ANALYSIS OF ENTREPRENEURIAL MANAGEMENT AND INNOVATION

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ABSTRACT

The entrepreneurial management requires different management from the existing ones. But like the existing it requires systematic, organized, purposeful management. And while the ground rules are the same for every entrepreneurial organization, the existing business, the public-service institution, and the new venture present different challenges, have different problems, and have to guard against different degenerative tendencies. The purpose of this research is to analyze the practice of Entrepreneurship Management and Innovation to help Entrepreneur reach their business goal. This research uses qualitative approach and descriptive method, the analysis is a descriptive process, through literature study that collects information and classifying the data and then describing the variables. Results and conclusions are (1) that thenew functions of management that tap into the potential of all employees are: Energize, Empower, Support, and Communicate; (2) Entrepreneurial management requires policies and practices in four major areas, and (3) When innovation is perceived by the organization, this requires specific policies. It is recommended that students to have knowledge and ability, know how to manage people and be creative to create the organization or their job, and be innovative, make a different or very different.

Keywords: *entrepreneurship, entrepreneurial management, innovation*

INTRODUCTION

Research Background

In 21st century, there is a theory to support entrepreneur its going well to achieve the goals in business or organization. The strength of entrepreneurs really depend on how management in niche market, make a difference to be a leader in market. Driving in forward mode; Opportunity seeking; Turnings Negatives into Positives; Leading rather than following; Managing from the outside in; Understanding one's market: understanding oneself; and Understanding ones through the eyes the key stakeholders. The entrepreneurial management requires different management from the existing ones. But like the existing it requires systematic, organized, purposeful management. And while the ground rules are the same for every entrepreneurial organization, the existing business, the public-service institution, and the new venture present different challenges, have different problems, and have to guard against different degenerative tendencies (Drucker, 2007:129).

Kuratko (2009) stated that entrepreneurship is based on the same principles, whether the entrepreneur is an existing large institution or an individual starting his or her new venture singlehanded that it makes little or no difference whether the entrepreneur is a business or a non-business public-service organization, nor even whether the entrepreneur is a governmental or nongovernmental institution because the rules are pretty much the same, the things that work and not pretty much the same, and so kinds of innovation and where to look for them that in every case there is a discipline might call entrepreneurial management.

Off course, existing business, nonbusiness, and even new venture will face different needs from entrepreneur where they all need to learn how to be an entrepreneur and how to innovate. In today businesses, any company will not survive if it does not acquire entrepreneurial competence. Therefore, the importance of knowing and understanding entrepreneurial management and innovation is very crucial to the manager and the entrepreneur in running their business and in long term to reach their business objective. Entrepreneur must have a style not just to waiting but how they achieved their goals and be flexible in every situation he or she have. The flexible its means how can the Entrepreneur adapt in every situation to manage the situation and the firm to keep the firm going well and achieved the target market. Sometimes the owner in other company can-not see the style of the Entrepreneur to keep the firm safe in every situation, the flexible time in every business to managing a real situation they have.

Research Objective

The objective of this research that is related with the stated problem previously is to analyze the practice of entrepreneurship management and innovation to help entrepreneur reach business goal.

THEORETICAL FRAMEWORK

Theories

Entrepreneurship

Entrepreneurship is seen as the key to economic growth and productivity, and to the diffusion of knowledge (Baumol, 1986) while entrepreneurship is a process by which individuals-either on their own or inside organizations-pursue opportunities without regard to the resources they currently control (Stevenson et al., 1989).Further, Stevenson and Jarillo (1990) quoted that the main traits generally believed to be associated with entrepreneurship, such as growth, innovation and flexibility.

Entrepreneurial Management

Hortovany (2012) resumed definitions of entrepreneurial management and stated that their common characteristics are that they define entrepreneurial management as a "mode of management" that is proactive, opportunity driven, and action oriented.

Stevenson (1983) in Kuhn et al. (2010) holds that entrepreneurial management practices can help firms remain vital and contribute to firm and societal level value creation. Further, he describes entrepreneurship as an "approach to management" which is characterized by the pursuit of opportunity without regard to resources currently controlled.

Innovative Entrepreneurship

Bönte et al. (2007) stated that an individual's decision to start a business is linked to his or her current age in which this is especially true for innovative entrepreneurship. This assumption is supported by Parker (2004) that age is among the clearest influence factors on measures of entrepreneurship, and most empirical studies suggest a positive—usually an inverse u-shaped—relationship between an individual's age and the individual's decision to start a business.

Entrepreneur

The term "entrepreneur" is a French word derived from the verb "entreprendre", which means to do or to undertake. It can be divided into two parts, "entre", meaning "between", and "preneur" meaning "taker". Literally, then, an *entre-preneur*is a "between-taker", or "go-between" (Filion, 2008).

Blanchflower and Oswald (1998) stated that in contrast to modern theory, the classic writings about the nature of the entrepreneur stressed the following: most individuals are not sufficiently alert or innovative to perceive business opportunities; there is no objective probability distribution governing business risks; an innovative entrepreneur may receive higher expected utility than he or she would as a regular worker; attitude to risk is not the central characteristic that determines who becomes an entrepreneur.

Previous Research

Werner Bönte, Oliver Falck,and Stephan Heblich (2007) analyze the relationship between age structure and the number of start-ups and found that the expected number of startups is positively influenced by the fraction of individuals of working age—20–64 years old. Howard H. Stevenson and J. Carlos Jarillo (1990) attempt to bridge gap of corporate entrepreneurship that seems to many entrepreneurship scholars is a contradiction in terms and found that a series of propositions are developed, as instances of the kind of research that can be pursued by following the proposed approach.C. Mirjam van Praag and Peter H. Versloot (2007) paper examine to what extent recent empirical evidence can collectively and systematically substantiate the claim that entrepreneurship has important economic value and conclude that entrepreneurs have a very important – but specific – function in the economy that they engender relatively much employment creation, productivity growth and produce and commercialize high quality innovations, yet, the counterparts cannot be missed either as they account for a relatively high value of GDP, a less volatile and more secure labor market, higher paid jobs and a greater number of innovations and they have a more active role in the adoption of innovations.

RESEARCH METHOD

Type of Research

This research is a qualitative research in nature. It is aimed at gaining a deep understanding of the practice of entrepreneurship management and innovation to help entrepreneur reach business goal.

Place and Time of Research

This research was conducted in New Zealand between November – December 2013.

Research Procedure

The figure below shows the conceptual framework of this research to analyze the practice of entrepreneurship management and innovation to help entrepreneur reach business goal.

Figure 1. Conceptual Framework

Source: Theoretical Framework

Data Collection Method

This research uses secondary data refer to the data gathered for some other purpose than the immediate study. Sometimes it is called desk research (Hair et, al. 2010).

Data Analysis Method

This research uses qualitative approach, the analysis is in a descriptive process through literature study that collects information,classify the data and then describing data result.

Qualitative Method

Sekaran and Bougie (2010:369) stated that qualitative data are in the form of words. Examples of qualitative data are interview notes, transcripts of focus group, answers to open ended questions, transcriptions of video recordings, accounts of experiences with a product on the Internet, news articles, and the like. Qualitative data can give data, information, meaning, and objective or purpose in certain condition. Sekaran and Bougie (2010:105) stated that a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. This research is based on literature review of articles of journals and textbooks of entrepreneurship studies and compiles it into a descriptive discussion of entrepreneurial management and innovation

RESULT AND DISCUSSION

Result

Entrepreneurial Management

Entrepreneurship is always associated with starting and/or small and medium-sized companies. It refers to those who perform entrepreneurial initiatives. By thinking in the entrepreneurial way, entrepreneurs doing business with entrepreneurial spirit and required managerial skills for achieving target business goals. Entrepreneurial management is the ability to create wealth for long periods. It can be seen from several examples such as Swarovski that provides insight of how entrepreneurship and management is established and developed. Entrepreneurial management helps company to less vulnerable in times of crisis and to enable it to cope with risks. Entrepreneurial management is important for because it highlights principles of entrepreneurial management for first-time entrepreneurs and startups looking to take the company in the most effective way. Drucker (2007:138) stated that entrepreneurial management requires policies and practicesin four major areas:

1. The organization must be made receptive to innovation andwilling to perceive change as an opportunity rather than a threat. Itmust be organized to do the hard work of the entrepreneur. Policiesand practices are needed to create the entrepreneurial climate.
2. Systematic measurement or at least appraisal of a company's performance as entrepreneur and innovator is mandatory, as well as built-in learning to improve performance.
3. Entrepreneurial management requires specific practices pertaming organizational structure, to stalling and managing, and to compensation, incentives, and rewards.
4. There are some "don't": things *not to do* in entrepreneurial management.

Entrepreneurial Innovation

Generally, innovation requires major effort and hard work to encourage people use the scarcest resource in any organization and eager to go to work on innovation. There's an old Latin expression, *Rerumnovarumcupidus* that means: “People are always greedy for new things." This expression is put into entrepreneurial saying that entrepreneur should eager, able to spot, and pursue opportunity such as trying to get an idea to market. Drucker (2007) elaborates more on this expression by stating how can one make the organization receptive to innovation, want innovation, reach for it, and work for it?”.

Actually, when innovation is not perceived by the organization as the challenges then there will be no innovation. In other words, it should be a part of the company’ activities. Drucker (2007) stated specific policies required by the company regarding to innovation:

- Innovation rather than holding on to what already exists must be made attractive and beneficial to managers. There must be clear understanding throughout the organization that innovation is the best means to preserve and perpetuate that organization, and that it is the foundation for the individual manager's job security and success.
- The importance of the need for innovation and the dimensions of its time frame must be both defined and spelled out.
- There needs to be an innovation plan, with specific objectives laid out.

To innovate, a business has to be able to show its best to challenge innovation supported with financial resources to innovation. A business will not be able to innovate if it does not abandon the outworn, obsolete, no longer productive, the mistakes, failures, or miss directions of effort. With the policy to abandon then business will be motivated to encourage entrepreneurial innovation. Entrepreneurial management is required to looks at all innovative efforts of business by assessing innovative performance against innovative objectives to see the difference or plan to contribute for the next years. Example of reviewing innovative efforts is how pharmaceutical companies review its innovative efforts: to review every new drug development, look at all the other innovative efforts, especially in marketing, and review, equally carefully, the innovative performance of major competitors.

Management Function

In general, management is the process of reaching organizational goals by working with and through people and organizational resources. Nelson and Economy (2005) stated that there are 4 basic management functions: planning, organizing, leading, and controlling as described below:

1. Planning. It is the job of managers to develop the plans that determine the goals an organization will pursue, the products and services it will provide, how it will manufacture and deliver them, to whom, and at what price. These plans include creating an organizational vision and mission and specific tactics for achieving the organization's goals.
2. Organizing. After managers develop their plans, they have to build an organization that can put these plans into effect. Managers do this by designing organizational structures to execute their plans (often building elaborate organizational charts that divide an organization into divisions, departments, and other parts and designate the people who reside in each position) and by developing systems and processes to direct the allocation of human, financial, and other resources.
3. Leading. Managers are expected to lead their employees, that is, to motivate them to achieve the organization's goals quickly and efficiently. Leadership is considered by many to be the most important ingredient for a manager's success. Great leaders can make great things happen, inspiring their employees to do extraordinary things and accomplish extraordinary goals.
4. Controlling*:* To accomplish their goals and the goals of the organization, managers must establish performance standards based on the organization's goals and objectives, measure and report actual performance, compare the two, and take corrective or preventive action as necessary.

To further detailed these classic function, Nelson and Economy (2005) propose the new functions of management that tap into the potential of all employees, namely:

1. Energizing Employees. Successful managers create compelling vision and encourage employees to act on this vision. What can managers do to help unleash the passion and talent in their employees or to energize them?
   - Develop a clear vision for where the organization to go, and then be sure to communicate the vision widely and often.
   - Be sensitive to employees' needs at work, and ensure that the work environment is conducive to employees doing.
   - Be honest and truthful with employees at all times.
   - When making a promise, be sure to keep it. At the same time, be sure not making promises that cannot keep.
2. Empowering Employees.The best (and the most effective) managers realize that they can get far more done and get it done better, faster, and more cost effectively by assigning their employees responsibility for accomplishing important tasks and goals, while providing them with the authority that they need to carry out those tasks and goals. It is not enough to assign a goal employees must also be empowered to accomplish it. To empower employees:
   - Put power in the hands of the people doing the work. The employees closest to customers are in the best position to know what customers really need and, therefore, are in the best position to make decisions that have a direct impact on their customers.
   - Encourage individual responsibility for their contributions. The flip side of putting power in the hands of the people doing the work is requiring employees to take responsibility for the quality of their work. When employees are trusted to play an active role in their organization's leadership, they will naturally respond by taking a personal interest in the quality of their work.
   - Create clarity of roles. Before employees can be comfortable and effectively share leadership duties with others, they first have to be given clearly defined roles so that they know exactly what they are responsible for, as well as what others are responsible for.
   - Share and rotate leadership. By moving people in and out of positions of leadership depending on their particular talents and interests that can tap the leadership potential that resides within every employee, particularly those employees who are not a part of the organization's formal leadership hierarchy.
   - Seek consensus (and build creative systems that favor consensus). One of the best ways to involve others in the leadership process is to invite them to play a real and important role in the discussions and debates that lead to making important organizational decisions. Seeking consensus requires time and a high level of participation and trust, and it results in better decisions that are more easily implemented.

3. Supporting Employee. The best managers support their employees and act as continuing resources to help guide them on their way. To support employees are:
   - Have frequent, personal contact with each of employees. Employees will not feel that they have support if do not interact with them on a frequent basis. Some employees need more interaction than others, so it is the job to determine how much to provide, to whom, and how often.
   - Recognize the true potential of employees. Take time to assess and help further develop employees' skills and interests, hopes, and dreams while correcting any shortfalls that they may have. Help employees plan pathways to success within the organization, giving them personal goals that they can strive for.
   - Act on employee ideas and suggestions. It is one thing to ask employees for their ideas and suggestions; it is another thing altogether to put those ideas and suggestions to use in organization. Doing so not only can make organization more effective, but also clearly demonstrates support to employees a message that they will hear loud and clear.
   - Take time to ask employees what they really think about their jobs and about the leadership they receive from you and other managers. Learning that employees are unhappy in their jobs or with their management team is of little use after an employee quits taking a job with another employer. It is critically important to get candid feedback from employees about their jobs and then to act on it whenever it is in the best interests of the organization.
   - Respect employees, and treat them as valuable members of team. Employees know when do not respect them or consider their opinions to be of value to the organization, and they will act accordingly when confronted with that realization becoming demoralized, lowering their productivity, and perhaps even working against the goals of their employer.
   - Involve employees in making decisions that directly affect them. While not every decision should involve every employee, it will get far better buy-in and engagement when give employees the opportunity to have an impact on decisions that directly affect them improving the ultimate result and your bottom line. One of the main reasons talented employees leave organizations is that they feel they are not being supported by their managers.

4 Communicating with Employee. If there is one place where a great number of managers fail, it is in the area of communication. They do not set up effective communications systems and processes in their organizations; they do not encourage (or demand) their employees to communicate better with one another; and they themselves are ineffective communicators. To have an effective communicator within organization are:
   - Regularly inform management of employees' real feelings, opinions, and ideas about important organizational issues. Managers must have the best information possible when making decisions flawed information often results in flawed decisions. This means communicating the real feelings, opinions, and ideas of employees to managers providing them with information that is not colored by biases.
   - Involve all of employees in the decision-making process. While it may be easier for managers to make decisions themselves particularly decisions that have the greatest impact on an organization better decisions often result when involve all of employees in the process. Ask for their input and use as much of it as it can.
   - Avoid blaming others when have to give bad news to employees. Instead of passing the buck, managers should be brave enough to honestly make their own views known even if they just go along with what their managers decide.
   - When dealing with a difficult situation, have a face-to-face discussion instead of sending a memo or email message or leaving a voice mail message. Sending someone a written note or message or leaving a voice mail message is a far less personal way of communicating than simply speaking with someone face to face, and it often results in misunderstandings on the part of the person who receives the message. In difficult situations, face-to-face communication requires courage on the part of the manager, but it will result in better communication.
   - Do not let opinions and points of view interfere with hearing what someone else is saying. It is natural for managers to allow their opinions about others the way they speak, look, or dress, or their reputation in the organization to create biases that get in the way of communication. While it is easier said than

done (but no less important), it is important for managers to neutralize such biases and to be completely open to what their employees say. It may be difficult for employees especially low-status employees to build up the courage to approach their bosses, much less to tell them what's really on their minds. Make a point of encouraging your employees to approach you with their ideas, issues, and problems, and reward them by thanking them when they do.

– Do not spend too much or too little time worrying about organization's rumor mill. Every organization has both formal and informal communication systems. The rumor mill or grapevine, as it is sometimes called, is an important way for employees to communicate informally within organizations. As such, the rumor mill contains valuable information for managers, as well as no small amount of distorted or false information. Managers can keep their finger on the pulse of the organization by monitoring the rumor mill and should make a point of correcting false or distorted information whenever it is detected.

CONCLUSION AND RECOMMENDATION

Conclusion

The conclusions are: (1) management perspectives shows the new functions of management that tap into the potential of all employees are: energizing, empowering, supporting, and communicating; (2) Entrepreneurial management requires policies and practices in four major areas, and (3) When innovation is perceived by the organization, this requires specific policies.

Recommendation

With this study, the students of Economic have to have a knowledge and ability, to know how to manage the people in every organization or job wherever they are and how the students be creative to create the organization or their job, and be innovative, make a different or very different.

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