

Entrepreneurship and Innovation in Small and Medium Businesses

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ABSTRACT

Entrepreneurship as an engine of economic and social development plays a key role in the process of development of societies, entrepreneurship and innovation in small and medium-sized businesses can facilitate the application and exploitation of the constantly evolving capabilities of industry, government and other sectors of society in the economic field. To achieve this, it seems that entrepreneurship and innovation in small and medium-sized businesses should be considered. In this article, after the introduction, the theoretical foundations, history of similar research, entrepreneurship, characteristics of entrepreneurs, innovation and barriers to entrepreneurship and innovation are discussed and then the conceptual model including knowledge creation SME model is discussed and finally concludes that entrepreneurship and innovation are essentials for survival and success in small and medium-sized business development.

Keywords: Entrepreneurship, Innovation, Small and Medium Business, Knowledge-Based SME Modeling.

INTRODUCTION

Technological innovation and entrepreneurship is a phenomenon that has been of great importance in recent decades. One of the main reasons for this is the role of this phenomenon in industrial renewal and economic growth while traditional and mature industrial sectors are witnessing a massive slowdown, Technology-based and knowledge-based sectors are experiencing significant growth.

Technological entrepreneurship is a field that is influenced by two areas of research. Therefore, to understand it, it is necessary to take a cross-disciplinary perspective. Although the concepts of those disciplines are common to other disciplines, there are also some that are just basic concepts of technological entrepreneurship. In these cases it can Cited to phenomena like new technology-based firms, technology entrepreneurs and to some extent all kinds of academic Generating Companies.

In general, the importance of technology entrepreneurship can be attributed from the importance of both technology and entrepreneurship. This has led to the emerging field of technological entrepreneurship, In other words, today in most versions of development; First, all scholars emphasize that from small

there is a foot print of technology and entrepreneurship. firms to large regions and countries, they must seek the production and application of appropriate technologies for their sustainable development.

Second, entrepreneurship is introduced as the driving force behind development in many countries.

It means that it is the entrepreneur which is looking for the right technologies to create value, and new technologies are introduced.

This article examines the entrepreneurship and innovation of small business SMEs, and proposes a new model for this in our country. At the end of the article, while presenting detailed results and findings, these will be summarized, followed by discussion and comparison, conclusions and practical management suggestions in the real world, as well as follow-up of future research.

THEORETICAL FOUNDATIONS

Entrepreneurship: Entrepreneurship is the acceptance of risk, the pursuit of opportunities and the satisfaction of needs and desires through innovation and establishment of a business [1].
Entrepreneur: Feree defines an entrepreneur as

an entrepreneur who starts or improves a business through innovative ways [1].

Entrepreneurship: Entrepreneurship is the driving force behind economic growth and job creation and community reform .

Entrepreneurship: Entrepreneurs are individuals, groups, or people who set up and run a new business in a way that creates at least one job for the first time [2]. An entrepreneur is someone who starts a new small business with his own capital [3].

Entrepreneur: An entrepreneur is one who Maximizes productivity from minimum

economic resources. Entrepreneurs are value-creating and innovators who use the "creative destruction" technique to maximize economic benefits. [1]

A HISTORY OF SIMILAR RESEARCH

A review of the literature related to the present study indicates that no research has been conducted directly with this topic in the universities so far, but the researches are similar and related to the research subject are abundant, with some results listed below:

Table1. Similar Research History

Research Summary	Researcher's	date	Rows
This paper investigates the relationship between entrepreneurship, innovation and performance in small and medium-sized enterprises.	Esmailpuri and Purdehqan	1392	1
This article reviews the introduction to technological entrepreneurship in biotech	Ahmadis and brothers and Haji Hosseini	1392	2
categories of factors important for the emergence of entrepreneurship: 1) economic factors 2 non-economic factors 3 psychological factors	Valken	1992	3
In this article, in-country training programs and training models of some countries that are successful in creating technology-based or knowledge- based SMEs are reviewed.	Kiakjuri	1991	4
This paper examines the design of a conceptual model of technological entrepreneurship in a case study of smart transportation systems of Tehran Municipality.	Razvani and Persian anniversary	1387	5
In this study, the legal barriers to entrepreneurship growth in small industries in Iran have provided the legal barriers to entrepreneurship growth in small businesses in the field of business startups, labor law, bank credit, export and import regulations, taxes and duties.	lameie	1385	6
The purpose of this study was to identify environmental, internal, and organizational barriers affecting organizational entrepreneurship.	Kia Kajuri and Fazeli and isery	1389	7
This paper with Using this index attempts to clarify and simplify this complex relationship and shows how entrepreneurship is related to unemployment rate and its significant role in reducing unemployment rate	Beheshti et al	1388	8
This study aimed to design and present a native model for promoting organizational entrepreneurship in Islamic Azad University based on three branches of three categories: structural, behavioral (content) and contextual (environmental).	Kavusi and Ramaty Zanjantalab	1389	9

ENTREPRENEURSHIP

Schumpeter's initial definition of entrepreneurship was defined by entrepreneurship as an attempt to characterize innovation [7]. Today, creative and innovative individuals have become the source of enormous global developments in the industrial fields, manufacturing and services, and are referred to as national champions. Economic development cycles are always driven by entrepreneurial development [8].

Special attention to entrepreneurship in organizations is due to two main reasons:

Dynamic and active maintenance of employees' thinking in the organization; revitalizing the hierarchical structure [9], One of the best definitions of the nature of entrepreneurship presented by Shane is that it combines different perspectives.

Sheen defines entrepreneurship as "an activity that involves discovering, evaluating, and exploiting opportunities to introduce new products and services; methods of organization; markets and new processes through organizing activities that did not exist before".

Entrepreneurs are individuals who take risks and earn rewards for taking such risks. Schumpeter views entrepreneurs as the light that shapes new industries, playing the role of change in the economic structure. In fact, entrepreneurship is the process of changing attitudes, risk-taking opportunities, which results in financial rewards, personal satisfaction, and the presentation of interesting products, services, and processes [11]. In some studies of entrepreneurship, an organizational culture has been defined as the growth of wealth through innovation and the exploitation of opportunities, which entails entrepreneurial traits such as a desire for risk-taking, independence and active leadership. The degree of entrepreneurship can be seen as an area where organizations take the risk of innovation and pioneering practice. An entrepreneurial organization actively seeks information about customers and competitors; reorganizes resources to Editing and formulate strategic responses and responds with a degree of risk and uncertainty. In the business field, practically all business efforts require some degree of risk [12]. Risk refers to the tendency to take bold actions, such as investing in new and unknown markets or committing a large portion of resources to investments with uncertain outcomes [13]. Venture capital is typically associated with entrepreneurship and innovation, because the concept of entrepreneurship in its original form involves the assumption of personal risk taking refers to the tendency to support projects with uncertain expected returns [14]. Recent risk-taking studies have been identified as an entrepreneurial feature that has a significant impact on the creation and dissemination of technology and innovation [15]. It is assumed that risk taking has a significant impact on the innovation capability and performance of entrepreneurial firms. In the case of small business owners, it is important to have a positive attitude towards risk when facing unavoidable risk [16]. However, successful entrepreneurs are those who calculate risk [11]. Entrepreneurs and Investors Entrepreneurs face three types of risks: business risk, financial risk and personal risk. Business risk refers to the risk of investing in unknown, untested, or unproven technologies. The financial risk involves heavy borrowing or commitment and spending a significant amount of resources on growth.

Personal or individual risks are risks that an executive takes on a topic in favor of a strategic course of action [10 and 12]. Independence is

defined as "an independent activity or action by an individual or team aimed at creating or accepting a vision, idea or business and doing it until the final stages of completion" [11, 12]. In general, people with a high level of need for independence prefer to work independently and make decisions on their own, which may lead to disregard for others' views. New investments in companies require and Needy for the best ideas, so entrepreneurial organizations are increasing the ability of their employees by giving them greater independence [12].

In the context of the organization, entrepreneurship also involves empowering employees to promote and promote entrepreneurial behavior and adopting a flexible management approach that enhances and improves adaptability in the organization [17]. In the case of small businesses, a business owner has an independent personality, the notion that making decisions for himself is valuable to him and does not like to take orders from others.

This is especially important for small business owners as it enables them to be explicit, decisive and patient in decision making [5 and 16]. In the Recognition of Opportunity documentation, the concept of pioneering is reflected as an attribute of entrepreneurs. Being a pioneer is seeking opportunities, looking to the future to introduce new products and services before the competition begins and predicting future demand for changes in the environment [13].

Hughes and Morgan define pioneering as the basis for taking the initiative, identifying opportunities, and starting to take actions that respond to other organizations [17]. Being a pioneer, therefore, involves trying to ensure that successful outcomes in entrepreneurial investment are flexible, ready to take on the responsibility of failure [11].

Some scholars have cited future orientation, idea generation, specific issues, effective communication and effectiveness, implementation of new processes, new product or service launches as shoulders or pioneering elements [18].

Pioneering is about taking the initiative, anticipating and implementing new opportunities and creating new markets or participating in emerging markets [20 and 21]. Thus being a pioneer can achieve key and important competitive advantages [12]. Being a pioneer helps companies anticipate market changes, enabling companies to achieve stronger success in the competitive market over time. This in turn leads to improved performance [5 and 17].

CHARACTERISTICS OF ENTREPRENEURS

One management writer has outlined the following characteristics for entrepreneurs:

Criticism, risk-taking and success, pioneering in innovation, long-term vision, internal control, challenge, growth, realism, seriousness, entrepreneurship, basic need for perseverance, control and guidance, constant step.

INNOVATION

Innovation is a key factor for today's businesses because it can be a source of significant progress and growth for the company [12]. "Institutions that fail to innovate will die" This statement summarizes the importance of innovation [11]. One of the first prominent roles was innovation in the entrepreneurial process [10]. Innovation was first introduced by Schumpeter in the entrepreneurial process, In that innovation was described as a process of "moral decay" that focused on creating wealth and value with the introduction of new goods or services. This definition refers to innovation as something other than what is currently available that could be the introduction of new products or processes or the improvement of existing services, products and processes [11]. In fact, innovation is a process whereby wealth and value are created by disrupting existing markets and by introducing new products or services that drive resources to new companies and thus allow new companies to grow. In addition, innovation is one of the key motivations for starting a business [10]. Companies that are more inclined to innovate usually have better organizational performance [19]. A systematic classification of innovation consists of four categories. the invention that refers to the creation of new products or services, the second category is the development extension that refers to the development of products and services, the third category is the duplication that refers to the repetition of existing products or services, and the fourth category is the combination that are includes the combination of Existing and new processes [11, 5]. Given the importance of innovation and SMEs in economic and technological development, innovation in the context of smaller firms has been the focus of much of the literature. Although small and medium-sized businesses face significant resource constraints, they are among the successful innovators. Because small and medium-sized businesses are more intelligent and agile than their larger counterparts in entrepreneurship, they can move

faster and are more flexible in competition, more pioneering, more active, and more risky. Introducing products, services, processes with innovative business models is an opportunity for small and medium-sized companies to stand out and stand out in the competition. Attractive services with innovative products are especially useful for small and medium-sized entrepreneurial firms and help improve their performance. The existing literature on the relationship between entrepreneurship and innovation shows that entrepreneurship, when aligned with market-oriented culture, contributes significantly to the success of innovation. Nasution et al. Showed that quality and characteristics associated with learning orientation, market orientation integration, and HR practices lead to innovation. Three important values of entrepreneurship in the study of innovation by existing literature include the need for independence, risk taking and pioneering [15, 5].

BARRIERS TO ENTREPRENEURSHIP AND INNOVATION IN SMALL AND MEDIUM BUSINESSES

Some barriers to entrepreneurship and innovation in small and medium-sized businesses include:

- Lack of confidence and conservatism
- Not being committed
- Dependency and intellectual disruption
- Inability to endure ambiguity and conflict
- Insufficient knowledge of relevant sciences
- Mentally decentralized
- Not being strong
- Shyness and inflexibility
- Conservatism • Lack of patience
- Immediate judgment and evaluation
- Misunderstanding of new ideas

CONCEPTUAL MODEL

Model for the creation of knowledge based SMEs, in this model, universities are considered as the main pillar of knowledge-based business creation. In the university entrepreneurship system, entries are: student, professor, science and skills training, entrepreneurship training, etc., which are outputs such as graduate or graduate in the field of study and more importantly established businesses. And the advanced knowledge that comes from interacting with each other. In the present

weakness, the university system, like the industry, is doing well, and others are continuing to do so without properly addressing each other's needs. The feedback they receive may help to improve one's situation, but it does not fill the gap between them. In the new system, each industry, university, and knowledge-based SME system must operate as a subsystem whose activities affect each other and the outputs of the system. The university presents science and skills to students by eminent professors. But their knowledge and experience in this field acts as a filter in correct and impartial education, implying that alien experiences and knowledge can completely solve the problems of the industry, namely the localization of educational models. And other countries' business models are more in focus. Another of the tasks of the university is business education and entrepreneurship which should be provided by eminent professors who are champions of business. But here too, compulsory education for disadvantaged people, as well as the use of eminent but without successful business professors, acts as a filter for the success of such training. Provide in-service scientific training related to the field and training of various licenses and personnel, having the sponsor support that comes from financing the scientific and applied ideas in presentation is needed. Therefore, it is necessary to create a VC or venture capital fund with the necessary support. The unit can be established from university budget. But the university's budget constraints and tendency toward research and education becomes a pest for university VCs. As we will argue below, applying this model can create a business as a factor in promoting education. With the successful implementation of these three factors, knowledge-based business is formed. By connecting with the university and providing academic counseling, this business will provide their graduates with an ongoing process of updating their knowledge and always increasing their internal knowledge. On the other hand, by recognizing the need of the industry and providing services to them, it captures the experiences of the industry within itself. Hence, university-derived business unit knowledge with new knowledge, especially when combined with empirical knowledge, creates new and advanced science that incorporates innovation within itself and creates synergies. In this process, the industry problem is solved and from provided value it pays the related costs, In addition, the SME provides its knowledge to the university,

advises on the capability of the related industries, and on the other hand, with its own VC income, contributes to the investor in its financial success. [4 and 6]

DISCUSSION AND CONCLUSION

Success in economic growth and development with the creation of small and medium-sized businesses requires the creation of entrepreneurial and innovative companies, and not just the creation of a business, but a core business, but must be accompanied by innovation. And help ensure the growth and consolidation of these companies' financial position. This is a complementary task. In today's world, entrepreneurship, rapid transformation, innovation, and competition in small and medium-sized businesses are essential to their sustainability and evolve into economic growth, and therefore innovation and entrepreneurship must be addressed. Entrepreneurship requires being a pioneer in innovation, entering new businesses, taking risk and being creative. In fact, to keep up with the evolving environment, small and medium-sized businesses need entrepreneurship, innovation and creativity.

The evidence is that we need to define the vision for each SME, whether it is in the field of knowledge or business, and then set goals and strategies based on the vision and mission. He set out to achieve the goals, and finally planned. When our programs fail at the desired time, we set our goals farther apart without analyzing the reason for the failure. So, in order not to get caught up in this situation, it is better to rely on existing capabilities and capabilities, as well as to consider the cultural, political, social environment, and so set those goals and then the prospect of acquiring knowledge-based companies. Write, then we'll see better results. Entrepreneurs are the ones who take risks and get rewards for taking such risks, so it is imperative that the consequences of different opportunities be explored and different scenarios explored to reduce risk. In this field innovations has been identified as an element that helps companies introduces new products and diversify their products to pioneer and gain competitive advantage. Innovation is also important because in today's markets where the pace of change is increasing and increasing, it maintains a competitive advantage,

Therefore, being innovative is crucial to the success and survival of small and medium-sized businesses because it is the source of creativity

and ideas that lead to new products, thereby helping to maintain profitability and prosperity of the business and can help develop and growth. New investments in companies require and need the best ideas; therefore entrepreneurial organizations should increase their abilities by empowering individuals and identifying potential problems by leading the way in exploring the environment and achieving competitive advantages. Therefore, small and medium-sized businesses should gain significant benefits by developing entrepreneurship and relying on innovation.

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