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## STUDY OF THE RELATIONSHIP BETWEEN THE INTERNAL OPERATION PROCESSES AND RESULTS OF COMPREHENSIVE ASSESSMENT OF INNOVATIONS IN ENTERPRISE ECONOMIC MANAGEMENT

*This paper extensively discusses the developmental issues of planning, organizing, personnel, motivation and control in the economic management of enterprises on improving the importance and effectiveness of innovative initiatives to modernize the economic management of enterprises. In article authors highlights five steps in the innovation of the internal operating mechanism of enterprise economic management: 1) to study the benefits of modernization and innovation in enterprise economic management, including system enhancement, manufacturing temptation and better decision-making; 2) reforming the enterprise management mode; 3) enhancing the operational vitality of the enterprise; 4) to improve the decision-making efficiency; 5) discovering the various problems existing in the enterprise and adjusting them in time, and actively responding to the challenges of modernization and innovation; 6) enterprises should actively innovate and optimize the economic management system; 7) strengthening the management of the employees, maximizing the potential productivity and productivity; 8) improving the modernization and efficiency of enterprises; 9) expanding of talent pool of enterprises to improve employee loyalty and reduce the turnover rate of enterprises.*

**Key words:** management, effective management, enterprise, internal innovations, innovative activity, innovative development, management of innovative development.

**JEL classification:** D24, M11, O31, O40

## ДОСЛІДЖЕННЯ ВЗАЄМОЗВ'ЯЗКУ МІЖ ВНУТРІШНІМИ ОПЕРАЦІЙНИМИ ПРОЦЕСАМИ ТА РЕЗУЛЬТАТАМИ КОМПЛЕКСНОГО ОЦІНЮВАННЯ ІННОВАЦІЙ В УПРАВЛІННІ ЕКОНОМІКОЮ ПІДПРИЄМСТВА

*Економічне управління високого рівня допомагає оптимізувати використання економічних ресурсів на підприємствах. Воно допомагає підприємствам створити розумну систему економічного управління та функціонування, сприяє ефективному управлінню підприємством і, як наслідок, підвищує економічну ефективність. У цій статті широко обговорюється постійний вплив вирішення питань розвитку, планування, організації, персоналу, мотивації та контролю в економічному управлінні підприємствами на підвищення важливості та ефективності інноваційних ініціатив щодо модернізації економічного управління підприємствами. Автори виділяють п'ять кроків в процесі інновації внутрішнього операційного механізму економічного управління підприємствами: 1) вивчення переваг модернізації та інновацій в економічному управлінні підприємством, включаючи вдосконалення системи, спокусу виробництва та краще прийняття рішень; 2) реформування режиму управління підприємством, що дасть змогу заощадити ресурси та операційні витрати для підприємства, сприяти постійному зростанню прибутку підприємства та підвищенню конкурентоспроможності; 3) підвищення операційної життєздатності підприємства буде стимулювати ентузіазм працівників; участь, що підвищить продуктивність праці та одночасно допоможе зменшити рівень плинності кадрів; 4) підвищення ефективності прийняття рішень з метою розуміння ринкових напрямів в умовах жорсткої конкуренції; 5) виявлення різних проблем, що існують на підприємстві, та їх своєчасне коригування та активне реагування на виклики модернізації та інновацій; 6) підприємства повинні активно впроваджувати інновації та оптимізувати систему управління економікою, щоб ефективніше використовувати ресурси і, таким чином, збільшувати свої конкурентні переваги; 7) максимізація потенційної продуктивності; 8) покращення модернізації та інтелекту підприємств для зменшення витрат на оплату праці та підвищення ефективності роботи; 9) розширення кадрового резерву підприємств для підвищення лояльності працівників та зменшення плинності кадрів на підприємствах.*

**Ключові слова:** менеджмент, ефективне управління, підприємство, внутрішні інновації, інноваційна діяльність, інноваційний розвиток, управління інноваційним розвитком.

**Statement of the problem.** In the context of globalization, the economic management of enterprises is one of the key tasks in the current business operations of enterprises. The main purpose of this management work is to reduce the capital cost and asset expenditure in the various business and production activities of the enterprise, improve the rational allocation of economic assets, so that the enterprise can obtain more profits. This will comprehensively examine the economic management of Midea Group (Stock Code: C000333), and use hierarchical regression analysis to study the internal operation process of enterprise economic management. In addition, we also take the economic value added table (EVA) as a case study to assess the comprehensive benefits of the enterprise's economic activities and analyze the internal operation process of the enterprise's economic management, and analyze the status quo of the manufacturing enterprises for the internal process of the enterprise's economic management under the current market conditions.

**Analysis of recent research and publications.** The internal economic management of enterprises is one of the basic conditions for the healthy developing of enterprises. Shi Jiawei and Lin Novel [1] and Zeng Qiao [2] aim at exploring in-depth the auditing and asset expenditure in the internal management of enterprise economic management, with the ultimate goal of ensuring the healthy development of enterprises. Shen Jianchun [5], Liang Zhongyuan [6] and Wang Qiong [7] in-depth research on the problems and future development trends of Chinese enterprises' economic management in the context of China's national conditions. In the contemporary context, Xiong Shan [4] and Zhou Baiyu [3]. B explore the internal management of Chinese leading manufacturing enterprises by analyzing the EVA of Midea Group.

So, all the above-mentioned facts determine and confirm the relevance of the research topic. However, it should be noted that the fast-moving state of the economic environment causes an urgent need for constant research into the state of innovative activity in order to develop operational solutions for innovative development [8].

The relevance of the problem of evaluating the effectiveness of innovative activity, its insufficient theoretical consideration and practical application at enterprises determined the choice of topic, goal, task and research direction.

A high level of enterprise economic management can ensure that enterprises can optimize the use of economic resources in all aspects, and build a perfect economic management operation system within the enterprise, so as to realize the optimal management of the enterprise economy, and help enterprises to steadily improve economic efficiency.

**Objectives of the article.** The purpose of this study is to explore how enterprises should keep the current economic management system in line with the changing development needs, and avoid over-reliance on outdated methodologies that hinder development.

**Summary of the main results of the study.** In the contemporary business landscape, enterprise economic management takes center stage as a pivotal facet of operation and production. At its core, this management endeavor strives to curtail capital and asset expenditure costs across all business and production activities while enhancing the judicious allocation of economic assets to maximize profitability. Enterprise economic

management is an intricate and essential undertaking, bearing substantial implications for an enterprise's outlook and development trajectory [3]. High-level economic management stands as an indispensable component of modern enterprises, facilitating the optimization of economic resource utilization throughout the organization. It culminates in the creation of a well-structured economic management and operational framework within the enterprise, fostering the realization of optimal economic management and consequent improvements in economic performance. By achieving these objectives, businesses can circumvent the risk of experiencing negative economic growth. Consequently, the evaluation of global enterprises' performance in economic management innovation has ascended to a prominent position on the agenda of modern enterprise economic management innovation.

Based on the preceding analysis, this study employs a hierarchical regression analysis approach, with the evaluation outcomes of five key facets of internal enterprise economic management – namely, planning, organization, personnel, incentives, and control – as the independent variables. Simultaneously, it considers the degree of innovation in internal enterprise economic management as the dependent variable. Notably, all five levels exhibit statistically significant regression paths ( $P = 0$ ). This robustly signifies the substantial correlation between planning, organization, personnel, incentives, and control within internal enterprise economic management and the resultant innovation impact on enterprise economic management. The pursuit of modernization and innovation in enterprise economic management emerges as significantly consequential.

However, it is crucial to recognize that the original  $R^2$  values in each case fall below the 0.5 threshold. This, in turn, underscores the existence of significant issues within the realms of planning, organization, personnel, incentives, and control of enterprise economic management. These issues have consequently posed substantial hindrances to the advancement of modernization and innovation in the domain of enterprise economic management. Nevertheless, the adjusted  $R^2$  values consistently surpass the 0.9 mark, indicating an imperative need to address these significant developmental challenges within the purview of planning, organization, personnel, incentives, and control within enterprise economic management. Resolution of these issues will be pivotal in augmenting the overall importance and efficacy of modernization and innovation initiatives within enterprise economic management [1].

The process of analyzing the internal operating mechanism of economic management innovation in global enterprises unfolds in the following steps:

**Examining the Positive Significance:** Initially, this study scrutinizes the positive implications of modernizing and innovating enterprise economic management. It delves into areas such as enterprise system enhancement, the allure of manufacturing, and informed decision-making.

**Reforming Enterprise Management Mode:** Traditional enterprise management modes often suffer from inefficiencies, lack of economic streamlining, and insufficient integration with various stages of enterprise operations and manufacturing. Comprehensive adoption of economic management practices can mitigate these issues, yielding substantial savings in resources and operational costs, fostering steady profit growth, and enhancing competitiveness.

Table 1

Overall evaluation of enterprise economic management

| Constant | Control layer |        | Layer 1 | Level 2 | Level 3 | Level 4 | Tier 5 |
|----------|---------------|--------|---------|---------|---------|---------|--------|
|          | Y             | 396.45 | 65.87   | 28.83   | 7.92    | 0.71    | 0.00   |
| 1        | 2             | 3      | 4       | 5       | 6       | 7       | 8      |
| X1       | 33.90         |        | 6.81    | 3.27    | 0.25    | 0.11    | 0.00   |
| X2       | 23.37         |        | 4.25    | 1.37    | 0.24    | 0.67    | 0.00   |
| X3       | 25.87         |        | 4.10    | 1.66    | 0.50    | 0.38    | 0.00   |
| X4       | 28.01         |        | 4.95    | 2.90    | 1.16    | 0.07    | 0.00   |
| X5       | 31.83         |        | 4.20    | 2.07    | 0.73    | 0.27    | 0.00   |
| A1       |               |        | 6.97    | 3.62    | 1.80    | 1.20    | 1.00   |
| A2       |               |        | 6.27    | 2.90    | 1.98    | 1.22    | 1.00   |
| A3       |               |        | 6.56    | 3.12    | 1.92    | 1.47    | 1.00   |
| A4       |               |        | 4.89    | 2.83    | 1.56    | 1.17    | 1.00   |
| A5       |               |        | 5.33    | 3.27    | 1.71    | 1.44    | 1.00   |
| A6       |               |        | 6.30    | 3.42    | 1.80    | 1.33    | 1.00   |
| A7       |               |        | 5.08    | 3.56    | 1.95    | 1.37    | 1.00   |
| A8       |               |        | 5.45    | 3.11    | 1.15    | 0.84    | 1.00   |
| B1       |               |        |         | 2.20    | 1.04    | 0.87    | 1.00   |
| B2       |               |        |         | 3.64    | 1.39    | 1.35    | 1.00   |
| B3       |               |        |         | 4.01    | 2.23    | 1.52    | 1.00   |
| B4       |               |        |         | 2.74    | 1.44    | 1.33    | 1.00   |
| B5       |               |        |         | 1.92    | 1.03    | 0.79    | 1.00   |
| B6       |               |        |         | 2.40    | 1.51    | 1.24    | 1.00   |
| B7       |               |        |         | 3.05    | 1.40    | 1.16    | 1.00   |
| B8       |               |        |         | 3.21    | 1.91    | 1.59    | 1.00   |
| B9       |               |        |         | 3.19    | 1.72    | 0.96    | 1.00   |
| C1       |               |        |         |         | 1.68    | 1.25    | 1.00   |
| C2       |               |        |         |         | 2.22    | 1.28    | 1.00   |
| C3       |               |        |         |         | 2.10    | 1.37    | 1.00   |
| C4       |               |        |         |         | 1.51    | 1.16    | 1.00   |
| C5       |               |        |         |         | 2.28    | 1.31    | 1.00   |
| C6       |               |        |         |         | 2.66    | 1.55    | 1.00   |
| C7       |               |        |         |         | 2.05    | 1.38    | 1.00   |
| C8       |               |        |         |         | 2.54    | 1.65    | 1.00   |
| C9       |               |        |         |         | 2.39    | 1.30    | 1.00   |
| C10      |               |        |         |         | 2.48    | 1.58    | 1.00   |
| C11      |               |        |         |         | 1.75    | 1.28    | 1.00   |
| C12      |               |        |         |         | 2.02    | 1.08    | 1.00   |
| C13      |               |        |         |         | 1.67    | 1.06    | 1.00   |
| D1       |               |        |         |         |         | 1.48    | 1.00   |
| D2       |               |        |         |         |         | 1.21    | 1.00   |
| D3       |               |        |         |         |         | 1.36    | 1.00   |
| D4       |               |        |         |         |         | 1.52    | 1.00   |
| D5       |               |        |         |         |         | 1.53    | 1.00   |
| D6       |               |        |         |         |         | 1.30    | 1.00   |
| D7       |               |        |         |         |         | 1.11    | 1.00   |
| D8       |               |        |         |         |         | 1.52    | 1.00   |
| D9       |               |        |         |         |         | 1.02    | 1.00   |
| D10      |               |        |         |         |         | 1.00    | 1.00   |
| D11      |               |        |         |         |         | 1.21    | 1.00   |

(End of Table 1)

| 1                              | 2                                  | 3                                   | 4                                   | 5                                    | 6                                    | 7  |
|--------------------------------|------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--|
| D12                            |                                    |                                     |                                     |                                      | 1.16                                 | 1.00   |
| D13                            |                                    |                                     |                                     |                                      | 1.46                                 | 1.00   |
| D14                            |                                    |                                     |                                     |                                      | 1.23                                 | 1.00   |
| E1                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E2                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E3                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E4                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E5                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E6                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E7                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E8                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E9                             |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E10                            |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E11                            |                                    |                                     |                                     |                                      |                                      | 1.00   |
| E12                            |                                    |                                     |                                     |                                      |                                      | 1.00   |
| Adjust R <sup>2</sup>          | 0.65                               | 0.94                                | 0.97                                | 0.99                                 | 1.00                                 | 1.00   |
| F                              | F(5, 565) = 210.905,<br>P=0.000*** | F(13, 564) = 652.041,<br>P=0.000*** | F(22, 563) = 818.459,<br>P=0.000*** | F(35, 562) = 1532.498,<br>P=0.000*** | F(49, 561) = 4007.542,<br>P=0.000*** | F(61, 560) = 1.2643108334821048e+27,<br>P=0.000*** |
| Dependent variable (Y) : Total |                                    |                                     |                                     |                                      |                                      |  |

\*\*\*, \*\* and \* represent the significance levels of 1%, 5% and 10%, respectively

**Boosting Operational Vitality:** Contemporary enterprise economic management emphasizes a "people-oriented" approach. This perspective, tailored to the present economic landscape, prioritizes workforce empowerment, stimulating employee engagement, and thereby increasing productivity[4]. Greater labor productivity contributes to improved economic performance.

**Enhancing Decision-Making Efficiency:** In the contemporary business landscape, enterprises engage in frequent investment, financing, and manufacturing activities, necessitating robust decision-making capabilities. Traditional approaches, primarily focused on financial aspects, may fall short of meeting contemporary business demands. A comprehensive economic management approach provides systematic analyses across various facets, enhancing decision-making accuracy and benefiting enterprises in a competitive market.

**Addressing Modernization and Innovation Challenges:** The study further examines impediments to modernization and innovation in enterprise economic management, considering management approaches, innovation practices, modernization levels, and talent teams [5].

**Need for Independent Innovation in Economic Management Systems:** Traditional economic management approaches often underutilize economic and human resources, hindering business operations and growth. These inadequacies not only negatively impact economic development but also diminish market competitiveness. Therefore, contemporary enterprises must actively innovate and optimize economic management systems.

**Strengthening the People-Oriented Concept:** While a "people-oriented" approach is integral to contemporary

economic management, many enterprises fail to implement it effectively. Neglecting employee management and inadequately responding to the flexible production requirements can lead to underutilized workforce potential and lower efficiency, ultimately affecting economic performance.

**Elevating Modernization Levels:** Modernizing economic management is crucial for future development. Enterprises must adopt "information management and intelligence" approaches, leveraging advanced information technology and intelligent equipment to enhance efficiency and management effectiveness. Although technologies like cloud computing and big data are increasingly utilized, their integration into economic management remains underdeveloped in many enterprises.

**Building an Adequate Talent Pool:** High-level economic management necessitates a skilled talent pool. While most enterprises employ economic management professionals, deficiencies in skillsets, responsibility, innovation, and loyalty are common. Many organizations lack structured training and human resources development, leading to gaps in talent acquisition and retention [2].

**Conclusions.** So, this article underscores the pivotal role of enterprise economic management within the contemporary business landscape, serving as a linchpin for operational efficiency, cost reduction, and strategic resource allocation. By employing a hierarchical regression analysis approach, the study illuminates the intricate interplay between planning, organization, personnel, incentives, and control – core components of internal economic management – and their significant correlation with innovation impact on economic management. While acknowledging the statistical significance of

these relationships, the article also candidly addresses the presence of substantive challenges within each facet, as indicated by original R2 values falling below the 0.5 threshold. However, the robust adjusted R2 values exceeding 0.9 underscore the critical imperative to confront and resolve these challenges effectively.

Ultimately, the article positions economic management innovation as a linchpin for sustainable growth and competitiveness in the modern business landscape, advocating for proactive measures to address existing challenges and embrace opportunities for continuous improvement and adaptation.

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