

RESEARCH OF MOTIVATIONAL ASPECTS FOR MARKETING SUPPORT OF INNOVATIVE ACTIVITY OF INDUSTRIAL ENTERPRISES

Svitlana Kovalchuk

*Khmelnytsky National University
11 Institutskaya str., Khmelnytsky, Ukraine, 29016
sveta_marketing@ukr.net*

Tamara Lien

*Khmelnytsky National University
11 Institutskaya str., Khmelnytsky, Ukraine, 29016
sveta_marketing@ukr.net*

Abstract

The article is devoted to the theoretical grounding and development of practical recommendations for research and formation of motivational aspects formarketing support of innovative activity of industrial enterprises. Methodology of the research of marketing employees atindustrial enterprisesis revealed to clarify the motives of their behavior and the impact on existing businesses activity.Use of internal marketing is proposed to enhance the motivation of marketing employees for improving innovative activity of the enterprises. Application of motivational approach of the internal marketing is proved. This application is based on overcoming objections concerning innovation, study of internal incentives and opportunities for self-development and aims to result in a change and/or innovation, which is achieved through the formation of a balanced scorecard of marketing department, which is provides creation of preconditions to stimulate, support and development of innovation. Scientific and practical approaches are developed for the use of a balanced scorecard to determine sub-processes of marketing activities, as well asin assessing loyalty of the marketing employees.

Keywords: marketing, marketing support, innovative activity, marketing support of innovative activity.

© Svitlana Kovalchuk, Tamara Lien

1. Introduction

Achieving market success of enterprises with relatively low spending on research work is impossible without use in marketing planning and management processes of innovation. However, most of the industrial enterprise in Ukraine performs marketing research and use marketing information about the market and market innovation rather stochastically. Enterprises for their competitiveness should consider marketing as a business philosophy that is based on the analysis of the market situation and learning needs of the market, as a system of methods and techniques, the use of which makes it possible to make the process of moving goods from producers to consumers the most manageable. Under these conditions, special importance has implementation of internal marketing that focuses on relationships and processes within the enterprise and aims to provide a higher level of competitiveness based on motivation and loyalty of employees [1].

Thus, the essence of internal marketing is that relations between the enterprise and employees are based on the same approach as with clients. Accordingly, customer orientation – the basis of the traditional understanding of marketing - is complemented by a focus on “internal customers” – employees. Internal marketing advantage in this case is ensuring high quality standards at all stages of value creation, not only at the stage of production of the final product [2].

Internal marketing as a management function in the process of innovation at the enterprise allows to solve issues: organizational and information support of the innovative process, the formation of corporate culture and attractiveness for employees (qualified candidates) coordination of interaction between employees, departments and top managers and between contact employees and customers to optimize the synergistic potential of motivated satisfied employees, ensuring an effective system of motivation and stimulation of labor and effective implementation of corporate objectives and business strategy, etc. [3, 4]. So, internal marketing is an integral part of the overall strategy, a factor creating competitive advantages in the market and an important element of motivation.

One of the major directions of internal marketing is providing motivational support of managers at all levels. Top managers form the mission and goals of the organization, bringing them to middle managers who implement ideas in the course of business and, ultimately, all employees performing their duties, promote the implementation of the tasks. An important component of internal marketing that promotes innovation and effective implementation of the goals is training. Training should provide a balance of work and compliance thoughts and actions of employees to the goals of the organization. However, educational and training programs are not enough to obtaining success in the implementation of internal marketing. The process of training and daily work is accompanied by a well-established communications and information sharing among employees at all levels [5].

2. Literature review and problem statement

Ukrainian scientists have an important contribution to the development of scientific approaches to the study on motivational aspects for marketing support of innovative development of enterprises.

In particular, the problems of motivational aspects of innovative activity for employees of industrial enterprises in transitional circumstances discussed in [6], according to which the author finds that focus on the innovative development model will be more successful in the case of active use of the human factor – the intellectual capital and enhance the motivational effect on employees.

The Balanced scorecard (BSC) is considered by some researchers [7] as a prerequisite for promotion of innovative activities of the enterprise. According to what is believed that the use of BSC will allow employees to feel the relationship between the results of their work and reward, which will serve as a motivating factor and a powerful incentive for self-training and form a desire to achieve their strategic goals.

Another Ukrainian researcher [7] considers motivational approach of the internal marketing, which is based on overcoming objections concerning the pursuit of innovation, studying internal incentives and opportunities for self-development and aims to result in a change and/or innovation, which is achieved due to the formation of balanced performance of marketing department, providing creation of prerequisites for promotion, support and development of innovation.

Some researchers [8] consider the motivational mechanism of innovative development of enterprises at the strategic and tactical level, and believe that the strategic level of motivational mechanism is a creation of innovative culture, motivation, innovation of each person, but the tactical level is a formation of motives for innovative activity in most effective directions for operating.

One of the authors of this article [9] considers the use of marketing approaches to generate innovative potential of the enterprise and update the marketing strategies of innovative development of the enterprises.

However, despite the considerable number of works that have studied the issue of marketing and innovation, the scientific literature is not formed a clear approach to theoretical and practical aspects of the motivational aspects for marketing support of innovative activity of industrial enterprise, which is why the chosen direction of research is relevant and requires more detailed study.

3. Aim and purposes of the research

The aim of this article is the need of theoretical justification and elaboration of practical recommendations on research and formation of motivational aspects for marketing support of innovative activity of industrial enterprises.

To achieve this aim, the following tasks are set and solved in the article:

- 1) review and analyze the features of the application of internal marketing for industrial enterprises;
- 2) improve the research structuring of marketing employees motivation during innovative activity;
- 3) determine the place and role of internal marketing in stimulating innovative activity of industrial enterprise;
- 4) consider a balanced scorecard to evaluate the degree of marketing support of innovative activity of industrial enterprises.

4. Materials and methods for research of marketing employees' motivation in the support of innovative activity

One of the most effective instruments of internal marketing should be marketing researches based on survey of the employees to identify the degree of satisfaction with working conditions and their loyalty. Results of such surveys may be used for development and implementation of various technologies and methods of stimulation. Engineering enterprises have particular need for internal marketing.

Market research was conducted to determine ways to stimulate innovative activity of engineering enterprise through the implementation of internal marketing. Exploratory questions and hypotheses on the issue were formed (**Table 1**). Analysis of the responses is the basis for management decisions.

Table 1

Exploratory question and hypotheses on the issue

Exploratory question	Hypotheses on the issue
Identify ways of innovative activity stimulation through internal marketing	<ol style="list-style-type: none"> 1. Formation of motivational preferences for innovative activity of the employees 2. Marketing justification for innovation 3. Establishing communication between employees, topmanagers and business units of the enterprise 4. Formation of organizational culture

*Note: * – formed by the author*

For answers to exploratory question, employees of SE “Novator”, PJSC “Ukrelektroaparat” PJSC “Temp” was surveyed. There are the next requirements to enterprises – the presence of marketing and innovation.

It should be noted that the objectivity of studying the motivational aspects for marketing support of innovative development of industrial enterprises is based on consideration of the matter of this issue by the Center of marketing initiatives of Khmelnytsky National University together with the Department of Statistics in Khmelnytsky region in 2015 by 47 companies, making research data are original and author's. Nonrecurring series was formed (5 % of the population), every twenty employees was surveyed, including top managers (20 %) and workers (80 %). Based on the results of a survey, using questionnaires, show ranking motivational benefits by employee in response to specific questions and determine directions of changes and innovation to enhance innovative activity through an implementation of internal marketing.

During the survey, employees were asked to ranking motivational benefits that reflect respondents' representations of desired work conditions:

1. Dependence of wage on the results.
2. Work is challenging, but well paid.
3. Work is interesting and fun.
4. Work doesn't require considerable responsibility.
5. Psychologically comfortable working conditions (absence of stress, contingencies).
6. Ability to continuous self-development.
7. Ability to gain the respect and recognition of colleagues.
8. Work provides material prosperity.
9. Feeling the importance of work in the general case.
10. Work is stable, needs to perform well-known tasks and responsibilities.
11. Democratic management style that gives a sense of importance and value [1].

Accordingly, ranks increase with decreasing significance motive for employees (1 – most significant).

5. Research results of motivational aspects for marketing support of innovative activity of industrial enterprise

The results obtained in the survey are significantly different for the studied companies. Thus, the first among the motivational benefits of employees of the State Enterprise “Novator” took those based on the dependence of wage on the results of work (motives 2 and 1 occupy respectively 1 and 2 positions) and psychologically comfortable working conditions (6 and 3 positions of motives 3 and 11). It is worthwhile to point out that the motive 4 – not to be limited by great responsibility, occupies the last position and motive 10 – have a stable work that isn’t require continuous improvement and learning, occupies the 9 position, which shows how the reluctance limited to the average level of wage and willingness to take responsibility and understanding of relations between staff training and productivity of the work, and between productivity and wage. Motive 8 – providing material comfort, occupies the 7 position, because people are accustomed and adapted to the existing wage and stability and don’t want to change anything. It should be noted research results of 2009 and 2015 years don’t change [10].

Given the results of the survey of PJSC “Ukrelektroaparat” employees we can conclude about presence of potential for the innovative development. Thus, the most important motives for the respondents are the motive 6 – possibility of continuous self-development and motive 1 – dependence of wage on the results of the work. Least important are the motive 4 – work doesn’t require considerable responsibility and motive 10 – work is stable, needs to perform well-known tasks and responsibilities, indicating the willingness of workers to change.

For employees of PJSC “Temp” the most important motives are those provide financial comfort (motives 2 and 8) and stability (motive 10). The dependence of wage on the work results (motive 1) occupies the last place, confirming the need for employees in the stable, because failure of defined targets resulting in a loss of the usual wage.

In determining occupational abilities that show employees, respondents were asked to those whose expression promotes innovation in the enterprise. Surveys showed similar data, namely the employees in the work process have to actively solve problems that require skills to respond quickly to changes of various kinds. Survey results indicate that the main efforts of enterprises aimed at streamlining production processes and improving the design of the product. A large proportion of the innovations made in management, for answers 15 % of respondents of the SE “Novator”, PJSC “Ukrelektroaparat” and 35 % – PJSC “Temp”. Less than 10 % of respondents aware of the innovations associated with improvements in marketing activities and system of bonus payment. The most changes, according to respondents, in need of marketing activities and economic rationale for innovation and organizational activities associated with difficulties readjust production (28 % – SE “Novator”, 25 % – PJSC “Ukrelektroaparat” and PJSC “Temp”, respectively). The presence of difficulties towards technical and design innovations have indicated 21 % of respondents of SE “Novator”, 18 % – PJSC “Ukrelektroaparat” 20 % – PJSC “Temp”. Employees’ inactivity and lack of initiative to improve the work is a challenge of many enterprises, the existence of which indicated 18 % of SE “Novator”, 22 % – PJSC “Ukrelektroaparat” 20 % – PJSC “Temp”. Among other difficulties there are: problems with certification of products and imperfect of legislation, lack of markets and high risks.

6. Discussion of results on balanced scorecard usage to evaluate the degree of marketing support of innovative activity of industrial enterprise

The results of the survey make it possible to conclude that hypotheses were confirmed. In the process of enterprise development is important the establishment of the internal marketing of the enterprise. Main task of the marketing is defining the strategic goals, bringing them to the staff and formation of effective mechanisms to encourage and motivate employees to implement innovation. However, studies show the importance of taking into account the factor of organizational environment on the formation of motivational preferences regarding the activity of employees in the field of innovation. Where organizational culture encourages initiative and desire to improve their work, activity of the employees is much higher.

Formation of organizational culture is one of the strategic goals of the enterprise whose achievement will enable employees to make decisions related to their functioning and motivate

the enterprise to better perform their work. Most respondents among the motivational advantages distinguish those that are based on depending of wage from the work results, as well as those that provide psychological comfort of the work conditions. In modern terms the importance of marketing justification for innovative activity is updated. Everything mentioned can be achieved by implementing internal marketing using the Balanced scorecard (BSC), which will help to define and calculate the effect of the changes. Strategic indicators included in the balanced scorecard can be viewed as a chain of interrelated goals of four BSC components, related by cause-and-effect relations. At the lowest level is the projection of the “Employees” (“Development”), because achieving goals of “Process” projection is dependent on its work. The quality of employees and internal processes affect the attitude of consumers (customers) of the enterprise, so the next projection on the strategic map is a “Customer.” At the highest level of strategy map is “Finance” projection, which reflects the impact of the financial results of the three previous projections [11].

Relevant indicators were developed to determine the effectiveness of the activities. Level of achievement of strategic goals is accessed on the basis of these indicators. Balanced scorecard for the marketing department, which is ensuring the formation of internal marketing and activate innovation in the enterprise, presented in **Table 2**.

Marketing department has become the driving force of the enterprise, which will dictate future development because its main goal is prediction, identification, development and customer satisfaction. That is why it needs to take care of the qualification of employees, encouraging them to increase the number of proposals to improve the quality of goods, works and marketing activities (over 8 years). Significant importance in the motivation and performance of employees is the level of employee satisfaction by work and working conditions, defined employee satisfaction index and should be over 80 %. Determination of the index is based on an anonymous survey of employees.

Formation of organizational culture identifies life values of the employee with life values of the enterprise, coordinates mutual goals, cultivated a sense of belonging to a common cause unites innovative potential of all employees to achieve the goals of the enterprise, providing more value, more individual employee contributions to the overall results.

To assess the quality and extent to achieve those goals (organizational culture in general) we recommend using the following methods:

a) questioning by an anonymous survey to determine the confidence of employees to the enterprise, its top managers;

b) calculation:

– proportion of employees who know its strategic goals (80 %);

– proportion of employees who support its course of development (65 % from the previous).

Increase of highly qualified specialists (skill level) to 10 % in the marketing department for the first year (and education level of employees must comply with the post). Studies show that organizational culture in conditions of its focused cultivation is capable to improve performance indicators such as product quality and profits by 15–20 % [12], since its formation has become a priority for the enterprise, to active integration of all employees in the process of innovative activity. Formation of organizational culture is always associated with a number of innovations aimed at achieving business goals and remaining competitiveness of the enterprise. According to researches of American Management Association, the ability to create and develop an organizational culture that encourages innovation and effectively manages changes is among the top three priorities of any business [3].

Thus, implementation of internal marketing of the enterprise is a comprehensive approach, which tools allow for employees: to participate in discussion and implementation targets, including marketing, to attract the employees to the management, to increase their responsibility; informing employees about the progress and implementation of plans (programs) through meetings, briefings, use of information stands, corporate publications; adjustment of feedback and communication between top management and employees; formation of organizational culture and other.

Use of these tools and achieve strategic goals (defined by indicators) in the «Development» projection by BSC employees of the marketing department will enhance the innovative capacity of

enterprise and innovation to reduce innovative resistance of top management and employees. Training and professionalism level of employees, including the marketing department, affecting the quality information received in the course of market research that is the basis for management decisions.

Table 2

Balanced scorecard for marketing department

Projections	Strategic goal	Factor	Value	Bonus, %
Finance	Profit	Profitability	+	10
	Sales service	Sales	+10 %	
Customers	STP marketing	Number of covered segments.	2 segments	2
		Customer Evaluation	1 place (10 %)	3
	Formation/sustaining an image	Number of positive mentions in the mass media	More than 35 per year	5
	Marketing complex formation	Increasing turnover in the distribution channels	+5 %	3
	Effective interaction with customers	Sale of goods from postpay	Not more than 10 %	2
	Meeting the needs of customers	Increase in the number of customers.	+7 %	2
		Increase in the number of repeat transactions	+10 %	3
	Management of innovative development	Level of influence of marketing risks.	Less than 10 %	5
		Quality of information.	75 %	10
		Number of site visitors	+35 %	5
Business processes	Development of innovative activity	Evaluating the effectiveness of decisions	More than 85 %	10
	Management of innovative activity on the basis of marketing	Goals for next year	According to the results of the current year	
Development	Improving the "quality" of employees	Number of educational and training programs.	More than 8 per year	10
		Proportion of highly skilled specialists (marketing department).	+10 %	5
		The number of proposals to improve products, work and marketing activities	Not more than 4	5
	Development and implementation of effective motivation methods	Employee satisfaction index	More than 80 %	10
	Formation of organizational culture	Proportion of workers acquainted with the strategic goals of the company.	More than 80 %	7
		Proportion of loyal employees	More than 65 %	3

Subsystem of internal information makes it possible to monitor the indicators that reflect the current level of sales, amount of expenditure, amount of inventory, cash flow, receivables and payables, satisfaction level of employees and their willingness to change others. It is also closely interacted and interdependent from subsystems of collection of current external marketing information, which is used to obtain reliable daily information about marketing environment. This information obtained during marketing research from internal and external sources requires the operation of system for analysis of marketing information and formation of databases. The analysis results of obtained marketing information given to the person who makes decisions

on development of implementation of innovations in the domestic and foreign environments. Database indicator system of marketing innovative system designed to provide objective data to determine the terms and condition of factors for external and internal environments that directly or indirectly affecting the enterprise.

The process of making content of the system by defined parameters is flexible and depends on the goals and strategy of the enterprise, but makes it possible to assess the impact of factors and determine the strengths and weaknesses of the enterprise in the implementation of innovation, opportunities and threats to the environment that will promote the adoption of effective marketing decisions under uncertainty and risk.

Indispensable component of modern industrial enterprise in conditions of development of information and computer resources is an effective website that should help solve the following problem: presentation of the enterprise – detailed information about the enterprise and its products, communication – provides information about changes, new products, advice, assistance and support. Communication with investors, shareholders, government agencies, mass media and others are established with the help of the website, attracting new clients through website promotion in the search systems for targeted requests [13].

Website should be relevant and constantly updated by employees of the marketing department, one of the strategic goals in developed BSC for marketing department is developing and improving site content available in English (for foreign partners). Management of the marketing activities of the enterprise that consists in planning, implementation and monitoring plan of the marketing activities is carried out as a result of effective decision-making and should be at least 85 %.

Expanding marketing activities should be the goal for the next year, declare the priority of employee orientation to achieve strategic goals. In addition to standard marketing tools such as advertising, sales promotion, exhibition activities it need to use other, which aren't typical for this field, but will have a positive impact on customer behavior.

The strategic goal to maintain the image and shaping the brand, determined by the number of positive mentions in the mass media (at least 35 times per year), achieved in the course of action in the field of public relations (effectiveness of PR versus advertising is 5:1) [14]. However, despite the fundamental differences between advertising and PR (advertising has an economic aspect, especially with focus on the consumer, PR have social, cultural and political aspects), these concepts should not be developed separately from each other. Ideally, they should be developed by one team that would include analysts, creative people, advertising specialists, designers, PR-specialists [15].

Mutually beneficial long-term relationships with partners and customers of the enterprise ensure the stability of the enterprise and increase sales of post pay (not more than 10 %) without any delay in the implementation and will improve customer loyalty and repeat purchases. Implementation of STP-marketing measures will provide the right choice of target audience, segments and generate sustainable competitive position in the market. The most effective targets and indicators achievement for projections "Development/Employees", "Processes", "Customers" contributes to the targets of "Finance" projection. There is providing sales and profitability.

Providing monitoring indicators identified in BSC projections, we may obtain comprehensive information on the fulfillment of strategic targets. However, a large number of indicators that change over time complicate the analysis. The system of indicators not included indicators such as the assessment of customers, impact of market risks and quality of information as they require a detailed description and can't be limited to certain parameters.

7. Conclusions

As a result of research it was proved that:

- 1) for industrial enterprises to promote innovative activity is appropriate to use internal marketing;
- 2) internal marketing system for the most effective mix of marketing and innovative activity should be based on overcoming objections concerning of innovation, study of internal incentives and opportunities for self-development, achieved through systematic market research;

3) internal marketing system should be targeted to result in a change and/or innovation, which is achieved through the formation of a balanced scorecard of the marketing department, providing the prerequisites for promotion, support and development of innovation;

4) use of the balanced scorecard in the operational activities contributing to the achievement of strategic goals and is not in a simple transfer of historical data for the future. Balanced scorecard as any management tool is adjusted relative to the development of enterprise and changes in the external environment that requires constant updating of indicators to achieve these goals.

References

- [1] Koval'chuk, S. V. (2012). Aktualizacija marketyngovyh strategij v konteksti innovacijnogo rozvytku promyslovyh pidpryjemstv. Hmel'nyč'kyj: TPolygrafist-2, 280.
- [2] Dracheva, E. L., Lybman, A. M. (2003). Vnutrennyj marketyng v upravleny vnutrykorporativnyym ryunkamy. Fynpress. Available at: <http://mavriz.ru/articles/2003/2/171.html>
- [3] Illjashenko, S. M.; Illjashenko, S. M. (Ed.) (2012). Innovacii' i marketyng – rushijni syly ekonomichnogo rozvytku. Sumy: TOV «Drukars'kyj dim «Papirus», 536.
- [4] Okunjeva, O. V. (2010). Analiz modelej vnutrishn'ogo marketyngu. Formuvannja rynkovoi' ekonomiky, 24, 137–146.
- [5] Golubovs'ka, O. A. (2013). Rol' vnutrishn'ogo marketyngu u procesi pidvyshhennja konkurentospromozhnosti pidpryjemstva Problemy, tendencyy y perspektyvy razvytyja myrovoj nauky. Aspekt, 13, 73–76.
- [6] Tel'nov, A. S. (2012). Motyvacijni aspekty innovacijnoi' dijal'nosti personalu promyslovyh pidpryjemstv. Visnyk Kam'janec'-Podil's'kogo nacional'nogo universytetu imeni Ivana Ogijenka. Ekonomichni nauky, 6, 129–132.
- [7] Golubovs'ka, O. A., Karpenko, V. L. (2009). Stymuljuvannja innovacijnoi' dijal'nosti na pidpryjemstvi na osnovi vykorystannja systemy zbalansovanyh pokaznykiv. Visnyk Hmel'nyč'kogo nacional'nogo universytetu. Ekonomichni nauky, 2 (1), 30–34.
- [8] Goncharenko, A. V. (2011). Ynnovacyonnoe razvytye predpryjatij: ynstytucyjonal'nyye ogranyčenyja y perspektyvy. Elektronne naukovye fahove vydannja «Efektyvna ekonomika», 12.
- [9] Koval'chuk, S. V. (2007). Vykorystannja marketyngovyh pidhodiv u formuvanni innovacijnogo potencijalu pidpryjemstva. Visnyk Hmel'nyč'kogo nacional'nogo universytetu. Ekonomichni nauky, 6 (1), 180–185.
- [10] Golubovs'ka, O. A., Karpenko, V. L. (2009). Vykorystannja marketyngovyh doslidzhen' u formuvanni mehanizmu aktyvizacii' innovacijnoi' dijal'nosti na pidpryjemstvi. Visnyk LDI im. V. Chornovola, 5, 94–102.
- [11] Kadykova, I. M., Alf'orova, A. L., Chelranova, I. V. (2010). Zastosuvannja zbalansovanoi' systemy pokaznykiv dlja upravlinnja fakul'tetom VNZ. Ekonomika ta upravlinnja pidpryjemstvamy mashynobudivnoi' galuzi: problemy teorii' ta praktyky, 3 (11), 40–53.
- [12] Utkyn, E. A. (2010). Osnovy motyvacyonnogo menedzhmenta. Moscow: EKMOS, 352.
- [13] Kakym dolzhen byyt' sajт promyshlennogo predpryjatija? (2009). Denga. Available at: http://www.denga.com.ua/index.php?option=com_content&task=view&id=1742
- [14] Kotler, F. (1999). Marketyng menedzhment. Saint-Piterburg: Pyter Kom, 896.
- [15] Sydorova, G. (2007). Ynstrumenty PR pry resheny marketyngovyh zadach. Marketyng y reklama, 4, 46–47.