

**CDSSES 2020****IV International Scientific Conference "Competitiveness and the development of socio-economic systems" dedicated to the memory of Alexander Tatarkin****CORPORATION CREATIVE POTENTIAL AS THE BASIS OF ITS COMPETITIVENESS**

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**Abstract**

The speed of transformation processes taking place in the world changes the logic of the development of traditional forms of increasing the company's competitiveness and building up its competitive advantages. The authors focus on the corporation's creative potential, which at the first approximation, reveals the specifics, uniqueness, originality of the corporation and its personnel, and their combined contribution to the development of the economy. This circumstance creates an increased interest in the problem under study, reflects the demand for its theoretical and practical capabilities. The study aims to develop theoretical and practical aspects of the formation of the creative potential of a corporation as a basis for increasing its competitiveness. The study used the method of systemic and comparative analysis, observation, political-economic and institutional methods. A structural and functional approach to the study of the problems of the formation of a corporation's creative potential is proposed and substantiated. The authors obtained the following results: disclosed the dialectical connection between the corporation's creative potential and its competitiveness in the digital economy; highlighted the intellectual component of the corporation's creative potential, substantiated tools for activating the reproduction of the corporation's creative potential. In the course of the study, the authors obtained the following results: disclosed the dialectical connection between the creative potential of a corporation and its competitiveness in the digital economy; the intellectual component of the corporation's creative potential is highlighted, tools for activating the reproduction of the corporation's creative potential are substantiated, embedded in modern conditions.

2357-1330 © 2021 Published by European Publisher.

*Keywords:* Corporation, creative potential, digital economy, intellectual capital



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## 1. Introduction

The rapid technological transformations and structural shifts in the economy taking place at the present stage are forming a new economic reality, in which the usual things and solutions are replaced by innovative ones that determine our further existence. We understand that the economic and public space of the future will be determined by digitalization, which sets new vectors for the development of all spheres of economic activity. Changes affecting the technological base of economic systems also apply to corporate structures, which, under the influence of external transformations, need internal transformations, flexible organizational mechanisms, creative forms of activity, new functional content, replacement of pre-existing forms of economic relations with new ones (Andryukhina, 2019; Golovchin, 2019; Khvetskovich, 2019). The spread of digital technologies is shaping new trends in the development of the economy and corporations, new business models, artificial intelligence, wireless communications, robotics, network forms of interaction, which, according to experts, can increase labor productivity in companies by 40% (Abdrakhmanova et al., 2019; Silvia, 2007). Deep technological shifts fill the competitive space with corporations that can change and meet new technologies, needs, and market conditions (Bodrunov, 2018; Brizhak et al., 2020). The renewal in the reproduction of individual components of corporate capital turns corporate structures into demanded structural elements of the economic system (Bogomolov, 2011; Kleiner, 2019; Pletnev, 2019).

Systematic exploration of the corporate identity rests on the strong ownership foundation that functionally provides corporate identity. It is about the relation of property. The property acts both as a prerequisite and a result of social reproduction (Kleiner, 2020; Marx, 1960; Sapir, 2005). At the starting point of each cycle of reproduction, ownership of production factors acts as a prerequisite for the movement of corporate capital. Since control over the factors of the economic process allows owner-shareholders to form a set of ideal forms, income assumptions, and calculations aimed at multiplying the fictitious capital of the corporation and their shares in German Along with this, it is planned to implement the necessary changes in the real capital (technological renewal, the formation of new competencies of personnel, widespread and digitalization), which is associated with corresponding risks (Brizhak, 2018).

In the course of the reproduction process, the movement of corporate capital is accompanied by its inherent components, which are confirmed by their social significance, property relations and content form, such as the cost of capital that ensures the reproduction of the production process, issues of guaranteed income for shareholders, mechanisms of corporate management; the capital of the economic culture of a corporation. In the course of the innovative development of a corporation and its potential, the property creates a specific space where the factors of production and the results of this process are concentrated, appears as a generic formula of a socio-economic organism that sets the direction, order, dynamics of the reproductive process through the synthesis of moments inertia and renewal (Brizhak, 2018; Melnikov & Yaremchuk, 2018; Salikhov & Salikhova, 2016).

## 2. Problem Statement

The competitiveness and adaptability of modern corporations in the context of modern transformations are explained by the formation of a particular intellectual core, a unique organizational

form of its total creative potential. Such an intellectual core enables the corporation to solve essential tasks of adapting to the external environment, developing and implementing high-quality management decisions, which ensures the reproduction of corporate capital and the corporation's competitiveness. In modern corporations, the corporation's targets and basic settings have changed dramatically (Florida, 2002; Shinkevich et al., 2019). The owners of intellectual capital, capable of generating qualitatively new ideas that meet the challenges of modern development, began to come to the fore of modern creative corporations (Brizhak, 2018; Kozlova, 2019; Yakushina, 2018). The primary resource of such new corporations is information, the dominant type of capital is intellectual capital, and the most valuable result of the activity is new knowledge. The development of tools for enhancing the reproduction of the corporation's creative potential, corresponding to the current conditions of the new economic reality, determines qualitatively new guidelines for the market conditions of management.

### **3. Research Questions**

The first: use of modern digital technologies presupposes the formation of a broad scientific base and specialists with many competencies, including the ability to model a situation; the ability for effective specialization; the ability to integrate into a group; focusing on crucial aspects; independent systemic thinking; flexibility of mind and multiculturalism, the ability to be aware of present events and a vision of the future. Strategic corporate management tools go into targeting mode. Namely, the process of forming the creative potential of the corporation begins with the promotion of an abstract opportunity for creative potential, then the search for new aspects of the formation of creativity and control of the use of creative potential is carried out.

The second: difficult decisions in the context of modern transformations imply the involvement of its intellectual core (capital) in the process of forming the creative potential of a corporation and the use of its capabilities. The competitiveness of corporate structures is based on the development of the employee's intellectual potential as a manufacturer of innovations. In the new economic reality, the classical forms of corporation dominated by formal institutions of coordination do not meet competitiveness requirements. They are being replaced by soft, flexible forms, for which the increasing speed of socio-economic transformations is a determinant (Brizhak, 2018).

### **4. Purpose of the Study**

The study aims to develop theoretical and practical aspects of the corporation's creative potential as the basis for increasing its competitiveness, which allows us to formulate the following tasks:

- To determine the role of new competencies affecting the results of generating the creative potential of the corporation.
- To assess whether the corporation has unique mechanisms used to ensure its competitiveness.

### **5. Research Methods**

The authors use methods of systemic and comparative analysis, observation, political-economic and institutional method; the resources of the creative and digital economy are involved. A structural and

functional approach to the study of the problems of a corporation's creative potential is proposed and substantiated.

## 6. Findings

The formation of new vital competencies of the personnel of an innovative corporation means that changes in the reproduction of corporate capital not only predetermine functional and structural changes in the areas of the corporation's activities but also launch a unique integration mechanism of interaction between functionally related sectors of a modern corporation. Such a mechanism is focused on the formation of competitive advantages of the corporation, demanded by profound technological shifts and digital technologies. Modern digital technologies determine the development of the integration interaction of all components of the corporation with the formation of appropriate synergistic effects. A modern corporation is changing qualitatively, and its integration into the economic system takes place based on integration.

Assessing the second target component, we proceed from the assumption that the introduction of digital technologies in the reproduction of corporate capital gives rise to the renewal of the organizational mechanisms used in the development of the corporation (structures, management schemes, strategies, and development tools). The organizational mechanisms for promoting new technologies and products come to the fore - from marketing the formation of critical scientific ideas to the initiation of qualitatively new needs and elements of demand. Therefore, it can be concluded that digital technologies, together with the development of the corporation's creative potential, allow corporate entities to increase their competitiveness (Brizhak, 2018).

Based on a sample of financial reporting data from the most significant Russian corporations, let us assess whether these corporations have unique mechanisms used to ensure competitiveness, based on the open data (Table 1).

**Table 1.** Ratings of the largest Russian corporations at the end of 2018 (according to companies data)

Corporation	Ranking by market capitalization		Ranking by revenue		Ranking for employees	
	Rank	Billion rubles	Rank	Billion rubles	Rank	Number
Gazprom	1	98.1	1	8224	2	466100
Sberbank	2	88.5	4	3160	6	293752
Rosneft	3	77.1	3	6850	4	308000
Lukoil	4	71.7	2	7479	12	102500
Novatek	5	61.9	16	832	*	15445
Norilsk Nickel	6	49.2	21	729	16	75900
Gazpromneft	7	32.2	-	-	-	-
Surgutneftegaz	8	29.3	7	1537	11	115000
Tatneft	9	29.9	15	911	*	60,000
Polus	10	15.2	83	185	*	19674

\* - not included in the top 20

The ten most significant corporate structures of the Russian economy include mainly commodity corporations, which indicates an extensive path of development of the economic system, which relies on the use of resources of the natural storeroom. This approach indicates the peripheral future of the economy, not focused on the development of other capital and human (intellectual) resources, a small number of innovative companies aimed at generating creative potential.

After analyzing the data presented in table 1, we note:

- Gazprom Corporation continues to hold the lead in two out of three rating criteria, which makes it possible to judge the effective management of this corporate structure within the framework of raw materials orientation, but does nothing for the development of innovative clusters and interaction with the territorial space of the economy;

- Rosneft Corporation is one of the three leaders in the rating, the efficiency of which is also aimed at extracting natural resource rent;

- Sberbank Corporation occupies the second position in the rating of the company's capitalization, focusing primarily on new technological capabilities, management schemes, and new banking products.

The high rating of the companies we have examined indicates that the Russian economy needs special mechanisms for organizational, technological, and intellectual development, not related to the extraction of raw materials, to ensure the growth of the company's competitiveness and its leadership in the national and world markets.

Let us compare the ratings of companies' capitalization and the number of employees presented in Table 1. The following trend can be tracked here: to be effective, it is not necessary to have a large number of employees, which is confirmed by such corporations as Lukoil, Norilsk Nickel, and Surgutneftegaz. Therefore, we can conclude that despite a large number of personnel, which is necessary due to the specifics of conducting economic activities by these corporations, high capitalization, and the resulting revenue, they owe not only the quantitative but also the qualitative composition of employees.

To confirm our assumption, let us turn to the annual reports of companies for 2018 to compare the cost of training personnel with the revenue received by Russian corporations among the four leaders in our rating by market capitalization (Table 2).

**Table 2.** Expenses for personnel training of the four largest corporations in the Russian Federation, 2018 (according to companies data)

Corporation	Revenue, billion rubles	Training expenses billion rubles	Corporate university exists?
Gazprom	8224	5.8	Yes
Lukoil	7479	0.8	Not*
Rosneft	6850	2.5	Not*
Sberbank	3160	4.6	Yes

\* - means the presence of an internal training system in the corporation, which is not allocated to the structure of the corporate university.

As the data in Table 2 shows, corporations are actively developing their personnel, as evidenced by the high costs of employee training. Only the Lukoil corporation has low indicators in this list. Compared with other companies, it is least involved in developing the creative potential of its employees. It is also essential that all corporations presented in Table 2 have their corporate university, in which there is an opportunity to build up the corporation's creative potential, or there is a sufficiently strong internal training system that allows achieving high levels of competitiveness.

Thus, we can conclude that the corporations we are considering in Tables 1 and 2 have unique organizational mechanisms that increase their competitiveness. These organizational mechanisms in integration with digital technologies in a strategic perspective will allow not only to increase the creative potential of corporate structures but also to express it in the form of results - innovative products that meet the new needs of the emerging markets.

The modern corporations seek to integrate into the new economic reality, including the tasks of forming their creative potential:

6.1 to ensure the formation of a corporate order for the training of people with highly developed competencies;

6.2 to create in the internal environment of corporations attractive conditions for the owners of creative potential, to offer them a set of creative projects aimed at increasing competitiveness;

6.3 to carry out a systemic intellectualization of corporate business and bring a modern technological base under the reproduction process, adequate to the potential of intellectual capital;

6.4 to transform existing corporate norms and corporate culture regulations, focused on the "consumer community" into norms and cultural regulations, focused on the "intellectual community" within the corporation;

6.5. to include intellectual capital among the priority areas of strategic planning of the corporation (Brizhak, 2018).

## **7. Conclusion**

Summarizing the provisions and conclusions presented in the paper, we will formulate a general conclusion about the need for the systematic development of conditions for the formation of the creative potential of a corporation as the basis for increasing its competitiveness. The formation of a new model of the economy and a new model of the corporation is proceeding rapidly, and what would have taken years and decades earlier, in modern conditions, a new reality can be formed in a few months. Comprehension of complex transformational processes for an innovative corporation's potential, creating a creative reality and endowed with the ability to cognize the processes in which it is included, leads to advanced theoretical research results and productively applied recommendations.

## **Acknowledgments**

The research was carried out with the financial support of the Russian Foundation for Basic Research under the Project No. 20-010-00930 «Generation and use of the corporation creative potential in the digital economy»

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