

Analysis the peculiarities of the project approach application in innovative development management of socio-economic self-organized systems

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Abstract. The issue of increasing of project-oriented structures and organizations competitiveness through the use of management strategies of innovative development is the focus of this article. The primary types of innovations with the purpose of defining the development features and realization of various innovative projects are analysed. The emphasis on the positive influence of internal innovations on management processes is made and the main components of innovation activity are reviewed. The components, involved of the system of institutional forms of strategic management of innovative development of project-oriented structures and organizations is defined and the need for full interconnection of their strategic capabilities with the involvement of their internal potential and unused reserves, are established.

Key words: *innovative development, project-oriented organization, structure, strategy, project team, intellectual capital, internal innovations.*

Problem statement

Solving large-scale tasks of modernizing the national economy requires intensification of efforts at all levels of public administration and the broad involvement of other stakeholders in the planning and implementation of developmental projects. At the same time, it occurs at the regional level that a significant number of problems are associated with existing imbalances in the economy and the social sphere. Under such conditions, there is a need for the establishment of regional structures responsible for both the formulation of a development strategy and its implementation in specific projects.

The project is designed for the innovations implementations that solve the problems of a particular socio-economic system. But the results have consequences on other systems and also affect the interests of other systems, which are collectively determined by the project stakeholders. Therefore, it is very important that the benefits that are gained from it have been harmonized with the interests of all interested parties. Innovations cannot be implemented without taking into account the uniqueness and exclusiveness of the innovations. To do this, you need to implement a specific activity that requires a special coordination of interconnected events, which, in turn, are carried out under unique conditions [3, p. 48].

The need to transform the Ukrainian economy from resource-oriented to innovative-oriented is understood today at the highest level of the national economy management. This manifests itself not only in the form of political declarations and rigorous discussions, but in certain, not always consistent and often unjustified decisions. The state spends a lot of money on the development of high technology and the creation of large innovative clusters. There is a need for all types of solutions. It should be mentioned that their effectiveness would be much greater if these decisions were based on scientific research of the regularities and institutional forms which manage the innovation activities. Up until now, the theory and best practice of strategic management of innovation has accumulated enough arguments in favour of the fact that the technological and industrial components used in innovation development are far from the most critical. The real transformation of the Ukrainian economy into innovation is impossible without increasing the innovation of public institutions and society as a whole. Without increasing innovativeness, institutional forms of economic and social life created innovative clusters which would be at best good investments in real estate and create innovative technologies which could be commercialized outside the Ukrainian economy.

Review of the pertinent research and publications. A significant contribution to the knowledge of project management is contained in studies of international financial organizations (The World Bank, European Bank for Reconstruction and Development), specialized professional organizations bringing together experts on this issue (International Project Management Association, professional national associations for project management of various countries, etc.). The greatest interest is represented by the works of S. Bushuiev, C. Bredillet, D. Gerd, S. Dziuba, P. Zablin, V. Kalyuzhnyi, I. Mazur, P. Martin, O. Medvedeva, N. Olderooge, O. Rossoshanska, G. Tarasyuk, K. Tate, A. Tovba, G. Tsines, V. Shapira and others. In most of the project management papers, this issue is studied and researched in the aspect of managing business projects in the business area, solving certain business tasks. The use of the project approach in public administration and local government offices has been proposed by a number of authors, among which worth mentioning works by T. Bezverkhniuk, N. Bushuieva, V. Morozov, V. Polyshashva, V. Racha, A. Rybak, Y. Teslia, O. Fedorchak, Y. Sharov and others. However, increasing innovativeness of the Ukrainian economy requires an increase in the society innovativeness as a whole, and requires the development of new innovative institutional forms of the management of socio-economic self-organized systems.

The purpose of the research is to analyse the peculiarities of the project approach application in the management of the socio-economic self-organized systems

innovative development on the basis of methods and tools of the project management methodology and the provision of relevant scientific and practical recommendations.

Results. The interconnectedness of technological and economic innovations with innovations in the socio-institutional sphere is now recognized by theoreticians as the innovative development of socio-economic systems. Detected N. Kondratiev, following J. Schumpeter, long waves of economic development reasonably associated with no monotonic development of innovations in socio-economic systems. Long economic waves are accompanied by a change in the technological paradigm of society, since investments in technology of one paradigm for a specific time; restrain the penetration of new technologies into the socio-economic system. At the same time, an important role is played by the socio-political institutional structures, which maintain the existing structure in the form of the dominant political elites, systems of social interaction, stratification of society, etc. But the most complete link between socio-political institutions and innovative development, were found in the work of C. Perez, who drew attention not to the periods of change, usually accompanied by crises, but by periods of relatively stable and monotonous economic development. C. Perez, and followed by C. Freeman and other scholars, arrived at the conclusion that the roots of economic crises and the unevenness of innovative development lies in precisely in relatively affluent economic periods. In these periods, emerging socio-political institutions are

«frozen» in forms that are adequate to the initial stages of a long economic cycle, but later they stop their development and restrain the penetration of innovations into society. Consequently, the effectiveness of innovative development is determined by the effectiveness of institutional forms, in which management is carried out both directly by economic processes, as well as social and political processes that actively influence the economy.

In spite of many obstacles, the crisis is an opportunity for development of production, innovative technologies, the opportunity to strengthen positions at the expense of mergers and acquisitions, and the use of sharply depreciated assets and labour. It is then possible to overcome the global financial crisis using modern innovative management methods. One of these methods is project management, which has proven itself well in many areas of activities and industries in various countries. However, in order to increase the innovativeness of the Ukrainian economic development, it is necessary to increase the innovativeness of the society as a whole. In order to do that, it is necessary to develop new innovative institutional forms of management of project-oriented structures and organizations that have economic, social and political significance.

The strategic management of innovative development is the dominant activity of project-oriented organizations. Activities of project-oriented organizations can be viewed in the context of the business processes regarding the primary activity and also the processes of development (innovation projects and programs) [5, p. 156].

In the classical definition, the project has distinctive features such as: uniqueness, temporality, resource constraints, and uncertainty. The project is a long process, and the introduction of these procedures and the effectiveness of the project, to a large extent, depends on the quality of the project management process at all stages. These include: initialization of the project (definition of the concept), planning and development, implementation, achieving results and outcomes. Project management is considered as a management process regarding the implementation of a specific project at all

stages. These consist of a set of mechanisms, actions, means and tools.

Project management is a synthetic type of activity and uses knowledge gleaned from other fields. Among them there are three branches of scientific knowledge [3, p. 49]:

- managerial knowledge relating to planning, organization, control, statistics, logistics, forecasting;

- applied knowledge that describes the applied area of the project; this knowledge of the applied areas should reflect unique or unusual aspects of the project environment, as well as general practical results, which will improve the effectiveness of the project;

- methodology of effective project management, which consists of a complex set of unique mechanisms, actions, means and tools.

The centralized organizational structure, designed to improve the methods and results of project management, allows one to make the most efficient use of the company's resources and the accumulated experience is called the "project management office". The responsibility regarding the correct orientation of the project management office for managing the development environment of an innovative multi-project, implies the existence of balanced feedback between the project management office and the strategic units that are important for the organization. A functional-matrix, combined with the project-organizational structures involved in managing the project portfolios and other departments that are included into project management office, constantly interact with the strategic services of project-oriented organizations, which allow for the possibility of timely adjustments of the organization strategy and other priorities in the various projects.

The basic concept of the work involving the project management office creates the following foundation principles [5, p. 156]:

- projects and portfolios must be developed in accordance with the organization's strategy;

- the participation of functional units in the development of the project's implementation should be coordinated in accordance with the organization's strategy;

- projects and portfolios implementation should be accompanied by the presence of

constantly operating immediate feedback from project managers and program managers, and, respectively, the heads of the functional units, with the management of the organization that controls the strategic compliance.

The purpose of developing this direction is to optimize the flow of information between the objects of the project-oriented organization through the improvement of business processes, and the development of a flexible unified project management office adapted to various organizational structures of projects, which would further promote the strategic innovative development at a higher level.

However, the practical results of this activity are not yet visible. The results of the projects are significantly different from their goals, because scheduled timing and budget are violated. The main reason for this problem lies in the very definition of a project – a temporary endeavour undertaken to create unique products, services or results. In other words, the main difference between the project and the organization is, according to the founders of the project management methodology, that the project is limited in time, and the organization is not. Therefore, the management of the organization is interested not so much in the successful implementation of a project, but in the successful achievement of its strategic goals, which do not always coincide with the objectives of the projects. This inevitably leads to a conflict of interest between the project management office and the management of the enterprise.

Innovative projects both modify and transform scientific and technological achievements. For this to be accomplished, it is necessary to apply creative approaches and taking activities into account alternative solutions. The development of innovation projects is a complex multifactorial task that can only be solved with the integrated approach of the innovation team of researchers and designers of different levels of specialization in the specialty [2, p. 65].

In order to determine the peculiarities of the development and implementation of various innovative projects, the primary types of innovations are identified and analysed. It is fundamentally important that different

types of innovations require specific approaches to the management of innovative projects, the corresponding structures of innovation activity, its methods and styles.

As the main criteria for distinguishing types of innovations, it is necessary to note the following [7, p. 106]:

- economic industries and sphere of activity in which innovation is created and implemented;
- degree of novelty, radicality of innovation;
- character of practical activity in which innovation is used;
- technological parameters of innovation.

First, innovations are allocated in various industries, agriculture, different areas in social spheres, culture, and education.

The objects of intellectual property can be used by enterprises and organizations in order to generate income. They are included in intangible assets. Thus, innovation management is an integral part of a project that needs to be thoroughly considered. In the presence of internal innovations, the project contains what was previously not performed. At the same time, internal innovations have a positive effect on the main management processes that occur in virtually every project [4, p. 4]:

- change management processes – identification, adjustment, approval and acceptance to perform of corrective actions and coordination of changes throughout the project;
- resource management processes – making changes in the composition and designation of resources for project work;
- objectives management process – making adjustments to the objectives of the project by the results of analysis processes;
- quality management processes – development of measures to eliminate the reasons for unsatisfactory performances.

The result of the innovation activities is confidential knowledge, involving experience and skills that include information regarding a technical, economic, administrative, financial and other aspect that were validated during the projects.

In recent years, new approaches have emerged in project management: multi-

project management, and program and portfolio management. Contradictions between the needs of individual projects and the portfolio of projects can cause misunderstandings in the company's work. As a rule, something similar occurs if top management does not pay enough attention to the formation of the general views regarding the goals of the company, the division of priorities between projects and the delivery of strategic initiatives to all managers and performers. Each organization operates on the basis of its own business theory, in other words, on the basis of a number of ideas about what its business is, what its goals are, and how the results are determined, who are its consumers, and what these consumers value and pay for [8, p. 252]. Their individual strategy is a way to implement their individual theory of business and put it into practice. By defining its main strategic goals, the organization thus forms its own-dimensional target space, in which the current values of the strategic indicators of the organization correspond to its state in any given space.

Modernity puts forward fundamentally new requirements to the intellectualization of the process of management activities, the quality and effectiveness of which depends, first of all, on the intellectual support and professionalism of the members of the project team. Improvement of the system of motivation and promotion of human resources, team building, corporate values, effective use of the intellectual potential of the project team members involved in project-oriented organizations, should become the main task of managers in the process of managing and innovating activities [6, p. 73].

The success of project implementation depends on many factors among which are the qualification and competence of the team. In addition, the project manager plays an important role in the conditions of a post-industrial society. Managing innovations in these projects requires up-to-date knowledge, and skills of the project managers. Failure to take into account this aspect, leads to failure of the project, or to a significant reduction of the effectiveness of creating value when using the unique properties of the obtained product [1]. Therefore, the project team is the most flexible element of the internal environment of a project-oriented organization. Innovative

activities contribute to the commercialization of knowledge and are based on the effective use of intellectual potential.

One of the decisive priorities for successful state development is the creation of conditions and mechanisms for the effective transformation of the intellectual potential of the people into intellectual capital. This tendency can be traced not only to the macro level, but also to the level of the individual organization. The main driving force behind the economic development of a design-oriented organization nowadays is intellectual resources, which is confirmed by global tendencies [6, p. 74]:

- an intellectual product is the most important part of national public wealth;
- economic activities are increasingly turning into a process of continuous intellectual innovations;
- competitiveness of business entities, the survival of entire industries directly depends on the ability to perceive and produce an intellectual product;
- the phenomenon of intellectual property acquires special significance in overcoming the crisis and recreating the economy.

The commercial effectiveness of innovation is a derivative of three components: long-term innovation; sustainable development which is provided by economic stability and the self-sufficiency of the organization; and lastly the ethical attitude of managers and employees.

In terms of novelty, radicalism, basic and improving innovations are allocated. By the nature of the practical activities in which the innovations are used, industrial and managerial innovations are distinguished as the main types. Through the main technological parameters, product and process innovations are distinguished.

It is important to note that the implementation of these basic innovations has a significant stimulating effect on the creation of conglomerates and the associations of within these organizations. The dynamics of basic and improving innovations in the organization essentially depends on the place occupied by this organization in the structure of the industry, and its role within it. Technological leaders in the industry or large

organizations in their activities tend to focus on improving innovation. Small organizations or industry outsiders often seek to create radically new products and technologies, that is, to make radical innovations. Thus, large classical universities often focus on improving educational innovation, while small, new educational institutions frequently initiate radical educational innovations.

Industrial innovations are embodied in new products, services and technologies in the production process. Managerial innovation is knowledge that was recently developed and that is embodied in new managerial technologies, in new administrative processes and within the organizational structures.

Industrial innovation in the field of education can be both product and process innovation, while managerial educational innovations are predominantly process innovation.

In studying the dynamics of product and process innovation, two models are used [7, p. 107]:

- the lag model – an approach in which product and process innovations are seen as cyclically influencing each other;
- synchronous model – an approach that involves the simultaneous implementation of both product and relevant process innovations.

In the first approach, two models are considered: the product cycle model and the reverse product cycle model.

According to the product cycle model, the first two phases of the development of the new products class are periods of radical change, when the main product innovation are introduced in the first stage, and during the second, the main process innovations. These phases change through a period of incremental changes, when less significant innovations are introduced at a moderate pace.

Business practices increasingly require the consideration of intellectual and human resources during innovative activities. Development of internal innovations in these conditions becomes one of the main factors of the efficiency of the project-oriented organization, as it allows moving to modern technologies. The process of managing internal innovations becomes an important

factor in the wealth creation and provides competitive advantages, and therefore, is of strategic importance.

In order to effectively manage innovative activities within the framework of new institutional forms, it is necessary to adapt the methodology of project management. The rationale for this proposal begins with the identification of the peculiarities of the innovative development of design-oriented organizations, the differences from the traditional forms and tools of ordinary management of economic and socio-political activities. The management of established institutions always tends to use models based on rational choice, risk reduction, sustainable development, and optimization under the existing equilibrium. All these models, if viewed in the general theoretical management perspective, relate to the traditional functional and process management, which was formed in the framework of the paradigm of stable organizations as the main actors. This managerial approach is inherently conservative, aimed at maintaining the current state of affairs, or on a progressive development within a predetermined trajectory.

The strategy of managing the innovative development of project-oriented organizations primarily relates to the project management, the management of the activities of transferring the system from one state to another within the strictly limited terms, objectives, budgets and results of the initiative, rather than within the overall progressive process.

Effective strategic management of innovative development of project-oriented structures and organizations is carried out within the framework of a general system based on transferring the theory and practice of managing technological innovations into the practice of managing complex economic, social and political innovations that are developed and implemented by independent entrepreneurship networks. This system involves the creation and operation of project-oriented centres for innovative social and politically active entrepreneurship, in a sense analogue of technology parks and business incubators, instead working in the wider and more mobile institutional space of the national economy.

The variability of the results of the operation of innovative projects, taking into account technological and other processes of production, depends on a large number of factors, but the key ones should be mentioned such as, – the features of the infrastructure, and the type and condition of all components of the project – from technology to employee qualifications. In addition to this, for each chain of a separate operation there is an individualized set of features based on which are possible to predict various deviations and actions for innovative corrections.

Within the framework of the strategy of innovative development of design-oriented organizations, it is suggested to distinguish four main blocks of activities: – intellectual and analytical providing; – interaction of stakeholders and formation of social

networks; – project management; – socio-political entrepreneurship projects.

In order to increase the efficiency of the strategy of management of innovative development of project-oriented structures and organizations, the factors regarding the success of innovative social and politically activities entrepreneurship are revealed:

1. Readiness to self-correcting.
2. The ability to share success.
3. Readiness to confront the resistance of stable institutional structures.
4. Ability to apply an interdisciplinary approach.
5. Readiness for inconceivable difficult work.
6. The presence of strong ethical incentives regarding activities.

Conclusion

Proceeding from the above, the theoretical generalization and proposed solution of the scientific problem, consisting in the analysis of the peculiarities of the project approach application in the management of socio-economic self-organized systems innovative development on the basis of methods and tools of the project management methodology and the provision of relevant scientific and applied recommendations. The research results obtained during the investigation allowed for formulation of the following theoretical positions, conclusions and recommendations:

- substantiated the mechanism for achieving the main strategic task of managing the projects and programs of the organization through the establishment of a balance in the system goals of the organization, development program, project portfolios, individual projects, teams of managers and individual managers, by analysing the causal relationships between parts of the company as a separate system, and through the prism of the factors of the proactive management methodology;
- the components of the system of institutional forms of strategic management of innovative development of project-oriented structures and organizations were characterised, and they should include: methodology of project management; functional model of the project-oriented center of innovative entrepreneurship; factors leading to the success of innovative social and politically significant projects;
- the main blocks of activity are allocated within the framework of the strategy of innovative development of project-oriented organizations was outlined;
- factors of the success of innovative social and politically active entrepreneurship was systematised.

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