

IMPORTANCE OF INNOVATION IN ENTREPRENEURSHIP

Dr. Sonia Devi

Assistant Professor in Commerce

Dasmesh Girls College, Chak Alla Baksh, Mukerian (Punjab)

ABSTRACT

India is second most populous country in the world. Due to overpopulation, India is facing so many problems like, unemployment, poverty, starvation, unhealthy living conditions, pollution, etc. Unemployment has become a major problem in India that affects the economic prosperity of the country. This problem can be solved by accelerating entrepreneurship in India. Government of India is also doing so many efforts for employment generation and for development of entrepreneurship. Entrepreneurship refers to the professional application of knowledge, skill, ideas, and competencies by a person or group of persons by launching a new enterprise or diversifying existing enterprise. Moreover the entrepreneurship should be innovation-driven. Innovation means new or creative idea, new method for doing any work. In other words, it refers to the process of translating an idea into a good or service which creates value or satisfies the customer. So without innovation and creativity, it is very difficult for enterprises to survive in the competitive world. The purpose of this study is to know about significance of innovation and creativity in entrepreneurship and this study is based on secondary data, which is collected from various websites, journals, books etc.

KEYWORDS Entrepreneurship, Innovation, Importance, India.

INTRODUCTION

Entrepreneurship is a process of launching, designing and running a new business and it has become a prominent concept throughout the world. It can be described as a capacity and willingness to develop, organize and manage a business organization by taking so many risks to earn profits. The person who creates this business is called **entrepreneur**. In developing countries like India, entrepreneurship has become a potent tool to solve the problem of unemployment and for economic prosperity of the nation. But the entrepreneurship should be innovation driven. The government of India is also taking a lot of steps to promote entrepreneurship. In the competitive world, it is very difficult for the businessmen to run the

business successfully without innovation and creativity. The success of any enterprise depends upon the entrepreneur. There are some important qualities of an entrepreneur for success of any enterprise or business organization like he should be hardworking, risk taker, innovative, visionary, honest, creative, punctual, disciplined, open minded, good communicator, passionate, etc.

REVIEW OF LITERATURE

Beaver (2001) states, “innovations coupled with the ability to think and manage strategically are the key factors that distinguish and elevate the entrepreneurial firm from the small business venture” (p.425). **Herbig et al.** (1994) highlighted that entrepreneurs themselves do not consciously innovate, but intentionally seek opportunities. **Brazeal and Herbert** (1990) emphasized that the concepts of change, innovation and creativity have been largely ignored by entrepreneurship researchers and vice versa although, in their view they are integral components of entrepreneurship and basic requirement for entrepreneurship research to become a more important management research field. According to **Zhao (2005)**, “a combination of entrepreneurship and innovation holds the key to organizational sustainability in this period of rapid change and non linear dynamics.” (p. 25). Zhao (2005) points out three main propositions:

- Innovation and entrepreneurship are complementary because innovation is the source of entrepreneurship and entrepreneurship allows innovation to flourish and helps to realize its economic value.
- Entrepreneurship uses innovation to expand business scope and growth
- The development of entrepreneurship and innovation, and interaction between them for the successful commercialization of innovation, require an organizational culture and management styles that are innovation focused and supportive. (p.34-35)

OBJECTIVES OF THE STUDY

- ✓ To understand the concept of entrepreneurship
- ✓ To get knowledge regarding innovation and creativity
- ✓ To know about importance of innovation based entrepreneurship in India.

RESEARCH METHODOLOGY

This study is purely based on secondary data which is collected from various websites, journals etc.

HISTORY OF ENTREPRENEURSHIP

The word entrepreneur is borrowed from French word, “entreprendre”, which means, “one who undertake”. The concept of entrepreneurship is very old. The connection of risk with entrepreneurship developed in 17th century. John Law, a Frenchman was one of the entrepreneurs at that time. Richard Cantillon was a well known economist at the beginning of 17th century he viewed the entrepreneur as the risk taker by observing merchants, farmers, craftsmen, and other sole proprietors who buy at certain price and sell at an uncertain price, therefore operating at risk. In the 18th century, the entrepreneur was distinguished from capital provider. In late 19th and early 20th centuries, entrepreneurs were generally not distinguished from managers and were viewed mostly from an economic perspective. At that time the entrepreneur was viewed as a person who organizes and manages an enterprise for personal gain. In the 20th century, Joseph Alois Schumpeter, an Austrian-American economist studied entrepreneurs and impact of entrepreneurial capitalism on society. As he wrote in the Theory of Economic Development, he believed that innovation and creativeness distinguished entrepreneurs from other business persons. According to Schumpeter an entrepreneur is willing and able to convert a new idea or invention into a successful innovation. In 2000s the term “entrepreneurship” extended from its origin for profit businesses to include social entrepreneurship, in which the businessmen should also consider the social environment and have to do work for welfare of society. The concept of political entrepreneurship was also introduced political entrepreneur may refer to a businessman who seeks to gain profit through subsidies, government contracts, or other such favorable arrangements with government through political influence.

TYPES OF ENTREPRENEURSHIP:

Some of the types of entrepreneurship are as below

- **INTRAPRENEURSHIP**

The term “Intrapreneurship”, was first formally defined in 1992 in American Heritage Dictionary as “a person within a large corporation who takes direct responsibility for turning an idea in a profitable finished product through assertive risk taking and innovation”. The main objective of intrapreneurship is to create opportunities for employees to be more self directed in order to enable them to be more creative and innovative.

- **TECHNOPRENEURSHIP**

It is the combination of two words ‘technology’ and ‘entrepreneurship’. It refers to a process of merging technological and entrepreneurial talents and skills. Technology is used for transformation of goods and services. Techno entrepreneur is an entrepreneur who is technology savvy, innovative, calculated risk taker, dynamic and very passionate about his work.

- **CULTURAL ENTREPRENEURSHIP**

It is a process under which cultural entrepreneurs organize cultural, financial, social and human capital to generate revenue from cultural activity. The environment, in which cultural entrepreneurs perform their work, influences their personalities and processes.

- **INTERNATIONAL ENTREPRENEURSHIP**

It is a process of an entrepreneur performing business activities across the national boundaries. It refers to exporting, importing, licensing, or franchise or office in another nation. International entrepreneurship is beneficial when the product is demanded at international level. At present various companies or organizational are working at international level to earn profit by proving goods or services to international customers.

- **ECOPRENEURSHIP**

This is also known as ‘Green Entrepreneurship’. This term began to be popular in 1990s. Under this the entrepreneur conducts the business activities by taking into consideration the environment. According to Gwyn Schyler’ “Ecopreneurship, also known as environmental entrepreneurship and eco capitalism, is becoming more widespread as new market based approach to identifying opportunities for improving environmental quality and capitalizing upon them by the private sector for profit”.

INNOVATION Innovation refers to new and creative idea, new imagination or thoughts. In other words, it refers to application of new or creative methods to achieve better results. According to Joseph Schumpeter (1934), 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. It has become a very important concept to achieve the goals or objectives of the business organizations.

A 2014 survey of literature on innovation found more than 40 definitions of innovation. An industrial survey was conducted regarding how the software industry define innovation in which definition which was given by Crossan and Apaydin considered to be most complete and built on the Organization for Economic Co-operation and Development manual's definition (Edison, H., Ali, N.B., & Torkar, R. (2014). The following is the definition

“Innovation is production or adoption, assimilation, and exploitation of a value added novelty in economic and social spheres; renewal and enlargement of products, services and markets; development of new methods of production; and the establishment of new management system. It is both a process and an outcome.”

Fiona Fitzpatrick provided some key elements of innovation which are following

1. Challenge what we are trying to change or accomplish-the “Pull”
2. Customer focus Creating value for your customer- the “Push”
3. CreativityGenerating and sharing the ideas-the “Brain”
4. CommunicationThe flow of information and ideas-the “Life Blood”
5. CollaborationPeople coming together to work together on the ideas(s)-the “Heart”
6. CompletionImplementing the new idea- the “Muscle”
7. ContemplationLearning and sharing lessons lead to higher competency- the “Ladder”
8. CultureThe playing field of innovation
9. LeadershipSees the possibilities and positions , the team for action-the role model
10. PeopleDiverse groups of radically empowered people to 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.

INNOVATION AND ENTREPRENEURSHIP

Innovation has become an important part of entrepreneurship. No business organization can survive in competitive world without creativity and innovation. At present, various business organization are working at international or global level, due to which these organizations have to face stiff competition, so without innovation and creativity , achievement of desired result is not possible. So every entrepreneur should be innovative and creative to get success in business.

IMPORTANCE OF INNOVATION IN ENTREPRENEURSHIP

The following are some important merits of innovation and creativity in entrepreneurship

✓ TOOL TO SOLVE MANY PROBLEMS

The innovation driven entrepreneurship is essential to solve many problems, which are faced by the countries. For example, in India, there are many problems like, poverty, unemployment, underdevelopment etc. Because India is a populous country due to which unemployment has become a major problem due to lack of jobs. So, Entrepreneurship is an important tool to create jobs to solve problem of unemployment. But if entrepreneurship is not creativity or innovation based, then the desired results cannot be achieved. Government of India is also taking so many steps to promote innovation and creativity in entrepreneurship, like govt. introduced a scheme, ASPIRE (A Scheme for Promotion of Innovation, Rural Industries And Entrepreneurship) to set up a network of technology centres and to set up incubation centres to accelerate entrepreneurship and also to promote start ups for innovation in agro industry. To boost entrepreneurial spirit in India, Atal Innovation Mission, a flagship initiative of NITI Ayog was introduced. There are so many schemes were launched by Indian government for promotion of innovation. The innovation driven entrepreneurship can develop the nation economically.

✓ TO SATISFY AND RETAIN THE CUSTOMERS

Customers are very important for business enterprises to earn profits. At present, Customer is considered as a “King”. The business organization can survive only by

satisfying the customer's needs or requirements. Now customers have total control over whom they are, what they do, and what, how and where they purchase and procure products or services. So due to these growing expectations and choices of customers, the business organizations have to become more customers centric through innovative amendments.

✓ **CATCH UP WITH ADVANCES IN TECHNOLOGY**

The technology advances are pressurizing the entrepreneur to adopt innovation. Internet has connected the whole world. The companies are using internet to create new customers. They are using social media, websites to attract the customers. Due to availability of low cost internet connectivity, the customers are gaining more knowledge regarding product, services, fashion and trends etc. Due to new technologies, the trends and fashion are changing so rapidly. So if any enterprise will not catch up with technology advances then that will be unable to survive and grow. New technologies should be taken in consideration by entrepreneurs to beat the competitors and to cope up with changing environment factors.

✓ **TO COMPETE AT GLOBAL LEVEL**

In these days, the whole world has become a village due to digitalization and internet. The companies are working or doing business at international level. Multinational companies are performing business activities across the national boundaries. Due to increase in multinational companies, the domestic firms or organization are facing cut throat competition. So due to competition, only the companies, which are creative and innovative, can survive and grow, by attracting and retaining customers.

✓ **SURVIVAL AND PROSPERITY**

The long term survival and growth are key objectives of every business enterprise. So to survive and grow, the enterprises have to satisfy and retain customers. In these days, customers demand new and innovative product to meet his requirements. So only innovation driven organizations can meet their demands and can retain them for long period.

✓ **IMPROVEMENT IN QUALITY**

Quality of any product or service matters a lot to attract and retain the customers in present era. Customers wish to purchase the product or service that is of good quality. So innovation and creativity is important factor to improve the quality of products or services with new or innovative methods or processes of production.

✓ **PROPER UTILIZATION OF RESOURCES**

There are so many resources which are scarce and used for production of any good or product. So these resources should be properly utilized and wastage should be reduced. In order to reduce wastage and for proper utilization of resources, new and innovative method or techniques should be used by entrepreneurs. So innovation has become an important factor which must be considered by the entrepreneurs.

STORIES OF SOME INNOVATIVE STARTUPS IN INDIA

The following are some stories of startups in India

❖ **BOLT RED STREAK**

Bolt Red Streak was launched in July 2015 with 30 bolt authorized dealers across India. Satyajee Mohanty is CEO and founder and Ronak Kumar Samantray is co founder of this start up. It introduced world's first smart mobile phone charger for motorbikes. It has unique detachable design to prevent theft and misuse of device. It introduced a 2A charger, which not only charges your mobile phone, but also automatically tracks your entire ride on route map, total distance, average speed etc. using the Bolt Rider App.

❖ **WOW! MOMOS**

Sager Daryani and Binod Kr. Homagai are the founders of this enterprise. It is headquartered in Kolkata and operational in Delhi, Chennai, Kochi, Pune, Noida, Kanpur etc .Wow! Momos is a quick service food chain serving large variants of innovative momos and Tibetan cuisine in dine in, delivery and take away format. This was launched in 2008 with an investment of only Rs. 30,000 and it earned turnover more than Rs. 135 crores as FY 2016-17. As of October 2018, Wow! Momos has over 200 outlets across 13 cities in India. This enterprise was awarded As Best Dim-Sum Product Chain-Indian Restaurant Congress Award 2016. In 2018; it got Coca-Cola Golden Spoon Award-Best Innovation in Store Design 2018.

❖ **CHAAYOS (SUNSHINE TEAHOUSE PVT.LTD)**

It is founded by Nitin Saluja and Raghav Verma in 2012 in New Delhi, since then the chain has been adding outlets at a rapid pace. It is a contemporary interpretation of the 'CHAI ADDA'. Chaayos offers more than 25 varieties of tea, customizable in so many ways. It delivers tea in Delhi, Gurgaon(now known as Gurugram), Noida, Mumbai, Chandigarh, Bangalore etc. and orders can be placed by using the Chaayos App or by calling them. It also allows the customers to prepare tea at home by using the packed 'chai patti' available in Chaayos cafes and on e-commerce sites like Amazon .in. Chaayos launched its largest outlet at Mumbai airport to target global travelers. According to company, Chaayos has revenue of Rs. 27.28 crores in 2016-17 and reduced its losses by 55% from previous year. The company invested in technology and developed all its systems. It is also able to track time taken for order to customer and efficiency of each and every team member through app based work station screen to optimize operations and deliver faster customer service level.

So these are some example regarding innovative entrepreneurship. These enterprises focused on innovation and technology and achieved success in shorter span of time.

CONCLUSION

Innovation driven entrepreneurship has become an important factor for economic development and to solve many major problems like unemployment, poverty etc. in India. Indian government is also doing efforts to promote innovation and entrepreneurship by launching various schemes. Innovation refers to creativity and new ideas According to Joseph Schumpeter (1934), 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. In simple words, Innovation driven entrepreneurship refers to using new ideas, thoughts and creativity to perform entrepreneurial activities. Due to more competition at global level, the entrepreneurs have to use new ideas to beat the competitors and to attract and retain the customers. Innovative entrepreneur can get success by beating those existing entrepreneurs, who are not focusing on innovation. So, innovation has become important factor for providing higher quality product or services to

customers, to capture maximum market area, to cope with changing environmental factors, to survive and grow for longer period. There are so many innovative entrepreneurs at national and international level, who achieved success in their businesses by using their creativity and new thoughts. For examples, Mark Zuckerberg, founder and CEO of Facebook, got success in his young age due to his innovative thinking and ideas. In India, entrepreneurs, like Dhirubai Ambani, Ratan Tata, and other so many entrepreneurs got success by using new thoughts and creativity.

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