

THE IMPORTANCE OF INNOVATIONS FOR THE DEVELOPMENT OF CORPORATE ENTREPRENEURSHIP

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Abstract: Innovation enables entrepreneurship to achieve significantly faster growth and development of productive goods, regardless of the enterprise. Entrepreneurship becomes crucial and decisive in societies undergoing significant and transformative changes. This can be explained by the inherent need for a structural formula for society's development during periods of technological, economic, cultural, political, and ideological transformations. Modern entrepreneurship today emerges as a form of dynamic development of ideas, talent, knowledge, and risk. It is considered a sociocultural phenomenon that facilitates realizing human potential in the economic sphere. The outcome of entrepreneurship is reflected in the capital generated by people, i.e., personnel, with the entrepreneur at the forefront. The success or failure of an entrepreneur largely depends on society, the environment, and the enterprise itself. Entrepreneurship can be individual, managed exclusively by one person, or corporate, within large corporations, where it is associated with limited competition and the division of management and risk functions. Entrepreneurship is closely linked to economics.

Keywords: innovations, entrepreneurship, corporations, economy, entrepreneur

1. INTRODUCTION

The emergence of capitalism marked the significant rise of corporate entrepreneurship, which reached its full potential during the phase of liberal capitalism. Entrepreneurs strive to transform the present and act as leaders who engage and mobilize creative labor. According to modern understandings, an entrepreneur no longer needs to be an individual who also owns the business but can be someone employed by another employer, as long as they possess skills, abilities, and attributes characteristic of entrepreneurial behavior. For a company to become an entrepreneurial organization, it must exhibit entrepreneurial behavior. Innovations assist entrepreneurship in developing new ideas that can become competitive in the market. It can be said that the number of enterprises behaving entrepreneurially is significantly increasing, regardless of their financial strength, size, ownership structure, and similar factors. The rapid pace of technological change has led to a substantial increase in competitive advantages such as flexibility and innovation, dramatically highlighting the dominance of small and medium-sized enterprises over mega-corporations burdened by administration and management issues. New corporate entrepreneurship arises as a dynamic developmental combination of capital, knowledge, ideas, and risk. Large enterprises must foster entrepreneurship to overcome the challenges they face while simultaneously learning from and collaborating with their allies or partners. The key role in this process lies with executive leadership and domestic capital owners, who must establish a sound market-based foundation for operations. The business world is dominated by highly educated managers who apply their knowledge and focus on the continuous improvement of labor productivity.

2. RESEARCH RESULTS

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In large corporations, instead of business leaders with entrepreneurial vision, managers dominate, working with their teams. (1) The foundation for creating and maintaining the competitive advantage of modern organizations lies in the global economy, which fosters entrepreneurial behavior oriented toward innovation and flexibility in response to inevitable changes and constant market challenges. To this end, organizations pay particular attention to developing and retaining new talent as a top priority for organizational resources. Modern perceptions of entrepreneurship no longer associate it with an individual who simultaneously owns the company but rather with (2) an organization based on teamwork, which can provide a greater advantage over competitors. When comparing traditional entrepreneurship models with modern corporate entrepreneurship, distinct differences emerge, particularly in areas such as risk-taking, ownership structure, decision-making processes, flexibility, degree of independence, job security, idea development, scope of ventures, and resource limitations. (3) While individual entrepreneurs assume full responsibility for business operations, in large enterprises, the responsibility is shared among all members.

1.1. Entrepreneurship as an innovation process

Modern entrepreneurship, viewed as a sociocultural phenomenon, represents a combination of idea development, talent, capital, knowledge, and risk. It relies on human capital, serving as an avenue for realizing human potential in the economic sphere. The relevant literature highlights the necessity of an innovative approach to business as a crucial element of entrepreneurship. Innovation and creativity are intrinsic components of management, entrepreneurship, and entrepreneurial activities. One of the most significant studies in this field was conducted by Joseph Schumpeter, establishing a foundational relationship between innovation, creativity, and entrepreneurship (4). This has laid the groundwork for viewing innovation as an essential and often decisive factor for the development and success of entrepreneurship. Beyond individual skills and initial business ideas, the success of entrepreneurship depends on its environment—social and market—and the organization of business activities.

If the environment supporting entrepreneurial ideas motivates and encourages a creative approach to business, the likelihood of achieving efficient and effective long-term operations significantly increases. In the context of modern business conditions, entrepreneurship primarily refers to (5) **A. Individual entrepreneurship**: external entrepreneurship represented by a single individual who is simultaneously the owner, manager, and risk-bearer, or by an entrepreneurial group. Individual entrepreneurship typically operates in the market of small and medium-sized enterprises. **B. Corporate entrepreneurship**, or internal entrepreneurship, is represented by new business units within large corporations. It functions in markets with limited competition and involves the division of ownership, management, and risk functions (6). Corporate entrepreneurship is vital as it also fosters the progressive development of individual entrepreneurship through cooperative units.

Entrepreneurial analytics is gaining prominence in systematically forming new internal business units in the modern business environment. It can be organized as an analytical creative department tasked with responding to various environmental challenges through innovative solutions. This department identifies creative entrepreneurial decisions, determining whether to maintain the existing organizational transformation model or undertake a new entrepreneurial venture. Entrepreneurial analytics examines organizational transformation models designed to integrate information flows within the organization. It evaluates previously identified problematic business areas, transforming them into opportunities or potential improvements for business operations. Corporate entrepreneurship is a concept that encourages employees to think and act as true entrepreneurs within an existing organizational structure. Employees with the vision and qualities of entrepreneurs are encouraged to recognize opportunities and develop ideas aimed at innovating new products or services (6,7).

1.2. Innovation as a means of strengthening corporate competitiveness

Competitive advantage is the foundation of successful operations for any modern company, making its creation and maintenance a central focus of effective and efficient corporate development. Achieving, sustaining, and enhancing competitive advantages is a *condition sine qua non* of modern

business practices. Competitive advantage can be defined as the ability to provide similar value to customers more efficiently than competitors (lower cost) or to perform activities at a similar cost but in unique ways that create greater value for the customer compared to competitors (differentiation). In the context of modern business operations, innovation emerges as a key driver of accelerated economic growth and development. It achieves this by increasing production volume, reducing overall costs, and improving product quality.

1.3. Investments in new technologies

Modern business conditions are characterized by progressive technological development, which enhances technological efficiency. Consequently, organizations allocate a significant portion of their profits to investing in new technologies and equipment to improve production processes, products, or their placement in the market. The market position of an organization is influenced by numerous factors of economic production, technical-technological, and organizational nature. To ensure development and progress, organizations must undertake specific steps, such as eliminating inefficiencies, overcoming technical, technological, and organizational backwardness, and implementing strategies aimed at more efficient and effective operations. Maintaining a competitive market position requires organizations to continuously monitor advancements in science, technology, and innovation, which in turn leads to organizational changes. Peter Drucker highlighted as early as the 1970s that "a company incapable of introducing innovation when circumstances demand it is doomed to extinction, and its management is unfit for its task."(1)

In modern economic conditions, achieving continuous, economical, and significant high-quality production that fully meets the demands of an innovative business approach is extremely challenging. However, innovation alone does not guarantee market success. The failure rate of new products on the global market, depending on the industry, ranges from 30% to 80%. Studies have shown that the failure of innovations in the market is primarily due to the organization itself rather than external factors. For a contemporary organization to achieve and maintain a competitive market position, it must focus on improving management, enhancing the quality and features of existing products or services, introducing new products or services, strengthening innovation capabilities, and advancing marketing functions. Increased effectiveness is achieved when an organization ensures an easier path to meeting goals, a higher degree of economic efficiency, and adaptability to external environmental demands. Organizational behavior involves the way problems are perceived, solutions are implemented, and appropriate resolutions are found. The development of management has had a significant impact on the evolution of organizational behavior.(8)

1.4. The Role of Consumers in the Innovation Process

The primary dimension of successful business operations in modern market conditions lies in meeting consumer demands and preferences. The production process is increasingly focused on the speed of bringing a product or service to market and ensuring its quality. This focus raises important questions: Is there a genuine need for the product or service, and has this need been recognized? Is the consumer willing to adapt their habits, and how can they be educated about the innovative aspects of the product or service? A common approach to developing and adopting innovative ideas that meet consumer expectations is learning through the use of existing products. Consumers need to have reliable information about the products offered to them so that, through feedback and suggestions, they can become partners in the innovation development process.

By participating as leading users, consumers take part in the development process and are among the first to adopt new products tailored to their specific needs and desires. For organizations, this form of collaboration is highly beneficial as it directs them toward the development and improvement of products or services that meet consumer expectations, thereby enabling efficient and effective business operations. From the consumer's perspective, this collaboration is also motivating, as they anticipate certain advantages and benefits from engaging with manufacturers in this way.

1.5. Innovation as a Means of Competitiveness

In contemporary business conditions, the economy of knowledge, or information and technology, comes to the forefront, providing modern organizations with the opportunity for successful business operations and increased productivity. A new way of thinking about the organization of work and business has been imposed, as well as the model of designing the organization itself and its broader connection with other segments of the economy. Organizations have shifted their focus from the final product to the development of technological competence as a critical success factor in today's market conditions. Today's technology fosters economic cooperation. By developing their own competencies, companies gain the ability to engage in the environment through business networks and alliances, allowing them to better allocate resources and exchange knowledge and information within the inter-organizational business structure. Network connections among modern organizations, oriented toward joint cooperation, coordination, and interests, more easily secure a competitive position in the market. Power and responsibility in these network connections are distributed horizontally, enabling the exchange of information, knowledge, experience, and skills through better human connections, such as researchers and engineers with suppliers, scientific institutes, and so on.

A new, flat organizational structure is being created, allowing for the exchange of skilled personnel and increased knowledge transfer. Knowledge, as a resource, has a significant impact on all segments of the economy and society, at both the national and global levels. Today, the role of knowledge and knowledge management is becoming increasingly important, positioned as a key strategic issue for every modern company focused on successful business operations and achieving profits. The positioning of knowledge as intellectual property is considered the most important function of a modern company, which ensures a competitive advantage in the market. The innovation concept applied during the 20th century, known as the closed innovation concept, implied that it was sufficient for an organization to establish a research and development sector. To invest in development, previous innovations had to be proven profitable. Some innovations could even be patented, but companies waited for the right market conditions and demand.

However, the closed innovation model began to change in the 1990s in response to changes in the market that increased the mobility of educated workers, the rise of non-typical employment, growing external interest in unused technologies, and an increase in investment capital. Today, the traditional closed innovation approach has been surpassed and replaced by the open innovation model, which represents the most reliable source of gaining a competitive advantage. Large, developed organizations combine their research and development sectors with other segments, with particular emphasis on the importance of modern technology. Large companies often license innovations that small companies can use as patents, contributing to the successful operations of both. The most important factor influencing the adoption or creation of corporate entrepreneurship in a company is the creation of an innovative work environment for the company's staff. One of the most important factors supporting the development of corporate entrepreneurship in a company is the proper organizational structure of the workforce. The composition of the organizational structure will (11) determine the company's operations. When managing a business, it is necessary to pay attention to (12) the occurrence of costs that may arise during business operations.

2. CONCLUSION

The application of the corporate entrepreneurship concept should enable the creation of conditions for a more successful market entry and for achieving the competitiveness of companies in transitional economies. The main driver of these activities must be the improvement of the knowledge productivity of the executive leadership, as well as the enhancement of the knowledge of all employees within the organization. Successful business operations in the 21st century will depend on the company's attitude toward the growing need for knowledge and the application of the latest technological achievements in management, as well as the ability to transfer information to the target group of consumers and customers in the fastest, clearest, and most efficient manner. Innovative creativity within a company can only be fostered by developing a positive attitude toward the need for continuous changes, and the basis for changes is precisely innovative activity. Furthermore, constant support for new ideas, interaction with others, tolerance for failure in innovative activities, ensuring absolute freedom in the

initiatives of thinking and creating innovations, and finally, recognition for initiatives, processes, and results of creative activities are needed.

To ensure smooth economic development, it is necessary for the entrepreneurial behavior model to be embraced at all levels. All business organizations operating in transitional economies should create the prerequisites for successful market competition in the conditions of a global market based on the application of entrepreneurial behavior. Today, the role of knowledge and knowledge management is becoming increasingly significant, positioned as a key strategic issue for every modern company focused on successful operations and achieving profits. Positioning the role of knowledge is considered the most important intellectual property, as the central function of a modern company, which ensures a competitive advantage in the market. The innovation concept applied during the 20th century, known as the closed innovation concept, implied that it was sufficient for an organization to establish a sector dedicated to research and development. Before the development of company accelerators, there was a lack of a clearly defined concept for identifying opportunities outside the scope of current operations. A new approach was needed to complement business units. Managers sometimes do not know how to use a new concept that does not fit into the existing line of business, and such initiatives often prevent them from taking short-term risks and losses. In these situations, the need for forms such as the Business Development Accelerator comes to the forefront. When Cargill's business unit, which dealt with defrosting products, identified a new defrosting technology, the company concluded that it might not be appropriate to develop and commercialize such an innovation. The polymer coating technology that prevents the formation of ice was intended to be an innovative product to be used in the construction of roads and bridges. However, Cargill's defrosting business unit mainly sold goods to agencies dealing with transportation in North America.

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