

Development of Innovative Business Model of Modern Manager's Qualities

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ABSTRACT

The paper defines a complex of manager's qualities based on theoretical and methodological analysis and synthesis methods, available national and world literature, research papers and publications. The complex approach methodology was used, which provides an innovative view of the development of modern manager's qualities. The methodological background of the research are theoretical and methodological analysis and synthesis methods of available national and world literature, conceptual analysis of issue-related research papers and publications; study and generalization of both national and foreign developments and introduction of projects regarding actualization of manager's effective activity; the use of generalization, comparison, forecasting methods. The carried out research made it possible to distinguish a number of factors, which will have the major effect on managers' innovative entrepreneurial activities in the coming decade. Management as a social and economic phenomenon is under constant development - going to the future, and every efficient manager should accordingly improve himself. Therefore, today not only the level of professional training but such components of the profession as innovations and creativity, which are business advantages, important economic recourse and intensive economic development condition, become characteristic of manager's activity. They're defined as abilities to reveal and encourage employees' creative and innovative ideas. These aspects are reflected in the development of innovative business model of modern manager, each component of which is a key and independent element. Special attention is paid to the creative and innovative component of the suggested model. The suggested model might be used in order to create a manager's unique image and lead the company he manages to a long expected result.

KEYWORDS

Entrepreneurship; innovation; manager's qualities model.

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Introduction

New dynamic, continuous system innovations-driven economy calls for a new innovative model of manager's qualities, because the traditional model loses its effectiveness in such ever changing environment. Identification of key, base characteristics necessary in specific situations for manager's work is the goal of the

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most part of researches related to the development of manager's qualities models (Reznik and Sochilova, 2010).

All existing approaches to shaping a normative model of efficient manager endeavour to find out regular differences between an efficient manager and inefficient one. Such an efficient model of modern manager-entrepreneur's qualities should be focused on management of people, knowledge and interfaces uniting various business lines together. This model should be adapted for working in business environment, which is characterized by continuous changes, fast globalization, and complexity of interrelations between different business parts, processes, and subjects (Betz, 2003; Kao, 1996).

Methodological Framework

Taking into account such forms as operation, development, establishment, the modern global crisis is characterized by the last aspect "establishment" in terms of sociocultural processes. Establishment implies a process, wherein a subject makes a run from zero to one, which afterwards gives rise to a new organic unity. Today under market conditions entrepreneurship is in the process of establishing, that's why the issues of creating business environment that comprises legal, social, economic fields and forms entrepreneurial social class is the Government's first priority task at the stage of economy reforming.

Within the world community the stratum of entrepreneurs is the most important sector of market economy, without which no sustainable development is possible, since it determines economic growth rates, structure and quality of gross national product. The sector is an internal element of market infrastructure and in the context of Russian reality entrepreneurial development becomes one of the main strategic objectives of the country's economic policy. It is entrepreneurial activities that "launch" market mechanisms, and today at the turn of millennium the society is very interested in an impact that changes will have on the executives' qualities in the business world.

Therefore, we consider development of innovative business model of modern manager's qualities a relevant research and practice issue. Precisely this model can promote enhancing competences of management staff and be a symbiosis of manager's individual and psychological constitutions and requirements of modern market conditions.

M.V. Vishnyakova (2009) studied the questions of manager's personal qualities; V.S. Morozova (2012; 2015) carried out research of manager's entrepreneurial competence issues; S.D. Reznik (2010) and A.A. Sochilova (2010) considered the issues of manager's competitiveness; E.V. Yashkova, T.V. Perova and N.L. Sineva addressed the issues of innovative organization's competitiveness (Yashkova et al., 2015); M. Csikszentmihalyi (1988) considered business creativity a three element system; Jamming Kao (1996) proposed modern terminology of creativity; G. Tan (1998) studied creativity management in organization; F. Betz (2003) researched managing technological innovation; P. Drucker (1992) considered entrepreneurship a ground-breaking activity.

The research objective is to analyze and summarize scientific knowledge in the area of shaping socially important group's – managers' – characteristics, to suggest using an innovative business model of modern manager's qualities.

The methodological background of the research:

- theoretical and methodological analysis and synthesis methods of available national and world literature, conceptual analysis of issue-related research papers and publications;
- study and generalization of both national and foreign developments and introduction of projects regarding actualization of manager's effective activity;
- the use of generalization, comparison, forecasting methods.

Results and Discussion

In the modern world requirements for manager's work change and become more strict, new groups of factors and qualities, demand in which ever increases for his successful professional activity in the community of businessmen, appear.

In this regard let's consider the content of central scientific notions. The issues of entrepreneurship were addressed back in the 18th – 19th centuries, but they haven't become less relevant today (Drucker, 1992). The researchers consider the entrepreneur both an economic entity establishing his own new small business, an object creating a new market and an object that independently carries out business activities and bears the risk of loss with all his properties, possessions, etc.

The modern dictionary of economics defines the notion of "entrepreneur" as follows: 1. A capitalist who holds an enterprise, capable of entrepreneurship; 2. A man of enterprise, a businessman. Therefore, the notion of "entrepreneurship" is considered "a specific type of activity with a specific way of thinking, style and type of economic behaviour" (Batrasov and Vifilemsky, 2001).

Modern researchers reveal the notion of "entrepreneur" in the following way: this is an innovator able to take responsibility and undertake initiative independent activity under unstable conditions with a view to making a profit based on the combination of personal profit and social benefit²; entrepreneur is a visionary, a dreamer, a source of power that forms the basis for any human activity.

The authors suggest this refers to, above all, a person able to show initiative, work under conditions of uncertainty, adopt nonroutine decisions. The implementation of the system approach to developing a manager's efficient model emphasizing features of establishing and enhancing his competences, creativity, ethics is of academic and practical interest. The modern entrepreneurship is characterized by a specific, innovative, antibureaucratic style of economic management, which is based on the continuous search for new opportunities for development, innovations, and skills to use resources from most diverse sources to solve problems (tasks).

One needs to observe the following recommendations in order to develop entrepreneurial skills:

- do not be afraid to take responsibility and be decisive;
- to make timely decisions;
- to forecast consequences of made decisions;
- to make the best use of personal time;
- to choose the most efficient solution from among alternative solutions;
- to estimate one's roles and status within economic processes;
- to attract and use the whole variety of resource sources to complete tasks in hand;

- to make nonroutine decisions under conditions of uncertainty;
- duly estimate innovations in terms of their efficiency;
- to evaluate market conditions as a source of extra profit (Reznik and Sochilova, 2010).

The system of economic categories also distinguishes the notion of entrepreneurial talent comprised of manager's personal qualities: intuition, charisma, initiative, ability to manage and risk, assertiveness, and commitment.

The approach of the U.S. Agency for International Development to distinguishing manager's personal qualities is quite similar. It additionally points out search activity, persistence, independence from opinions of leaders and self-confidence, drive to awareness, power of observation, commitment to efficient results, involvement in team work. In addition, the entrepreneurial manager should find and make timely and correct decisions relating to various problems arising in management practice.

The used methodology of complex approach provides an innovative view of the development of modern manager's qualities.

Addressing literature sources, the authors generalize definitions of such terms as "innovations", "creativity" and "creativity"; they're considered a reflection of current events when staff creative potential and related innovative processes play a major role for economy and business. In this regard the authors consider the notion of "creativity of a person" (from Latin *creatio* – making, creation) a person's capacity for creativity, creative activity related to producing material and spiritual values of vital social significance – from new art and aesthetic ideas and approaches to specific products and formation of subject environment (comparable to the idea of reproduction). A result of creative work attracts people's attention, ensures popularity and people's interest in the process of creativity.

In the 1920s national academic economist N.D. Kondratyev (1920) believed that innovation activity can provide competitive advantages by means of creating temporary monopolies in some product or technology and making surplus profit by doing so (Sineva and Yashkova, 2015). Under present-day conditions organizations, which offer new developments, have more advantages over competitors as it's necessary to manufacture new products and promote them for the purpose of long-term competitiveness. Innovation life cycle decreases, motivating companies to continuously renew goods. In this respect organizations should have department with a specially trained executive – creative manager.

Interest in creativity aroused on the part of business early in the 1960s due to existing situation and dictates of the time. In our opinion, currently the ideas for studying and using creativity for successful doing business have become widespread in the management environment.

Previously it was assumed in the management environment that IQ is a main criterion for identifying person's abilities. Later intellect researches were added with person's creativity studies. Hypotheses were suggested that creativity level can be evaluated with the products of intellectual activity, communication and other kinds of human activities. The latest advances of science show that creativity is not always revealed in person's learning capacities and, consequently, it's impossible to forecast it with sole tests for determining intelligence level. Besides, scientists assume a direct correlation: all creative persons are intellectuals, but not all intellectuals are creative persons.

A modern organization should involve “the culture of changes”, when creativity and positive attitude to innovations and changes are encouraged on the part of staff and management. Disregard of creativity and opportunities it entails for a company lead to stagnation and loss of market power since for the modern business “creativity is what you either use or loose forever”.

Management literature distinguishes four forms of creative process: problem solving; logical reasoning; ideas relating; free association (Tan, 1998).

Considering the nature of person’s creativeness, it should be noted that there’s no shared vision as distinct from the nature of intellect. Some psychologists state that creativeness is coded genetically and inherited. Others believe (for a reason) that creative potential is subject to correction, it can and should be formed and developed (Figure 1).

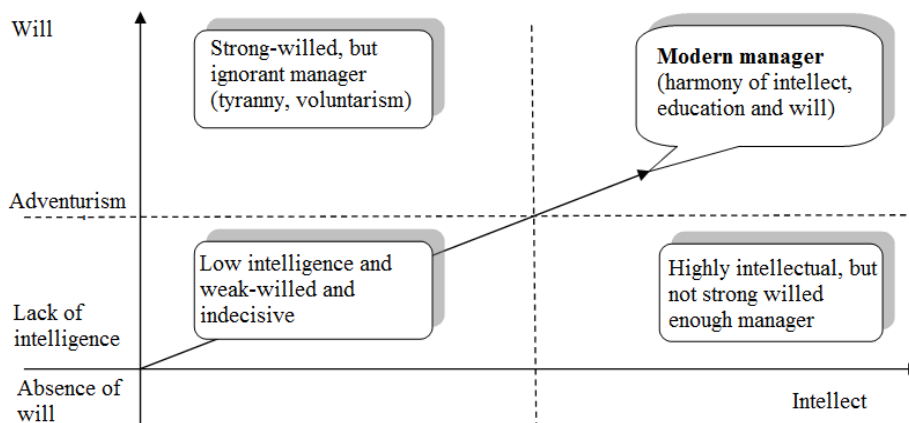


Figure 1. A modern manager in the system of axes "Will - Intellect".

So as to avoid ambiguity Joyce Wycoff suggested using the notion of Creativity (capitalized C) regarding “external” estimation of creativity and creativity (low case c) regarding “inner” creativity (Betz, 2003).

The notions of “professional creativity” and “business creativity” meaning the same are often found in modern literature. For example, professional creativity is reflected in the ability to see, define and originally solve professional problems, in the ability to forecast development of some or other situations and results related to the type of work in progress, quickly find feet in extreme professional situations.

A “system approach” suggested by M. Csikszentmihalyi (1988) is one of the most recognized conceptions developing pragmatic approach to creativity within organization. In his opinion, business creativity is defined by a system of three elements: 1) a creative subject, generating ideas (rules); 2) a set of existing (known to experts) ideas (rules); 3) a group of experts, who evaluate suggested ideas (rules) (Csikszentmihalyi, 1988).

Attempts to actively use staff creative potential are revealed in new methods of labour organization and stimulation: “labour enrichment”, “labour humanization”, “expansion of labour functions”, “delegation of powers”, “Q-circles”, etc. Experiments carried out in the 60-70s of the past century are few and fragmented, they were solely socially and psychologically oriented. Experiments were characterized by a

singly focus; as a rule, individuals came under studies, whose creativity was diagnosed, then endeavours to develop it were undertaken and, finally, its positive dynamics was evaluated. Nonetheless, the experimental base of that time shows there were no attempts to manage creativity of individuals (not to mention staff creativity management).

Later this issue is addressed in accordance with an idea that basically any kind of activity, including creative one, should be subject to management influence, which is exerted in compliance with all the laws and principles of management. Managing individuals' and staff's creative development should be efficient, since not every activity is constructive. Some activities of staff can be of useless and even destructive nature due to the fact that goals of individual employees may dramatically differ from organization's goals.

For this reason staff creativity management has become a subject for system studies and analysis from the late 90s. New terms have been coined: directed creativity, organized creativity, structured creativity, managed creativity, etc. (Kao, 1996; Proctor, 1995).

Today psychologists employ a large set of methods for estimating manager's work efficiency based on the analysis of individual characteristics (signs) and correlation relationships between them: psychological stability, capacity for logical and abstract thinking, temperament, intuition, interpersonal skills and others.

Undertaken studies show that qualities typical for an efficient executive are quite situational. Their number and manifestation rate depend on many factors, such as conditions under which organization operates (for example, crisis, situation of uncertainty or, vice versa, standard conditions) and manager office (for example, line manager or staff manager).

Thus, realization of manager's special position in the business environment, change of his activity content, requirements of external environment for innovations and creativity allowed the authors to suggest an innovative model of manager's qualities in its business aspect (Figure 2).

The authors assume that a business model should accumulate all necessary components of the business environment, which is characterized by changes, increasingly complexity of interrelations between different business processes and subjects.

Let's consider the main components of the proposed innovative business model of qualities and characterize it.

1. The first component is an *ability to think strategically*, an ability to generate ideas and make decisions.

Managers who think strategically can forecast changes of external conditions and timely refocus the use of their resources. A modern company should shape clear strategy that entails effective activity.

The use of synergic effect and accurate determination of product life cycle facilitate strategic thinking.

2. *Professionalism in business activity* is a system of knowledge, abilities and skills of working in the business environment. To discharge their complicated and responsible functions, managers should have expertise and ability to use it in the daily work of business management. The first group consists of knowledge and skills (workmanship) to perform professional work under hardest conditions, when time

increasingly becomes the determinant factor of success. The second group of managers' professional competences relates to their ability to realize team needs and interests. The ability to attract highly skilled employees, take part in the development of wage system and premium pays, making of development program, incentive changes. The third group is requirements for competences in the field of innovative organization's area of practice.

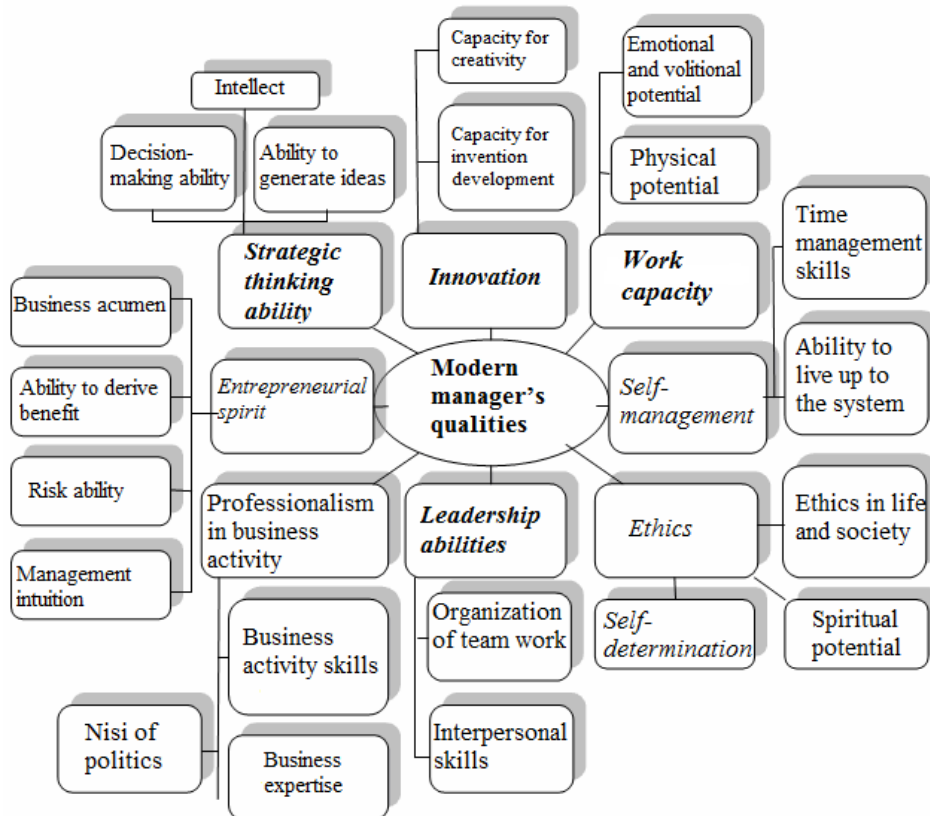


Figure 2. Innovative business model of modern manager's qualities.

3. *Entrepreneurial spirit*. The manager's ability to determine the most efficient tactics, business acumen, which makes it possible to forecast, i.e. to "see" profit, since it is the goal of entrepreneurial activities.

The manager should have a kind of management intuition, develop and use it for the benefit of his organization.

4. *Leadership abilities*. This is an ability to organize team work, assign works among employees, establish priorities in work for oneself and others.

The authors believe that companies have creative employees, but do not know how to manage them. The process of managing creative individuals within a company is a new controversial area, therefore, there are not so many researches. All company's employees is a team of like-minded persons involved in the communication process, united and representing a whole subject to continuous changes (Shkunova and Koloda, 2016). That's why human resource management

becomes the main factor of organizations' managers' activity. According to the authors, the ability to work with people has a special place among requirements to managers. It needs manager's knowledge, skills and work concerning protection of employees' interests and care of their working conditions. The manager's ability to articulate his ideas orally and in writing is also important.

5. *Self-management*. This is an ability to organize oneself, control one's emotions, stay calm at the moment of crisis, be in charge of one's time and priorities.

The 21st century is called the century of knowledge, the century of information as well as the century of globalization and rapid changes for a good reason. The processes of management become accordingly complicated and managers are literally married to their job. This is caused by brisk pace of life competition, etc. Under such conditions the manager should learn to manage his emotions, focusing creative potential to the benefit of his organization. The manager's ability to keep fit in every respect (body, soul, mind) can be also referred to this group.

6. *Ethics*. Ethical conduct involves proper behaviour and respect for a person you are talking to, the ability to hear and listen to employees, the ability to settle conflicts. Ethics are moral principles of activity of an organization as a whole. These manager-entrepreneur's aspects are shaped under the influence of organization's corporate culture. Corporate culture being the reflection of philosophy of all management levels, above all, top management, is translated into organization's innovative strategy in practice (Sineva and Yashkova, 2015).

7. *Work capacity*. Having physiological and emotional and volitional potential contributes to sound effective activity and depends on will, motivational aspects, manager's psychophysiological capabilities, response to external irritants. Creating safe and comfortable conditions, work place arrangement and other factors help to increase work capacity.

8. *Innovation*. The notion "innovation" is defined as a manager's drive for working under conditions of uncertainty and requires inventive power and creative approach.

Taking into account the dictates of the time, it can be stated the business world has already defined the new type of manager as an innovative one¹. An innovative manager is a specialist able to make decisions and take responsibility for them, demonstrating leadership skills, having the ability to persuade employees and, with that, able to settle conflicts and stresses. The manager-entrepreneur is initiator of innovations. P. Drucker (1992) reduces entrepreneurship to innovative activity, which represents an interdependent whole.

In addition to innovation, "creativity" is emphasized as an ability and willingness to look for new approaches, invent non-standard decisions. Creativity should result from manager's education and specialized training, find its rightful place in his personality's structure, characterize his intelligent potential and motivation of activity, be an actual result of his education. Besides, the authors put an emphasis on manager's learning and development ability as a perpetual drive for acquiring of new knowledge in his and related fields of activity, for initiative in integrating advanced technologies and methods of personnel management (Sineva and Yashkova, 2015).

The manager-entrepreneur is initiator of innovations, since the economic role of creativity become more important, creative abilities become economically significant: imagination, adaptiveness, flexible thinking, the ability to generate new

ideas, to solve nonroutine problems, etc. Managers of major companies understand their recourse is staff's creative abilities and creative ideas, notably, this recourse can be considered inexhaustible.

Conclusion

The carried out research made it possible to distinguish a number of factors, which will have the major effect on managers' innovative entrepreneurial activities in the coming decade.

Management as a social and economic phenomenon is under constant development – going to the future, and every efficient manager should accordingly improve himself. Therefore, today not only the level of professional training but such components of the profession as innovations and creativity, which are business advantages, important economic recourse and intensive economic development condition, become characteristic of manager's activity. They're defined as abilities to reveal and encourage employees' creative and innovative ideas.

These aspects are reflected in the development of innovative business model of modern manager, each component of which is a key and independent element. Special attention is paid to the creative and innovative component of the suggested model.

The authors consider that, certainly, not all entrepreneurs have all qualities represented in the suggested model, but its task is to create a manager's unique image and lead the company he manages to a long expected result.

Disclosure statement

No potential conflict of interest was reported by the authors.

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