

## Innovation Foresight as a Tool of Competitive Development of Business Entities

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**Abstract:** Article combines and reveals the different approaches to the management of strategic sustainability and related competitiveness of small and medium-size business structures. These structures, on the one hand promote the national social and economic growth and on the other hand represent the most variable segment of the economics affected by external influences. Foresight technologies including technologies of innovative foresight planning represent a new method of management that can be used at the macro- and micro-levels.

**Key words:** Strategic sustainability • Competitiveness • Business structures • Innovative foresight • Foresight projects • Business case technologies • Innovations • Knowledge resources • Managerial abilities

### INTRODUCTION

The idea of transition of the national economics to the innovation-oriented development, which is determined as the transition to economics of knowledge and information society, stated in the programs of the governmental leaders of the country, is hardly applicable without ensuring of strategic sustainability of the small and medium-size enterprises [1].

The current problem of management of strategic sustainability of small and medium-size business structures is in existing peculiarities of this economic sector and requires the special management methods and approaches [2]. On the other hand, the changes occurring in this segment must be considered in the context of the entire social-economic dynamics, which brings the innovative (knowledge) factor of functioning and development of small and medium-size business structures at the leading position [3].

Innovations in the new economic conditions, when the small and medium-size businesses pursuit the socio-economic growth is the condition of maintenance of strategic sustainability by considered structures and, simultaneously, a factor of their long-term competitiveness. The strategic sustainability of small and medium-size business structures is their ability to operate and develop during long time with relatively stable

dynamics, when the accumulated economic potential is systematically transformed to the incentives of the balanced socio-economic growth. Dynamic parameters of the conditions in this case are characterized by constant positive increments in certain direction of the evolution of this structure.

Competitiveness of small and medium-size business structures is considered in adversarial aspect through the ability to successfully compete on the market with similar structures and go ahead due to the unique or sustainable benefits achieved through effective use and optimal allocation of resources, which results in economic benefits, inaccessible for the competitors.

The special ability of small and medium-size business structures, which consists in the ability to produce and quickly implement innovations in the products and processes, is essential in this situation. The result of this ability is the acquiring of unique or advanced benefits (which has been also considered as organizational competence [4] or the key abilities of the company [1]), allowing a business structure to receive the Schumpeter's rent. These rents form the motivation of business structures to conduct irregular redistribution of resources and production factors to obtain the new results (the product or the process), which is a concept of innovation-oriented development of economic entities.

It is important for management to ensure the generation of innovations in less degree, therefore the innovations themselves without the practice are not able to provide the strategic sustainability of small and medium-size entities and in greater degree, to form the principles for creation and introduction of innovations, which would be consistent with macroeconomic and global changes, constitute space of functioning and development of considered structures. This requires a timely identification of external signals (the technological, economic, social and political [5]), as well as their correct interpretation to forecast and plan the activity of small and medium-size business structures.

In present, forecasting and planning of the functions and development of small and medium-size business structures of national economics constitute the dynamic management paradigm. At the same time, the practical solution of problems of management of activities of small and medium-size business structures in the current (short-term) and long term is to find a balance of abilities (as internal characteristic) and external opportunities, when the condition of business structure will be characterized at the each step by sustainability and accumulation of potential of the strategic development, sufficient for general activities.

In present, the experience accumulated in the management of small and medium-size business structures oriented to the preservation of strategic sustainability and competitiveness in the long term shows that the forecasts on the prospective conditions of the object form the conceptual basis of the plans for development [6]. Therefore the plans of activity of business structures form the direction of their development from the present to the future there is the need for a system overview of the subsequent conditions of the object, which will be the result of the implementation of plans based on the joined forecasts.

It should be noted that over last decades, the forecasting as a control procedure, raises concern in objectivity and reliability and at both scientific and practical levels [7]. The problem is that the forecasting is always a probability judgment that cannot embrace all signals coming from the external environment and identify weak and latent signals.

As a result, the forecast used for planning of strategic sustainable development of small and medium-size business structures, becomes outdated very fast and the plans formed using this forecast cannot be implemented. This signifies that the objectives established in the activities of small and medium-size

business structures are unachievable. It should be noted that a regular failure to achieve objectives by the small and medium-size enterprises greatly increases determinism and stochasticity of their functions and development. This, in turn, results in reduction in the number of economic entities in small and medium-size business. Moreover it has postponed negative consequences at the macroeconomic level, because the lack of positive dynamics in the evolution of small and medium-size business structures adversely affects the sustainable development of the large business.

In other words, the lack of balanced growth at the microeconomic level generates nonlinear and hardly predictable changes at the macroeconomic level [8]. Therefore, the specificity of management of strategic sustainability of small and medium-size business structures should combine some aspects of adaptability and counter-flexibility, i.e. the ability to coordinate the current activities of the economic entity with the requirements of the external environment, as well as the ability to foresee changes in the external environment for the development of the optimal long term plans.

Thus, the innovative foresight, as the convergence of science and practice and the technology of prospective vision from the present entirely meets these requirements (the requirements of adaptability and counter-flexibility in the management of small and medium-size business structures). It is a vision based on a complex and systemic view of the development of any object, distinguishes foresight from other methods and mechanisms of management of strategic sustainability for small and medium-size businesses [9].

In terms of practical managerial activities, the innovation foresight is understood as special method for creation of the prospective conditions for the business structure through the convergence of actions and comprehension according to the plan of sustainable development of these structures, reached through development of qualitatively new results in innovative-practical and scientific-technical activity.

A form of use of innovative foresight methods is different – from scenario planning until a strategic modeling of the long-term prospective conditions of small and medium-size businesses. However, the implementation of project form of innovative foresight to ensure strategic sustainable development of small and medium-size businesses is the most appropriate. From this point of view, the innovative process at the macro-level is always related with the current economic situation and the implementation of innovation foresight projects requires:

- Formulation of the long-term external tendencies in the technological, economic, social and political aspect with significant probability of forecasting;
- Formalization of administrative procedures and solutions in the form of a plan or program using scenario projective technologies.

Scenario-based approach, which is the basis of innovative foresight-planning of strategic sustainable development of small and medium-size business structures, possesses the some important qualities and characteristics and allows:

- To structure the local, regional, national and global trends in the best way that constitute the entrepreneurial activity at the present time and probably, will constitute the perspective of plans of the development;
- To evaluate the willingness and ability of small or medium-size business structure to the practical implementation of each type of the plan in changing external and internal conditions and, therefore, there is an opportunity to identify the bottlenecks in the current operations of a company and optimize them;
- Distribute the influence force of external factors within the levels and identify their correlation with the obvious and latent signals coming from the external to internal environment of business structure;
- Determine the level of availability of resource of business structure for every possible scenario and identify the areas for mobilization of resources, as well as financial and investment conditions for activities of this structure from the present to the future (perhaps, this is most important).

Obviously, the innovative foresight planning of strategic sustainable development of small and medium-size business structures allows the elimination of the general shortcomings of the traditional planning and forecasting through comprehensive use of the main scenario principle – principle of alternatives. The principle of alternatives allows the comparison of the achieved level of development of business structure, supply with the resources (and ability) with the objective possibility to reach the goals along the maintenance of strategic sustainability based on innovative activity, which directly depends on innovative level at the macro-level and phase of the large economic cycle.

Innovation foresight is based on the key competencies of management of business structures and contributes to the development of relatively unique competitive advantages in the present to maintain and increase of competitiveness and strategic sustainability of these structures in the future. Innovations as the embodiment of accumulated organizational knowledge (intellectual reserves) and key competences form the basic alternatives considered as a way of development in particular limits of environment and the basis of all possible scenarios of evolution of the business structure. Innovations and innovative solutions attributed directly to the activities of the business structure represent a new product or process created by the business structure or acquired from a third party and capable of generate benefits [10].

Obviously, the innovations underlying the foresight planning, consistent in the substantive part with the specific opinion and understanding of strategic sustainable and competitive development of small and medium-size business structures.

Innovative foresight planning allows the active formation of the development of small and medium-size business structures based on the multiple correlations of external and internal factors, current and future conditions. Innovative foresight-project is accomplishment of the most optimal scenario according to the level of availability of the resources, the level of accepted risk and desired results of strategic sustainable development of business structure.

Thus, the management of strategic sustainability and competitiveness of small and medium-size businesses in present is a group of procedures based on the active planning of the prospective activities using the timely identification of visible and latent signals generated by the external environment and coming to the internal environment of business structure.

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