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## **UNDERSTANDING INNOVATION: PROCESS, PROJECT AND PRODUCT-CENTRIC VIEWS**

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### **РОЗУМІННЯ ІННОВАЦІЙ ЯК ПРОЦЕСУ, ПРОЕКТУ ТА ПРОДУКТУ**

*Innovation is the most important source of differentiation in a dynamic environment. It helps to create a new product that better satisfy customer needs, improve the quality of existing products, improve the technological process, reduce the costs of making consumer products. While many believe so, innovation is something much more than a successful commercial use of research results. The paper is devoted to the actual questions of research of scientific approaches to the theoretical study of the basic and most important terminology in innovation sphere. Studied related literature, systematized knowledge about the approaches to the definition of innovation and described the course of thought of scientists about the innovation process and product allowed to conclude that there is a real problem of inconsistency of basic concepts in the field of innovation. Whereas, the disagreements in the scientific literature in basic concepts suggest that it is necessary to carry out an in-depth analysis of glossology and highlight key concepts. The approaches to understanding the innovation definition have been determined and found that they have only a remote resemblance and modern researchers cannot compare different terms which diverse in its source of origin. For the first time, not only concepts, but their key characteristics were considered in completely, structurally and step by step manner in a historical retrospect. The theoretical basis of each definition is evaluated, general, particular, and narrow definitions are highlighted. A detailed analysis of the main studies related to innovation evaluation is provided. Through the uncertain task implementation scope, a set of methodologies including practices, techniques, procedures as well as the output characteristics, the difference between an innovative project as a key part of creating innovation and ordinary project is clearly defined and highlighted. This paper is intended to offer an analysis of the concept of innovation and to shed light on understanding and defining innovation process, product, and project as the basic concepts in the field of innovation activity. Based on the analysis, this paper proposed alternative, more reasonable definitions of these terms both from a scientific and practical point of view.*

*Інновація – це найважливіше джерело диференціації у сучасному динамічному середовищі. Вона сприяє створенню нового продукту, що краще задовольнить потреби клієнтів; покращує якість існуючих продуктів; вдосконалює технологічний процес; знижує витрати на виробництво споживчих товарів. Дана робота присвячена актуальним питанням дослідження наукових підходів до теоретичної бази, основної термінології у сфері інновацій.*

*На основі глибинного аналізу наукової літератури було систематизовано знання щодо підходів до визначення інновацій та описано хід думок дослідників на тему інноваційного процесу та продукту, що дозволило зробити висновок про існування реальної проблеми невідповідності основних концепцій в області інновацій. Враховуючи наявність розбіжностей у науковій літературі в основних концепціях, є нагальна потреба у проведенні їх ґрунтовного аналізу та висвітлення ключових відмінних характеристик. Були висвітлені підходи до розуміння терміну «інновація» та встановлено, що вони мають лише віддалену схожість, натомість сучасні дослідники не можуть порівнювати різні терміни, оскільки останні різняться у своєму джерелі походження. Вперше було повністю, структурно та поступово розглянуто не лише концепції, але й їхні основні характеристики. Була оцінена теоретична база кожного визначення, висвітлені загальні, конкретні та вузькі визначення. Надано детальний аналіз основних досліджень, пов'язаних з оцінкою інновацій. На основі наявної невизначеності реалізації інновації, набору методологій, практик, методів та процедур, а також характеристик кінцевого продукту, було чітко визначено та виділено різницю між інноваційним проектом як ключовою частиною створення інновацій та звичайним проектом. Дана стаття пропонує аналіз поняття інновації та проливає світло на розуміння та визначення інноваційного процесу, продукту та проекту як базових концепцій у галузі інноваційної діяльності. На підставі аналізу було запропоновано альтернативні, більш повні визначення основних та найбільш значимих термінів у сфері інноваційної діяльності як з наукової, так і з практичної точки зору.*

**Keywords:** *innovation; innovation process; innovation product; innovation project; product innovation; process innovation.*

**Ключові слова:** *інновація; інноваційний процес; інноваційний продукт; інноваційний проект; продуктова інновація; процесна інновація.*

**Problem statement.** While there is no distinct definition of meanings of the term ‘innovation’ and clear interrelations of its derivatives, elevated level of novelty brings unpredictable uncertainty to innovation projects in terms of expected financial outcomes, which could be scattered heavily upon respective managerial decisions. For many years, there have been many disagreements in the scientific literature, which has significantly influenced both the level of an in-depth understanding of the concept of innovation and the quality of approaches to the evaluation of the innovation process. Since the scientific approach is valued in the modern world, it is obliged to give a clear and unambiguous interpretation of a particular concept.

**Recent researches and publications analysis.** The following scientists and researchers made a significant contribution to the analysis of innovation activities as well as this concept in their studies: W. J. Abernathy, M. Aiken, A. Altshuler, M. Assink, F. Betz, D. Cleland, L. L. Cummings, F. Damanpour, T. H. Davenport, M. Dodgson, E. Dundon, J. E. Ettlie, J. Fagerberg, D. Gann, S. Gopalakrishnan, J. Hage, P. Hurst, N. B. Kanagal, L. Morris, M. J. O'Connell, E. M. Reza, E. M. Rogers, R. Rothwell, M. A. Schilling, J. M. Utterback and others. Exploring different areas of innovation, the impact of innovation on economic development, as well as giving different definitions of key terms, researchers developed, improved and multiplied research papers in the field of innovation.

**The purpose of the paper is to cover** the key terms in the sphere of innovations, to found and describe contradictory conclusions and arguments, and to present a structured view in understanding the process of creating innovations, which is necessary to determine the importance of an innovation project as an integral part of innovation implementation process.

**The main material.** Innovation is the major force propelling economic activity (Schumpeter). It is impossible to imagine the modern world without innovations that have already come true and become habitual on the one hand, and future ones, contributing to further evolution on the other hand. Most scientists (Formica P., Stabulnieks J., Haour G., Hippel E., Rosenberg N., Fagerberg J., Ulku H. and others) agree that innovation become the main driving force of economic and social development. Innovation activity has led the world community to a new, higher stage of development. But, what does innovation mean and what relation exist between innovation project, process and product?

Definition of innovation can be interpreted very widely and depends on the object of the study, but according to extensive and diligent research of the literature on the subject, the definition of the term ‘innovation’ implies either a process, project or a product as a result of the process or project, or with a rare exception, a methodology.

In this article we will guide the most voluminous definition of 'innovation': 'It is not the result of thinking differently. It is the result of thinking deliberately (in specific ways) about existing problems and unmet needs.' [1, p. 24]. In this context, we are moving away from the popular abstract definitions of this term and define the modern view of innovation as a methodology for sustainable creation and development of a distinctive customer value either of a business-oriented entity or a government.

In fact, innovation can be understood as the end result of innovation activity, embodied in the form of a new or improved product introduced on the market, a new or improved technological process used in practice, a new approach to resolving social problems, so it is necessary to understand the key differences between these categories.

*Innovation as a process* is widely used definition and implies creation of a product or service solution that delivers new customer value. The process which begins with the selection of the customer and market, includes the identification and prioritization of opportunities, and ends with the creation of an innovative product or service [2].

Innovation as a process is one of the main directions in research, depending on what is the essence of innovation. Tvysy define innovation as the process in which an invention or a new idea acquires an economic content [3].

In J. Newman's work, innovation is the process of commercialization of new products, considering differentiated technology, consumer interests and fair compensation to shareholders or as 'the realization of ideas for creating value or increasing profitability.' [4, p. 28-29].

Considering not abstract categories, it is worth noting that innovation theory and models are applicable in development projects and innovation indeed is useful but not simply as an end product, but as a methodology - a clear approach to the creation of unique products, services etc. Innovations as a methodology must be accepted as learning and change processes in creating a better environment and win-win interaction within an ecosystem.

The second main direction to understand the innovation term is the end result orientation, in other words, a certain group of researchers understand the innovation, first of all, as a product (Derting, Bish, It, Polder, Ettlje, Reza, Noori etc.).

According to [5], a product itself is a combination of one or more of ingredients, benefits, advantages, features, performance, business model, usage and consumption experience. Innovations that occur in certain products, referred to as 'innovation product'.

Product innovations are necessary for companies to overcome competitive pressures; to change preferences, product life cycles, technological advancement, demand structure and special customers' requirements.

According to [6] the innovation process is the successful completion of three phases: idea generation, idea acceptance and idea implementation. Modern implementation and realization of innovative products implies the existence of a project containing a technical, economic, legal and organizational justification for the ultimate innovation activity.

An innovative project is a set of processes that result in a product. On the other hand, the process is a repetitive, sometimes iterative, activity. In turn, the project is an interim, temporary and has a development sequence (progressive elaboration), intended to create unique results.

The term 'innovation project' is considered as a form of target management of innovation activity, to develop or implement innovations. As a form of target management of innovation activity, an innovation project is a complex system of interdependent and interrelated by resources, terms and executors of activities aimed to achieve specific goals (objectives) on priority directions for the development of science and technology [7].

Because elevated level of novelty brings unpredictable uncertainty to innovation projects [8], we also must separate innovation project and simple project concepts. While innovation projects represent a major challenge for business managers due to their associated uncertainty degree [9], the modern studies related to innovation and innovation project management are aimed to develop methodologies that better manage the characteristics of these projects [10].

An innovation project is an introduction or creation of innovation, something new to the modern world. The simple project is a group of works / tasks that must be performed in a given period to achieve set goals [11]. The differences between an innovative project and a regular project were investigated by During, Keegan, Turner, Blindebach-Driesse and others.

Innovations play a leading role in improving the production process, updating the product range, reducing the cost of production, introducing new progressive management principles, so any innovation that the firm applies is seen as a positive factor [12]. The rapid growth and high profitability of companies that can generate productive business ideas, creating an unprecedented demand on new markets, where there are practically no competitors [13].

Therefore, a distinct differentiation of meanings and hierarchy of the term 'innovation' should path the way to further work out and application of an innovation as a methodology which might be able to be applied and scalable in more distinct and manageable manner than currently is.

In the article suggestions are made for conceptually-based analytical research to help specify the mechanism(s) that underlie developmental differences in scientific understanding the concept of 'innovation'. To provide a systematic and deep insight into a problem of lack of clear definitions and to facilitate extraction of scientific and logical explanation and conclusion on it, the theoretical (or basic) research methodologies were used.

'Innovation is a driver of competitive advantage' [5, p. 16], whereas there are many different points of view on the definition of the term 'innovation'. Some believe that innovation is the result of innovation activities, which is presented in the form of a new product, others - that it is some new technological *process* used in practical activity.

European Innovation Management Academy defines innovation as 'the successful exploitation of a new product, service, process, organization or new business model which is new to a company, new to a market or new to the world.' [14, p. 68-69].

E. Dundon defines innovation as a 'profitable realization of a creative strategy,' based on the ability to generate new ideas and to maximize the income from development [15]. According to S. Derting, innovation is not only the creation of an absolutely new or improved product or technology, but also a tangible result that brings certain benefits both of material nature in the form of profits or new assets, and intangible like new knowledge, brand strengthening, employee motivation [16].

M. Dodgson states that innovation includes scientific, technological, organizational and financial activities leading to the commercial introduction of a new (or improved) product or a new (or improved) production process or equipment [17].

The fairly narrow definition of an innovation by Schilling is quite accurately and clearly characterizes its essence and purpose: 'Innovation is the act of introducing a new device, method or material for application to commercial or practical objectives.' [18, p. 15].

B. Twiss believes that the term 'innovation' implies different types of activities that exist and develop through technology. According to the researcher, innovation is something new, something that was not yet on the market. It can be expressed in new products, manufacturing processes or management systems, often involving the use of new technologies. Such development can be connected with new markets, production diversification and new organizational structures [3].

To a definition of the term 'Innovation', Morris addresses in a comprehensive manner: 'Innovation is a process, and when it goes well it's also the results of the process' [19, p. 58].

According to the Oxford's Dictionary of Business and Management, innovation is 'any new approach to designing, producing, or marketing goods that gives the innovator or his company an advantage over competitors.' [20, p. 300]. [21] emphasizes that the term 'innovation' is used to designate both the product and the process of innovating. The author also emphasizes that the term 'innovation' is used to refer to the process that contain periods of design and development, adoption, implementation, and diffusion.

The lack of a commonly used vocabulary in innovation studies leads to the terms 'innovation' and 'technology' being used interchangeably to denote the same idea, which can lead to ambiguity. Wonglimpiyarat describes innovation as the process of converting the technological breakthroughs into a process innovation or commercialized product in a competitive market [22]. Betz defines technological innovations as the invention of new technologies, as well as the development and introduction of products, services or processes to the market [23]. Nieto defines the term 'technological innovation' as the process by which technological advances are made. According to the author, the innovation process includes several activities that contribute to increasing the capacity to produce new products and services, which is product innovations; or to introduce new forms of production, which is process innovations [24]. Therefore, the concept of technological innovation is associated with the idea of a flow – generation, application, dissemination – of technologies [25]. Bagherinejad states that this process results in the introduction of a new or better product or production process [26].

It is worth noting that in some studies innovation is defined as a product or process new to the company, not simply to the world or market. Assink, in turn, defines innovation as 'the process of successfully creating something new that has significant value to the relevant unit of adoption.' [27, p. 217].

'Innovation is the degree to which value is created for customers through enterprise that transforms new knowledge and technologies into profitable products and services for national and global markets. It covers a wide range of activities to improve firm performance, including the implementation of a new or significantly improved product, service, distribution process, manufacturing process, marketing or organizational method.' [28, p. 141].

E. Rogers defines innovation as an object, idea or action that is perceived by the consumer as new one [29]. In other words, researchers have reached the conclusion that innovation comes in the form of product or process.

The innovation product is the result of innovation activity, which has received practical implementation in the form of a new product, service, production mode (technology) or other socially useful result. According to Oslo Manual, a product innovation is 'the introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses. This includes significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics' [30]. Some believe that the product innovation can be in two dimensions: new products and new innovations (significant improvements) in existing goods [31]. Product innovation focuses on existing markets for existing products, differentiating through features and functions that current offers do not have, as well as contributing to the discovery of new, unexplored markets that allows for the creation of new niches for research and development and an acceleration of economic and technological growth. Product innovation is an important driver of economic growth and productivity, because the innovation output of one company becomes part of the innovation input to another [28].

Ettlie and Reza believe that a product innovation is a key factor that contributes to the company's success, so researchers conclude that new product development has a positive impact on enterprise performance [32, 33].

The definitions defined previously clearly distinguish innovation from minor changes in the makeup and/or delivering of products in forms of extension of product lines, adding service components or product differentiation. But in practice innovation is not related to production fields only, however there is another field and activity that can be innovated as 'process'. [28]

Noori has compared product innovation with process innovation and explores relations between them. He concludes that in the way of product innovation also process innovation should be 'commercialized' before it is completed [34]. According to the Oslo Manual, a process innovation is 'the implementation of a new or significantly improved production or delivery method which includes significant changes in techniques, equipment and/or software' [30]. Process innovation implies the use of specific change tools and technology for enterprise engineering and the transformation of business processes [35]. So, a process innovation can be defined as a new production *method*.

Exploring the relationship between process and product innovation, Utterback and Abernathy give the definition to product innovation. According to them, product innovation implies 'introducing new products or services to achieve an external market or to satisfy user need.' Process innovation, as opposed to the product one, refers to the introduction of new elements (for example, input material, work and information flow, task and equipment specifications) into the manufacturing process or organization operations that are then used to create a product or service [36, p. 644].

The Community Innovation Survey (CIS) of the European Union defines a product innovation as 'the market introduction of a new or significantly improved good or service with respect to its capabilities, user friendliness, components or sub-systems.' Likewise, a process innovation is defined as 'the implementation of a new or significantly improved production process, distribution method, or support activity for your goods or services.' [37, p. 4]

According to [38], the difference between a product and a process is related to the areas and actions that are affected by innovation. Although still much earlier [36] define that the rate of adoption for process and product innovation differs, based upon the phases of development in the industry. These authors conducted research and conclude that startups and young companies introduce product innovation in the main, but complex and mature enterprises introduce process innovation in turn. Based on this fact, Damanpour makes a survey of executives and concludes that 'firms on average introduce more product than process innovations.' [39]

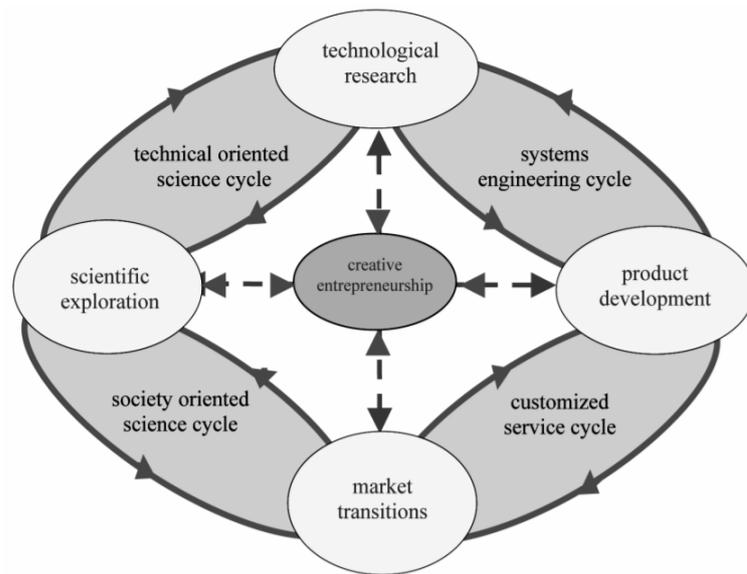
Defining innovation as intended 'novelty in action' [40] contains the idea that innovation is a process, which consists of various stages from initiation to implementation. Initiation refers to identifying problems, evaluating alternatives, whereas implementation refers to deciding between alternatives and putting innovation to use. [29]

Understanding the innovation process as a process of preparation and implementation of innovative changes, which consists of interrelated phases and stages, as a result of which an innovation is introduced, considers the views of scientists on the innovation process' stages. Stages of the innovation process have different approaches to their understanding and research. So, Norman considered it as a two-stage process, consisting of the stages of initiation and realization [41]. A more differentiated model that divides the stages of the innovation process into four stages: assessments, initiation, introduction and routinization has been proposed in [42].

Utterback and Abernathy proposed to consider the stages of the innovation process as a model of 5 stages: understanding the problem, the production of ideas, the process of finding a solution to the problem, making decision, implementation and use [36].

L. Cummings and M. O'Connell identify five stages in the innovation process development: search for the 'root' of the problem, production of alternative innovative proposals, evaluation of alternative solutions, choosing and initiating one solution, approval and routinization [43].

Roy Rothwell reveals several generations of innovation process models [44]. A Linear approach to the definition of the innovation process, Rothwell refers to the 1950 - the mid-1960s (the first generation), which is pushed by technology and is characterized as a simple linear-sequential process with an emphasis on the role of Research and Development (R&D) and the attitude to the market only as a consumer of the results of the technical activity of production. The second generation of the innovation process refers to the late 1960s - early 1970s. It is the same linear sequential model, but with an emphasis on the importance of the market, on which R&D is responding. The third generation of the innovation process existed from the early 1970s to the mid-1980s. It is essentially a combination of the first and the second generations with an emphasis on the connection of technological capabilities and opportunities with market needs. The next period, namely the fourth generation, is typical for the mid-1980s. – the mid-1990s. and named the 'Japanese model', which focuses on the parallel activity of integrated groups and external horizontal and vertical connections. In fact, several groups of specialists (marketing, R&D, product development, production engineering and production) are working in several directions *simultaneously*. This greatly accelerates the transformation of ideas into finished products. This model marked the transition from the consideration of innovation as a predominantly sequential process to understanding innovation as a parallel process. The fifth generation of the innovation process by Rothwell (1990s to date) is characterized by companies' associations in the network to ensure flexibility and maintain the pace of development. The strategy is based on the development of joint marketing, partnership, transition to 'open innovation'. Most researchers are currently focused on the development of fifth-generation models of innovation process, according to Rothwell's proposals [44]. One of the most famous and modern 'fifth-generation' model is 'The cyclic innovation model' which is proposed by Berkhout and Van Der Duin in 2007 (Fig. 1).



**Fig. 1. The fifth-generation` cyclic innovation model [45]**

This model visualizes the ‘circle of change’, linking changes in science (left-hand side) with business (right-hand side) as well as changes in technology (upper part) and markets (lower part) in a cyclic manner. [45]

Whereas implementation of any kind of innovation is possible only through defined, consistent and structured actions feasible in the form of *project*.

A generic definition of a project formed by Turner: ‘A project is an endeavor in which human, financial and material resources are organized in a novel way to undertake a unique scope of work, of given specification, which constraints of cost and time, to achieve beneficial change defined by quantitative and qualitative objectives.’ [46, p. 2].

Project is a ‘temporary endeavor undertaken to create a unique product, service, or result.’ [47]. In [48], a project is defined as ‘a temporary organization that is created for the purpose of delivering one or more business products according to an agreed Business Case.’ Oxford English Dictionary defines project as ‘an individual or collaborative enterprise that is carefully planned to achieve a particular aim.’ [49]

The Japanese put value creation directly at the forefront in their definition of the nature of a project, as follows: ‘A project refers to a value creation undertaking based on a project mission, which is completed in a given or agreed timeframe and under constraints, including resources and external circumstances.’ [50, 51]. Turner described the project as ‘a temporary organization to which resources are assigned to do work to deliver beneficial changes.’ [52, p. 2-3; 53, p. 15].

It is worth noting that the relevant literature remains unconvincing regarding the definition of an ‘innovation project’ or its conceptual framework.

Because invention is the first occurrence of an idea for a new product or process, while innovation is the first attempt to carry it out in practice, Fagerberg argues that an innovation project is understood as a vehicle of the transition from invention to innovation [54]. [55] also write that an innovation project could be defined as a mechanism of the transition from invention to innovation. Wingate, on the other hand, defines innovation project as an aim to take something that has been designed, developed, or created and then applies processes to them to achieve an outcome [56]. The innovation project is a vehicle to improve the company's innovation capability [57].

As the process of the implementation of innovations, an innovation project is a combination of scientific, technological, production, organizational, financial and commercial activities carried out in a certain sequence, leading to innovations. An innovation project is a set of technical, organizational, planning and accounting and financial documentation necessary to realize the project's objectives. [58]

It is also important to keep in mind that the innovation project’s results, which are the measure of the project success, in many cases differ from the initial objectives, or simply, those objectives are not achieved.

Quite often, an innovation project is equated with the development of a new product or even has no definition. Under an ‘innovation project’ researchers understand a project deals with products and service innovation, involves various aspects of innovation and innovativeness. [59]

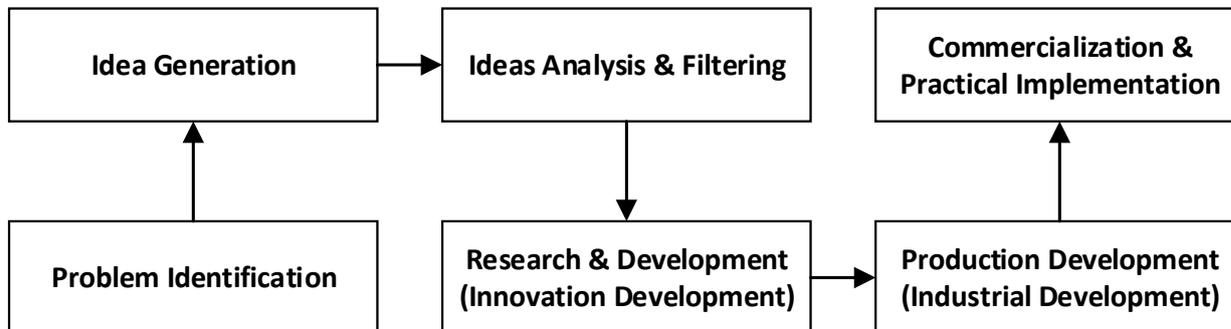
‘Innovation is a hypothesis, whose truth cannot be established with certainty.’ [60, p. 88]. With these words began the era of research uncertainty as an integral part of innovation activities. Thus, uncertainty is an essential characteristic of the innovations, the creation of new business ventures, and the future of global competitiveness, because in the future there is no precedent or experience to make accurate forecasts of the results.

Delving into the essence of the innovation concept and following the train of thought of scientists and researchers through the prism of objectivity, it's worth noting that a fairly large scientific audience in innovation sphere pays too much attention to the description of the difference between the product and the process, moving away from the

definition of innovation. Based on scientific papers and highlighting the main ideas of the concept of innovation, we propose the following definition, which accurately describes the results and the diversity of its achieving:

*Innovation is a process, project, or a methodology of a development, introduction, or implementation of a new device, method, or material for application to commercial or practical objectives.*

The innovation process is the implementation of a research, scientific, technical, production, and marketing activity as the temporary stages of the innovation life cycle from the inception of an idea to its development and distribution. The innovation process chart can be described as follows:

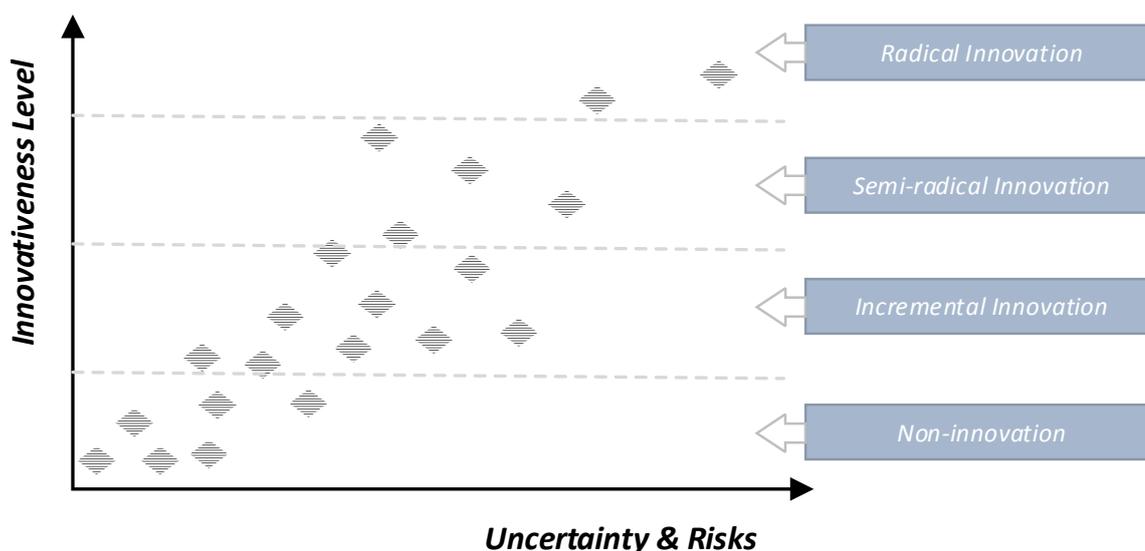


**Fig. 2. The innovation process chart**  
[created by the author]

The scientific world provides some insight into the differences between ordinary and innovation project. Researchers correctly focus on risks and uncertainties which are characteristic of an innovation project. Also, scientists pay attention to the results of the project – a result that can be called ‘innovation’ which means that it was created by an innovation project. Otherwise, if the output is simply the creation of something non-innovative, it is just an ordinary project. Researchers themselves write that there is no comprehensive definition for this term. Gathering the available information and assessing the views of various scientists on the definition of innovation project, we offer the following clear, complete and competitive definition:

*A project can be ‘innovative’ if the task implementation scope, a set of methodologies including practices, techniques, procedures, and rules as well as tools, and knowledge on one hand, and project budget and time, on the other hand, are uncertain and the result is an innovation as a new device, method, or material.*

Every project brings something new and has some risks as well [61]. The major difference between projects in their degree of innovation - the projects vary widely in it. And the higher the level of innovativeness the project has, the higher level of uncertainty and risks it has (see Figure 3 below).



**Fig. 3. The relationship between innovativeness level and uncertainty as an integral part of innovation activity**  
[created by the author]

Focusing on the project and the process of creating innovation, it is worth describing an equally important category – the innovation methodology. ‘Innovation without methodology is just luck.’ [19]. Because scientists and innovation researchers often limit themselves, and the term ‘methodology’ remains in the shadows. We, in turn, give this definition from the point of view of innovation as such:

*Innovation methodology is a defined, effective, and productive set of systematic practices, techniques, procedures, and rules used during the innovation process and adapted to obtain innovation.*

**Conclusions.** Innovation is a large-scale phenomenon that moves the world towards productivity, optimization and the production of unique, new, unexplored products and services that can change people's behavior and desires. This explains the increased researchers' interest to this topic. Whereas, many scientists focus on something concrete and distort the understanding of broader categories.

Because of this, for many years, there have been many disagreements in the scientific literature, which has significantly influenced both the level of an in-depth understanding of the concept of innovation and the quality of approaches to the evaluation of the innovation process. Since the scientific approach is valued in the modern world, it is obliged to give a clear and unambiguous interpretation of a particular concept.

Studied related literature, systematized knowledge about the approaches to the definition of innovation and described the course of thought of scientists about the innovation process and product allow us to conclude that there is a real problem of inconsistency of basic concepts in the field of innovation.

This article, as a kind of hub in the scientific literature, solves the problem of a large distribution of the definitions of key terms in the sphere of innovation by full disclosure of the most significant of them. Such concepts as 'innovation', 'innovation process', 'innovation product' and 'innovation project' are fully covered, contradictory conclusions and arguments are found and described, and a structured view in understanding the process of creating innovations is presented. The paper considers in detail the innovation project concept as an integral part of the innovation process and describes the relationship between the uncertainty and the innovativeness level to understand the difference between ordinary and innovation projects, which gives the necessary understanding of the subject, during the its evaluation by various methods, for example, using Real Options approach.

The results of this paper as well as its clear approach give the basis for researchers and their subsequent investigations not to create another definition that will further confuse readers, but to resolve such inconsistencies by singling out important, suitable, and precise assertions with the subsequent creation of significant statements based on them.

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