

PROBLEMS OF CORPORATE ENTREPRENEURSHIP DEVELOPMENT IN RUSSIAN COMPANIES

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Abstract

The success of the corporation is largely determined by the presence and effectiveness of corporate innovations. Currently, in Russia, only 8% of the 500 largest corporations use corporate entrepreneurship tools.

The modern problems of corporate entrepreneurship development in Russian companies will be systematized in the paper: insufficient flexibility of organizational structure and corporate culture, inflexibility of business processes, lack of risk readiness, closure to new ideas, instability of financial and economic condition of companies, high tax burden on business.

The paper will analyze the use by Russian corporations of the main tools for finding and developing corporate innovations: internal competitions and hackathons, internal accelerator, internal incubator, programs for the development of corporate entrepreneurship, innovation laboratories, startup studio.

Understanding the problems of developing intra-corporate entrepreneurship, the ability to effectively use tools for developing corporate entrepreneurship will help Russian corporations form an internal environment open to entrepreneurship, build an effective system for identifying the sources of corporate innovation and a funnel for selecting business ideas with their subsequent implementation in the company. All this will contribute to the increase in the efficiency and competitiveness of Russian corporations.

Key words: intra-corporate entrepreneurship, innovative development, innovative strategies, sources of innovation, Russian companies

JEL Code: O33, O31, O43

Introduction

Today, the success of the corporation is largely determined by the presence and effectiveness of corporate innovations (Byun, Sung & Park, 2017). Corporate entrepreneurship is understood

to mean the activities of employees aimed at creating new products and services (Šikýř, 2015), significantly updating existing business processes (Carayannis & Grigoroudis, 2014), opening new business directions within the company (Zhang & Yang, 2013). Currently, in Russia, only 8% of the 500 largest corporations use corporate entrepreneurship tools (Science. Technologies. Innovations, 2020).

Why do companies begin to engage in intra-corporate entrepreneurship? On the one hand, this may become an additional source of revenue growth (Symeonidou, Bruneel & Autio, 2017). On the other hand, employees of the company understand the needs and specifics of the business better than third-party startups, while external solutions are often difficult to integrate into existing business processes (Zemlickiene & Maditinos, 2012). And finally, internal entrepreneurship is a tool for retaining the most talented employees, an opportunity for their development and self-realization inside, and not outside the company (Šikýř & Šafránková, 2016).

However, the huge innovative potential of Russian corporations, unfortunately, remains not fully revealed (Gorokhova, Šafránková & Sekerin, 2015). Therefore, new methodological developments are required to introduce tools for the development of internal innovation and entrepreneurship, taking into account key tasks and available resources.

1 Modern problems of domestic entrepreneurship development in Russian companies

According to a survey by the Global Monitoring of Entrepreneurship, Russia is still significantly inferior to the leading countries in terms of the level of development of intra-corporate entrepreneurship - only 0.7% of the population is involved in the entrepreneurial process within corporations (Global Accelerator Report, 2019).

The industry structure of companies developing intra-corporate entrepreneurship in Russia (as a percentage of the total number of companies engaged in the development of intra-corporate entrepreneurship): finance - 24%; IT – 18%; food - 8%, trade - 5%; telecom - 5%; military-industrial complex and machine building - 5%; oil and gas - 5%; mining - 5%; media and Internet - 5% (Science. Technologies. Innovations, 2020).

Most of the barriers to the development of intra-corporate entrepreneurship are related to insufficient organizational flexibility and weak corporate culture (lack of risk preparedness, lack of a culture of experimentation, closeness to new ideas, etc.).

The most active development of intra-corporate entrepreneurship are engaged in companies from the financial sector, IT and telecommunications. At the same time, there are sectoral differences in the goals of intra-corporate entrepreneurship. In heavy industry companies, it is focused on increasing operational efficiency, in the IT sector and telecommunications it is focused not only on increasing operational efficiency, but also on diversifying business, entering new markets, creating breakthrough innovations.

Table 1 systematizes the factors impeding the development of intra-corporate entrepreneurship in Russian companies. The study is based on in-depth interviews with representatives of Russian companies responsible for the development of intra-corporate entrepreneurship, content analysis of media materials about practices used in Russian and international companies. Companies for analysis were selected according to the principle of maximum diversity: different industries, markets, development prerequisites, models and tools used. The results of a survey of leaders of 100 industrial enterprises were systematized.

Tab. 1: Factors impeding the development of intra-corporate entrepreneurship in Russian companies

Factors impeding the development of intra-corporate entrepreneurship	Share of companies
<i>Corporate culture and organizational structure of the company</i>	
Inappropriate corporate culture and motivation	36%
Organizational Model	24%
Business Models and Business Processes	
Inflexibility of business processes	19%
Conflict between innovation and traditional business	18%
Insufficient support from senior management	12%
<i>Scarcity of resources and competencies</i>	
Poor understanding of trends	26%
Lack of resources/expertise	25%
Missing the right IT infrastructure	23%
Funding shortfall	21%
Lack of data sources	13%

Source: Authors analysis, own adjustments according to Science. Technologies. Innovations, 2020

In table 1 the factors impeding the development of intra-corporate entrepreneurship in Russian companies are grouped into three groups: the inconsistency of the company's corporate culture and organizational structure with the goals of the development of intra-corporate entrepreneurship (60% of respondents); outdated business models and business processes that

do not take into account modern business conditions (49% of respondents); lack of resources (primarily labor) and competencies (108% of respondents, i.e. all survey participants repeatedly pointed to this group) - a shortage of specialists with the necessary skills to work on innovative projects, a lack of methods and competencies in the field of project management (as a result, the low quality of incoming ideas and projects). The proposed systematization is interesting in that it enlarges the directions for the development of intra-corporate entrepreneurship: improving the corporate culture and transforming the organizational structure of the company; upgrading business models and business systems; strategic resource and competency planning.

Thus, we can distinguish the following modern problems of entrepreneurship development within Russian corporations: insufficient flexibility of the organizational structure and corporate culture, inflexibility of business processes, lack of risk readiness, closeness to new ideas, instability of the financial and economic state of companies, high tax burden on business.

Basic steps to start an internal enterprise in the company:

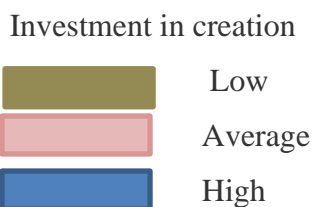
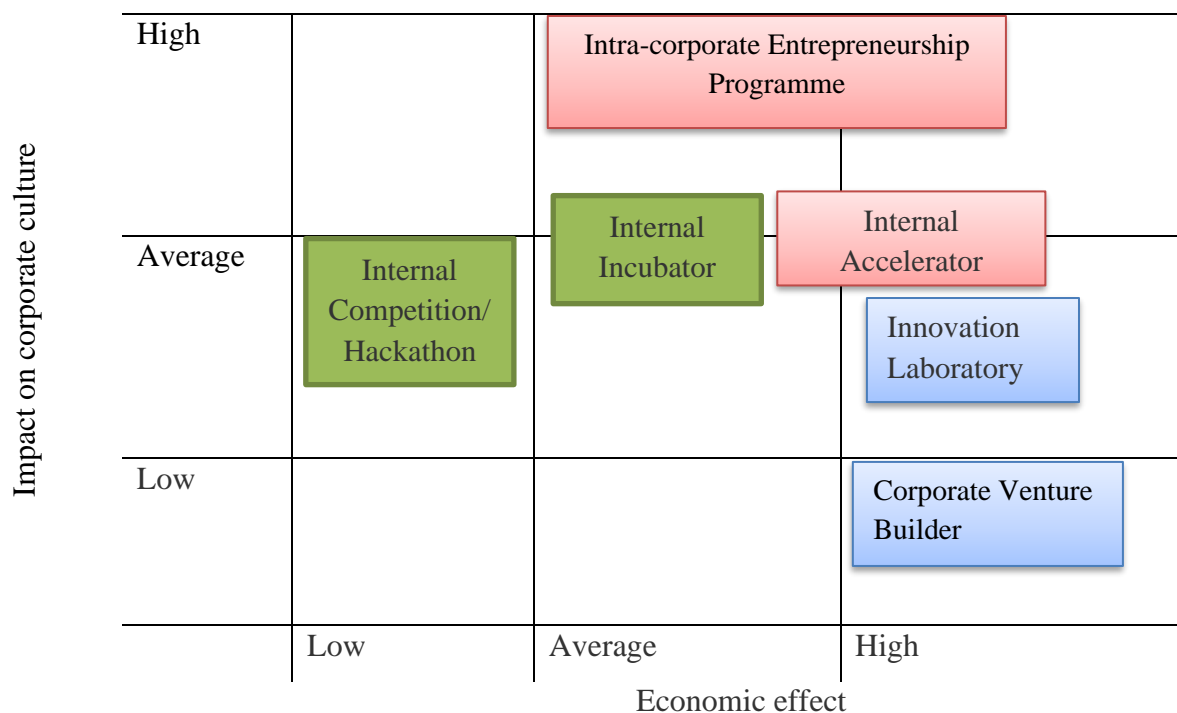
- involvement of the company management in the processes of internal entrepreneurship (Onetti, Zucchella, Jones & McDougall-Covin, 2012),
- the formation of a separate structural unit responsible for the implementation of internal entrepreneurial initiatives,
- involvement of company employees in internal entrepreneurship processes as a result of application of various algorithms of their motivation and channels of information,
- involvement of other structural divisions of the company in the processes of internal entrepreneurship as business customers (Frattini, De Massis, Chiesa, Cassia & Campopiano, 2012),
- development and implementation of educational programs for the development of business competencies,
- Develop and implement IT platforms for collecting and evaluating ideas that unite all employees of the company.

2 Analysis of Russian companies' use of the main tools for finding and developing corporate innovations

The choice of tools for the development of intra-corporate entrepreneurship depends on the tasks of the corporation and the ratio of the cost of introducing tools with a potential economic effect and influence on the development of the corporation culture (Figure 1).

In this figure, the third criterion is also used to classify and justify the area of effective use of innovation search tools: investing in the implementation of the innovation search tool in the practical activities of companies.

Fig. 1: Systematization of the main tools for finding and developing corporate innovations



Source: Authors analysis

This approach allows you to systematize the main tools for finding and developing innovative ideas. For companies with an initial level of innovative maturity, key areas for the development of intra-corporate entrepreneurship can be: increasing the number of innovative ideas, forming a team of innovators, developing employee business competencies, popularizing internal entrepreneurship (i.e., tools: internal competition, internal incubator, internal entrepreneurship program). For companies with an advanced level of innovation maturity, key areas for the development of intra-corporate entrepreneurship can be: improving the quality and economic efficiency of innovative projects, developing a team of innovators (i.e., tools: an internal incubator, an innovation laboratory, corporate venture builder).

Some companies are completely transforming their organizational structure towards more flexible practices and the formation of cross-functional teams, each of which is essentially an internal startup (for example, Raiffeisenbank). Others choose and experiment with individual tools, gradually "building" them one over the other. As a rule, companies with low levels of innovation maturity begin with simpler and faster tools for finding innovation (for example, competitions and hackathons). More mature companies develop comprehensive programs that allow you to build a systematic work with ideas - from their submission to the transformation into a finished product.

Table 2 shows the comparative characteristics of the functionality of the main tools for search and development of corporate innovations.

Tab. 2: Comparison of the main tools for finding and developing corporate innovations by functionality

Functionality / Tool	Internal competition, hackathon	Internal incubator	Internal accelerator	Intra-corporate Entrepreneurship Programme	Innovation Laboratory	Corporate Venture Builder
Identify/Find Business Ideas	X	-	-	X	X	X
Building a Project Team	X	+	+	X	X	X
Find Funding Sources	+	X	X	+	X	X
Consulting services	-	X	X	X	+	X
Educational programs	-	X	X	+	+	+
Exchange of frames	+	-	-	+	+	+
Examples of applications in Russian companies	Kaspersky Lab, Sibur, QIWI, ALROSA	Kaspersky Lab, Lanit, Kirovsky Zavod PJSC	Kaspersky Lab, MTS garage, SteelTech LAB (PJSC Severstal), SberUp	Ideas Factory (Severstal PJSC), MTS Innovation Center, QIWI	MTS, Sberbank	No data

Tasks	Quickly find new ideas for specific tasks	Accelerate product or service development, find new customers	Product development, development of entrepreneurial competencies	Create new internal business processes	Effective commercialization of breakthrough (radical) innovations	Serial production of internal startups
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«X» - main function, «+» - additional function, «-» - this functionality is not inherent

Source: Authors analysis

It follows from table 2 that Russian companies use all the tools for finding and developing corporate innovations, while mainly using low-cost tools. Sberbank and MTS have positive experience in the functioning of the innovation laboratory, focused on the effective commercialization of breakthrough (radical) innovations. These companies are leaders of innovative development, digitalization of business processes. They were the first to form business ecosystems.

Conclusion

Thus, the paper systematizes modern problems of entrepreneurship development within Russian corporations: insufficient flexibility of organizational structure and corporate culture, inflexibility of business processes, lack of risk preparedness, closeness to new ideas, instability of financial and economic state of companies, high tax burden on business.

An analysis of the use of the main tools for the search and development of corporate innovations by Russian corporations was conducted: internal competitions and hackathons, internal accelerator, internal incubator, programs for the development of internal entrepreneurship, innovation laboratories, startup studio. At the same time, the set of tools depends on the stage of innovation of the company: the largest number of tools is applicable at the stage of searching for ideas, and the smallest - at the stage of scaling.

Understanding the problems of developing intra-corporate entrepreneurship, the ability to effectively use tools for developing corporate entrepreneurship will help Russian corporations form an internal environment open to entrepreneurship, build an effective system for identifying the sources of corporate innovation and a funnel for selecting business ideas

with their subsequent implementation in the company. All this will contribute to the increase in the efficiency and competitiveness of Russian corporations.

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