

Lesia Valeriivna STRUNINA

PhD student,
Department of Management and Administration,
National University of Food Technologies, Kyiv
E-mail: strunina.lv@gmail.com

REASONING OF MANAGERIAL DECISIONS IN ENTERPRISE'S INNOVATIVE ACTIVITY

Strunina, L. V. Reasoning of managerial decisions in enterprise's innovative activity [Текст] / Lesia Valeriivna Strunina // Економічний аналіз: зб. наук. праць / Тернопільський національний економічний університет; редкол.: О. В. Ярошук (голов. ред.) та ін. – Тернопіль: Видавничо-поліграфічний центр Тернопільського національного економічного університету «Економічна думка», 2016. – Том 26. – № 1. – С. 149-155. – ISSN 1993-0259.

Abstract

Introduction. The essence and interconnection between main managerial decisions in the realization of administrative functions, such as awareness, planning, organizing, motivation and control in the processes of preparation and implementation of enterprise's innovative activity, are considered in the article.

Purpose. The article is dedicated to learning the issue of enterprise's innovative activity management from the position of decision-making on different levels of organization's administration.

Method (methodology). The similarity between people needs and business needs is considered with the help of the method of comparison. Abstract and logical method is used in the investigation of modern decision-making and time-management methods.

Results. Directions and corresponding expected results from enterprise's innovative activity according to each level of needs have been determined. These needs are formed under the influence of modern state of environment of functioning and level of company's development.

A model of tasks systematization has been worked out. This model is based on adaptation of existing decision-making and time-management methods to the conditions of enterprise innovative activity with the aim of reasonable and detailed planning of innovatively directed measures.

The needs of employees, who are involved in implementation of innovatively, directed measures, and features of their motivation and activity control according to the specificity of works provided by innovative process, have been determined.

Keywords: management of enterprise; decision; innovative activity; level of needs; task; efficiency.

Леся Валеріївна СТРУНІНА

аспірантка,
кафедра менеджменту та адміністрування,
Національний університет харчових технологій

ОБҐРУНТУВАННЯ УПРАВЛІНСЬКИХ РІШЕНЬ В ІННОВАЦІЙНІЙ ДІЯЛЬНОСТІ ПІДПРИЄМСТВА

Анотація

Вступ. У статті описано зміст та взаємозв'язок основних управлінських рішень при виконанні керівниками функцій усвідомлення, планування, організації, мотивації та контролю у процесах підготовки і реалізації інноваційної діяльності підприємства.

Мета. Стаття присвячена дослідженню питання управління інноваційною діяльністю підприємства з позиції прийняття рішень на різних рівнях керівництва організацією.

Метод (методологія). З використанням методу порівняння розглянуто схожість між потребами людини та потребами підприємства. Абстрактно-логічний метод застосований при дослідженні сучасних методик прийняття рішень і тайм-менеджменту.

Результати. Визначено напрями та відповідні очікувані результати здійснення інноваційної діяльності підприємством відповідно до кожного рівня потреб, які формуються під впливом сучасного стану середовища функціонування та рівня розвитку підприємства.

З метою обґрунтованого та детального планування заходів інноваційного спрямування, у статті

запропоновано модель систематизації завдань, засновану на адаптації сучасних методик прийняття рішень і тайм-менеджменту до умов здійснення підприємством інноваційної діяльності. Визначено потреби працівників підприємства, задіяних у реалізації заходів інноваційного спрямування, та особливості їх мотивації та контролю діяльності, відповідно до специфіки робіт, передбачених інноваційним процесом.

Ключові слова: управління підприємством; рішення; інноваційна діяльність; рівень потреб; завдання; ефективність.

JEL classification: D810, D840, O330

Problem setting

The main aim of introducing enterprise's innovative activity is an application of existing abilities for elimination of internal weakness, minimizing of negative influence of its external threats and strengthening of its competitive advantages that can provide its activity efficiency increasing. Enterprise's administrative level should be focused and able to provide a fulfillment of detailed analysis of favorable and unfavorable states of company's internal and external environment. Results of the analysis give an answer about the most efficient courses of innovative activity in the each current case.

Enterprise implements innovative activity based on commands of managers. According to the company's internal and external environment state managers must make decisions about targets and courses of the activity, list of tasks and terms of its implementation, performers and methods of their motivation, control of achieving appointed goals. It should be supported by modern methods of analysis and management.

Scientific works of A. Drobiazko [1], O. Gryshchenko [2], R. Kvasnytska and O. Derykot [3] describe the importance of making managerial decision, main approaches and steps of this process. I. Sirik [4], R. Solopenko [5], O. Tkachuk and N. Nazarenko [6], R. Fedoriak and O. Hudik [7] raise the issue of methodology of reasoning of managerial decision from a position of determining its economic feasibility.

The research objective

Decision-making is a difficult process that takes it place not only in planning but also on all levels of economic activity implementation. The reasoning of decision-making is very important to achieve innovative activity goals in the variable environment. It should consider aspects of making decisions on different levels of the innovative activity managing.

Key research findings

The management of enterprise's innovative development is a three-level system of making decisions (figure 1). The first step of planning the innovative activity is the awareness of need in it. All activity is performed by company's staff based on satisfaction of needs. We can consider the company as a mechanism that provides its activity on satisfaction of its needs.

To understand the company's needs we should adjust current theory of needs' hierarchy to the motives in innovative activity implementation. The author of the theory of needs' hierarchy, Abraham Maslow [8], determines five levels of needs, within which people performs all the activity. There are physiological needs, needs of security, needs of affiliation, needs of respect and needs of self-development.

Innovative development provides a departure from habitual methods of operation and management. Transfer of Maslow's theory on the activity of economic entities contributes to more clear definition of the enterprises' needs and the expected results of their innovative activity under the existing goals and objectives (figure 2). The basic level of enterprise's needs is a providing of enterprise functioning. These needs appear when it sets a question about a company's possibility to perform economic activity.

Enterprise stops its activity without satisfaction this needs. Examples of innovative activity aimed at satisfaction basic needs are improving the organizational structure of the enterprise, replacement of worn-out equipment in the latest one, staff training, according to the implemented changes, etc. There are actions on implementation of innovations that are new only to the enterprise, to support its "life".

The second level of the company's needs is providing of stable market position and breakeven economic activity. It requires more complicated activity with adaptation to the market state. On this level attention is focused on targets of enterprise's functioning. Changes that take place on the market can prevent or complicate achieving of goals with current resources and within existing development strategy. In this case innovative activity should be oriented on improvement of the aspect of activity that does not meet the requirements of the market under the pressure of the environment. For example, an unacceptable in a competitive market environment growth of product value caused by rising prices of resources can be reduced or eliminated through the introduction of energy-saving technologies in the production. Improving the product quality can be achieved by using the latest innovative equipment. Improving an information and communication systems, systems of

marketing and sales will contribute to a better product promotion. The complex of innovative measures aimed at adjusting the enterprise's activity to the market conditions can enhance its efficiency, hold customers and consolidate market position.

After satisfaction of the basic needs that permit company to perform the economic activity on the market comes up a need to improve the activity for getting more benefits. Development of science and technology, presence of stronger competitors on the market and other factors stimulate enterprises to seek ways to improve competitiveness. Using the latest technologies and technic of production, methods of planning and organization of the company's activity and motivation of the company's stuff can be the key factors to increase the efficiency of the business. In terms of a lack of internal capabilities for implementing the innovative measures, the company can collaborate with scientific and research institutions. Participation in the scientific researches and obtaining benefits in the form of innovation that provides additional competitive advantages contributes production enlargement, quality of goods (works and services) improvement and meets the company's need of affiliation.

Increasing of company's market share serves as rate of growing trust of consumers and other participants of business environment. In terms of business needs, these processes can be described as the need of respect, power and recognition. These results can be reached in the case of the company's participation in the innovation process not only at the stage of implementation of ready innovations. It needs to exercise a certain amount of their own search and research work that will identify potential areas of improvement of existing innovations. Modification of innovations, improving of their features and degree of customer's needs satisfaction will enable the company to get more competitive advantages and greater market share.

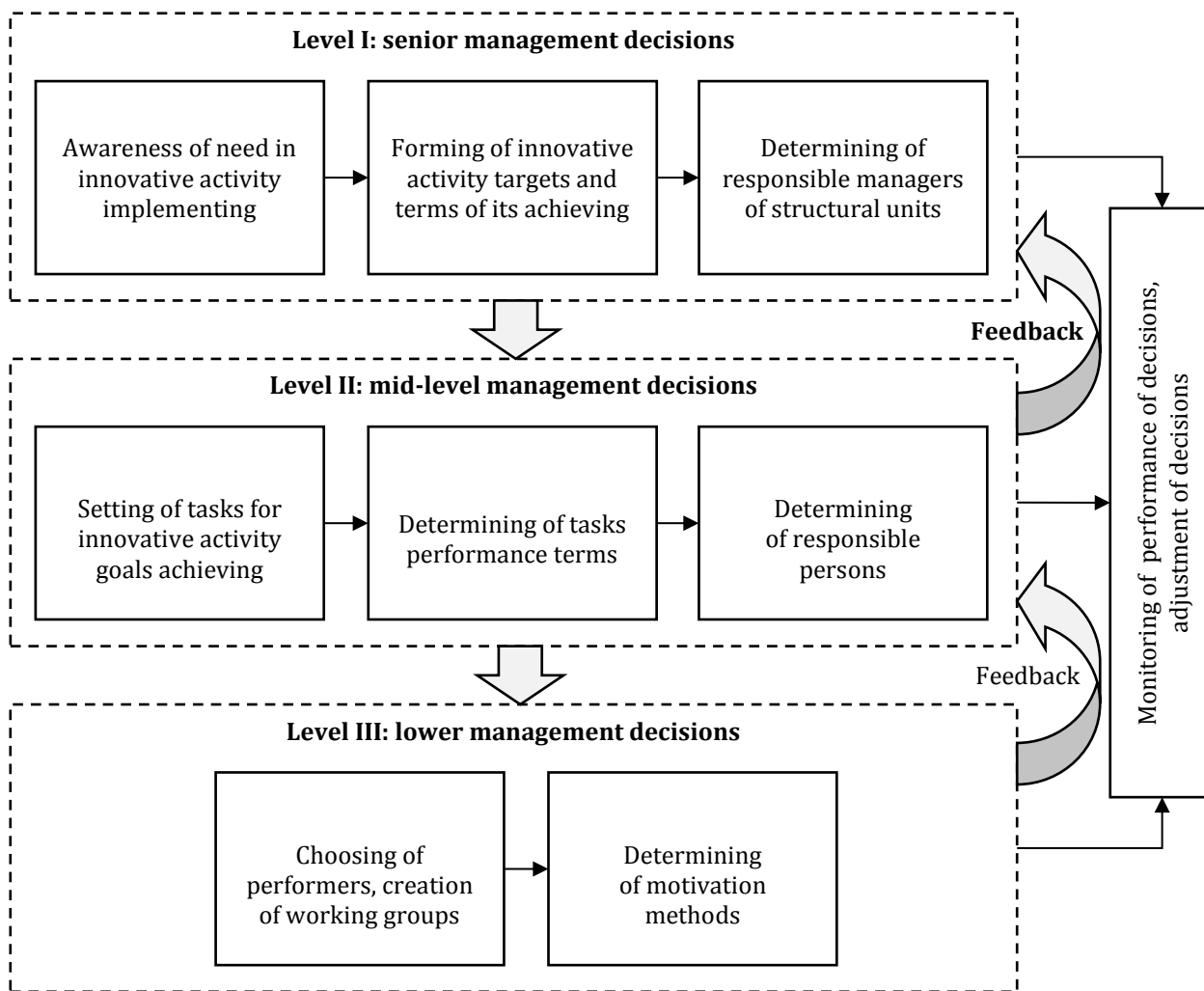


Figure 1. Algorithm of making decisions in management of the enterprise's innovative activity

**created by author.*

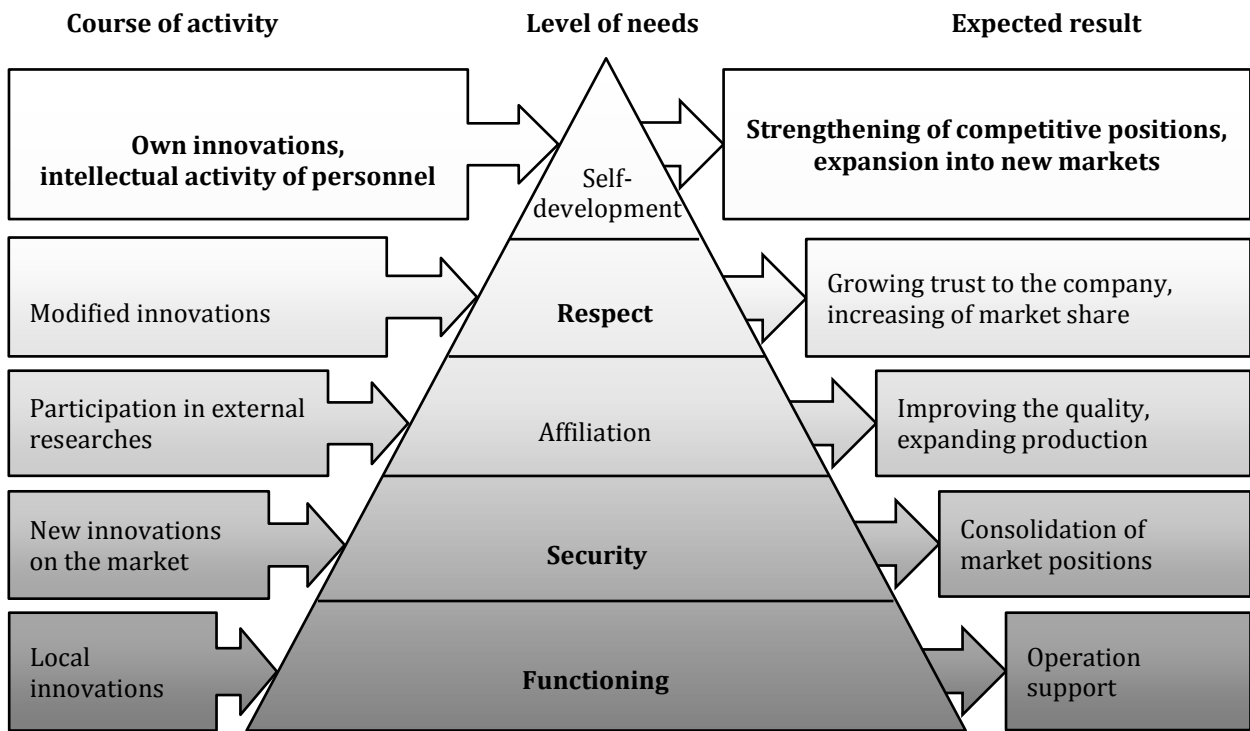


Figure 2. Adapted pyramid of needs hierarchy in the management of innovative activity of the enterprise

**agreed with [8; 9; 10] and supplemented by author.*

Enterprise should involve in the process of creation of the innovation to satisfy higher-level needs. To get desired results it should implement a wide complex of changes in those areas of enterprise's economic activity, which need improvement. Deciding on introduction to the innovative process in the stage of research and development works, the company's management leads to the emergence of significant changes, starting with the organizational structure that can be reviewed and adjusted in accordance with caused by innovative activity new problems related to employees.

Management of innovative development covers all levels of the company's management. Decisions of mid-level managers depend on top management decisions. They should set tasks and ways for their solution in the context of the existing goals of innovative activity. This process requires high qualification and understanding of the goals.

A variability of the making decisions is the same time an advantage and a disadvantage of the management process. There are different variants of solution some problem in the multidimensional economic activity of enterprise. At the same time, existing of a large number of problems and alternative variants for it solution can significantly complicate the decision-making process. It should be applied methods for prioritizing and systematization of tasks. One of these methods is a technique proposed by Dwight Eisenhower [11]. Classification of various tasks on the criteria of importance and urgency for the goals achieving will help to prioritize tasks and streamline their implementation. The urgency of the tasks is affected by the availability and time-limitation of opportunities to use the strengths of the company. The importance of the task should be determined by the degree of elimination of the company's weaknesses and avoiding of the external threats. So we can classify tasks according to its impact on the problem aspects of enterprise's activity and terms of its implementation. We get clear definition of tasks on urgent and important; urgent and unimportant; non-urgent and important; non-urgent and unimportant.

The result of the operation plays key role in the economic activity. Rising of the efficiency of the business is the main measure of rightness of made decisions and implemented operations. We should complement Eisenhower's matrix by a criteria of effect that will consider the expected efficiency of the implemented operation. Making decisions about non-urgent and unimportant tasks can be reasonable by criteria of effect. Comparison of criteria of urgency and effect gives us similar classification of tasks: urgent and efficient; urgent and inefficient; non-urgent and efficient; non-urgent and inefficient (figure 3).

It should be noted that the decision about elimination of certain company's weaknesses or external threat avoidance may adversely effect on the company's efficiency. This is the inefficient task. Unlike non-urgent unimportant tasks in the two-dimensional matrix inefficient tasks can't be rejected without a reason. The decision to implement inefficient tasks should be made based on a comparison of the negative impact of the

implemented measures with the negative impact of existing threats. So, the measure may impair the efficiency of the company's economic activity, however, be advisable in terms of avoiding more serious consequences of the rejection this decision.

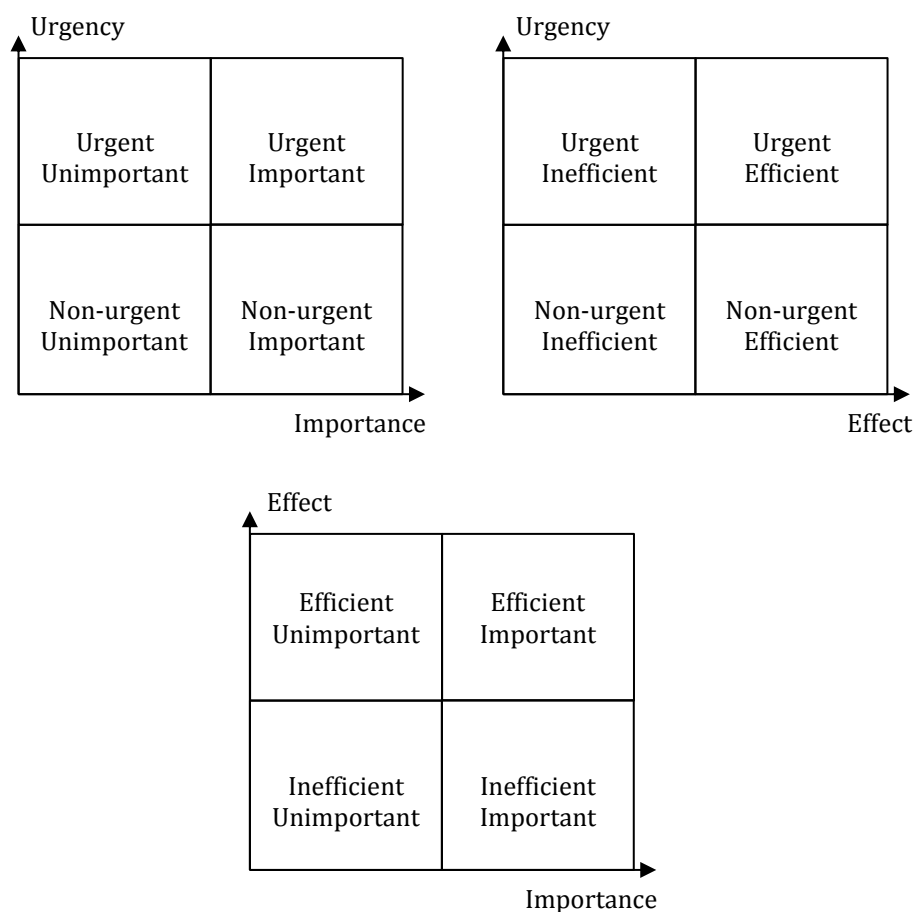


Figure 3. The model of tasks systematization “urgency-importance-effect”

**agreed with [11] and supplemented by author.*

Classification of tasks by the criteria of effect and importance helps to define if some measure is necessary for achieving desirable result and its impact on business efficiency. Unimportant inefficient tasks are enforceable if they can't be avoided. It may be operations required by the external environment, such as legislation. For example, it is utilization of wastes of production that is additional spending of the enterprise, increases production costs and reduces company's profit. Priority of implementation unimportant inefficient tasks determines the criteria of urgency.

Unavailability and low motivation of personnel can be the obstacle to the successful implementation of innovative activity. Professionalism of workers is an important factor in the organization of tasks performance. Completeness and timeliness of the job and also achievement of the expected level of efficiency depends on it. When choosing of performers, it should be paid attention to their professionalism, willingness to changes, ability to learn and penchant for creative work. Assessment of such staff characteristics is always subjective and depends on the interpersonal relationships between staff and their direct manager. These are the one of the most difficult decisions in the management of innovative activity as it requires analyzing the factors that don't have universal scheme of definition and are impossible to calculate.

Similar problems can arise with a choosing of motivation methods of innovative activity performers. These decisions require the ability to make contact with the employee to determine the motives of its activity and the needs that he satisfies by working at this place. In conditions of economic crisis increases the importance of economic methods of motivation, such as higher wages, payment of bonuses, giving discounts and other privileges, staff participation in company's profits, etc., as well as penalties for punishment if tasks aren't completed.

Economic methods of motivation can be effective when the employee feels a need in money. It should be remembered that the motives of each employee activity are affected by his needs. These needs differ depending on employee's age, sex, financial position and social status, etc. Innovative activity usually requires employees to

use their creativity and ability to learn. The desire of employee to be involved in the innovative activity implementation indicates his needs of realization the creative potential and self-development. In this case, except economic methods of motivation it should be used organizational, moral and psychological methods of activity stimulation. It will promote the emergence of the employee's sense of increasing his importance in the business, respect, credibility and recognition of his achievements.

An effective method of motivation for employees engaged in researches can be floating schedule of work. Adaptation of managerial control system can be one of the motivating factors for employees seeking to meet the higher-level needs. Enhanced control could adversely affect the results. It is appropriate setting clear deadlines and minimizing ongoing audits of creative tasks.

Conclusions and prospects for further research

Company's innovative development, focused on improving the efficiency of its operations, consolidation in the market, expansion of production and sales, etc., affect all the scope of activity and covers all levels of management in the enterprise. Combination of modern methods of planning and organization, employee motivation and control of results can help to maximize the efficiency and increase profits of the business.

Список літератури

1. Дробязко, А. М. Теоретичні засади формування управлінських рішень [Електронний ресурс] / А. М. Дробязко // Державне будівництво. – 2011. – № 1. – Режим доступу: <http://www.kbuara.kharkov.ua/e-book/db/2011-1/index.html>.
2. Грищенко, О. Ф. Інноваційне рішення – ключовий фактор забезпечення сталого розвитку сучасного підприємства. / О. Ф. Грищенко // Маркетинг і менеджмент інновацій. – 2011. – № 1. – С. 120-127.
3. Квасницька, Р. С. Аналіз підходів до прийняття управлінських рішень / Р. С. Квасницька, О. М. Дерикот // Вісник Бердянського університету менеджменту і бізнесу. – 2012. – № 4. – С. 80-83.
4. Сірік, І. П. Методичні підходи до обґрунтування управлінських рішень [Електронний ресурс]. / І. П. Сірік // Ефективна економіка. – 2011. – № 7. – Режим доступу: <http://www.economy.nayka.com.ua/?op=1&z=623>.
5. Солопенко, Р. І. Питання методології прийняття управлінських рішень на авіаційному підприємстві [Електронний ресурс] / Р. І. Солопенко // Національна Академія Державного Управління при Президенті України. – Режим доступу: <http://www.academy.gov.ua/ej/ej6/txts/07srirap.htm>.
6. Ткачук, О. М. Обґрунтування управлінських рішень підприємства на стадії зростання / О. М. Ткачук, Н. С. Назаренко // Вісник економіки транспорту і промисловості. – 2012. – № 38. – С. 232-237.
7. Федоряк, Р. М. Обґрунтування управлінських рішень в системі менеджменту підприємства. / Р. М. Федоряк, О. О. Худік // Технології і дизайн. – 2014. – № 3 (12). – Режим доступу: http://nbuv.gov.ua/UJRN/td_2014_3_15.
8. Теорія ієрархії потреб Маслоу [Електронний ресурс] // Бібліотека економіста. – Режим доступу: <http://library.if.ua/book/116/7763.html>.
9. Лівощко, Т. В. Інновації та інноваційна політика підприємства: принципи формування та механізми реалізації [Електронний ресурс] / Т. В. Лівощко, Д. С. Дворніченко. // Запорізька державна інженерна академія. – 2014. – Режим доступу: http://www.zgia.zp.ua/gazeta/evzdia_6_116.pdf.
10. Федулова, І. В. Класифікація інноваційних стратегій / І. В. Федулова // Теорії мікро- макроекономіки: збірник наукових праць, Академія муніципального господарства. – 2010. – № 35. – С. 122-130.
11. Матриця Ейзенхауера [Електронний ресурс] // Психологіс. – Режим доступу: http://psychologis.com.ua/matrica_eyzenhauera.htm.

References

1. Drobiazko, A. M. (2011). Theoretical grounds of decision-making in public administration. *State building*, 1. Retrieved from: <http://www.kbuara.kharkov.ua/e-book/db/2011-1/index.html>.
2. Hryshchenko, O. F. (2011). Innovative solution – key factor for sustainable development of modern business. *Marketing and management of innovations*, 1, 120-127.
3. Kvasnytska, R. S. and Derykot, O. M. (2012). Analysis of approaches to making of managerial decisions. *Visnyk Berdianskoho universytetu menedzhmentu i biznesu*, 4, 80-83.
4. Sirik, I. P. (2011). Methodological approaches to the justification of administrative decisions. *Efektivna ekonomika*, 7. Retrieved from: <http://www.economy.nayka.com.ua/?op=1&z=623>.
5. Solopenko, R. I. (2016). Question of methodology of acceptance of administrative decisions on an aviation enterprise. *Natsionalna Akademiia Derzhavnoho Upravlinnia pry Prezidentovi Ukrainy*. Retrieved from: <http://www.academy.gov.ua/ej/ej6/txts/07srirap.htm>.
6. Tkachuk, O. M. and Nazarenko, N. S. (2012). Justification of administrative decisions on stage of growth. *Visnyk ekonomiky transportu i promyslovosti*, 38, 232-237.

-
7. Fedoriak R. M. and Khudik O. O. (2014). Substantiation of administrative decisions in the system of management of the enterprise. *Tekhnolohiyi i dyzayn*, 3 (12). Retrieved from: http://nbuv.gov.ua/UJRN/td_2014_3_15, (accessed 28 November 2016).
 8. Biblioteka ekonomista. Teoriia iierarkhii potreb Maslou. Retrieved from: <http://library.if.ua/book/116/7763.html>.
 9. Livoshko, T. V. and Dvornichenko, D. S. (2014). Innovations and enterprise innovation policy: building principles and implementation arrangements. *Zaporizka derzhavna inzhenerna akademiia*. Retrieved from: http://www.zgia.zp.ua/gazeta/evzdia_6_116.pdf.
 10. Fedulova, I. V. (2010). Classification of innovation strategies. *Teoriyi mikro- makroekonomiky*, 35, 122-130.
 11. *Psychologis*, "Matrytsia Eizenkhauera". Retrieved from: http://psychologis.com.ua/matrica_eyzenhauera.htm.

Стаття надійшла до редакції 03.12.2016 р.