

The Application and Challenges of Innovative Spirit in Enterprise Management

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Abstract: In the age of science and technology, the spirit of innovation has become the key to enterprise development and competition. This paper combines theory and practice to explore the role and challenges of innovation in corporate management. The study focuses on how to develop managers' innovative capabilities and their impact on company success. The study adopts a combination of theoretical analysis and case study approach, utilizing Schumpeter's theory of economic development and Mintzberg's managerial roles to study Apple under Steve Jobs. Data was obtained from existing literature, corporate case studies and market analysis reports. Studies have found that innovation contributes significantly to market share, competitiveness and corporate culture. Schumpeter's theory emphasizes that innovation drives economic growth and positions entrepreneurs as key change agents. However, there are risks associated with innovation, including unpredictable consumer preferences, resource scarcity and regulatory challenges. Internally, innovation can lead to conflict and fear among employees. The study concludes that effective resource allocation, consumer preference surveys, employee development and contingency plans are key to successful innovation. Firms should involve consumers in the innovation process, establish stable supplier relationships, and ensure regulatory compliance. Future research should focus on the innovation strategies of small and medium-sized enterprises (SMEs) to address the unique challenges they face.

Keywords: Innovation spirit, Enterprise development and competition, Innovative managers, Enterprise management.

1. Introduction

As mankind has entered the age of technology, the spirit of innovation has become one of the indispensable tools for business development as well as competition. As Jack Morton, an engineer at Bell Laboratories, said in 1971 that Innovation is certainly a "buzz-word" today. Everyone likes the idea; everyone is trying to "innovate". And everyone wants to do better at it tomorrow[1].

Nowadays, the spirit of innovation has been incorporated into the corporate culture of many enterprises. The spirit of innovation is one of the basic qualities of managers in most organizations. However, efficient innovation is not an easy task. It may encounter many difficulties, such as the irrational allocation of resources due to the unknown nature of innovation. Many companies fail in innovation, such as innovating content that is difficult to cater to consumer preferences.

This thesis analyzes the function of innovation in enterprise through the application of theories and the spirit of innovation, and combines it with practical examples to provide enterprises with methods to cultivate innovative talents and how to effectively face the potential risks brought by innovation. This dissertation offers advice on fostering an innovative spirit and overcoming the risks associated with innovation to help companies emerge in a rapidly evolving industry.

2. Relevant Theoretical Basis

2.1. The Definition of Innovation and Its Importance

Today, innovation is an injunction and everyone is expected to innovate. Innovation is also a panacea. It is discussed ad nauseam in utilitarian terms that innovation is an instrument for solving society's problems, particularly economic problems[2].

The concept of innovation is of great importance in both macro and micro environments. In the macro-environment, innovation can drive a country's economic development or facilitate its internationalization. Innovation can help a country to make major breakthroughs in different fields such as politics, economy, society, science and technology, environment and law. The innovation economy represents an economic transformation and upgrading with innovation as the main driver. China launched its coastal economy in 1984 to develop its township economy, industrialize the countryside and lay the foundation for its later internationalization.

In the micro-environment, innovation can help firms identify potential markets and increase market share. Innovation can be a good way to differentiate from competitors, produce a product with a large differentiation or a leading product, and find the unique selling point of the organization. It can also discover new raw materials of good quality and undermine the bargaining power of suppliers.

2.2. Schumpeter's Theory of Innovation

According to Schumpeter, the so-called innovation is to establish a new production function, that is, the recombination of factors of production. It is to introduce a 'new combination' of factors of production and conditions of production that has never existed before into the production system in order to realize a new combination of factors of production or conditions of production[3].

Schumpeter points to innovation as a key driver of economic growth. Schumpeter also emphasized that the entrepreneur serves as the primary source of innovation. Schumpeter called the output of the new combination of enterprises, so the core of the manager is not only to operate or manage, but also more importantly, the output of this new combination. So for a manager, having the ability to innovate can help the enterprise to better formulate the company's strategy. However, Schumpeter posits that innovation also entails destruction, a method of dismantling and eradicating outdated systems or products, potentially leading to unforeseen risks and challenges. For a company to thrive, managers must possess strong innovation literacy and skills.

2.3. The Role and Characteristics of an Innovative Manager

Having mentioned above that managers need to be demanding, it should be moved on to explore the role and characteristics of an innovative manager. Mintzberg had mentioned that there are three roles of manager, which is contain the interpersonal role, informational role and decisional role, and the decisional role concludes entrepreneurial role, disturbance handler role, resource allocator role and negotiator role[4]. The creation of new combination is the job of entrepreneurial role, and other roles of the manager can ensure the success of operation of the new combination.

Schumpeter has three characteristics of a innovative manager, which are the desire to find a private commercial kingdom, the will to conquer and prove his superiority and the joy of creating, getting

things done, or simply exercising one's energy and ingenuity[3]. So we can conclude that an innovative manager needs to be ambitious and have the ability to persuade others to support his creation, such as by pulling in sponsors to invest in his new product. Moreover, the manager needs to be very interested in his innovation or believe that a successful creation will increase his sense of fulfillment to inspire him to produce a constant stream of inspiration. The innovative manager needs to combine his strengths and characteristics and apply them to his job function to increase the likelihood of successful innovation.

3. The Positive Influence and Potential Challenge of Innovation Spirit on Enterprise Management

3.1. Positive Influence of Innovation Spirit on Enterprise Management

The innovation spirit on enterprise management has a positive impact on the external and internal aspect of an organisation. For external, Porter's Five Forces will be used to analyze it. First is the threat of new entrants. Innovation can raise barriers to entry in an industry, making it difficult for new entrants to enter the market. By continuing to innovate, firms can continuously upgrade their technology and differentiate their products, thereby increasing the difficulty and cost of entry for new entrants. As an example, Apple attracted customers by developing an autonomous system to improve its security. But developing an independent system is very expensive for new entrants and greatly increases the barriers to competition.

Next is the threat of competitors. Employees' innovative work behavior in a learning orientation perspective will facilitate the company to get more economic benefits from its competitors, developing ideas into tangible works[5]. Through employee learning about competitors, firms can develop unique selling points, enhance differentiation and increase their competitiveness in the market. Innovation can help firms to differentiate themselves from the competition by creating competitive barriers that are difficult for competitors to imitate, thus maintaining market leadership. Apple's touch screen cell phone beat Nokia's Flip phone and won the competition.

Innovation can significantly reduce the threat of substitutes. Through innovation, firms can develop more competitive products and reduce the threat of substitutes to their market share. Innovation can help firms lead changes in market demand by introducing more attractive substitutes, thereby reducing the likelihood that consumers will choose other alternatives. For example, Apple has dominated the market with the iPhone by constantly innovating and increasing the functionality of its cell phones. They also introduced alternative models, such as the iPod with music features, to further dominate the market.

At the same time, the spirit of innovation can significantly reduce the bargaining power of suppliers. Innovation can help firms to develop new production technologies or raw material substitutes that reduce dependence on specific suppliers and increase competition among suppliers. For example, Apple has been particularly innovative in chip design, developing its own A-series processors for the iPhone and iPad, and M-series processors for the Mac, which are not only powerful, but also reduce Apple's reliance on third-party chip suppliers such as Intel and Qualcomm.

Finally, through innovation, firms can increase the uniqueness and added value of their products, thereby reducing the bargaining power of buyers. Innovation can help firms offer more attractive products or services, so that buyers become more dependent on the firm's products and less price-sensitive. For example, the launch of every Apple cell phone attracts a large wave of lovers to spend money, but its price is very expensive.

From the analysis we can see that the benefits of innovativeness for business management include increasing market share by weakening the bargaining power of suppliers and consumers. The

development of new products or substitutes increases competitive barriers and lowers risks. And discovering potential markets.

3.2. Potential Challenge of Innovation Spirit on Enterprise Management

Similarly, this paper will examine the risks associated with corporate innovation in both external and internal dimensions. For external reasons, it is difficult to determine whether the innovation caters to consumer preferences or not. The content of the innovation is a completely new for both entrepreneurs and consumers, and the new combination may be a possible cognitive shock for consumers. The Bureau of European Policy Advisors (BEPA) defines social innovation as “innovations that are social both in their ends and in their means”[6]. This is an a priori definition to distinguish whether this is a social innovation or not. That is, policymakers should decide what is considered an innovation. In Schumpeter’s terminology, innovation is not only determined by its novelty, but also by its acceptability[7]. Innovative products may not gain an advantage over competitors because people tend to choose what they believe in, such as traditional products. Consumers who have a low acceptance rate may hold a negative opinion of the new product, potentially impacting its sales and ultimately leading to its failure. However, assessing whether a brand-new product aligns with consumer preferences can be challenging due to the lack of established precedents and the need to start from scratch.

Secondly, there is the problem of scarcity of resources, the scarcity of raw materials for new products, the scarcity of talents for new technologies or the lack of capital may become one of the potential risks. Scarcity of raw materials may affect the company’s supply chain and production. The lack of technical talents may affect this process from theory to practice, and the lack of capital may affect the enterprise’s capital chain, so that the company's innovative products can not be realized on a large scale, and more seriously, it will lead to bankruptcy. At the same time, due to the economic downturn caused by a lack of consumer funds, consumers can hardly afford the price of the new product because most innovative product pricing strategies tend to use the skimming pricing method. A brand new thing tends to be expensive. One reason for this is the high cost of innovation and the other is the fast collection of value. Managers need to price wisely.

Finally, there is the potential risk of laws and regulations or policies. The potential risks to innovation from laws, regulations and policies are manifold and relate to intellectual property protection, compliance requirements, antitrust and competition laws, policy changes, environmental regulations, and product safety. Each of these regulations can have an impact on a product’s market expansion. Any misstep can result in a loss of reputation or a product ban, and policy obstruction can lead to product failure.

The next step is internal to the firm, where innovation management is often a matter of corporate reform. Schumpeter argues that innovation also implies destruction, potentially leading to the abolition of the firm’s existing system. Often, the emergence of a new product sector leads to the elimination of the previous one, potentially causing some unemployment. People tend to panic about newness and obsolescence. Panic can be detrimental to the unity of a company. This is the challenge that the company has to face.

Humans always tend to be reluctant to step out of their comfort zones, hence the creation of innovators and traditionalists. Conflicts may arise within an organization as a result of divergent viewpoints, which can greatly impede the advancement of innovative projects, make management more difficult, and reduce employee motivation.

There are many challenges that companies face internally and externally, and managers need to develop different responses depending on the situation. Innovation is a high-risk, high-reward endeavor, and it’s essential. A lack of innovation can lead to the elimination of a business. Innovation can be understood as progress, and although it can be high risk, it is still a very worthwhile endeavor.

4. Strategies for Developing and Supporting Innovative Managers

4.1. Strategies for External Challenge

Implementing innovative ideas did not arise naturally from employees but needs to be encouraged in the internal and external environment to trigger the change and continuously update existing knowledge to develop new ideas to meet customer satisfaction needs[8].

The best way to update existing knowledge and cater to consumer preferences is to do primary research. Innovation is both conceptual and perceptual. Therefore, the second imperative of innovation is to go out to look, ask, and listen[9]. An innovative product lacks secondary information, necessitating a fresh start! Managers need to conduct a careful investigation of consumer preferences. First of all, managers need to segment consumers by their acceptance of the new product. Managers should conduct observation of consumer habits, one-on-one interviews, or discussion groups. Questionnaires is not recommended due to their open-ended nature, which can easily expose their contents to competitors. Managers can also go into the market to do market research to directly understand the consumer's preferences.

With the help of research data, they can make better and more innovative strategies to cater to consumers. At the same time, managers need to pay attention to the rational allocation of resources when developing innovation strategies. To maintain the integrity of their raw material supply chain, managers must identify long-term suppliers for their companies. Managers also need to develop appropriate pricing strategies to ensure consumer acceptance while safeguarding the profitability of the business.

Due to the scarcity of human resources, business managers can recruit the innovative and skilled population by increasing the attractiveness of the company. Attractiveness includes a like-minded corporate culture, excellent office conditions, incentives and benefits for technical personnel, and other methods.

The creation of something new is often influenced by law or policy. Legal counsel can minimize the negative impact on a business due to regulations and other issues. Also, the property rights of a new product are very important. Managers need to pay attention to this issue.

4.2. Strategies for Internal Challenge

First, the corporate staff training should be established. Innovation in business involves entering a new or semi-new industry. Employee training not only reinforces a company's innovative corporate culture, but also strengthens the ability of employees to deal with the new and emerging. At the same time employees' fear of the unknown will be alleviated.

Besides, good communication between businesses should be kept. Innovation often requires close cooperation between different departments. Good communication breaks down barriers between departments, facilitates the sharing of information and resources, and enhances teamwork. Effective communication between team members with different backgrounds and specialties can bring in diverse perspectives and insights, and promote the collision and integration of innovative thinking. Communication can also substantially avoid conflicts brought about by different points of view, and find the best strategy for the enterprise.

Last but not least, the innovation teams should be established. By focusing on innovation projects, innovation teams are able to set clear innovation goals and directions and concentrate on driving innovation forward. Innovation teams usually have access to specialized resource support, including financial, technical and human resources, so that innovation activities can be carried out more effectively.

4.3. Contingency Plan

Turbulence characterizes today's business environment, which is subject to fierce competition and requires rapid response to crises. As the size and number of companies depending on a critical structure increases, the impact of a crisis also shoots up, leveraging the value of contingency plans to combat disruptions[10]. Contingency planning is important for corporate innovation, as it helps companies respond quickly and effectively when faced with internal and external emergencies or uncertainties, and ensures the continuity and successful implementation of innovation programs. For example, contingency planning can include preparing alternative supply chains to prevent problems with the main supplier, so as to be able to quickly switch to the backup supplier and ensure the uninterrupted supply of resources for the innovation project.

The survey provides the methodology and foundation for the program, while the contingency plan ensures its successful execution. Both play the most important role in developing business strategies.

5. Conclusion

This paper emphasizes the importance of innovation in business management and discusses the main benefits and challenges of innovation. By analyzing the relevant theories and using Steve Jobs' Apple as an example, the paper shows that innovation can significantly enhance the market size, competitiveness and cultural development of large firms. Furthermore, based on Schumpeter's theory, this paper also shows that there is a strong link between entrepreneurship and innovation.

However, this paper also points out that innovation is not without risks. These risks include supply chain risks such as rapid changes in consumer preferences, lack of available resources, regulatory barriers external to the firm and internal conflicts. Firms that effectively allocate resources, investigate consumer preferences, invest in employee development programs, and establish contingency plans are better positioned to effectively mitigate these risks.

This paper further confirms that achieving successful business growth through innovation requires careful planning and strategy development. For example, firms must conduct solid market research before pursuing innovative projects, ensure the stability of supplier relationships and compliance with government policies, and prepare contingency plans. Additionally, involving consumers in the innovation process helps companies to align their products with market demand, thereby increasing the chances of product success.

Despite the comprehensive analysis conducted in this paper, there are limitations. The study focuses on larger companies such as Apple, which may not be completely relevant to how innovation affects small and medium-sized enterprises(SMEs). Therefore, future research could specifically explore the innovation strategies for these SMEs.

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