

INNOVATION IN ENTREPRENEURSHIP MANAGEMENT: NEED OF HOUR

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ABSTRACT

Thinking new things is creativity and executing new things is innovation but there is no significance of creativity and innovation until it is converted into value addition and creating value in the marketplace is entrepreneurship. This paper tries to throw light on linkage of innovation with entrepreneurship. It focuses on how an entrepreneur can adopt innovation for grabbing business opportunity. It discusses about various traditional and modern forms of innovation. It also emphasizes on role of academicians in building and developing innovative skills which can contribute to success of entrepreneur.

Keywords: *Creativity, Entrepreneurship, Innovation*

I. INTRODUCTION

Contribution of innovation to mankind is remarkable. It is a source of human intervention in its own evolution. Whether systematic or accidental, innovation has always affected our lives in one or another way. Innovation has come a long way in billions of years of human existence. Even in the area of economy, innovation played an important role in finding and redefining its various aspects. Innovation being so imperative to development of all the dimensions touching humanity, was not being considered as a separate discipline for a long period of time. But in recent times some institutions have started treating it as a separate discipline. With this inclusion, these institutions succeeded not only in developing new products or processes but they also succeeded in determining when, where and to what extent innovation is needed. This paper attempts to identify different forms of innovation and their applicability to entrepreneurship. It also emphasizes on the role of academicians in developing innovative skills leading to successful entrepreneurship management.

II. INNOVATION: A LINK BETWEEN CREATIVITY AND ENTREPRENEURSHIP

‘Being Unique has no value in itself, unless it gives the customer something of value.’ Entrepreneurship is a combination of creativity and innovation. It can be said that innovation is the link between creativity and entrepreneurship. Ability to develop new ideas is creativity and ability to apply those ideas is innovation. Thus, thinking new things is creativity and doing new things is innovation but there is no significance of creativity and innovation until it is converted into value addition and creating value in the marketplace is entrepreneurship. Creativity is all about coming up with the big idea whereas innovation is about executing the idea—i.e. converting the idea into a successful business opportunity. Entrepreneur is the person who grabs this opportunity

and practically implements the idea. Peter Drucker defines innovation as “the act that endows resources with a new capacity to create wealth” and continues: “Innovation, indeed, creates a resource. There is no such thing as a resource until man finds a use for something in nature and thus endows it with economic value. Until then, every plant is a weed and every mineral just another rock.” [1] An entrepreneur can adopt various forms of innovations, some of which are as follows:

2.1 Incremental Innovation—It is the most common form of innovation. Incremental innovation refines and improves an existing design through improvements in the components. It is a process of making the product better than its earlier form. For example, introducing fully automatic washing machine in place of semi-automatic washing machine.

2.2 Radical Innovation—It is comparatively rare form of innovation. It establishes a new dominant design and hence a new set of core design concepts embodied in components that are linked together in a new architecture. For example, developments resulting in different new forms of telephone, computer, etc. There is a very thin line of difference between invention and innovation.

2.3 Modular Innovation—It doesn't involve a whole new design but it involves new or at least significantly different components. In case of modular innovation the basic function remains the same but it is done with new components.

2.4 Architectural Innovation—It is defined as reconfiguration of established system to link together components in a new way. In case of architectural innovation, the function changes dramatically. There could be improved components but they are not essential.

Hence, a process of intentional change made to create value by meeting opportunity and seeking advantage is termed as innovation. The above mentioned forms of innovation can be categorized as 4 P's of innovation which are listed below:

- Product Innovation
- Process Innovation
- Position Innovation
- Paradigm Innovation

III. USAGE OF INNOVATION IN ENTREPRENEURSHIP

Innovation is driving force for all businesses, whether big or small. Whether big MNCs who want to thrive through their path-breaking ideas or whether a small enterprise somewhere located at isolated place from mainstream economy and struggling with scarce resources, innovation is a need of everyone. And sometimes these companies come with wonderful innovations which sets example for others. You just need to sense the demand and work on that direction. Demand could have generated through environmental change or it already existed though untapped. In their pursuit of growth, the innovators try to sense these demands and direct their energy to innovate new products and processes which could fulfil customers' need. Innovations has given wings to every idea, from the invention of wheel to hyper loop, we can see the mode of travelling keeps on changing, but the commuting itself is evolving for better reasons. This is the essence of innovation, a person who dares to

think out of the way could land up with something, which is easy, better and at the same time extra ordinary. Another important characteristic of innovation is its imitation across markets and across disciplines. Something which has been invented lets say in biology could find its use in some other discipline too. The much touted bitcoins now a days is based on a very useful technology called blockchain which could be useful in revolutionising many other industries. One such attempt has been made by MIT Media Lab and Beth Israel Deaconess Medical Center under the name MedRec. With its use, patients can share their medical history with various doctors which are much needed for proper treatment.

“Entrepreneurship and innovation are positively related to each other and interact to help an organisation to flourish; entrepreneurship and innovation are complementary, and a combination of the two is vital to organisational success and sustainability in today's dynamic and changing environment.” [2] Neither entrepreneurship is limited to only one field nor there only one form of innovation. An entrepreneur can adopt any form of innovation to achieve success. Some of its examples are as follows:

3.1 Corporate Entrepreneurship

Corporate entrepreneurship is another example of usage of innovation in entrepreneurship. *W. D. Gurth* and *A. Ginsberg* defined corporate entrepreneurship as “the birth of new business within existing organization, i.e. internal innovation or venturing and the transformation of organization through renewal of the key ideas on which they are built, i.e. strategic renewal.” It is also called in-trapreneurship. There are many different organizational designs which can be adopted for corporate entrepreneurship such as direct integration, special business unit, new venture division, contracting, complete spin off, etc.

3.2 Social Entrepreneurship

Innovation could also be small, simple and beautiful sometimes helping people under distress. There is class of entrepreneur which we call as social entrepreneur who consistently work to improve lives of deprived ones through their innovation in one or another. *Vinobha Bhawe* once came up with an idea to ask for land from rich farmers and zamindars and redistribute them among poor and landless farmers. *Mohammed Younus* who saw potential in rural women, started microfinance under the name ‘Grameen bank’ to finance tiny business of these women to make them self reliant. These movements in India and Bangladesh respectively had affected many lives for good. Many social entrepreneurs of new generation are coming up with innovative products and models which are affecting the poor for their own betterment in various ways.

3.3 Agile Innovation

Agile innovation is another great development. The change that it brings in could be very useful for entrepreneurs. Besides IT sector, agile methodology has set foot in across all domains. There is lot of confusion about agile innovation. It promotes creative thinking and delegation. Small teams are made who prepare set of ideas and try to priorities them. The top priority task is then broken in small modules. They work on each module and test them systematically. The tools adopted are scientific with full use of performance metrics. It saves the whole system from the drawbacks of debates, meetings and unwanted interferences. And why only agile, we have design thinking, frugal innovation, disruptive innovation, reverse innovation and many others to work on.

3.4 Frugal Innovation

When we talk about innovations we could not undermine the importance of frugal innovation or *jugaad*. It teaches us how to use our limited resources efficiently which is the actual characteristics of poor and developing economies. During earthquake in Nepal, one problem that the people were facing was to charge their mobile. A boy came up with idea to connect the charger with small solar panel. The idea really worked and helped many. We may have experienced a ride on rickshaw which is driven by a motorcycle. Many of us may have innovated something in this way. Jugaad is a much localised version of innovation which sometimes could have potential of wide commercialization. And now the entrepreneurs in developed countries are also realising its potential and embracing it for innovation.

An entrepreneur can find his business opportunity anywhere. For instance, the latest trend is to fill online form for almost everything whether it is admission form or examination form or filing income tax return or applying for new gas connection, etc. Besides that it has now also been made mandatory to link your mobile and pan card number with your Aadhar number. A huge section of Indian population is still not very techno friendly. They find it difficult to do all these tasks themselves. Some people converted this difficulty into their business opportunity. They are doing these tasks for other people and charging money from them. Thus, a person can be benefitted by converting difficulty into opportunity also.

Innovation can be applied to entrepreneurship from local to international level. “The business model by which firms operate needs also to accommodate the spatial dimensions indicated by globalization; and the emergence of global technology markets.”[3]

IV. ROLE OF ACADEMICIANS IN DEVELOPING INNOVATION SKILLS FOR SUCCESS OF ENTREPRENEURSHIP MANAGEMENT

Innovation in itself has emerged as very rich and diversified discipline. It opens a lot of scope to research on various issues. Many companies have started treating innovation as a process. A set of stages, when completed in a proper way, may generate innovative solutions which would be far better than solution based on emotions.

Adoption of latest technologies gets limited to few dynamic entrepreneurs. What are the impediments that affect the spread of the new ways of innovation among entrepreneurs? What measure could be taken to ensure reach? What would be the effect of different new technologies across different industries and across different economic regions? Or what we could do to train small and traditional businesses with these technologies?

These are the some questions which can be answered by academicians. One important point that needs academic attention is timing of innovation. The companies in time of turmoil see innovation as last resort. But many times they end up in more problems. Should we try to grab new opportunities in haste or should we wait, watch and let others fail and when everything is clear we should adopt that technology. Predictability of change is very important. It gives you right direction to innovate and if the scenario is not clear it is advisable to wait. This phenomenon has been observed across many industries.

Certain studies have also shown that innovation does not always serve as a boon for business. Sometimes you just need to wait and watch what is happening in your industry and try to reap the benefit of being a late mover. If being first mover is always advantageous then Motorola would have been leading in handheld mobile phone

industry or Kodak would have been leading company in camera industry. Further studies on various industries have shown too much innovation also lead to underperformance of the organization. It is very important to find when to innovate and to what extent to innovate.

Innovators have a spark to change the status quo. They always search for new opportunities, think out of the box and try to find a unique way of doing certain things. There is a long time debate whether innovation could be taught or not. The most important part which remains untouched by most of the curriculum; though some of the expert institutes have developed curriculum to develop skills of innovation and creativity. To embrace innovation one need to understand about its features and its compositions. Lot of work has been done by various academicians in this direction. One such study which is of the view that innovation could be developed among trainees found that it consist of 5 dimensions- Association, observation, questioning, experimenting and networking. Association is the base of creativity, complemented by new knowledge, our brain associates different information to form a new and deeper insight about certain issues, which forms creative solutions for certain problem. Don't let your curiosity die, keep on observing your customers, your surroundings, people around you, keep on asking question to others and to yourself too. Why I should do this thing and why not and what if I will do in that way? Don't hesitate from experimenting, access knowledge from various disciplines, and meet different people of different cultures. These are certain habits that will instigate creativity in you. Just keep on practicing them continuously, you will see the difference. It's not that hard to innovate, you just need a right approach. One such method to get innovative solution is idea management system.

4.1 Idea Management System

Now a day's innovation is not being governed by emotions but by set of procedures that makes it as systematic as other management disciplines. Various intelligence systems called idea management systems have been developed by software firms to process innovation. Different stakeholders of organisation share problems at a common portal, where they are allowed to suggest idea to solve these problems. These ideas if found viable are converted into innovations. Even in some cases, a separate set of innovation team handles the whole process. The stakeholders serve as a better idea generation source as they are directly dealing with the problem. It's a matter of collective intelligence, where group of people together try to solve the problem. The success of such a innovation system basically depend on ideation rate, which is the ratio of total number of idea approved to the total number of active users in the system. Higher ideation rate is property of collective intelligence: more the participants, frequent idea generation, bigger ideal evaluation base and participants from different background lead to creation of solid innovations. What happens actually, collective intelligence triggers the creativity among participants and they come up with variety of ideas which may sound vague but many times when they are properly evaluated they end up in a break through innovation.

The usefulness and predictable power of business models are expected to help entrepreneurs make more informed decisions, thus increasing the chances of success.[4]

V. CONCLUSION

Innovation itself is getting innovated and thereby opening lot of scope for further innovation. Academicians have a major role to play in making this discipline rich in content and full of applicable options for varieties of problem. Making innovation is not the guarantee of success of entrepreneurship. It depends upon a combination of many factors but there are four essential primary characteristics which must be possessed by a person to become a successful entrepreneur---passion for business, product or customer focus, tenacity despite failure and execution intelligence. Academicians can help in developing these qualities in an entrepreneur.

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