

**ROLE OF HIGHER EDUCATION INSTITUTIONS IN SOCIETY:  
CHALLENGES, TENDENCIES AND PERSPECTIVES**

Academic papers

**Nr. 1 (8)**

# ENTREPRENEURSHIP: BUSINESS COMMUNICATION AND INNOVATION

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## Summary

This article presents a theoretical and methodological basis of the concept of Business Communication. It proves the practical importance of appropriate using of this concept in order to provide better financial results. Furthermore, research explains the essence and the value of innovations in the entrepreneurship, as well as in the one of key business elements – communications. The article contains a conducted analysis of the interconnection and correlation between innovation and business communication. This study asserts that communications in entrepreneurship must be innovative, to provide a new growth to the company and to take it to a completely new level.

**Keywords:** business communication, innovations, entrepreneurship, innovative development, entrepreneurship.

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## Introduction

The 21<sup>st</sup> century is also known as information society or digital age. It is characterised by a high level of information intensity in the everyday life of all citizens, all organisations and of course enterprises. Modern enterprise management cannot be imagined without the use of information systems and data processing, for their main purpose – to make decisions effectively. The information support of entrepreneurship depends not only on availability of information resources, but also on their appropriate use, possibilities of implementing information innovations and prosperous information interaction with all stakeholders of a company. That is why, we emphasize on the necessity of using the concept of “business communication” for the characterization of information processes in entrepreneurship and for expanding the scope of its application. Communication is something that we all cannot live without. It is a technology applicable for a whole range of personal, social, educational and business activities, by the ability to transmit, receive and exchange digital data rapidly between places irrespective of distance. In terms of entrepreneurship, communication is a strategic tool, which helps to boost its competitiveness and to increase the entrepreneurial profit.

The concept of business communications is not new; however, it is developing extremely rapidly and growing into the integral part of entrepreneurship, accomplishing the tasks faster and more efficient as well as providing the enterprise with valid results. Thus, business communication is considered as a complex system that provides a harmonious interaction of the enterprise with its internal and external environment during which the transfer or exchange of information takes place. In addition, another significant component of entrepreneurship, in particular in the field of communication, is innovations. It is impossible to overestimate the importance of innovations for business, as they are driving force for economic growth. In order to successfully predict the future and consolidate its position in the world, an enterprise in any sphere should generate new ideas, new technologies, creating and sustaining with it not only economic value, but also social one.

Therefore, the main purpose of our article is to research and to outline the business communication and innovation as interconnected concepts and leading factors to economic growth. In addition, other goals of this paper are:

- to explain the variety of scientific approaches to the term “communication”;
- to explain the concept of business communication, its types, functions and goals;
- to clarify the business communication strategy, main elements and practical use;
- to highlight the core peculiarities of innovations and to show their importance for entrepreneurship;
- to outline the most advanced directions in business communication development.

In order to successfully achieve all the objectives mentioned above, we use a wide range of scientific methods. Logical and theoretical methods of generalization are used for the conceptual research of the structural

elements of the business communication system. Historical method is used to compare diverse scientific approaches to the concept. The method of grouping is used to identify and get together the components, objectives and key features of Business Communication. The method of analysis and synthesis as well as systematic approach is used to outline the interconnection between the concept of innovation and business communication.

## Business Communication – Definition and Meaning

Communication is no doubt the foundation of all human relationship as well as a vital tool for any facet of business. It is crucial to communicate effectively to ensure you accomplish your goals.

Nevertheless, what exactly is communication in scientific terms?

The English term “communication” has been derived from the Latin language, i.e. two Latin words “*commūnis*”(noun) referring to “common”, “public” or “the generally accepted view” and the word “*commūnicāre*”(verb), which means “to share” or “to make something common” (Hoad, 1996). Therefore, the communication can be defined as an interchange of facts, ideas, opinions, imaginations or emotion by at least two individuals. To put it more simply, the communication is the transfer of information from one place to another and this transfer can be conducted in different ways.

Since the communication is a process that surrounds a person everywhere and always, so many scholars from all over the world, have researched the concept of communication and have identified their own approaches to the interpretation of this concept. The review of scientific approaches to the term “communication” is showed the table 1.

**Table 1. Scientific approaches to the concept of “communication”**

Author	Scientific approach
Harold D. Lasswell (1948)	“5W” model of communication, which focuses on „Who (says) What (to) Whom (in) Which Channel (with) What Effect“.
Franklin Fearing (1953)	Communication behavior is a specific form of molar behavior which occurs in a situation or field possessing specified properties, the parts of which are in interdependent relationship with each other. A theory of such behavior is concerned with forces, psychological, social, and physical, which determine the course of this behavior and its outcomes in relation to the culture in which it occurs.
Smith P., Berry C. and Pulford A. (1997)	Communication is the act of sending information from the mind of one person to the mind of another person.
Claude E. Shannon (1948)	<i>Information Theory</i> . In a perfect communication system, the sender and receiver have identical knowledge of the code. All possible messages are known in advance. The source makes a choice to send a message from the set of possible messages. The receiver needs to know what choice the sender made.
Claude E. Shannon and Warren Weaver (1963)	<i>The Shannon–Weaver model of communication</i> . Communication is a systemic process, the main components of which include: sender, message, transmission, noise, channel.
Samuel L. Becker (1983)	We construct messages which “are, in effect, overlayed to form the large and complex communication environment or “mosaic” in which each of us exists. This mosaic consists of an immense number of fragments or bits of information on an immense number of topics... These bits are scattered over time and space and modes of communication. Each individual must grasp from this mosaic those bits which serve his needs, must group them into message sets which are relevant for him at any given time, and within each message set must organize the bits and close the gaps between them.”
Fritz Heider (1946)	<i>Balance Theory</i> . People try to maintain a certain type of consistency between their opinions of other people and their opinions of what those other people say. Imbalance produces a psychological stress that must be resolved.
Bruce Westley & Malcolm S. MacLean (1957)	Communication does not begin when one person starts to talk, but rather when a person responds selectively to his/her physical surroundings. This model considers a strong relation between responds from surroundings and the process of communication. Communication begins only when a person receives message from surroundings. Each receiver responds to the message they received based on their object of orientation.

Owen Hargie, David Dickson, Dennis Tourish (2004)	Communication is a central component of effective business operations. The main role in communication is allowing messages to be transmitted rapidly and in connecting the different “bits” together. The larger and more complicated the organizational structure, the greater the need for effective and efficient communication.
Michael L. Hecht & Yu Lu (2014)	While many theories describe the effects of communication on identity or how identity shapes communication and its interpretation, Communication Theory of Identity is relatively rare in arguing that identity is also the enactment of self through communication-integrating social relations and the society around the individual. In this sense, communication not only causes and is caused by identity, but is identity itself.
Oxford English Dictionary (OED)	Communication is the imparting or exchanging of information by speaking, writing, or using some other medium. The successful conveying or sharing of ideas and feelings. The successful conveying or sharing of ideas and feelings.

The table 1 was made by author.

Having investigated only a minor part of the concepts in the field of communications, we can talk about the widespread use of communication in all types of human activities, and most importantly in entrepreneurship. The diversity of scientific approaches proves the importance of research on this topic, especially in business, where communication serves as the cornerstone of all operations, and thus has a significant impact on the size of profit. From this, it follows that business communication is a specific model of communication, which represents itself in goal orientated (i.e commercial benefits) sharing information between people within the enterprise as well as outside it. Moreover, communication in the digital age can create opportunities that you might never have otherwise known existed.

## The Structure of Business

Business communication (BC) is a complex system according to which its branched structure is built (Fig. 1). Generally, the communications in entrepreneurship are divided into two large groups, or rather types. They are Internal Business Communication and the External one. Internal Communications include interactions within the organization. Furthermore, Internal Communications can be Upward Communication (the flow of information from employees to management), Downward Communication (the flow from the top along the business hierarchy) and Horizontal or Literal Communication (the flow among employees at the same level) (Krizan, etc., 2007). The external one is a communication with sources outside the company. In addition, communications in entrepreneurship have their own components, specific objectives and key features. All of them are highlighted more deeply in the Figure 1, below.

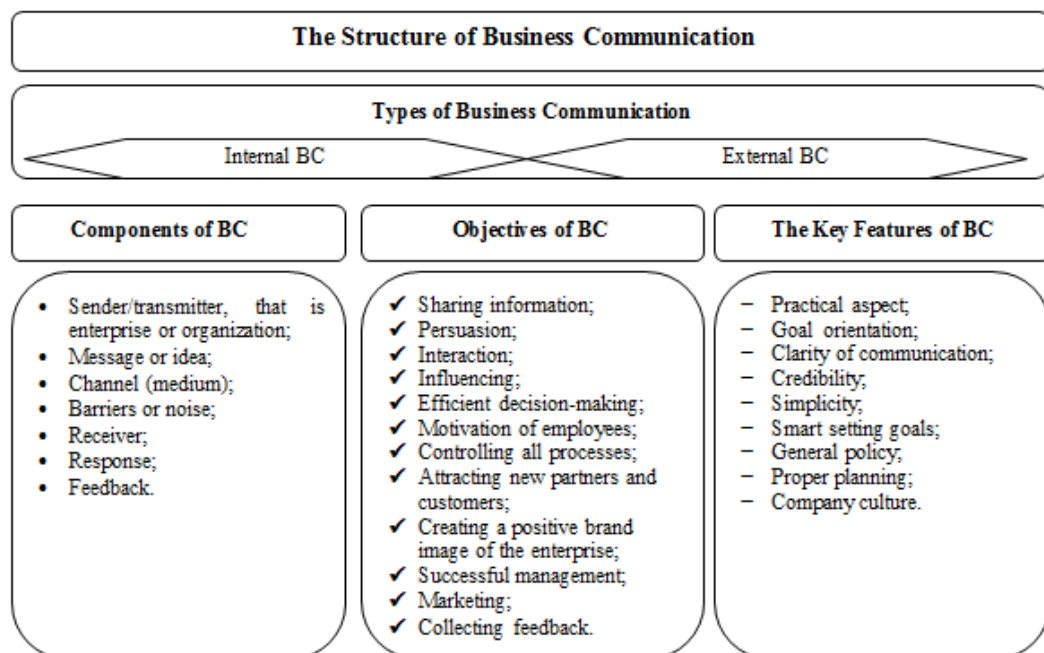
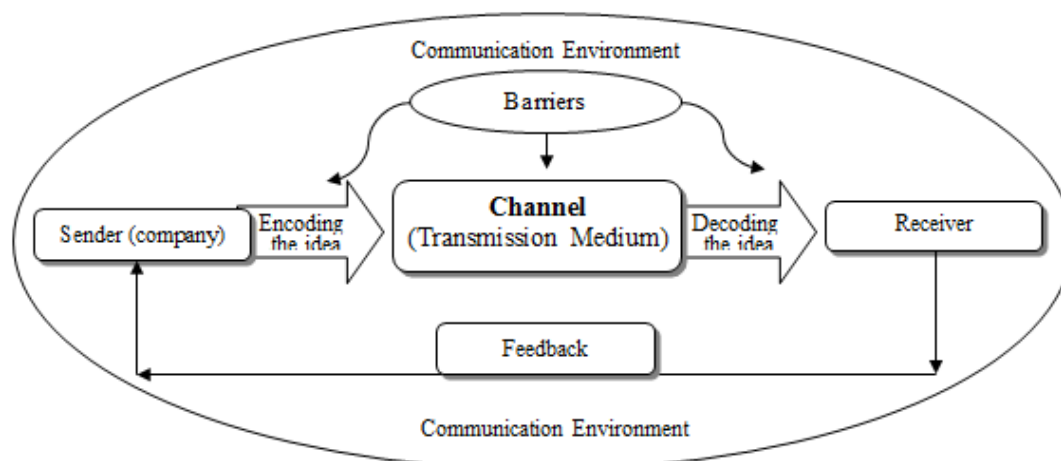


Fig. 1. The structure of Business Communications (Figure 1 was designed by the author)



**Fig. 2. The Business Communication process basic model** (Figure 2 was designed by the author based on H. D. Lasswell's paper (1948)).

Any communication, included in the entrepreneurship, is carried out according to a certain algorithm or process called a communicative model (cycle). Such a process consists of the components (Fig. 1) and actions they perform. It should be noted that scholars have outlined a sufficient number of types of BC models; however, these models slightly differ. That is why it is important to understand the basic communication model for entrepreneurship that is depicted above in the Figure 2. Since the communication process is at the core of almost everything entrepreneurship does, then it is necessarily to take notice of avoiding its common problems. Lolly Daskal highlights some most widespread mistakes in business communication: lack of attention to the whole cycle and especially to barriers; one-way information delivery; insufficient attention to feedback; lack of specific details etc. (Daskal, 2014). In addition, of course it is impossible for the enterprise to have a highly effective business communication system without internal communication strategy.

Business Communication strategy is, according to Victoria Pearson and Carolyne Culver, a precisely developed plan of actions to achieve all objectives of Business Communication for a company. It is collaboration between the business/project leader(s) and the communications professional(s). Strategy certainly identifies clear and measurable communications objectives with evaluation; relevant audiences and available channels; a plan of activities and a timetable; communication risks and mitigation; all kinds of resources (Pearson, Culver, 2016). Communication strategies are one of the main tools to reach the most success in communicative field. They show the precise direction of the enterprise for a long-term planning period.

## Innovations as an Integral Part of Entrepreneurship

The concept of innovation is very much in the mainstream nowadays. But why exactly is innovation so important for business? The first, who thoroughly analysed the concept of innovation and gave a definition of it, was J. A. Schumpeter. In his fundamental work "The Theory of Economic Development", 1912, Schumpeter proves that "innovation", or rather "development" is a "new combination" of existing or new elements. The author noted that innovation cannot be the same as invention and he highlighted the function (activity) of entrepreneur who is carrying out these new combinations. He pointed out that there are 5 areas, which are included in the innovation concept. Thus, he identified the following:

- introduction of new good;
- application of new methods of production;
- opening of a new market;
- bringing in of a new source of supply of raw materials;
- new industry structure (Schumpeter, 1934).

Schumpeter's theory was a driver to all further researches on this topic. He claimed that innovation ("new combination") and entrepreneurship together play a key role in the economic growth. It is worth noting that according to Schumpeter, getting profit for enterprise is not possible, unless it is innovative. The Schumpeter's innovation and entrepreneur concept is universal and still evolving in the works of other scholars. Most theoretical and practical scientists define innovations as very important thing to develop, but we would say the vibrant innovation for entrepreneurship is priority or primary focus. Therefore, it is relevant to argue that the innovation is important in each field of entrepreneurship, our case – in business communication as well.

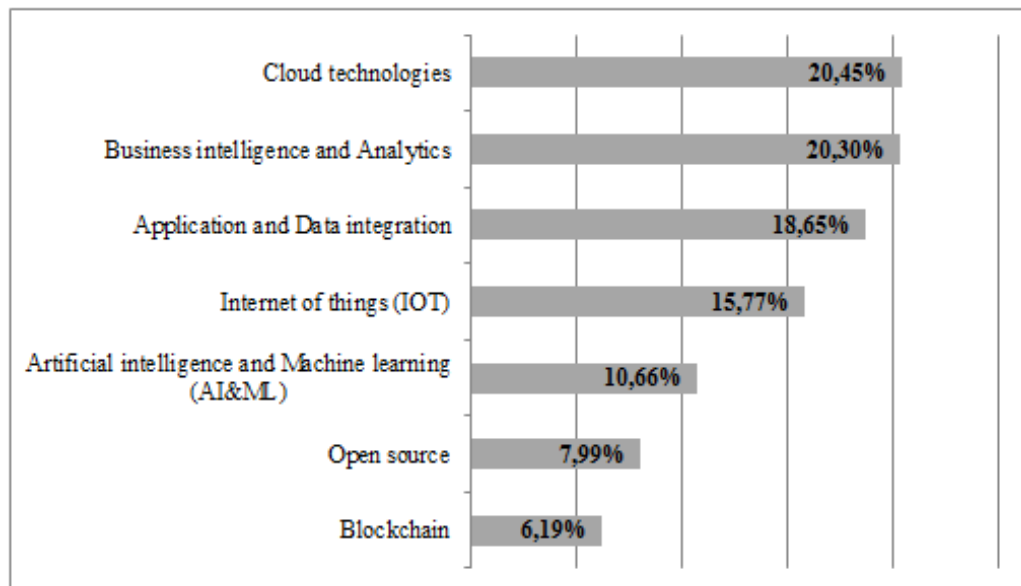
## Innovative Trends in Business Communication

Business communications, as we understand them in the classical form, are almost not used in modern

enterprises. Instead, there are new, more effective methods of managing business communications. Trends in business communications are a reflection of global trends in society. The greatest trend in today's society is the second information revolution. These global changes modify not only the sphere of communications, but also the whole world, starting with the world's economy and ending with the behaviour of the individual person. Since entrepreneurship in all industries must find new ways to innovate and reinvent themselves to survive in the digital economy, it is important to consider which innovative communication trends are leading.

According to TIBCO CXO Innovation Survey (Shawn, 2018), the most advanced innovations in business, included into their business innovation strategy in 2018, were the following: cloud computing, business intelligence and analytics, application and data integration, internet of things, artificial intelligence, open source and blockchain. The more detailed information with percentage is depicted in the figure 3. It is worth noting that application of mostly all technologies from the list is corresponding with the business communication field. This once again proves the importance of innovative business communication for all kinds of entrepreneurship and the constant development of this concept. In addition, the most advanced innovative technology as a new opportunity for entrepreneurship, in particular in the field of communications, is the use of artificial intelligence. This concept is developing faster than we think, and speeding up exponentially, for a long time all high-tech companies use it for their own purposes. The other way to disrupt and transform traditional business models is the use of blockchain.

Table 2 contains various types of innovative technologies that are widely used in business communications, in particular cloud services, AI/ML and blockchain. Moreover, the table explains the description of innovation and reasons for and against it.



**Fig. 3. New Technologies included in Innovative Strategy of Business (Shawn, 2018)**

If the entrepreneurship is trying to become more innovative, communications should underpin its entire effort from start to finish. The entrepreneur must work with employee communications, human relations, business unit leaders and the C-suite, including the external part, to reinforce the importance of innovation to the company's strategic direction. It is critical to hone key messages conveyed by the owner and other at companywide meetings and events, in videos, articles and presentations. Enterprises should invest in a strong communication platform to foster team-based innovation (Goryachev, 2018).

**Table 2. Types of innovation that could be used in Business Communication, their description and features**

Innovation	Description	Features	
		Advantages	Disadvantages
Cloud services	The tool is designed to provide easy, scalable access to applications, resources and services, and is fully managed by a cloud services provider.	Cloud storage is safer compared to standard data centres and is more fault-tolerant. Quicker delivery of marketing services and customer retention.	Network connection dependency; limited features; the threat of cloud hacking issues.

Artificial Intelligence and Machine Learning	This software is able to perform tasks normally requiring human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages.	Taking risks on behalf of humans; making faster decisions and actions; error-free processing; dealing with monotonous work.	High cost of application; replacement of humans with machines that can lead to large-scale unemployment.
5G Mobile Internet	The 5th generation of mobile communication, which is capable of providing a data transfer rate of up to 100 Mbit/s in cities.	5G standard will help to integrate all kinds of video communication supporting simultaneous content exchange. The software carries high loads on the network bandwidth.	The standard has not yet gained the mass use. Its commercialization is planned for about 2020, and the cost of deployment very high.
WebRTC	Web-based communication in real time for running a video conference and to collaborate with people in the internet browser.	No installing of any other program, special plugging, modules or accompanying programs. simple tool to support all types of remote communication	The concept is still under development; incertitude regarding the future codecs.
Blockchain	A blockchain is a time-stamped series of immutable record of data that is managed by cluster of computers not owned by any single entity. Each of these blocks of data are secured and bound to each other using cryptographic principles (i.e. chain).	Transactions are free; high level of transparency; increased efficiency and speed; improved traceability.	It is not indestructible; it can breed complexity; use of excessive energy; network size; unavoidable security flaw.

The table was made by the author.

## Scientific Analysis

It is the core of science, to find new ways how to explain existing phenomena, but it should be special, using critical thinking; otherwise it would be just a narrative. This paper initially was designed to explore the concept of Business Communication in depth and to determine the key peculiarities of the application of this concept in the modern entrepreneurship. However, investigating this economic issue more and more deeply, we came up with the idea that entrepreneurship is impossible without the implementation of innovations, and the entrepreneur will in no way be able to receive the entrepreneurial profit without innovative development. Innovations are not part of the enterprise, but are actually the enterprise itself. Thus, innovation and entrepreneurship are recognized as key building blocks of competitive and dynamic economies.

That is why it is important for the management of any enterprise to ensure their companies keep pace and lead through innovation, otherwise it would stagnate. From another point of view, the enterprise is obviously an extensive and complete system, which consists of many elements and business processes, it follows, that one of the elements is definitely communication. Therefore, the concept of business communication should have an innovative component, or even more, be completely innovative and constantly change, bringing the company up. Contrary, the degradation and even stability (considering, it as a downturn) cannot provide the entrepreneurship with any development.

Perhaps more importantly, the research now examines business communication in an inseparable context with innovation, because otherwise it is wrong. Having analysed the article, one can understand that innovation is a total driver of everything, at the same time, the concept of business communication allows a company to own its destiny as a growing business, to stay competitive and to fix the innovations as the main direction. That is why we also drew attention to innovative trends in communication. More precisely, we have researched with the help of which new means and methods, entrepreneurship can lead to a new level of business communication, and, as it follows, to a new standard of the whole business.

## Conclusions

Entrepreneurship is impossible without communications, as they are a key part of entrepreneurial activity and they ensure the effective functioning and management of the organization, that is, they serve as a bridge between the enterprise itself and its internal and external business environment. Innovations are the basis of any entrepreneurship that is why the two concepts - business communication and Innovation are closely interconnected. The application of information and innovation technologies is indeed the urgent need for enterprise to grow exponentially.

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## Anotacija

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