

The Problems of the Development of Innovation Potential of Youth Business in the Process of Functioning of the Enterprise

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Abstract: In recent years the Russian society has been going through the process of active and mass changes of industrial process that are dictated by modern rhythm of life and adjusting domestic industries to the business patterns of developed countries. All innovations that are implemented in modern companies or recommended to them as a necessary condition for further successful functioning, it is rationally to analyze them within the limits of the modernization of business and optimization of expenses, necessary for complex reorganization of industries. As far as potential subjects of the economic activities are concerned, there are also unspoken or caused by subsidizing requirements of the innovation industries.

Key words: Youth Business • Innovations • Modernization of business • Enterprise

INTRODUCTION

Especially difficult in this regard are innovation industries of young businessmen in Russia. In spite of considerable support of innovation areas of youth business, businessmen try to find another area of activity (often choosing the area of domestic services) or change the direction of the activity of the innovation business in the process of the formation of the enterprise. At the moment young businessmen face a complex task of implementing innovations, covering the process of production, marketing strategy and personnel policy.

In the process of solving this task the young businessman faces three groups of contradictions:

- between innovations and traditional way of work if this businessman is at the stage of development, innovations conflict with generally accepted forms of activities;
- contradictions connected with the depth of changes (whether the radical change takes place i.e. innovation and modernization take place or traditional methods, forms and principles of work are improved, i.e. innovation and transformation take place); the initial stages of development have a deeper problem, consisting of the fact how well the businessman knows new methods of work;
- contradictions connected with the reorganization of the consciousness of workers since innovations

change their interests and values, first of all, it concerns changes in the businessman as a force of the production process [1, p.32].

Especially relevant for the young businessman are the contradictions and problems connected with the perception of innovations by people. Such problems do not seem to correspond to the realities of our time, because if we speak about young people it is accepted to believe that they are mostly prone to risks and are more adaptive to environment that correlates to the requirements of business community [2-4]. However, this assumption at present requires a fundamental confirmation. As an example we can mention the results of the study of the qualities of adaptability and risk aversion of the students of 18-25 years of age carried out in Saratov. The results showed that the majority of young people have a high level of adaptability (64%). 25.9% of all respondents appeared over-cautious and not ready to risk in most cases (46.7% of young men and 27.5% of young women). Risk aversion is observed in 19.4% of all the respondents (27.5% of young women and 15.5% of young men) [5, p.81]. A low level of risk aversion and a high level of adaptability show a high disposition for conformity. Accordingly, the innovation potential of young people as well as their social activity can be at a rather low level. That is why the young businessman has to overcome both moral resistance to the implemented innovations and the resistance of future or existing employees.

Let us analyze specific problems of the implementation of new ideas and concepts in the youth enterprise within the classification of main elements of the activities of the enterprise, at the improvement of which the innovation can be aimed.

- The technical and technological component. The implementation of new equipment and methods of work to a large extent confront difficulties in the system of youth business with a coefficient of staff turnover below 5% (the absence of new fresh personnel [6, p.27].

In the process of conducted by the authors of the article informal interviews with young businessmen of Tyumen they spoke about the problem of cohesive teams, consisting of the employees who have already worked at the enterprise for more than a year. The tendency of clusterization emerged in the teams inhomogeneous in their duration of work in the company concerning innovations. Newcomer employees tend to like innovations most of all, while the employees with the work experience from 6 months have a tendency for restrictive work behavior. In this case workers should have a highly developed informational culture and significant attention should be paid to its skills both during the course of the development of business activity and in the process of study in higher and secondary specialized educational institutions [7, p.44].

- The organizational and management component. During the first month of work after the implementation there are losses due to rethinking the functional and the development of new ways of the interaction of employees. In the area of small and medium-sized youth business the implementation of new organizational structures should be made only due to the objective factors of production. The methods of team management should be characterized by concreteness, target finiteness, unambiguous wording and transparency of setting tasks. Sticking to these criteria considerably shortens resistance in the area of control and monitoring of results. Young businessmen at the beginning stages of the development of the project tend to use the liberal style of leadership, however, over time this style in fact leads to low productivity and high risk of bankruptcy of the enterprise.
- Socio-economic component [8]. The stimulating of the personnel in the absence of definite criteria and

excessive concentration in the system of “broadening achievable goals limits” can stimulate the restrictive attitude of the employees to the performed tasks. If there is no flexibility of the implemented system of motivation and stimulation the violation of corporative culture is possible and in some cases the effectiveness of work reduces.

- The legal component. It includes adjusting the system existing in the enterprise to the requirements of the law. When innovation and legislation aspects come into conflict a new initiative is rationally rejected. That is why young businessmen have an urgent need to limit the legislative initiatives within 2-3 consolidated normative acts or it is necessary to develop free advice centers for young businessmen with the aim of stimulating the innovative behavior.
- Pedagogical component. The technology of education and adaptation of the staff should be specifically organized for every group of personnel, should have a transparent construction. What is more, without an established system of staff motivation to training, new ways and methods will not be comprehended or will not find the desired usage. Young businessman face difficulties with insufficient quantity of free resources for material incentives and the absence of fundamental domestic studies in the area of the motivation of young people, due to which “encouraging career development” occurs, in the basis of which there are no objective reasons, so the conformist that got the source of power will automatically block innovations as a reason for additional efforts.
- The informational component. The informational component of the process contributes both to the improvement of the organization of production and provides material for monitoring and adjustment of innovations. In the absence of appropriate notifications about the used methods of data collection these actions can be perceived very negatively by the employees because of fear of excessive distrust and control from the management. The programs of training young businessmen, the programs of professional skills improvement should also include correct translation and filtration of the information because young employees do not always use a thorough analysis of presented material.

In addition to the complex of general contradictions, the effect of environmental resistance becomes a problem of the enterprise. It should be noted that most often

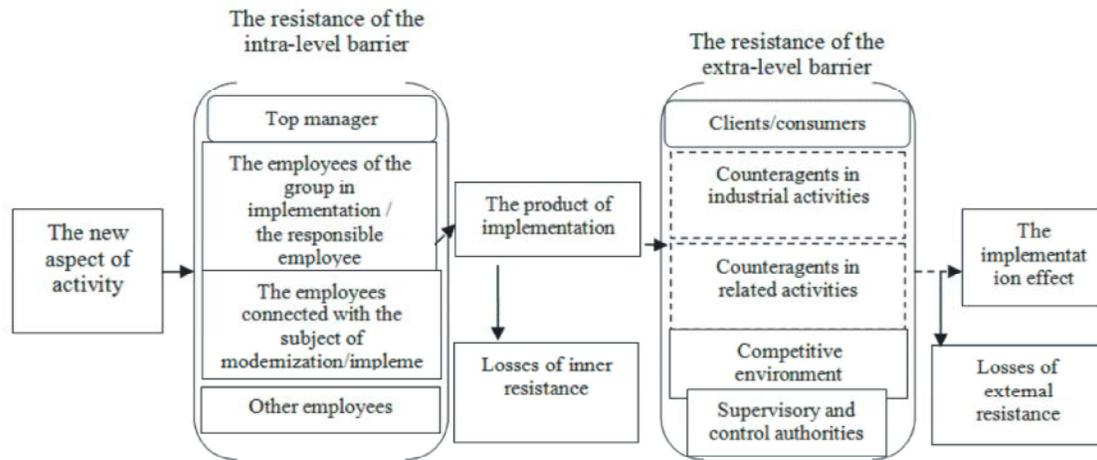


Fig. 1: Overcoming the resistance of industrial environment by the innovation idea.

resistance to innovations and modernization are analyzed in connection with the intra-environment of the company where young people work (employees, top management). However, depending on the type of the improvement in some cases the resistance of external audience becomes the factor considerably lowering the effectiveness of arrangements. Regularly the implementation of a new technology from the point of resistance of the environment after the procedure of coordination is presented as a two-step process (Figure 1).

The implemented innovations usually in this or that way belong to specific aspects of the functioning of the enterprise, that is why speaking about the resistance of the human factor it is necessary to analyze each group.

The barriers of inner (intra) level are characterized by the resistance within the company. The technology approved for the implementation often meets misunderstanding from the personnel of the company. In top management we observe the distortion of the meaning of the innovation in transferring tasks to the working group and other employees. This distortion is caused by two main reasons: the lack of understanding of the implemented technology and disagreement with new principles. Such a problem is characteristic for the employees who have been working in this business for some time. It is necessary to contribute to the development of a number of qualities and skills and especially such as the ability to make adjustments for the coordination between resources and the tasks set for this category of employees. It is important because in modern domestic companies the actual work load of 1.15 is considered to be normal. This tendency is becoming widespread in youth business as well. The urge of the top manager to achieve the best results by reducing the staff

even with considerable material incentives of the employees leads to the phenomena that prevent the effective renewal of the production process.

As far as work groups and employees connected with the subject of renewal of the equipment based on the opinion of R.L. Krichevsky the following things should be considered necessary for successful carrying out the innovation policy:

- the educational level of employees and the presence of a special system of training and retraining;
- informational contacts and the awareness of employees, i.e. receiving adequate information about the innovation;
- motivation to the innovation, preparation of the employees for the innovation that in many ways depends on the head of the company [9, p.85].

Due to significant difference of personalities in small youth companies this function should be entrusted the HR-specialist. In a micro-business the head performs it.

Speaking about the resistance of employees without considering specific roles and the type of innovation it is necessary to analyze the causes of resistance to innovations. K Davis believes that the reasons for the resistance of the staff to innovations are presented by three types: economic, personal and social [10]. This list is not complete, but significant for the company. The primary control analysis of the staff allows to detect them without any expensive methods or programs. That is why the presence of the resistance of the employees can be determined at early stages of the formation of functioning of the innovation type of enterprise and take adequate measures.

The resistance at the external level is caused by the activity of external for the company economic agents. To a less extent the resistance of different counteragents is expressed in our country. In Western countries and the USA some suppliers due to sufficient numbers of counteragents can set their rules for technologies used and methods of running a business [6, p.26]. The effect of limited implementation of innovations can occur in extreme forms of oligopoly as well as in firms working with franchise systems. In the modern Russian economy the given effect is practically not expressed directly.

The governmental bodies relying on target grants, stimulate companies to innovative reorganizations. New technologies can lead to increasing number of technical testing, tax payments, the registration of additional documentation that in some cases can block their implementation. Youth enterprises are significantly supported by various programs and easier conditions of work that makes the situation somewhat simpler.

The competing companies in most of the situations prefer to copy and to improve someone else's methods of work, however the method of "militant marketing" allows to block the innovation activities of enterprises by means of disinformation policy, the introduction of the "agent" to the company's staff, using the method of "cold calls" (if innovations are connected with the methods of client service or with a new product), removing from the staff a key employee by "head-hunting" method etc.

The biggest share of resistance in a standard situation is in potential and current clients of the company. The aim of any innovation is to increase sales volumes, to reduce the costs at the current level of production. Depending on the character of innovations the resistance of clients is expressed in the following aspects:

- commitments to the traditional type of service/product;
- the perception of innovations as an attempt of the company to get out of crisis;
- the unwillingness (absence of temporary and other resources) to comprehend a new system of work ("an empty instruction" effect);
- fear of inability to comprehend new peculiarities of a good or service;
- negative attitude towards waiting (if the innovation influenced the time of service) or the lack of professionalism in the employees of the front-office).

All of it can lead to a long-term clients flow reduction that will result in the amount of income and the effect from the implementation of innovations.

During the implementation of innovations youth enterprises face first of all the lack of funds. Among the factors that slow down the innovation activity young businessmen note insufficient financial support from the state, high costs of innovations, low solvent demand for new products, high economic risks and long terms of payback of innovations. If these difficulties cannot be ignored businessmen consider the resistance of internal and external environment only when they fail. The best instrument in fighting traditionalism, conservatism and prejudices are high quality information policy, training, rational work load, marketing analysis of competitive environment and peculiarities of the legislation as well as a unified strategic policy of further development of the company.

It should be taken into consideration that at high levels of resistance within intra-barrier the effectiveness of the innovation may drop to 50-60%, the external barriers make it even 20-30% lower. In the absence of appropriate attention towards barriers the cost of the implementation of technologies, methods, products can later considerably exceed the actual income from them. Thus, the innovation development, as such, ceases to be a rational decision for the organization.

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