

INNOVATION AND ENTREPRENEURSHIP IN TODAY'S SCENARIO

MR. SANJAY MANOCHA*

*Assistant Professor,
Bharati Vidyapeeth University Institute of Management and Research,
Vihar, New Delhi.

ABSTRACT

Entrepreneurship can be viewed as a creative and innovative response to the environment and an ability to recognize, initiate and exploit an economic opportunity. An entrepreneur is an innovator who introduces something new in an economy. Entrepreneurship is doing things that are generally not done in the ordinary course of business. Innovation may be in; introducing a new manufacturing process that has not yet been tested and commercially exploited, introduction of a new product with which the customers are not familiar or introducing a new quality in an existing product, locating a new source of raw material or semi finished product that was not exploited earlier, opening a new market, hitherto unexploited, where the company products were not sold earlier, developing a new combination of means of production. Innovation involves problem solving and an entrepreneur is a problem solver. An entrepreneur does things in a new and a better way. A traditional businessman working in a routine manner is not entrepreneurial.

Innovation leads to the dynamics that governs the interaction between science, industry, and society. Innovative organization wants must have to prepare for renewing the offerings and its delivery process to its stakeholders to survive in today's globalised world. In the present paper, concept of innovation and entrepreneurship has been studied by the authors. The paper will also include examples of innovative entrepreneurs and how the innovation in products/services helps the business in survival and growth in present globalised market place.

1. INTRODUCTION

1.1 ENTREPRENEURSHIP

The basic question which we ask ourselves whenever we are talking about entrepreneurship development are -

What is entrepreneurship?

Who is an entrepreneur?

And the answers to these questions are even easier than the questions itself.

An entrepreneur is a person who develops a new idea and takes the risk of setting up an enterprise to produce a product or service which satisfies customer needs. All entrepreneurs are

business persons, but not all business persons are entrepreneurs. Entrepreneurship is the activity which is being carried out by the Entrepreneur. Generally Entrepreneur is the concerned authority of the business, without their permission, not single changes or decisions are made. In other words, “An Entrepreneur” is an owner or manager of the business enterprise who makes money through risk or initiative. They are responsible for any changes happened in the business or in the organization.

LET US NOW THINK OF WHY ALL BUSINESS PERSONS ARE NOT ENTREPRENEURS?

Think of a woman who sits by the roadside leading to your home and who has been selling the same type of food, from the same size of saucepan or pot, from the same table top, and may not have been able to change her standard of living to any appreciable extent. Such a woman may be a business person but not an entrepreneur. The entrepreneur on the other hand is the business person who is not satisfied with his/her performance and therefore always finds ways to improve and grow.

Hence, we see Growing of a business concern is a very important part of entrepreneurship development. Growing by size, level of activities and operations conducted number of people involved, etc accounts for growth of an enterprise but this growth cannot occur until the entrepreneur himself is ready to INNOVATE! Yes, until the entrepreneur is ready to take the risk to innovate new things he cannot grow his business.

1.2 INNOVATION

Innovation means "to renew or change".

Although the term is broadly used, innovation generally refers to the creation of better or more effective products, processes, technologies, or ideas that are accepted by markets, governments, and society. Innovation differs from invention or renovation in that innovation generally signifies a substantial positive change as compared to incremental changes.

The following diagram is referred to as an Innovation Value Chain because it represents the very general sequence of activities that create value in our society and economy. Simply put: discoveries result in new ideas in the form of knowledge and concepts, inventions result in new technologies and business models, and innovation exploits inventions to allow for the creation of value through commodities, goods, services and experiences.



Source: [http://resources.talcie.org/topics-andactivities/creativity-innovation-and-entrepreneurship-topic-notes/creativity, discovery, invention, innovation. png? altdirects=0](http://resources.talcie.org/topics-andactivities/creativity-innovation-and-entrepreneurship-topic-notes/creativity,%20discovery,%20invention,%20innovation.png?altdirects=0)

Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the change and their symptoms that indicate opportunities for a successful innovation. And they need to know and to apply the principles of successful innovation. Of these factors: natural raw materials, physical and mental labor and capital. An innovation is a new combination of these three things. Entrepreneurs, as innovators, are people who create new combinations of these factors and then present to the market for assessment by consumers. This is a technical conceptualization of what is innovation is about. it does not give the practicing entrepreneur much of a guide to what innovation to make, or how to make it, but it should warn that innovation is a much broader concept then just inventing new products. It also involves bringing them to market.

1.3 IMPORTANCE OF INNOVATION IN ENTREPRENEURSHIP

Any business is integral to the economy. Without it, our economy would not survive. But a business must also sustain itself, be able to constantly evolve to fulfill the demands of the community and the people. In every business, it is imperative to be industrious, innovative and resourceful.

Entrepreneurship produces financial gain and keeps the economy afloat, which gives rise to the importance of innovation in entrepreneurship. Entrepreneurs are innovators of the economy. It is not just the scientist who invents and come up with the solutions.

The importance of innovation in entrepreneurship is shown by coming up with new way to produce a product or a solution. A service industry can expand with another type of service to fulfill the ever changing needs of their clients. Producers can come up with another product from the raw materials and by-products.

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. Manufacturers are constantly innovating to produce more without sacrificing the quality.

Companies and enterprises keep innovation as part of their organization. Innovations contribute to the success of the company. Entrepreneur, as innovators, see not just one solution to a need. They keep coming up with ideas and do not settle until they come up with multiple solutions. Innovation is extremely important that companies often see their employees' creativity as a solution. They come up with seminars and trainings to keep their employees stimulated to create something useful for others and in turn, financial gain for the company.

Other factors that raises the importance of innovation in entrepreneurship is competition. It stimulates any entrepreneur to come up with something much better than their competition in a lower price, and still be cost-effective and qualitative.

Small businesses see the importance of innovation in entrepreneurship. They were able to compete with large industry and see their value in the economy. Small businesses are important as they are directly involved in the community and therefore, contribute to their financial and economic gain. These small businesses know exactly what community needs and fulfill them. All things start small.

Innovation is important not just in entrepreneurship. As individuals, we are innovators by adapting well to our needs and create our own solutions. Entrepreneurs are the same. The innovation in entrepreneurship helped the country by changing with the times and producing new products and service from ones that already exists. And, being innovative has helped us become successful in all our endeavors.

In business and economics, innovation is the catalyst to growth. With rapid advancements in transportation and communications over the past few decades, the old world concepts of factor endowments and comparative advantage which focused on an area's unique inputs are outmoded for today's global economy. Now, competitive advantage, or the productive use of any inputs, which requires continual innovation is paramount for any specialized firm to succeed. Economist Joseph Schumpeter, who contributed greatly to the study of innovation, argued that industries must incessantly revolutionize the economic structure from within, that is innovate with better or more effective processes and products, such as the shift from the craft shop to factory. He famously asserted that "creative destruction is the essential fact about capitalism." In addition,

entrepreneurs continuously look for better ways to satisfy their consumer base with improved quality, durability, service, and price which come to fruition in innovation with advanced technologies and organizational strategies.

1.4 THE FACE OF THE INNOVATIVE ENTREPRENEUR

Albert Cannella, professor of management at the W. P. Carey School, says that sometimes the difference between an innovative venture and a replicative one is subtle. "Innovative entrepreneurship may cover what's been tried and has failed in the past, for example.

There are really two parts that go into innovative entrepreneurship; one is the invention -coming up with a new idea for a good or service. But the other is successfully converting that idea into a product or service and commercializing it.

In that sense, an electric car that really worked and was well-adopted by consumers would be an innovation. Even though electric cars have been produced (invented) before, they have yet to be successfully commercialized.

Innovators also might look quite different from one another; there are innovators who develop new technologies, like we're seeing right now with biotechnology. There are innovators like Michael Dell who pair existing technologies with a creative business model. And there are entrepreneurs who find innovative ways to improve applications of new and existing technologies, as Innovative Solutions & Support Inc. did when designing flat-screen displays for airplane cockpits.

The common thread among each type of innovator is that they all continue to innovate to sustain their business. "Motorola began by making converters and has transitioned from there to car radios, to mobile radios for World War II, to TVs, to stereos, and to cell phones. Faced with new low cost producers for its existing product line, the company would have failed had it not continuously innovated."

But for the entrepreneur looking to innovate, whether by developing a new good or service, employing a new business model, or applying existing technologies in new ways.

"The Phoenix Company TGen, for example, quite consciously pursues innovation through state-of-the-art research. Right now they're trying to take the latest developments in medicine and transfer them to the bedside to serve a global population.

In contrast, Another Phoenix Company, JDA Software, was created when its founder realized that then-available supply chain management software for retail companies wasn't sophisticated enough. He took that realization and turned it into an innovation, which now serves a global population.

2. RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

- a) To study entrepreneurship and innovation
- b) To study role of the innovative entrepreneur in economy.
- c) To study and present examples of innovative entrepreneurs.

I have used descriptive research design. Data has been collected from secondary sources.

3. FINDINGS OF THE STUDY

3.1 THE ROLE OF THE INNOVATIVE ENTREPRENEUR IN THE ECONOMY

Innovative entrepreneurship impacts the economy at three levels: at the aggregate level, at the consumer level, and at the firm level. The positive effects of innovation percolate through the economy.

At the aggregate level, innovative entrepreneurship, like its replicative cousin, benefits the overall economy by creating new jobs and increasing income, raising the potential for new investments. In fact, new research demonstrates that it is the gazelles -innovative companies that have experienced annual growth rates greater than 20 percent for four or more years - that create the largest number of new jobs.

At the consumer level, the effect of innovation is the added value for consumers - the improved products or services available to them at lower costs.

At the firm level, innovators can out-compete other companies that are not innovators, because of the cost advantages that innovation produces. Furthermore, firms that produce innovative goods and services are also more likely to adopt new innovations.

Steve Jobs was the greatest innovator and entrepreneur, who created game-changing innovations including the Apple II, Macintosh, NeXT, iMac, iBook, iPod, MacBook, OS X, iPhone and the iPad, and made Apple the most valuable company in the world. Steve Jobs was the co-founder, chairman and chief executive officer of Apple Inc.

3.2 CULTIVATING INNOVATIVE ENTREPRENEURSHIP

If innovative entrepreneurship is the key to increasing standards of living, then the question is: how do you cultivate innovation?

Arthur Blakemore, professor and chairman of the W. P. Carey School's economics department, says that minimal regulations, a competitive and economically efficient tax system capable of

supporting an appropriately competitive infrastructure, openness to trade and competition, and facilities for R&D are all necessary factors in an innovative economy.

It's not likely that policymakers can directly guide innovation, but they can provide the kind of environment that fosters it". Furthermore, R&D is very important. Clearly all of the most famous clusters of innovation -- Silicon Valley, Route 128 in Boston, the Research Triangle in North Carolina -- they all have universities in proximity producing basic R&D that can ultimately be commercialized.

The famous clusters of innovation have another factor in common: a critical mass of companies involved in innovation. "Silicon Valley became the innovation mecca it is today almost by accident. HP started there in a rented-out garage, and its presence attracted other companies, which attracted others, and so on.

This type of clustering produces is called network externalities. Innovative firms accrue production advantages from their proximity to other innovators. The clustering provides synergy, a knowledge base, a talent base and an efficient means of transferring information.

The presence of large innovating companies is important. If you want to cultivate innovative entrepreneurship, you have to have large innovative companies, because they spawn start-ups. A lot of innovative entrepreneurs get their technical experience working for a large company. Once they come up with the innovative idea, they leave the company to go out on their own.

The presence of a well-funded university involved in R&D is also a critical factor for an innovative economy. A highly trained labor force and a culture of lifelong learning are important factors in the cultivation of innovative entrepreneurship.

In addition to serving as centers for R&D, universities also must do well at educating innovative entrepreneurs. There are two types of education that innovative entrepreneurs need to be successful: on one hand, they need a really solid technical understanding; and on the other hand they need an education that stimulates creativity and imagination."

Innovation involves changing the status quo with respect to customer experiences, product performance, business processes, alliances, and the channels of distribution or the way the product or service is ultimately delivered to consumers. Thus, teaching innovation is not just about teaching students how to develop new goods or services, but how to explore their ideas, and develop their latent potential for innovation.

3.3 SOME OF THE FAMOUS INNOVATIVE ENTREPRENEURS

3.3.1 BILL GATES

William Gates the III, the former CEO of Microsoft, for short period of time, had assets worth over 100 billion dollars, making him the world's first centibillionaire. Today his assets are half

that but he remains, as he has for the past decade and then some, the world's wealthiest man according to Forbes.

Gates was born on 28 October, 1955 in Seattle, Washington to a successful family and was able to attend a Seattle private school. His mother was a schoolteacher and his father a Seattle attorney. He developed interest in software and began programming at age 13 when the school acquired an ASR-33 teletype terminal from a mother's rummage sale.

Because of their exploits of bugs in the school's second computer: a DEC PDP-10, owned by Computer Center Corporation, Gates and a number of other students, including Paul Allen-Microsoft's co-founder, were offered unlimited computer time in exchange for debugging the company's computers. After CCC went out of business, the students were hired by Sciences Inc. to write a payroll program. The students were successful and were received royalties on the program.

3.3.2 RATAN NAVAL TATA

Ratan Naval Tata (born 28 December 1937) is the present chairman of Tata sons and therefore, Tata Group. He is also the chairman of major Tata companies such as Tata steel, Tata Motors, Tata Power, TCS, Tata Tea, Tata Chemicals, The Indian Hotel Company and Tata teleservices. Ratan Tata was adopted by Naval Tata and Soonoo Commisariat in the Tata Family a prominent family belonging to the Parsi community. He is the great-grandson of Tata group founder Jamshedji Tata. After his parents separated in 1944, he was brought up by his grandmother Lady Navajbai and did his schooling in Mumbai from Campion School. Later, he enrolled in Cornell University, where he earned a B.S in architecture with structural engineering in 1962, and has also completed the Advanced Management Program at Harvard business school (Class of 1975).

3.3.3 VIJAY MALLYA

(Born 18 December 1955) is an Indian liquor baron and Rajya Sabha MP. The son of industrialist Vittal Mallya, he is the Chairman of the United Breweries Group and Kingfisher Airlines, which draws its name from United Breweries Group's flagship beer brand, Kingfisher. He also co-owns the Formula One team Force India, the Indian Premier League team Bangalore Royal Challengers, and the I-League team East Bengal FC.

According to Forbes.com, as of March 2011, Mallya, is worth US \$1.4 billion. He is ranked 879 in The Forbes World Billionaires Ranking (2011), and 38th in India. He receives substantial press coverage that focuses on his lavish parties, villas, automobiles, Force India, Royal Challengers Bangalore and his yacht, the Indian Empress. Mallya was born into a Konkani Goud Saraswat Brahmin family which originally from the town of Bantawal, near Mangalore in Karnataka. He is the son of Vittal Mallya and Lalitha Ramaiah. He was educated at La Martiniere for Boys School, Calcutta¹ and completed his degree at St. Xavier's college kolkata

He later set up business ventures in Dubai, United Arab Emirates. Mallya's first wife was Sameera and they have a son together, named Siddharth Mallya. Sidhartha was educated at Wellington College in Crowthorne followed by Queen Mary's College in the University of London. Later on, Mallya married Rekha with who he has two daughters Laila is engaged with Loganathan and Tanya Mallya and one son.

3.3.4 RAGHAV BAHL

He is an Indian Businessman best known for his ownership of several television channels, including TV-18 India. He received schooling from St. Xavier's School Delhi and attained a Masters in Business Administration from FMS Delhi. He is responsible for directing most of the work of TV-18 and channels like CNBC-Awaaz, Nickelodeon and Colors. Recently he has written a book 'Super Power?' which compares the two developing countries China and India. Raghav "earned" his 2007 Entrepreneur of the Year award of Ernst and Young. Around 50, he is a first generation Entrepreneur. He started Newtwork-18 as a television software house in the mid nineties. He developed the India Show and The India Business Report for BBC very successfully. He saw hard times for many years but he and his team were able to come through the Agni Pariksha very well. Now he has in his media house three of the best global properties CNBC, CNN and VIACOM. Raghav was born in IAS family and his grandfather was principal of a government college. He studied at St. Stephen College MBA from DU and went to Columbia for his doctorate on scholarship but decided to come back to do what he loved to do.

3.3.5 JAWED HABIB

Jawed Habib who was "Entrepreneur" into 220 Jawed Habib Salon and 42 Training Academies not just in India but across Asia, from Malaysia to Nepal and beyond. Last year he launched Hair Express outlets, offering hair cut at just Rs 99 each. Jawed, is a post Graduate in French Literature from JNU, New Delhi. He went to London's Morris School of Hair Dressing and London School of Fashion for a 2 year course in the art and science of hair style and grooming. He is already there in the Limca Book of World Record with feat of 410 nonstop haircuts in a day.

3.3.6 KIRAN MAZUMDAR-SHAW

"The stud lady from India" (Managing Director of Biocon Limited a biotechnology company based in Bangalore (Bangaluru), India. Kiran Mazumdar-Shaw was born on March 23, 1953 (age 58) in Bangalore, India. Kiran Mazumdar-Shaw completed her schooling from the city's Bishop Cotton Girl's High School (1968). She wanted to join medical school but instead took up biology and completed her BSc Zoology Honors course from Mount Carmel College, Bangalore University (1973). She later did her post-graduation in Malting and Brewing from Ballarat College, Melbourne University (1975). She worked as a Trainee Brewer in Carlton and United Breweries, Melbourne and as a Trainee Malster at Barrett Brothers and Burston, Australia. She also worked for some time as a Technical Consultant at Jupiter Breweries Limited, Calcutta and as a Technical Manager at Standard Maltings Corporation, Baroda between 1975 and 1977.

She started Biocon in 1978 and spearheaded its evolution from an industrial enzymes manufacturing company to a fully integrated bio-pharmaceutical company with a well-balanced business portfolio of products and a research focus on diabetes, oncology and auto-immune diseases. She also established two subsidiaries: Syngene (1994) to provide development support services for discovery research and Clinigene (2000) to cater to clinical development services.

Her pioneering work in the sector has earned her several awards, including the prestigious Padma Shri (1989) and the Padma Bhushan (2005) from the government of India. She was recently named among TIME magazine's 100 most influential people in the world. She is also on the Forbes list of the world's 100 most powerful women, and the Financial Times' top 50 women in business list.

4. CONCLUSION

With rising population of the world, the world's need and necessities pattern had also evolved through the years. To sustain the ever increasing demand and supply of products, right entrepreneurship skills and innovation are much more needed. Without new business ideas and technology to support it, no consumer demand will be fulfilled completely. Thus, innovation and entrepreneurship is the need of hour and needs to be adopted by one and all business enterprises. Innovation and Entrepreneurship is a good resource for categorizing and identifying sources of innovation. Entrepreneur does an excellent job of organizing the key elements involved in innovation and there is a fair amount of real world examples that help others understand the concepts. 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. To accurately point out, the least likely sources of innovation are from new knowledge and bright ideas. The insight into this alone, makes the concept well worth understanding.

REFERENCES

1. Batra Promod, Batra Vijay, Outside the Box- Great Ideas that transformed Business, published by Promod batra Vijay batra and Associates, New Delhi
2. Bedi Kanishka, Management and Entrepreneurship, oxford university press, New Delhi
3. Hisrich D Robert, Peters P Michael, Shepherd A Dean, Entrepreneurship, sixth edition (2007), Tata McGraw-hill publishers, New Delhi
4. Oats David, A Guide to Entrepreneurship, second edition (2007), Jaico publishing house, Mumbai
5. http://smarteconomy.typepad.com/entrepreneurship_and_inno/ How to double and triple the success rate of all entrepreneurs in a country
6. <http://hbswk.hbs.edu/item/6168.html> Do Innovation and Entrepreneurship Have to Be Incompatible with Organization Size?
7. <http://creativityandinnovation.blogspot.com/> Creativity and Innovation Driving Business - Innovation Index