, formation of an innovation-oriented culture, development of innovative ideas, management of the innovation implementation process, as well as evaluation and monitoring of innovation outcomes. It has been proven that strategic innovation planning provides businesses with a clear direction for development and the integration of innovations into their long-term strategy. It has also been demonstrated that the search for and testing of new ideas help businesses identify technological solutions or products that can offer significant competitive advantages. Furthermore, it has been proven that the development of an innovation-

oriented culture within a business creates an environment where every employee has the opportunity to initiate change and propose new ideas. It has also been demonstrated that the process of refining and implementing new ideas is critically important for ensuring the long-term success of a business, as it enables the company not only to respond to current market needs but also to actively create new trends and standards. Also it has been proven that successful management of the innovation implementation process ensures the effective use of resources and reduces the risks associated with failures during the execution of new projects. It has also been demonstrated that the evaluation and monitoring of the effectiveness of implemented innovations enable businesses to analyze their impact on profit, market share, and customer satisfaction levels. The prospects for further research include a deeper study of the mechanisms of integrating innovations into business strategies of enterprises under conditions of economic instability, as well as identifying the factors that enhance the effectiveness of each stage of innovation management.

В умовах динамічного ринкового середовища та стрімких технологічних змін інновації стали основою життєздатності вітчизняного бізнесу. Саме менеджмент інновацій охоплює процеси розробки, впровадження та комерціалізації нових ідей, які є необхідною передумовою для формування підприємства здатності стало функціонувати, адаптуватися до змін зовнішнього середовища, забезпечувати фінансову стійкість, генерувати прибуток і розвиватися в довгостроковій перспективі. Відтак, метою статті є аналіз впливу менеджменту інновацій на розвиток бізнесу в Україні, а також вивчення ролі інновацій у забезпеченні життєздатності суб'єкта бізнесу в умовах економічної нестабільності. За результатами дослідження констатовано, що менеджмент інновацій впливає на розвиток бізнесу за кількома ключовими аспектами, серед яких стратегічне планування інновацій, ідентифікація інноваційних ідей, формування інноваційної культури, розвиток інноваційних ідей, управління процесом впровадження інновацій, оцінка та моніторинг результатів інновацій. При цьому доведено, що стратегічне планування інновацій забезпечує бізнесу чіткий напрям для розвитку та інтеграції інновацій у його довгострокову стратегію. Доведено, що пошук та тестування нових ідей допомагає бізнесу знайти технологічні рішення або продукти, що можуть забезпечити значні конкурентні переваги. Доведено, що розвиток інноваційної культури в бізнесі дозволяє створити середовище, в якому кожен співробітник має можливість бути ініціатором змін та пропонувати нові ідеї. Доведено, що процес вдосконалення та впровадження нових ідей є критично важливим для забезпечення довгострокового успіху бізнесу, адже дозволяє йому не лише відповідати на поточні потреби ринку, а й активно створювати нові тренди та стандарти. Доведено, що успішне управління процесом впровадження інновацій забезпечує ефективне використання ресурсів та знижує ризики, пов'язані з невдачами під час реалізації нових проектів. Доведено, що оцінка та моніторинг ефективності впроваджених інновацій надають змогу бізнесу аналізувати їх вплив на прибуток, частку на ринку та рівень задоволення клієнтів. Перспективами подальших досліджень є поглиблене вивчення механізмів інтеграції інновацій у бізнес-стратегії підприємств в умовах економічної нестабільності та визначення факторів, що підвищують ефективність кожного з етапів менеджменту інновацій.

Key words: strategic planning; innovative ideas; innovation culture; innovation implementation; evaluation and monitoring of innovation outcomes.

Ключові слова: стратегічне планування; інноваційні ідеї; інноваційна культура, впровадження інновацій; оцінка та моніторинг результатів інновацій.

PROBLEM STATEMENT

In a dynamic market environment and amidst rapid technological changes, innovation has become the foundation of the viability of domestic businesses. Innovation management encompasses developing, implementing, and commercializing new ideas, which are essential prerequisites for building a company's ability to operate sustainably, adapt to changes in the external

environment, maintain financial stability, generate profit, and achieve long-term development. In Ukraine, where the economic situation is unstable, the role of innovation management is particularly relevant, as effective management of innovation processes enables businesses not only to survive in conditions of instability but also to unlock new growth opportunities, expand into international markets, and enhance productivity and competitiveness.

Strategic planning of innovations (defining directions that align with the long-term goals of the business, creating plans for implementing innovative solutions)		Identification of innovative ideas (searching for and testing new technological solutions, products, or services that may lead to competitive advantages)	
Formation of an innovation culture (developing an environment where innovation is part of the corporate strategy, and employees are encouraged to generate new ideas and solutions)	Key aspects of innovation management	Development of innovative ideas (the process of refining and implementing new ideas that may lead to the creation of innovative products, services, or technologies)	
Management of the innovation implementation process (organizing and coordinating resources for the successful implementation of new products, services, or technologies into business processes)		Evaluation and monitoring of innovation outcomes (analyzing the effectiveness of implemented innovations and their impact on the business performance indicators of the company)	

Fig. 1. Key aspects of innovation management that impact business development

Source: compiled based on [1—2; 4—5].

For example, there are numerous instances where the implementation of digital technologies in business processes, the development of startup ecosystems, and the active application of innovative management models (such as design thinking or agile methodologies) have not only facilitated adaptation to crisis conditions but also ensured a successful entry into global markets. For example, through effective innovation management, Grammarly (a startup that created an AI platform for English language checks) became a global leader in its niche, Ajax Systems develops its technologies and sells products in over 130 countries, Petcube has successfully integrated into the American, European, and Asian markets, and MacPaw currently serves millions of users worldwide.

ANALYSIS OF RESEARCH AND PUBLICATIONS

The general issues of domestic innovation management are discussed by Babinska S.Ya., Berdnikov S.V., Skrypnyk N.Ye., Ivchenkova O.Yu., and Bilous-Sergieieva S. They analyze the key barriers to the development of innovation activities in Ukrainian enterprises, including insufficient funding, lack of qualified personnel, low innovation culture, and weak interaction between science and business. Kravchuk I.I., Lavrynenko S.O., and Bezdytko O.Ye. also highlight the imperfection of the regulatory framework, the lack of strategic planning in innovation activities, and the low level of commercialization of scientific developments. In most existing studies, researchers propose solutions to overcome the mentioned problems through the implementation of modern innovation management models, activation of state support for innovative entrepreneurship, and the development of public-private partnership mechanisms.

At the same time, the analysis of the impact of innovation management on business development in Ukraine remains underexplored. This can be explained by several main reasons. First, innovation activities in Ukraine are still in the process of formation, and therefore the business environment is not yet mature enough for the full implementation of innovation management models. Second, the unstable economic and political situation often forces enterprises to focus on short-term survival goals rather than long-term development strategies through

Table 1. The impact of strategic planning of innovations on business development

Properties of strategic planning	Features of impact on business development
Adaptation to market changes	Allows maintaining flexibility and the ability to quickly respond to new trends, technologies, and changes in consumer demands.
Proactive identification of growth opportunities	Allows anticipating potential changes and growth opportunities, thus giving the company a chance to stay one step ahead of competitors.
Efficient use of resources	Enables the most efficient use of available resources to achieve long-term strategic goals, rather than wasting them on less important or outdated areas.

Source: compiled based on [1; 4].

innovation. Third, many Ukrainian companies have not yet developed a culture of measuring the effectiveness of innovation management, which complicates the conduct of in-depth empirical research. Finally, the problem is partly caused by the insufficient integration of science and business: academic research often remains disconnected from the practical needs of enterprises, which limits the number of applied works in this field.

FORMULATION OF THE ARTICLE'S OBJECTIVES

The purpose of the article is to analyze the impact of innovation management on business development in Ukraine, as well as to study the role of innovation in ensuring the viability of business entities under conditions of economic instability.

The paper main body. Innovation management for business development is a set of measures and processes aimed at managing the innovation activities of a business entity to ensure its viability. This management includes the organization and implementation of innovation strategies, the development of new products or services, the introduction of new technologies, and the optimization of business processes to achieve long-term success in the market.

In particular, according to existing studies [1—2; 4—5], it is noted that the key aspects of innovation management are (see Fig. 1): strategic planning of innovations, identification and development of innovative ideas,

Table 2. The impact of searching and testing new ideas on business development

Properties of searching and testing new ideas	Features of impact on business development
<u>Responding to changes in demand</u>	It provides the ability to quickly adjust strategies and offerings, allowing a business to maintain or increase its market share, even in the face of unpredictable changes in demand.
<u>Responding to consumer needs</u>	The creation or adjustment of products and services that meet current consumer demands, increasing customer satisfaction, loyalty, and long-term mutually beneficial relationships.
<u>Expanding the range of products or services</u>	It allows the business to occupy new market niches by satisfying the needs of different consumer groups, which, in turn, can lead to revenue diversification.

Source: compiled based on [2—3; 5].

Table 3. The impact of innovation culture on business development

Properties of innovation culture	Features of impact on business development
Increasing employee motivation	Encourages employees to actively participate in improvement processes and the search for new solutions, boosting productivity and initiative.
Enhancing employee engagement	Fosters team spirit and a sense of responsibility for business development, contributing to more effective implementation of innovation projects.
Creating the image of an innovative business	Enhances the attractiveness of the business to partners, investors, and talented professionals, opening up new opportunities for growth and market expansion.

Source: compiled based on [1; 4—5].

management of the innovation implementation process, evaluation and monitoring of innovation outcomes, and the formation of an innovation culture.

Therefore, each of the highlighted aspects of innovation management uniquely impacts business development. To some extent, this is noted by Kravchuk I.I., Lavrynenko S.O., Bezdytko O.Ye. [5].

In particular, strategic planning of innovations provides the business entity with a clear direction for development and integration of innovations into its long-term strategy, enabling the formation of the ability (see Table 1): to adapt to market changes; proactively identify new growth opportunities; and quickly reallocate resources to projects that align with the business's strategic goals.

Overall, strategic planning of innovations helps businesses to be proactive and maintain their competitive advantage in the face of constant changes and technological developments. This is clearly illustrated by the example of PrivatBank, specifically its initiative in the 2010s to integrate a decision into its strategy regarding the transition to digital technologies (which included the development of mobile banking and the application of innovative financial products), as well as the 2014 decision to expand mobile banking capabilities (through the launch of the new Privat24 mobile app). This allowed PrivatBank to effectively respond to changes in financial markets (specifically the growing popularity of mobile technologies

and internet banking, the increased use of cashless payments, and digital financial products, etc.). In the following years, the bank also introduced innovative financial products, such as contactless cards, online loans, and other technologies, which allowed it to remain competitive in the face of technological changes.

The search and testing of new ideas helps a business entity find technological solutions or products that can provide significant competitive advantages, namely (see Table 2): responding to changes in demand and consumer needs, expanding the range of products or services.

The properties of searching and testing new ideas are key to ensuring the adaptability and innovativeness of a business in the face of constant market changes. For example, MacPaw, a Ukrainian IT company specializing in software development for MacOS, first identifies the needs of its customers when working with the operating system, and then developed and tested the innovative product CleanMyMac. CleanMyMac was created based on the users' need for fast and efficient cleaning of computers from unnecessary files. Subsequently, MacPaw continued to expand its product range by adding new tools for MacOS, such as Setapp, a subscription service that provides access to various programs. In this way, MacPaw was able not only to meet the needs of existing customers but also to expand its audience by entering new market segments, securing competitive advantages on a global scale.

The formation of an innovation culture within a business entity allows the creation of an environment where every employee has the opportunity to be an initiator of change and propose new ideas. This aspect (see Table 3): increases employee motivation; enhances employee engagement; creates the image of an innovative business [4—5].

In fact, an innovation culture enables a business to remain relevant in the market. For example, Grammarly, a Ukrainian company developing innovative solutions for automated text analysis, actively fosters an innovation culture within the organization by regularly conducting brainstorming sessions among employees. At the same time, the idea to enhance user experience by implementing intelligent tone detection suggestions emerged as a result of internal brainstorming sessions among employees.

Table 4. The impact of successful innovation implementation management on business development

Properties of innovation implementation management	Features of impact on business development
Effective use of resources	Allows for optimal allocation of financial, human, and time resources, improving productivity and reducing costs.
Reducing risks associated with failures during the implementation of new projects	Ensures careful planning, analysis, and control, minimizing the likelihood of failure of innovation initiatives.
Increasing the speed of bringing new products to market	Facilitates the rapid development and launch of new solutions, enabling the business to respond faster to market changes and stay ahead of competitors.

Source: compiled based on [1; 3—4].

Today, Grammarly's tool not only checks grammar and style but also helps users adjust the tone of their text (for example, making it more polite or more confident).

A high-quality process of refining and implementing new ideas is critically important for ensuring the long-term success of a business, as it enables the company to actively create new trends and standards [5]. In other words, the business doesn't merely follow market changes — it drives them. Simply put, it looks like this: not waiting for market conditions or customer needs to change; staying ahead of these changes by offering innovations before others; creating new expectations among consumers and competitors; and setting new rules of the game in the market, establishing standards that others must follow to remain competitive.

In this context, businesses that effectively implement innovations create new markets, thus generating a so-called "blue ocean," which allows them to move beyond the boundaries of competition. For example, the Ukrainian company Ajax Systems, through its own innovative developments in the field of wireless security systems in 2015—2016, created a "blue ocean" for itself. The company introduced a wireless security system ecosystem built on the Jeweller protocol, which enabled reliable and secure communication between devices over long distances without the need for wires. The company didn't just enter an existing market, but redefined the "home security" category, creating a new segment. This allowed Ajax Systems to become a leader in its niche.

Successful management of the innovation implementation process allows businesses to minimize disruptions in the operational process, respond to challenges in a timely manner, and reduce costs associated with implementing innovations [3—4]. Specifically, this aspect ensures (Table 4): efficient use of resources; reduces risks related to failures during the implementation of new projects; increases the speed of new product launches to the market.

However, Petcube successfully organized the innovation implementation process by creating a product that allows pet owners to remotely observe, interact with, and even feed their pets. Initially, this seemed like a niche idea, but the company effectively expanded its concept, turning it into a mainstream product that resonated with a broader

audience. By managing the innovation process efficiently, Petcube was able to bring their product to market quickly, adjust to consumer needs, and become a recognized player in the pet technology industry.

Thanks to the smart implementation of innovation through crowdfunding platforms on Kickstarter in 2013, Petcube was able to secure the necessary financial resources for further product development and test market demand before large-scale production began. The crowdfunding launch not only minimized financial risks but also helped build a community of loyal users around the product. This strategic approach allowed Petcube to gauge consumer interest, fine-tune its offering, and ensure a successful market entry.

Operational disruptions occurred in the initial stages of product development, particularly during the transition from prototype to mass production, as well as during the scaling of the business and optimizing logistics for international markets [6]. Therefore, at the same time, Petcube actively worked on establishing efficient development processes.

This approach enabled the company to quickly scale production, avoid significant operational disruptions, optimize logistics, and build a strong brand in the "pet tech" category. As a result, Petcube not only successfully launched its first product but also laid the foundation for further expansion of its product line and sustainable growth in the global market.

The evaluation and monitoring of the effectiveness of implemented innovations enable businesses to analyze their impact on key business indicators, such as profit, market share, and customer satisfaction [6]. For example, the Ukrainian company Grammarly actively applies practices for evaluating and monitoring the effectiveness of its innovative products and features. Each platform update is accompanied by an analysis of data on user engagement levels, the number of active subscriptions, the frequency of use of new features, and customer satisfaction through surveys and feedback analysis, which has allowed for adjustments to the innovation strategy. For example, after launching the tone detection feature, Grammarly received numerous user feedback indicating some shortcomings in tone detection in complex situations. Taking this feedback into account, the

development team improved the tone detection algorithm, making it more accurate, which reduced the number of misinterpreted tones and increased user satisfaction.

This improvement, in turn, led to an increase in the number of active users on the platform and strengthened the loyalty of existing customers. Thus, monitoring the effectiveness of implemented innovations allows businesses to highlight the most successful projects, adjust their performance, and expand growth opportunities.

CONCLUSIONS

The research findings confirm that innovation management impacts business development through several key aspects, including strategic innovation planning, identification of innovative ideas, creation of an innovation culture, development of innovative ideas, management of the innovation implementation process, and evaluation and monitoring of innovation results. The following conclusions have been made:

1. Strategic innovation planning provides businesses with a clear direction for development and integration of innovations into their long-term strategy.

2. The search and testing of new ideas help businesses find technological solutions or products that can provide significant competitive advantages.

3. The development of an innovation culture within a business creates an environment where every employee has the opportunity to be an initiator of change and propose new ideas.

4. The process of improving and implementing new ideas is critically important for ensuring the long-term success of the business..

5. Successful management of the innovation implementation process ensures effective resource utilization and reduces risks associated with failures during the execution of new projects..

6. Evaluation and monitoring of the effectiveness of implemented innovations allow the business to analyze their impact on profit, market share, and customer satisfaction.

The prospects for further research include a deeper study of the mechanisms of integrating innovations into business strategies of enterprises under conditions of economic instability and identifying factors that enhance the effectiveness of each stage of innovation management.

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Стаття надійшла до редакції 02.05.2025 р.

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