

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY

Faculty of Management and Business
Department of International Economic Relations, Business & Management

Bachelor's Qualification Work

**FORMATION OF INNOVATIVE COMPETITIVENESS OF THE COUNTRY
AND COMPANY**

(based on Business Media Network (BMN) case)

Bachelor student of the 4th year of study
Field of Study 29 – International Relations
Specialty 292 – International Economic
Relations
Educational program –
International Economic Relations

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Abstract

The work centers on a topic of innovative competitiveness of a country Ukraine and the company Business Media Network. It highlighted the theoretical basis of innovative competitiveness, main methods of its estimation, and the analytical implementation of it. It was concluded that innovative competitiveness is a crucial element in the competition on the market and its development greatly contributes to the company's financial performance and the country's economy.

When conducting the research, materials from LLC "Business Media Network" were utilized, including the company's background, leadership, organizational structure, work practices, and corporate culture. The study not only benefits the "Business Media Network" but also contributes to the larger topic of supporting innovation in Ukraine. The proposed framework could be a useful tool for other organizations looking to boost their inventive edge. Overall, this study underscores the significance of innovation as a vital engine of economic growth and a path to a better future.

Keywords: Innovation, innovative competitiveness, innovative activity, assessment of innovation activity, economic development, performance enhancement.

Анотація

Робота присвячена темі інноваційної конкурентоспроможності країни Україна та компанії Business Media Network. Висвітлено теоретичні основи інноваційної конкурентоспроможності, основні методи її оцінки та аналітичної реалізації. Зроблено висновок, що інноваційна конкурентоспроможність є вирішальним елементом у конкурентній боротьбі на ринку, а її розвиток значною мірою впливає на фінансові результати компанії та економіку країни.

При проведенні дослідження були використані матеріали ТОВ " Business Media Network", включаючи історію компанії, керівництво, організаційну структуру, методи роботи та корпоративну культуру. Дослідження не тільки принесе користь "Бізнес Медіа Нетворк", але й зробить внесок у більш широку тему підтримки інновацій в Україні. Запропонована структура може стати корисним інструментом для інших організацій, які прагнуть підвищити свій інноваційний потенціал. Загалом, це дослідження підкреслює важливість інновацій як життєво важливого рушія економічного зростання та шляху до кращого майбутнього.

Ключові слова: Інновації, інноваційна конкурентоспроможність, інноваційна діяльність, оцінка інноваційної діяльності, економічний розвиток, підвищення ефективності.

PHEE-institute «Ukrainian–American Concordia University»

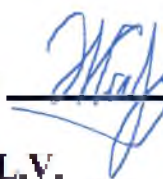
Faculty of Management and Business

Department of International Economic Relations, Business and Management

Educational level: **Bachelor degree**
Specialty **292 “International Economic Relations”**
Educational program **“International Economic Relations”**

APPROVED

Head of Department



Prof. Zharova L.V.

20

TASK

FOR BACHELOR'S QUALIFICATION WORK OF STUDENT

Mariia Korniets

(Name, Surname)

1. Topic of the bachelor's qualification work

FORMATION OF INNOVATIVE COMPETITIVENESS OF THE COUNTRY AND COMPANY (based on Business Media Network (BMN) case)

Supervisor of the bachelor's qualification work **Roksoliana Liubachivska, Ph.D. in Economics,**

Which approved by Order of University from “25” *September 2023* № 25-09/2023-4к

2. Deadline for bachelor's qualification work submission “25” *April 2024.*

3. Data-out to the bachelor's qualification work

Materials obtained from an internship conducted in consultation with representatives of a relevant company, alongside information sourced from open internet resources, articles, reports of the international organizations, and official financial and economic reports of the enterprise.

4. Contents of the explanatory note (list of issues to be developed)

Begin by defining what innovative competitiveness means in the context of both a country and a company. Explore its significance in today's globalized economy. Provide background information on BMN, including its industry, market position, historical performance, and any relevant challenges or successes it has faced. Identify and analyze

the key factors that influence the innovative competitiveness of both countries and companies. Discuss the critical role that innovation plays in enhancing the competitiveness of both countries and companies. Explore different types of innovation and their impact on competitiveness.

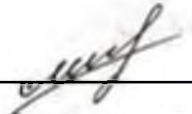
5. List of graphic material (with exact indication of any mandatory drawings)

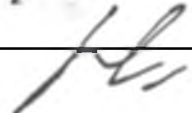
Graphs and figures for analysis of economical and statistical information on the company and its development, visualization of mechanism of development, etc.

6. Date of issue of the assignment

Time Schedule

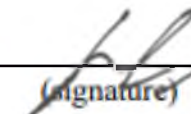
No	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of bachelor thesis	10.12.2023	On time
2.	II part of bachelor thesis	27.02.2024	On time
3.	Introduction, conclusions, summary	25.04.2024	On time
4.	Pre-defense of the thesis	29.04.2024	On time

Student  _____ (signature)

Supervisor  _____ (signature)

Conclusions (*general description of the work; participation in scientific conferences/ prepared scientific article; what grade does the student deserve*):

The student has provided a thorough exploration of the topic, covering essential aspects such as the definition of innovative competitiveness, factors influencing it, the role of innovation, and case study analysis of BMN's approach. Their work is well-structured, logically organized, and supported by relevant research and analysis. Her ability to apply theoretical knowledge to a real-world case study, such as BMN, showcases their critical thinking and problem-solving skills. With her efforts and research, she is well-positioned to attain an "excellent" rating during her defense.

Supervisor  _____ (signature)

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INTRODUCTION

In the current, rapidly changing world, innovation is one of the main drivers of the economy. The level of innovative competitiveness determines whether the company or the country is going to win the competition. Innovation also brings prosperity as we find better solutions to current issues.

I've decided to explore this particular topic in my research for several reasons. Foremost, my internship has taken place in a start-up, and start-ups are one of the main drivers of innovation. Secondly, in the current state of economics and politics, we see that the world is almost collapsing, and I believe that by focusing on increasing innovative competitiveness we can prevent this collapse and get a chance for a great future ahead.

In addition to my own liking of this topic, it is **greatly backed by scientific research**. For instance, it was cited in the rapport by Rumen Dobrinsky named "INNOVATION AS A KEY DRIVER OF COMPETITIVENESS" that the important links between innovation and competitiveness have been the subject of an ongoing policy debate that has attracted considerable attention from both policymakers and academics. On the one hand, it is widely accepted that innovation is a key ingredient and driver of competitiveness in the modern economy. On the other hand, there is considerable overlap between the factors and conditions affecting innovative behavior and performance and those that determine the firm's ability to compete (Dobrinsky, 2008).

The research is **relevant** due to the rapid change in the technological industry, and how the level of innovativeness can change the company's position of the market. Just a couple years ago we had no clue about chatbots and OpenAI, and now the discussion about the future of the humanity is centered around it. Therefore, currently the innovation plays a crucial role in the market competition, and the topic of its development is highly relevant.

Key terms used in this paper are innovation, innovative competitiveness, driver of the economy, economic development, innovative development, assessment of the innovation, innovative activity, economic analysis, and economic activity.

The body of this paper consists of three chapters, each of which has a particular aim. The paper as a whole aims to research the most accurate data available on the topic of innovative competitiveness, explore the legal framework for innovation in Ukraine, analyze the level of the innovative competitiveness of Ukraine and the corporation “Business Media Network” and propose the blueprint for improving the level of innovation. Briefly stated, to explore what innovative competitiveness is and how to develop it on the level of the country and the company.

The first chapter of the research is focused on theoretical and methodical bases of innovative competitiveness. I will explore its essence, methods of assessment, legal framework in Ukraine, and prepare an economic analysis of the current state of innovative competitiveness in Ukraine. My economic analysis will be based on the data available on the internet and my conclusions. In addition, I’ll provide a brief recommendation on how to improve the innovative competitiveness of Ukraine. The first chapter does not contain significant information about Business Media Network as the next two chapters are focused on it.

The second chapter is about an economic analysis of the “Business Media Network” corporation and an evaluation of the company’s innovative competitiveness. In addition, in this chapter the analysis of the innovative competitiveness of Ukraine is presented. This chapter is a practical one, as all the three subchapters are analytical. The analysis in the second chapter includes the analysis of economic and innovative activity, as well as the innovative competitiveness of the Business Media Network. The second chapter serves as a cornerstone for the framework proposed in chapter three.

The final chapter, chapter three, is about finding ways of enhancing of innovative competitiveness of "Business Media Network" corporation. Based on the analysis in chapter two and the theoretical knowledge presented in chapter one, I will offer my ideas on improving innovative competitiveness at Business Media Network. In addition, those ideas will be analyzed, and their priority will be estimated. As you can see from the description, I

have chosen a method of conducting foreign economic activity to improve innovative competitiveness, and the main reason is the current state of the Ukrainian economy.

CHAPTER 1. THEORETICAL AND METHODOLOGICAL BASES OF INNOVATIVE COMPETITIVENESS

1.1. The essence and content of innovative competitiveness

The term innovative competitiveness stands for the ability of the corporation to be competitive in the market based on the level of innovation it fosters and implements.

The first economist to ever talk about innovation was Josef Schumpeter, a Former Finance Minister of German-Austria, who suggested a new innovation theory in 1934.

The distinction of this approach from the majority of other known conceptions is revealed by Schumpeter's category of "Innovation" as a separate factor that contributes to added value creation. But traditionally, in many publications, including those by Schumpeterian followers, innovations are analyzed and considered as a means of increasing the productivity of given resources such as Capital, Labor, and Total Factor Productivity (TFP). However, such works do not include direct recognition of the ideas of Schumpeter regarding "Innovation" as a generator of new value and resource that is separate from the mentioned canonical aggregate production factors. In the quantity of isolated factors, "Innovation" has become a primary factor of economic development (*Bazhal, 2008*).

J. Schumpeter viewed market flow as a process of creative destruction, where innovative competitiveness is a key factor determining which firm will be the destructor and which will be destroyed. Later on, he proposed the term "creative accumulation", which meant that corporations accumulate technology and generate innovation to a different extent, and these accumulated technologies and innovation will determine the company's position in the market.

However, this theory was proposed almost 100 years ago, and it needed improvements and reconsideration to fit the modern world. The current view on innovative competitiveness combines Schumpeter's theory and the logic of Neoclassical economics.

The distinction between Schumpeter's theoretical approach from Neoclassical logic lies in its recognition of the inner forces of the market system which condition the economic crises of capitalism, whilst also determining recovery and economic growth. These forces are technological innovations. Without these forces national economies will inexorably come to a crisis point; progressive technological change can help overcome such a crisis and stimulate economic growth. In the general sense, we consider two contradictory approaches to explain the nature of economic growth and business cycles - Neoclassical and Schumpeterian (*Bazhal, 2008*).

Table 1.1 The difference between Neoclassical and Schumpeterian definitions of innovation

Schumpeterian Approach	Neoclassical Approach
-Innovations as components of traditional factors of the aggregate production function: Labour (L), Capital (K), and Total factor productivity (TFP).	-Innovations influence economic development either through the increase of productivity of the Labour (L) or through an increase in the amount of productivity of the Capital (K) through its accumulation

Source: compiled by the author based on (*Bazhal, 2008*)

There is still an ongoing debate happening on how to determine and measure innovative competitiveness, and which factors create it. The main source of innovative competitive advantages can be either internal or external. However, the more the debate is going, the more people align with the view that internal sources weigh more. An example of an internal source of competitive advantage is the effective management policy and allocation of intellectual capital.

Let me present you with the list of factors that can be used to estimate the innovative competitiveness of the company:

1. Social (labor productivity (TFP), cost of intellectual capital))
2. Technological (value-added efficiency, investment attractiveness)
3. Economic (cost-effective research, innovative efficiency) (*Bazhal, 2008*)

To sum up, the term innovative competitiveness is still undefined in modern economics, however, there are many theories and concepts explaining it. It can't be doubted that innovation drives the economy, and this claim can be backed by empirical evidence.

1.2. Methods of assessment of innovative competitiveness

The concept of innovative competitiveness is a complex concept with multiple components and factors that influence it.

Relative value is a way of calculating an asset's worth that considers the value of comparable assets. This contrasts with absolute value, which simply considers an asset's inherent value and does not compare it to other assets. (Chen, 2022). Therefore, in this work, I will compare and contrast entities to define their innovative competitiveness.

Let's briefly describe the compare and contrast analysis, its benefits, and its purpose. Compare and contrast is used in research papers to compare two objects, and find their similarities and differences. This type of analysis is useful for relative values, where we can make a conclusion on the basis of reflecting two instances. A compare and contrast paper is more than just a list of the parallels and differences between two subjects, despite what the general public believes. Instead, it evaluates these parallels and differences and explains why they matter.

However, to compare and contrast, we need to define the factors we will use for the analysis. As I have previously mentioned, one of the ways to estimate innovation is to split those factors into three groups: social, technological, and economic. I will not calculate the factors mentioned above in this work, as I do not possess enough data to perform the calculations, however, I will refer to those factors when comparing entities. Let's briefly describe them.

1.2.1 Socially oriented factors that influence innovative competitiveness

Socially oriented factors characterize innovative competitiveness in terms of fostering innovative practices and improving working conditions. These factors are targeted at the human and intellectual capital of the company to determine whether there is a need to improve management practices at the enterprise and whether this capital of the company is accumulated well (Irtysheva et. al, 2021).

To properly estimate social aspects, we need to calculate such parameters: increase in intellectual capital, cost-return of created jobs, labor activity of employees, and effectiveness of social investments.

The formula to estimate an increase in intellectual capital (Irtysheva et. al, 2021):

$$S_{IC} = \frac{MPR_1}{MPR_0}$$

MPR_1 - the market value of research carried out in the current period;

MPR_0 - the market value of research carried out in the base period;

The main purpose of the estimation of this parameter is to appraise the chance of transforming the level of organizational knowledge into a competitive advantage.

The formula to estimate the cost-return of created jobs (Irtysheva et. al, 2021):

$$S_{CRW} = \frac{PW_i}{CW_i}$$

PW_i - the amount of income received from the innovative workplace

CW_i - the number of expenses on maintenance of the innovative workplace

The main purpose of the estimation of this parameter is to appraise the effectiveness of innovative activities and define whether it's reasonable to invest in it.

The formula to estimate the labor activity (Irtysheva et. al, 2021):

$$S_{WA} = \frac{G_{PL}}{G_{DL}} \times k_a$$

G_{PL} - the growth rate of specific labor productivity associated with innovation processes

G_{DL} - the growth rate of unit wages

k_a - the coefficient of a good product (the proportion of non-defective products in the total production volume)

The main purpose of the estimation of this parameter is to rate the effectiveness of the management practices of the company.

The formula to estimate the effectiveness of social investments (Irtysheva et. al, 2021):

$$S_{SI} = \frac{G_{PL}}{G_{SI}} \times k_a$$

G_{SI} - the growth rate of investment in personnel (training, education, instruction, etc.)

G_{PL} - the growth rate of specific labor productivity associated with innovation processes;

k_a - the coefficient of a good product (the proportion of non-defective products in the total production volume)

The main purpose of the estimation of this parameter is to rate the effectiveness of investment in the social sphere and the feasibility of investments in personnel development.

To sum up, socially oriented factors are essential for assessing and improving the innovative activity of the enterprise. After all, people make businesses go from good to great, and overlooking such an important take can lead to the company's poor performance.

1.2.2 Economically oriented factors that influence innovative competitiveness

These factors help to evaluate the ability to monetize innovations. In case the company can derive economic benefits from innovation, it can establish its competitive advantage and potential.

The formula to estimate the value-added efficiency (Irtysheva et. al, 2021):

$$E_{AV} = \frac{EVA_1}{EVA_0}$$

EVA_1 - the sum of the created economic value added in the current period.

EVA_0 - the sum of the created economic value added in the base period.

The main purpose of the estimation of this parameter is to rate the ability of the company to increase the added value through the efficient use of available resources.

The formula to estimate the investment attractiveness (Irtysheva et. al, 2021):

$$E_{IA} = \frac{EIR}{ID}$$

EIR - the sum of investment resources attracted from outside for the competitive development.

ID- the investment needs of competitive development, not covered by its own resources.

The main purpose of the estimation of this parameter is to estimate if the company is a significant “player” on the market, which is worthy of investing investment resources.

The formula to estimate the demand for a product by the market (Irtysheva et. al, 2021):

$$E_{MDP} = \frac{V_1}{V_0} \times (1 - k_m)$$

V₁- the sales volumes in the current period.

V₀- the sales volumes in the base period.

k_m- the share of product marketing costs in total costs.

The main purpose of the estimation of this parameter is to rate the demand for innovative products and if it’s an effective activity.

The formula to estimate the profitability of intangible assets, capitalized research, and development (Irtysheva et. al, 2021):

$$E_{RIA} = \frac{OP}{\Sigma ACIA}$$

OP - the sum of operating income for the current period.

ACIA- the average cost of intangible assets, capitalized research, and development of the current period.

The main purpose of the estimation of this parameter is to assess the ability of those indicators to generate profits and increase the competitive advantage of the enterprise.

Summing up everything mentioned above, economically oriented factors are the most important factors for investors, as they show if innovative investments can be turned into profits. For sure, innovation without a profit is just an experiment.

1.2.3 Technologically oriented factors that influence innovative competitiveness

This group of factors is implemented when there's a need to evaluate the ability of an enterprise to effectively use its own and external innovative technologies and solutions to achieve balanced economic growth and strengthen its competitive position in the market.

The formula to estimate the innovative efficiency (Irtysheva et. al, 2021);

$$T_{IE} = \frac{D_{RD}}{E_{RD}}$$

D_{RD} - the income received through research and development.

E_{RD} - the expenses on research and development.

The main purpose of the estimation of this parameter is to determine the ability of the enterprise to benefit from knowledge-intensive investments.

The formula to estimate innovative independence (Irtysheva et. al, 2021);

$$T_{II} = \frac{RD_S}{RD_K}$$

RD_S - the total cost of research and development carried out by ourselves.

RD_K - the total cost of research and development borrowed from third parties.

The main purpose of the estimation of this parameter is to determine the level of self-sufficiency of the enterprise as a critical subject in the field of research and development of a fundamental or applied nature.

The formula to estimate innovation activity (Irtysheva et. al, 2021);

$$T_{IA} = \frac{GD_{RD}}{GE_{RD}}$$

The main purpose of the estimation of this parameter is to determine the ability to intensify the benefits obtained from the ongoing innovation activity.

GD_{RD} - the growth of income received through research and development.

GE_{RD} - the growth in expenses on research and development.

The formula to estimate the innovative performance (Irtysheva et. al, 2021):

$$T_{IP} = \frac{OT}{NT} = kr$$

where is the replacement rate of the number of obsolete technologies (OT) with new technologies (NT) developed or attracted from outside.

The main purpose of the estimation of this parameter is to rate the ability of the enterprise to improve its operational activities by introducing innovative technologies and implementing innovative products;

To sum up the information above, a proper calculation of technologically oriented factors helps the company to understand whether it has enough technological resources for applying and developing innovation.

1.2.4 Estimating innovative competitiveness

The recommended formula to calculate the integrated indicator of the innovative competitiveness is (Irtysheva et. al, 2021):

$$EIC = \sqrt[3]{EA_{we} \times TA_{wt} \times SA_{wa}}$$

EA, TA, SA= the total values of the economic, technological, social factors.

we, wt, ws – weight of the group of indicators of economic, technological and social segments of the enterprise's innovative competitiveness.

To sum up, this formula helps to assess innovative competitiveness analyzing internal factors of the enterprise, which are describes above. The weight of those indicators will vary depending on the company.

1.2.5 Estimating innovative competitiveness on the macro level

If we assess innovation competitiveness on the macro level, some international indexes come in handy. For instance, the Global Innovation Index.

Since its establishment in 2007, the GII has changed the innovation measurement agenda and become a cornerstone of economic planning. An increasing number of countries are carefully examining their annual GII results and implementing policy responses to enhance their performance (WIPO).

The GII, published annually, presents performance metrics and rates 132 economies based on their innovation ecosystems. The Index is constructed on a comprehensive dataset, the collection of 81 indicators from international public and commercial sources, extending beyond the traditional measurements of innovation because the definition of innovation has changed (WIPO). This index gathers quantitative data on the basis of surveys and expert interviews.

Global leaders in innovation, 2023

Top three innovation economies by region

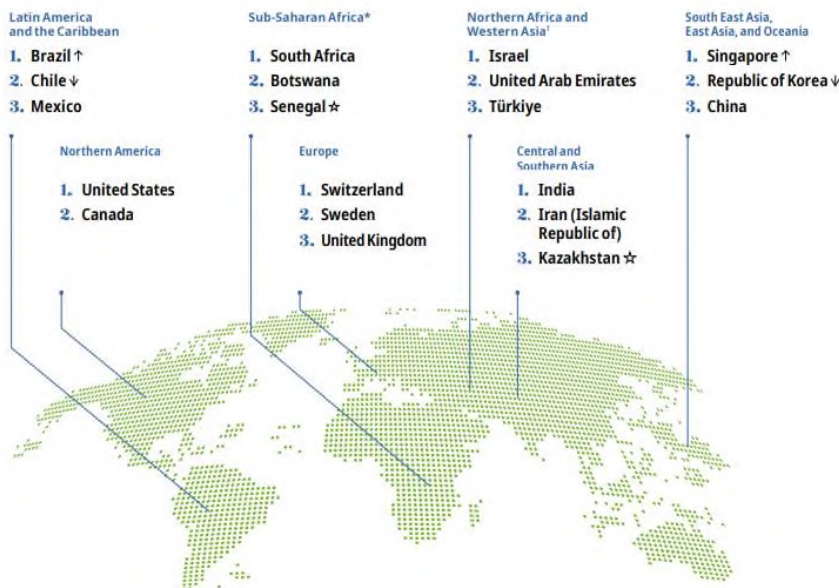


Fig. 1.1. Global leaders in innovation, 2023 (*WIPO, 2023*);

While GII index is used worldwide, there's also a special innovation assessment for the countries in the European Union. It is named "European innovation scoreboard".

The European Innovation Scoreboard compares the research and innovation performance of EU member states, regional neighbors and other European countries. It enables countries to examine the relative strengths and weaknesses of their national innovation systems, as well as identify concerns that must be addressed. What's interesting, is that the data presented in many ways: EIS interactive tool, report (in documents and media), country profiles, EU and Non-EU (Ukraine included). Later in this report, I will reference the data from this EIS and GII about Ukraine.

Here's the data from the European Innovation Scoreboard 2023, (*European Commission, 2023*):

Based on their scores, EU countries fall into four performance groups: Innovation leaders, Strong innovators, Moderate innovators and Emerging innovators.

- Denmark has surpassed Sweden as the EU's top inventor, with the best performance in recent years. Other Innovation Leaders include Sweden, Finland, the Netherlands, and Belgium.
- Austria, Germany, Luxembourg, Ireland, Cyprus, and France are Strong innovators, performing above the EU average.
- Estonia, Slovenia, Czechia, Italy, Spain, Malta, Portugal, Lithuania, Greece, and Hungary are Moderate innovators.
- Croatia, Slovakia, Poland, Latvia, Bulgaria and Romania are Emerging Innovators.

In the most recent edition, the distribution of Member States among performance groups in the European Innovation Scoreboard is substantially unchanged from the previous year. But Hungary has moved up to a higher performance level and become a Moderate Innovator, whereas Luxembourg and France have performed somewhat worse than they did eight years ago when compared to the EU. This emphasizes the necessity of ongoing

initiatives to strengthen these regions' capacities for innovation (*European Commission, 2023*).

1.3. The legal framework of innovative activity in Ukraine

According to the Ministry of Economics of Ukraine (Ministry of Economics of Ukraine) currently, we have several laws, codes, and resolutions on innovative activity in Ukraine:

1. **Law of Ukraine “About innovative activity”** (Закон України “Про інноваційну діяльність”). This Law defines the legal, economic, and organizational principles of state regulation of innovation in Ukraine, establishes forms of state incentives for innovation processes, and is aimed at supporting the development of Ukraine's economy through innovation. According to this Law, state support is provided to business entities of all forms of ownership that implement innovative projects in Ukraine and enterprises of all forms of ownership that have the status of innovative (*BVR, 2002*).

2. **Law of Ukraine "On Priority Directions of Innovation Activity in Ukraine"** (Закон України "Про пріоритетні напрями інноваційної діяльності в Україні"). This Law defines the legal, economic, and organizational framework for the formation of an integral system of priority areas of innovation activity and their implementation in Ukraine. The purpose of the law is to ensure an innovative model of economic development by concentrating state resources on priority areas of scientific and technical modernization of production and to increase the competitiveness of domestic products in the domestic and foreign markets (*BVR, 2012*).

3. **Civil Code of Ukraine** (Цивільний кодекс України). A codified legal act (law) known as the Ukrainian Civil Code governs the personal, non-property, and property connections (civil relations) between people and legal entities, the State of Ukraine, territorial communities, foreign states, and other public law subjects (*BVR, 2003*).

4. **The Commercial Code of Ukraine** (Господарський Кодекс України). This Code determines basic fundamentals of economic activity in Ukraine and regulate economic relations arising in the process of organisation and exercising economic activity between economic entities, as well as between these entities and other parties to economic activity (*BVR, 2003*).

5. **THE LAW OF UKRAINE** On the ratification of the Agreement between Ukraine, on the one hand, and the European Union and the European Atomic Energy Community, on the other hand, on Ukraine's participation in the Horizon Europe Framework Program for Research and Innovation and the European Atomic Energy Community Research and Training Program (2021-2025), complementary to the Horizon Europe Framework Program for Research and Innovation (*BVR, 2022*).

6. **Strategy for the development of the innovation sector for the period up to 2030**, approved by the Cabinet of Ministers of Ukraine on 10.07.2019 No. 526. (*Cabinet of Ministers of Ukraine, 2019*).

7. **Action Plan for 2021-2023 for the Implementation of the Strategy for the Development of the Innovation Sector for the period up to 2030**, approved by the Order of the Cabinet of Ministers of Ukraine No. 1687 dated 09.12.2021. (*Cabinet of Ministers of Ukraine, 2021*).

8. **Procedure for state registration of innovative projects and maintenance of the State Register of Innovative Projects**, approved by the Cabinet of Ministers of Ukraine dated September 17, 2003, No. 1474. (*Cabinet of Ministers of Ukraine, 2003*)

9. **Criteria for assessing the admissibility of state aid to business entities for research, technical development, and innovation activities**, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 118 dated 07.02.2018. (*Cabinet of Ministers of Ukraine, 2018*)

Summing up, the legal framework of innovative activity in Ukraine consists of nine legal documents, including laws, criteria and a procedure. The structure of the legal framework is quite clear.

CHAPTER 2. ECONOMIC ANALYSIS OF THE “Business Media Network” CORPORATION, EVALUATION OF COMPANY’S INNOVATIVE COMPETITIVENESS

2.1. General characteristics and analysis of economic activity of “Business Media Network” Corporation

A startup called Business Media Network (later BMN) connects Ukrainians in business, local government, and the populace. They coordinate, link, and oversee local material to support Ukrainian business owners and cities around the world. Additionally, Business Media Network offers IT services, SEO, SMM, and digital marketing for small and medium-sized enterprises.

One thing that differentiates Business Media Network is its purpose to help Ukraine by engaging in charitable activity, which is realized by students of Ukraine. Business Media Network attracts ambient students to work on their projects, and hence take part in rebuilding Ukraine. This model is quite smart because young people, if managed correctly, can bring a lot of fresh ideas and develop a company. Below, you can see a figure with the benefits Business Media Network offers (Figure 2.1).



Fig. 2.1 Benefits of working at Business Media Network (Shterenberg, 2022)

“All of you are students, part of this story, people who are building the future of our country. Life changed forever for everyone on February 24, 2022. The opportunities that you had are now starting from scratch, and this is a chance to get ahead, save years of your life, and achieve professional success. It is important that each of you is motivated not by future financial achievements, but by what we are doing today, by our ideas. It is a business model proven all over the world. By building the Business Media Network, we will help to scale up the forces to rebuild Ukraine, and this is our great goal.”- (Shterenberg, 2022) on the Business Media Network’s mission.

Business Media Network was created in January 2022 by entrepreneurs Henry Shterenberg and Alex Sheyner, and IT professional Oleksii Kozhanov. Figure 2.2 shows their roles on the company's executive leadership team.

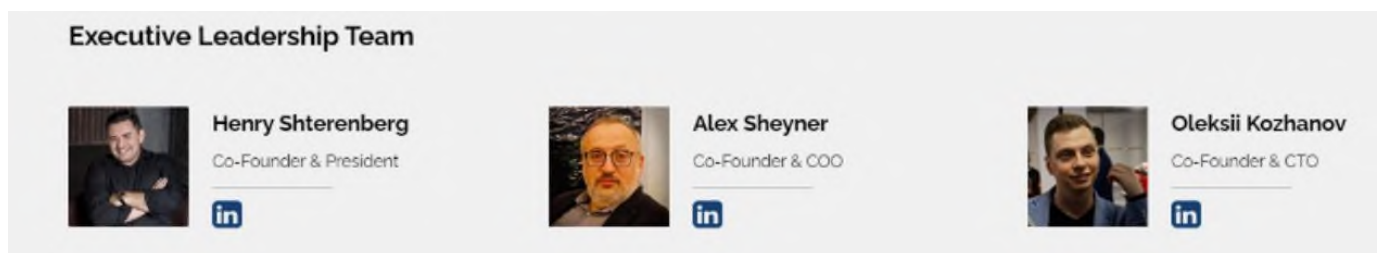


Fig. 2.2 Executive Leadership Team of Business Media Network; (*Business Media Network Official Website, 2023*)

Speaking about the type of the company, Business Media Network is a limited liability corporation with a mixed management structure. This shows that Business Media Network is a limited liability business (LLC):

- All stakeholders have equal rights in the Business Media Network.
- The company's assets are distinct from the owners' assets. - The structure is a mix of a corporation and a partnership. While owners have little culpability in the event of a business failure, they do "pass-through" their gains.

Let’s talk about the organizational structure of Business Media Network. Business Media Network incorporates aspects of various organizational structures. Each team is

assigned a certain function based on worker specialization, indicating a functional organizational structure.

Unfortunately, Business Media Network has closed its operations, so in this paper, I will analyze its economic activity and performance in the past tense. Economic activity at Business Media Network has been realized through several channels:

1. The main source of Business Media Network's income is a Marketplace (Figure 2.3) project. It promotes connections and transacts direct B2B domestic and international exchanges. Businesses that were placed on a marketplace and promoted by Business Media Network, have subscribed to the services Business Media Network provides. In return, businesses are guaranteed a chance of attracting investors.

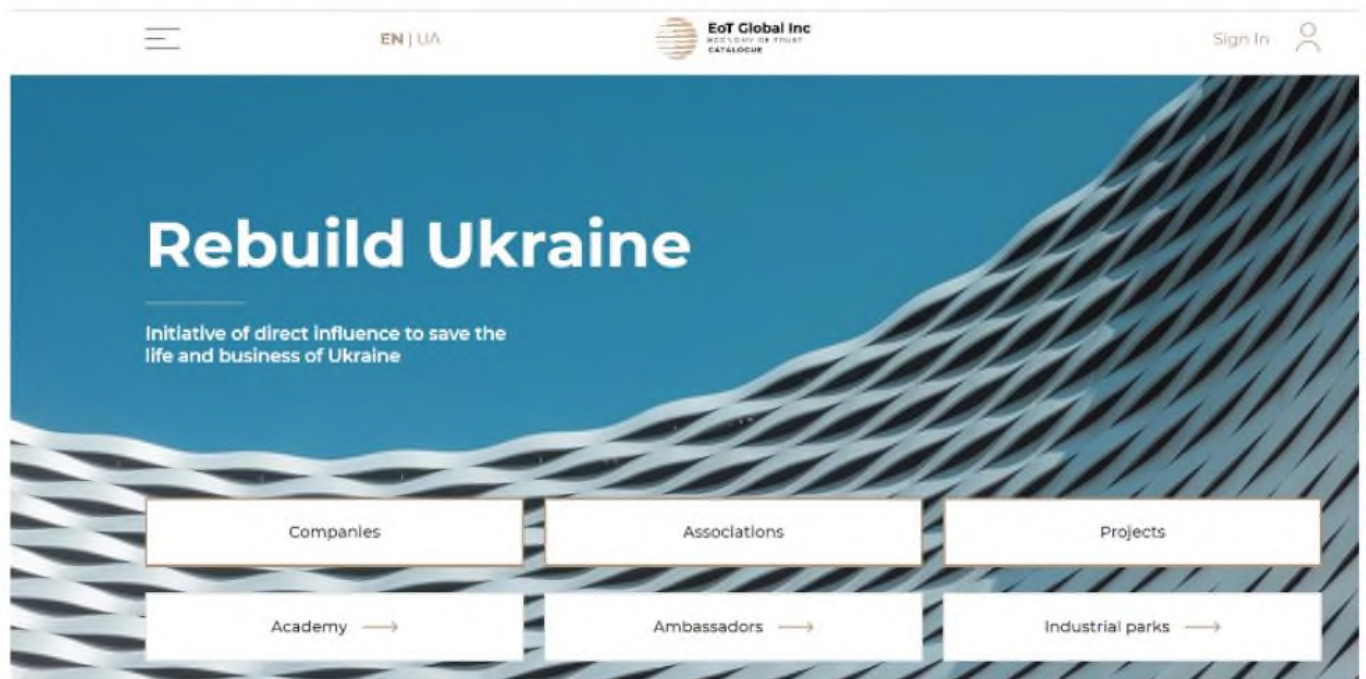


Fig. 2.3. Extract from the Marketplace (*The Marketplace, official website, 2023*).

The planning of economic activity is done on every level of the company. Executives set certain goals (KPIs) for managers within a defined time frame. Later, managers divide general KPIs into smaller ones and create a plan for achieving them month by month. Leaders of the teams receive a plan from managers, inform the team, control the performance, and report to managers.

2. In terms of software, Business Media Network's economic activity and products are developed using a variety of services, frameworks, and computer languages. Among the programs that can be used to create logos, social media posts, and video covers are Tilda, Adobe Illustrator, Figma, Trello, Toggl, and Canva. For calculating the performance, MS Excel and Google Sheets are used. Everyone who uses Business Media Network is free to utilize the application however they see fit and to work from wherever is most convenient for them. Below (Figure 2.4) you can find the example of the explained performance tracking system for the City Showcase project.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1		Календар			02.05.2022	Продуктивність	09.05.2022	Продуктивність	16.05.2022	Продуктивність	23.05.2022	Продуктивність	30.05.2022	Продуктивність	06.
2	Ім'я	Норма	Зроблено		15.05.2022				22.05.2022	час/кількість	29.05.2022		05.06.2022		12.
3	Валентина Криворучко (SEO-е)	Таблиця	1750	1750	47	0	154	1 - 2,14	0		247	1 - 0,41	170	1 - 1,16	
4	Анна Мацак	Таблиця	2300	4053	155	1 - 5,05	200	1 - 4,31	300	1 - 3,3	250	1 - 3,12	264	1 - 3,07	
5	Раїса Волинська	Таблиця	2200	2204	321	1 - 2,21	378	1 - 1,71	321	1 - 2,09	0	0	77	1 - 2,25	
6	Наталія Ковчан	Таблиця	2300	2967	111	1 - 2,08	303	1 - 1,45	300	1 - 0,57	313	1 - 0,67	162	1 - 0,6	
7	Анна Семерей (SEO-е)	Таблиця	2250	3087	192	1 - 3,18	300	1 - 1,96	300	1 - 1,76	300	1 - 1,48	300	1 - 1,13	
8	Якопо Костин Сетти (SEO-е)	Таблиця	2000	3194	228	1 - 2,74	224	1 - 1,63	235	1 - 1,6	229	1 - 1,42	200	1 - 1,43	
9	Ігор Герасименко	Таблиця	1550	1098	0	0	300	1 - 1,84	94	1 - 1,71	114	1 - 1,51	102	1 - 1,37	
10	Михайло Ковчан	Таблиця	1200	3143											
11	Марія Науменко	Таблиця	1200	1804											
12	Микита Кузьмін (SEO-е)	Таблиця	1050	2031											
13	Катерина Бондар	Таблиця	900	956											
14	Результат учасників, що вибули		13200	12355	1494	1 - 2,29	1315	1 - 0,6	1724		2196		1309		
15	Менеджмент та Нав меню		8150	15740	1009	1 - 2,82	1816	1 - 4,09	1419		1857		2153		
16															
17	Total number of entr		40050	54382	3557		4990		4693		5506		4737		76
18	Number of people working				20		26		26		22		19		2
19	Average entry per person				177,85		191,9230769		180,5		250,2727273		249,3157895		365,6
20	Average entries per hour				0,04		0,04		0,03		0,05		0,02		0
21	Total number of hour				165,40,26		229,43,37		167,19,29		278,50,29		127:52:29		147
22	Average entries per minute				2,8		2,7		2,1		3		1,7		1

Fig. 2.4. Performance tracking system for the City Showcase

3. In order to collaborate with American investors and legitimize the company, Business Media Network opened a bank account in the US. Establishing a bank account was essential for Business Media Network because of several factors: establishing a clear separation between business and personal finances, simple tax reporting and bookkeeping, liability protection.

4. Salary budgets are well-defined, and only Business Media Network employees who work there are eligible to receive compensation. If they sign a specific contract, other independent contractors and helpers may be able to receive a portion of Business Media Network's shares.

Summing up, Business Media Network is a startup connecting enterprises, local governments, and Ukrainian citizens. They organize and manage local content to promote Ukrainian entrepreneurs and cities abroad. It is a limited liability company with a hybrid organizational structure. Their economic activity is not presented in any records to claim something about profits, however, they managed the economic activity using the latest software and a unique payment system. The only project that generated their income was the Marketplace.

2.1.1 How Startup Initiatives help to promote sustainability (Korniets, 2023)

I've decided to raise this issue because I have completed my internship at Business Media Network (BMN) startup. In addition to that, I've noticed that there is a recurring discussion about how startups shape the reality of the business world and make it a better place. I believe that they also contribute a lot to the promotion of the sustainability, and let's see if my assumption will be proven by research.

Start-ups face the challenge of paucity of time, knowledge to implement CSR activities, financial resources (Salamzadeh, 2015) and lack of other information (Lepoutre and Heene, 2006), for integrating and adopting sustainable business practices. This a building up of theories and methodologies regarding large organization (Lepoutre and Heene, 2006). There is a need to have a detailed analysis of the interconnectedness between CSR and startups. Startups have close proximity with the local people. They know their needs and produces products accordingly. Evidence confirms that there exists a favorable linkage between innovative start-ups and local economic performance (Audretsch et al., 2006; Audretsch et al. 2008) (Malpani, Ghosh, 2020).

Start-up initiatives foster collaboration and inspire for a change. The people behind the start-up are usually very risky and are willing to disrupt traditional concepts. Therefore, because of such people, start-ups are developing new products that address sustainability challenges, such as renewable resources or waste reduction strategies. Due to their close

proximity with the local people, they empower communities and promote social equity. A great example of that is boxes to sort the garbage that are placed in local stores. Start-ups are also using their voice to raise awareness about sustainability issues and impact on the consumer behavior.

In an environment characterized by increasing awareness of sustainability and climate protection, partnerships and cooperation between green start-ups and established companies are becoming increasingly important. Examples of this are the Circular Valley in Wuppertal, an accelerator that focuses on the circular economy, and the Smart Green Accelerator from Baden-Württemberg, which brings together start-ups and mentors. Established companies can not only provide green start-ups with financial support, but also share their expertise and networks (*Hausvoneden, 2023*).

Let's examine the practical examples of start-ups and their contributions to the sustainability in the region. First, Rare Beauty (*Rare Beauty Official Website, 2024*). They are dedicated to sustainability and show it in such actions: their packaging is made of 100% recyclable boxes made from responsibly sourced, FSC-certified materials and printed with water-based ink; they created a recycling program for its products through TerraCycle. When you're done with your product (once a mascara tube or lipstick bullet is too dried out to use or once a liquid foundation bottle is empty), place it into a clean envelope or box and send it off. Their products are vegan and cruelty-free. Second, Biomemakers (*Biomemakers Official Website, 2024*). They are an agriculture tech startup with a goal to improve the quality of the soil and make it healthy for growing foods. This is essential because soil degradation is one of the key challenges for the sustainability. They have helped more than 15K farmers to improve the health of the soil and they donate 2% of the revenue (estimated \$16.9M per year) (*Growjo, 2022*) to soil health. And the last one, EcoCart (*EcoCart Official Website, 2024*), it is a startup that makes browser extensions that let consumers offset their carbon footprints from specific companies at no cost. Since 2019 this environmentally conscious firm says that it has helped power over 700 households, preserved over 8,000 trees, and offset 365 million pounds of carbon dioxide (CO₂) emissions thus far.

Let's sum up everything mentioned above. The entrepreneurial spirit of the startup promotes teamwork and information exchange and hastens the creation of long-term solutions. This is proven by scientific research and practical examples. All of this is achieved because of people behind the startup. It's people who inspire, collaborate, act and produce results.

2.2. Analysis of the innovative activity of “Business Media Network” Corporation

Innovation activities are all scientific, technological, organisational, financial and commercial steps which actually, or are intended to, lead to the implementation of innovations (*OECD/Eurostat, 2005*).

The innovative activity of Business Media Network was best shown in its projects, so let's analyze them one by one.

2.2.1 The Battery of Trust

The Battery of Trust is a truly innovative product, which I haven't seen on any platforms except Business Media Network. The trust battery is a multifaceted component that is always being improved to enable as exact and productive an appraisal of the firm as is reasonably possible. This is done with the intention of reaching the highest level of accuracy and productivity. It is used on a Marketplace project, and it applies to all businesses on a platform.

What's interesting about the Battery of Trust is that it was inspired by a psychological concept named “The trust battery”. The concept is from Tobi Lütke, the CEO of Shopify (*Lütke, 2016*). He says, for instance, that the trust battery between you and a new colleague may start at roughly 50% when they join your organization. The trust battery level decreases if the new colleague betrays you, and it rises each time they behave in a way that gains your trust. The trust battery can take a while to fully charge and a short while to discharge. Every

time we engage with someone, we are unconsciously taking into account how much trust they have in us, and that affects how we react to them.

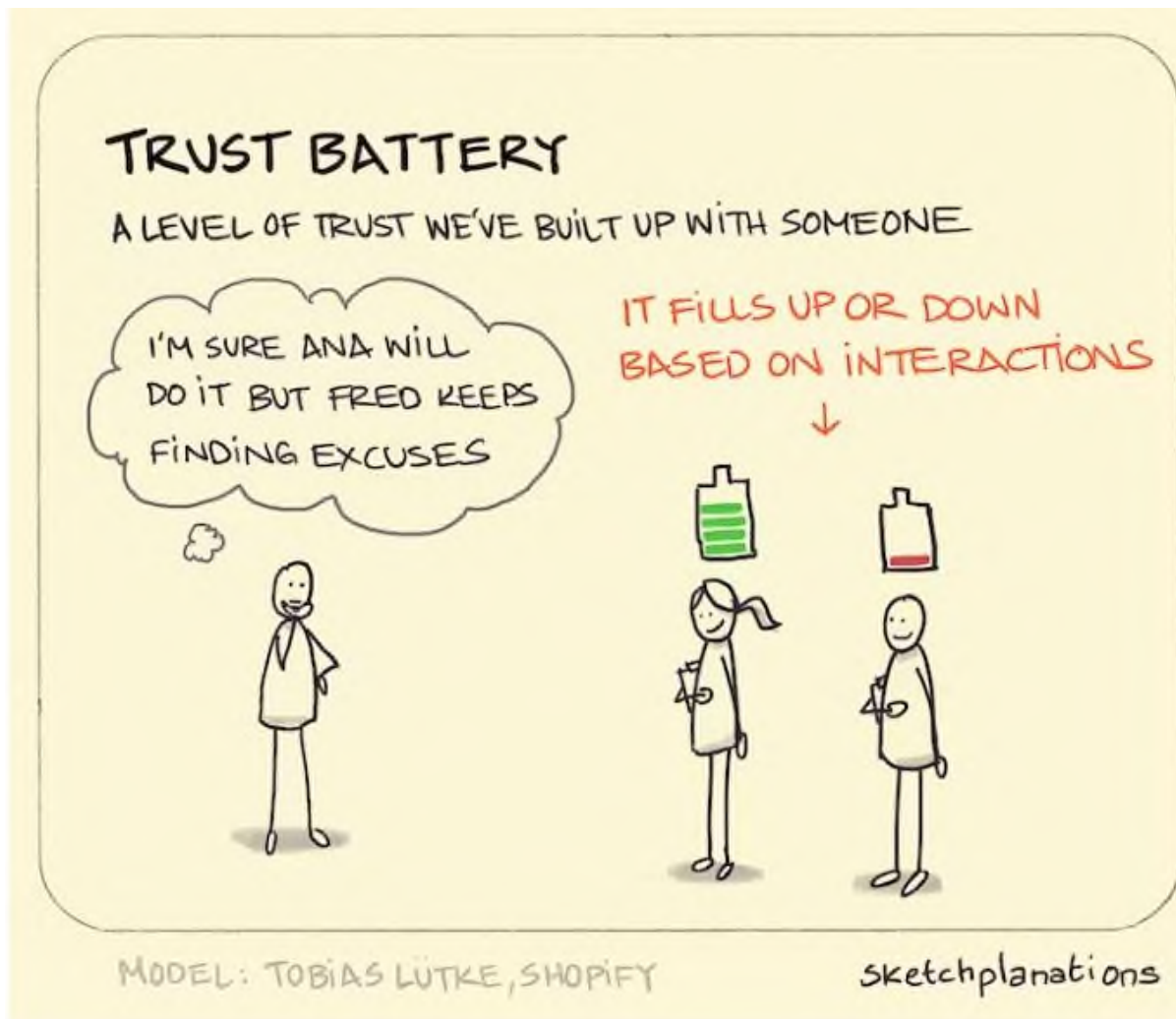


Fig. 2.5. Trust Battery Sketch (Sketchplanations, 2019).

Business Media Network's way of adapting this model to business is truly unique and innovative. I think we can estimate the innovativeness of this at 5/10.

2.2.2 Marketplace

As it was mentioned above, Marketplace's main goal is to promote businesses and attract investments. This model is quite popular, even in the Ukrainian market. When Googling "business marketplace" (Figure 2.6), results are right away:

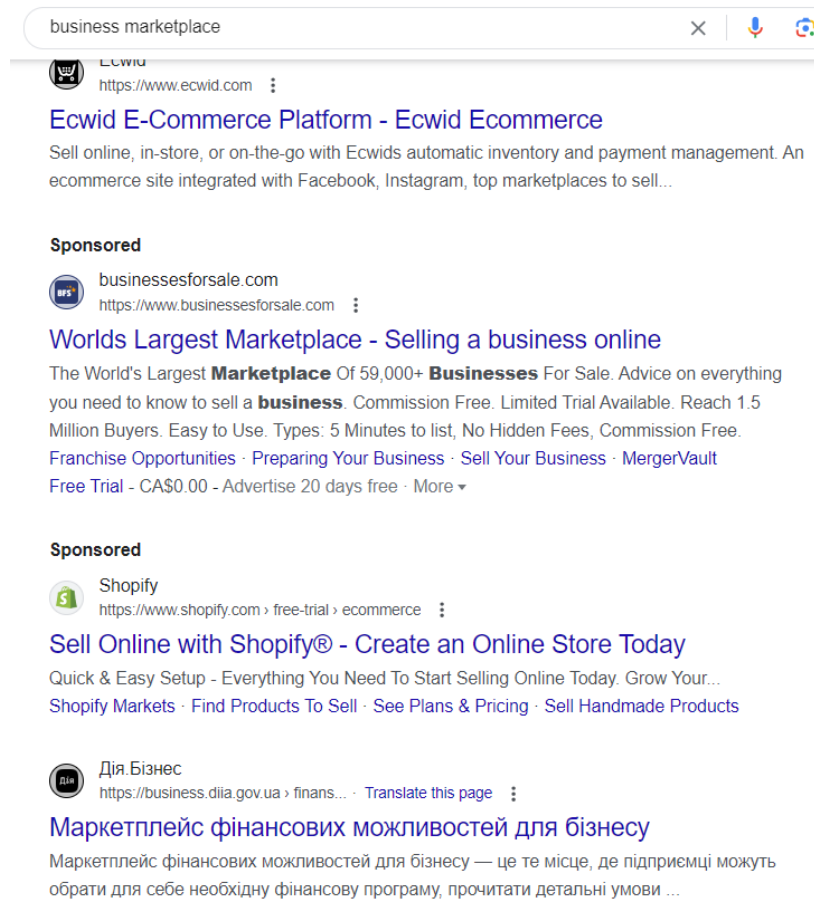


Fig. 2.6. Google search by the query “business marketplace”

What makes Marketplace stand out is the Battery of Trust, so let’s assign it 2.5/10 for innovativeness.

2.2.3 Mayor’s Club

Mayor’s Club is a network of knowledgeable mayors from the past and present concentrated on restoring the civic infrastructure and industrial basis. The website: mayorsclub.org.

The project itself is unique for the Ukrainian market, however, Business Media Network acts as its member, not the founder, so in this paper, I will not estimate its innovative activity.

2.2.4 City Showcase

City Showcase is an established network of over 1470 municipalities. This portal provides access to business and news information for all Ukrainian cities. This project was revolutionary for the Ukrainian market. Currently, after Business Media Network has closed, there is no portal present on the market that could replace Business Media Network. If you Google “municipal websites in Ukraine”, you will not find such a platform.

However, the idea of creating a single platform with municipalities is not unique, as it is present in other countries. For instance, Switzerland. The platform Localsearch (*Localsearch Official Website, 2024*) is an example of how City Showcase and Business Media Network’s Marketplace could look if they were still present. Hence, the innovative competitiveness of this project is 5/10.

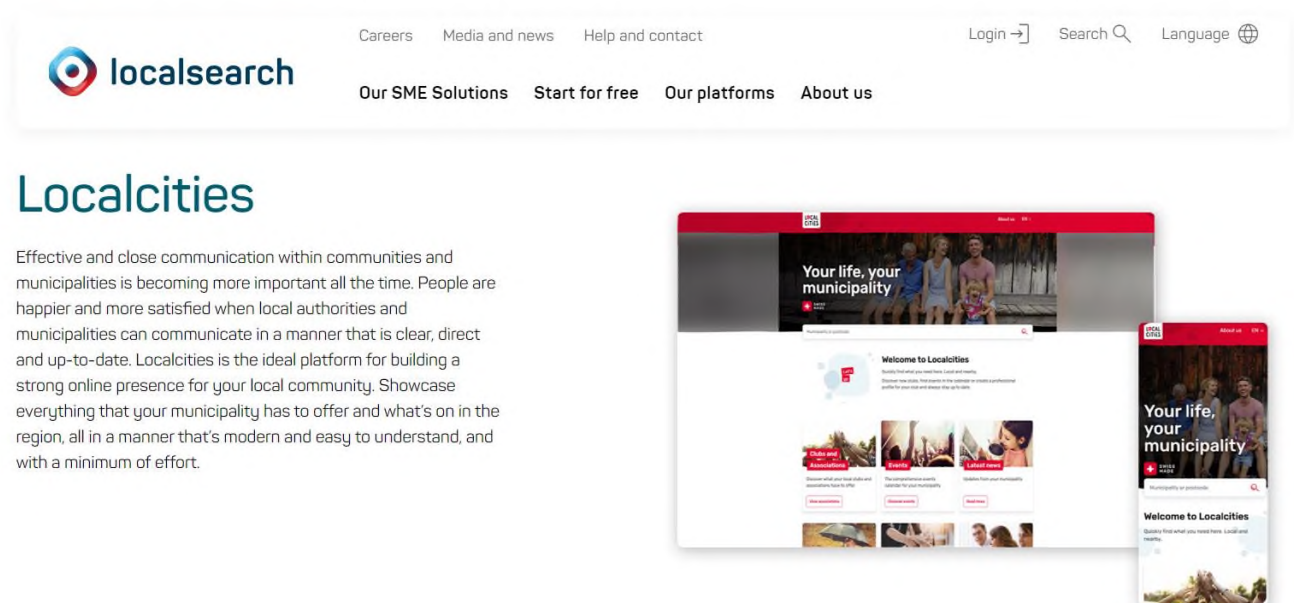


Fig. 2.7. Main page of the website Localsearch (*Localsearch Official Website, 2024*).

2.3. Analysis of the innovative competitiveness of corporation “Business Media Network”

To analyze the innovative competitiveness of corporation “Business Media Network” I will compare it to Switzerland’s platform “Localsearch”. Let’s start the comparison by describing Localsearch.

2.3.1 General Description of the corporation “Localsearch”

Localsearch, is the leading marketing and advertising partner for Swiss SMEs, operating well-known B2C directory platforms. Localsearch’s product portfolio helps businesses to be found online, acquire new customers, and retain them in the long term. With simple and effective online marketing solutions, on-site expert advice, and an attractive price-performance ratio, localsearch contributes to the success of Swiss SMEs in the digital world (*Localsearch Official Website, 2024*)

Furthermore, localsearch is responsible for the management and promotion of the most popular booking and directory platforms in Switzerland, local.ch and search.ch. One in four Swiss citizens, or 2.7 million people, are reached by localsearch across both platforms (Source: Mediapulse Online Audience Data, H2 2022). In Switzerland, two of the most downloaded apps are local.ch and search.ch. The largest Swiss craftsmen platform, Renovero, the community and association platform Localcities, and the industry comparison tool Vergleich CH are all part of the Localsearch brand portfolio (*Localsearch Official Website, 2024*).

Localsearch, local.ch, search.ch, renovero, Localcities, and Vergleich CH are trademarks of Swisscom Directories AG. Swisscom Directories AG is 100% owned by Swisscom AG (*Localsearch Official Website, 2024*).

2.3.2 Comparing and Contrasting Business Media Network and Localsearch

First of all, let's define the factors I will use to perform this analysis, explaining the choice of each:

1. Employee productivity. Intellectual capital is one of the most important socially oriented factors, as the investment in the intellectual capital results in a higher chance of a company producing innovation.
2. Exclusive service offered to the costumers. Even if the model of a business is not unique, it can offer exclusive services that contribute to the innovativeness of the enterprise.

The comparison and contract analysis is shown in the table. (Appendix 1).

To conclude, the table presents you with the compare and contrast analysis of the companies Business Media Network and Localsearch. The company "Localsearch" was chosen because its business model is similar to Business Media Network. By conducting this analysis, I was able to find out that Business Media Network had made a poor strategic decision in terms of involving their workforce in the non-profit project first, instead of focusing on establishing a reputation and making profits.

The analysis proved that the workforce of Business Media Network was quite productive and capable of producing results, however, they weren't properly managed.

The findings in this analysis will be used in chapter three to build a blueprint for the enterprise's enhancement.

2.4. Analysis of the innovative competitiveness of Ukraine

Ukraine is viewed by many people as a third-world unprogressive country, however, the actual situation is vice-versa. Ukraine is full of innovative projects, on both governmental and private levels.

In addition, Ukraine’s IT sector has been growing and improving for years. It has been growing despite the COVID pandemic and a full-scale invasion. One thing that contributed to it is that after Russia had occupied a part of Ukraine in 2014, Ukrainian experts realized that they need to pursue international markets in order to ensure their future.

For instance, exactly for this reason the business conference “NaZahid” (*SeoProfy YouTube Channel, 2024*) was created. Since 2014, they have recorded 24 conferences dedicated to search engine optimization (SEO), IT, and marketing in Western markets.

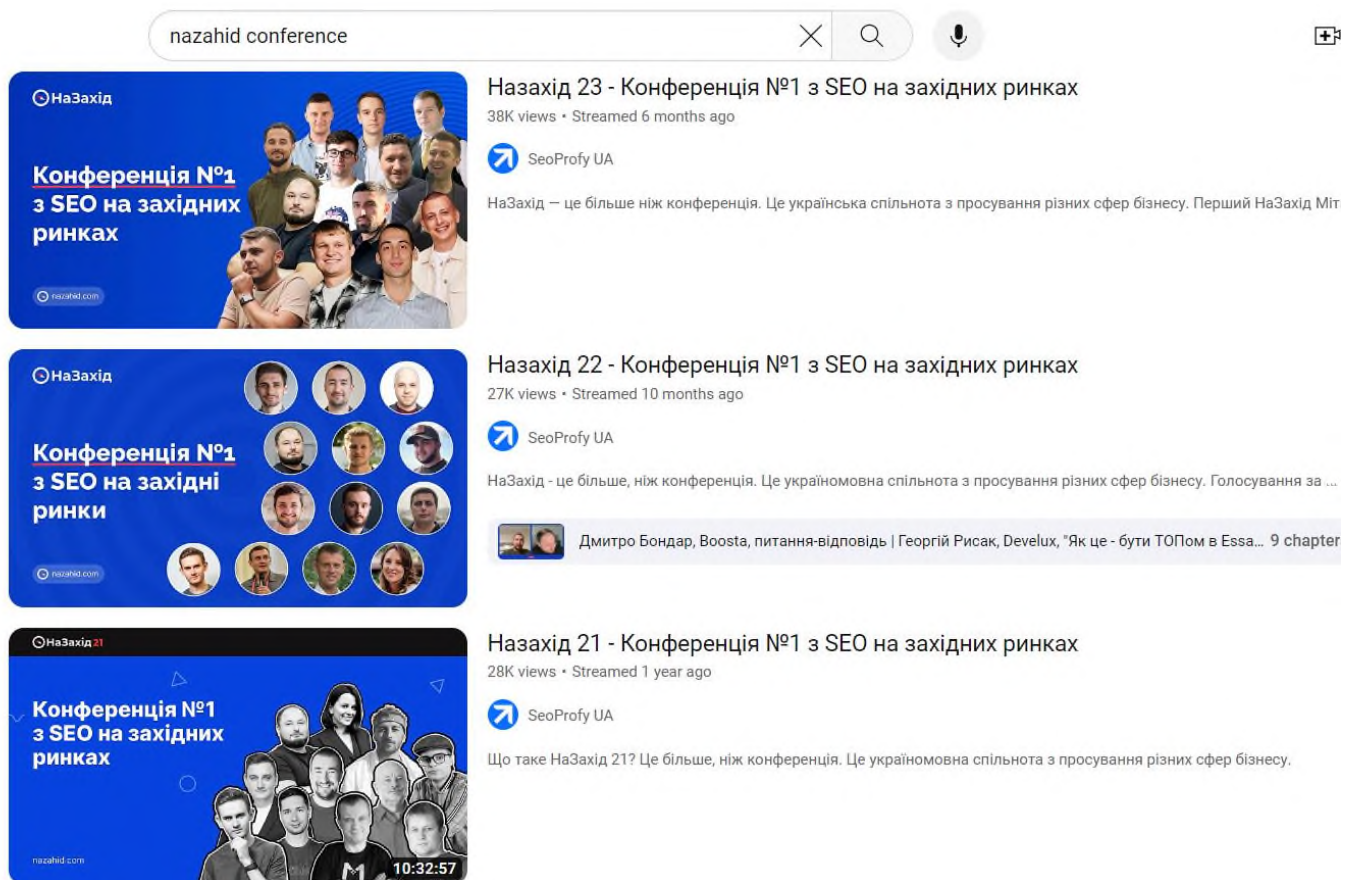


Fig. 2.8. YouTube search by the query “Nazahid conference”

Moreover, in 2020, despite the pandemic, according to the National Bank of Ukraine, IT exports in Ukraine surpassed the mark of 5 billion dollars (Figure 2.9).



Fig. 2.9. IT Exports of Ukraine (*BRDO, 2021*)

Unfortunately, in 2023 our IT sector faced the first decline in a decade. The decline was equal to around 10 percent, and while it might not sound like a significant number, it as the first drop for IT exports in a decade. The reasons for this drop is wartime, as Ukraine needs more IT services inside the country, hence, has to limit exports. However, as IT industry is one of the cornerstones of Ukrainian economy, and due to the war Ukraine has encountered massive economic challenges, and the shortage in the budget, the government has to develop a strategy of increasing the revenue of an IT sector. Public figures prove the statement above:

“The wartime conditions persist, and especially during such challenging times, IT serves an important part of the country’s economic base. The industry, therefore, requires urgent solutions to contain and reverse the decline. We need additional tools to stimulate the growth of the IT sector and, consecutively, of the exports”(*Shevchuk, 2023*)

Despite challenges, Ukraine still produces innovative projects. This subchapter highlights several innovative initiatives of Ukraine and reflects the data from the Global Innovation Index 2023 and European Innovation Scoreboard 2023.

2.4.1 Innovative Initiatives in Ukraine

According to the first and second editions of “Ukrainian Innovative Products” by UkraineNow and the Ministry of Economic Development, Trade, and Agriculture of Ukraine, there are 57 innovative products worth considering. These projects belong to various industries, such as: bioengineering, Saas, robotic, business solutions, machine learning, 3D technology, virtual reality solutions, e-learning.

One project I would like to emphasize on is IronGlass. Based in Zaporizhia, IronGlass specializes on upgrading old optical lenses to make them create an optimal texture for dynamic shooting. These lenses were used on the set of *Dune 2* (*Euromaidanpress, 2024*) which proves that in the time of globalization, it doesn't matter where you produce a product, what's more important is the quality of product itself.

Such a huge variety of innovative projects proves that the people of Ukraine are highly capable of thinking outside of the box, and all of this is combined with a comfortable tax system for entrepreneurs. Thanks to the simplified tax system for sole entrepreneurs, more people started launching innovative projects.

While there are much more projects that are worth talking about, I will not do it in this paper, as the space is limited. However, I would like to discuss one particular project, omitting which, would be a mistake, and that is - Diia.

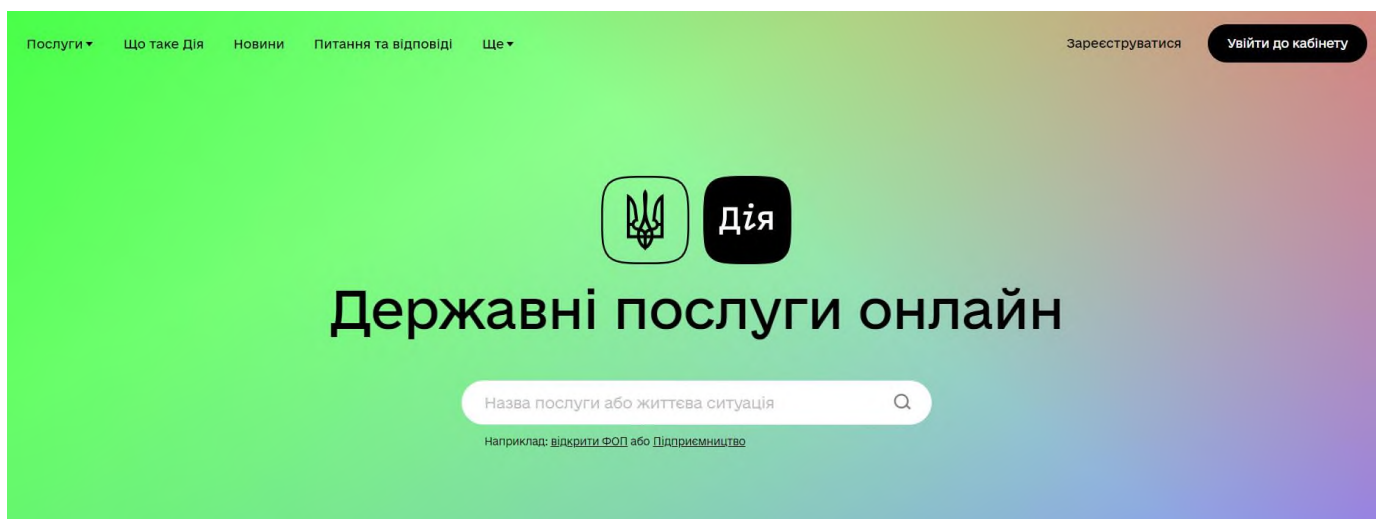


Fig. 2.16. Diia (*Diia Official Website, 2024*).

Diia is a project that truly changed the level of Ukraine's digitalization and innovation. Launched in 2020, the project has transformed undeniably. At first, the idea of governmental documents online sounded ridiculous and impossible, but now it's a part of everyday life of any Ukrainian. Compared to many countries in EU, in Ukraine, you can get all of these services online, with zero red tape or waiting in queue:

- Apply for grants for the development of small and medium-sized businesses;
- Receive services related to pensions, benefits or assistance;
- Use services at the birth of a child. There are also services for families with many children and in case you decide to adopt a child;
- Get a license for firefighting activities and for road transportation services;
- Get a certificate of no criminal record, view a map of checkpoints, or file a lawsuit;
- Get services related to driver's documents;
- Start construction, get land management services. Take the necessary certificate or extract or find the right specialist;
- Get certificates and extracts for all occasions - pension, security, transportation, taxes, health, or construction. All certificates in one place.
- Waste declaration and special water use permit;
- Generate adult and child COVID certificates of vaccination, negative PCR test, and recovery from COVID-19;
- Apply for documents of a citizen of Ukraine, register your citizenship, or prepare for the elections by checking your name in the voter register.
- Creating, amending, or terminating your own business and signing services (*Diia Official Website, 2024*).

With the Diia mobile application, Ukrainians can access 14 digital documents (ID card, biometric passport, student card, driver's license, vehicle license, car insurance policy, tax number, birth certificate, and IDP certificate) and a total of 21 services. Because of Diia,

Ukraine became the first country with a digital ID that is valid inside the country and in Europe.

Summing up, plenty of innovative projects are present and actively developing in Ukraine. Now, we are moving on to the analysis of international indexes of innovation and their estimation of Ukraine.

2.4.2 Global Innovation Index 2023

As mentioned before, Global Innovation Index (GII) is one of the ways of evaluating innovative competitiveness on a macro level. Consisting of roughly 80 indicators, grouped into innovation inputs and outputs, the GII aims to capture the multi-dimensional facets of innovation (*WIPO, 2023*).

Let's state its findings about Ukraine in 2023. Ukraine ranks 55th/132 economies featured in the index;

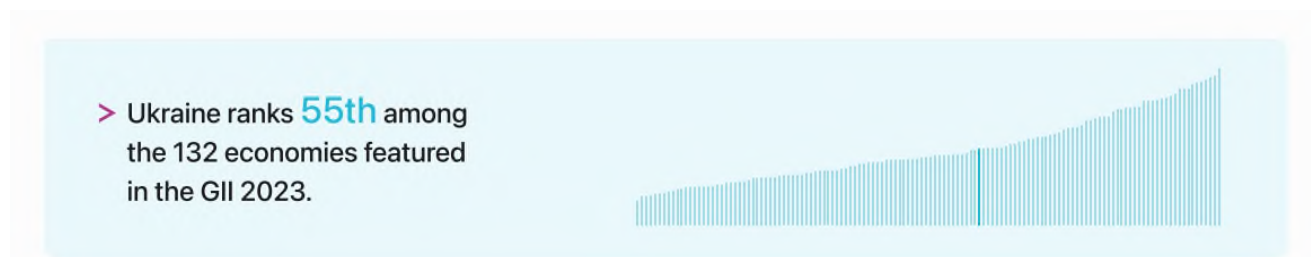


Fig. 2.17. Ukraine's rankings GII. Source [37]

The reason for Ukraine ranking low is the lack of innovation input, meaning low investment in the innovation. Four-year dynamic proves that Ukraine performs better in innovation outputs (results) than inputs (financing).



Fig. 2.19. Ukraine's rankings GII (WIPO, 2023).

The most significant reasons for low innovation inputs are the Covid-19th impact on Ukrainian economy and the impact of the full-scale Russian invasion in 2024. Both of these crises had reframed Ukraine's priorities in spending and have brought a lot of losses for the Ukrainian economy. Therefore, financing innovative projects isn't a first priority, and there isn't enough recourse to finance them.

Considering strengths and weaknesses of Ukraine, the research has found that:

1. Ukraine ranks highest in Creative outputs (37th), Knowledge and technology outputs (45th), Human capital and research (47th) and Business sophistication (48th).
2. Ukraine ranks lowest in Market sophistication (104th), Institutions (100th) and Infrastructure (77th).
3. Ukraine's main innovation strengths are Utility models by origin/bn PPP\$ GDP (rank 1), Females employed w/advanced degrees, % (rank 2), and Software spending, % GDP (rank 4) (WIPO, 2023).

It's important to observe these indicators in order to develop a strategy for improving innovative capability and competitiveness. For instance, by looking at the strengths and

weaknesses we can define sectors that need more development. In addition, we can use our strengths to improve our weaknesses.

As it was mentioned before, Ukraine performs better in outputs and lacks innovative inputs, hence innovations. Let's look into the innovative inputs of Ukraine to see in which sectors Ukraine needs more investments.

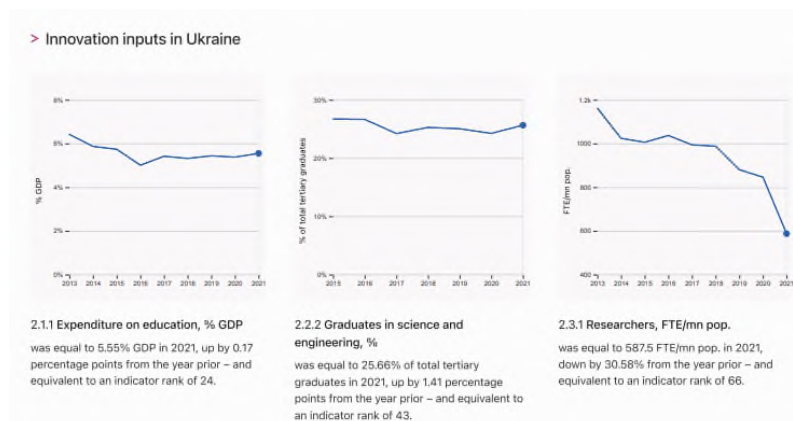


Fig. 2.20 Ukraine's Innovation Inputs GII (WIPO, 2023).

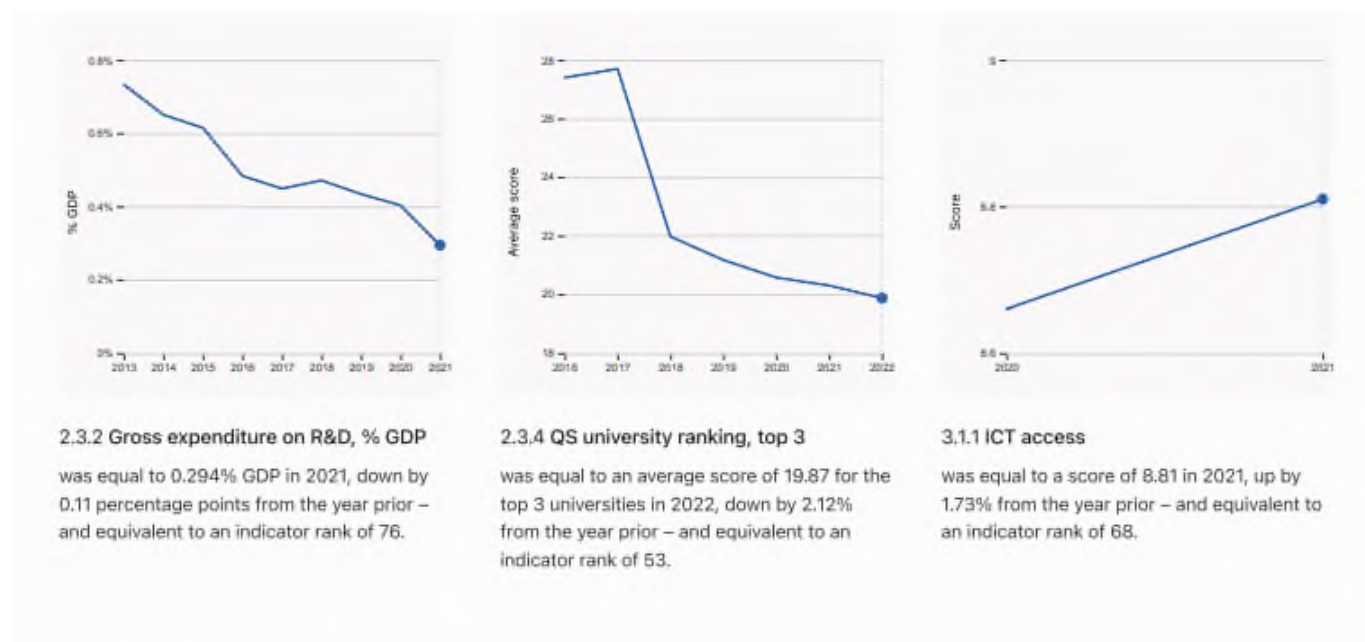


Fig. 2.21 Ukraine's Innovation Inputs GII (WIPO, 2023).

So, from the figures above we can see that Information and Computer Technology (ICT), graduates in science and engineering, and expenditure in education were the inputs that have grown in 2023. On the contrary, QS university ranking, gross expenditure on R&D, and researchers (in full-time equivalent) per million inhabitants, were the inputs that declined

in 2023. **It indicates that** Ukraine should focus on improving the quality of education and increasing the financing of research and development to increase its innovation input. To improve the quality of education, the Ministry of Education can perform an audit of the top-performing universities in Ukraine and define areas that contributed to their high performance. Then, analyze why other universities outperform and offer reforms to fix that.

Summing up, in 2023 Ukraine has performed above the expectation for its development, however, it still ranks quite low in comparison to Europe and lacks innovation input. The findings about Ukraine are interconnected with the statements above that the investment in the human capital greatly impacts the innovative competitiveness.

2.4.3 European Innovation Scoreboard 2023

As mentioned above, the other metric for estimating the innovativeness of the country is European Innovation Scoreboard (later EIS). Let's state its findings about Ukraine in 2023:

Ukraine	Performance relative to EU in 2023	Performance change 2016-2023	Performance change 2022-2023
SUMMARY INNOVATION INDEX	31.0	-0.2	-0.7
Human resources	34.9	-11.0	0.0
Doctorate graduates	33.1	-8.5	0.0
Population with tertiary education	N/A	N/A	N/A
Lifelong learning	N/A	N/A	N/A
Attractive research systems	17.5	4.2	1.7
International scientific co-publications	6.2	7.0	-0.7
Most cited publications	15.6	6.8	3.4
Foreign doctorate students	34.8	-4.6	0.0
Digitalisation	N/A	N/A	N/A
Broadband penetration	N/A	N/A	N/A
People with above basic overall digital skills	N/A	N/A	N/A
Finance and support	31.2	5.7	1.5
R&D expenditures in the public sector	11.8	-14.2	0.0
Venture capital expenditures	53.6	45.0	4.7
Government support for business R&D	24.9	-8.4	0.0
Firm investments	31.7	-3.5	0.1
R&D expenditure in the business sector	15.7	-7.0	0.0
Non-R&D Innovation expenditures	53.6	0.2	0.2
Innovation expenditures per employee	N/A	N/A	N/A
Use of information technologies	22.1	-3.7	0.0
Enterprises providing ICT training	21.8	-3.8	0.0
Employed ICT specialists	N/A	N/A	N/A
Innovators	0.0	-7.1	-7.1
Product innovators (SMEs)	0.0	-6.9	-6.9
Business process innovators (SMEs)	N/A	N/A	N/A
Linkages	21.0	4.5	-0.8
Innovative SMEs collaborating with others	31.3	0.0	0.0
Public-private co-publications	13.4	15.4	-2.8
Job-to-job mobility of HRST	N/A	N/A	N/A
Intellectual assets	17.3	1.5	-1.4
PCT patent applications	29.4	-4.8	-4.9
Trademark applications	16.5	15.1	3.0
Design applications	0.7	-1.3	-0.4
Employment impacts	72.8	-25.8	0.0
Employment in knowledge-intensive activities	80.7	-26.5	0.0
Employment in innovative enterprises	N/A	N/A	N/A
Sales impacts	38.3	5.6	-1.8
Medium and high-tech goods exports	13.4	-18.8	-14.4
Knowledge-intensive services exports	105.6	37.6	9.5
Sales of innovative products	3.1	3.4	3.4
Environmental sustainability	76.7	-10.5	-3.0
Resource productivity	N/A	N/A	N/A
Air emissions by fine particulate matter	N/A	N/A	N/A
Environment-related technologies	87.8	-10.0	-2.9

Fig. 2.23 Ukraine's Innovation Scoreboard according to EIS (Hollanders et al., 2023).

Ukraine is an up-and-coming innovator with an output of 31.0% of the EU average. The performance is below the average of the emerging innovators. The performance is slightly lower than that of the EU (8.5 percentage points). The country's gap performance between the country and the EU is widening (Hollanders et al., 2023). Below is the table that summarizes the progress of Ukraine in innovations:

Relative strengths	Relative weaknesses
Knowledge-intensive services exports	Product innovation
Environment-related technologies	Design applications
Employment in knowledge-intensive activities	Sales of innovative products
Venture capital expenditures	International scientific co-publications
Non-R&D Innovation expenditures	R&D expenditures in the public sector

Table 2.2. Ukraine's Innovation Scoreboard according to EIS (*Hollanders et al., 2023*).

Let's summarize the data in this table. Ukraine's relative strengths in innovation are:

1. Knowledge-intensive services exports: knowledge-intensive services include health, education, telecommunications, finance, or business-related services. These are significant in creating a knowledge-based economy, and it acts as an anchor to creating innovative activity of a country. This factor is one of the strengths, and it means that Ukraine is able to create such conditions that organizations have highly qualified specialists that can produce and provide these services, which are later exported and bring the money flow to Ukraine.

2. Environment-related technologies are the technologies that are targeted at reducing negative effects of environmental pollution. The fact that this is one of Ukraine's relative strengths means that Ukraine aims to contribute to increasing global sustainability and its own.

3. Employment in knowledge-intensive activities is highly connected to powerful knowledge-intensive services exports. This factor being Ukraine's strength indicates that Ukraine possesses great human capital that is educated, interested in working for domestic producers, and is able to produce innovative results. However, it's worth mentioning that this factor has a significant drop during 2016-2022, and may become a weakness in the future.

4. Venture capital expenditures are investments made by venture capital firms in early-stage, high-potential startups and small to medium-sized enterprises (SMEs), with the expectation of large returns on investment. This factor is one of Ukraine's strength, which means that Ukraine is capable of creating an attractive investment climate amidst of all challenges, and provide great ROI.

5. Non R&D innovation is about reconfiguring existing technical and non-technical elements to create additional value to customers by using different marketing approaches, addressing the needs of new customer groups, developing a new product in an existing product category, or developing a completely new business model (*Passpartool, 2020*). Non-R&D innovation expenses include machinery, computer hardware and software, patents and licensing, trial production, market research and feasibility studies, design and production engineering, consumer surveys, and consultant assignments. The fact that Ukraine has this factor as a strength proves that it uses an approach where it differentiates innovation sources to not only produce innovation, but do it efficiently, creatively, and strategically.

Now, let's move on to Ukraine's relative weaknesses:

1. Product innovation is the process of developing new or enhanced products that suit client needs and add value to your organization. If Ukraine doesn't improve this factor, in a long-term it may face such consequences as a loss of innovative competitiveness, reduced economic growth and limited export opportunities. To avoid this and foster product innovation, Ukraine may increase R&D expenditures, invest in education, and promote entrepreneurship.

2. Design applications usually refers to software applications for design. If the country is weak at it, their domestically produced products may have a lack of unique design that differentiates them, and it can also turn in a missed opportunity to attract investments. While Ukraine may easily use design applications of other countries and to enhance the design of their products, it might be worth investigating if developing design applications domestically will benefit Ukraine.

3. Low sales of innovative products are interconnected with low product innovation. If this is ignored, in the long-term, Ukraine's innovative competitiveness will diminish. First of all Ukraine has to boost product innovation, and then develop a strategy to boost sales of these products. It will benefit Ukraine as it will create a new revenue flow and make Ukraine even more attractive for investments.

4. International scientific co-publications mostly influence a global reputation of the country and its scientific research abilities. When scientists co-publish scientific works with foreign scientists, they exchange knowledge and create new ideas. The fact that Ukraine has this factor as a weakness indicates that scientists do not receive enough support from the government to foster such publications. In the long-term, that may lead to the stagnation.

5. Low investment in the research and development of the public sector, which includes military, law enforcement, infrastructure, public transit, public education, along with health care, leads to the low speed of innovation and stagnation in these areas. This factor is also intertwined with a drop in employment in knowledge-intensive activities, and a lack of international scientific co-publications, as these two factors will be successful only with enough funding. Ukraine needs to re-evaluate its budget in order to find funding for the public sector, especially during the wartime, when it needs to produce its own innovative arsenal.



Fig. 2.24 Ukraine: Innovation Index (*Hollanders et al., 2023*).

This graph represents the evolution of the innovative performance of Ukraine throughout the years 2016-2023. Years of decline: 2016, 2017, 2018, 2019, 2022. Years of

growth: 2020, 2021. Areas that increased in 2022: research systems, finance, and support, linkages, and sales impacts. Areas that decreased: firm investments, human resources, environmental sustainability, information technologies, and employment impacts. Some of these are declined due to the start of the full-scale invasion in 2022, for instance, environmental sustainability, and firm investments, as Ukraine has become a much riskier investment area.

The last point worth mentioning is the comparison of Ukraine and EU. Method of comparing entities has been used in this research before, and it is also used in EIS. The comparison with EU is essential as Ukraine strives to join EU and such comparison helps to identify areas Ukraine needs to work on.

Differences in structure with the EU are:

- Ukraine's economy is expanding more quickly despite having a lower per capita income. The economy is dominated by manufacturing and business services, with SMEs and large corporations making up the majority of turnover.
- The innovation atmosphere is positively impacted by net inflows of FDI, whereas buyer sophistication and top R&D spenders have a negative impact.
- The EU average for government procurement as a catalyst for innovation and research is lower than this one.

Summing up, the innovative competitiveness of Ukraine can be estimated as middle, due to the presence of many innovative initiatives, however, with a lack of research, education and funding. International estimations show that the innovation sector has been growing for a while, however, since 2022, it has declined due to the full-scale invasion. Currently, the most innovative governmental project is Diia, which has reduced red tape and made Ukraine one of the most digitalized economies.

Both Global Innovation Index and European Innovation Scoreboard have data about the lack of investment and innovation in the education sector, which results in low employment in knowledge-intensive activities, decrease in doctorate graduate and foreign doctorate students. The R&D expenditures in the public sector, which includes military, law

enforcement, infrastructure, public transit, public education, along with health care, have dropped by 14.5 points, which is the second most decreased metric in the EIS. The first is low employment in knowledge-intensive activities which had resulted in a 25.8 point drop.

As stated before, Ukraine should prioritize enhancing educational quality and expanding research and development funding in order to boost its innovative competitiveness. The projects that bring Ukraine the most innovation are non-governmental initiatives, that are developed solely because of the willpower of the people. The government of Ukraine will only benefit if the intellectual capital will be interested in working on innovative governmental projects, as it will bring more investment to Ukraine.

CHAPTER 3. WAYS OF ENHANCEMENT OF INNOVATIVE COMPETITIVENESS OF "Business Media Network" CORPORATION

3.1. Analysis of the competitiveness enhancement directions of “Business Media Network” Corporation

So, let’s move on to exploring how Business Media Network could enhance its competitiveness and get a chance to stand out in the Ukrainian market.

To analyze it, let’s recall the main directions of the Business Media Network business projects:

1. Marketplace: the main source of BMN’s income. This project worked by a pretty simple business model, where BMN gives businesses a platform for promoting their goods or services (or both), attract investments, and in return, BMN receives a fee from businesses.
2. City Showcase: a network of Ukrainian municipal websites, a charity project.

Both of these projects had the potential to bring BMN revenue and popularity in Ukraine. The competition for a City Showcase project was pretty low, as Ukraine has several separate municipal websites, but there’s no single platform that would unite them. And City Showcase could fill in that opportunity.

The competition for the Marketplace project was quite high, as this market has such giants as Prom.ua, Rozetka, Ria.com, and OLX. To establish themselves in this market, BMN needed a lot of investments in the promotion of their brand, and in the development. Not only BMN needed capital to make the Marketplace successful, but they needed a well-developed unique selling point and a brand. Let’s break down the main directions of how BMN could have enhanced their competitiveness.

The first direction could be to collaborate with the Diia portal, described above in this work, on placing a City Showcase on their platform. Diia aims to create a single portal for

governmental services, and City Showcase aims to create a single platform with all municipal websites of Ukraine. The collaboration could bring BMN more brand awareness and visitors, as Diia has more than 500000 (five hundred thousand) visitors monthly, according to Ahrefs (*Ahrefs Official Website, 2024*)

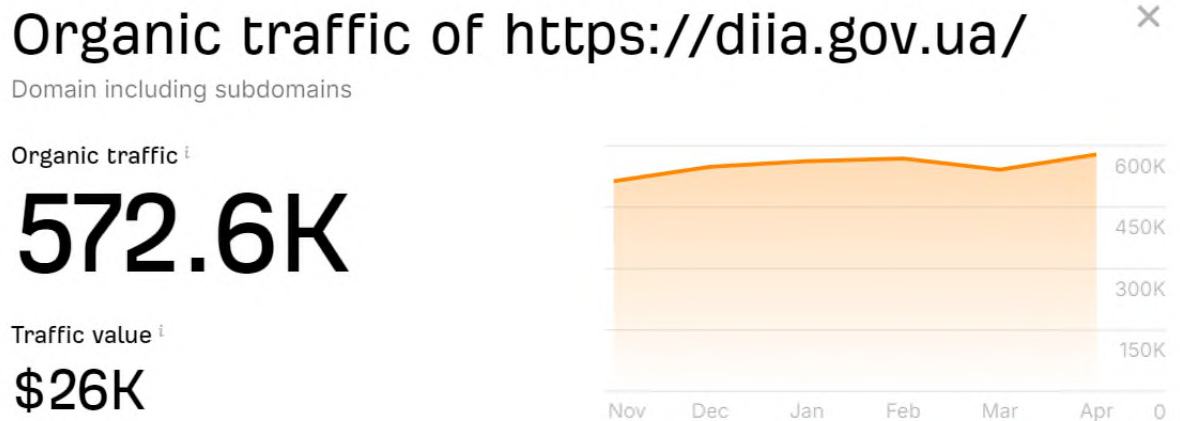


Fig 3.1 Diia website monthly traffic, source [40]

Placing BMN on Diia’s website is one way to collaborate, another way would be to incorporate Diia’s services in the BMN’s City Showcase. For instance, a person needs to use some governmental services in their region, and it requires them to send some documents/fill in personal information. Instead of doing it themselves, they could click on the button “fill in with Diia”, and all of the data would be transferred in a second. That would create a unique selling point for BMN, as if a person wants to choose between doing the paperwork themselves, spending time, or completing it in a second, for sure they would choose the faster option. In the current world, customers are impatient, and those who can solve their problems rapidly - win. The collaboration with Diia would be exactly what could help BMN win.

The second direction would be to enhance the Marketplace. The main idea behind Marketplace is to promote local businesses, hidden gems of Ukrainian market, help them get investment and boost sales. Therefore, Marketplace is different from such giants as Rozetka, because Rozetka allows businesses only to sell their products on their platform, but Marketplace also aims to attract investments. BMN’s vision of Marketplace was to add all small and middle-sized Ukrainian businesses to their platform and promote them. However,

the number of businesses was reaching 1200, and it's simply not effective to try to promote all of them. Therefore, Marketplace could be transformed into a platform where, as an investor, you can find any business, check their income statements, etc. In addition, as an investor, instead of searching within a plethora of businesses, you could book a session with BMN's experts that would present the best investment opportunities in a particular niche you're interested in. As a buyer, you can find any product and book a fast delivery. Moreover, as a business, you can select a special promotion package, that would guarantee sales increase or/and an investment increase. The structure of the website can be quite simple: 3 subfolders "to sell", "to invest", "to buy", and usual "about us", "contacts", "packages", etc.

This change would bring a lot of benefits. BMN employees would not operate by "spray and pray" approach, where they need to somehow promote every business on a platform, but they would operate by a "sniper" approach, where they can promote certain businesses effectively. As it was previously mentioned, increase in intellectual capital and labor activity of employees, are social factors that play a crucial role in company's innovative competitiveness. The change in how BMN's employees operate would create an improvement in these factors and a boost of their productivity.

Another benefit is, once again, a creation of a unique selling point. With all these changes, Marketplace would transform from just a platform with businesses, to a specialized marketing and investment company. With a branding, promotion, and most importantly, the word-of-mouth, their services would become demandable and known for their quality. That would drive revenue and open opportunities for further expansion.

Summing up, as it was stated before, an ongoing debate about innovative competitiveness has been leaning into agreeing that internal changes within an organization contribute more to its innovative competitiveness, and that's why the proposed changes focus particularly on it.

3.2. Realization of the process of implementation of priority proposals

In this part of my work, I would like to describe a plan how BMN could realize the abovementioned proposals, using several business analysis approaches, such as SWOT, MOST, and Case Modelling.

Before getting to the action plan, I will explain why I have chosen these particular models in this case. The SWOT analysis helps to analyze businesses' strengths, weaknesses, opportunities, and threats. The model is quite simple, but it helps to break down the characteristics of external and internal environment of the business. With this model, BMN can perform a simple audit of their business and further proceed with the detailed analysis.

The next model for this analysis is MOST, which exists for defining businesses' mission, objectives, strategies, and tactics. While SWOT will help with an analysis, MOST will help to create an action plan based on the findings in SWOT. Having a clear strategy based on the business mission is crucial, because if the strategy is not connected to the mission, it is pointless, it simply won't bring the desired outcome. In addition, MOST will help to create a brand of BMN's projects, and create a clear path for employees to follow.

And now we're coming to the last model: Case Modelling. This approach is all about creating a machine that will work to serve the businesses strategy, enhance strengths, eliminate weaknesses, and fulfill a mission. Two previous models help to analyze, and focus on a particular strategy, but they lack an action plan. And as it is well-known, a goal without a plan is just a dream, so here's where Case Modelling comes to the rescue. While this tool is mostly used in programming and software development, it can be adapted to businesses too, as it helps to picture how businesses functions will work in a new system. That means defining how functions of employees will change, depending on their position, how roles and goals will change, how the task distribution will change, etc.

Let's proceed to the SWOT Analysis of the City Showcase and the Marketplace projects for increasing innovative competitiveness of Business Media Network.

Table 3.1 City Showcase SWOT Analysis

City Showcase SWOT Analysis	
Strengths	<ul style="list-style-type: none"> - A unique product for a Ukrainian market. - Powered by WordPress, easy to use CMS, which doesn't require much employee training, thus making the production of City Showcase cheaper.
Opportunities	<ul style="list-style-type: none"> - A collaboration with Diia portal. - A collaboration with local authorities to promote the platform.
Weaknesses	<ul style="list-style-type: none"> - Not a User-friendly design that leads to high bounce rate. - Not enough promotion.
Threats	<ul style="list-style-type: none"> - A lack of information about small towns, not enough cooperation from local authorities to integrate City Showcase.

To sum up this analysis, let's give some recommendations to BMN. To create a more user-friendly design, BMN can use one of the WordPress themes as an alternative solution. Using a theme is much cheaper, as it doesn't require a designer to create a layout and a developer to code it. In addition, to combat the threat of insufficient knowledge about smaller towns, City Showcase should create direct partnerships with the administrations. This might be providing free basic listings or teaching local representatives how to maintain the portal.

Table 3.2 Marketplace SWOT Analysis

Marketplace SWOT Analysis	
Strengths	<ul style="list-style-type: none"> - A unique difference from the other companies in Ukrainian market, that is an investment attraction for businesses - Powered by WordPress, easy to use CMS, which doesn't require much employee training, thus making the production of the Marketplace cheaper.
Opportunities	<ul style="list-style-type: none"> - The segmentation of services divided by buyers, investors, and businesses. - Targeted approach to offer promotion services only to those companies that pay for a Premium package. - Targeted approach for investors.
Weaknesses	<ul style="list-style-type: none"> - Not focused approach. - No branding, not user-friendly design.
Threats	<ul style="list-style-type: none"> - The competition on the market is high. - This project requires a lot of investment and employee training.

To sum up this analysis, the Marketplace should implement the recommendations above, develop a clear brand identity and communicate with its audience on their mission. They should also invest in improving the user experience by making the platform more accessible and intuitive. This could include better navigation, higher-quality images, and mobile responsiveness.

Now, let's move on further to the MOST Analysis of the City Showcase and the Marketplace projects for increasing innovative competitiveness of Business Media Network.

Table 3.3 City Showcase MOST Analysis

City Showcase MOST Analysis	
Mission	To create a united platform that will feature all municipalities of Ukraine, that will help citizens to access governmental services faster.
Objectives	<ul style="list-style-type: none"> - Add 1000 municipalities yearly. - Collaborate with Diia on featuring City Showcase on Diia's platform, or vice versa.
Strategy	<ul style="list-style-type: none"> - Hire a communication specialist to organize and plan a collaboration with Diia. - Hire students on the internship basis, train them, and set goals to add 1000 municipalities.
Tactics	<ul style="list-style-type: none"> - Create a spreadsheet with opportunities to collaborate with Diia, and present it to a communication specialist. In case they will be rejected, hire a PR representative to find more collaboration opportunities with Diia or other portals. - Organize a PR campaign to attract promising students of Ukraine, create a comfortable workplace for them. Allocate the salary budget, or lower the internship timeline, because working for 2 months for free is unethical and doesn't represent BMN as a company with perspectives.

To sum up this analysis, in order to achieve the objectives in the analysis above, BMN should apply the tactics described above, and constantly improve their operations and guidelines. They could even look into automating their processes to achieve faster completion of goals.

Table 3.4 Marketplace MOST Analysis

Marketplace MOST Analysis	
Mission	Create a platform to promote small and middle-sized Ukrainian businesses by attracting investors to them, and letting them sell products on our platform.
Objectives	<ul style="list-style-type: none"> - Attract 100 investors to the platform, promote 10 businesses and increase their revenues in a year. - Achieve the website traffic of 25000 visitors monthly. - Open 4 local delivery points and offices in such cities in Ukraine: Kyiv, Lviv, Dnipro, Odessa. These cities were selected because they are the biggest. - Create a UI/UX friendly website design.
Strategy	<ul style="list-style-type: none"> - Develop a unique selling point for the Marketplace project. - Hire the personnel to achieve the objectives. - Conduct a market analysis to define how BMN will stand out in the Ukrainian market, and whether the objectives are achievable.
Tactics	<ul style="list-style-type: none"> - Create three functional branches: for buyers, for investors, and for businesses. - Allocate employees between these three projects. - Develop unique packages for investors and businesses. - Define a reasonable price for these packages. - With a help of a financial expert, calculate the amount of customers needed to gather enough revenue for opening offline points. - Constantly train employees to promote the growth within an organization.

To sum up this analysis, BMN can use it as a general direction of their operations, but the objectives certainly need to be broken down in smaller, more realistic goals.

Lastly, let's use Case Modelling of the City Showcase and the Marketplace projects for increasing innovative competitiveness of Business Media Network. In this part, I will explain how BMN's operations would work in the proposed above way of operations.

As the new way is completely different to the old one, much more complicated, and requires more investment, setting a plan with correct priorities is a key. Foremost, BMN needs to complete an audit of their operations, just like I have competed above. The top managers should define main areas of improvement, and focus on gaining investor's trust and investments to start promoting the Marketplace and the City Showcase. The Marketplace will have three branches of services, as mentioned above. Those are services for the buyers, for the investors, and for the businesses. Therefore, BMN should create three departments

and assign employees between these three projects. As the Marketplace requires a lot of professionals to make it better, BMN needs to hire a financial expert who will be responsible for conducting an investment analysis and presenting it to the potential investors to promote businesses. In addition, BMN needs to hire a great HR manager that will be able to assign employees with new roles, create a functioning reporting system and be able to see which person fits which project.

Regarding the City Showcase, the changes will not be very dramatic, as this project will serve a mission of bringing more awareness to the BMN's brand. BMN can still encourage promising students to work on this project, this saving money on salary budget. However, if the goal of collaborating with Diia is set, BMN needs to hire a PR representative to organize this collaboration or find alternatives. The operations will continue to work the previous way, when BMNs employees are assigned work according to a certain city.

3.3. The forecast of the effectiveness of the proposed improvements

The proposed improvements make a drastic change in the BMN's business, and the goal behind them is to transform BMN from a beginner startup to a real professional business.

As mentioned above, the way BMN used to operate was unproductive due to the lack of focus and USP. That was the reason why BMN had to close its operation. I must say that startups have a high chance of being unsuccessful, so BMN's management had a hard task to accomplish, and it's natural that they decided it was better to close the company.

However, with a more tailored approach, BMN has a potential to be a successful business in Ukraine. Here's why:

1. The employees were productive and promising, they only needed more direction and clarity.
2. The competition for City Showcase was low, so there was a chance to stand out in the market.

3. Ukrainian market lacks a proficient investment company, and if BMN has identified this opportunity, they could've become the first on the market.
4. The Ukrainian market hasn't seen any new marketplaces in a while, so if BMN could figure out the way to offer better services than Rozetka or OLX, they would have a great market share in this niche.

In addition, let's make economic forecasts based on some of the formulas provided above.

Starting with the formula to estimate the increase in the intellectual capital. Accordingly to the formula, we have to divide the market value of research carried out in the current period on the market value of research carried out in the base period. I have suggested that BMN hires professionals in the field of finance, law, and PR, hence the value of research should grow. As no data is available about BMN's financial records, we can assign the market value of research carried out in the base period as (a) and the market value of research carried out in the base period as (a+1).

Moving on to the estimation of the cost-return of created jobs, it is calculated by dividing the amount of income received from the innovative workplace on the number of expenses on maintenance of the innovative workplace. For this parameter to increase, BMN has to increase the amount of income received from the innovative workplace or decrease the number of expenses on maintenance of the innovative workplace. Counting on the fact that BMN will have to hire more professionals and invest in the workforce, the number of expenses on maintenance of the innovative workplace will increase. Hence, only increasing the amount of income received from the innovative workplace will contribute to the maximization of the cost-return of created jobs. Cost return analysis could affect the maximization. A comprehensive Cost Return Analysis takes into account various cost components, including direct costs (such as materials, labor, and equipment), indirect costs (such as overhead expenses), and opportunity costs (the potential benefits foregone by choosing one investment over another) (*FasterCapital, 2024*). As the amount of income received from the innovative workplace is supposed be increased twice the amount the

number of expenses, the value of (b+2), and to number of expenses on maintenance of the innovative workplace, the value of (b+1).

Moving forward, let's forecast the labor activity. The growth rate of specific labor productivity associated with innovation processes is divided on the growth rate of unit wages and multiplied by the coefficient of a good product (the proportion of non-defective products in the total production volume). In case of successful completion of a plan and a proper quality of management practices, all factors should increase. The same applies to the estimation of social investments.

There are a lot more ways to estimate and forecast how the innovative competitiveness of BMN will be affected, and using those instruments the management team of BMN can effectively control the state of affairs and adjust their strategy. Through, I would like to highlight one of the most important aspects, value-added efficiency. As er are supposed to divide the sum of the created economic value added in the current period on the sum of the created economic value added in the base period, main focus of BMN should be on increasing the economic value. Let's discuss the ways to do it, and the economic value added itself.

Economic value added (EVA), also known as economic profit, is a measure of a company's or project's financial success based on residual wealth, calculated as subtracting the cost of capital from operating profits (*Ross, Stapleton, 2021*). EVA as a performance indicator is very useful. The calculation shows how and where a company created wealth, through the inclusion of balance sheet items. This forces managers to be aware of assets and expenses when making managerial decisions (*Chen et al., 2024*). EVA arose to cover the gaps and solve the limitations of the traditional economic indicators. Therefore, it can be used in all types of companies, from micro-SMEs to listed multinationals. In fact, it is not even a global indicator because it can also be applied to parts of companies, such as subsidiaries or business units (*Universidad Europea, 2022*).

BMN is a business interconnected with working with investors and generating additional income, hence the increase of EVA will be the direct indicator of the increase of their innovative competitiveness.

To sum up, the proposals above open an opportunity for BMN to enter a Ukrainian market successfully, by identifying buyer's needs and satisfying them with professional tailored services. This will result in an increase in the company's innovative competitiveness and the increase in economic value added.

CONCLUSIONS

Let's move on to the conclusions of this paper. This paper has explored the critical role of innovation in driving economic success and competitiveness. It contains theoretical underpinnings of innovative competitiveness, the legal framework for innovation in Ukraine, and the current state of innovation in the country.

This research is not only focused on the analysis of Ukraine's innovative competitiveness, but is mainly focused on the analysis of the innovative competitiveness of the startup named Business Media Network, where the author of the paper has completed an internship. By evaluating the company's economic activity and innovative competitiveness, the groundwork was laid for proposing a blueprint for improvement.

Before briefly stating the conclusions of findings in this research, I'd like to state the main methods used in the making of it. The methods were quite simple, first I used an approach of gathering the theoretical basis for this work, the main aim of which was to define the essence of innovative competitiveness. The first chapter was filled with the theoretical definitions and results of the research. As a result, we can sum up that innovative competitiveness is a complicated metric that unites social, technological and economic factors.

The theoretical basis of the concept of innovative competitiveness was presented as a combination of a theory of innovation by Joseph Schumpeter, the first economist to suggest an innovation theory in 1934, and the Neoclassical ideas of innovation. By combining the two concepts the author of the work has come to the conclusion that the main idea of innovative competitiveness is the extent to which an entity is competitive on the market based on the additional value it generates. Independently of whether this value is in the social, technological or economic aspect.

The second chapter is analytical, and the main approach to conduct an analysis was to compare the Business Media Network with the company that operates in the identical niche,

and define where Business Media Network was weaker or stronger than the LocalSearch. The results can be summarized in one sentence: Business Media Network had a productive workforce that was assigned with tasks related to a project that didn't bring profit, and the project that should've brought profit had a lack of clear direction, mission, and unique services.

In the analysis mentioned above, I compared BMN and Localsearch by two factors: employee productivity and an exclusive service provided to the customers. The choice of these factors wasn't random. The employee productivity factor was chosen because the productive workforce is one of the factors that influence innovation. An exclusive service was chosen because it generates an additional value, which is the cornerstone of the idea of innovative competitiveness.

The second chapter also contains the summary of analysis of the innovative competitiveness of Ukraine, based on the Global Innovation Index and European Innovation Scoreboard analysis of Ukraine. The choice of these instruments was based on their popularity in the international community, and the fact that it was created by professional economists of World Intellectual Property Organization and the European Commission. Moreover, these reports are published annually and it was pretty convenient for the research to compare the findings about Ukraine year to year. The main conclusion is to increase its innovative competitiveness, Ukraine should emphasize improving educational quality and growing R&D financing. The most innovative projects in Ukraine are non-governmental initiatives produced purely by the resolve of the people.

The third chapter is a summary of the first and the second chapter, and consists of the author's thoughts and conclusions on how to enhance the innovative competitiveness of the Business Media Network. I have combined theoretical ideas with analytical tools such as SWOT and MOST analysis, and Case Modelling. The suggested ways of the enhancement are to collaborate with the Diia portal for a City Showcase project, and transform the Marketplace into a proficient investment company. The proposed changes aim to enhance BMN's innovative competitiveness by improving internal operations, meeting customer

needs more effectively, and creating distinct value propositions in the market. By focusing on internal improvements and strategic collaborations, BMN can drive revenue growth, enhance its brand reputation, and create opportunities for further expansion in the future.

This research not only benefits “Business Media Network” but also contributes to the broader discussion of fostering innovation in Ukraine. The proposed framework can be a valuable tool for other companies seeking to enhance their innovative edge. Overall, this research emphasizes the importance of innovation as a key driver of economic prosperity and a path towards a brighter future.

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APPENDICES

Appendix 1. Business Media Network vs Localsearch, compare and contrast analysis.

Business Media Network vs Localsearch, compare and contrast			
	Business Media Network	Localsearch	Comparison
Employee productivity	<p>The employee productivity of Business Media Network can be measured by the number of businesses that have joined the Marketplace, and the number of cities added to the City Showcase.</p> <p>The latest information about the number of businesses added to Business Media Network was presented during their presentation in 2022, and that number is 1470.</p> <p>Regarding the Marketplace, according to the latest present data on https://web.archive.org/web/20230927091142/https://catalogue.eot-global.com/catalog, 1784 businesses have been working with Business Media Network.</p> <p>It is worth mentioning that this result was acquired by Business Media Network during its first year.</p>	<p>As mentioned above, Local.ch is an analog of Business Media Network's Marketplace and Localcities is an analog of the City Showcase.</p> <p>Therefore, let's measure employee productivity on the basis of those two products, as they have other projects, and adhering to them would be incorrect.</p> <p>According to the website, Over 2,000 Swiss municipalities are represented on Localcities. In addition, over 500000 company profiles are present on Local.ch.</p>	<p>Business Media Network existed for one year, so their speed of acquiring projects per year is:</p> $1470 \div 1 = 1470$ <p>municipalities per year for City Showcase.</p> $1784 \div 1 = 1784$ <p>companies per year for Marketplace.</p> <p>Local.ch has been in existence for 19 years according to the history of the company, so their speed of acquiring projects is:</p> $500000 \div 19 = 26315$ <p>companies per year.</p> <p>Localcities has been in existence for 6 years according to the history of the company, so their speed of acquiring projects is:</p> $2000 \div 6 = 333$ <p>municipalities per year.</p> <p>Summing up, Localsearch has placed its focus on business directory first, but Business Media Network has done otherwise by placing its focus on the municipal directory.</p> <p>The difference is that the business directory can bring more profit than the municipal directory, and it was a great strategic decision of Localsearch to place an emphasis on that first. The launch of the startup is quite important and the team of Localsearch greatly used</p>

			<p>their intellectual capital.</p> <p>However, coming from the pace at which Business Media Networks employees added projects to Business Media Network, it is visible that their productivity was quite high. Especially, counting on the fact that most of them are students.</p> <p>In comparison, their speed of adding projects to the municipal directory was 5 times higher than that of Localsearch.</p> <p>This leads me to the unsettling conclusion that Business Media Network leaders have made an incorrect strategic decision by placing their productive workforce on a project that didn't bring enough profit.</p> <p>Therefore, in comparison to employee productivity and the use of intellectual capital, 1:0 is in favor of Localsearch.</p>
<p>Exclusive service provided to the customers</p>	<p>As mentioned before, the business model of Business Media Network and Localsearch is almost identical, therefore, Business Media Network could look into offering a exclusive service to establish its place on the market and increase innovativeness.</p> <p>In addition to providing customers with an opportunity to place their business on the marketplace, Business Media Network has offered such services:</p> <ol style="list-style-type: none"> 1. SMM (social media 	<p>Localsearch platform that offers many services, that come in different packages:</p> <ol style="list-style-type: none"> 1) The all-in-one package for SMEs 2) Basic presence on the most important online platforms in Switzerland 3) The professional website at a fixed price 4) Online advertising specifically for SMEs 5) Advertise online on local.ch and 	<p>From the data in the first two columns, we can clearly see that Business Media Network offers less services than Localsearch. In addition, Localsearch has customized solutions, such as tools, while Business Media Network does not.</p> <p>What else is prominently seen, is that Localsearch strives to promote businesses by using ways outside of their tool, which includes promotion on online directories of Switzerland, social media, etc. Hence, it seems like Localsearch is not just a platform where businesses can be placed for a fee, but a full-stack marketing agency.</p>

	<p>marketing) 2. SEO (search engine optimization) 3. Digital-marketing 4. IT services (website creation, design)</p>	<p>search.ch 6) Print advertising in the regional business directory 7) Digital appointment and customer management (custom tool) 8) Reservation tool for restaurants 9) The online shop solution for SMEs</p>	<p>Business Media Network also strived to promote businesses outside of their platform, however, what it lacks is a clear positioning. Even before their end, they had little to no social media presence (0 Instagram followers, around 1000 in TikTok).</p> <p>For instance, on Marketplace, there was no actual description of the service offered, except “Initiative of direct influence to save the life and business of Ukraine”.</p> <p>To sum up, Business Media Network had a similar business model to Localsearch, however, with a lack of proper positioning.</p>
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