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## Implementation of Innovative Management in the Actions of the Business Enterprise

Elena M. Kiseleva<sup>1</sup>, Elena I. Artemova<sup>2</sup>, Inna L. Litvinenko<sup>3</sup>, Tatiana V. Kirillova<sup>4</sup>, Vitaly A. Tupchienko<sup>5</sup> and Wang Bing<sup>6</sup>

<sup>1</sup>Moscow Polytechnic University, Moscow, Russia

<sup>2</sup>Kuban State Agrarian University named after I.T. Trubilin, Krasnodar, Russia

<sup>3</sup>Moscow State University of Humanities and Economics, Moscow, Russia. Email: [innalitvinenko@ya.ru](mailto:innalitvinenko@ya.ru)

<sup>4</sup>Peter the Great Saint-Petersburg Polytechnic University, Saint Petersburg, Russia

<sup>5</sup>National Research Nuclear University MEPhI (Moscow Engineering Physics Institute), Moscow, Russia

<sup>6</sup>Vladivostok State University of Economics and Service, Vladivostok, Russia

### ABSTRACT

By innovation the world economic literature understands the realization of potential scientific-and-technological advance into real new products and technologies. Innovative management is an interconnected complex of the actions aimed to achieve or support the necessary viability and competitiveness of the enterprise by mechanisms of innovative process management. The objects of innovative management are an innovation and the innovative process. Innovative management creates new products (or services) which will be the basis of the enterprise production operation at the earliest possible date. Innovative management is characterized by goal setting and strategy selection, four cycles (planning, conditions of the enterprise, execution and management). Innovative management must decrease a risk in the actions of the enterprise and create comfortable working conditions for employees. The relevance of the topic is proved by the fact that innovative management is one of the main fields of the actions of any enterprise. The objective of the paper is to study stages of innovative management in more detail. The tasks of the paper are to determine the nature of innovative management, to analyze the emergence and development of technologies of innovative activity management. The studied objects are various stages of innovative management, its nature and origin.

**JEL Classification:** O14, O31, O32, O33.

**Keywords:** Innovation, innovative management, management, process management, new technologies.

## 1. INTRODUCTION

Innovations mean a new or advanced product (service), the development of a new one or the technological process operation increased efficiency. Innovations are subdivided into new or improved operating technological processes.

By the innovative process is understood transforming knowledge to a released product. The innovative process includes scientific research results, preparation of the developmental prototype of a new or improved existing product.

Innovation activity is oriented to create, produce and introduce new equipment and technology in the markets or to advance by means of the corresponding scientific and financial assurance.

Innovations are subdivided into:

- new technology the development,
- current technology modernization,
- the development of new technological processes,
- improved operating technological processes (upgrading, loss enhancement, improved economic figures).

By innovative management must be understood a set of procedures and tasks which are determined by the level of the innovative process the development. The structure of procedures and tasks includes the following elements:

- the clear purpose,
- the structure of corporate bodies,
- direct tides and feedbacks,
- the border of influence of the system on turn out products.

Innovative management the development began with the works of the Austrian economist J. Schumpeter. It was he who introduced the concept innovation in the economic theory for the first time. In his work the theory of economic the development he defines innovations as any changes in order to introduce and use new goods, markets and forms of the enterprise organization and offers a new entrepreneurial businessman, called innovator. J. Schumpeter allocated five typical changes (Novikov, Makyshin, Kirillov, Shaizhanov, & Seidina, 2016):

- new equipment, new technological processes or new market production support;
- products with new properties;
- new raw materials;
- changed setup for production and its material support;
- new sales markets.

It is known that for the last 150 years there is the continuous process of innovation to production and everyday life of citizens. The innovative process happens in the form of evolution, namely, gradual

filling of the market with new goods and in the form of revolution, namely, filling of the market with a completely new product line.

The logic of the present research reflects the cognitive process movement from analysis of the particular nature of the actions of innovative enterprises to justification of applied usage of offered instrument means to create conditions for increased innovative activity of Russian enterprises.

Methodical approach of the paper includes modern research and knowledge methods such as supervision, comparative and subject-object analysis.

## **2. NATURE OF INNOVATIVE MANAGEMENT**

Innovations connect areas of business operations different in the character and ways of management: science, production, investments, marketing of products. Improved styles and methods of innovative management, fast and adequate response to discontinuance of circumstances in the market, the need for management of introduction of innovations, the development of new priorities of tools in work of the enterprise, improvement of all basic elements of modern innovative management in relation to the market specifics give innovators a chance to use all stocks for successful innovative operation.

Innovative management represents the process of continuous updating of various aspects of activity of the enterprise. It includes not only technical or technological the development works but also any changes for the better in all areas of activity of the enterprise, and also in management of the process of new knowledge (Novikov et. al., 2016).

Innovations can be presented as the process of improvement of a balance of various areas of the enterprise. For an innovative manager, the updating process means destruction of usual orientation of the scientific and production personnel and its priority to the search for new forms of innovative activity, transformation of each worker into a source of innovations.

It should unite a large number of participants of the innovative process, to create economic conditions, various motivations and incentives for work on updating of the enterprise activity.

Innovation is always connected with the market requirements. An innovative manager determines products which are required to provide a share of the market, which products demand to be changed in order short-term and long-term programs will be balanced, namely, he reveals the optimal way to achieve the market own share in competitive conditions, the increased returns from the used innovative potential (Ilyenkova, 1999).

Now, introduction of new types of products, the development of new parts of the market, the increasing economic profitability of the enterprise activity and each division separately, rightest usage of available material and scientific resources are important for innovation programs of Russian enterprises. An innovative manager has to be able to resolve various problems.

Managers' activity is focused not on routine decisions but on the ability to analyze an economic situation quickly and accurately and to find the best possible approach in this situation which is the most optimal in competitive conditions.

Innovative management is a special type of professional activity focused on the achievement of concrete innovative goals of the enterprise, operating in market conditions, optimal results on the basis of expedient

usage of scientific, labor, material and financial resources, application of diverse principles, functions and methods of economic management mechanism. An innovative manager has dealings with the forecasts, calculations, expected figures, considering specific properties of innovative activity.

Innovative management is connected with different types of innovative activity and carries out its administrative activity, depending on their specifics. Its functions are:

- continuous updating of innovative purposes and programs, depending on the market condition, changing environment;
- priority to the achievement of the planned final result of the enterprise innovative activity;
- usage of a modern information base for multiple calculations if administrative decisions are accepted;
- changing functions of strategic management and planning - from the current to perspective;
- a focus on all major factors of the enterprise innovative activity change and improvement;
- assessment of management over work in general only on the basis of really reached final results;
- attraction of the whole scientific and technical and production capacity of the enterprise to its management;
- the management implementation on the basis of prevision of changes and the development of flexible decisions;
- innovations in each segment of the actions of the enterprise, non-standard decision-making (Prigozhin, 2000);
- carrying out deep economic analysis of each economic decision (Titov, 2001).

Innovation managers should solve a complex of problems:

- to determine purposes of strategic management and the enterprise the development;
- to set priority tasks, their sequence and a sequence of their solution;
- to manage over the enterprise changes;
- to design the enterprise the development strategy as a system of economic tasks and ways of their solution;
- to prepare the system of the actions on the development of new types of production (within the life cycle of production);
- to estimate necessary resources and to search sources of their supply;
- to maintain strict control over the execution of objectives in the sphere of innovative activity;
- to forecast the enterprise the development results, the events under the influence of current factors;
- to provide the enterprise viability in the most severe competition despite any market collisions and surprises;

- to make the maximal profit under competition;
- to improve work of the enterprise by means of the newest methods of management;
- to develop necessary innovations in time;
- to improve work according to the changing requirements of the enterprise organizational structure;
- to provide effective work of each worker separately and a collective in general as the uniform interacting system;
- to develop and entrench more perfect business forms systematically, to spread the enterprise activity in new business spheres;
- to set and achieve in practice purposes corresponding to the enterprise interests, proceeding from the market demands, a consumer;
- to take the risk and at the same time to be capable to minimize the impact of risk situations on the enterprise financial position.

Innovative management has its own economic mechanism and is closely connected with a methodology of scientific management. An economic mechanism of management is objectively caused by work of the enterprise in market conditions when the whole enterprise results are evaluated by the market.

The concept innovative management is usually considered as a system of control over the enterprise and the process of administrative decision-making. Analysis of the work content and determination of its main components became the development stage of the scientific management methodology. Then there was the need for systematic stimulation use to rouse workers' interest to increase the labor efficiency and the business capacity proved. The authors of works devoting to scientific management H. Fayol, P. Drucker, H. Wolfgang and others put forward and proved the following scientific provisions (Trifilova, 2003):

- the importance of scientific analysis to determine the best ways of the achievement of objectives;
- the rationality of selection and use of workers who answer the purpose of concrete tasks, their consecutive training and retraining;
- the need to grand workers all resources which are required for the effective implementation of their tasks.

Characteristics of an innovation as an object are is a special character of the work of an innovative manager. Except the general requirements (a creative character, analytical skills), he must be a professional figure: to know the production area of innovations; the condition of the innovation market, innovations and investments; the organization of innovative activities for the development of new items, rendering of services and the performance of work; financial and economic analysis of innovative-production and investment activities (Kobersy, Shkurkin, Zatonkiy, Volodina, & Safyanova, 2016); the bases of labor relations and motivation of the personnel work; legal regulation and types of state support of innovative activity, and so on. Special attention has to be paid to preparation and decision-making in general and at each stage. The final goal of innovative management consists in the increased efficiency of resource use and maintaining operation of subjects of an innovation.

### **3. PRINCIPLES AND OBJECTIVES OF INNOVATIVE MANAGEMENT**

The principles of innovative management are focused on future consumers. There are the following current principles of regular management that is based on the approaches of quality management:

- Orientation to future consumers
- Leadership in innovations
- Partner relationship with workers
- Considering as the project
- Systematic approach to management
- Continuous innovations
- Search for unrealized opportunities
- Strategic partnership.

The first principle of innovative management is the principle of orientation to future consumers. This principle means that future income of the enterprise depends on a tendency of distribution of disposable income of future consumers and the enterprise efforts to include products and services to the sphere of the future consumers' interests. This principle is focused on future consumers that will allow the enterprise to form the future consumers' needs actively, to become an active enterprise, forming new markets and products of consumption.

The second principle of innovative management is the principle of leadership of the management in innovations. It means that leaders of the innovative enterprise have to be capable to determine a future mission of the enterprise, to develop a strategy of innovations, to achieve the implementation of innovative creative the development plans of the enterprise.

The third principle of innovative management is the principle of involvement of workers in the innovative processes. It is possible to claim that innovative employees have their own means of production, namely, knowledge, experience and abilities to realize their skills and therefore they are much more independent of the enterprise than their colleagues who do not take part in innovative activity. Therefore, the principle of the involvement of workers should be transformed to the principle of partner relationship with workers.

It means that all employees of the enterprise have the right for extraordinary thinking and extraordinary actions so that workers become partners of the enterprise, having equal rights, and on the basis of this partnership they open and realize their own skills to the full (Masur, 2004).

The fourth principle of innovative management is the principle of a way as to the project, in the development of the principle of a way as to the process in quality management. Future consumers still are not clients of the enterprise; therefore, they cannot be interested in current processes focused to consumers' satisfaction, but they can rely on the completion of innovative projects which in case of success give them (to future consumers) a chance to become current consumers of products and enterprise services. Project-oriented management is the most acceptable type of management to achieve the final result of innovative activity, to provide the concentration of resources which are necessary for this purpose, to provide the effective achievement of set final results.

The fifth principle of innovative management is the principle of a systemic approach to management which according to the similar principle of quality management means that determination, understanding and management over the system of interconnected processes and projects according to the established purpose make a contribution to continuous the development of the organization. A systemic approach to management creates the bases for future consumers' trust and their involvement in a circle of real consumers.

The sixth principle of innovative management is the principle of continuous innovations in addition to the corresponding principle of continuous improvements, applied in quality management. Future consumers still are not clients of the enterprise; therefore, they are not interested in continuous improvements of products, services and processes which are not focused on them at present. At the same time, they cannot remain apathetic to continuous innovations as successfully realized projects can make them loyal clients of the enterprise (Ermasov, 2007).

The second-to-last seventh principle of innovative management is the principle of the search for unrealized opportunities in addition to the principle of decision-making on the basis of facts. The capture of future consumers cannot base only on facts (Goryushkina, Shkurkin, Petrenko, Demin, & Yarovaya, 2016). In innovative activity, it is necessary to be guided by forecasts, assumptions, hypotheses and others sometimes doubtful data. Innovative companies create the new reality and new facts of the emergence of radical new products and services which earlier were not demanded by anybody because only current checked reliable data and facts are used.

Innovative companies are active hunters for unrealized opportunities. At the same time, it should be noted that the reliability of forecasts, assumptions and other data should not be banned; the more authentic assumptions, the better formed a product or service for future consumers.

At last, the last eighth principle of innovative management is the principle of strategic partnership that means the expansion of the principle of mutually advantageous relation with suppliers, applied in quality management.

Strategic partnership renders wider relationship not only with suppliers but also with contractors, with other partners, companies and non-profit organizations which are interested in the final results of innovations. The capture of future consumers is a quite urgent problem for one innovative enterprise that is well-developed.

In such a kind of activity alliances, strategic formations, associations, partners in standardization and certification and so forth are necessary. New products and services can take a worthy place among the current variety of goods only on the basis of joint activity of companies from various productive and services industries.

The application of offered principles of innovative management will allow to create the management system focused on future consumers. In turn it will bring to the best business results as the involvement of future consumers provides the growth of income of the enterprise, its potential increase, the development of applied approaches, a change to the best resource distribution system, the increased personnel motivation and other strong points.

Problems of innovative management include:

- the development of plans and programs of innovative activity of the enterprise;
- providing with finance and material resources of innovative activity programs;
- ensuring innovative activity with highly-skilled experts, management over human resources;
- supervision over the course of the development of innovative production and its introduction;
- carrying out the single innovative policy: activity coordination in this area in producing departments;
- creation of temporary target groups for complex solution of innovative problems from just an idea to large-scale production.

As well as any other sphere of management, innovative management is characterized by five stages of the development and operation: planning, stipulation of conditions and organization, execution, management analysis of the results and adjustments. At each stage of the development innovative management solves its task. When planning the strategy and implementation plan.

Further, the needs for all types of resources for the implementation of various phases of the innovative project are determined. They are management, control and analysis, adjustment of actions, experience accumulation. Innovative management and innovative activity in modern conditions is the formation of single scientific and technical complexes, uniting research and production into the single process in most major companies.

It determines close connections at all levels of a cycle presented by science - production –final user. Today, the innovative policy of major companies has a tendency to reorientation of priorities of scientific-technical and production-marketing activity. First of all, it was expressed in an aspiration to increase the assortment of production of the specific weight of new scientific and hi-tech products which sale conducts to the expansion of technical services: consulting, engineering, servicing (Novikov, Makyshin, Kirillov, Shaizhanov, & Seidina, 2016).

#### **4. PROCESS APPROACH IN MANAGEMENT**

The process approach was for the first time offered by supporters of the administrative management school who tried to describe the manager's functions. However, the authors considered such functions as independent from each other. A process approach, contrary, considers the functions of management as interconnected.

The theory of management and the results of scientific researches should be considered not as the undeniable truth but as tools which help us to understand the quite difficult world of the organization. When properly used the theory and the results of scientific researches help the head to forecast what can happen, thereby helping the head to make decisions more expediently and to avoid unnecessary mistakes.

#### **5. NATURE OF THE PROCESS APPROACH**

Management is considered as the process because the achievement of objectives by means of others is not some single action but a series of continuous interconnected actions. These actions, being the process, are very important for success of the organization. They are called administrative functions. Each administrative



function is also the process because it also consists of a series of interconnected actions. The management process is the total amount of all functions.

Henri Fayol was the first who developed this concept and considered that there are five initial functions. He thinks they are to operate means to predict and plan, organize, dispose, coordinate and control. Other authors developed other lists of functions. The review of modern literature allows to reveal such functions as planning, organization, command, motivation, management, coordination, control, communication, research, assessment, decision-making, staff recruitment, representation and bargaining or conclusion of transactions. Every paper on management actually contains the list of administrative functions which will be a little different from other similar lists.

In general, terms the management process can be presented consisting of functions of planning, the organization, motivation and control. These four functions of management are united by binding processes of communication and decision-making. The management (leadership) is considered as independent activity. It assumes possibility of influence on certain workers and groups of workers so that they worked in the direction of achievement of the objectives that is the extremely essential to success of the organization.

## **6. FUNCTIONS OF PROCESS APPROACH IN MANAGEMENT**

In general, terms the process approach in management consists of planning, motivation, organization and control integrated with the help of communication processes and decision-making systems. Thus, the management has to be considered as independent activity. It is clothed with the opportunities to have an impact on a certain group of workers to achieve the purpose and collective success of the organization.

1. Planning is a way by using which the management provides the certain priority of efforts of all members of the organization to achieve collective purposes. The management process begins with this function, the organization success depends on its quality.

The function of planning consists in the development and adoption of certain resolutions, written or oral, where the object of management has that or other purpose, task. This resolution is the administrative decision. The unction of planning represents the decision what objectives of the organization have to be and what members of the organization have to do to achieve them.

2. To organize means to develop a certain structure. There are many elements which should be structured in order the organization could implement its plans and thereby to achieve its objective. One of these elements is the work, concrete tasks of the organization such as housebuilding or radio assembly or providing of life insurance. The organization functions:

The nature of the function is to make the decision in the organizational direction that means to create such administrative relations which would provide the most effective tides between all elements of the operated system.

To organize means to divide into parts and to delegate the execution of the collective administrative task by the division of responsibility and powers and also to make connections between various work types (Kobersy, Barmuta, Muradova, Dubrova, & Shkurkin, 2015). The organization function is realized by two ways: through administrative and organizational management and operational management.

Administrative and organizational management is the determination the enterprise structure, making connections and the allocation of functions between all divisions, providing the rights and establishment of responsibility between workers of the management personnel. Operational management provides functioning of the enterprise according to the approved plan. It consists in periodic or continuous comparison of the results obtained actually with the results drawn up by the plan, and their subsequent adjustment. Operational management is closely connected with short-term planning.

3. Motivation. The head should always remember that even well-made plans and the most perfect structure of the organization do not make good sense if someone does not execute actual work of the organization. And the goal of motivation consists in that the organization members perform work according to their duties and the plan. The heads always carried out the function of workers' motivation (Kolokolov, 2002). It was earlier considered that motivation is the simple question that mans the corresponding rewards in exchange for making efforts. The approach of motivation of the scientific management school was based on it.
4. Control provides the organization success by the achievement of its objectives. It is the system of supervision and check of compliance of the operated subsystem operation process to made decisions an also the formulation of certain actions.
  - Control is very important for successful operation of the organization.
  - There is chaos without control and it becomes impossible to unite activity of any groups.
  - Control is necessary for detection and solution of current problems before they are too serious.
  - Control is used for stimulation of successful activity.
  - Control is necessary for the fight against the uncertain situation both internal and external. Uncertainty: a change of laws, social values, technologies, competition conditions, and so on.
  - Control prevents crisis situations. The function of control is such characteristic of management that allows to reveal problems and to correct activity of the organization before these problems lead to a crisis. Any organization should have the ability to fix mistakes in time and to correct them before they damage to the achievement of the organization objectives.
  - Control supports everything that is successful in activity of the organization.
  - Control width. Control has to be comprehensive.

## **7. CONCLUSION**

Each enterprise should be developed and its production should be improved (deals, services). Otherwise, it will not have the competitive advantage that will lead to the loss of sales markets. That is why the enterprise looks for new ideas which can be commercialized. Innovations concern new products, ways of their production and innovations in the organizational and financial sphere.

A peculiarity of the present stage of the development and efficiency assurance of innovative activity is the development of single complexes of researches, projects and products in corporations and major companies.

Since the 80s there was a tendency of reorientation priorities of scientific-technical and production-marketing activity during the development and implementation of the innovative policy of large enterprises and corporations. It was expressed in an aspiration to increase the share of scientific products in the nomenclature (assortment) of turn out products that gives additional opportunities to expand technical services (engineering, consulting, leasing and others) and also to decrease production costs of traditional products to the enterprise.

Management over innovative projects is the management ability and coordination of labor, material and other resources throughout an operation circle of the project by using the system of modern methods and the management technology to achieve the project results on the structure and amount of deals, cost, time and quality of the project.

Innovations present a compensating factor to increase the requirements in the process of the development of society as they give an opportunity to produce the larger scales the best quality products and to render services under the same limited resources.

The quantity and quality of the development of innovative activity in each certain country is one of the most important factors of society prosperity.

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