

Review article

Received: 26. 08. 2022.

Accepted: 09. 09. 2022.

THE SOCIAL SIGNIFICANCE OF THE APPLICATION OF ENTREPRENEURIAL MANAGEMENT AND KNOWLEDGE MANAGEMENT WITH INDUSTRY DEVELOPMENT IN COMPANIES

MSc Aleksandra Kovačević³⁹

Abstract

Modern business processes require the improvement of knowledge, skills and abilities of employees. The development of entrepreneurship in the industry conditioned education, additional training and personal development. Self-satisfaction is key to how complete job satisfaction is achieved. The creation of a smart company has changed the habits in the companies themselves, in the market, the habits of consumers, all this has conditioned the overall changes in society. Investing in employees becomes strategic for business, knowledge management becomes one of the main business strategies. Intellectual capital, adequate knowledge management, is the "oil" of the 21st century. Business based on human resources represents the business of the future. A company with better quality staff will become the leading company on the market. The aim of the analysis is to determine in what way knowledge management affects the entire society and what is the social significance of its application.

Key words: society, intellectual capital, knowledge, efficiency, satisfaction, human resources

INTRODUCTION

The development of entrepreneurship is one of the important factors for the economic stability of the entire society. Management support is crucial and includes, among other things, connecting the motivation and compensation system with the performance of the entrepreneurial venture, because it acts as an incentive and sends an appropriate message to all employees. (Hisrich et al. 2008). Internal entrepreneurship is increasingly being affirmed as entrepreneurship within a large company. The inner entrepreneur is often characterized as a "dreamer" who comes up with a solution to turn an idea into a profitable reality. Managers in large corporations are increasingly involved in entrepreneurial activities when developing new product lines, especially to capture a specific market where the company has not previously

³⁹ MSc Aleksandra Kovačević, aleksandra.unija@gmail.com, Technical Faculty Mihajlo Pupin Zrenjanin, University of Novi Sad

been present. Managers must constantly monitor and evaluate the effects of entrepreneurial activities in the organization. Achieving the planned results must be adequately rewarded through a system of compensation and incentives, because this is the only way the best employees will be retained in the company. It is important to identify what triggers action and offer rewards in line with employee preferences. Opportunities for rewarding employees are diverse. Rewards are tangible incentives that include raises, promotions, vacations, flexible working hours, training, education, insurance, family care, more independence in developing new projects, etc. Recognitions are intangible and refer to praise, plaques, publicity, public promotions, etc. (Goffin & Mitchell, 2010).

Entrepreneurship represents a way of thinking, that is, the process of creating and developing economic activities by combining risk, creativity and innovation within the organization. It indicates a multidisciplinary character, which is why during the study of this phenomenon, questions from the fields of psychology, philosophy, management, and ethics are inevitably touched upon, which are important for its understanding. Entrepreneurship is associated with companies in all sectors of the economy, as well as with self-employed persons, from the stage of preparation for starting a business activity, the stages of growth, transfer or termination, and the restart of business. Entrepreneurship is most often identified with starting one's own business, although it can be applied to all levels of entrepreneurial thinking as well as actions at the level of the individual, at the level of the company and at the level of the wider social community. Knowledge management represents a significant source of competitive strength of organizations, from which numerous business benefits arise. The application of these technologies depends on the size of the company, organizational culture, management, industry and activity and financial situation. And that's exactly where the problem with application arises. Technology 4.0 (Ćoćkalo et. al. 2019). From the financial side, most of the mentioned technologies represent a risk for the company. It is a prerequisite for the creation of new jobs and sustainable economic development. As the main drivers of more intensive development of the industry and structural changes in it, the following are considered: knowledge, skills, innovations, technologies, demand, resource efficiency, investments, company size, value chain activities, agglomerations and industrial policy (Lin, 2012).

Most countries are developing their own innovative strategies to encourage entrepreneurial activity and technology development in their territory. Many countries today have special funds for entrepreneurship financed from the budget, from which a certain percentage must be invested in ventures in that country. The continuation of social support for entrepreneurship is expected, which is crucial for motivation and public support. (Avijas, 2021).

ENTREPRENEURIAL MANAGEMENT AS A BUSINESS STRATEGY

The success of implementing a strategy based on entrepreneurship depends to a large extent on the employees themselves, the management of the company and the end users. Certain main policies and strategies can be exactly the same, which is not uncommon when it comes to small businesses. The corporation, the customer, and the competition must all be taken into account when developing any business strategy. Together they form a "strategic triangle". Keeping in mind the strategic triangle, the strategist's job is to achieve company performance that is superior to the competition. Activities related to defining strategy in modern innovative organizations were mostly concentrated at the top of the management ladder. Today, this is no longer the case, but parts of the strategy are formed at the corresponding levels of the strategic pyramid. Nevertheless, the key parts of the strategy are formed at the middle and lower levels in the company (Thompson et al. 2005). Entrepreneurship in the modern sense is a continuous creative process of implementing innovations in the organization in the function of successful business and solving problems of consumers and society. A modern organization must base its operations on the entrepreneurial concept of behavior. In order for an existing company to be able to systematically undertake innovations, it must create an appropriate organizational structure that allows employees to engage in entrepreneurial behavior, that is, establish such a system of connections and relationships that will enable focusing on entrepreneurial behavior (Drucker, 1996). In order for companies to become competitive, market leaders need to go beyond the standard framework on which they base their business.

KNOWLEDGE MANAGEMENT AS A PART OF ENTREPRENEURSHIP

The largest number of jobs are created in companies that are growing and expanding rapidly. They are the bearers of innovation and strengthen the economy in that way. In Serbia, work must be done to increase the number of dynamic small and medium-sized enterprises that will permanently employ, contribute to economic growth and be the driving force behind the process of innovation. For these purposes, it is necessary to establish a state institution that will enable them to obtain capital and create a favorable business environment in which they have the opportunity to innovate and grow. It is necessary to include local self-governments that will connect qualified persons, technological centers and organizations in their region and beyond. In the last couple of years, positive developments have been made, which resulted in an increase in the growth of products of medium high technological complexity. However, it is still an unfavorable export structure. In order to improve the situation, it is necessary to encourage industrial sectors that generate significant exports, as well as those with a large export potential, to increase the share of newly added, primarily domestic value in their exports (use of domestic inputs, engagement of highly educated domestic

workforce. Future success will depend on an organization's ability to use collective wisdom, which is a collection of accumulated opinions, perceptions, experiences, intuition and intelligence. Domestic companies must more clearly design their own development strategy, especially in accordance with European and global integration flows, and the application of modern management methods and techniques, such as quality management systems, integrated management systems, relationship marketing, benchmarking and corporate social responsibility, is the basic assumption of a successful market development. In a positive context, there is a faster growth of productivity than production, so that employment decreases absolutely and relatively. The consequence of these changes is not unemployment. The surplus from industry is reallocated to the service sector, where new jobs are created, thus ensuring economic growth. Otherwise, deindustrialization leads to major problems in economic development, as is the case with the countries of Central and Eastern Europe (Tregenna, F2011).

THE IMPORTANCE OF HUMAN POTENTIAL FOR ENTREPRENEURSHIP

Modern ways of doing business increasingly require the economical use of resources. The newer economy bases its resources on human potential. The application of the concept of human resources is gaining more and more importance in all business processes. Without an adequate distribution of human resources, business loses both efficiency and effectiveness. Therefore, profitability decreases in this way. By increasing the investment in the control of the management of usable resources, the level of overall success increases. To manage resources means to set a precise procedure that will guide all employees. It is necessary that every employee is exactly familiar with the procedure that is applied. It is necessary to direct human resources and develop their skills towards achieving business excellence. There are many examples of companies that say that excellent care of employees gives even better solutions to the company's problems, which makes the company more competitive, its products or services better, and the end users more satisfied. Entrepreneurial initiative can originate individually, from any employee from any organizational level. Employees who recognize opportunities, develop innovative concepts and try to convince higher levels of management to implement them are instigators, i.e. initiators of innovation. They look for mentors in the organization, for resources, rely on social contacts, counter-services, often work for a long time on developing an idea, before asking for formal approval and support for implementation.

SOCIAL ENTREPRENEURSHIP

Social entrepreneurship aims to define and create new values. Social entrepreneurship is very specific in that it deals with recognizing but also solving social problems such as poverty, unemployment, environmental pollution as well as sustainable development. Unlike traditional entrepreneurship, where the primary goal of action is the realization and maximization of profit, the focus of social entrepreneurship is the satisfaction of social needs and the entire society. It is considered that social entrepreneurship represents a significant driving force of social and economic development.

Entrepreneurship whose ultimate goals relate to the wider social community is defined as any effort to help other people. This initiative can be economic and non-economic, for-profit and non-profit.

Social entrepreneurship is not only a form of company registration, it is primarily a way of organizing, managing and doing business. In this sense, it is a big challenge to develop new models of worker participation in management, as well as the inclusion of other actors in decision-making processes and the distribution of the entire profit. In developed countries, new models of social entrepreneurship are being developed every day, which will attract more young, creative and curious people eager to prove and learn new things. This stream of social entrepreneurship creates new jobs based on research, innovation and high technology.

Economic and social conditions bring a new business age, the age of entrepreneurs. For some stable corporations, the positive media image and success of entrepreneurs pose a threat as these smaller, aggressive, entrepreneurial companies develop more new products and become key players in given markets. Based on the results that large corporations have achieved during the "entrepreneurial fever" of their employees, many companies are trying to create the spirit, culture, challenges, and entrepreneurship in their organizations. It is necessary to consider the elements of entrepreneurial culture within the existing company.

Economic organizations with social goals have a long tradition in the world and in Europe. Charitable associations date back to the Middle Ages, and agricultural cooperatives, lines of credit, mutual societies, endowments and foundations have existed in various forms throughout the centuries. Interest in social entrepreneurship most often arises when the state and the business sector are unable to respond to the challenges they face on their own. In Western Europe, social enterprises appeared at the end of the 1970s, when this region faced the problems of growing inequalities and social exclusion. Although the idea of social entrepreneurship has existed for a century, it has gained importance only now, with the accelerated development of globalization. The great interest in social enterprises in modern society rests on their

capacity to provide innovative solutions to economic and social problems. Employment, poverty reduction and inclusion of vulnerable groups are the main reasons for establishing a social enterprise (Avlijaš 2021).

CONCLUSION

Domestic companies must more clearly design their own development strategy, especially in accordance with European and global integration flows, and the application of modern management methods and techniques, such as quality management systems, integrated management systems, relationship marketing, benchmarking and corporate social responsibility, is the basic assumption of a successful market development. By implementing a strategy based on the use of human resources, the company significantly improves its ranking. The global market requires constant training of employees, following new trends in personnel education. Education encourages an innovative way of doing business, which is of great importance for every individual in society. The development and organization of knowledge and information management systems is gaining more and more importance in various organizations of service and production activities. Nowadays, the application of knowledge management is gaining in breadth and increasing importance. Human potential is becoming a strategic resource in companies around the world. Constant improvement of the knowledge management application model is necessary in order to raise the entire business to a higher level. Adopting the concept of entrepreneurial management is extremely important for achieving a competitive advantage on the market and achieving business success towards the achievement of set goals.

REFERENCES

1. Avlijuš, G, Avlijuš R, (2021), *Preduzetništvo*, Univerzitet Singidunum Bograd
2. Gilani, E., Salimi, D., Jouyandeh, M., Tavasoli, K & Wong, W. (2019). A trend study on the impact of social media in decision making. *International Journal of Data and Network Science*, 3(3), 201-222.
3. Harnisch, M. (2015). *Industry 4.0-The Future of Productivity and Growth in Manufacturing Industries*. The Boston Consulting Group.
4. Thompson, L. Y., Snyder, C. R., Hoffman, L., Michael, S. T., Rasmussen, H. N., & Billings, L. S. (2005). Dispositional forgiveness of self, others, and situations. *Journal of Personality*, 73, 313-359.
5. Drucker, P. (1996). *Your Leadership Is Unique. Good News: There Is No One Leadership Personality*. *Christianity Today International/Leadership Journal*, 17, 54-55

6. Tregenna, F. (2011). Manufacturing productivity deindustrialization, and reindustrialization.
7. Sanchez, R. & Mahoney, JT. (1996). Modularity, flexibility, and knowledge management in product and organisation design. *Strategic Management Journal*, 17(Winter Special), 63-76.
8. Cugueró-Escofet, N., Ficapal-Cusí, P. & Torrent-Sellens, J. (2019). Sustainable Human Resource Management: How to Create a Knowledge Sharing Behavior through Organizational Justice, Organizational Support, Satisfaction and Commitment. *Sustainability*, 11(19), 5419.
9. Zebal, M., Ferdous, A. & Chambers, C. (2019). An integrated model of marketing knowledge – a tacit knowledge perspective. *Journal of Research in Marketing and Entrepreneurship*, 21(1), 2–18.
10. Aronson, E., Wilson, T.D., & Akert, A.M. (2007). *Social Psychology*. 6th Ed. Upper Saddle River, NJ: Pearson
11. Prentice Hall. Bulmer, D. & DiMauro, V. (2011). 2nd Annual New Symbiosis of Professional Networks study. Available at <http://dsresources.com/news/3255.php> accessed 12.4.2022.
12. Daft, R.L. & Lengel R.H. (1984). Information richness: a new approach to managerial behavior and organizational design. *Research in Organizational Behavior*. Cummings L.L. and Staw B.M. (Eds.), Vol. 6.
13. Homewood, IL: JAI Press, 1984, p. 191-233. Frosina, K. (2021). Digital revolution: How Social Media Shaped the 2019 Hong Kong Protests.
14. Čočkalo D, Đorđević D, Bakator M, (2019). Razvoj preduzetništva kod mladih, PIM Zrenjanin