The Role of Innovation and Creativity in Development of Entrepreneurship

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Abstract: An idea can turn to dust or magic, depending on the talent that rubs against it. — Bill Bernbach, co-founder of Doyle Dane Bernbach. Innovation and creativity have become critical skills for achieving success in developed economies. The need for creative problem solving has arisen as more and more management problems require creative insights in order to find suitable solutions. Creativity goes hand in hand with innovation. And there is no innovation without creativity. While creativity is the ability to produce new unique ideas, innovation is the implementation of that creativity - that’s the introduction of a new idea, solution, process, or product. Creativity is the driving force behind innovation and the incorporation of looking at things from a different perspective and freedom of restrictions by rules and written or unwritten norms. Accelerating entrepreneurship and business creation is crucial for employment generation. Moreover, entrepreneurship tends to be innovation-driven and will also help generate solutions to India’s myriad social problems including high-quality education, affordable health care, clean energy and waste management, and financial inclusion and Innovation are at the heart of the spirit of enterprise. It means striving to perform activities differently or to perform different activities to enable the entrepreneur deliver a unique mix of value. This paper has mainly discussed the role of creativity and innovations in entrepreneurship.

Keywords: Innovation, Creativity, Ideas, Implementation.

1. Introduction

According to Peter F. Drucker, for Innovation and Entrepreneurship McDonald’s is a best example for the blended combination of business model by applying management concepts and management techniques (asking, What is “value” to the ‘true’ customer?), standardizing the “product,” designing processes and tools, and by basing training on the analysis of the work to be done and then setting the standards it re: it required, McDonald’s both drastically upgraded the yield from resources, and created a new market and a new customer. This is entrepreneurship.” The importance of innovation in entrepreneurship is another key value for the longevity of a business. Entrepreneurs and businesses began with a need. They saw the need within the community and among themselves that they have come up with a solution. They seize the opportunity to innovate to make the lives more comfortable. And these solutions kept evolving to make it better, easier and more useful. Entrepreneurs must keep themselves abreast with the current trends and demands.

Innovation drives business growth and helps organizations stay ahead of their competitors. Innovation management helps in generating new business models and creates new products, services and technologies designed for the changing market. Proper innovation management also boosts customer satisfaction and employee engagement.

Broadly speaking, innovation can be incremental, breakthrough or disruptive

- **Incremental**: In an era where businesses are required to constantly reinvent themselves, incremental innovation helps them thrive by constantly improving current products, services, processes or methods.
- **Breakthrough**: A breakthrough innovation refers to technological advancements that can boost the level of a product or service, within an existing category, ahead of its competitors.

**Disruptive**: Disruptive innovations are ideas that are capable of radically changing the market behavior after being implemented.

2. Innovation and Entrepreneurship

At the World Bank Group, has recognized that innovation and entrepreneurship are important to address major developmental challenges, such as inclusion, sustainability, and shared prosperity. Innovative entrepreneurship spurs productivity and economic dynamism.

New research shows that those young, growth-oriented companies contribute significantly to net employment growth and help enhance competitiveness and productivity by introducing new products, developing novel business models and opening new markets. Innovation allows firms to specialize, meet international best-practice standards and upgrade quality. Investments in research and development, innovation and other types of knowledge capital improve a company’s product quality and reduce production costs. The Innovation and Entrepreneurship team of the World Bank’s Trade and Competitiveness Global Practice brings global experience, knowledge, research and investments to help client countries develop effective innovation. The range of support is delivered through several instruments, including advisory services and loans to supports growth-oriented entrepreneurs through business incubators and innovation hubs. It builds on its global network of innovation and entrepreneurship practitioners to provide first-hand and grassroots knowledge about the key elements for competitive entrepreneurship.
3. Literature Review

Proposal for Entrepreneurial Innovation Management: An Integrative Systematic Review by Ana Lucia Ferraresi Schmitz, Dra from Brazil, a search paper presented in International Journal of Humanities and Social Science Vol. 4, No. 7, May 2014 this study emphasized on the need of innovation in business with an effective people management and other aspects of management will leap the business towards success among the competitors.

The evolution of innovation management towards contextual innovation: by J. Roland Ortt and Patrick A. van der Duin from Netherlands conceptual paper presented in journals published in www.emeraldinsight.com has highlighted the historical development of innovation management is evolutionary in nature, whereby companies adapt innovation management to the changing societal and business environment to overcome the disadvantages of previous innovation management principles. The desire to overcome these disadvantages and the need to adapt to a changing environment are interrelated whereby it is clearly stated that innovation in business needs a new business model for the enforcement of business plan effectively.

Innovation and entrepreneurship in today’s scenario by Mr. Sanjay Manocha published in International Journal of Marketing, Financial Services & Management Research Vol.1 Issue 8, August 2012, ISSN 2277-362 this study with an example of few Indian entrepreneurs revealed that Without new business ideas and technology to support it, no consumer demand will be fulfilled completely more over innovation and entrepreneurship is more about creating a framework for innovation that can be used to compartmentalize current practices and shed light on their origins.

„User innovation and entrepreneurship: case studies from rural India” by Vanita Yadav and Preeti Goyal from Gujarat presented a research paper in springer found with some agro based entrepreneurs success as a case study shows innovation is seen as crucial vehicle for increasing India's growth and helping to reduce poverty and rising living standards as well as positive social impact on the lives of the rural user entrepreneurs. Further, some of the products can also offer health benefits in the form of reduced harmful impacts of existing products/methods by implementing new procedure of production with improved products with accordance to the changing need/requirements.

4. The Importance of Creativity and Innovation

Over the last decades, innovation and creativity have become critical skills for achieving success in developed economies. The need for creative problem solving has arisen as more and more management problems require creative insights in order to find suitable solutions. Creativity goes hand in hand with innovation. And there is no innovation without creativity. While creativity is the ability to produce new and unique ideas, innovation is the implementation of that creativity - that's the introduction of a new idea, solution, process, or product. Creativity is the driving force behind innovation and the incorporation of looking at things from a different perspective and freedom of restrictions by rules and written or unwritten norms. Creativity and innovation within a well-run company have always been recognized as a sure path to success. Stimulating creativity and exploring completely new and unknown before territories lead as result to increasing the productivity of the organization. Encouraging the employees to think outside of the box and giving them time and resources to explore new areas for innovative ideas is the key to cost-effective business solutions. Creativity improves the process of solving problems. It doesn't matter if we're talking about developing a new strategy or an innovative way to stay ahead of the competition. Creative problem solving gives that competitive edge that any business is striving to achieve.

5. Innovation and Entrepreneurship in the 21st Century

As businesses move toward the year 2010, it’s interesting to examine the strides innovation and entrepreneurship have made. For starters, innovation has all but become a necessity in today’s global business setting, regardless of a company’s market scope. This is due to the new reality that competition for any business extends way beyond its local area. In fact, companies that recognized this early on and nurtured innovation as the ultimate source of competitive advantage are surely reaping the benefits now. With the proliferation of elaborate think tanks and R&D facilities overseas, it is evident that companies today are striving for an innovative climate. Yet, based on a comparative study of innovation practices, the practice of innovation is not without its extreme challenges.

**Innovation = Creativity + Risk-Taking**

**The Elements of Innovation**

Innovation is the successful development of competitive advantage and as such, it is the key to entrepreneurship. The entrepreneurs are the “dreamers”, who take hands on responsibility for creating innovation. It is the presence of innovation that distinguishes the entrepreneur from others. Innovation, must therefore, increase competitiveness through efforts aimed at the rejuvenation, renewal, and redefinition of organizations, their markets or industries, if business are to be deemed entrepreneurial. Fiona Fitzpatrick identified the following elements of innovation:

1) **Challenge:** What we are trying to change or accomplish the “pull”
2) **Customer focus:** Creating value for your customers – the “Push”
3) **Creativity:** Generating and sharing the idea(s) – the “brain”
4) **Communication:** The flow of information and ideas – the “life blood”
5) **Collaboration:** People coming together to work together on the idea(s) – the “heart.”
6) **Completion:** Implementing the new idea – the “muscle”.
7) **Contemplation:** Learning and sharing lessons lead to higher competency – the “ladder”
In a start-up, the entrepreneur is regarded as the key actor in developing a business idea, marshalling resources, and creating an enterprise to bring a new product or service to the market. In a competitive business environment, the entrepreneur and the enterprise should continue to seek out new opportunities and make the necessary arrangement to convert them into new goods and services. Innovation should, therefore, impregnate the entire enterprise for the creation and invention of competitive edge and relevancy in the market place.

Innovation can take several forms
1) Innovation in processes, including changes and improvement to methods. These contribute to increases in productivity. Which lowers cost and helps to increase demand.
2) Innovation in products or services. While progressive innovation is predominant, radical innovation opens up new markets. These lead to increases in effective demand which encourages increases in investment and employment.
3) Innovation in management and work organization, and the exploitation of human resources, together with the capacity to anticipate techniques.

Innovation is the process through which the entrepreneur converts market opportunities into workable, profitable, and marketable ideas. Innovation is an application of something creative that has a significant impact on an organization, industry or society. Entrepreneurship is the continuing generation of Innovation in response to perceived opportunities in the business environment. In this approach, entrepreneurship is therefore concerned with newness: new ideas, products, services or combinations of resources aimed at meeting the needs of consumers more efficiently. Entrepreneurship has been described in terms of the ability to create something from practically nothing. It is initiating… and building an enterprise rather than … watching one. It is the knack for sensing opportunities where others see chaos, contradiction and confusion. It is the ability to build a “founding team” to complement your own skills and talents. It is know –how to find, marshal and control resources. Finally, it is a willingness to take calculated risk.

Organizational Constraints against Innovation

A qualitative analysis of the cases brought out the following organizational constraints against innovation:

1) Absence of failure-analysis systems (100%)
2) Lack of patenting initiatives (97%)
3) Lack of recognition for innovations in non-core areas (94%)
4) Poor handling of change management (90%)
5) Informal team formation (81%)
6) Low emphasis on dissemination and commercialization (77%)
7) Inadequacy of rewards and recognition (65%)
8) Procedural delays (58%)
9) Poor documentation and maintenance of records (58%)
10) Easy access to foreign technologies (55%)
11) Unclear norms on linking innovations with career growth (48%)
12) Lack of recognition for contributions by support functions (45%)
13) Ambivalent support from the immediate supervisor (39%)
14) Inadequate systems for the promotion and management of ideas (35%)
15) Lack of facility for pilot testing (29%)

6. Research Methodology

For the study 11 entrepreneurs from different places has been chosen as a part of sample and primary and secondary data was collected through the interaction with 9 entrepreneurs and 03 success story of entrepreneurs studied in the websites. The objective of the study is to identify the new business practice and approaches (business model) for the sustainability and growth of entrepreneurs.

Primary data has been collected through the direct interaction with entrepreneurs and visit to their production units. The main reason for choosing both primary and secondary data was to predict the future growth perspective of the entrepreneurs with whom we have interacted directly. The secondary data helped us to compare the areas of opportunities which were ignored.

Our study is constrained to only few industries due to shortage of time. We used simple random sampling method for interaction as well as for the availability of information from the websites.
Summary of few of the Successful Entrepreneurs

<table>
<thead>
<tr>
<th>Name of the enterprise</th>
<th>Founder</th>
<th>Year of incorporation</th>
<th>Area of business</th>
<th>Products</th>
<th>Future plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>United cement bricks, Tnarasipura, Mysore</td>
<td>Nanjundaswamy</td>
<td>2010</td>
<td>Mysore</td>
<td>cement bricks, cement</td>
<td>start business out of the state</td>
</tr>
<tr>
<td>Decor Marketing, Bangalore</td>
<td>Kumar</td>
<td>1997</td>
<td>Bangalore</td>
<td>cement bricks, cement, Building Materials, pipe fittings, paints, wall</td>
<td>Expand business with new products to support building construction</td>
</tr>
<tr>
<td>Shree RK industries</td>
<td>Arvind and Ravikumar</td>
<td>2015</td>
<td>Mysore</td>
<td>Flour’s of all grains</td>
<td>Expand business with new food and beverages</td>
</tr>
<tr>
<td>Royal touch</td>
<td>Alok Gupta</td>
<td>2000</td>
<td>Punjab</td>
<td>Handloom and hygiene products</td>
<td>Expansion of business beyond the national boundaries</td>
</tr>
<tr>
<td>Vishwakarma ivory art emporium</td>
<td>Gopiram</td>
<td>1968</td>
<td>Punjab (exporter)</td>
<td>Handicrafts</td>
<td>Expand business with diversified products</td>
</tr>
<tr>
<td>International surgical industries</td>
<td>Surjitsingh</td>
<td>1966</td>
<td>Punjab</td>
<td>Surgical instruments (all types)</td>
<td>Product development via research</td>
</tr>
<tr>
<td>AMAYA, Tamil Nadu</td>
<td>Simran Wahan</td>
<td>2009</td>
<td>Tamil Nadu</td>
<td>Handicraft product- artificial jewelry, handmade paper, box, paper bag, photo frame, gift items</td>
<td>To sell online and Tap international markets</td>
</tr>
<tr>
<td>Manjeet Industries</td>
<td>Bakshishsingh</td>
<td>1980</td>
<td>Madhya Pradesh</td>
<td>machineries</td>
<td>To go global</td>
</tr>
<tr>
<td>Presscom</td>
<td>Bakshish singh</td>
<td>1996</td>
<td>Madhya Pradesh</td>
<td>Engine Repairing</td>
<td>diversification</td>
</tr>
<tr>
<td>Balya Foundation</td>
<td>Anil Sadananda</td>
<td>2011</td>
<td>Mysore</td>
<td>Social works</td>
<td>Create more of social awareness among the citizens</td>
</tr>
</tbody>
</table>

7. Findings

1) The above mentioned entrepreneurs with the traditional business model like direct sales, franchise model, premium model, and subscription model based on the business environment and competition some of the innovative practices has been identified in the study.
2) Instead of relying on the suppliers they are sending their own employee and themselves are visiting to the new areas and state for identify the new opportunities.
3) Some entrepreneurs are themselves involved in research and development for new product as per the trend in the market.
4) Few entrepreneurs are offering course to train the students in their own field for example bakery products preparation and repairs of machinery and if the students excel in the training they are offering job which in turn for training they are using their own employees which reduces the cost of training and recruitment as well.
5) They are encouraging the employees to update their skill through the knowledge sharing through the help of online course and organizing the sessions by the experienced persons in the respective fields.
6) Instead of providing margins to the suppliers they are utilizing their own employees by offering them a monetary benefit for sharing data base and bringing customers for the business there are many employees who has benefited and succeeded to start their own agency as well.
7) Entrepreneurs these days are trying to be innovative and creative in order to sustain and grow in the existing markets by using diversified or modified strategies.
8) Many entrepreneurs have realized the worth and market potential and are trying their best to capture the foreign markets were they find opportunity exists.
9) Many entrepreneurs already to go along with the changing business environment and to continue in the market have already adopted new changes let it be technology, online marketing etc.
10) Entrepreneurs have already started using their capabilities in the best effective and efficient manner in order to be leaders in the markets by entering in foreign markets also.

8. Conclusion

Developing new business models for competitive advantage has become a priority for firms around the world, but relatively little is known about the nature and dynamics of this type of innovation has become a high priority in any business plan as the world of business is keep changing and all the industries and products are reaching early saturation. New entrants increasingly try to achieve both efficiency improvements and find novel ways of meeting customer needs while established firms mainly use new business models to improve efficiency and to sustain in the market with innovative strategy and products. “Business models based on new ways of meeting customers’ needs adopted by both new entrants and established firms were predominantly using the new technique to reach customers as the need and requirements of the customers are fast changing because of global completion if there is no unique identification of product then eventually lead the business towards loss, here the study concentrated on few entrepreneurs who are success because of the innovative thinking about expanding their business as well as involved themselves in research to identify the requirements of the customer and opportunities for effective utilization of available resources.

9. Suggestions

1) Innovations require not just inputs and capacity but also a political economy of reform. This involves creating a constituency for innovation where Government,
academia, industry and the citizenry are all participants in the innovation movement.

2) The Government can drive innovation through appropriate education policy and skill development.

3) With increasing access to the internet and the Information and Communication Technologies (ICT) revolution, along with wider penetration of media, there is tremendous scope for using these channels to disseminate information on innovation and create platforms for participation.

4) Systematic reform of the higher education system (including skill based marketable vocational education) in India, which would act as an enabler for developing the required intellectual capital as well as lay the foundation for effective collaboration between industry, educational institutions and the government.

5) Provide resources for emerging ventures.

6) Encourage industry bodies and chambers of commerce to take the lead in driving greater collaboration between businesses and start-ups.

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