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INNOVATIONS AND ITS IMPACT ON THE COMPETITIVENESS OF TNCs ON THE CREATIVE INDUSTRIES MARKET (ON THE EXAMPLE OF THE «WALT DISNEY COMPANY»)

Abstract. *In the modern conditions of dynamic development of countries, it is necessary to continuously create and use innovations as an important factor of general economic progress. The main task of successful corporations and countries is to strengthen the innovative component in the national economy. Competitiveness is defined as a general characteristic of competencies, values and competitive advantages, which are the assets and characteristics of an enterprise that make it different from competitors. Thus, competitiveness means a company's ability to produce goods or provide services that can compete effectively in the market. The purpose of the study is to analyze the impact of innovations on the activities of TNCs. The article examines the concept of innovation, competitiveness and creative industries; the peculiarities of the involvement of innovations in the activities of TNCs in the field of creative industries and other areas were investigated; the impact of attracting innovations on the competitiveness of TNCs in various industries and, in particular, in the field of creative industries was analyzed; correlation calculations of the indicator of intangible assets with the profit indicator of the company «The Walt Disney Company» were carried out. In further research, it is proposed to focus attention on the introduction and use of innovations and their impact on the competitiveness of other TNCs operating in the market of creative industries.*

Key words: innovations, competitiveness, TNC, profit, intangible assets, creative industries.

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ІННОВАЦІЇ ТА ЇХ ВПЛИВ НА КОНКУРЕНТОСПРОМОЖНІСТЬ ТНК НА РИНКУ КРЕАТИВНИХ ІНДУСТРІЙ (НА ПРИКЛАДІ «THE WALT DISNEY COMPANY»)

Анотація. *У сучасних умовах динамічного розвитку країн, необхідним є неперервне створення та використання інновацій як важливого фактора загальноекономічного прогресу. Основним завданням успішних корпорацій і країн є зміцнення інноваційного компоненту в національній економіці. Конкурентоспроможність визначається як загальна характеристика*

компетенцій, цінностей та конкурентних переваг, що є активами та характеристиками підприємства, що роблять його відмінним від конкурентів. Таким чином, конкурентоспроможність означає здатність компанії виготовляти товари або надавати послуги, що можуть ефективно конкурувати на ринку. У статті розглянуто поняття інновацій, конкурентоспроможності та креативних індустрій; досліджено особливості залучення інновацій у діяльність ТНК у сфері креативних індустрій та інших сферах; проаналізовано вплив залучення інновацій на конкурентоспроможність ТНК у різних галузях та, зокрема, у галузі креативних індустрій; проведено розрахунки кореляції показника нематеріальних активів з показником прибутку компанії «The Walt Disney Company». Зазначені розрахунки були проведені за два періоди: 2017–2019 рр. та 2020–2022 рр. Причиною саме такого поділу на періоди була світова пандемія COVID-19, саме через яку у всіх країнах світу було введено карантинні обмеження. Карантинні обмеження, звісно, вплинули на ведення бізнесу у всіх сферах, і певним чином і у сфері креативних індустрій, особливо в тих її сегментах, що пов'язані з безпосередньою присутністю людей (відвідування кінотеатрів, виставок, парків розваг тощо). Показник нематеріальних активів було обрано як важливий показник, що характеризує ступінь впровадження інновацій в діяльність компанії. За допомогою розрахунків коефіцієнта кореляції була перевірена гіпотеза про те, що впровадження інновацій у діяльність ТНК чинить вплив на прибутковність компанії. Зазначений аналіз показав, що до впливу форс-мажорних обставин (карантинних обмежень) на діяльність досліджуваної ТНК спостерігався сильний позитивний кореляційний зв'язок, але у період, коли карантинні обмеження вже діяли сила впливу трохи знизилась і характер зв'язку став негативним. В подальших наукових дослідженнях планується зосередити увагу на дослідженні причин такого явища, а також впровадженні та використанні інновацій і їх впливу на конкурентоспроможність інших ТНК, що функціонують на ринку креативних індустрій.

Ключові слова: інновації, конкурентоспроможність, ТНК, прибуток, нематеріальні активи, креативні індустрії.

Formulation of the problem. In today's conditions, the dynamic development of the country is impossible without comprehensive and continuous production and use of innovations as catalysts of general economic development. The main order of successful corporations, as well as the country, is to increase the innovative component of the national economy [1]. Competitiveness is a general feature of competencies, values and competitive advantages, i.e. assets and parameters of an enterprise that create its positive difference for competitors [2]. That is, competitiveness means the company's ability to produce goods or services that can compete on the market [3].

Analysis of recent research and publications. The following domestic and foreign scientists dealt with the issues of innovations and their impact on the competitiveness of companies: Golovchuk Yu.O. [2], Jezhula V.V. [3], Yepifanova I.Yu. [3], Pobochenko L.M. [1], Pchelyanska G.O. [2], Panevnyk T.M. [4], Sinyakova K.M. [6], Ushkarenko Yu.V. [6], Tsvyk O.G. [3], Chmut A.V. [6].

Setting the task. The task of the article is to carry out an analysis of the impact of innovations on the activities of TNCs.

Summary of the main research material. The most important source of creating and maintaining the company's competitive advantages is the identification and use of new scientific and technical products in the implementation of innovative activities, which are the result of the intellectual, scientific and engineering creativity of specialists. That is, in the conditions of a highly dynamic competitive environment, in order to obtain a high competitive position for companies, it is necessary to introduce innovations [3]. Innovation is understood as the introduction of a new or significantly improved idea, product, service, process or practice, which is intended to obtain an improved result [3].

High competitiveness allows you to earn profits, which can interest the investor as a permanent and reliable partner to ensure the stable development of the company [3].

The company's capacity for innovative development is determined by the company's innovative potential, that is, its ability to implement innovations within the chosen strategic direction of development. The ability to carry out innovative activities is determined by the company's potential capacity for innovative

development and a set of conditions that facilitate or, on the contrary, hinder the implementation of innovations [3].

Porter M., the founder of the theory of competitive advantages, gives an important place to innovation as a factor of economic growth. Describing the content of competition and explaining the issue of success by enterprises in international markets, the scientist claims that the achievement of competitive advantages is achieved precisely thanks to innovations, which he understands in a broad sense – from a large-scale technological breakthrough to new methods of work, the use of new technologies [4].

Porter M. notes that innovations are the result of unusual efforts and can appear both from new companies and in existing ones, or arise as a result of expanding the sphere of activity of enterprises, using new resources, coming from other countries. The scientist emphasizes that competitors will immediately bypass any company that stops improving and introducing innovations [4].

Thus, according to the theory of competitive advantages of achieving competitiveness, economic growth is possible only with constant improvement and introduction of innovations [3].

A correctly selected and sufficiently filled innovation strategy as a strategic package of all decisions to improve the company's competitiveness is a guarantee of the company's long-term success and a means of ensuring its competitiveness. The company must be guided by a clear typology and a detailed division of the strategy into various components, which have their place in the structure of the company's strategic group and in the system of ensuring its competitiveness, an accessible and clear method of forming and approving its alternatives, and in the end, choosing the most appropriate component demonstrates its implementation as part of a balanced set of strategies [2].

In modern conditions, competitive activity is also impossible without updating production, which is based on the development of innovative processes. Innovativeness becomes the main factor of effective functioning, prospects of successful development and in general is a reflection of a progressive vision of the development of socio-economic relations [5].

TNCs, as the main investors, are the driving forces of innovative breakthroughs that have a significant impact on scientific and technical progress and the socio-economic development of world and national economies. After all,

generating innovative processes, TNCs spread them on the territory of host countries, where their subsidiaries and branches are located [5].

Strong competition, which has a global character in the innovative activity of TNCs, requires a constant increase in the volume and pace of research and development and improvement of innovative capabilities of companies. The basis of their implementation is the corporations' own scientific and research units, which were traditionally located in the base countries, or cooperation with third-party research centers. Internal company science, integrated into the real sector of the economy, plays the most active role in the innovative development of industrially developed countries-leaders [5].

In the conditions of the accelerated development of the "new economy", one of the main competitive strategies of TNCs is the use of the main intangible asset – innovation, and the effective use of the innovative component becomes one of the main competitive advantages of TNCs in the 21st century [1].

TNCs try to distribute spheres of influence among themselves. Industry specialization quite often coincides with country specialization. US TNCs occupy leading positions in the world market of high technologies, pharmaceuticals and software. Japanese industrial corporations occupy leading positions in metallurgy, electronics and electrical engineering. EU companies are in the chemical, food and automotive industries [1].

The EU invested the most in R&D in 2017 in the automotive industry – 29,7%. The second branch was health care, with a share of 23,2%, and the third – information and telecommunication technologies (ICT) with a share of 19,5% of the total amount of investments in R&D of the EU [1].

In Japan in 2017, the most attractive industry for investing in R&D is the automotive industry with a share of 30%, followed by information and telecommunication technologies (ICT) with a share of 24,3% and health care at 12% [1].

On the other hand, the US in 2017 has only 8,1% of R&D investments in automotive, but 49,2% in the field of information and telecommunications technologies (ICT) and 26,5% in the field of health care [1].

China has some similarities with the US in terms of investment in R&D in 2017: 12,5% in the automotive industry and 44,1% in the field of information and telecommunication technologies (ICT), but only 3% in healthcare [1].

EU companies raised the volume of research and development above the average growth rate in the world – 567 companies that are part of the EU invested 192,5 billion euros in research and development in 2017. The increase in investment occurred in the automotive industry along with ICT and health care [1].

In the EU sample, the growth of R&D led to an increase in research and development of companies such as Nokia (96%), NXP (90%), SAP (13%), ZF (40%), Renault (20%), Daimler (15%), Continental (15%), Glaxosmithkline (12,9%) and Robert Bosch (7,4%) [1].

In the non-EU group, the leading R&D companies are: Huawei (29%), Apple (25%), Gilead (55%), Broadcom (155%), Alphabet (13%), Dell (116%), Boeing (42%), Facebook (23%), Microsoft (9%) and Western Digital (50%) [1].

The overall level of investment in innovative activities of EU TNCs is largely based on investments by German companies, which account for 38,5%. In 224 German corporations out of 1,000 EU TNCs, investment in R&D increased by 6,7%, and net sales increased by 1,1%. These results largely reflect the performance of German automotive companies (7,1% in R&D and 3,6% in net sales). Companies from this sector showing the highest R&D growth were Daimler, ZF, Continental and Robert Bosch. Also, German companies showed good performance in other sectors: SAP (ICT services) and Bayer (health care industry), (The 2017 EU Industrial R&D Investment Scoreboard) [1].

Innovative activity and investment in research and development play an extremely important role in the process of increasing the level of competitiveness of the company, or maintaining it at a sufficient level, which is confirmed by statistical data on the activities of the leading TNCs in Europe and the world. Innovative

activity is especially important in the conditions of transformational processes in the world economy. As a result of the changes that have taken place in the world economy due to the impact on the activities of TNCs of restrictions related to the spread of COVID-19 in the world, companies are forced to respond to new operating conditions and the majority chooses a strategy related to the introduction into the production process, or into products or services of an innovative component, which once again proves that innovations play an extremely important role in the activities of modern transnational corporations.

Structural and technological changes in the modern world economy, the strengthening of the processes of globalization and international competition formed the prerequisites for recognizing creativity as an important non-technological factor influencing innovation. Creative industries have been a profitable sector of the economy in many European countries for many years. Recently, they have become increasingly integrated into urban development, democratization processes, development of territorial communities, and contribute to the formation of innovative markets [6].

Innovation in creative industries primarily consists of technological innovation, new combinations of existing elements or peripheral styles, while «conventional» innovation arises mainly from purposeful actions based on scientific and engineering knowledge. The difference between creative industries and innovations in other sectors is as follows: the former often do not represent a big technological explosion, but a more organic and systemic process that is influenced by complex regulatory and market structures (Fig. 1) [7].

We have analyzed the relationship between intangible assets and total revenue of «The Walt

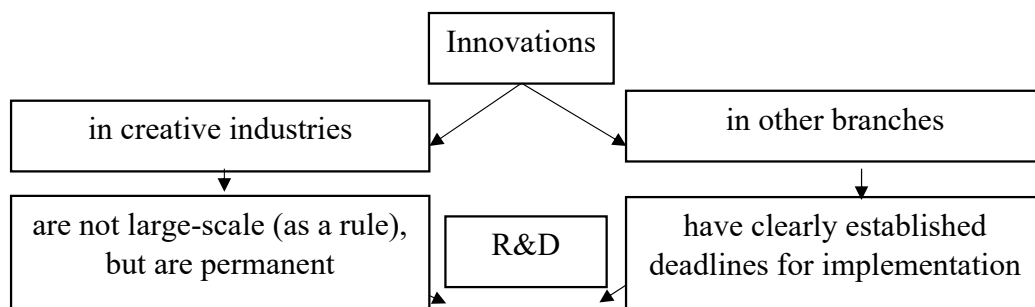


Figure 1. Features of innovations in creative industries and other sectors of the economy

Source: summarized by the author based on [7]

Disney Company». The indicator of intangible assets of the company «The Walt Disney Company» was chosen by us as an indicator that reflects the presence of patents, copyrights and other documents that testify to the development of an innovative product by the company and the conduct or ordering of research works in the innovative and technological direction (Table 1).

Based on the initial data, we calculated two correlation coefficients reflecting the existence of a relationship between the indicator of intangible assets (innovation) of the company and the indicator of the company's total income. Data for the period from 2017 to 2019 were included for the calculation of the first correlation coefficient ($r_1 = 0,959$), data for the period from 2020 to 2022 were included for the calculation of the second correlation coefficient ($r_2 = -0,645$).

In this way, we analyzed the degree of closeness of the connection between the company's intangible assets (innovation) indicator and its income, taking into account (in the case of r_2) force majeure circumstances, which in this case were restrictions on the company's activities on

the market of creative industries, related to the distribution in the world in 2020 of COVID-19, and not taking into account the specified circumstances (in the case of r_1).

The specified analysis showed that the degree of closeness of the relationship in the case of the analysis option without taking into account force majeure circumstances is high, and the dependence is direct. That is, when the indicator of intangible assets of the company (innovation) increases, the indicator of income will also increase. In the case of the impact on the company's activities of quarantine restrictions, which were taken into account in the calculations in the second case, the degree of closeness of the connection is average and negative. That is, when the indicator of the company's intangible assets (innovativeness) increases, the income indicator will decrease to a small extent.

Conclusions and prospects for further research in this area. Innovations and their implementation in the activities of TNCs are considered extremely important. In a world where technology is evolving rapidly, businesses need

Table 1

Intangible assets and income of «The Walt Disney Company», 2017–2022

Indicators	Years					
	2017	2018	2019	2020	2021	2022
Intangible assets, mln dol USA	14476	14700	46025	44195	17115	14837
Total revenue, mln dol USA	55137	59434	69607	65388	67418	82722

Source: [8; 9]

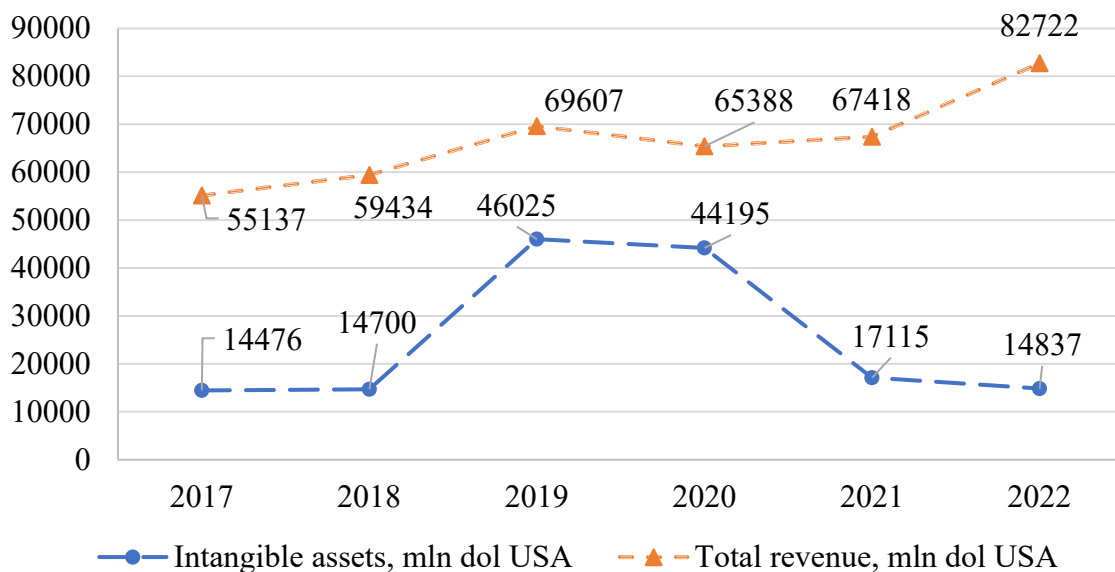


Fig. 2. The relationship between the change in the amount of intangible assets and the income of «The Walt Disney Company», 2017–2022

Source: developed by the author based on [8; 9]

to be at the forefront of technological progress to remain competitive. Innovation allows TNCs to introduce new ideas, methods and products, which helps to improve the quality of their work and meet the growing needs of consumers.

The implementation of innovative solutions gives enterprises a competitive advantage in the market, providing new opportunities for attracting customers and increasing production. Innovation can include the development of new products, optimization of production processes, introduction of new technologies or creation of a unique marketing strategy. MNCs that actively invest in research and development usually achieve higher levels of profit, because their innovative focus allows them to go beyond standard solutions and provide more favorable conditions in the market. The impact of innovations is especially noticeable in the industries that cover creative industries.

Industries such as media, advertising, design and others depend on continuous improvement, creativity and innovation. However, the example of «The Walt Disney Company» shows that if force majeure intervenes (namely, quarantine restrictions), intangible assets to some extent lose their positive impact on the company's income. The reasons for this phenomenon, as well as other factors that may affect the company's profitability during force majeure circumstances, will be the subject of our further research.

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