

ROLE OF INNOVATION IN ENTREPRENEURSHIP DEVELOPMENT

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Abstract: The strength of researchers and entrepreneurs is needed in order to overcome technological problems and to develop products with a great competitive advantage. This would achieve international market success. Success is achieved by the support of scientists and research institutions due to the nature of people and their efforts, not because of the innovation policy itself. The assumption is that companies should use external and internal ideas, as internal and external channels, to improve innovation and market potential. Companies promote their own innovative activities by establishing a new business model. Companies cooperate with other participants on the market, exchange ideas and satisfy the needs of consumers in a better way. Companies have to work a lot on improving internal structures of knowledge and technology, i.e., on improving their innovative capacity. By establishing an appropriate knowledge base and considering innovative possibilities, they can intensively deal with connecting to external sources of knowledge and technologies. By combining internal and external sources, they create new value and thus improve their own innovation culture.

Keywords: entrepreneurship, innovation, enterprises, development, competitiveness

Introduction

Entrepreneurship is a type of management that should be pursued regardless of the organization size and the type of activity. In some areas of intense change, an innovative type of organization will be the only way to survive in turbulent and changing conditions. Innovation is a segmented process, where each segment requires special attention and the so-called integrated approach. These segments represent a model for translating new ideas on the road "from mind to market". The adoption of innovation in different institutional frameworks suggests how different features of institutional frameworks encourage companies to adopt innovation development approaches. Although the growth of international innovation may mitigate the influence of national and regional institutions on the innovative capabilities of enterprises, how enterprises implement different innovative development strategies remain influenced by their domestic institutional frameworks. (Sagić, 2016)

The creation of a global market is a consequence of accelerated technological development. The assessment is that products with different purposes and places in the consuming system can become - global products. A company that wants to be global not only has to try to find target markets but also to create them itself. This is a process of interacting international markets, participating in global information and communication networks, and expanding transnational

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corporations. This is how new economies are organized around global networks of capital, management, and information, the basis of which is innovation. It relies on innovation, but also knowledge. An approach that gives importance to the innovation process, advocates "the possibility of innovation based on own resources", excluding traditional models focused on the environment analysis and market forces. The basis of this concept is the presence of fixed production factors, and that is why "saving and economical consumption of resources becomes the leading element in the comparative success of the company". (Sagić, 2016)

It should be emphasized that this is an evolutionary model, in the sense that it encourages the evolution of competencies and at the same time enables companies to increase their capacity for value creation through - innovative continuity. We must point out that the impact of discontinuous technological change is fundamental, and the risks of non-innovation are huge. (Sagić, 2016)

Entrepreneurship development in a modern environment

In the modern economy, the basis of a successful business is the creation of a climate in the organization that supports entrepreneurial behaviour and innovation. The modern understanding considers that an entrepreneur does not have to be an individual who owns a business. An entrepreneur can be an individual who is employed by an employer, but who possesses characteristics that are characteristic of entrepreneurial behaviour. For the company in order to become an entrepreneurial organization the businesses in the organization, regardless of the size, must be managed on an entrepreneurial way,. (Bešić and Đorđević, 2008) Companies, regardless of size, financial strength, and ownership relationships, behave entrepreneurially, adopting the basic postulates of entrepreneurial business and using entrepreneurial management. (Drucker, 2005)

Entrepreneurial behaviour in the modern economy is not associated with one person and his abilities and experience but relies on teamwork. The model of corporate entrepreneurship emphasizes teamwork, whose members are motivated to work towards achieving success and accepting risks. Entrepreneurship implies a creative process, with the goal to implement innovations in the company and satisfy the needs of consumers. The attitude towards the consumer becomes an important factor in addition to the quality of the product. Modern companies must base their operations on entrepreneurial behaviour, which emphasizes risk acceptance, creativity, and innovation. Special emphasis is placed on innovation, since society is based on knowledge. (Bešić and Đorđević, 2008)

Businesses need to foster entrepreneurship to overcome the difficulties they face while learning how to work with business partners. Large companies have developed models of entrepreneurial behaviour and the development of an entrepreneurial climate, which have enabled them to be competitive with medium-sized companies. The smallest companies are also the least innovative, due to the lack of personnel, financial resources, equipment, and the most knowledge. Size is not an obstacle. to entrepreneurship. The business logic is wrong only in the fact that entrepreneurial behaviour and innovation are spontaneous and natural. (Bešić and Đorđević, 2008)

In order for a company to innovate, it must create an appropriate organizational structure that allows employees to act in an entrepreneurial manner. In modern business, entrepreneurship is a matter of organizational behaviour and defining business policy. A company that wants to succeed in a turbulent business environment must incorporate an entrepreneurial management style into its organizational structure. (Bešić and Đorđević, 2008)

The application of entrepreneurship should enable the conditions for more successful market performance and the achievement of the company's competitive ability. The basic driver of these activities must be the knowledge improvement of all employees in the company. Successful business in the 21st century will depend on the company's attitude towards the need for knowledge and the application of the latest technological achievements in company management, as well as on the ability to transfer information to consumers in the most efficient way. (Bešić and Đorđević, 2008)

Innovative business models

The development of business ideas requires the planning work by an entrepreneur, it is usually a team of people with different complementary knowledge. "The difference between an entrepreneurial idea and a business opportunity is that an entrepreneurial ideas are created, while the business opportunities can sometimes appear due to unexpected market circumstances in the economic environment. (Kolaković and Mihić, 2020) The business model is the most important part of designing a company, and it forms an important segment of the entrepreneurial process. It includes all aspects of business, from customers to business through partners, to financing and income". (Alam, 2019) Such a business model represents a certain entrepreneurial venture, which solves the problems of customers and suppliers.

The business model is about value. Regardless of whether all the components work or not, if the value proposition fails, the business model collapses. (Alam, 2019)

A business model is a tool that contains goals and concepts, intending to define the business logic of the company. In the case of a beginner entrepreneur, this tool can be used to evaluate an entrepreneurial idea and as a basis for creating a business plan in the future. (Kolaković and Mihić, 2020)

The value proposition can be considered the basis of any business model. There are six key components of a business model: (Alam, 2019)

1. Value proposition. The first component is focused on understanding the problem being solved, for whom, and why it is worth solving the problem.
2. Delivering value. How will the customer know about the product or service being offered and how will the value be delivered?
3. Creating value. How will you build the product or service and what capabilities are needed to build the solution?
4. Valuing the partnership. Who should be relied on in the value chain? Who are the external players you should partner with in this venture and why would they want to partner with you?
5. Collecting value. How will you generate revenue from customers? Who will pay for your solution? How much will you charge?
6. Financing value. Where will you get funding to support your venture through the early stages of scale-up?

Business model innovation is defined as an enterprise activity where the business logic is transformed to achieve operational and strategic progress. (Bucherer, 2012) Various drivers stimulate companies to innovate their business models. Companies need to respond to dynamic demands and changes in the business environment, for example, due to increasing pressure on costs and the constant need for differentiation. (Carayannis, 2015)

Innovative business models suggest several possible benefits of innovating business models. For example, competitive advantage, value creation and capture, knowledge creation, and sustainable business development. (Morris, 2005) The development of information technologies offers many opportunities to companies and enables the design of innovative and new business models, which lead to changes in existing industries and markets. (Bowman, 2018)

The company must redesign and develop its business model to remain competitive. (Amit and Zott, 2012) Business model innovation provides two different perspectives of business model innovation, including changes in the architecture of the business model and changes in one or more components in the business model. Two dimensions of innovating business models are proposed: area and novelty. The area is characterized by architectural and modular changes to the business model, while the newspaper describes the changes as news for the company. There are four levels of business model innovation: (Pucihar, 2019)

1. The business model is new in the industry,
2. A business model that was not applied by competitors,
3. A business model whose elements are not found in the dominant business models in the industry,
4. Business model not invented by other companies.

Business environment and innovation have a positive direct impact on the innovation level of the business model, while information technologies did not have a direct impact on the innovation level of the business model. The level of the business model innovation has a positive direct impact on the outcomes of the innovated business model. The results of business model innovation had a positive direct impact on business performance. Strong changes in the business model led to the improvement of the overall business performance of the company. (Pucihar, 2019)

Innovators and innovative possibilities

A characteristic of modern companies in today's business conditions is the constant monitoring of innovations in the environment in all areas of human activity. The management of a modern company must recognize and evaluate the moment and place for innovation, as well as influence the successful operation of the company by selecting innovations. (Milanović and Pavićević, 1996)

Innovator means those persons responsible for the work and development of the idea itself. These are creative people, who above all, can foresee, recognize and use a certain challenge from the environment, and turn it into an opportunity for development and progress. Innovators can be distinguished based on several criteria: (Slović, 2001)

1. according to the level of professionalism, we distinguish amateur innovators, professional innovators, expert innovators,
2. by the level of affiliation we distinguish individual innovators, employed innovators, entrepreneurial innovators,
3. by the level of organization, we distinguish unorganized or organized innovators in associations, scientific institutes, faculties, independent clubs,
4. We distinguish between hobbyist innovators, professional innovators, and entrepreneurial innovators according to the goals they want to achieve.

In practice, we most often encounter the following types of innovators: (Rot, 2003)

Innovators - amateurs are the most numerous as naturally gifted creative people, although it often happens that they do not possess enough competent, professional knowledge to complete innovative solutions with quality. It is characteristic for them they have a good idea as a starting point, but this is often not enough because they need professional help to develop the idea into a functional or commercially useful innovation.

Employed innovators create innovations for the needs of their employers, often as part of their regular work. Regardless of whether they arose spontaneously or as part of a work task related to the employer's activity, they arose within the framework of the employment relationship. A special group of employed innovators consists of professional innovators, that is, engineers, technicians, qualified workers of various professions, organizers, managers, and other experts of various professions, whose task is to work on a creative approach to finding solutions in connection with their business activities. (Bryan and Joyce, 2007)

In addition to the group of employed innovators, among employed innovators, we classify expert innovators, as highly creative persons with the highest degree of professional competence and experience. High-category innovations are developed mainly by institutes, within expert teams for solving complex projects. Often, based on their innovations, other innovators or institutions receive expert advice or innovation services. (Božić, 1996)

When we talk about the sources of innovative opportunities, they can be divided into internal and external sources, considering the direction from which the innovation potential develops. There are four sources of innovation opportunities. Those sources can be classified as unexpected, incongruent, innovations that arise as a process need and as a result of changes in the structure of the economy or market. (Drucher, 1996)

Recommendations for serbia

Competitiveness is the focus of all countries that seek sustainable development. New ways of increasing productivity are sought, and the innovation is the mainstay of achieving this goal. Innovations are recognized as carriers of productivity growth, which puts the focus on technologies and the learning process. Innovations are the result of the economy interaction as well as the state and the academic community. The result of these interactions is the shaping of the national innovation system. Interactions within the system have an impact on innovation, companies performance and the economy as a whole (Savić, Pitić and Trbović, S. A., 2012)

The Serbian economy development is not possible without structural changes and the pace depends on three factors: (Savić, Pitić and Trbović, S. A., 2012)

1. investments increase,
2. reforms of the educational system and
3. business climate improvement

Priority development areas should be: information society, research and development, connection between scientists and the business sector, clear demarcation of public support for basic versus applied research, development and innovation. The educational system must provides these processes with strong support. The essence of education reform must be in adapting the entire education system to the labor market needs, i.e. the demand created by employers. The strong

connection of higher education with the economy and the development of clusters should receive the greatest importance. (Savić, Pitić and Trbović, S. A., 2012)

The vision of Serbia's development should be to grow into a society where educated and creative people create high-quality innovative goods and services. The market must focus on increasing competitiveness and better use of all available resources, as well as on the transformation of the economy towards areas with higher productivity, which support the growth of the creative potential of the Serbian economy. (Savić, Pitić and Trbović, S. A., 2012)

The basic assumption of the Europe 2020 strategy is that the future labor market in Europe should be made more educated, innovative and entrepreneurial, with the aim of maintaining and increasing competitiveness in the global context. Given that the cost of labor in our country is rising, Serbia should start the same initiative, striving to develop an educated workforce that will attract investments in the production of more added value, and at the same time be a basis for encouraging the creation and growth of innovative entrepreneurship

An important role in that process belongs to the enterprise, the capacity and influence of the national innovation system, as well as infrastructure and incentives that encourage investments in research and training of employees. The priorities are: (Savić, Pitić and Trbović, S. A., 2012)

- a) innovation support must be expanded from scientific and technological projects directed towards one-sided goal to programs with a broader focus. This means ensuring the conditions for tripartite cooperation between universities - business - government, promoting the spread of new technologies in various sectors and companies, as well as facilitating the IT infrastructure development
- b) promoting organizational changes, increasing technological changes and increasing productivity require a wide range of organizational changes in order to increase flexibility

The state can help by creating conditions and appropriate infrastructure through adequate financial policy, informational policy, as well as competitiveness policy and other important policies for economic performance. An institutional environment that fosters a culture of learning, creativity, innovation and entrepreneurship is a key determinant of a knowledge-based economy (Savić, Pitić and Trbović, S. A., 2012)

Conclusion:

Innovative opportunities are found in the world around us. They represent changes that have already happened somewhere or are yet to happen. Innovations occur as a result of some change. It is not possible to systematize the sources of innovation, because they represent an extremely broad and complex area. The only thing they all have in common is that there is essentially an innovative effort with a tendency towards effective and efficient change. It always starts from an idea that needs to be further developed, until its realization in practice. The most important sources of new ideas are based on the analysis of consumer requirements, followed by companies, on the improvement of already existing solutions in research and development processes in science, distribution channels, etc. (Mešanović, Čebić and Abadžić, 2015). With their contribution, innovations arouse great curiosity and attention and impose a real process of change to which the environment needs to adapt, whether by acceptance or resistance.

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