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Sorin-George TOMA,
Ştefan-Alexandru CATANĂ
Faculty of Business and Administration, University of Bucharest

INNOVATIVE ENTREPRENEURSHIP IN THE BUSINESS OF ELECTRONICS: THE CASE OF SAMSUNG COMPANY

Review Article

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Abstract

During the time, entrepreneurship has brought many benefits (e.g., economic growth, employment generation, poverty reduction, innovations) to various stakeholders, such as society, communities, people, or companies As a multifaceted and eclectic concept, a policy area, and a complex and dynamic phenomenon, entrepreneurship displays a creative and innovative dimension. This assertion is based on the fact that entrepreneurship has three main functions: operating a firm, risk-taking, and innovation. The aims of the paper are to briefly define the concept of innovative entrepreneurship and to illustrate the case of Samsung Electronics Co., one of the world's biggest electronics companies. In order to achieve these objectives, the authors used a quantitative research method and a case study. The paper provides the theoretical framework to deeper understand the concept of innovative entrepreneurship as the authors have designed a definition of this term. Also, it shows that innovative entrepreneurship is embedded in the business philosophy of Samsung Electronics.

INTRODUCTION

The mid eighteenth century witnessed the emergence of the concept of entrepreneur. Later, the concept of entrepreneurship appeared along with a vast array of definitions. During the time, entrepreneurship has brought many benefits (e.g., economic growth, employment generation, poverty reduction, innovations) to various stakeholders, such as society, communities, people, or companies (Toma et al., 2014). This is why it has become a challenging topic for researchers and practitioners all over the world. Numerous economic and management theories present the different ways entrepreneurs obtain profit and entrepreneurship contributes to value creation (van Praag & Versloot, 2007). The manner in which entrepreneurship creates value led to the rise of new concepts, such as social entrepreneurship (Zainea et al., 2020), adaptive entrepreneurship, speculative entrepreneurship, or innovative entrepreneurship (Gedeon, 2010).

As a multifaceted and eclectic concept, a policy area, and a complex and dynamic phenomenon (Hudea et al., 2021), entrepreneurship displays a creative and innovative dimension. This assertion is based on the fact that entrepreneurship has three main functions: operating a firm, risk-taking, and innovation (Low & Isserman, 2015). Incremental or radical, innovation plays a fundamental role within the entrepreneurial process as innovation and entrepreneurship go hand in hand. The first author who highlighted the relationship between entrepreneurship and innovation was J. A. Schumpeter in the beginning of the past century (Schumpeter, 1980). Later, P. F. Drucker (2006) combined innovation and entrepreneurship, and outlined the idea that entrepreneurs have to be innovative. Innovative entrepreneurs are those who discover new ideas and implement them into practice.

Innovative entrepreneurship (IE) is not yet a well-defined concept. A nexus for IE refers to the following three interrelated poles: sources of innovation, entrepreneurial learning, and innovation policies (Kakouris & Ketikidis, 2012). In order to become more effective IE needs an environment where entrepreneurship is highly esteemed and promoted by society. Placed at the intersection of three key areas (innovative business, young and high-growth business, small and medium-sized enterprises), IE represents one of the most desirable form of entrepreneurship (Herrmann, 2019). On the one hand, IE may foster economic growth, enhance employment, reduce poverty, provide solutions to social challenges, and formalize the informal sector (The Innovation Policy Platform, 2021; Barbu et al., 2021). On the other hand, targeted especially at the better-educated people, it leads not only to higher value-added jobs and wealth creation but also to innovative businesses with higher growth rates in comparison with ordinary entrepreneurship (Ministry of Economic Affairs, 2002). In sum, IE can be defined as a specific form of entrepreneurship, fundamentally based on innovation, that emerges and develops in highly supportive environments in which the entrepreneurs strongly encourage innovations and create enough opportunities to accomplish them.

The aims of the paper are to briefly define the concept of IE and to illustrate the case of Samsung Electronics Co., one of the world's biggest electronics companies. The remainder of this paper is structured as follows. The next section displays the research methodology. Results and discussion are presented in the third section. The paper ends with conclusions.

EXPERIMENTAL

In order to achieve the objectives of the paper, the authors used a quantitative research method and a case study. First, they deployed a comprehensive literature review through desk research. In this respect, various sources of information were identified and analyzed, such as books, reports and journals from several domains (e.g., entrepreneurship, economics), found in several electronic databases (e.g., Springer, SAGE) and libraries. The authors chose the case of Samsung Electronics due to its entrepreneurial philosophy, ceaseless tech innovations, and successful electronics business. Second, they synthesized the information and elaborated the paper.

RESULTS AND DISCUSSION

The business history of Samsung (meaning Three Stars) began in 1938 when Lee Byung-Chull, a brilliant entrepreneur, founded a grocery trading store in Taegu, an important economic and cultural city located in southeastern Korea. The Korean War brought new opportunities for Lee and he rapidly expanded his business into textile-manufacturing. He succeeded in opening the biggest woolen mill in South Korea, contributing to the industrialization of his country. Under the umbrella of a protectionist government policy, Samsung transformed itself into a large conglomerate, called chaebol, through diversification. Thus, the South Korean company invested in other industries (e.g., petrochemical) and established new subsidiaries (e.g., Samsung Heavy Industries).

In 1969, Lee decided to entered the electronics industry and produced black-and-white televisions. Moreover, the 1970s and the 1980s witnessed the establishment of separate semiconductor and electronic branches and the penetration of foreign markets. In a relatively short period of time, Samsung became highly competitive in information technology services. Consequently, the company founded its research and development institutes.

In his relentless effort to raise work productivity, Lee always tried to maximize employees' talent. This was one of the three principles that composed Samsung's first business philosophy in the 1970s. People remain one of today's values that define company's spirit. By providing a creative work environment and equal opportunities to all employees for reaching their full potential, Samsung encourages them to do their best in order to create superior products and services.

After 1990, Samsung maintained its overseas expansion into the global electronics market by providing high quality and innovative tech products, such as televisions, LCD screens, or smartphones. Under the leadership of Lee, one of the most influential Korean businessmen, Samsung achieved the status of a giant in the business of electronics worldwide. In this respect, Samsung Electronics was placed in the second position by revenue in 2019 and 2020 (Tables 1 and 2).

Moreover, the market capitalization of Samsung Electronics surpassed 444 billion USD at the beginning of September, 2021 (Table 3).

Starting from the above statistics and issues several considerations can be made, as follows:

- Samsung Electronics epitomizes the business success story of its founder, Lee-Byung Chull.
- As other visionary leaders (Toma & Marinescu, 2013; Toma et al., 2016; Catană et al., 2020; Grădinaru et al., 2020), Lee-Byung Chull anticipated the economic evolution of South Korea and heavily invested in the most profitable businesses.
- Lee-Byung Chull represents the prototype of a successful entrepreneur, a man who succeeded in becoming one of the most admired businessmen in his country (Toma et al., 2017). This is why entrepreneurship has been one of the five principles of the Samsung spirit since the 1980s.
- IE is embedded in the business philosophy of Samsung Electronics and contributes to its performances.

CONCLUSIONS

IE has constituted a topic of interest in the last decades for both researchers and practitioners. The paper contributes to the enrichment of the literature in two ways. On the one hand, it provides the theoretical framework to deeper understand the concept of IE. In this line, the authors have designed a definition of this term. On the other hand, the paper illustrates the case of Samsung Electronics, a South-Korean giant in the business of electronics. Further researches may identify and analyze other companies that succeeded in inserting IE in their business philosophy.

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Table 1
World largest electronics companies by revenue in 2019

Rank	Company	Headquarter	Revenue (billion USD)
1	Apple	USA	260.174
2	Samsung Electronics	South Korea	197.705
3	Hon Hai Precision Industry	Taiwan	172.689
4	Hitachi	Japan	80.639
5	Sony	Japan	75.972
6	Panasonic	Japan	68.897
7	LG Electronics	South Korea	53.464
8	Pegatron	China	44.207
9	Mitsubishi Electronic	Japan	41.045
10	Midea Group	China	40.440

Source: Insider Monkey, 2021

Table 2
World largest electronics companies by revenue in 2020

Rank	Company	Headquarter	Revenue (billion USD)
1	Apple	USA	260.17
2	Samsung Electronics	South Korea	221.60
3	Hon Hai Precision Industry	Taiwan	175.62
4	Huawei	China	122.97
5	Dell Technologies	USA	90.62
6	Hitachi	Japan	88.42
7	Sony	Japan	80.92
8	Panasonic	Japan	74.73
9	Intel	USA	71.90
10	LG Electronics	South Korea	54.39

Source: BizVibe, 2021

Table 3
World largest electronics companies by market capitalization as on September 1st, 2021

Rank	Company	Headquarter	Market capitalization (billion USD)
1	Apple	USA	2,510
2	Microsoft	USA	2,269
3	Taiwan Semiconductor Manufacturing Company	Taiwan	617.20
4	NVIDIA Corporation	USA	557.83
5	Samsung Electronics	South Korea	444.46
6	ASML Holding	Netherlands	341.36
7	Netflix	USA	251.92
8	Intel	USA	219.32
9	Thermo Fisher Scientific	USA	219.27
10	Broadcom	USA	203.99

Source: Value Today, 2021