

THE ORGANIZATIONAL AND ADMINISTRATIVE FRAMEWORK FOR THE DIGITAL ECONOMY*

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Abstract

Subject Currently, organizational and management innovations continue to emerge. They can be regarded as the conceptual framework for the digital economy, being the basic hypothesis of this article.

Objectives The research attempts to validate the hypothesis and outline recommendations for accelerating and enhancing the transition to the digital economy in Russia by modernizing the Russian manufacturing sector.

Methods The research is based on methods of logic research, economic analysis and synthesis on the basis of a systems and information approach. As the novelty of the research, we provide the rationale for the use and streamlined design of more refined organizational and management innovations as the basis of the digital economy.

Results We formulated the principal trends in the development of corporate governance systems as they will be adapting to the digital economy, and trend-setting factors. We identify and analyze conditions, which help enterprises adapt their governance systems to the digital economy, and respective impediments. The article sets out recommendations for streamlining the implementation of organizational and management innovations, which will underlie the digital economy.

Conclusions and Relevance To help Russia shift to the digital economy faster and more effectively, the Russian enterprises should ensure the priority development and implementation of organizational and management innovations.

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Introduction

Socio-economic processes strongly depend on the state of telecommunications and digital networks¹, which technologically underpin the IT

revolution. Digital economy is one of the main products of such a revolution. As envisaged in the Strategy for Information Society Development until 2030, digital economy means the economic activity operating digital data as a key production factor, processing Big Data and using the outcome of analysis, which significantly enhance the efficiency of various production types, technology, equipment, storage, sale, supply of

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¹ International electronic networks, email, electronic data sharing systems, electronic banking and commerce systems.

goods and services as compared with traditional modes of operations².

Similar to traditional definitions of economy, other ones should be mentioned to guide the research henceforth.

Digital economy represents (a) a system of production relations (in the narrow meaning) in the distribution of resources during the production and data transfer through Information and Communication Technologies (ICT), (b) a system of economic agents that create added value by selling their services of production and data transfer through ICT. Whether such economic agents should constitute the digital economy is the matter of analyzing their value creation chains. They do, if they create added value with digital means of production.

Hence, the concept of digital economy seems uncertain and blurred. Therefore, we suggest construing the digital economy as a system of production relations for distributing investment resources while creating tangible products, services and technology through the generation, processing and/or transfer of digital data, information and/or knowledge and attainment of their new quality and/or production methods by doing this *inter alia* with ICT within the single innovation and investment environment. Furthermore, digital data, information and/or knowledge can be processed *inter alia* analytically and massively with the given technologies, while the personnel is to maintain the process.

It is especially important to reconcile the concepts of innovative economy and digital economy. They are neither synonyms, nor names of the same phenomenon. Innovative economy means a system of production relations pursuing the creation of knowledge capital, fundamental scientific knowledge and/or innovation and economic agents that create value added by generating and running the knowledge capital.

Growing rapidly, the digital economy requires more and more innovations and, therefore, fundamental scientific knowledge for their production. Any new type of economy, which the human history has ever seen, needs many

products of the innovative economy, though staying aside from it.

Neither technological innovation can underlie the new economy as a system of production relations, including the digital economy, without merging with organizational and managerial innovation, which make the conceptual framework of any economy. So, technical and technological achievements of the 19th century could not be effectively used until corresponding organizational and managerial innovation was performed. It is a drastic mismatch between technical and organizational capabilities that ignited the creation and dissemination of organizational and managerial innovation in the late 19th – early 20th cc. Many experts consider this breakthrough as the origination of a segment that was later called *scientific management*.

Organizational and managerial innovation pursues a gradual improvement or considerably and rapidly change the organizational structure and corporate government by implementing some innovative mechanisms, technologies, methods, tools, organizational workflows and management of productive, technological, financial, economic, social, HR, logistic and ICT subsystems of a company or a set of new technologies, methods, tools, workflows. The latter should be aimed to enhance some parts of governance, management of activities and the entire corporate governance by putting organizational and managerial innovation in operation so that the entity would be compliant with external and internal requirements and excel structurally and functionally. This allows to improve the innovative activity, economic and general security of the entity, enhance the use of knowledge, labor processes and create jobs, reduce transaction costs, improve the quality of products and performance, stimulate corporate development and competitiveness.

In a narrower sense, organizational and managerial innovation induce the most appropriate arrangement of production processes, transportation, distribution and procurement³.

² Presidential Decree of May 9, 2017 № 203-р, *On the Strategy for Information Society Development until 2030*. General Provisions. Part 4.

³ Bubnova M. Yu., Kryukova A. A. [Organizational and managerial innovation: Specifics, significance, advantages for companies]. *VII Studencheskii nauchnyi forum: materialy konferentsii* [Proc. Sci. Conf. 7th Scientific Forum of Students]. Moscow, Russian Academy of Natural History Publ., 2015. URL: <http://scienceforum.ru/2015/1005/9729>

There are the following types of organizational and managerial innovation, depending on a receiving entity.

Organizational innovation includes three principal segments:

- 1) mastering new forms and methods for arranging and regulating the production and labor;
- 2) learning new methods for modeling, approaches, management automation, optimization:
 - arranging the production, logistics of distribution and supply;
 - forms and methods for making managerial decisions, and performance progress control;
- 3) leveraging the qualitative and quantitative indicators of structural units, social groups or certain employees vertically and horizontally. This is a function of the management system, which is a cornerstone for making and implementing managerial decisions for achieving corporate goals⁴.

Such innovation-driven organizational mechanisms provide for better flexibility of an entity. The entity needs them, since the innovative development function is distributed and shared among corporate units.

Managerial innovation constitutes new methods, technologies, management workflows, project and quality, coordination of business processes management, linking the business strategy and tactics. Such managerial innovation is put in practice through the structural and functional motivation, administrative methods, automation of governance processes, etc. Management innovation often implies the rearrangement of business processes and business generally, i.e. corporate business remodeling. Business remodeling usually stems from the transformation of the corporate structure and administrative profile to ensure its innovative development by *inter alia* setting up the strategic relationship with partners and implementing public private partnership (PPP) schemes [1], PPP- and banking investment in corporate growth [2].

⁴ Amosov A. [Issues of transit to innovative reproduction]. *Ekonomika = Economics*, 2012, no. 5, pp. 23–32. (In Russ.)

Underlying Hypothesis

Any economy emerges from the effective combination of technical, technological, organizational and managerial innovations, which mainly serve for ensuring a continuing growth of innovation flows, primarily technological ones, in the production and their implementation. Industrial economy also sprang from a combination of advanced technologies and the management theory that includes the contemporary management practice as a significant part of managerial science. Therefore, entities continue creating organizational and managerial innovation, which can be viewed as the conceptual platform of the digital economy, since research and implementation of technical-technological, product and servicing innovations will not give expected results unless the respective organizational and managerial framework is in place.

In the 21st century, the world saw global structural rearrangements as high-tech sectors started to make greater contribution to GDP, industrial production got integrated and globalized, and the digital economy emerged. This leads to another organizational and managerial paradigm of competitiveness. The gradual shift to the innovative development of production through global networks of research is a case in point. For example, elements of network-based innovation infrastructure, such as alliances of virtual innovative networks, strategic technological platforms, innovative clusters, etc.

Moreover, the new phase of the fourth industrial revolution (Industry 4.0), which is called the digital economy, demonstrates the convergence of technologies, blurred boundaries among physical, digital and biological characteristics, additive production, new communication means, cloud computing, cybersecurity. Being part of corporate organizational and innovative resources, corporate culture has always been a crucial strategic resource for its development. When adopting modern digital technologies, corporate culture should transform as well, accumulating critical organizational and managerial innovations which the management consulting market requires [3].

As currently seen, the fifth wave of innovation reaches its maturity phase (while preparing to the

dominance phase). During the fifth wave of innovation, ICT permeate the production and people's life, thus inducing the digital economy and information society as a whole⁵. In the mean time, there the sixth wave of innovation emerges. It may imply a drastic change in the prevailing production technologies, which will be very likely represented with nano-, bio- and cognitive technologies and new generation ICT, and their convergence [4].

Currently, considering the existing development level of the digital economy, there can be some opportunities for creating and implementing organizational and managerial innovation pointed out, which should be in place to raise the efficiency and quality of the digital economy:

- 1) higher mobility and expansion of information and knowledge channels due to new digital communication networks;
- 2) adoption of the digital data transfer standard so as to seriously reduce specific costs for knowledge dissemination. However, the very knowledge sharing technologies are significantly transformed, thus slightly modifying the specifics of knowledge as special type of goods and the nature of the know-how market, making it more network-oriented;
- 3) generating codified data sets that may serve for increasing the robustness of analysis, planning and control of business;
- 4) access of private parties to communication channels, markets and sources of information that were previously controlled by the State or international corporations;
- 5) substantial modification of channels used to distribute products, technologies and services in the media sector;
- 6) spreading cybercrime in the digital economy, revealing social development patterns. Cyber attacks undermine the digital economy in areas prioritized by investors and innovators.

⁵ Orekhov S.A. [Influence of global tendencies of development of the information society on formation of economy of knowledge]. *Ekonomika, statistika i informatika. Vestnik UMO = Economics, Statistics and Informatics. Bulletin of Educational Methodical Association*, 2008, no. 2, pp. 37–40. (In Russ.)

The Situation in the Digital Economy. Importance of Organizational and Managerial Innovation in Russia and Russia's Digital Economy Worldwide

Experts foresee two scenarios for the economic development in Russia. The first scenario envisages the sluggish development driven by the existing trends, while the second one suggests creating the digital economy in Russia as soon as possible, which will require considerable efforts and scientifically reasonable and strategic administrative decisions. As Vladimir Putin, Russian President, said at the meeting with the ICT cluster representatives in the Perm Krai, after the Internet of Things (IoT) will penetrate the production, the country will have another type of economy. Only then the Russian economy can be independent. This is not just the Internet of Things, but rather the creation of a new industry. Those who will dominate the IT and digital clusters in certain sectors will be global trendsetter⁶. Considering that the Russian people tend to preserve their traditional and habitual living and prioritize the national sovereignty amid the escalating geopolitical situation and competition, the second scenarios seems to be practicable.

In Q1 2017, Purchasing Managers' Index (PMI) in Russia reached its record high of 56.7 since Q4 2006⁷. According to the Global Competitiveness Report for 2017–2018 of the World Economic Forum, Russia has climbed by 29 positions in the global competitiveness ranking by 12 indicators since 2012 and goes 38th among 137 countries against 2016–2017, including Market Size (rank 6), Higher Education and Training (rank 32), Infrastructure (rank 35), Capacity for Innovation (rank 49), Macroeconomic Environment (rank 53), Health and Primary Education (rank 54), Technological Readiness (rank 57), Labor Market Efficiency (rank 60), Competition (rank 71), Goods Market Efficiency (rank 80), Public

⁶ Druzhinin A. [Internet of things can reshape the national economy, as Putin says]. *RIA Novosti*, 08.09.2017. URL: <https://ria.ru/economy/20170908/1502109218.html?inij=1> (In Russ.)

⁷ Dembinskaya N. [Assuming to grow: the Russian economy will gain momentum in the nearest two years]. *RIA Novosti*, May 10, 2017. URL: <https://ria.ru/economy/20170510/1494036806.html?inij=1> (In Russ.)

Institutions (rank 83) and Financial Market Development (rank 107).

What mainly spurred such growth is the considerable improvement of the macroeconomic situation (the country raised from rank 91 up to 53). This is mainly due to a slowdown in the inflation and increase in savings, and the development of the digital economy, primarily, due to the better coverage of the Internet and mobile communications, higher percentage of population with higher education and better executives' sentiments about the quality of professional training, stronger capacity for innovation and competitiveness of businesses and improvement of institutional factors⁸. So, the development and implementation of federal programs for the Russian economic development in the time of new waves of innovation, including technological research and development, Big Data analysis and foresight, adoption of new management techniques, appears to be a strategic priority for both socio-economic well-being of States and protection of the national sovereignty during the globalization and performance of other countries' digital development programs. For example, the Strategy for Information Society Development until 2030.

As reported by the Russian Association for Electronic Communications (RAEC), in 2016 the Russian Internet embraced 86 million people aged from 12 year and older, with 70.8 million of them entering the Internet on a daily basis. The mobile Internet unites about 62 million users in Russia. There are four key e-commerce segments in Russia, such as online retail, online travel, electronic payments and other markets. In 2016, the online economy of the Russian Internet reached RUB 1.5 trillion. It is expected to grow by 10–15% totally per annum by 2020⁹.

According to participants of the 47th World Economic Forum that took place in 2017, the average connection to the Internet takes twice as fast as the global connection speed of 3.8 Mbps.

⁸ [Russia climbed five positions in the competitiveness ranking]. *RIA Novosti*, September 27, 2017.
URL: <https://ria.ru/economy/20170927/1505637115.html>
(In Russ.)

⁹ [Economy of the Russian Internet accounts for 2.4 percent of Russia's GDP]. *Gazeta.ru*, September 29, 2016.
URL: <https://news.mail.ru/society/27283612/?frommail=10>
(In Russ.)

In 2018, the high broadband Internet will be available to about 80 percent of households. As for mobile communications, the Russian users have 153 active subscriptions per 100 people.

Organizational and managerial innovation stimulates corporate competitiveness by reducing the amount of resources used (financial, human, time) and makes managerial business development decisions more efficiency [5]. As the survey of the Association of Managers shows, entities are not be able to excel in their business operations and beat tough competition unless they implement organizational and managerial innovation. Respondents say that organizational and managerial innovation mainly helps companies rapidly and effectively adapt to new operational conditions (22 percent), enter new markets (21 percent), and create competitive advantages and attain strategic goals (about 80 percent). According to 28 percent of respondents, such innovations make companies more viable in competitive markets, increment profit and labor productively, including by cutting the amount of resources (financial, human, time) used to elaborate and address organizational and administrative tasks, make business development decisions more efficient, and raise competitive advantages for this.

As seen worldwide, major companies implement organizational and managerial innovation, overarching the entire governance system, at least once in three to four years or almost annual at the corporate level. The reasons may be as follows:

- changes in customers' needs and internal needs of the company;
- advancement in science, technology and equipment;
- the evolution of social relations;
- competition;
- directives.

As surveyed by the Association of Managers concerning drivers of organizational and managerial innovation, 55 percent of respondents mention the need in a more active innovative policy of the company, 54 percent refer to a corporate activity explaining the gist of the proposed innovations to employees, and 39

percent suggest that such innovations should be preliminarily discussed in the company¹⁰. Knowledge and skills to implement new organizational and managerial approaches to business are one of the core business elements today, that is the innovative style of management.

The survey by the Association of Managers reveals what mainly caused the failure to implement and practice organizational and managerial innovation. These are a lack of employees' understanding of changes and their resistance (38 percent), poorly elaborated innovation mechanisms (37 percent), insufficient expertise and professional knowledge of talent who integrate the innovation into the corporate system of management and governance (33 percent). Third party advisors, who promote organizational and managerial innovation, conceal detailed information about the gist of the decisions. What distinguishes the innovation initiated by the advisors is that they constitute tailor-made solutions for a specific company and can hardly be applied massively. This raises respective concerns of executives about their efficacy and reasonableness, since they long for reliable and tested solutions.

As above mentioned, the pace and quality of the digital economy development in Russia are not in sync with the quality of governance and readiness of management systems to accept such innovations. That is, the digital economy and its development level outperform the development of management. This manifests as the organizational and economic isolation of the digital economy from the real one, especially the production of materials and goods. The real economy has not yet commenced to integrate organizational and managerial innovation, which conceptually underlie the integration and diversification with respect to the digital economy, which is needed for the Russian economy to remain competitive.

Key Areas for the Development of Organizational and Managerial Innovation

As the digital economy is globally booming and the economy under the fifth wave of innovation assumed to flow into the sixth wave, there originate new systemic issues in organizing the innovative activity of the Russian enterprises [6] and the need to modify and supplement

innovation management principles and national innovation system, which is yet impossible without the organizational and managerial innovation [7].

To timely accommodate for the current changes, the corporate governance system should allow for rapid internal processes. Market relations and tough global competition require to revise the existing forms, principles and methods for management and adopt new and more up-to-date ones. To put it in another way, operational changes in the digital economy determine the respective transformations of management systems and overall governance.

Thus, we should point out key development trends in management systems when they accommodate for the digital economy, and their precursors.

1. The management function is known to translate through managerial decisions, which can be deliberately made on the basis of information and knowledge as its essence. This is the reason why a drastic change in the knowledge concept is concurrently coupled with the transformation of the digital economy governance, which *elevates the significance of knowledge and information for managerial purposes throughout all levels* (the modern, or third phase of transformation, i.e. the transformation of knowledge, is called the management revolution). Information becomes an *effective vehicle for organizing and managing* the social production, science, culture and education. The quality and timeliness of information are critical strategic for innovations to survive the global competition.

At the microlevel, the contemporary management paradigm can be called a strategic management system based on knowledge, with the intensifying role of *horizontal ties and corporate dynamics*, that is the entity's ability to flexibly accommodate in real time situations. Knowledge, innovations and strategic management capabilities are the most valuable and sustainable forms of capital for better corporate performance [8].

2. In the digital economy, the management efficiency throughout levels depends on the qualification and innovative thinking of executives and managers who sustain the decision-making process. Cognitive factors and the style of thinking are fundamental to strategic

¹⁰ Lyasko A.K. *Strategicheskii menedzhment* [Strategic management]. Moscow, Delo Publ., 2013, 488 p.

management. Here we mean innovative executives, who can concurrently and coherently innovate in science and technology, technology, institutional financial, economic, socio-cultural, socio-political, environmental and organizational areas, as well as use the intellectual capital and risk to achieve goals. The strategic management system shall rest on positive thinking and visions leading a team to new achievements and new innovative-driven managerial culture.

These pillars support the cognitive technology of strategic management as a deliverable of the collective managerial thinking, i.e. the quality of thinking at all levels of economy and digital economy in particular. These are changes in the quality of managerial thinking that can ensure the business breakthrough, improve the well-being of economic agents throughout the levels.

3. The cluster-based model is more often than not chosen to underlie the organizational structure of management. The current global changes and, namely, the emergence of new markets, business types, development of digital technologies require, on the one hand, to diversify the development (specialization) of fundamental organizational structures and involve new technological markets inside, and, on the other hand, raise the motivation and, consequently, activity of proprietary structural units into innovating processes. Business clustering is the most efficient tool. Management clustering, including strategic one, will presumably have the following consequences. The management in the digital economy differs from its market and hierarchical forms as follows:

- Producer cannot extirpate the competition in their segment, using simple and cheap means for curbing it. Therefore, goods are not unique and standard. The market does not receive any pricing signals about goods;
- marginal cost of digital product replication and the cost of communications¹¹ plummet, thereby blurring any competitive propositions of sellers in terms of servicing costs of additional orders¹².

¹¹ Bryukhanov Yu.M. [Methodological approaches to valuation of the communications complex]. *Rol' biznesa v transformatsii obshchestva – 2014: materialy konferentsii* [Proc. Sci. Conf. The Role of Business in Social Transformation 2014]. Moscow, Sinergiya Publ., 2014, pp. 168–169.

4. *Managerial resilience* faces more stringent challenges. Managerial resilience mean that the time it take the entity to respond to external and internal effects. It is indispensable of sustainable corporate development.

As the survey of leading experts in investment and construction shows, the corporate governance efficiency is one of the factors influencing the corporate resilience (45 percent of total responses). In the mean time, the corporate governance efficiency depends in the extent and quality of using ICT. The innovative level of business breeds the entity's ability to effectively conduct research and development of new ideas and put them into production. What necessarily harnesses the sustainable development of the corporate governance system is the entity's integration into the digital economy and, specifically, optimization of its governance through organizational and managerial innovation [9], design of new managerial technologies, administrative processes and organizational structures.

In the short run, the implementation of organizational and managerial innovation, which intend to adapt the corporate governance system to the digital economy, may have the following outcomes:

- palpable cost reduction without any detrimental effects on the quality and speed of business processes at the former cost, attainment of a new business level, optimization of the organizational functions and organizational and managerial structures, higher business readiness to changes and growth;
- individual and collective respect within the corporate team, consolidation of team leaders' efforts, common satisfaction with the job. This becomes a precursor of lower administrative costs since workflows get more optimized. Requirements to knowledge sharing, accumulation and dissemination will be of special significance within the company;
- higher innovative and business activity of talent due to the optimal segregation of duties and decision-making authority in the company and coordination of workflow processes and

¹² Bradford De Long J., Froomkin M. The Next Economy. 1997. URL: <http://law.miami.edu/~froomkin/articles/newecon.html>

interaction of the units, or other regulation of workflows¹³;

- use of external expertise and research, outsourcing through new methods for collaborating with other businesses and public entities. Higher quality of products¹⁴, production profitability, stronger corporate position in the market, lower staff turnover, greater rate of return and other positive effects, including synergistic ones.

Organizational and Managerial Innovation as a Conceptual Underpinning of the Digital Economy

We should point out the following drivers of organizational and managerial innovation:

- 1) flexibility of the organizational structure, democratic management, prevalence of horizontal information flows, segregation of duties, self-sufficiency, internal planning, possibility to adjust, decentralization, autonomy, task force¹⁵;
- 2) State aid, refinement of the regulatory framework governing the innovative activity;
- 3) employees' participation in special training, workshops;
- 4) preliminary discussions on organizational and managerial innovation, total staff involvement into the implementation of organizational and managerial innovation;
- 5) competitors' integration and use of the organizational and managerial innovation.

What mainly and generally hinders organizational and managerial innovation is rigid corporate governance, which translates into excessive decentralization, managerial dictatorship, prevalence of vertical accountability, difficult

communications within the sector and company, focus on the existing markets and short-term horizons of investment plans. This causes

- 1) a complicated coordination of innovators' interests;
- 2) unavailability or flaws of:
 - necessary methodology, techniques and skills to develop, implement and run them effectively;
 - a set of indicators to gauge their efficiency;
 - theoretical and hand-on knowledge among the Russian scholars, which is needed to promote and deploy organizational and managerial innovation in the Russian enterprises.

The factors below drive and ensure high quality and efficacy of organizational and managerial innovation:

- availability of reliable and up-to-date information for a person in charge of managerial decisions and a team. Such information should specify the output, input, external environment and process of the innovation generation system, demonstrate indicators and tests to select, analyze and measure organizational and managerial innovation, including a possibility to compare (match) options and variants of organizational and managerial innovation;
- use of scientific approaches to develop organizational and managerial innovation, analysis of economic patterns and effects on their efficacy;
- motivation of employees aspiring to make innovation and its implementation mechanism more effective.

Based on the analysis for purposes of more rapid and effective transition of Russia to the digital economy through its industrial modernization and, primarily, priority development, modern science-intensive and high technologies at the Russian enterprises, we provide our recommendations.

1. There should be a program for integrating Russia into the global digital economy, which implies the balanced use of globalization benefits

¹³ Karlik A.E., Krechko S.A., Platonov V.V. [Organizational and managerial innovations for the modernization of labor relations in information and network economy]. *Ekonomika truda = Russian Journal of Labor Economics*, 2017, vol. 4, no. 4, pp. 295–308. (In Russ.)

¹⁴ Levshina V.V., Savchik E.N., Manakova I.A. [Organizational and managerial innovations as an instrument of quality assurance at the enterprises of high-tech industries]. *Vestnik Sibirskogo gosudarstvennogo aerokosmicheskogo universiteta im. Akademika M.F. Reshetneva = Siberian Journal of Science and Technology*, 2016, vol. 17, no. 4, pp. 1124–1128. (In Russ.)

¹⁵ *Innovatsionnyi menedzhment* [Innovation management]. St. Petersburg, Nauka Publ., 2005, p. 187.

and integration of innovative projects and business processes into the global economy, protection of the national security and economic efficiency. Organizational, economic and business innovations should be put into practice to effectively share technologies and exercise technological advantages of the Russian business models in the global digital economy.

2. The State aid mechanism for digital technology convergence should include a planning subsystem, which will work as a counter-planning tool, and organizational and economic principles of the PPP scheme.

3. Organizing and steering projects and business processes, innovators should seriously consider the innovative strategy and policy of a place where the development process, whether it be an enterprise or a country, is deployed (municipality, constituent entity of the Russian Federation).

4. There should be both firm and network-based, clustered entities to address innovative development tasks so as to ensure the strategic convergence of technologies employed in digital and traditional economies at the level of enterprises.

5. There should be an effective legislative¹⁶ and regulatory framework encouraging the digital economy, improving the mechanism for public procurement regulation and policy.

6. Organizational and managerial innovation should be developed to scientifically and methodological guide the strategic convergence of enterprises and digital economy.

Conclusion

The analysis allows us to make the following conclusions.

To ensure Russia's integration into the digital economy more rapidly and effectively, as put in out hypothesis, the Russian enterprises need to speed up the priority development initiative and implementation of organizational and managerial innovation.

Scientific and effective research into the potential of organizational and managerial innovation will accelerate and enhance Russia's transition to the digital economy. Moreover, Russia will seize real opportunities to take the lead of the new cycle of scientific and technological development [4], i.e. the sixth wave of innovation, and come to dominate it more rapidly.

Creative, open-minded and responsive to innovation people are known to be the best leaders who are capable of initiating and implementing organizational and managerial innovation. Hence, it is important to recruit the relevant talent and executives, who will be able to generate and implement organizational such innovations.

It is reasonable to encourage and support the implementation of organizational and managerial innovation by articulating and applying the Russian corporate governance standards, which are to accommodate for the specifics of the Russian governance and national management model.

¹⁶[The State Duma of the Russian Federation is hearing the digital economy bill]. *REGNUM*, May 16, 2017. URL: <https://regnum.ru/news/polit/2275573.html> (In Russ.)

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Conflict-of-interest notification

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