

Impact of innovation and creativity on entrepreneurship

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Abstract: *India needs to create around 10 million jobs every year till 2030 to reduce the growing unemployment in the country. The rising population has had its effect on the jobs in the country. Accelerating entrepreneurship and business creation is crucial for such large-scale 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 is mainly discussed the role of creativity and innovations in entrepreneurship. Finally, the authors made some concrete suggestions for improving the creativity and innovations in entrepreneurship.*

Key Words: *Creativity, Entrepreneurship, Innovations, Organisation.*

1. INTRODUCTION:

Entrepreneurship is the art of starting a business, basically a startup company offering creative product, process or service. We can say that it is an activity full of creativity. An entrepreneur perceives everything as a chance and displays bias in taking decision to exploit the chance.

An entrepreneur is a creator or a designer who designs new ideas and business processes according to the market requirements and his/her own passion. To be a successful entrepreneur, it is very important to have managerial skill and strong team building abilities. Leadership attributes are a sign of successful entrepreneurs. Some political economists regard leadership, management ability, and team building skills to be the essential qualities of an entrepreneur.

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Entrepreneurship is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise de novo or diversifying from an existing one (distinct from seeking self employment as in a profession or trade), thus to pursue growth while generating wealth, employment and social good.

Three main conceptual approaches to entrepreneurship are found in the literature. The first—a functional approach—is concerned with the dynamic actors that make key decisions on investment, production, innovation, location, research and development. From this perspective, entrepreneurship is a psychological trait referring to dynamism, creativity and originality. This approach also includes managers of multi-national firms, state enterprises or non-profit organizations, and a variety of dynamic entrepreneurs within organizations. The second approach focuses on the firm as the key economic actor. The firms included here are owner-operated firms, incorporated joint stock companies, state-owned firms' joint ventures and subsidiaries of multinationals.

The third conceptual approach focuses on owner-operated enterprises. Within this approach, the entrepreneur is the person who is both owner and is actively involved in running the business. This relates to mainly small and medium-sized enterprises (SMEs), start-ups and self employment.

2. LITERATURE REVIEW:

By the 1980s, one of America's trademark fields, heavy industry, had been losing ground for at least two decades. Further, deregulation had gained momentum in the late 1970s, and by 1980, President Carter began deregulating industries from trucking to airlines to railroads. All combined, the external environment demanded that American management shift its thinking toward a more innovative, entrepreneurial approach to business. Halfway through the 1980s, three fourths of America's 113 million workers earned their living providing services and

establishing what would soon become known as the service industry. By the end of the 80s, entrepreneurship had taken off, and American managers were finally getting comfortable having shifted their focus from products to processes and from quantity to quality. It wasn't just happening in America. All across the world industries were undergoing transformation, which forced companies to begin laying the foundation for a new breed of innovation.

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.

3. OBJECTIVE OF THE STUDY:

- To study the role of innovation and creativity on Entrepreneurship.
- To find out Organizational Constraints against Innovation
- To understand the Innovation Capacity and Global competitiveness

4. RESEARCH METHODOLOGY:

The paper is based on the secondary data and mostly collected from books, journals, magazines internet etc. These data are thoroughly analyzed, reviewed and presented in this paper.

Innovations and India

The International Monetary Fund (IMF) reaffirmed that India will be the fastest growing major economy in 2018, with a growth rate of 7.4 per cent that rises to 7.8 per cent in 2019. Indian firms are successfully competing against international firms and brands, it can be concluded that this has been made possible by a combination of factors, including enabling environment, rising capital and labor productivity as well as improved quality of goods and services at lower costs.

The efforts of Indian companies to improve performance are also being supplemented by foreign investments in areas ranging from R&D to manufacture of consumer durables, electronics, automobiles, textiles, services, etc. In the post liberalization scenario, with the introduction of 'economic policies aimed at eliminating industrial licensing, reducing protection for internal products, allowing foreign direct investment and minimizing government controls and unleashing competition', Indian firms have been exposed to market forces where Innovation will increasingly play a key role in ensuring economic survival and achievement. In the growth of the Indian economy, Innovation is emerging as a key driver, although this may neither be apparent nor readily visible.

Creativity and Innovation

Creativity 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. Thus the value of creativity and innovation is to provide a gateway for statue entrepreneurship actively searching for opportunities to do new things, to do existing things in extraordinary ways. Creativity and Innovation therefore, trigger and propel first-rate entrepreneurship in steering organization activities in whatever new directions are dictated by market conditions and customer preferences, thereby delighting the customers to the benefit of the stakeholders. Innovation also means anticipating the needs of the market, offering additional quality or services, organization efficiently, mastering details, and keeping cost under control. No doubt, the current economic environment is a volatile and violent one. The new environment demands renewed dynamism of approach. Creativity and innovation is the new name of the game. Only the discerning organizations can manage the change inherent in the new environment. It is the duty of the entrepreneur to keep his/her organization lean, young, flexible, and eager for new things to continuously delight the customers, which is the purpose of every business.

Successful entrepreneurs require an edge derived from some combination of a creative idea and a superior capacity for execution. The entrepreneur's creativity may involve an innovation product or a process that changes the existing order. Or entrepreneur may have a unique insight about the course or consequence of an external change .Entrepreneurship is the vehicle that drives creativity and innovation.

Innovation creates new demand and entrepreneurship brings the innovation to the market. Innovation is the successful development of competitive edge and as such, is the key to entrepreneurship. Creativity is the starting point for innovation. Creativity is however necessary but not sufficient condition for innovation. Innovation is the implantation of creative inspiration.

Creativity

Creativity is marked by the ability to create, bring into existence, to invent into a new form, to produce through imaginative skill, to make to bring into existence something new. Creativity is not ability to create out of nothing but the ability to generate new ideas by combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good practical ideas that no one seems to have thought, of yet.

Creativity is also an attitude, the ability to accept change and newness, a willingness to play with ideas and possibilities, a flexibility of outlook, the habit of enjoying the good, while looking for ways to improve it. Creativity is also a process of Creative person work hard and continually to improve ideas and solutions, by making gradual alterations and refinements to their works. Contrary to the mythology surrounding creativity, very few of creative excellence are produced with a single stroke of brilliance or in a frenzy of rapid activity. Much closer to the real truth are the stories of companies which had to take the invention away from the inventor in order to market it because the inventor would have kept on tweaking it and fiddling with it,, always trying to make it a little better.

The entrepreneur is primarily concerned with developing new products, processor markets, and the ability to bring something new, product, processes or markets, the ability to bring something new into the market. The entrepreneur indulges in original thinking more than any other person thinks and he is able to produce solutions that fly in the face of established knowledge. Entrepreneurs are inclined to be more adaptable and are prepared to consider a range of alternative approaches. They challenge the status quo, which can sometimes bring them into conflict with their colleagues.

Innovation

Innovation is the process of bringing the best ideas into reality, which triggers a creative idea, which generates a series of innovative events. Innovation is the creation of new value. Innovation is the process that transforms new ideas into new value- turning an idea into value. You cannot innovate without creativity. Innovation is the process that combines ideas and knowledge into new value. Without innovation an enterprise and what it provides quickly become obsolete.

The dictionary defines innovation as the introduction of something new or different. Innovation is the implementation of creative inspiration. The National Innovation Initiative (NII) defines innovation as “the intersection of invention and insight, leading to the creative of social and economic value” Innovation is “value” – the creation of value adding value to customer’s satisfaction- “delighting the customers” .Innovation is the basis of all competition advantages, the means of anticipating and meeting customer’s needs and the method of utilization of technology.

Innovation is fostered by information gathered from new connections; from insights gained by journeys into other disciplines or places; from active, collegial networks and fluid open boundaries. Innovation arises from organizing circles of exchange, where information is not just accumulated or stored, but created. Knowledge is generated a new from connections that were not there before Innovation requires a fresh way of looking at things, an understanding of people, and an entrepreneurial willingness to take risks and to work hard.

An idea doesn’t become an innovation until it is widely adopted and incorporated into people’s daily lives. Most people resist change, so a key part of innovating is convincing other people that your idea is a good one – by enlisting their help, and, in doing so, by helping them see the usefulness of the idea.

Enterprises throughout the world are experiencing what can be legitimately described as a revolution: rising energy and material costs, fierce international competition, new technologies, increasing use of automation and computers. All these are major challenges, which demand a positive response from the entrepreneur and management if the enterprise is to survive and prosper. At a time when finance is expensive, the firm’s liquidity is bordering on crisis, the need for creativity, and innovation is more pressing than ever and as competitors fall by the way side, the rewards for successful products and process are greater.

The instigation of new development is the responsibility of the enterprises themselves, which, through experience, are aware of the difficulties created when undertaking innovative investments in a period of great uncertainty. Innovation calls for special entrepreneurial and management skills, the cooperation of a committed workforce, finance and a climate which will create the optimum overall conditions to encourage success.

Joseph Schumpeter (1934) believes that the concept of innovation, described as the use of an invention to create a new commercial product or service, is the key force in creating new demand and thus new wealth. Innovation creates new demand and entrepreneurs bring the innovations to the market. This destroys the existing markets and creates new ones, which will in turn be destroyed by even newer products or services.

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.

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”
8. **Culture:** The playing field of innovation includes:
9. **Leadership :**(sees the possibilities and positions the team for action-the role model)
10. **People:** (diverse groups of radically empowered people innovate –the source of innovation)
11. **Basic values:** (trust and respect define and distinguish an innovative organization-the backbone).
12. **Context:** Innovation is shaped by interactions with the world.

Forms of Innovation

In a start-up, the entrepreneur is regarded as the key factor 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:

- a. Innovation in processes, including changes and improvement to methods. These contribute to increases in productivity.
- b. Progressive Innovation in products and services are predominant, radical innovation opens up new markets. These lead to increases in effective demand which encourages increases in investment and employment.
- c. 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.

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%).

The study clearly shows that Indian organizations are yet to institute many systems and procedures required for supporting innovations. Although many of these organizations have formal R&D departments/divisions, it appears that R&D without the necessary organizational support is merely a ritual rather than the part of a proactive innovation strategy.

R&D facilities and organizational support for innovation are not to be treated as independent arrangements but have to emerge from an overall innovation strategy as complementary systems supporting each other. Absence of such

an integrative perspective and strategy seems to be the overarching constraint against innovations in Indian public sector organizations.

India's spending on R&D in terms of percentage of GDP has been at 0.6 to 0.7 percent (156 researchers/m population), China 1.2 (500 researchers/m), and USA 2.8 (4700/m). Total researchers in India are about 1.5 Lakh as compared to China's 8-10 Lakh and India produces fewer patents in relation to the size of its economy than other countries. Due to these statistics international comparisons rank India very low on the Innovation index.

Country	Innovation Capacity Index		Quality of scientific research institutions		University industry research collaboration		Availability of scientists & engineers		Utility patents (per million of people)		Public procurement of advanced technology	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
China	25	4.2	37	5.12	23	4.5	52	4.5	54	0.6	20	4.2
S. Korea	9	5.3	14	5.5	12	5.1	19	5.1	7	131	2	5.1
Japan	2	5.9	15	5.4	21	4.6	2	5.9	3	260	42	3.9
Brazil	27	4.0	43	5.13	50	3.6	57	4.4	58	0.5	84	3.4
India	35	3.8	27	5.1	45	3.6	3	5.7	57	0.5	88	3.4

Note: Rank refers to the economy's global rank on each indicator among 134 economies. Scores range from 1, low, to 7 highest, except for utility patents, where the score shows the number of patents per million people.

5. Suggestions for Strengthening of Creativity and Innovation in Entrepreneurship:

- 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.
- 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.
- 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.
- The Government can drive innovation through appropriate education policy and skill development.
- Encourage industry bodies and chambers of commerce to take the lead in driving greater collaboration between businesses and start-ups.
- Provide resources for emerging ventures.

6. CONCLUSION:

This paper concludes that Successful entrepreneurs require an edge derived from combination of a creative idea and a superior capacity (innovation) for execution and the efforts of Indian companies need to improve performance supplemented by foreign investments in areas ranging from R&D to manufacture of consumer durables, electronics, automobiles, textiles, services, etc. With liberalization and introduction of economic policies aimed at eliminating industrial licensing, reducing protection for internal products, allowing foreign direct investment and minimizing government controls and unleashing competition. Indian firms need to expose to market forces where Innovation will increasingly play a key role in ensuring economic survival and achievement. In the growth of the Indian economy, Innovation and creativity are emerging as key drivers for the success of an enterprise.

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