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INNOVATION AS A FACTOR IN ENHANCING ENTERPRISE COMPETITIVENESS

Innovation represents the outcome of enterprise activity and involves introducing new or improved products, technologies, and solutions. In a rapidly evolving business environment, it plays a key role in maintaining competitiveness. Growing competitive pressure and technological advancement require firms to constantly update their products, streamline production processes, and adopt modern management approaches.

The role of innovation in enterprise development has been widely examined in economic theory. In particular, Joseph Schumpeter viewed innovation as a key driver of economic development, emphasizing its role in the process of “creative destruction” [5, pp. 81-86]. Similarly, Michael Porter argued that innovation forms the basis of competitive advantage and enables firms to maintain strong market positions. This underscores the importance of studying its impact on competitiveness in the current economic context [6].

Recent research has expanded the understanding of innovation as a source of competitive advantage. According to the Oslo Manual [4], innovation is defined as a new or significantly improved product or process that differs from previous solutions and has been implemented in practice. This definition includes not only technological changes but also marketing innovations. For instance, Franco Malerba interprets innovation as the process of bringing inventions to the market through their integration into socio-economic practice, highlighting its role in shaping firm-level advantages [1].

In practical terms, innovation has a direct impact on enterprise performance. It contributes to higher production efficiency, cost reduction, and the development of unique products and services. As a result, industrial enterprises strengthen their market positions and expand their operations (Table 1).

Table 1. Dynamics of key indicators of innovation, scientific and technological activity of industrial enterprises in Ukraine (2021–2024)

Indicator	Year			
	2021	2022	2023	2024
1	2	3	4	5
Innovation-active enterprises:				
– number, units	453	423	354	627
– share of total, %	9.6	10.5	8.8	16.2
Enterprises that implemented innovations:				
– units	292	319	293	597
– share of total, %	6.2	7.8	7.4	15.5
Volume of sold innovative products:				
– total, million UAH	36838.4	31678.5	19381.8	138707.7
– share of total, %	0.9	1.0	0.5	3.0

1	2	3	4	5
Product novelty degree, %:				
– new to the market	6.4	18.1	27.4	29.5
– new only to the enterprise	93.6	81.9	72.6	70.5

Source: compiled and calculated based on: *Innovation in industrial enterprises; Scientific research and development* [2].

The analysis of statistical data shows an uneven pattern of innovation activity over the period 2021–2024. During the period 2022–2023, the number of innovation-active enterprises declined due to the negative impact of war-related factors. However, in 2024, this indicator increased to 627 units (16.2%), indicating a recovery in innovation activity. A similar trend can be observed among enterprises that directly implemented innovations, whose number almost doubled in 2024 after previous fluctuations.

A particularly significant increase is observed in the volume of innovative products sold, which rose from UAH 19.4 billion in 2023 to UAH 138.7 billion in 2024. This demonstrates the growing importance of innovation in shaping enterprise performance.

The dynamics of innovation activity are consistent with overall trends in Ukraine's economic development. In 2021, GDP reached nearly USD 200 billion. In 2022, it declined by 28.8%, while in 2024, economic growth ranged from 2.9% to 4.5% [3]. This suggests that economic recovery is accompanied by increased innovation activity in the industrial sector.

Consequently, innovation is a key driver of competitiveness. The introduction of new products and technologies contributes to the creation of unique market offerings, which stimulates demand and ensures growth in sales volumes. This enables enterprises to strengthen their market positions and respond effectively to external challenges.

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