

## **THE ROLE OF INNOVATION IN SUSTAINABLE DEVELOPMENT OF COMPANIES AND ENTERPRISES**

*S.A. Popova, 1 course*

*Scientific consultant – N.E. Kovshun, PhD in Economic sciences, docent*

*National University of water Management and Environmental Engineering, Rivne, Ukraine*

We can define innovation as the action of innovating by introducing to a market or an enterprise something new. This can be a product, a new process, a new organization or a new marketing method. Today 2/3 of the world industrial growth comes from the creation of new products. As Michael Porter, professor in Harvard University, said “innovation is the central issue in economic prosperity”. That is why innovation is regarded as one of the leverage to facilitate the enterprise growth. This essay will show the role of innovation in sustainable development of companies and the impact of innovation on success to achieve the economic, social and ecological goals.

Main purpose contrary to popular belief, becoming sustainable is not a constraint which hinders and disadvantages an enterprise compared to another one. Actually, innovation is an advantage. We can identify 4 important roles of innovation in enterprises [1–4]. First of all, the economic costs play an important role to make innovation grow in every enterprise. Indeed, enterprises which use in more intelligent way their supply chain and their production are able to decrease a waste’s flow that leads to optimizing the production costs and environmental taxes. Usually, companies and enterprises pay for more energy or more material than they really need. Avoiding this type of expenses gives companies and enterprises the opportunity to make savings because it decreases their bill (of electricity, of cost of manpower, of feedstock etc.). It gives at the same time the possibility for companies to have more profit for the same result regarding to less costs and losses during production and delivery.

These are some of the benefits that innovation can bring to a company and make it more sustainable:

1. Innovation can help a company to save costs, by consuming less resources you can archive better economical results.
2. Optimizing the processes of manufacturing by using renewable raw materials and a smaller quantity of resources that translates to an increase of efficiency and productivity.
3. By being a responsible enterprise that takes care of the environment creates a much better image of the company itself, to clients and to other companies.
4. The brand will be much more valuable and competitive.
5. Apply the innovation is also important to cover the legal requirements in environmental matters (licenses, environmental authorizations, regulatory controls, etc.)
6. Increase the confidence on stakeholders, investors, banks, insurance companies, etc.
7. Increase the motivation, loyalty, compromise and participation of the collaborators and that promotes cohesion administration.

Moreover, innovation is the chance for the enterprises to make the difference at market environment. It gives a new corporate image – the image of young and dynamic enterprises which know how to renew itself and care about the environment. And in our today's society, the image is becoming something very important, particularly for the respect of the environment because people are becoming more and more aware about environmental problems and own safety. The 3rd role of the innovation is the anticipation. Notice, that natural resources are limited. As a result, it is essential to take into consideration the future constraint of natural resources. By thinking about this, enterprises secure their future because they will not lack resources. And the last but not the least important role of innovation which must be taken into account is the law and standard specification constraint. The law and standard specifications are always changing. So, when enterprises take the initiative of innovating, they become better than the others which didn't it. In fact, throughout years, we could see that some enterprises answer to restrictions by being more rigorous than the imposed law and standard specifications. These enterprises have today a better impact on the market than the others.

The first companies which took the risk of innovating (the pioneering companies), are now difficult to match for the competitors because they had time to develop their methods and to become known in the market first. It should also be said that the most important companies are not the oldest but the most innovative. For example, half of the 10 largest US companies have less than 20 years. And this is not surprising when you see how businesses like Toyota succeed to achieve profitability and how their image is enhanced by innovating [1]. That is why we can conclude that innovation is essential for sustainable enterprise development. Sustainable companies get a lot of profit from implementing green marketing, because at the end they get more costumers, save costs and have a much better image against others. Companies care more about profit than all, because of course if an enterprise doesn't get profit from these practices they wouldn't do it at all, they would tend to stay the same and keep polluting, if that gets them the money they need to survive, but at the same time it is for the well-being for the clients at the same time, but the main reason of why they do it it's because of the profits that they can get out of it. We live in a globalized world and it's good to take measures about what companies can do better to live in a better world.

### List of References

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