Entrepreneurship as the Basic Element for the Successful Employment of Benchmarking and Business Innovations

Edita Petuskiene, Rasa Glinskiene

Kaunas University of Technology Panevezys Institute
Nemuno st. 33, LT-37164, Panevezys, Lithuania
e-mail: edita.petuskiene@ktu.lt; rasa.glinskiene@ktu.lt

Innovation has become the base of the growth and competitiveness in the global economy. Every enterprise, endeavouring to survive and keep the necessary flexibility in a complicated economic latter-day situation has to be creative and innovative. Benchmarking can be taken as an expedient tool for the implementation of innovative and tried processes or methods in an organization. Unfortunately, this tool doesn’t come up with expectations, if it is employed by the ill-prepared organization, which is stick to conservatism, formalism and avoidance of risk. In other words, a special culture, stimulating changes, proactiveness is necessary for the successful results of the benchmarking use. Entrepreneurial enterprises distinguish themselves for their ability to tolerate risk and ambiguity, promote creativity, improvement and innovativeness. So, entrepreneurship can be described as the basic element for success in the process of the creation of innovations using benchmarking.

The object of the article is entrepreneurship as the basic element for successful employment of benchmarking and business innovations. The purpose of this article is to stress the link between entrepreneurship and benchmarking by detecting entirely entrepreneurial abilities, which help to use benchmarking successfully in the activity of business innovations. The following methods were applied in this article: systematic and comparative analysis of scientific literature, which allowed to study entrepreneurship, innovations, benchmarking and their interrelationship; logical deduction method was useful and expedient trying to explain the main features, linking together entrepreneurship and benchmarking as the activities of innovations creation; inference generation.

Applying the mentioned methods, the links among entrepreneurial management of the enterprise and benchmarking are educed. Primarily, big attention is paid to the entrepreneurship influence on the creation of innovations. This influence is analysing standing on the concise research of concepts, formulated by different authors. The similarity of innovative enterprise to entrepreneurial enterprise is examined too. After the consideration of entrepreneurship as the base of innovations’ creation the benchmarking’s possibilities to change, improve and innovate the enterprise are explored. Lastly, entrepreneurship as the enabler or successes factor of the benchmarking is presented.

The conclusions. It can be noticed that the connection between the entrepreneurship and benchmarking is tight enough. Benchmarking can be analysed as entrepreneurial tool, because it enables to transform organizational processes, bring changes in the obsolete work’s order and to create innovations. But it should be stressed that benchmarking’s successful termination depends on the possibilities to invoke entrepreneurial thinking, because carrying the serving the purpose practice is not the simple process of copying. Obviously, that the substantial discernible and latent differences, existing among enterprises, demand creativity and flair to use attainments of others for their own organization’s improvement and innovations.

Keywords: benchmarking, best practice method, entrepreneurship, business improvement, innovations.

Introduction

Today’s economic situation induces and enforces business to conform to the difficult conditions of activity and to stand the considerable challenges. The new methods of work and the different attitude to own moves and to the working of the other units of economy system must be invoked in order to escape deciding setback and failure. However, looking on the bright side, the global economic crisis is the best time to find the overlooked or newly emerged possibilities.

Entrepreneurship is the phenomenon, which enables to create innovations using the unconventionality and opportunities, which are unnoticed by the other members of traditional business. Commonly, entrepreneurship and innovation are adduced as very associated concepts. All the main features which are typical for innovative enterprise, for example orientation to changes, decentralization, tolerance of risk, promotion of personal initiative, can be applicable for the entrepreneurial organization too. Entrepreneurs have abilities to create innovations embodying courageous ideas and unusual decisions. Sometimes the progressive methods of the organization’s work can be detected in the practise of successful, but very different and dissimilar enterprises. In that case the innovative system of the activity can be transferred to the organization, which is ready to read up on the new working model, using benchmarking.

The research problem. Benchmarking can be a very effective tool trying to improve business and create innovations. It helps to avoid the waste of time creating the improvements, which have already been made–up by other enterprises. In other words the organization doesn’t need to
Innovations are one of the most important factors of the country’s economy or the successful development of an enterprise. The development and activation of the innovative activity ensure the possibility to modernize producible articles or usable technologies herewith enlarging their international competitive ability, which is one of the most important factors of the country’s economic expansion. Innovation and orientation to changes and the usage of the newest knowledge enterprises are the substructure of economic growth and the source of productivity (Jakubavičius, et al., 2008). The development of the activity of innovations implementation permits to deal with the problems of the enlargement of competitive ability and enables organizations to exclude the dependence on the discrepancy of products’ cycles (Levanas, Ramanauskienė, 2008). Consequently, the European Union endeavours to promote entrepreneurship as “a true backbone of the European economy, being primarily responsible for wealth and economic growth, next to their key role in innovation” (Fact and figures about the EU’s Small and Medium Enterprise (SME), (2010 Internet source).

There is no doubt that the development of any economic and social system is based, to a large extent, on the development of entrepreneurship (Startiene, Remeikienė, 2008), because small business plays a rather high role in ensuring the country's economic and social welfare (Mickaitis et.al, 2009). Low demand of capital, quick reaction to the market changes and flexibility while adapting to them, new markets or filling of niches, creating competition for state enterprises, servicing big enterprises, creating new and frequently higher quality products, services, manufacturing processes – these are the main advantages of small or medium size enterprises revealing their effectiveness and importance (Tamosiunas, Lukosiūnas, 2009). Entrepreneurship enhances competitiveness (Kriściunas, Greiblikaitė, 2007; Foltean, Feder, 2009; Vorley, 2010; Colwell, Narayan, 2010) as it stimulates innovations, which are highlighted how the fundamental factor of the competitive ability by many authors (Banyte, Salickaitė, 2008; Grundy, et al., 2008; Melnikas, 2008; Adecka, et al., 2008; Ghazinoori, Ghazinouri, 2009).

To distinguish between a small business owner and entrepreneur, Carland, et al. propose that a small business owner establishes and manages a business for the purpose of personal goals and as a source of income and as such the business is bounded with family needs. An entrepreneur establishes and manages business for the purpose of profit and growth and is characterized by innovative behaviour (Hansemark, 1998). As a result, entrepreneurial firms with favourable prospects for growth do not simply contribute to job creation and social cohesion. They are also important because of their impact in terms of innovative and competitive power, in particular when they possess the right human capital endowment and an educated workforce able to implement new technologies (Santarelli, 2006). Accordingly, entrepreneurship is associated with innovations by many authors (Schumpeter, 1982; Zhao, 2005; Jatuliaviciene, et al., 2007, Juicevicius, 2008, Holbrook J. A. 2010, e. c.).

Entrepreneurs seek opportunities (Cheng, 2009; Short, et al. 2010) and innovations often provide the instrument for them to succeed (Zhao 2005 [65]; Jatuliaviciene, et al., 2007; Kriaucionienė, 2008). In other words, innovation is a specific tool of entrepreneurship by which entrepreneurs exploit changes as an opportunity for a different business or service (Zhao, 2005).

J. A. Schumpeter claimed innovation as the sole domain of the entrepreneur (McDaniel, 2002). Entrepreneurship has been recognized as a micro-driver of innovation and economic growth (Nooteboom, Stam, 2008). An entrepreneur’s
main feature is to foster innovations in various levels. Entrepreneur destroys status quo or equilibrium by innovations. The essence of entrepreneurship is realized by implementing new combinations. These combinations could be: the development of new products, new ways of production, the discovery of new markets, new resources, the creation of new business units, the implementation of new management concepts within the organization. Schumpeter describes entrepreneurship as an economic process of "creative destruction" (Stripeikis, 2008). The importance of the entrepreneur as a destroyer of the 'established rules of the game' and a creator of the new ones indicates that human intervention lies at the very core of any innovative activity (Jucevicius, 2008).

Introducing the concept of entrepreneurship or construing the definition of entrepreneurs many researchers mention innovation as an inseparable part of the entire phenomenon of entrepreneurship:

- Entrepreneurship encompasses acts of organizational creation, renewal, or innovation that occurs within or outside an existing organization (Sharma, Chrisman, 2007).
- Entrepreneurship is a unique combination of decisions, striving for innovations and risk, encouraging business and its efficiency (Vijekis, Makstutis, 2009).
- Entrepreneurs tend to be individuals with high motivation, risk-taking and proactive behavior, who seek to create value for themselves and their customers by exploiting innovations, opportunities and perhaps by creating new ventures (Brown, Uljijn, 2004).
- Entrepreneur is a person who habitually creates and innovates to build something of recognized value around perceived opportunities (Bolton, Thompson, 2004).

Drucker explained the relationship between innovation and entrepreneurship, stating that "Innovation is the specific function of entrepreneurship it is the means by which entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth (Terziovski, 2008).

Russel and Russel found a strong correlation between an organizational culture that supports innovation and successful entrepreneurial strategies. Covin and Slevin argued that an organization’s entrepreneurial orientation was the summation of top management proclivity to take business-related risks, in order to bring about change and innovation resulting in a competitive advantage for their firm to compete aggressively with other firms. Zhao found that entrepreneurship and innovation are positively related to each other and are complementary in nature (Flamholtz, Kannan-Narasimhan, 2007).

The tie between entrepreneurship and innovations can be identified trying to analyse the similarity of an innovative enterprise to entrepreneurial enterprise (see figure 1). It can be marked over forty entrepreneurs’ specific features, which help to manage organization successfully. Figure 1 adduces only the main characteristics, endeavouring to show that an entrepreneurial enterprise satisfies all the requirements set for the innovative enterprise. In other words entrepreneurs are the "catalysts of change" (Kuratko, 2008, Robertson, 2009), who not only act with the persistent drive, but have abilities to activate other people and create value. Such orientation to progress is one of the most important traits of an innovative enterprise. Additionally, the inquisitiveness of entrepreneurs, which stimulates to widen the horizon, conduces to find the ways of effective information’s search processes. The entrepreneurial networks are the evidence that entrepreneurial enterprises sustain constant information channels, which are the second feature of innovative enterprise.

**Figure 1.** The link between entrepreneurship and innovation: the similarity of entrepreneurial enterprise’s features to innovative enterprise’s features (structured by the authors)
One trait that seems to be necessary for an entrepreneur (but not sufficient), however, is leadership (Rekhi, et al., 2003). Entrepreneurial leadership is not just about giving people jobs to do; it is also about offering them the support they need in order to do those jobs (Wickham, 2006). So, entrepreneurial leadership can be defined as the entrepreneur’s ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization (Kuratko, 2008). Therefore, entrepreneurs are the persons, who recognize the value of good team work and efforts and who have the necessary features for the assembling, inspiring and managing of such teams. Consequently, the requirement for innovative enterprise to maintain the team work is verified in the case of entrepreneurial management.

The next features of an innovative enterprise are decentralization of the organizational structure, risk tolerance, defiance of formalism and promotion of personal initiative. Obviously, entrepreneurial organizations promote the autonomy and empowerment of employees. They stimulate personal initiative, responsibility and risk taking including high tolerance of risk, too. Such proactive, that is typical for entrepreneurs and other employees of an entrepreneurial enterprise, finally, shows that an entrepreneurial organization reasonably can be ranked as the innovative enterprise. Such tough tie is useful trying to understand why “innovation and entrepreneurial are often regarded as overlapping concepts” (Nooteboom, Stam, 2008).

As entrepreneurship is often connected with innovations, its impact on benchmarking, which analogically is used like the tool for organizational improvements and novelties, conversely, is not suitably researched.

**Entrepreneurship influence on benchmarking**

From the start, the benchmarking concept seemed to lend itself most readily to manufacturing or administrative functions – anything easily definable and quantifiable. In operations such as human resources in general, and training, and development in particular, measurement and replication have always appeared to be more difficult and nebulous. Yet benchmarking offers exactly what trainers and other HR practitioners need – a means of objectively defining and improving their work, its outcomes, and its strategic role within an organization (Cheney, 1998). It enables to change the less effective business performance to the advanced ways of activity.

Every organization changes. The changes may be driven from external forces such as competition or shifts in market or customer requirements, or they may be driven internally through leadership, culture or other factors. Companies that embrace change have found that the identification and transfer of „best practices“ is key to successful change or improvement initiatives. They know that designing new processes using successfully demonstrated practices, ideas, and insights from others not only reduces costs and cycle time but also ultimately provides a competitive advantage in the marketplace (Coers, et al., 2002). So, the experience of many companies such as Xerox (Jacobson, Hillkirk, 1986; Lester, et al., 1992; Zairi, 1996), Hewlett-Packard (Codling, 1995), Statoil (Andersen, Pettersen, 1996) e. c., which are studied by different researches; can be evident that benchmarking can infuse the improvements, positive shifts and useful changes into organization’s life.

Certainly, the possibility to innovate, exchange come down to the nature of benchmarking. Benchmarking is not only a tool for comparison, a learning mechanism, and an improvement means, but it is also a catalyst causing a change in our attitude and behaviour, when benchmarking is positioned properly, in an organization (Andersen, Pettersen, 1996). Benchmarking reinforces change because it: involves key stakeholders and process owners who can initiate change based on what benchmarking teaches them; surfaces performance gaps; identifies key improvement opportunities through process analysis; uncovers other processes and practices that can serve as models for improvement; reduces barriers through demonstrated success; and fosters excellence through the adaptation of the best practices (Coers, et al., 2002).

Benchmarking is primarily used to identify better ways of doing things; in short, to identify “best practices“. Throughout the exercise, gaps between how things are currently being done, and how they are done better elsewhere, are identified (Organisation for Economic Co-operation and Development, 2002). So, measurement is the key of benchmarking (Ahmad, Benson, 1999). It helps to accomplish comparison and improve activity. Consequently, measurement, comparison and improvement are the main focal points, which are used by researchers defining the concept of benchmarking:

- Benchmarking is an improvement process used to discover and incorporate best practices in operation. Benchmarking is the preferred process used to identify and understand the elements (causes) of superior of world-class performance in a particular work process (Damelio, 1995).
- Benchmarking is the process of comparing and measuring organization against others, anywhere in the world, to gain information or phylosophies, practices, and measures that will help your organization take action to improve its performance (Coers, et al., 2002).
- Benchmarking is a structured and analytical process of continuously identifying, comparing, deploying and reviewing best practices worldwide to gain and maintain competitive advantage (Anton, Gustin, 2000).
- Benchmarking is an ongoing process of measuring and improving business practices against the companies that can be identified as the best worldwide (Wireman, 2004).
- Benchmarking is the process of measuring an organization’s business processes against leaders in any industry to gain insights to improve performance (Saul, 2004).

Best-practice benchmarking is called innovation benchmarking by Davenport as the target processes are often born out of innovative thinking and bold managerial implementation (Betts, 1999). So, obviously, benchmarking is very closely related with innovation. But it is necessary to understand, that conception of innovation doesn't essentially mean the great invention (Petuskiene, Druica,
Innovation in a modern business context is therefore about organizations’ ability to provide the extra dimension of quality that will differentiate a product or service, through newness and originality. Most importantly, innovation in a modern business context is related to everything that impacts on customer satisfaction / delight and is therefore only related to aspects of value added contributions to the end customer (Zairi, 1998).

Camp argues that the innovative nature of benchmarking is in the implementation of the best-practice process where there is usually an opportunity to adjust the operation of the source company (Betts, 1999). The implementation of benchmarking can be difficult and many successful companies have encountered problems in their early attempts to implement benchmarking practices. All such facts prove that benchmarking has to be adopted in enterprises in a creative way. The ability to envisage the possibilities of the own enterprise looking in the practice of rivals or other market shares, which are very different and sometimes works under unlike conditions is very important (Petuskiene, Druica, 2009). So, benchmarking is not the copier machine that copies processes from one organization into another (Anderssen, Pettersen, 1996). Lack of understanding of corporate-wide innovating activity is often partly why companies do not achieve high competitive standards and fail to exploit market opportunities. Cultures which promote innovation activity by placing emphasis on products and services only, while regarding certain functional areas as “superstars” are unlikely to be leaders in the marketplace (Zairi, 1998). Entrepreneurship can be taken as the basic element for success in the process of benchmarking and business innovation, because entrepreneurial organizational culture stimulates changes, improvements and innovations.

Analysing the organizational culture of the enterprises which employ benchmarking can be educated the main reasons for an organization failing to innovate: behavioural inertia; organization conservatism; lack of strategic direction; lack of capability; lack of commitment and will (Zairi, 1998). So, using the Amabile opinion, it can be emphasized, that successful innovation may depend on organizational cultural norms that groups develop and the extent to which the group’s cultural orientation aligns with, and is supported by, the organization’s overall orientation (Poskiene, 2006).

It is evident that entrepreneurial organizations are venture organizations (Dvir et al., 2009; Zhang, et al., 2009; Baum, Bird, 2010; Ruvio, et al. 2010). They behave proactive and influence changes even in the external environment. So, behavioural passivity, inertness, organization conservatism are unrepresentative features for them. Capability, strong commitment and purpose enable entrepreneurial enterprises to gain noticeable achievements. Therefore, entrepreneurship embraces leading enablers of benchmarking.

Enablers are a broad set of activities or conditions that help to enhance the implementation of the best business practice. An essential part of a true benchmarking approach is the analysis of management skills and attitudes that combine to allow a company to achieve best business practices. This hidden narrative is as important during the benchmarking exercise as are the visible statistical factors and the hard processes.

The enablers, then, are behind-the-scene or hidden factors. They allow the development or continuation of the best practices. Examples include leadership, motivated workforces, management vision, and an organizational focus. Although these factors are rarely mentioned by specific statistics, they have a direct impact on the company’s exceptional performance. They lead to company’s exceptional performance (Wireman, 2004).

As it was mentioned, the final results of benchmarking depend very much on the conditions under which it is implemented. The entrepreneurial enterprise is the place where favourable conditions really exist. In other words such organization leaders have the ability to see opportunities of improvement looking at the internal activities or watching the work results of other completely different organizations. So, entrepreneurs contrive how to adapt the experience of other enterprises in their own organization. If the best practice cannot be narrowly adjusted, entrepreneurial thinking helps to remake it creatively. It is evident that an exactly mentioned way can safeguard better results than trying to copy the best practice of unlike market share using overmuch thorough imitation. The attempt to become the second enterprise, which has the same best practice being different by many other characteristics and signs, can influence the failure of the application of benchmarking. So, the entrepreneurial environment of an organization can positively affect benchmarking consequents and final results (see 2 figure).

Entrepreneurial seeking for opportunities

- innovativeness;
- locus of control;
- appetite for risk;
- appetite for achievement;
- creativity;
- requirement for autonomy;
- proactive behavior.

The phases of benchmarking

- plan the study;
- form the benchmarking team;
- identify benchmarking partners;
- collect and analyze benchmarking information;
- take action (adapt and improve).

Entrepreneurial extraordinary perception

In summary can be emphasized that the benchmarking can be very effective tool for changes, innovations and improvements when it is used by the enterprise, which is capable to absorb the new contemplations and standpoints, herewith, keeping its singularity ingeniously adopting of the discrepant methods and experience. The entrepreneurial culture is exactly such success factor or enabler making the benchmarking’s decisions meaningful and high-scoring.
Conclusions

Entrepreneurship, as the act of organizational renewal and innovation creation, is the base engine of economy and development. Innovation can be presented as the essential element of entrepreneurial efforts. In other words, entrepreneurship and innovation go hand to hand in many contexts. The innovation in the entrepreneurial business is the specific tool for the progress and availing of opportunities. Entrepreneurs have enough courage to take the risk implementing the venturesome decisions, which frightens other enterprisers or seem senseless, on the surface. This ability to accept changes naturally and openness to new ideas, as the source of organization’s vitality, signify that entrepreneurial companies can be revealed as the innovative companies.

Benchmarking is a continual process of measuring and comparing best practices endeavouring to improve own performance through the experience and developed success clue of other enterprises. It allows to use the achievements of other organizations saving time and work. Forasmuch, benchmarking involves stakeholders in learning processes, which changes attitudes and fosters elimination of performance gaps, it can be named as a catalyst of change. So, benchmarking is very relative to entrepreneurship, as it enables to bring necessary changes, update the organizational processes and generate innovations.

In consideration of the difficulties, which arise trying to educe, transfer and adopt the best practices in organization, entrepreneurial thinking is very topical for advantageous benchmarking termination. The work methods, rejiged processes created by the leaders of industry cannot be simply copied to the different and unlike environment of the improver. The originality of progressive devise, made by the creator of the best practice has to be kept, in company, with the novel adoptive enterprise’s decisions, designed for the successful implementation. So, insight, creativity, flexibility are necessary for the application of benchmarking. Only entrepreneurial culture, characterized as open for the changes and innovations, can properly and effectively adjust the best practice. Due to this cause the entrepreneurship can be educed as the basic element for the success in the process of benchmarking.

References


---

**Antreprenerystė kaip pagrindinis geriausios praktikos metodų taikymo bei verslo inovacijų sėkmės veiksny**

**Santrauka**

Šiandieninė ekonominė situacija skatina verslą pristatytis prie sudėtingų veiklos sąlygų, patenkinti didėjančius aplinkos reikalavimus ir atrenkti laimėmečio kelias iššūkius. Skatinsiu išvertinti lentių kladų ir žaugimo, organizacijose turi būti taikomi darbo metodai bei keistis požiūris tiek į savo veiksmus, tiek į kitų ekonominės sistemos dalyvių darbą. Nuolatiniai pokyčiai, tobulėjimas, originalių sprendimų paieška ir inovacijų kūrimas turi tapti organizacijos veiklos pagrindu.

Antreprenerystė yra reiškinys, išgalingantis kurti inovacijas naudojant ekstraordinarumų ir galimybėmis, kurios paprastai nėra tradicinio verslo atstovams. Todėl antreprenerystės ir inovacijų sąvokos dažnai yra analizuojamos kaip labai giliai susijusios ar net persklojančios. Antrepreneriai ištraukia apibūdinami, kaip pokyčių agentai, skatinantys organizacijas ne tik lankščiai pristatytis prie aplinkos, bet ir remiantis kuriomis inovacijomis iniciuoti ir paskatinti. Tokiu būdu inovacijos pateikiamos kaip antreprenerio veiklos priemonė ir pagrindinis sėkmės veiksny. Ėsčiodamos naujų galimybių tobulinti veiklą ar padaryti ją rezultatyvesnę, antrepreneris „griauna“ egzistuojančią tvarką. Tai vadinama „kūrybiška destrukcija“.

Siekiant pabrėžti egzistuojančią ryšį tarp antreprenerystės ir inovacijų, galima pateikti daug bendų savybių, siejančių antrepreneriškas ir inovatyviais organizacijas. Pirmiausia, tiek antrepreneriškas, tiek inovatyvių organizacijos apibūdinamos kaip orientuotos į nuolatinius pokyčius, užtikrinančius ją lankstumą, pagrindžiant išlikimo rinkoje galimybės. Antrasis bendras abiejų organizacijų bruožas yra gebėjimas kurti ir palaikyti pastovius informacijos kanalus tampa, kad įreikštinga informacija būtų gaunama ir pasiekta visuotinai. Be to, organizacijos gali būti greičiau reaguojamos į pokyčius, padidinant organizacijos veiklo produktų kainų ir jų kokybės, todėl yra dar sektoriai, kurie kartu tampa antrepreneriškos ir inovatyvios organizacijos. Akcentuotina, jog antrepreneris dažniai pateikiamas kaip lyderis, kuris geba ne tik pats aktyviai išskoti organizacijos vystymosi galimybės, bet taip pat suvokia komandinio darbo pranašumus ir moka įkvėpti darbuotojus dirbtis ir kurti...
drauge. Tam dažnai panaudojama organizacijos struktūros decentralizacija, ryškiaus formalizmo, biurokratijos atsisakymas, aukštas rizikos bei nesėkmės toleravimo laipsnis t. y. įvairiomis priemonėmis bei būdais organizacijos nariams suteikia autonomija ir skatina jų iniciatyvą. Šie aptarti antrepreneriškos organizacijos ypatumai yra pateikiami kaip vieni iš ryškiausių, analizuojant visas inovatyvias organizacijas. Kitaip tariant, kurybiškumui bei iniciatyvai palankių sąlygų sudarymas yra labai svarbus norint įnaudoti turimų darboautojų potencialą ir skatindant inovacijų kūrimą. Apibendrinant galima teigti, jog antrepreneriškų organizacijų sąvoka kai kuriais atvejais gali būti laikoma inovatyvių organizacijų sinonimu atsizvelgiant į šių organizacijų tipų bendrumą, panašumą. Ryškių tik įtikėjimo pobūdžio sąsają galima rasti analizuodamas antrepreneryzės ir geriausios praktikos metodą.