



INNOVATIVE PROCESS MANAGEMENT IN AN ORGANIZATION USING THE MECHANISMS OF INTRA-CORPORATE ENTREPRENEURSHIP

Tatiana Ksenofontova

Petersburg State Transport University of Emperor Alexander I – Russia
t_yu_ksenofontova@list.ru

Anna Bezdudnaya

St. Petersburg State University of Economics – Russia
bezdudnaya.a.g@mail.ru

Marina Treyman

St. Petersburg State University of Economics – Russia
m.g.treyman@yandex.ru

Roman Smirnov

St. Petersburg State University of Economics
roman.val.smirnov@yandex.ru

Dmitry Yudin

St. Petersburg State University of Economics – Russia
dyudin@bk.ru

Vladimir Volnenko

Belgorod State University – Russia
t_yu_ksenofontova@list.ru

Ekaterina Ksenofontova

St. Petersburg State University of Economics

ABSTRACT

Objective: The purpose of the research is to study the mechanism of intra-corporate entrepreneurship or intrapreneurship as one of the company's innovative drivers, as well as giving suggestions for implementing elements of intrapreneurial activities of organizations. **Methods:** The methods used in the course of the study include analysis and synthesis, as well as induction and deduction. **Results:** The essence of intrapreneurship is creating one (or several) departments, services, or divisions at the enterprise, which will be endowed with a certain scope of economic independence and responsibility. These divisions will assume the status of intra-corporate centers that would allow the implementation of relevant and cost-effective business ideas. The most important component of intra-corporate entrepreneurship, certainly, is the organization's staff. It should be noted that intra-corporate coaches should not only have unique professional knowledge and competencies but also be leaders and have the strongest personal qualities, as well as motivation. **Conclusion:** The scientific novelty of the present research consists in making suggestions in the field of employee motivation for intra-corporate coaching activities and forming a methodology based on these proposals. The development of intrapreneurship is one of the promising innovative ways and mechanisms for the development of contemporary enterprises and companies.

Keywords: Innovation management; Innovation; Intra-company entrepreneurship; Intra-corporate entrepreneurship.



GESTÃO INOVADORA DE PROCESSOS NUMA ORGANIZAÇÃO UTILIZANDO OS MECANISMOS DO EMPREENDEDORISMO INTRA- EMPRESARIAL

RESUMO

Objetivo: O objetivo da pesquisa é estudar o mecanismo do empreendedorismo intracorporativo ou intraempreendedorismo como um dos drivers inovadores da empresa, bem como dar sugestões para a implementação de elementos das atividades intraempreendedoras das organizações. **Métodos:** Os métodos utilizados no decorrer do estudo incluem análise e síntese, bem como indução e dedução. **Resultados:** A essência do intraempreendedorismo é criar um (ou vários) departamentos, serviços ou divisões na empresa, que serão dotados de certo escopo de independência e responsabilidade econômica. Essas divisões assumirão o status de centros intracorporativos que permitiriam a implementação de ideias de negócios relevantes e econômicas. O componente mais importante do empreendedorismo intracorporativo, certamente, são os funcionários da organização. Deve-se notar que os coaches intracorporativos devem não apenas ter conhecimentos e competências profissionais únicos, mas também ser líderes e ter as qualidades pessoais mais fortes, bem como a motivação. **Conclusão:** A novidade científica da presente pesquisa consiste em apresentar sugestões no campo da motivação de funcionários para atividades de coaching intracorporativo e formar uma metodologia baseada nessas propostas. O desenvolvimento do intraempreendedorismo é uma das formas e mecanismos inovadores e promissores para o desenvolvimento das empresas e empreendimentos contemporâneos.

Palavras-chave: Gestão da inovação; Inovação; Empreendedorismo intra-empresarial; Empreendedorismo intra-empresarial.

1 INTRODUCTION

The implementation of innovations into the activities of enterprises and companies is a difficult and time-consuming path, and most importantly, risky. Therefore not all organizations are ready to invest money in projects with an incomprehensible economic effect. However, some organizations develop innovative activities through creating intrapreneurship within the company. Using intrapreneurship will allow the organization to develop innovations within the enterprise and reduce costs, as well as solve complicated management issues. The implementation of intrapreneurship is an urgent area for strengthening the organization in the market.

Intrapreneurs are intra-corporate entrepreneurs who have found the opportunities of worthy initiatives were engaged in the development of new products and technologies within a single enterprise (company) (Kondrashina & Troshina, 2012).

All the prerequisites of enterprise development can be divided into three areas (Samarukha, 2011; Shemyatikhina, 2015):



1. Socio-psychological prerequisites, directly related to the professional development of the individual employee.
2. Material and technical prerequisites, directly related to the development of an industrial enterprise as a holistically organized system, considering its innovative activity, knowledge-intensive production activities, and other things.
3. Organizational-and-economic prerequisites, related both to the internal organization of production and to external circumstances and factors of the development of production activities.

A summary list of prerequisites is presented below in Figure 1.

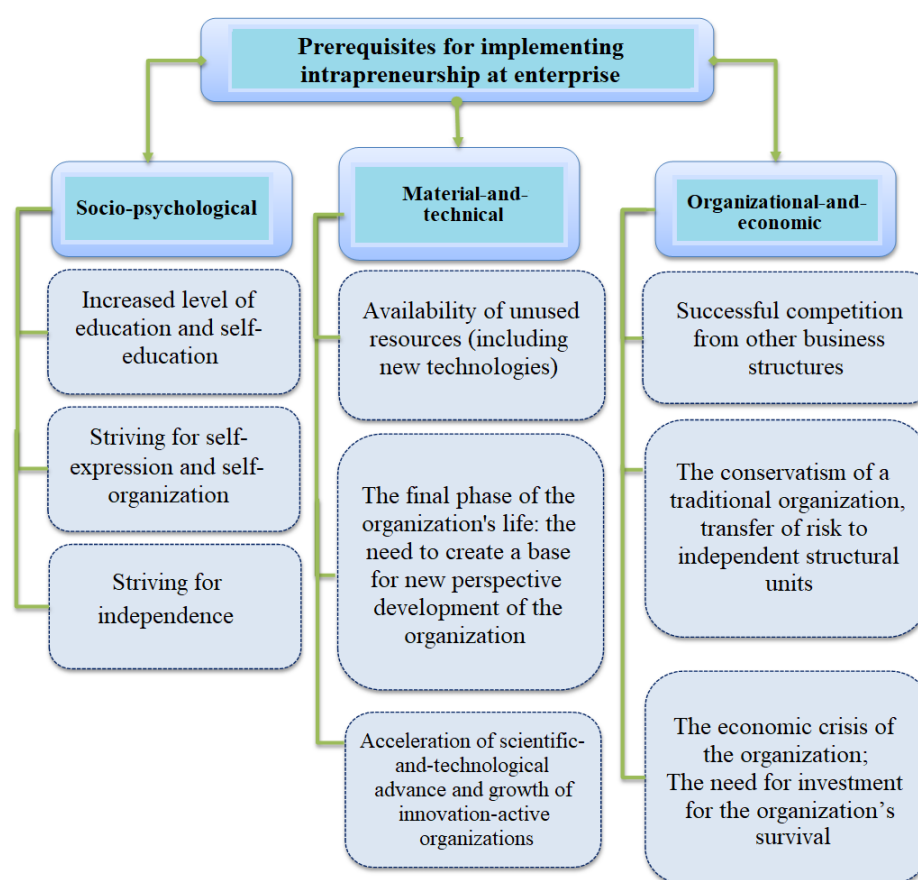


Figure 1. Prerequisites for implementing intrapreneurship at enterprises

Using these approaches and principles allows the organization to constantly advance, improve and reorganize its activities and move to new stages of innovative development (Baker, 2021; Bakhareva & Kulikov, 2010).

2 MATERIALS AND METHODS

The essence of intrapreneurship is the creation of one (or several) departments, services, divisions at the enterprise, which will be endowed with a certain scope of economic independence and responsibility. These divisions will assume the status of intra-corporate centers that allow implementing relevant and economically profitable business ideas (Guseva, 2017; Kennedy, 2017).

An intra-corporate division is a business unit that can have an autonomous ability to produce innovative products and implement them at the enterprise within the framework of the goals set by the management (Anisimov et al., 2006).

Organizational management methods are constantly changing and the use of various forms of intrapreneurship will allow enterprises to develop the internal environment more efficiently. Technology change is primarily facilitated by the development of project offices within organizations, their effective performance is possible based on creating a well-established organizational model.

At the same time, the company receives the following benefits (Serbinovsky et al., 2003):

- modernizing production activities using own corporate resources (this includes both cost reduction and identification of unused reserves, as well as the introduction of new ideas into the business processes of the organization, allowing optimization of project activities, and other activities);
- improving project activities and increasing labor efficiency of organization's employees;
- using fully the personnel potential of employees in the framework of project and production activities;
- increasing overall efficiency of the company.

The main resource and opportunity for developing intra-corporate entrepreneurial activity is human capital and its effective use. To carry out intra-corporate entrepreneurial activities, a person must have certain qualities, their characteristics are shown in Figure 2.



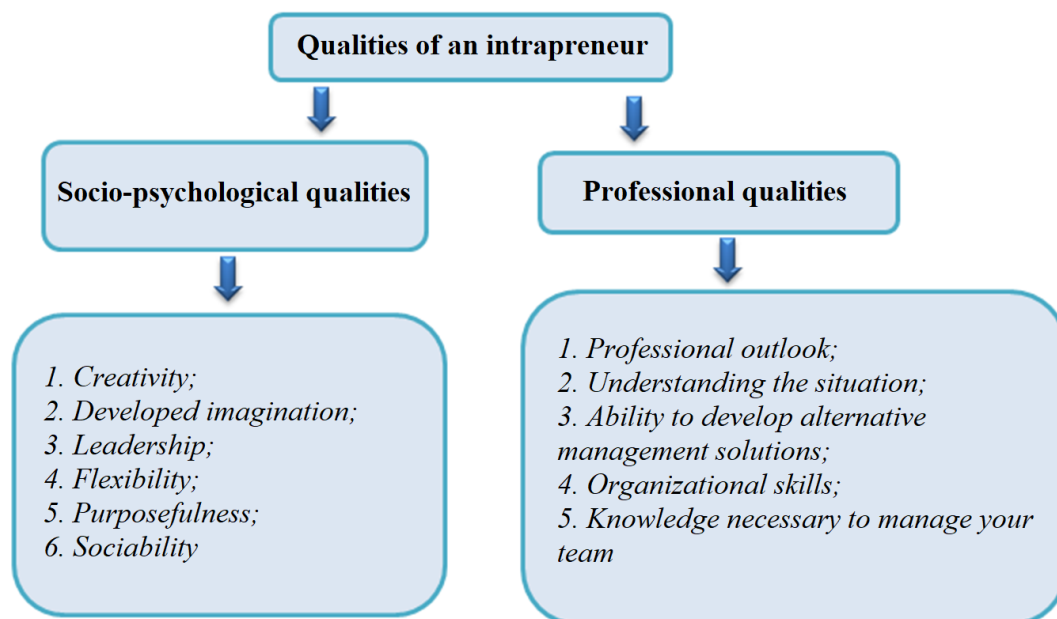


Figure 2. Personal qualities required for intrapreneurship activities (Gorfinkel, 2015)

Thus, it can be concluded that intrapreneurship is associated with both the personal and professional qualities of specialists. The possibility of its successful building is based on teamwork and joint development of ideas in various areas of the organization's performance.

Entrepreneurs and intrapreneurs are dynamic objects of the economic system. The intrapreneur receives one-time rewards or temporary material incentives, depending on the proposed ideas and the effectiveness of their implementation. An important role for intrapreneurship is played by the corporate climate and atmosphere since it should be favorable for the implementation of such processes (Bezudnaya et al., 2018).

3 RESULTS AND DISCUSSION

The new department in the corporate structure within the framework of the development of intrapreneurship is a new structural link that is responsible for a separate type of business (Smurov et al., 2016). Each member of the team of the new department is equally responsible for the implementation and development of new products/services. The opportunity of direct contact with the organizational leadership allows discussing new ideas (Figure 3).

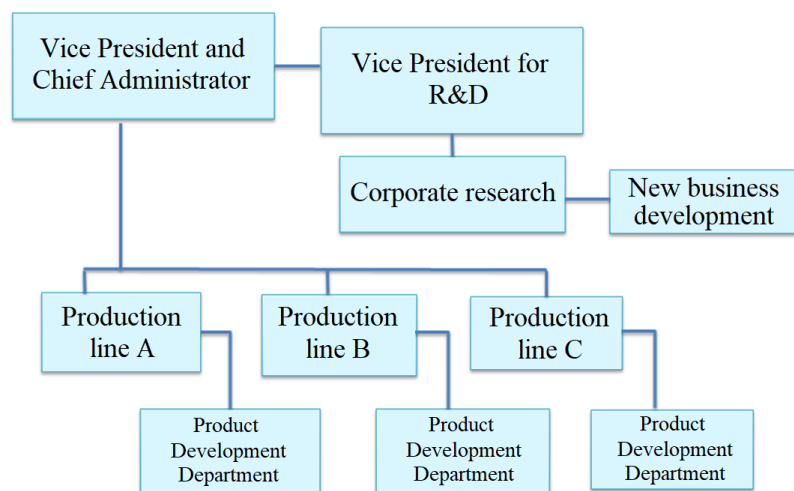


Figure 3. The structural organization of the 3M Corporation (Hussung, 2016)

The essence of the company's performance is as follows: as soon as a fresh idea appears that allows creating competitive products, a special structural unit is established for it, which fills this niche and implements the proposed idea. The estimated indicators of the intrapreneurship development in the organization include indicators, such as the amount of costs for intra-corporate entrepreneurship, and the share of profit from the implementation of intrapreneurship ideas.

The effectiveness of this mechanism is confirmed by the fact that a company that has implemented the principle of intrapreneurship into its business process is conquering new markets and leading in the industry for quite a long time.

As part of the development of suggestions for the financial stimulation of intrapreneurial activities, it is necessary to distinguish between individual and permanent financial incentives. In this case, a special fund should be allocated at the enterprise to encourage and stimulate employees to intrapreneurial activities, whose amounts should be distributed among specific areas and works performed by the employee.

The calculation of the incentive is carried out in the following way: if a merit increase is 100%, then 50% should be paid to the employee for the initial proposal and its theoretical elaboration, and another 50% should be paid participation in the practical implementation of the proposal. The author of the idea can either simply suggest a project and not participate further in its implementation, or take part in the implementation of the project and receive an additional wage increment. Thus, the premium fund for intrapreneurship should consist of two types of payment: a one-time

payment for the provision and acceptance of the project for implementation and a wage increment for the final implementation of the project.

The wage increment for the development and project proposal (the first 50%) is paid to the employee by the decision of the specialized commission at a time and consists of the following articles (Table 1) (M Accelerator, 2019).

Table 1. Indicators affecting the amount of a one-time payment to an employee for an intrapreneurial suggestion

Indicators	The impact of the indicator on the wage increment	The contribution of the indicator to the amount of the wage increment (maximum value)
Practical usefulness and significance of development for production	The proposal must contain specific developments that will relate to the improvement of the production process, changes (improvements) of technological processes, or the final product (result); the proposal must comply with the enterprise's standards; besides the production activities, the proposal may concern organizational and managerial mechanisms, as well as mechanisms for automation and computerization of processes; criteria should be established for each subspecies depending on the corporate values of the enterprise and orientation to achieve certain results.	10%
The degree of elaboration and complexity of the proposal	The proposal submitted by the employee for the implementation should fully disclose the essence of the proposed idea – it should be clearly and logically stated, contain a comprehensive description, should reflect the tangible and intangible effects that the proposal carries for the development of the enterprise; the proposal should take into account current and future trends in the development of the industry and how the result obtained from the implementation of the proposal will affect the enterprise performance in the future; the material component should take into account the complexity of the proposal /project and the degree of elaboration of the project details	5%
Cost-effectiveness analysis	The proposal should estimate approximate economic benefits, which should be expressed in monetary terms and calculated as the difference between costs and profits received. Intrapreneurial development can have both economic benefits and an intangible effect, which will be considered further.	10%
The prospects of the proposed elaboration for the future	If the project elaboration, proposed by an employee for intrapreneurial activity has prospects for further implementation and will bring a benefit to the enterprise for a long time, the employee should be additionally awarded, since in this case, the enterprise will have positive long-term dynamics	7%
Intangible benefits for the organization from the implementation of	Certain proposals of employees may not have an economic benefit but may be aimed at reducing labor costs, time, solving any tasks, speeding up processes in production and non-production activities. The non-material effect can also be significant for the operation of the	10%

**INNOVATIVE PROCESS MANAGEMENT IN AN ORGANIZATION USING THE MECHANISMS OF
INTRA-CORPORATE ENTREPRENEURSHIP**

the employee's proposal	enterprise and significantly improve its activities, therefore this component should also be taken into account as a material incentive for employees.	
Availability and possibility of implementing the elaboration into production activities	The proposed elaboration should correlate with the technologies used at the enterprise, that is, it should not conflict with equipment, technology, and organizational processes. Otherwise, it will be impossible to implement it, and the author of the proposal should take this into account when submitting the proposal.	5%
Taking into account the possible risks caused by implementing the proposal into the practice of the company's performance	When developing an intrapreneurial proposal, risks should be taken into account when implementing the project, they should also be disclosed and taken into account in the proposal since many risks can lead to the impossibility of project implementation.	3%

Next, let's consider the calculation of the premium allowance for the implementation of an intrapreneurial project in practice (Table 2) (Bubenok, 2014).

Table 2. Indicators affecting the amount of the employee's wage increment for intrapreneurial activities

Indicators	The impact of the indicator on the wage increment	The contribution of the indicator to the amount of the wage increment (maximum value)
Participation in the follow-up for project implementation	When the project/proposal begins to be implemented, there may be various inconsistencies between the theoretical proposal and the practical implementation, which are eliminated at the initial stage; at that, the subtleties and nuances of the work may not be eliminated. These improvements can be implemented through additional ideas proposed by the team members of the intrapreneurship and should be rewarded additionally in monetary terms.	10%
Creating and executing works on the implementation of the proposal/project by stages	Conducting main works on the implementation of the proposal to putting it into operation at the enterprise.	10%
Providing support and control of the project/proposal at all implementation stages	Conducting additional monitoring, quality checks, and detecting timely non-compliance with the result, required by the enterprise.	8%
Testing the project/proposal at various implementation stages	After the implementation of the proposal/sample, it is necessary to verify (test) the main properties and qualities for compliance with standards. To do this it is necessary to create a database of tests and inspections that will help to effectively understand the shortcomings and eliminate them promptly. This indicator allows financially stimulating both those who will invent and develop tests and those who will conduct them.	6%
Eliminating comments during project testing	This concerns implementation standards that will allow quickly eliminating inaccuracies. The	9%



**INNOVATIVE PROCESS MANAGEMENT IN AN ORGANIZATION USING THE MECHANISMS OF
INTRA-CORPORATE ENTREPRENEURSHIP**

	evaluation criterion is the rapidness and rationality of the proposed solutions to eliminate errors.	
Additional development of the project/proposal to minimize risks and increase the project effectiveness	If during the project implementation there will be ways of additional elaboration of the project and ideas to improve the project implementation, then they can be applied and taken into account through financial incentives.	7%

The extra wage increment for intrapreneurial activities is set to the members of the intrapreneurial team for the entire project implementation period and can be changed during this period depending on the introduction of additional ideas, etc. (Matyukhin, 2018).

The wage increment is set in such a way that employees are interested in improving the product, proposing novel ideas, and supplementing the main product. The breakdown of percentages in the above-presented Tables is made according to the degree of importance of particular criteria for the most effective development of a project/proposal based on intrapreneurial activity. A permanent wage increment for participation in intrapreneurial activity can also be developed, provided that the employee will participate in all intrapreneurial projects of the enterprise.

4 CONCLUSIONS

The main conclusions of the work concern the following:

1. Innovation is the most important area for the development of an enterprise and organization, but even the most brilliant idea can be economically unprofitable.
2. The authors proposed the main methodological aspects for calculating the material incentives of personnel encouraging them to propose and implement new ideas. This approach will allow developing personnel and stimulating employees to put forward ideas and develop them, and, consequently, to develop innovative areas in the enterprise performance.

REFERENCES

Anisimov, Yu.P., Zhuravlev, Yu.V., Chertkova, G.D., & Solomka, A.V. (2006). *Management of sustainable development of an enterprise based on innovation and intra-corporate entrepreneurship*. Voronezh: Voronezh State Technical University.

Baker, T. (2021). 3M Company: Overview. Retrieved from <https://libguides.mnhs.org/3m>



Bakhareva, N.V., & Kulikov, M.G. (2010). Technology of the company's transition to innovative development. *Joint Stock Company: Issues of Corporate Management*, 11, 60-67.

Bezdudnaya, A.G., Ksenofontova, T.Y., Rastova, Y.I., Kraiukhin, G.A., & Tulupov, A.S. (2018). On the issue of the perspective directions of the science-driven production development in Russia. *The Journal of Social Sciences Research, Special Issue 3*, 76-80.

Bubenok, E.A. (2014). Substantiation of the leading role of intrapreneurship (internal entrepreneurship) and branding in ensuring the competitiveness of companies. *Bulletin of the Bryansk State University*, 3, 11-24.

Gorfinkel, V.Ya. (2015). *Innovative entrepreneurship*. Moscow: Izdatel'stvo Yurayt.

Guseva, G.V. (2017). On the essence of intrapreneurship and the need for its development in the context of globalization. *Baikal Research Journal*, 4, 20-25.

Hussung, T. (2016). Understanding the rise of the intrapreneur. Retrieved from <https://online.jefferson.edu/business/understanding-rise-intrapreneur/>

Kennedy, J. (2017). Famous intrapreneurship stories. Retrieved from <https://www.afce.co/intrapreneurship-stories/>

Kondrashina, E.A., & Troshina, E.P. (2012). *Management of intrapreneurship in the organization*. Samara: Publishing House of Samara State University of Economics.

M Accelerator. (2019, October 20). Intrapreneur and Intrapreneurship. Retrieved from <https://maccelerator.la/en/blog/intrapreneurship/intrapreneur-and-intrapreneurship/>

Matyukhin, I. (2018, July 25). Intra-corporate entrepreneurship: Why entrepreneurs are in your company. Retrieved from <https://incrussia.ru/understand/intraprenerstvo-zachem-vam-sotrudniki-predprinimateli-i-kak-ih-vyrastit/>

Samarukha, V.I. (2011). Methodological foundations of the formation and development of intrapreneurship for stepping up the innovative activity of Russian enterprises. *Scientific and Technical Bulletin of St. Petersburg State Polytechnic University. Series of Economic Sciences*, 3, 144-150.

Serbinovsky, B.Yu., Dulin, A.N., & Nikonov, N.B. (2003). *The organization of intrapreneurship at industrial enterprises*. Rostov on Don: Publishing House of the Higher School of Economics.

Shemyatikhina, L.Yu. (2015). Intrapreneurship in the entrepreneurship system. *Contemporary Trends in Economics and Management: A New Look*, 34, 18-31.



Smurov, M.Yu., Gubenko, A.V., & Ksenofontova, T.Yu. (2016). Interrelation of the problems of the aircraft fleet development and the improvement of the air traffic control system. *Journal of Internet Banking and Commerce*, 21(S4), 015.

