THE IMPORTANCE OF ENTREPRENEURSHIP AND INNOVATION MANAGEMENT IN TERMS OF MODERN BUSINESSES

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ABSTRACT

Global competition conditions force today's businesses to adapt current conditions, to accelerate entrepreneurship and innovation focused workings for stay alive. Research works about this subject shows that a business fails to satisfy as long as just have innovation or just have entrepreneurship culture or activity. Businesses in which, activities focused on management, entrepreneurship an innovation are rationally and effectively integrated; providing competitive advantage and keeping high profit margin is an expected result. In this study, innovation and entrepreneurship activities of same national and international companies were investigated. You can be innovative, can be entrepreneur or can be a good manager, but if you can't manage all these elements forcefully, as in the past your probability of failure will arise. The aim of this study is to handle the value of entrepreneurship and innovation management process and analyze the arrangement, basics and the outcomes of it on management concept.
1. INTRODUCTION

G7 countries, dominates world economy, thanks to strong interaction between innovation and entrepreneurship have high profit margin and also competitive superiority. Hereby, “innovation” and “entrepreneurship” have vital role for economic growth and development. As, individuals, institutions and countries which don't have innovative thinking, producing new idea, product and service suffer from global competition. In other words, in broad terms, main source of prospering or want to be a prospering business are knowledge, knowledge management (Gilbert, Audretsch, et. al., 2004) and innovation and entrepreneurship management which developing with this elements. So, developing countries should focus “innovative entrepreneurship”; especially in SME sector for achieve superiority competition advantage. Also, Drucker (2012) stated it; businesses which have efficiency innovation and entrepreneurship culture at the same time have entrepreneurial management. So what's entrepreneurial management? It is applicability to innovation in every department (from upper stage to lower level) of an organization (Çiftçi, et. al., 2014).

Entrepreneur have vital role in innovation process, as he/she has intuition and forecast. Thanks to these abilities, the entrepreneur can change coming market/sector structure or demand (Gökbulut Özdemir, 2012). Innovation is pertinent to create future and ensure sustainable growth. Moreover, entrepreneurship is a marriage with innovation that will be continue to ever and ever (Yağcir, 2010). Unless the entrepreneur or inventor manages innovation process successfully, the process doesn’t identify as an “innovation”. In historical process, some innovations best of its period has failed because of can't manage efficiently. For instance, Gutenberg, inventor of press, due to don't get fund his invent and dissent from financial with his co-operator, realization of press machine deferred. Another example is Edison, he has failed due to other management part. Edison design his business planning, contrivance new product with flying colours, but he hasn't organized a management team instead of this want to manage his business alone (Drucker, 2012).

For successful entrepreneurship you need more than chance and capital. It is a consistent process which contains planning, thought expansion, creativeness and risk lover (Mazzarol, 2011). It is a cohesive process of So, the reason why entrepreneurship hazardous is that entrepreneurs don’t know what they do or how they do, and also don’t have methodology, a systematic management process. Hence, to eliminate those problems entrepreneurs should train about entrepreneurship management process. Therefore, entrepreneurship has to be systematic and managing. The purpose of this chapter is focusing management, innovation and entrepreneurship triangle and especially emphasize to interaction relations between innovation and entrepreneurship.

2. CONCEPTUAL FRAMEWORK

2.1. Innovation

Innovation stems from romance word: “Innovare” that mean is doing new and different thing (Hobikoğlu, 2009). Scientifically, story of innovation dates back to 1912, when J. A. Schumpeter published a book named ‘Theory of Economic Development’. In this book innovation was described as inventiveness in basic meaning. Schumpeter disintegrated innovation to three stage; Invention: Discovery process of a new technical discipline, Innovation: Process of commercialization of new invent and, Diffusion: Diffusing of innovation in commercial using. But today, innovation states that all of these stages (Aksoy, 2010:17). In literature, there are many variety identification about innovation but the accepted is Oslo Manuals’ description which is like that; ‘the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organisation or external relations’ (OECD-Oslo Manual, 2005)
Understanding innovation, creating innovation culture and consciousness are overriding elements at the present day. As, to stay alive and getting sustainable global competitive advantage; innovation initiatives with potential for value creation is the best appropriate thing. In this context, the companies should have innovation culture for being innovative.

During the first years of innovation, R&D work in laboratory settings was shown as the sole source. However, businesses agreed that innovation should be extended out of the laboratory and spread throughout the organizations (İraz, 2010). Also, a number of factors need to be created and managed coordination brought together to create an innovative culture. In order for innovation management to be successful, senior management must adapt these elements to their operations. These factors:

- Well-organized financial system,
- Distinctive knowledge and competence,
- Differences between requirements and possibilities,
- A society which has cultural diversity,
- Effective communication

The innovation discipline, can characterize as knowledge base of entrepreneurship, is systematic examination of different areas which offer entrepreneurial opportunities. Systematic innovation follows up seven sources of innovative opportunities. These are (Drucker, 2017):

- Unexpected (unexpected success, unexpected failure, unexpected external event)
- Discrepancy
- Process needs (Perfecting to existing processes, weak connections, innovations and redesigning an old process)
- Exchanges in sector or market structure
- Demography
- Exchanges in picture, temperament and meaning
- New information

Capacity of high innovation organizations encourage to innovation and sustainable product development process. Corporate innovation competences can be improved through improving the spirit of entrepreneurship. Small companies need to pay more attention to the importance of establishing a higher entrepreneurial spirit and optimizing the ability of market analysis (Sulistyo, 2016).

2. 2. Entrepreneurship

Economies without entrepreneurs become poor and decline; old, product and services, also production systems can't generate or replace. Moreover, don't have an innovative comprehension. Absence of market conditions for entrepreneurial activities rather than absence of entrepreneur, prevents to entrepreneurship activities from contributing to the economy (Akın, 2010).

Although the concepts of initiative and entrepreneurship are defined in different ways, it is possible to state an entrepreneur a person who takes initiative to respond to a need. This activity can bring about not only a commercial enterprise, but also social enterprise in order to create a social benefit. So, entrepreneurs can be state as problem solving persons. The entrepreneur creates an output by taking risks or initiatives. Accordingly, it is possible to say history of entrepreneurship as old as history of mankind (OKA; Özmen, 2016; Corbett, et. al., 2007).

For managing to entrepreneurship successfully, each element with shares in entrepreneurial activity and must be coordinate and manage (Müftüoğlu, 2000). Generally, defining entrepreneurship and among the features that is included in the entrepreneurs is shown at Figure 1.
All market conditions can’t create backdrop. The market conditions, expectations and legal limitations can influence to entrepreneur behaviours. While the markets, in which there are a variety of alternative sources, complex production process, intensive technological development, many competitors from various sectors have high potential and need of entrepreneur; the markets, in which there is stable market conditions, simple production technologies, long-term agreements have low potential and need of entrepreneur (Müftüoğlu, 2000:24).

Table 1: Advantages and (Potential) Disadvantages of Entrepreneurship

<table>
<thead>
<tr>
<th>Advantages</th>
<th>(Potential) Disadvantages</th>
</tr>
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<tbody>
<tr>
<td>The opportunity to create self-destiny</td>
<td>Vagueness of income</td>
</tr>
<tr>
<td>Opportunity to make a difference</td>
<td>The risk of losing the full capital spending</td>
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<tr>
<td>Opportunity to reach full potential</td>
<td>Long hard-working periods</td>
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<td>Effective profit-taking opportunity</td>
<td>Works as low as life quality from beginning to gaining money</td>
</tr>
<tr>
<td>The opportunity to contribute to the community</td>
<td>High stress</td>
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<tr>
<td>Opportunity to do business that you enjoy</td>
<td>Direct responsibility</td>
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<td></td>
<td>Discouragement</td>
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Source: (Scarborough, 2014: 9-14)

Entrepreneurship activities offer both advantages and disadvantages. These can summarize as shown in Table 1. Individuals or institutions that undertake entrepreneurial activities should decide how to follow a strategy considering to advantages and disadvantages, market conditions and sector in which want to operate.

2.2.1. Entrepreneur

In 1934 Joseph Schumpeter described to entrepreneur a person who inventor and innovator and destroy to old. But, Peter Drucker has given a new extent to definition of entrepreneur. He described to entrepreneur: “maximizes opportunities”. In general, an entrepreneur a person who takes risk for profit (Ergen, 2014).
Moreover, entrepreneurs take risk for organizing by using produced knowledge rather than producing to knowledge. In other words, the entrepreneurs create a new and different thing and also change or transform to values, processes even form of management.

Among the reasons that prompt people to entrepreneurship are the raising of the economic level, the actualising of new products and ideas, the obtaining of self-assurance and social status (Akın, 2010). In a broad sense, entrepreneur is the one who acts as a catalyst in the creation of new ideas and things in the implementation for future, in both his own society and all over the world.

Land, labour and fund are sufficient does not reveal the fact that there is a healthy production model. If all these production factors are not nourished by the soul of entrepreneurship, then optimal use of resources is not possible. In this regard, entrepreneurs can now be regarded as one of the key factors of production. Because, entrepreneurship is the key factor to evaluate labour, technology, raw materials as a holistic and rational approach (Küçükkaltan, 2009).

Being a successful entrepreneur, entrepreneurs must have some basic characteristics. Among these features, Ability to take risks/desire knowledge of operating market functions, innovation, know-how production, marketing and management skills, ability to cooperate. In addition to these; it can be added ability to spot and seize opportunities, desire for responsibility, ability to make risk preferences, self-confidence, future orientation, strong organizing skills (İraz, 2010) (Ergen, 2014). Entrepreneurs put into practice or think to put into practice all these features within the scope of a venture plan. Because, entrepreneur calculates the risk-return ratio according to this plan and decides to take action.

The most important among the false facts about entrepreneur is the belief that they have natural abilities which cannot be earned later. According to the results of researches on the issue, individuals can be successful entrepreneurs if they complete their education and development processes. Drucker (1996) states that; anyone who takes the decision courageously can learn to be entrepreneur and act like an entrepreneur. Entrepreneurship, then, is a course of action rather than personality. In other words, the basis of entrepreneur depends on concept and theory rather than intuition. Therefore, anyone who wants to be an entrepreneur, can be an entrepreneur regardless of age, race, gender, colour, nationality or any other characteristic. You do not have to be a mysterious person to establish a company and become a successful entrepreneur. But not all entrepreneurs are successful. This can be brought about a variety of factors. A survey of Scarborough (2014) was ranked as shown in Figure 2 that led entrepreneurs to succeed.

Figure 2: Entrepreneurial Key Success Factors

Source: (Scarborough, 2014)
2.2.2. Corporate Entrepreneurship

While entrepreneurship is a concept of being in new enterprises with the simplest definition, the fact that an operation is an entrepreneur is a bit different and well-rounded. Operations need to enter in the orientation period about entrepreneurship. In this context, five dimensions are mentioned in order that the entrepreneurship orientation can be successfully passed on to the cultural level. These are (Lumpkin, et.al., 1996):

- Autonomy
- Innovativeness
- Risk Taking
- Proactiveness
- Competitive Aggressiveness

Also, it is important that the power and qualities of the relations with innovation for businesses as well as the significance of innovation. So, if every business is thought to be more or less innovative to survive; it can be said that rather than survive, it is important to create competitive advantage (Porter, 1990), even change the rules of the industry (Kim, et. al., 1997), and create new markets (Kıyan et.al., 2011).

Companies face different problems, limitations and constraints than single entrepreneurs and need to learn different things. It knows how to manage existing companies but needs to learn how to be entrepreneurial and how to carry out innovation activities.

For companies to innovate, it must be created a structure that allows people to become entrepreneurs. The company must ensure that all of its awards and incentives, staff decisions and policies reward the right entrepreneurial behaviour and not punish him/her. Within this scope, entrepreneurial companies usually have two meeting agendas according to their activity results; one focuses on problems, and the other focuses on opportunities (Drucker, 2017).

The point of view of businesses' problems and their activities reflects the attitudes of these enterprises to innovation and entrepreneurship, and even organizational culture. Ability of businesses to perceive the changes in its environment and in global level and their flexibility in changing their activities in this direction will enable businesses to increase their competitive advantage and survive in the future. In other words, businesses should consider innovation as an opportunity rather than a threat, and in this direction, they must have a management philosophy and structure that will work on new methods, tools, services and technologies. In short, entrepreneurship culture should be well adopted in businesses. Entrepreneurship culture is a combination of personal value, behaviour, experience and management skills that shape an entrepreneur's desire to take the initiative, risk propensity, innovative talent and the way the business manages its relations with the economic environment (Minguzzi, et. al., 2001).

Effective entrepreneurship culture rationalizes with the expectations and opportunities provided by the efforts of a business to strategically manage its resources. Moreover, in order to obtain opportunities and advantages simultaneously in the business environment, it is an important element that ensures new ideas and creativity are displayed, encourages risk taking, does not have strict sanctions in case of failure, and constantly observes environmental changes (İraz, 2010). In short, entrepreneurship culture can also be described as a positive social force that supports personal initiative (Bozkurt, 2016). In addition, to become a successful and value-oriented entrepreneur; entrepreneurs must be self-confident, risk-taking, courageous, desirous, competitor about innovation and must have the ability to see opportunities (Carr, 2000).

Businesses should have innovative departments which manage process effectively for reaching an innovative structure (Alecusan, et. al., 2016). For the existing company to innovate, it is necessary to create a structure that allows people to become entrepreneurs, does not hinder entrepreneurial activities, and creates relationships that focus on entrepreneurship. Because company policies, practices and measures make possible entrepreneurship and innovation. The company must ensure that all of its awards and incentives, staff decisions and policies reward the correct behaviour and not punish him/her (Drucker, 2017).
As a result, the management dimension of entrepreneurial activities in businesses needs to be well managed. In this context, entrepreneurial management in a new enterprise has four conditions (Drucker, 2017):

1. Requires focusing on market.
2. Requires planning in advance for financial forecasting, cash flow and capital needs.
3. Requires creating a top management team. (This needs to be done when you do not need it yet.)
4. The founding entrepreneur should position his/her role, field, and relationships in the section he/she expert about and best-known for him/her.

3. ENTREPRENEURSHIP AND INNOVATION

There is a greater need for innovation and entrepreneurship today due to globalisation, technological progression and development, exaggerated competitiveness and global recession. Innovation and entrepreneurship are important for individuals, organizations and governments. Also, it will continually impact consumers and economic development in the future (Hisrich et. al., 2014). So, innovation and entrepreneurship are the important subject for almost small, medium or large businesses in every sector. Moreover, even as companies abstain from how innovative they are to be, the conditions of today constantly impose on the companies on continuous and sustainable economic and social innovations. As much as it takes place in the global innovation economy; it has become extremely important to be able to manage the innovation that will guide the companies and institutions which will be in the activities of innovation and to create the climate that produces new entrepreneurs in this aim (Büyükuslu, 2012).

Trading through sectors low added value and being in long-term economic expectations in this way is a thought away from rationality. Most of developing countries can't allocate resource to Research and Development and innovative facilities. Furthermore, the countries have serious difficulties on using assigned sources effectively. Thus, directing the investments to short-term returns creates disadvantages compared with developed countries. Generally, this situation shows that if the developing countries want to accelerate growth, they should emphasis to entrepreneurship and innovation. For access to wonderwork, entrepreneurship and innovation management is implemented effectively. In the past, entrepreneurs failed to achieve sustainable success because they were missing some aspects of management; or achieve success in the long-term (of course; after completing the deficient aspects). In this context, the importance of management shows up in approaches about entrepreneurship. Emphasis on management, definition of entrepreneurship can be expressing as like that: Entrepreneurs the individual who organizing and managing to businesses. Also, entrepreneurship is a skill which can be learning (Özmen, 2016).

3. 1. Innovation and Entrepreneurship Relationship

Entrepreneurship is a process that initiating with creativity and resulting with innovation. In this context, there is a sturdy link among entrepreneurship and innovation (Gökbulut Özdemir, 2012). Entrepreneurship and innovation are therefore divided but largely undividable elements. Not having innovation, the entrepreneur is unlikely to succeed as they offer value to customer. The two elements must be understood as parts within a system (Mazzarol, 2011).

When examining the entrepreneurship definitions from past to today; the most commonly used definitions include; innovation, risk, value addition, organization of production factors and resource management (Filion, 2011). So, it is of the opinion that entrepreneurship and innovation have a close relationship. Entrepreneurs solve to problems occurs unexpected situations by innovativeness, this make innovativeness very crucial for identifying to entrepreneur and entrepreneurship (Enginoğlu, 2015).

It is the fundamental difference of the entrepreneur to realize the creativity activities. Innovation is based on the commercialization of all possible combinations of new production processes, new materials and components, new markets and new organizational formations (Akın, 2010). Business administrators or entrepreneur can maximize the relationship between entrepreneurship and innovation. Hereby, the entrepreneur paves the way for innovation and entrepreneurship
management to achieve the most optimal success. The combination of innovation and entrepreneurship with plan increases the organization's success and value (Hisrich et. al., 2014).

It is possible to say that innovation's contribution to economic development is directly proportional with the value of innovation. In this sense, the closer the value invention is to innovation contribute to economic development anymore. Besides that, as the frequency of creating high value innovation increases, the economic development will also accelerate (Gökbulut Özdemir, 2012).

The harmony of entrepreneurship and innovation results in “innovative entrepreneurship”: new companies based on new (inventive) ideas, and sometimes, but not always, research-based. Such firms often have fairly high growth potential. Thus, the reinforcement of innovative entrepreneurship has caught the consideration of both politicians and scholars (Dahlstrand, et. al., 2010).

An entrepreneur seeks opportunities; innovations and new paradigm etc. provide the instrument by which they might succeed. Commercial entrepreneurship often refers to the introduction of a new idea, new products, a new organisational structure, a new production process, or the establishment of a new organisation by (or within) an existing organisation (Zhao, 2005). The results of studies on several innovative and entrepreneurial companies in Australia, Zhao (2005) state to the relationship between innovation and entrepreneurship in the organizational size as follow:

- Entrepreneurship and innovation are positively related to each other and interact to help an organisation to flourish;
- Entrepreneurship and innovation, combination of the two is vital to organisational success and sustainability in today's dynamic and changing environment,
- Entrepreneurship and innovation are dynamic and holistic processes in entrepreneurial and innovative organisations,
- Organisational culture and management style are crucial factors affecting the development of entrepreneurial and innovation behaviour in organisations.

4. MANAGING INNOVATION AND ENTREPRENEURSHIP

In order to realise the importance of entrepreneurship and innovation management, it is first required to understand and interpret the definition of innovation. Innovation cannot think just as inventing a new product. As, innovation is a new or significantly modified production process, management process or even a marketing method, in modern sense.

According to Drucker (2012) innovation is the special instrument of entrepreneurs: entrepreneurs benefit from this change as a different business or opportunity. So, not only differences of sector or business but also all kinds of things that change the potential of resources to producing wealth are state innovation. An action that gives resources new capacity to create wealth can be states innovation. For instance; Cyrus McCormick invented many harvesters but, the purchasing power of the farmers in the US is very low in the period in which he has developed his products. Then, McCormick has invented to tally trade. In this way farmers have had the opportunity to pay for their future earnings rather than paying their past savings. McCormick has made a major innovation that is using almost all sector which tradable in today.

So, achieving to access an entrepreneur what to do? Or, howe manage to process? Firstly, a feasibility analysis should carry out, a business plan should create and an organization should establish according to this business plan to start initiative. The process of continuing and managing the initiative is to be able to administer and coordinate people and growth, and to make the right decisions when special cases are encountered (Ergen, 2014:43). In order to accomplish the success of the enterprise, the ways of entrepreneurs must follow illustrated in Figure 1.
Figure 3: The ways of entrepreneurs must follow to achieve success

Source: (Ergen, 2014)

Businesses that are fed with innovative and creative thinking along with basic management functions can state as “entrepreneurial organization”. In these organizations, combine of entrepreneurial considerations, innovative approaches and management skills is very crucial. Because, no matter how successful it is in process and management, if the businesses don’t use the innovation, they can’t stay alive in the future (Drucker, 2012:491).

The aim of create new product or method, businesses process and etc. is one of the main sources of innovation activities. Accordingly, businesses get success and value provided that the businesses determine the basic and sub-strategies within the scope of innovation and entrepreneurship. So, to provide an opportunity integration of innovation and entrepreneurship with strategy, companies need to perform a strategy focuses on such key as top management support, flexible organizational structures and a culture that is contributing to innovation and entrepreneurship (Hisrich, et. al., 2014:67).

Drucker (2012), emphasize that all businesses wouldn’t be an entrepreneurial organization; if it is wanting; the organizations should keep elements which are entrepreneurial strategies, systematic innovation and entrepreneurial management, in their constitution.

Developing an innovation theory is very difficult. But, we have enough knowledge about searching opportunities where and how, also how judge and manage opportunities and risks. Innovation opportunities and entrepreneurial activities are very close in almost other sectors. For instance, the entrepreneur in education sector and the entrepreneur in healthcare sector are involved in similar processes and activities, use similar tools and face very similar problems. So, successful entrepreneurship activities don't have to be “high risk” as it is in the past (as seen in the advanced technology entrepreneurship examples of IBM and Bell laboratory). Contrarily, it has to be systematic and managed. And most important of all, it has to be based on goal-oriented innovation (Drucker, 2017:40).

5. CONCLUSIONS

Developed countries, thanks to strong interaction between innovation and entrepreneurship have high profit margin and also competitive superiority. So, “innovation” and “entrepreneurship” have vital role for economic growth and development. In this context; unless an entrepreneur or inventor manages innovation process successfully, the process doesn't identify as an “innovation”. In other words, innovation process should manage effectively. Innovation management is a process...
management for efforts to fulfil new tasks through the integration of different information components in organizations. In today's world every innovation, including technological innovation, means competitive advantage; managing the process fast, doing a quick format innovation and is considered more important to be first in the market. So, innovation management for organizations has become a popular topic (Savcı, 2011). Not only innovation management, but also entrepreneurial management needs to be considered. Because, as Drucker has stated, innovation is a crucial tool of entrepreneurs. So, for completing the innovation process entrepreneurs have vital role. But, entrepreneurship isn't an innate ability that a feature can be learned after. This means that entrepreneurship should be learned and managed. Also, Innovation opportunities and entrepreneurial activities are very close in almost other sectors. For instance, the entrepreneur in education sector and the entrepreneur in healthcare sector are involved in similar processes and activities, use similar tools and face very similar problems. Even just this example reveals the importance of how innovation should be managed rather than what it is; how it should be carried out rather than what sector it is in. For achieving to success an entrepreneur or business should carry out feasibility analysis, should create a business plan and should establish an organization according to this business plan to start initiative. (Ergen, 2014:43). Besides that, the sustainability and success of innovative and entrepreneurial activities depends on the incentives and support of the top management of the organization. As, the supporting organizational culture and organizational system is the basis for innovation and entrepreneurial organizations for develop and capture opportunities (Hisrich, et.al., 2014). The process of continuing and managing the initiative is to be able to administer and coordinate people and growth, and to make the right decisions when special cases are encountered. Consequently, entrepreneurship and innovation management have importance for achieving of business activities to success. As, the reason why entrepreneurship and innovation facilities unsuccessful is that entrepreneurs and businesses don't know what they do or how they do, and also don't have a methodology, a systematic management process. Hence, to eliminate those problems entrepreneurs and business manager that operating entrepreneurial and innovative activities of businesses should train about entrepreneurship management process. Therefore, entrepreneurship and innovation process must be systematic and managing.

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