

IMPLEMENTATION AND RISK OF MANAGEMENT APPLICATION IN THE FIELD OF INNOVATION AND ENTREPRENEURSHIP

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Abstract

Innovation and Entrepreneurship are two different terms that have completely different meanings. However, there is a relationship between innovation and entrepreneurship, which is sometimes confusing. The main difference between innovation and entrepreneurship is that innovation means introducing something new. This could be an idea, product, model or service. On the other hand, making a great idea in a business opportunity is entrepreneurship. Entrepreneurship starts with innovation. There is a risk involved in entrepreneurship which is not there in innovation. Sources of innovation are economic changes, technological changes, new knowledge, new markets, etc. Entrepreneurship is making great ideas on a business opportunity by taking a risk. Entrepreneurship understands the business opportunity for great innovative ideas and adds a tangible value to innovation. Entrepreneurs are always looking for sources of innovation and they do not limit themselves to some kind of innovation. Entrepreneurs create business with the opportunity identified and run it profitably. They need skills such as planning, decision making, management, leadership, motivation and risk taking. Successful entrepreneurship is always the result of hard work, commitment and taking risks.

Keywords: IT, Innovation, Entrepreneurship, E-Business, risk management, etc.

INTRODUCTION

Characteristics of managing an innovative project

Each innovative project is unique and unrepeatable: it is a group of activities related to deadlines, limited resources and aimed at solving specific goals, its management is based on the following principles:

- Goal orientation, defining the relationship between the enterprise needs for innovation and the possibility of its implementation.
- Completeness of control cycles, ie taking into account the components of work.
- Consistency in the development of solutions, in total, aimed at the implementation of the task.
- Integrated development of interrelated processes. Defining the structure of the plan.
- Availability of resources at every stage of the work

Organizing the management of an innovative project

Organizing the management of an innovative project is complex due to the variety of areas of activity affected during the work. The manager must combine management methods, as well as constantly adjust plans and monitor the entirety of implementation. The variety of tasks from securing investment activities to resolving unplanned situations makes the job of a manager unique.¹

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¹Mooney, John G.; Gurbaxani, Vijay; Kraemer, Kenneth L. "Framework of information technology oriented processes in business", 1996.

The management of such a project therefore includes six sets of processes within which the management is performed. This includes:

- Starting-making a decision for a specific enterprise.
- Planning-defining goals, objectives, creating practical work schemes.
- Execution-use of available resources and personnel management to implement the formed plans.
- Analysis-evaluation of the quality of plans and work performed, compliance with the goals and resources of the project.
- Management-Searching for solutions, coordinating and implementing deviations that arise in the implementation of goals and objectives.
- Completion-summary and closure of the project.

Planning

This work begins with defining goals that meet the needs and capabilities of the enterprise. So the goals are divided into smaller and specific tasks, based on which the work plan is described, their composition and interconnection.² Therefore, the time of their implementation, the need for resources, the amount of costs required are estimated.



²Mooney, John G.; Gurbaxani, Vijay; Kraemer, Kenneth L. "Framework of Information Technology Oriented Processes in Business", 1996. Page 112.

In the planning phase, a budget is developed, ie staff is assigned for the production of the work, the risks are assessed and the necessary conditions are created for the successful implementation of the project. Criteria for evaluating the quality of work are being formed, describing the possibilities for a timely response to deviations.

Execution

So during the execution, the organizational structure the department that deals with the project in the enterprise. The schemes drawn up in the planning phase are executed and the production process begins. Managers select suppliers and contractors, control the quality of work performed, develop a team, and collect data on current processes.

Analysis

By analyzing the progress of the work, the experts compare the planned and real indicator.³The conditions of execution, the cost and quality of work, the compliance of current actions with the set goals are assessed. Resources are constantly evaluated in terms of their performance and load.⁴

Control

The following parameters are distinguished, which are controlled during the implementation of this project:

- The field of production is a purposeful group, resources, works.
- Quality that is evaluated against predetermined metrics and standards.
- Time, which is considered a " inflexible " resource and of great importance. Individual works deadlines and their complex are planned in advance and can be critical to the success of an enterprise.
- The cost, which is determined by the budget, but can go beyond it.
- Work resources. Personnel management in such projects requires high professionalism from managers.

Risk management process

- The danger
 - Unforeseen events which planning cannot exceed or control.
- Risk management
 - -A proactive effort to identify and manage internal events and external threats that affect the success of the project.
- What could go wrong (dangerous event)
- How to minimize the impact of the hazardous event (impacts)
- What can be done before hatching (waiting)
- What to do after the event (contingency plans)

Risk Management

- To put the processes discussed here in proper perspective we must emphasize that the essence of project management is risk management.

- Every technique mentioned during these lectures is actually risk management technique. Special in its own way tries to prevent any dangerous event.
 - Project selection systems try to reduce the possibility that projects do not contribute to the firm's mission.
 - Project scope statements, among other things, are designed to prevent costly misunderstandings and reduce scope.
 - Division of labor structures reduce the possibility that vital parts of the project are bypassed or that budgets are unrealistic.
 - Team building reduces the possibility of dysfunctional conflict and disruptions in coordination mechanisms.
- Project managers are therefore involved in risk management activities to deal with the ambiguity of the project management process.
- And things never go according to plan!
- Risk management is proactive rather than reactive.
 - Reduces the number of surprises and enables the results of negative events to be better understood.
 - Subjective assessment, but some standard methods for identifying, assessing and responding to risks should be included in all projects.
 - The risk identification process itself pushes us to have some discipline at all levels of project management and improves project performance.
 - Reserve plans increase the possibility for the project to be completed on time and within the budget.

Experience shows us that using formal structured processes to deal with the potential risks of the project minimizes surprises, costs, delays, stress and misunderstandings. Risk management is an iterative process that occurs throughout the project cycle. When risk occurs or changes are necessary, using an effective change management system will enable performance measurement against schedule and cost. Finally successful risk management requires a culture in which risks are not denied and problems are identified and not hidden.

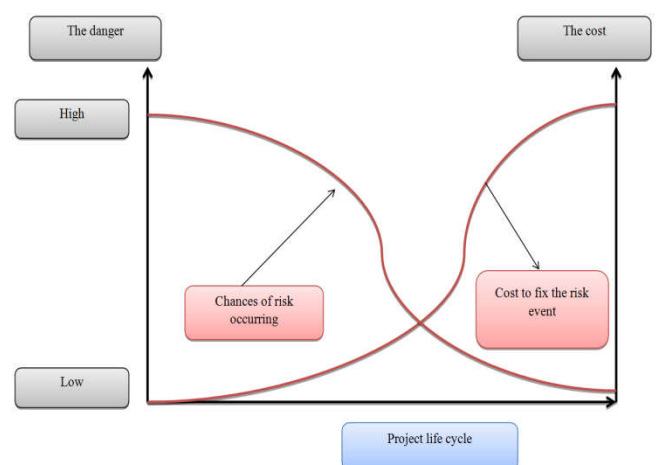


Fig 1.Graph of hazard events

Reserve plan

- An alternative plan to be used in case the foreseen risk occurs in reality.

³ Buying and Selling of Industrial Machinery (Indufit Machine).

⁴ Yes there

- An action plan that will reduce or eliminate the negative impact of the risk event.

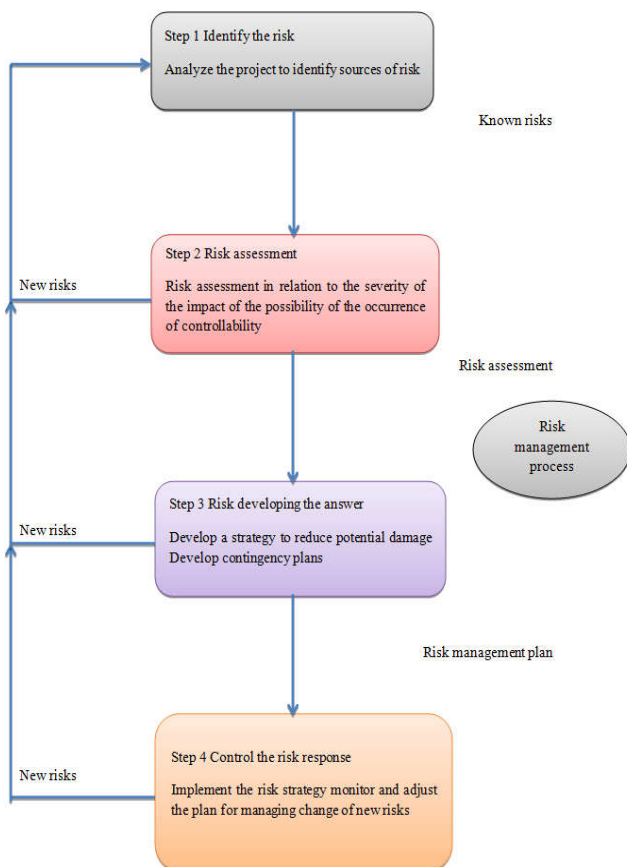
Risks of not developing reserve plans

- Lack of plan can slow down the managerial response
- Decisions made under pressure can be risky and costly.

Risk and contingency planning

- Technological risks
 - Support strategies if technology fails.
 - Assess whether technological surprises can be resolved.
- Schedule risks
 - Using delays increases the risk of late termination.
 - Imposed dates (absolute completion date)
 - Compression of project schedules due to shorter completion date.
- Cost risks
 - Time / cost links: costs increase when problem solving takes longer than planned.
 - The decision to use the schedule to solve cash flow problems should be ignored.
- Financing risks
 - Changes in project financing can dramatically affect the likelihood of successful project implementation or completion.

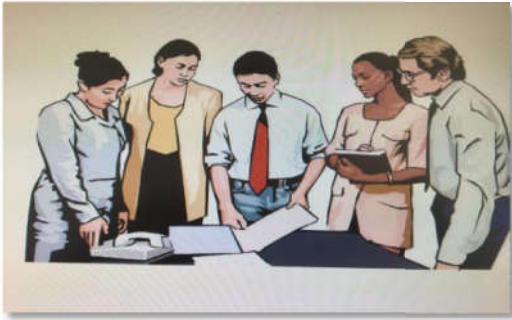
- Step 2: Risk assessment
 - Analysis of possible scenarios
 - Risk assessment matrix
 - Failure analysis and effects
 - Probability analysis
 Decision Tree, VTN
 - Semi-quantitative analysis of scenarios
- Step 3: Develop a risk response
 - Risk avoidance
 - Reducing the chance of a sudden event happening.
 - Reducing the impact of the unexpected event
 - Risk transfer
 - Payment of a premium to transfer the risk to a third party.
 - Risk avoidance
 - Changing the project plan to avoid risk.
 - Risk sharing
 - Risk sharing between different parties
 - Keeping the risk
 - Deciding that the risk be maintained / borne.
- Reserve plans
 - An alternative plan that will be used in case the unprecedented risk occurs in reality.
 - An action plan that will reduce or eliminate the negative impact of the risk event.
- Risks of not developing reserve plans
 - Lack of plan can slow down the managerial response
 - Decisions made under pressure can be risky and costly.



- Step 1: Identify the Risk
 - Generate a list of potential risks through brainstorming, problem identification, and risk profiling.
 - First the macro risks, then the specific ones

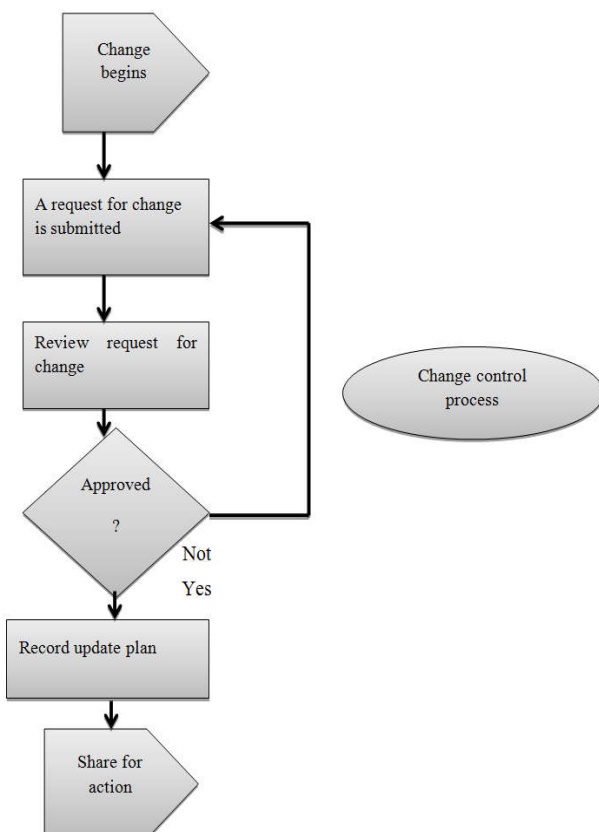
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- Financing risks
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- Reserve funds
 - Funds to cover project risks - identified and unknown.
 - The amount of funding reflects the overall risk of the project.
 - Budget reserves
 - Are large amounts of funds to cover unexpected project risks (eg, change of scope)
- Time reserves
 - Periods used to compensate for delays in the project plan.

- Step 4: Check the risk response
 - Risk control
 - Execution of risk response strategy
 - Monitoring risk-inducing events
 - Initiation of reserve plans
 - Follow-up of new risks
 - Establish a change management system
 - Risk monitoring, tracking and reporting
 - Promoting an open environment in the organization
 - Repeat risk identification / assessment
 - Allocation and documentation of risk management responsibility.



Change management control

- Change control process
 - Identify the proposed changes
 - List the impacts of the proposed schedule and budget changes.
 - Review, evaluate and formally approve or reject the changes.
 - Communicate the changes to the parties involved.
 - Identify the person responsible for implementing the changes
 - Adjust the main schedule and budget.
 - Follows all changes that need to be implemented.



Results of good risk management

- Unlike crisis management, good project risk management is often overlooked.
- Well-managed projects seem to be almost seamless, but a lot of work goes into managing a project properly.
- Project managers should try to make their work seem easy to reflect the results of well-managed projects.
- Risk management in the project is the art and science of identifying, analyzing and responding to risk throughout the life of the project in order to achieve the project objectives.
- Main processes:
 - Risk management planning.
 - Risk identification.
 - Qualitative risk analysis.
 - Quantitative risk analysis.
 - Risk response planning.
 - Risk monitoring and control.

Conclusion

- The meaning in modern times is that innovation is a process of turning ideas into new opportunities for value creation and putting them into a widely used practice.
- It is widely recognized that innovation plays a central role in the competitiveness of companies and countries. Innovation is understood to be the key driver of productivity. Innovation helps businesses improve the way products and services are delivered and delivered, or introduce entirely new ones.
- The entrepreneurial process relies on the creativity of individuals, in terms of coming up with original ideas for new products and services in the first place. That's part of the story, though. Entrepreneurship involves the successful use of these ideas.
- We can say that the entrepreneur is the person who is ready to take risks at his own risk, applying new ideas (production, trade, management) to undertake and implement new economic projects with a profitable orientation.
- The entrepreneur prepares, implements and controls his project and usually makes the decisions himself.
- It is also worth noting that entrepreneurs may be employed in a large company and not be shareholders in ownership.

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