

ENTREPRENEURSHIP AS AN INSTRUMENT OF MANAGING THE INNOVATIVE ACTIVITY OF THE ENTERPRISE

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Entrepreneurship is based on creating conditions for innovative activity, stimulating and implementing entrepreneurial abilities of employees using resources and organizational and industrial abilities of the enterprise. In this article entrepreneurship is represented as an instrument of increasing the innovative activity of the enterprise providing competitive growth, implementation and the effective use of modern technologies in enterprise management.

The ability to get profit - the chief motive of entrepreneurial activity is determined by the competitiveness of goods. In the situation of increasing the speed of changes in external environment stimulated by scientific and technical progress, it is possible to increase the competitiveness of goods only if the processes of their creation and production are constantly improved. As it is proved on practice only companies with high innovative activity achieve this aim. Innovative activity of the enterprise is a complex characteristics of its innovative activity including its sensitivity to innovations (the characteristics of the consumer of innovative product), the degree of the intensiveness of the activities targeted at the transformation of innovations and their promptitude (the characteristics of the supplier of innovative product), the ability to mobilize the potential of the necessary quantity and quality including its hidden sides, the ability to provide the substantiation of the applied methods, the rationality of the technology of innovative process due to the composition and consequence of the operations.

The increase of innovative activity is provided by managerial efforts made in two directions. Firstly, it is stimulating new ideas that demands the mobilization of people's creative skills. Secondly, implementation of innovations based on the use of entrepreneurial abilities. Entrepreneurship is the tool that combines both above mentioned approaches. The development of entrepreneurship is determined by stimulating innovative entrepreneurial activity and its implementation inside the company. The idea of entrepreneurship is the following: the enterprise launching certain production or offering services cre-

ates conditions for generating innovative ideas, the resources for their implementation are submitted, and help for practical use is provided.

The terms "enterprise" and "entrepreneurship" appeared thanks to foreign scientist G. Pinchot. The American researcher used it for defining the modern type of company where the subdivisions and people working in them have a lot of freedom in comparison to traditional corporate structures.

Entrepreneurship is entrepreneurial activity targeted at acquiring additional profit by the company due to the use of its internal resources for satisfying the demands of external and internal customers. The activity is carried out by a small group of company's managers and specialists acting as entrepreneurs for implementing business ideas or innovative projects. Entrepreneurial subdivisions have the right both to provide services to other subdivisions of their own company for money and independently enter the market outside the company.

Entrepreneurship is targeted at the search and implementation of new economic forms and methods, creating new products and services that make it possible, on one hand, to satisfy the demands of consumers and achieve higher evaluation for their goods and services among the consumers, and on the other, activate the innovative activity of an enterprise, find a more advantageous combination of production resources promising higher profit.

Managing entrepreneurial subdivisions is the rational management of entrepreneurial subdivisions of different organizational forms and level of freedom acting in the frames of big eco-

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economic subjects targeted at satisfying the demands of an enterprise and getting additional profit. Practical experience shows that introducing the management of independent economic subjects leads to the economic growth.

Entrepreneurship is an instrument that helps the company to achieve its aims on the basis of the use of entrepreneurial abilities of its employees. Entrepreneurship is based on innovative and initiative activity of a person mobilizing all his powers and using all possibilities for achieving his aim and being fully responsible for his activity. For entrepreneurship to be successive inside the company, it is necessary to have the same principals for all the participants. The main principals of entrepreneurial organization are represented in fig. 1. For creating the entrepreneurial organization it is necessary to move the principal of free entrepreneurship inside the company.

The bright example of entrepreneurial company having rich experience of managing innovative activity is ZM Company. This is dynamically developing multi profile international corporation with centennial history and old traditions. Company's success is the result of a number of technological breakthroughs, where the employees of entrepreneurial subdivisions played a great role: the scientists and engineers of ZM invented dozens of patented technologies. Company management sees itself as a rapidly developing organization, with future strength-

ening its positions in Russian market by offering innovative decisions to clients. For more than 30 years the company has been following the strategy of increasing its profitability and size by creating the new types of business using the system of entrepreneurship inside the company.

Various types of entrepreneurship are used in Russia both in big and middle scale companies ("Nakhodkinskiy shiprepairing plant" JSC, "RH-service" plc, "TARKETT" JSC, "Energia" JSC, "Syvtykarskiy МБП Сыктывкарский pulp and paper complex" and etc.).

At the same time most of the managers of entrepreneurial companies use the principals of entrepreneurship in their companies by intuition (fig. 2).

In the process of developing entrepreneurship in companies it is necessary to take into account two main categories of factors contributing to the spread of entrepreneurial principals at Russian enterprises: factors influenced by the peculiarities of management at the enterprise and factors of managers and employees' motivation (see table).

The first category of factors facilitate the development of entrepreneurship inside the company, the second one forces company managers to support and stimulate the development of entrepreneurship. As the research of the activity of Russian entrepreneurial companies shows, the last category is not sufficiently developed in all companies.

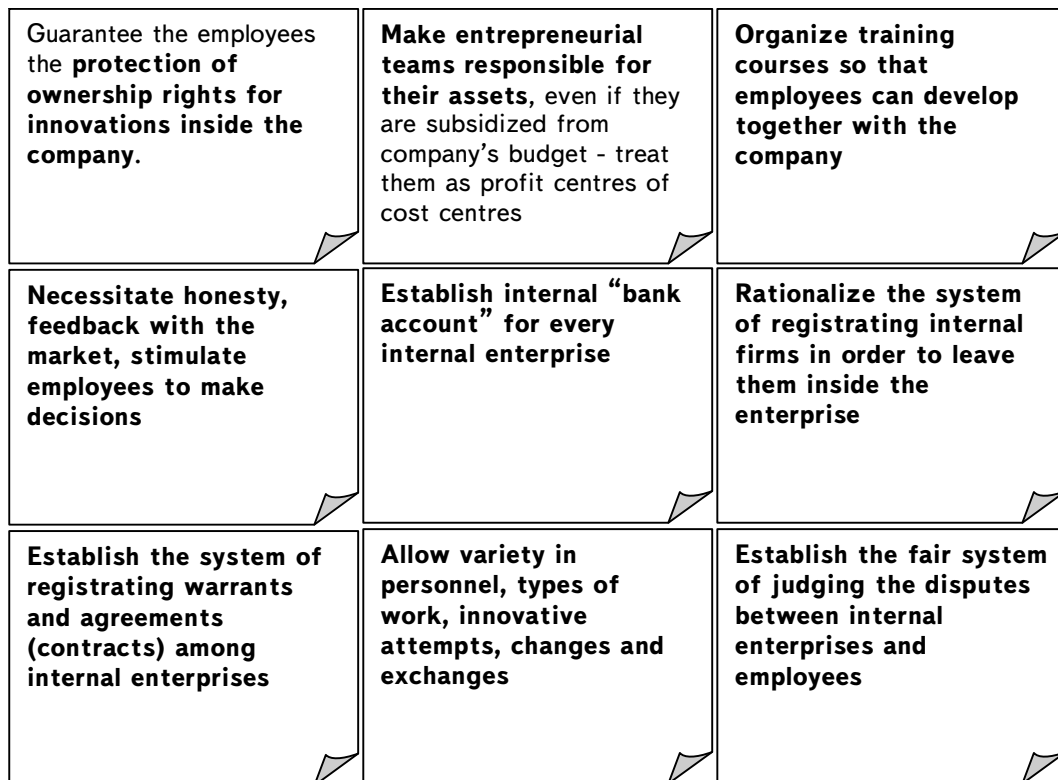


Fig. 1. The principals of creating entrepreneurial organization

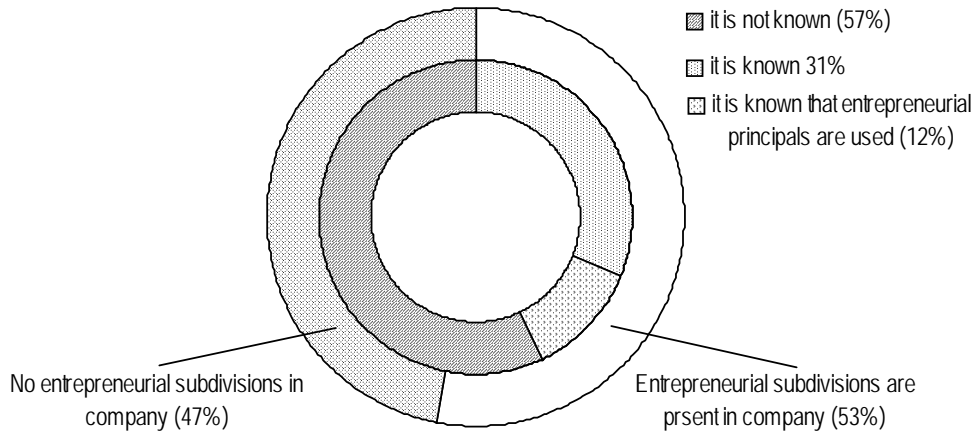


Fig. 2. The awareness of the notion “entrepreneurship” among the managers of entrepreneurial companies

Factors contributing to developing entrepreneurship at the enterprise

Factors connected with the peculiarities of the company and management style	<ol style="list-style-type: none"> 1. The simplicity of organizational structure 2. The simplicity of distinguishing entrepreneurs among employees 3. The ability of manager to trust his subordinates and delegate them his authority 4. The right of employees to make a mistake
Factors connected with the motivation of: a) heads of the company and managers	<ol style="list-style-type: none"> 1. Factors connected with the demands and restrictions of external environment of the enterprise. 2. Factors connected with treating the employee as an entrepreneur and his ability to entrepreneurship. 3. Factors connected with company growth and development 4. Factors connected with industrial and managerial problems
b) entrepreneurs	<ol style="list-style-type: none"> 1. factors connected with the individual character of entrepreneur 2. Factors connected with remuneration of entrepreneurial activity 3. Factors connected with the accumulated experience and the aims of career growth

As innovative activity is the internal condition of the enterprise that can be managed using the abilities of company, and, on the contrary, enterprise competitiveness is the reflection of external environment, entrepreneurship will have positive effect on the growth and profitability of the companies that have their own entrepreneurial model taking into account its internal and external characteristics that create the necessary conditions of economic and organizational character and support of entrepreneurial environment in company is provided. With the help of entrepreneurship it will be possible to use the creative potential of employees more efficiently and increase the speed of putting into life the necessary innovations in corporate structure. The enterprise having a certain resource potential is interested in a wide use of innovations

as the result of their introduction provides additional effect for corporate structure in all the aggregate of its components.

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