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**FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION**  
**DEPARTMENT OF AIR TRANSPORT ECONOMICS**

**LECTURE NOTES**

in the discipline "Intellectual and Internet business"

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## **Module №1 "Intellectual and Internet business"**

### **Lecture № 1.1**

#### **Lecture topic: Theoretical foundations of intellectual and Internet business**

#### **Lecture plan**

1. Intellectualisation of global economic development as a prerequisite for transformations in the content of human labour and business.
2. Intellectual business: essence, purpose, goals and types.
3. Characteristics of subjects and objects of intellectual business.
4. Factors and prerequisites for the development of intellectual business in the world and in Ukraine.

**References:** [1]; [6]; [12]; [14].

#### **Content of the lecture**

##### **1. Intellectualisation of global economic development as a prerequisite for transformations in the content of human labour and business.**

The development of the world economy in the XXI century indicates an increase in the share of intellectual capital in the economies of developed countries. The current stage of global economic development is characterised by accelerated pace of scientific and technological progress and intellectualisation of the main factors of production. Intensive research and development of the latest technologies on their basis, access to global markets with them and the development of international integration in the research and production sphere within the emerging global economy have actually become a strategic model of economic growth for developed countries.

An important trend in the development of the global economy at the present stage is the process of intellectualisation and the formation of a knowledge-based society, in which economic prosperity is determined by high technologies, innovative capabilities and the level of intellectual development of society. This type of society is based on knowledge and information, and is referred to by most analysts as post-industrial or information society. Describing the specifics of the new society, we can describe two interrelated processes: servitisation (dominance of the service sector over production) and informatisation (increasing production of information products, use of the latest information technologies, including the Internet, in all spheres of human life).

##### **2. Intellectual business: essence, purpose, goals and types.**

Intellectual business can be seen, on the one hand, as the process of creating and using intellectual property that allows to make a profit, and on the other hand, as the process of implementing the ideas of the developer (creator) of an intellectual product through mental labour.

In the intellectual business, knowledge, ideas, solutions, scientific and technical developments, projects, works of science, literature and art are the goods. The intellect develops thought and creates ideas, and later on, a certain idea takes on a

form and value. The foundation of intellectual business is intellectual activity, the main factor is the knowledge, experience, motivation of entrepreneurs, their ability to innovate, and thus their intellectual and innovative potential, and the product of such activity is a certain intellectual product that has a certain value and receives certain recognition in the market, creating demand for intellectual business services.

Currently, there are a large number of companies that provide software development services for organisations and private entrepreneurs, typing (writing) various texts and filling various Internet resources with unique content and other forms of intellectual activity. As a result, the intellectual business has great prospects. This business helps to displace physical labour, leaving it only as a maintenance service.<sup>3</sup> Характеристика суб'єктів і об'єктів інтелектуального бізнесу.

The objects in the intellectual business are intellectual products, intellectual activities, intellectual property, intellectual processes, innovation activities, innovations, etc.

In accordance with international standards, innovation is defined as the end result of innovation activity that is embodied in a new or improved product, a technological process used in practical activities, or a new approach to social services.

The subjects of interaction in the field of intellectual business in Ukraine are a widely spread network of socio-economic institutions working in the interests of science, education, innovative business and the state as a whole. Each intellectual business entity occupies its own niche and has a certain range of responsibilities and rights in mutual coordination with all other entities.

#### **4. Factors and prerequisites for the development of intellectual business in the world and in Ukraine.**

In the XXI century, a new type of relations in the economy is being formed. In recent years, the fourth technological revolution associated with the intellectualisation of production has been completed in the global economy. The world's leading firms have changed their approach to economic growth, moving from an individual economy to an economy based on the acquisition, use and transfer of knowledge. Knowledge is becoming an independent product, and a new economic sector is emerging. Together with social capital, knowledge is becoming a major source of wealth. Basic business strategies are now closely linked to innovation. Natural resources no longer provide significant competitive advantages for individual companies or countries. Only one natural resource can play a decisive role: the human mind.

### **Lecture № 1.2**

#### **Lecture topic: Intellectual products and intellectual property**

#### **Lecture plan**

1. Essence, types and features of intellectual products creation.
2. The essence of intellectual property as an economic category. Types of intellectual property.

**References:** [1]; [3]; [4]; [6]; [7]; [12], [14].

## **Content of the lecture**

### **1. The essence, types and features of intellectual products creation.**

It is generally recognised that in a post-industrial society, intellectual and creative activity plays a leading role in the system of social division of labour, which is turning into a determining force for the formation and development of human civilisation.

Intellectual activity is one of the forms of human life, the essential basis of the process of creating an intellectual product and reproduction of intellectual capital, the most powerful driving force for the development of human civilisation. It is based on a set of achievements in science, culture, traditions and spiritual values accumulated by mankind over thousands of years.

An intellectual product created as a result of the creative efforts of an individual or a team is the basis of intellectual property. It may take various forms: discoveries and inventions, samples of new products and equipment, new technologies, research and production, consulting, economic and financial, management, marketing services, as well as various types of literary and artistic works.

Intellectual products that are transformed into industrial property are organically linked to the economic processes taking place in the country and are integral elements of the economic activity of enterprises of all forms of ownership.

### **2. The essence of intellectual property as an economic category. Types of intellectual property.**

In economic terms, "intellectual property" is a figurative expression for the so-called "intangible assets", i.e. that part of the company's capital that is necessary to generate its income, requires costs for its creation and/or maintenance, but is not expressed in any tangible objects - with the possible exception of title documents. In the economic sense, intellectual property also includes exclusive rights belonging to an enterprise. Trade and industrial secrets are also a form of intangible assets. They are also protected by law, although not in the same way as exclusive rights. Sometimes, more subtle concepts that are not directly expressed in the law are also classified as intangible assets. For example, a circle of business partners, business reputation, and employee qualifications.

According to the Civil Code of Ukraine, the objects of intellectual property rights, in particular, include: literary and artistic works; computer programs; data compilations (databases); performances; phonograms, videograms, broadcasts (programmes) of broadcasting organisations; scientific discoveries; inventions, utility models, industrial designs; layouts (topographies) of integrated circuits; rationalisation proposals; plant varieties, animal breeds; commercial (brand) names, trademarks (marks for goods and services), geographical indications; trade secrets.

The most common forms of intellectual property include: patents, trademarks, copyrights and related rights.

Related rights are the rights that have developed over the last 50 years around copyright. They include the right of a performer to perform, the right of a

producer to make a sound recording in a recording, and the right of a broadcasting organisation to broadcast.

### **Lecture № 1.3**

#### **Lecture topic: Intellectual products and intellectual property**

#### **Lecture plan**

1. Legal principles of intellectual property protection.
2. Specifics of the value assessment of intellectual property rights.

**References:** [1]; [3]; [4]; [6]; [7]; [12], [14].

#### **Content of the lecture**

##### **1. Legal principles of intellectual property protection.**

The first regulatory act on the way to creating special legislation on industrial property was the Temporary Regulation on Legal Protection of Industrial Property Objects and Rationalisation Proposals, approved by the Decree of the President of Ukraine on 18 September 1992.

However, the main sources of industrial property law that formed the basis of special legislation on intellectual property were the laws of Ukraine: "On Protection of Rights to Inventions and Utility Models", "On Protection of Rights to Industrial Designs", "On Protection of Rights to Trademarks and Service Marks", which came into force on 15 December 1993.

During the same period, the Laws of Ukraine "On Restriction of Monopoly and Prevention of Unfair Competition in Business Activities" (18 December 1992); "On Protection of Rights to Plant Varieties" (21 April 1993); "On Protection against Unfair Competition" (7 June 1996); and "On Protection of Rights to Topographies of Integrated Circuits" (5 November 1997) were adopted.

In order to develop the above industrial property legislation, the State Patent Office of Ukraine has developed and adopted over 70 by-laws regulating relations in the field of acquisition of rights to industrial property objects.

The Law of Ukraine "On Copyright and Related Rights" (23 December 1993) became the main law regulating legal relations in the field of copyright and related rights. The issues of legal protection of authors' rights are also reflected in resolutions of the Cabinet of Ministers of Ukraine, including: "On Minimum Rates of Author's Remuneration for the Use of Works of Literature and Art" and "On State Registration of Author's Rights to Works of Science, Literature and Art" (2003), as well as in the regulations of the State Enterprise "Ukrainian Agency of Copyright and Related Rights".

##### **2. Specifics of the valuation of intellectual property rights.**

From an economic point of view, the main purpose of intellectual property is to generate profit or other benefits from the use of intellectual property rights (IPR). To do this, it is necessary to introduce them into economic circulation, having previously assessed the value of the rights to them. Once the rights to IPR are valued, they effectively become a commodity with all the consequences that this entails. That is, they can be sold or exchanged for other goods.

Valuation is required when registering IPR in the company's accounting records, as well as in corporate transactions (mergers, separations, changes in legal form, privatisation and re-privatisation, bankruptcy, etc.)

The National Standard of Ukraine No. 1 "Basic Provisions for Valuation of Property and Property Rights" defines three approaches to the valuation of IPR: cost, comparative (market) and income. Each of the approaches corresponds to one or more methods.

Before starting the valuation, the appraiser must clearly define what exactly is the subject of the valuation. In general, the object of valuation can be any IPR or group of IPR, such as an invention, utility model, industrial design, trademark, computer program, etc. that are part of the technology being valued.

## **Lecture № 1.4**

### **Lecture topic: Development and commercialisation of intellectual and Internet business projects**

#### **Lecture plan**

1. Ideas for the development of intellectual business.
2. Development of intellectual business projects.
3. Ways and mechanisms of commercialisation of intellectual business objects in Ukraine.
4. Motivation of developers (creators) of intellectual products.
5. Compensation policy as a form of motivational support for the development of intellectual business.

**References:** [1]; [6]; [7]; [12]; [14].

#### **Content of the lecture**

##### **1. Ideas for developing an intellectual business**

A modern market-based intellectual economy is a mixed economy in which an intellectual product is created under the influence of its own market forces, which direct entrepreneurial activity towards the growth of intellectual capital. On this basis, an intellectual business is a relevant type of activity aimed at generating income based on the results of commercialisation of an intellectual product. It implies full independence in making business decisions and corresponding responsibility for the results of these decisions.

According to the Law of Ukraine "On Innovative Activities", innovations are newly created (established) and/or improved competitive technologies, products or services, as well as organisational and technical solutions of a production, administrative, commercial or other nature that significantly improve the structure and quality of production and/or social sphere.

The basis of any innovation is usually intellectual property. The issues of the essence and objects of intellectual property rights in the current legislative framework and the transformation of intellectual property into an innovative product are of particular relevance.

## **2. Development of intellectual business projects.**

All that is required to set up your own company providing services in the intellectual sphere is competence in a particular scientific or applied field of activity. By providing documents confirming the status of the company, the intellectual business will prove itself as a reliable, professional enterprise. Moreover, it is not necessary to have large capital to start an intellectual activity. You can provide consultations on the Internet. It is enough to have a computer and access to the network.

An intellectual business can be based on the provision of intellectual and creative services (by own or hired personnel), as well as on the sale or provision of the results of such activities. Today, there are many companies that provide services for writing various texts, filling Internet resources with content, developing customised software for IT companies, and many other forms of commercialisation of intellectual activity.

The form of commercialisation of intellectual business can be either an individual enterprise or other types of registration of legal entities. Intellectual business services can be provided both offline and online.

## **3. Ways and mechanisms of commercialisation of intellectual business objects in Ukraine.**

The use of intellectual property in economic activity is carried out on the basis of its commercialisation, the mechanism of which makes possible the continuous movement of intellectual capital and profit. This happens as follows: intellectual capital produces innovations that form intellectual resources. These, with significant commercial potential, receive legal protection and become intellectual property. As a result, the sale, licensing, and use of intellectual property generate profit.

Commercialisation of intellectual business objects arises when the results of intellectual activity are used on the basis of contracts, for example, between co-authors of a patent; between patent owners and authors in connection with the payment of remuneration for the use of an industrial property object; between patent owners in the course of commercial sale of an intellectual product, etc. In accordance with the applicable Ukrainian law, agreements on the transfer of ownership rights should be executed in writing and registered in accordance with the applicable procedure.

According to the current Ukrainian legislation on the protection of intellectual property rights, the owner of a security document exercises commercial rights to the results of intellectual activity in full or in part by transferring ownership rights or granting permission to use it by entering into a licence agreement.

## **4. Motivation of developers (creators) of intellectual products.**

Carrying out any activity by an enterprise, production of products that would be competitive in the markets, depends not only on the technical equipment of the enterprise, availability of modern technologies, a clearly defined product quality control system, market research of the market environment and consistent implementation of the concept of promoting goods to the markets, but also on the motivation of the developers of intellectual products.

Generally speaking, motivation is a theoretical and applied construct used to describe human behaviour in a particular situation, usually related to labour activity in all its manifestations, and to explain the reasons (both internal and external) for changes in this behaviour.

The intellectual activity of an individual or a group, i.e. the activity of the intellectual, creative component of labour activity, largely depends on both conditionally constant (psychological type of personality, natural inclination to physical, mental or spiritual work, intellectual potential, etc.) and variable factors that can be effectively managed in order to improve the processes of creative labour activity at an enterprise.

To understand the possibilities of applying the main motivational theories to creative intellectual work, it is extremely important to imagine the motives that initiate and activate creativity. Undoubtedly, these motives will set certain limits and peculiarities of the application of the analysed approaches.

### **5. Compensation policy as a form of motivational support for the development of intellectual business.**

The development of intellectual business in Ukraine is constrained not only by the lack of perfect legislation, lack of highly qualified personnel, and adequate funding, but also by an ineffective compensation policy that hardly takes into account the specifics and complexity of intellectual labour, and the peculiarities of motivating developers of new ideas and intellectual products.

The company's compensation policy serves not only to compensate for the labour, intellectual, emotional and mental efforts of employees, but can also become a tool for achieving the company's strategic goals by influencing the reproduction of human capital and the behaviour of employees, including intellectual product developers.

A company's compensation policy is formed individually, depending on the company's goals, size, type of business, etc. It is advisable to solve the problem of insufficient amount of basic financial and additional compensation, including social compensation (as a component of the compensation package, the essence of which is to provide employees with social benefits, rewards and benefits that form a social package), using such intangible incentives as creating a sense of job satisfaction among employees, providing prospects for professional and career growth, opportunities to participate in decision-making, providing interesting, diverse and rewarding work. All this contributes to the formation of internal employee compensation and satisfaction.

## **Lecture 1.5**

### **Lecture topic: Organisation of intellectual and internet business**

#### **Lecture plan**

1. Regulatory and legal framework for the formation and functioning of intellectual business in Ukraine. Bodies of State Protection of Intellectual Property in Ukraine.
2. Organisational and legal forms of intellectual and Internet business.



3. Organisation of own business in the field of intellectual and Internet business.

4. Features of modelling intellectual and Internet business.

5. The environment of intellectual and Internet business.

**Literature:** [6]; [7]; [10]; [12].

### **Content of the lecture**

#### **1. Regulatory and legal framework for the formation and functioning of intellectual business in Ukraine. Bodies of State Protection of Intellectual Property in Ukraine.**

In a market environment, timely and widespread use of the results of intellectual labour contributes to the efficiency of intellectual business, the quality and competitiveness of goods, works and services. Exclusive rights, primarily to inventions, utility models, industrial designs, trademarks and other types of product designations, are an important part of intangible assets of enterprises.

Relations in the field of intellectual activity are regulated by a number of civil laws, the most important of which is the Civil Code of Ukraine, Book Four of which is entitled "Intellectual Property Rights" and contains general and special provisions. Chapter 35 "General Provisions on Intellectual Property Rights" deals with issues that are regulated equally in relation to any intellectual product, and is intended to define the range of objects and subjects of intellectual activity, set out the basic principles and approaches to the protection of the relevant rights, establish the term of exclusive rights, determine the content of personal non-property and property rights of intellectual property, general rules for the use of an intellectual product and the transfer of property rights to other persons, and the principles of

#### **2. Organisational and legal forms of intellectual business.**

In the global market practice, there is a growing demand for research and development, which contributes to the emergence of a variety of organisational forms of interaction between science and industry, which ensure the focus of R&D on a specific market for the intensive implementation of research results (new technologies) in production.

Based on the principles of integration of intercompany cooperation, scientific and technical cooperation with scientific institutions, centres, universities, and institutes is developing, resulting in new organisational forms of such interaction. These include technology parks, technopolises, scientific and industrial complexes of various types, business associations, and intercompany strategic alliances. In addition to the above, a number of small specialised firms are developing that serve all stages of the formation and implementation of programme-targeted R&D, carry out expert review of the achievements of small knowledge-intensive venture capital firms that are created on the initiative of individual inventors, scientists or a group of specialists to implement personal inventions; advisory and analytical groups that forecast the development of technologies, new products, etc.

Recently, there has been a tendency to integrate the state and its own corporate sector in the implementation of major scientific and technical programmes, both national and international, such as, for example, Soya, Eureka, etc. It is necessary to

comprehensively study the objective processes of emergence of new organisational forms in the sphere of "science - technology - production", the results of which ensure competitiveness of firms in the world markets and make significant changes in the development of society as a whole. The chain reaction of transformations: scientific discovery - application - impact - discovery again - dramatically accelerates changes in the social life of mankind.

### **3. Setting up your own business in the field of intellectual business.**

Organising your own business in the field of intellectual business includes the following stages: 1) choosing a method of organising an intellectual business; 2) choosing a niche; 3) determining strategic needs for intellectual products (services); 4) choosing a legal form of enterprise; 5) choosing a behavioural strategy; 6) choosing means of implementing an entrepreneurial idea; 7) price choice; 8) choice of sales behaviour.

Setting up an intellectual property company in Ukraine involves submitting the following documents to the local registration authorities: an application for registration of the company by the entrepreneur, a patent for an invention personally by the author or assignee, a business plan for setting up an intellectual property company for small and medium-sized businesses, an investment project for a large business; payment for the service of a single registration window; issuance of registration documents within six days; and registration with the tax inspection.

The legal basis for an intellectual property company is the Commercial Code of Ukraine (2003), the company's charter and collective agreement. The management structure of an enterprise may be functional, product, project, matrix, etc.

### **4. Peculiarities of smart business modelling.**

The business model describes the internal structure of the business (financial characteristics: costs, profits, amount of investment and efficiency of their return; production capacity; sales channels; organisational and staffing structure; motivation of employees; division of responsibilities, etc.), and the marketing model describes the impact of external factors on the company's activities.

Every successfully operating company has idea generators who define its business strategy and global goals (usually its top executives or owners). When creating a business management model, their participation is mandatory, as they are the ones who define the processes in their organisation and are the bearers of knowledge and responsible decisions. Only after communicating with them can you get a real picture of the nature of the business, its relationship with the external environment, the true motives for decision-making and the driving forces. Given that uncertainty is at its highest at the strategic modelling stage and formal control methods are virtually non-existent, the greatest effect is achieved when the manager is directly involved in the process of building the model, rather than being used as a mere source of information. When formulating goals, functions and constraints, additional interrelationships and dependencies often arise, leading to a rethinking of the way business is conducted.

### **5. The environment of intellectual business.**

Any type of business activity, including intellectual business, cannot be carried out in isolation. Its participants (counterparties), i.e. a seller or a buyer, an employer or an employee, operate in a certain environment that determines their positions and is called the business environment or business environment. The environment of an intelligent business can be complex, variable, and can be divided into various elements, depending on the purpose of classification.

There are economic, political, legal, socio-cultural, technological, geographical, and institutional environments for entrepreneurship. The impact of each of these components on the entrepreneurship process itself is different.

For an intellectual business, some of these factors are not very significant, as the costs of material resources may be low. The most important for intellectual business is the availability of intellectual labour resources, partnership agreements with intellectual business institutions, potential consumers, and communication channels.

All components of the business environment are interconnected and interact with each other.

## **Lecture № 1.6**

### **Lecture topic: Doing intellectual and internet business**

#### **Lecture outline**

1. Features of the organisation of production at an intellectual enterprise.
2. Directions of development of intellectual business.
3. Features of marketing of intellectual business.
4. Investments in intellectual business, their types, advantages and disadvantages.
5. Virtualisation of intellectual business.

**References:** [1]; [3]; [6]; [11], [12].

#### **Content of the lecture**

##### **1. Peculiarities of production organisation at an intellectual enterprise.**

In the current conditions of production organisation, enterprises face new challenges in building up intangible assets and securing rights to their own intellectual property and corporate intellectual product. Corporations employ a huge number of employees in various fields, and each of them has their own intellectual capital. For the corporation, individual employees act as carriers of intellectual capital, from which corporate intellectual capital is formed. At the same time, corporations face a number of difficulties.

First of all, the imperfection of the legal framework in terms of the distribution of ownership rights to intellectual products and intellectual capital between the employee and the corporation, between different enterprises, which does not allow for the efficient distribution and use of corporate intellectual product. Today, enterprises are facing the challenges of significant (3-4 times) growth in labour productivity, increasing the share of the intellectual component in production and active implementation of computer technologies, which, in turn, requires raising the level of education of each individual employee. At the same

time, their responsibility for the work they do increases, and at the same time, the corporation as a whole faces the threat of intellectual capital and intellectual product leakage.

## **2. Areas of development of intellectual business.**

The development of an intelligent business can go in two directions:

1. Intellectuals engage in economic activity on their own initiative. This direction is based on a fundamental change in their traditional role under the influence of social and political reforms, as well as on the growing attractiveness of an entrepreneurial career and its prospects, which are on a par with other types of economic and social activity.

2. The sphere of entrepreneurship itself is becoming an object of "intellectualisation". The basis for this is the improvement of professional training, the growth of the general education level, accompanied by the expansion of the horizons to global concepts. This global approach broadens the cognitive and practical perspective with its new opportunities and risks.

Intellectual entrepreneurship can be viewed as an exceptional, extreme and ideal phenomenon in business, understood as part of successful entrepreneurial activity in the modern knowledge society. This type of entrepreneurship is fully consistent with a number of modern economic concepts, including the concepts of intellectual capital and knowledge-intensive products, as well as the very popular concept of knowledge generated in the production process. Intellectual entrepreneurship has already become an object of research as an example and result of the growing use of knowledge in the work of modern economic organisations, both commercial and non-commercial.

## **3. Features of intellectual business marketing.**

The process of commercialisation of intellectual property, which is the transfer of the latest scientific and technical achievements and other developments from the developer to the consumer, is called "technology transfer" and is inextricably linked to their marketing. This process requires quite large expenditures at the initial stage of the innovative products' functioning in the market.

In some cases, marketing costs account for half or more of the final product price.

The marketing of intellectual property is significantly different from the marketing of goods and services and requires a special approach to market research for such objects.

The peculiarities of marketing intellectual property include:

1) technological forecasting should play a significant role in the marketing of intellectual property, identifying areas of R&D that will be competitive in the future;

2) it is necessary to thoroughly investigate the directions of change in the need for both scientific and technical and final product;

3) marketing efforts should be aimed at studying the ability of an intellectual product to save living and materialised labour in the field of material production;

4) efforts should be made to protect and preserve intellectual property rights, since an intellectual product is subject to faster obsolescence than a material product;

#### **4. Investments in intellectual business, their types, advantages and disadvantages.**

Depending on the type, intellectual property is sold in different ways on the market for intellectual goods and services. In most cases, intellectual goods and services become the object of investment, but they can also be sold on the consumer market. An investor acquires intellectual goods and services for use in investment (business) activities with a view to generating further income. Therefore, investments in intellectual property may be called intellectual investments.

Investments in intellectual business are investments in intellectual property arising from copyright, inventive and patent rights, rights to industrial designs and utility models.

Investments in intellectual property may be financed from the following sources: budgetary allocations and funds of state-owned enterprises; private capital (legal entities and individuals); and sponsorship.

#### **5. Virtualisation of smart business.**

Today's intelligent business is under the rapid influence of a changing information environment and computer technologies that are constantly updated and actively developing. The transition to the information age has made it possible to make two major discoveries: firstly, the Internet is a universal sphere of information exchange and, secondly, the hardware and software products that ensure its functioning. The Internet, as an accessible information space, has opened up wide opportunities for business development in the virtual environment.

Virtualisation is the use of technologies to simplify and provide more convenient ways of creating and running a business, communications between a client (consumer) and a supplier or manufacturer.

Virtualisation of an intelligent business makes it accessible to customers regardless of geographical location, the infrastructure is freed from being tied to a specific office, and this naturally leads to significant savings in payments for rent, energy and consumables.

### **Lecture 1.7**

#### **Lecture topic: Resource support for the development of intellectual and Internet business**

#### **Lecture plan**

1. The essence and structure of the intellectual potential of the organisation.
  2. The role of the intellectual potential of the organisation in the development of intellectualisation and Internet business.
  3. The essence, tasks, goals and importance of information support for intellectualisation and Internet business.
  4. Sources of information support for intellectualisation and Internet business.
  5. Personnel of the intellectual business.
  6. Intellectual capital as the main resource of intellectual business.
- Characteristics of the main components of intellectual capital.

**References:** [1]; [2]; [3]; [6], [7]; [9]; [12].

## **Content of the lecture**

### **1. The essence and structure of the intellectual potential of the organisation.**

Among the determining factors of progress, namely natural resources, intellectual capital, production (technological) potential, a special role belongs to intellectual potential, which is able to generate not only technological innovations, but also effective management systems and innovation potential, which, in turn, creates opportunities for the country's transition to a higher level of technological structure, development and implementation of innovative projects, high-tech ideas, know-how, science and education. In the current conditions of Ukraine's development, scientific and technological progress, based on innovation and intellectual potential, is turning into a crucial factor in socio-economic development and solving economic, environmental, social and cultural problems.

Whereas industrial society consisted of three social classes - entrepreneurs, employees and the middle class - who were mainly seeking to increase material wealth, today the main goal of the active part of the working population is to improve their social status and belong to the elite, which allows them to "embody new intellectual technologies".

### **2. The role of the organisation's intellectual potential in the development of intellectualisation and Internet business**

It is known that at the enterprise level, intellectual potential is the basis for innovative development. Innovations are considered to be the starting point for progress in business, science, and government, driven by the intellect embodied in humans through their social background. That is why much attention is paid to the formation and realisation of the intellectual potential of an enterprise.

Today, intellectual business is considered one of the most promising areas for transforming Ukraine's economy and ensuring competitive advantages, which in turn depends on the existing intellectual potential of enterprises. Effectively realised intellectual potential is transformed into intellectual capital. This ensures the effect of an enterprise's intellectual resources, which is to increase the level of competitiveness, labour productivity, generate additional profits, and increase positive goodwill in the balance sheet of enterprises, and also opens up new opportunities for manufacturing enterprises to introduce and sell innovations.

### **3. The essence, tasks, goals and importance of information support for intellectualisation and Internet business.**

The creation of the necessary conditions for the implementation of a set of various types of intellectual business takes place in the field of intellectual property, which is an environment with internal unity formed by the state, covering various sectors of the national economy and in which new, original and previously unknown results of various intellectual activities of a person are achieved in the form of intellectual property rights protected by the current legislation and intangible by nature.

Information support is an integral part of the organisational support of intellectual business management.

Information support of intellectual business is considered from the point of view of available information resources used by persons involved in intellectual activity for the purpose of creating intellectual property rights, acquiring property rights to them and selling intellectual products.

#### **4. Sources of information support for intellectualisation and Internet business.**

The activities of creators, inventors and innovators require the availability of information resources necessary for use in the creation of an intellectual product that has the potential to become an object of intellectual property rights, as well as for the subsequent acquisition of intellectual property rights to it. Such resources are primarily general and special libraries, which are repositories of domestic and foreign literature on various topics.

The structured information created in the course of performing the functions entrusted to the Ministry of Economic Development and Trade of Ukraine and institutions included in the state system of intellectual property rights protection constitutes a significant part of the information resources of Ukraine in the field of intellectual property. These information resources include publications on paper and electronic carriers.

#### **5. Intellectual business personnel.**

When studying the peculiarities of behaviour and purposefulness of activities, it should be borne in mind that the motivation of intellectual property employees to perform the required behaviour plays an important role. Motivation determines why people in one organisation achieve greater intellectual results than in others. In order to regulate this process, a manager needs to rely on the latest theoretical developments that reflect the nature of motivation in general and creative activity in particular. Each country has its own system of salaries and remuneration in the field of innovation. It should be noted that for countries with developed economies, the following features are characteristic of remuneration: consideration of the scope and nature of work, the specifics of the position, length of service, experience and qualifications of the employee, the employee's attitude to work, and his or her personal abilities.

In order to accelerate the work on innovative projects, many firms' management considers it advisable not to limit incentives to researchers and designers only, but to extend incentives to all employees who come up with innovative proposals.

#### **6. Intellectual capital as the main resource of intellectualisation and Internet business.**

Characteristics of the main components of intellectual capital.

The term "intellectual capital" was first used in 1969 by the famous American researcher J.K. Galbraith. According to many researchers, intellectual capital is the intellectual potential that is actively used by business entities in the process of economic development to generate income. In this case, intellectual potential is

interpreted as opportunities created by intellectual resources of different levels to achieve a certain goal.

Intellectual capital is a set of knowledge, experience, skills, creativity, abilities, relationships accumulated in the course of intellectual activity that have economic value and are used in the process of production and exchange to generate income.

As a leading factor and the basis of the intellectual economy, intellectual capital has the following specific features:

- it is not material in the traditional sense, although the forms that intellectual assets take may be material;
- it exists simultaneously in the forms of a stock and a product, its consumption is at the same time its multiplication;
- is stored and accumulated in specific, non-traditional forms.

## **Lecture 1.8**

### **Lecture topic: Intellectual business management**

#### **Lecture plan**

1. The main aspects of intellectual business management.
2. The structure of intellectual business management.
3. The mechanism of intellectual business management and its main elements.
4. The essence of intellectual property management.

**References:** [1]; [3]; [6]; [9], [12]; [13].

#### **Content of the lecture**

##### **1. The main aspects of intellectual business management.**

Intellectual business management can be viewed in three ways:

- management as a process, i.e. transformation of one result of creative activity into another;
- management as a function, i.e. targeted information influence on people (primarily on the creators of intellectual products), which is carried out in order to direct their actions and obtain the desired results;
- management of a certain structure engaged in the development or use of intellectual property rights.

Intellectual business management is a system of strategically interconnected methods and tools aimed at the creative activity of innovators, identifying reserves for achieving high results, increasing the value and efficiency of intellectual business.

As a management system, intelligent management consists of two links, or subsystems: a controlling subsystem (management entity) and a managed subsystem (management object). The management entity communicates with the objects through the flow of information. This movement is the process of management itself, i.e. the process of developing and implementing a controlling action of the management subject on the object of management. The mechanism of controlling influence includes the collection, processing and transmission of the



necessary information and the adoption of appropriate decisions. The subject of management in intellectual management is managers and specialists of different levels depending on the object of management. The object of management in innovation management is intellectual processes, innovation activity, innovations, economic relations between participants in the innovation market.

## **2. Structure of intellectual business management.**

The structure of intellectual business management should be determined by the following priority tasks:

- development of an intellectual property business, including planning and implementation, a favourable environment and employee motivation;
- market analysis, which includes opportunities, competitors and infringers (e.g. patent rights);
- protecting intellectual property rights, including legal protection, trade secrets and disciplinary action;
- exchange of intellectual business objects, including purchase, sale, technology transfer and joint R&D.

The development of intellectual business involves its planning, organisation, and implementation of tasks. It is about creating an environment at the enterprise that will facilitate intellectual creativity and the introduction of new scientific and technical developments, their accounting and use in production.

Market analysis involves identifying the capabilities and level of intellectual resource provision of competitors, constant monitoring of the market in order to identify violators.

## **3. The mechanism of intellectual business management and its main elements.**

The introduction of an intellectual business management mechanism should facilitate the comprehensive involvement of intellectual property objects available at the enterprise in the economic turnover, increase the pace of updating their structure while protecting the interests of both the creators of intellectual products and the owners of rights - the enterprise itself and focusing on the final commercial results.

The application of the intellectual business management mechanism is aimed at ensuring the exercise of monopoly rights to the results of intellectual activity and increasing revenues from improving the quality or reducing the cost of products, expanding sales markets, and improving the efficiency and effectiveness of activities.

In order to effectively use intellectual business objects, an enterprise needs to have full legal protection of the objects (to obtain full permission to use, sell, donate such objects); have qualified personnel; carry out accounting and valuation of intellectual business objects, have timely information on financial results from intellectual property at the enterprise; control intellectual business objects, have information on the creation and use of intellectual property, and have access to the intellectual property of the enterprise.

#### **4. The essence of intellectual property management.**

Intellectual property management is a part of the strategic management of an enterprise and is closely related to the main areas of its activity. The objectives of intellectual property management are to create, identify and select the type of legal protection, effective use and protection of rights to intellectual property.

The relations arising from the rights to intellectual property results, which are determined by the originality of the content rather than the form, are regulated by the legislation on intellectual property related to the results of scientific and technical creativity. This right protects the content of the idea, regardless of the form of its reproduction.

From the perspective of copyright, such objects are objects of intellectual property rights regardless of whether they have been granted legal protection under the relevant law, for example, the Law of Ukraine "On Protection of Rights to Inventions and Utility Models". However, if an object has not been protected under such a law, its author has no property rights to it. If such protection has been granted and the relevant protection document, such as a patent or certificate, has been obtained, the author has property rights to the object. This is the main difference between copyright and the rights to the results of scientific and technical creativity.

#### **Lecture № 1.9**

##### **Lecture topic: Economic security and risks of intellectual and internet business**

##### **Lecture plan**

1. Economic security of intellectual business: essence, goals, principles.
2. Mechanism for ensuring the economic security of intellectual business.
3. Risks and threats in intellectual business.
4. Assessment and management of risks in the field of intellectual business.

**References:** [5]; [6]; [8]; [12], [15].

##### **Content of the lecture**

##### **1. Economic security of intellectual business: essence, goals, principles.**

The main issue directly related to the effective development of enterprises of any type is the economic security of business. Today, the situation is such that it necessarily requires thinking about business security. To be more specific, it should be noted that both legal entities and individuals, as well as the property interests of firms and companies, need economic security.

The development of domestic entrepreneurship has been influenced by various factors, mostly of a negative nature. The lack of adequate protection of business activities by the state and imperfect legal regulation of relations in the field of business security did not create preconditions for its effective development, which in turn forced entrepreneurs to look for ways to survive, focusing on their own capabilities. The peculiarities of domestic market relations, where unfair competition, active economic concentration, fictitious entrepreneurship, supplemented by recent raiding and other problems caused by the specifics of

doing business in Ukraine, also created serious problems for business. In other words, the activities of domestic entrepreneurship over the more than 20 years of independent Ukraine's existence have not only gained some economic development and experience, but have also been hardened by the constant struggle against various dangers and threats.

## **2. Mechanism for ensuring economic security of intellectual business.**

The intellectual component of the economic security of an enterprise is aimed at preserving and developing the intellectual potential, i.e. a set of rights to intellectual property or its use (including patents and licences), and at replenishing the knowledge and professional experience of the enterprise's employees. In contrast to personnel security, this component of intellectual capital is not only a person (employee), but also other carriers (tangible or intangible). The intellectual component is related to the preservation and protection of intangible assets of the enterprise, integration of intellectual potential into the main activity through education and training, support of creativity and creativity of the staff.

The intellectual component of economic security at the enterprise is the responsibility of the HR department and the chief engineer personally.

The intellectual security system is a set of managerial, legal, economic, security, judicial and other measures that ensure the security of the enterprise and protection against unlawful encroachments, reduction of

## **3. Risks and threats in the intellectual business.**

Risk should be considered as a consequence of decision-making in the face of incomplete, inaccurate and/or contradictory information, i.e. in the face of uncertainty or incomplete certainty. Uncertainty should be understood as the inability to assess future developments both in terms of the probability of their realisation and the type of their manifestation.

In accordance with the above definition, uncertainty is something that cannot be estimated, so we will refer to incomplete certainty (risk) below. Incomplete certainty can be estimated with a certain degree of certainty (it can be interpreted as a blur or vagueness of future events that are subject to probabilistic assessment).

Risk should generally be viewed as the possibility or threat that the results of specific actions or decisions will deviate from the expected ones.

Risk issues are inseparable from the economic mechanism, from the actions of factors that affect the subjects of innovation activity, i.e. from the economic environment in which the risk manifests itself and which facilitates or impedes the consideration of risk. All factors that influence the growth of the risk degree are divided into two groups: objective and subjective (external and internal).

## **4. Assessment and management of risks in the field of intellectual business.**

Risk analysis is divided into two complementary types: qualitative and quantitative.

Qualitative analysis is aimed at determining the risk factors that affect the results of decisions and work performed, identifying potential risk areas and identifying risks.

Quantitative analysis involves the numerical determination of the risk size (probability of losses and their magnitude).

The main cause of risk is often uncertainty associated with the lack of reliable information needed to make decisions that can only be implemented over time. Therefore, when developing innovative projects, the probabilistic nature of the expected result is taken into account.

A generalised indicator of risk is the financial risk of entrepreneurs and investors, which characterises possible losses in the event of unsuccessful completion of a financed project, regardless of the reason. The risk in the field of intellectual business increases with the localisation of the innovation project. If there are many such projects and they are dispersed in different areas, the risk is minimised.

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