

2.2 Entrepreneurship and Innovation

Film: 2.2



What is innovation?



- Product innovation
- Process innovation
- Market innovation
- Organisational innovation

Types of innovations



- Systemic innovation

- Innovations require new adaptations or changes in their supportive infrastructure.

- Autonomous innovation

- A “stand-alone” one that can be introduced without adjustments to other components, items of equipment

- Disruptive innovation

- An innovation process, focus on end-market or new markets, are usually inferior to existing ones, does not develop along existing technological trajectories, continue to improve until they meet the needs of consumers in the mainstream market and gradually penetrate into the mainstream market.

- Routine innovation

- Builds on a company’s existing technological competences and its with its existing business model.

- Radical innovation

- Shift to a new knowledge domain to adopt or create new processes and products, depart from existing knowledge and make prior competencies obsolete.

- Incremental innovation

- Focus on the firm’s existing knowledge base to improve its existing processes and products.

- Architecture innovation

- Distinguishes between the components of a product and the ways they are integrated into the system that is the product.

Innovation opportunities



- Unexpected occurrences
- Incongruities
- Process needs
- Industry and market changes
- Demographic changes
- Changes in perception
- New knowledge

Innovation and Size of the firm



Innovation activity in large firms tends to be

- - promoted in industries that are capital-intensive,
- - concentrated, highly unionized, and
- - produce differentiated goods.

Innovation activity in small firms tends to have a relative (to large firms) innovative advantage in

- - highly innovative industries,
- - industries that utilize a substantial component of skilled labor,
- - but, more dependent on research universities.

Innovation Firm Strategies



Creating an innovation strategy involves determining:

- how innovation will create value for potential customers,
- how the company will capture that value,
- which types of innovation to pursue.

National Systems of Innovation



- The NSI approach has framed innovative activities and the way firms act within the institutional national context.
- The concept of NSI rests at least on three well-established assumptions:
 1. That countries exhibit systematic differences in terms of economic performance.
 2. That economic performance depends in large not only on different technological and innovation capabilities but also the development of institutions.
 3. That innovation and technology policies are an effective tool for fostering and shaping the performance of countries.

Gender and Innovation



- Importance to demonstrate how gender is done in the context of innovation
- A desire to have a more inclusive innovation concept
- There is a “stickiness” of masculinity with innovation

Linking entrepreneurship with innovation



Entrepreneurial SMEs play a significant role introducing radical, disruptive innovation



SMEs are less important in stable, mature, high-concentration industries where the focus has switched to efficiency & cost-reduction



Larger firms have a significant resource advantage over smaller firms & can be more productive generally



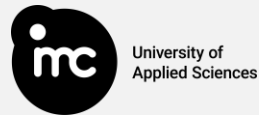
Smaller firms thrive in industries where economies of scale are less important to customers

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