

CREATIVITY & INNOVATION – NEED FOR ENTREPRENEUR

Abstract

Entrepreneurs require ingenuity and innovation to strategize manufacturing, navigate economic uncertainty, and create innovative products or services. Entrepreneurs arrange innovative ideas and combine natural talent with a systematic approach to produce unique and socially beneficial goods and services. Creativity can manifest at individual, collective, or organizational levels. Effective strategic planning is crucial for a firm's success, as its unique capabilities shape its strategies, providing a competitive advantage and increased profitability.

Workplace entrepreneurship requires consistent use of creativity and innovation to generate new prospects, challenge existing markets, and generate income. Firms requiring an organization's structure, control, and culture to encourage creativity and independence. Collaboration is essential, and leaders must cultivate the team and inspire individuals to embrace the vision.

INTRODUCTION

An organiser of musical or other forms of entertainment was originally called an “Entrepreneur” in French, from which the English term “Entrepreneur” derives. It was reserved for the heads of armies in the later 16th century. In the 17th century, it was broadened to include civil engineering tasks like building. However, the term “entrepreneur” was initially used to describe economic endeavours by Richard Cantillon, a Frenchman of Irish descent in 1755. (Cantillon, 2010; 1755)

“An entrepreneur is a person who buys factor services at certain prices with a view to selling its product at uncertain prices,” puts it according to Cantillon. Cantillon argues that entrepreneurs



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face uninsurable risk because they are the ones who suffer it. The entrepreneur plays a pivotal role in society because of his or her belief in the dynamism of change and the catalytic nature of the transformation of physical, natural, and human resources into production opportunities.

Richard Cantillon characterised an entrepreneur as an agent who purchases production factors at fixed prices, mixes them into a product, and then sells it at future, at variable prices.

Entrepreneurs, according to F.H. Knight, (Knight, 1921) are a distinct breed that thrives in the face of risk. Uncertainty is characterised as an insurable and unquantifiable risk.

According to Jean-Baptiste (Jean, 2001; 1803) An entrepreneur is someone who takes use of the interdependence of land, labour, and capital to create something new. After deducting the costs of capital, rent, and workers cost, the remaining amount is the profit that the business owner keeps. Entrepreneurs play the function of organisers while capitalists function as financiers. Coordination, organisation, and supervision are related with this entrepreneur notion. (Menudo et al., 2015)

ENTREPRENEUR AS AN INNOVATOR

Joseph A. Schum, (Schumpeter, 1979; 1942) The entrepreneur was entrusted with the critical responsibility of “innovation” by Peter in 1934.

(Wallman, 2009) (Drucker, 1985) He thought of innovation—a novel combination of factors of production—as the driving force behind economic development.

The difference between an inventor and an innovator was also highlighted by (Schumpeter , 1979; 1942). A person is considered an inventor if they produce novel processes or materials. Combining inventions and discoveries in novel ways is the hallmark of an innovator. The three characteristics of an entrepreneur are, thus, taking risks, being organised, and producing innovative ideas.

The organization focuses on producing top-quality products and services, emphasizing acceptance and sustainability. Innovator-Entrepreneur is recognized for leading in technology ahead of competitors. Creativity is seen as a valuable organizational resource that can provide a competitive advantage if effectively leveraged; otherwise, any potential benefits may be forfeited.

DIVERGENT THINKING – CREATIVE THINKING

Divergent thinking is a type of mental process. Divergent thinking often is perceived as creative thinking (Martell et al., 2019), results in novel processes to a given stimulus. Glasener, K. M., Martell, C. A., & Posselt, J. R. (Martell et al., 2019) stated that, creative thinking is a method of being inventive by looking at things in new ways. The formation of associative elements into new combinations that either fit specified needs or are in some way valuable method or solution might be defined as creative thinking.

Innovation involves the effective execution of creative ideas and methods aimed at benefiting individuals, groups, organizations, or society. In a rapidly changing and competitive environment, creativity and innovation are crucial for both organizations and society at large.

CREATIVITY

Creativity, akin to intelligence and memory, is an innate human skill shared by everyone, enabling the generation of original and relevant ideas across various sectors, such as arts, education, and business. For an idea to be considered creative,

it must be distinct from past occurrences while remaining applicable to current societal and economic issues. Creativity connects individual or group abilities, processes, and environments to produce valuable and novel outcomes recognized within a social context.

When it comes to creative performance in the shape of products, services, ideas, or procedures, there are two conditions that must be satisfied: (1) the items in question must be one of a kind or original, and (2) they must have the potential to be valuable or important to an organisation and society. The two concepts are not interchangeable. Several types of creativity can be categorised, including individual creativity, group creativity, and organisational creativity.

INNOVATION

Innovation is the process of transforming creative ideas into tangible outcomes that add value. Distinct from mere creativity, innovation involves creating solutions—tools or benefits—that address problems. It signifies a significant shift from traditional methods. Innovation can be categorized into four types: product innovation (new offerings responding to customer needs), process innovation, radical innovation, and incremental innovation.

According to (Damanpour and Gopalakrishnan., 2001), process innovation is defined as the introduction of new elements into the production or service operations of a firm to ensure the manufacturing of a product or the provision of a service.

Radical innovations introduce modern technologies that can disrupt market architectures and lead to significant changes at organizational and customer levels. In contrast, incremental innovation involves enhancements to existing products through new features, benefits, or upgrades, achieved by refining and adapting current goods and processes.

Differences of Innovation and Creativity

Innovation is the process of turning brilliant ideas into reality, while creativity involves generating innovative and valuable ideas. Creativity is an individual activity, whereas innovation results from collective effort.

A need is the starting point for the innovation

process, which results in the generation of a creative idea. This creative concept then results in the production of an inventive product in the subsequent step (Tanner, 1994). The distinctions between creativity and innovation are determined by the degree of novelty involved as well as the types of social interactions that take place. Innovation, on the other hand, may be founded on a previous experience or on the work of another firm, whereas creativity is inherently unique. Additionally, according to (Rank et al., 2004), creativity is a cognitive process while innovation is a social process.

Creativity initiates the problem-solving process by identifying issues and generating ideas, while innovation emphasizes executing those ideas and achieving acceptance within the organization and society.

ROLE OF STRATEGY

Figure 1 depicts the relationship between a firm’s strategies, distinctive competencies, and competitive advantage. The organization’s strategies are influenced by its unique competencies, which in turn lead to enhanced profitability and competitive advantage. These strategies can create or improve resources and capabilities, thus further developing the distinctive competencies. This reciprocal relationship shows that distinctive competencies shape strategies, while strategies contribute to the advancement of competencies, culminating in a cohesive strategy influenced by resources and capabilities.

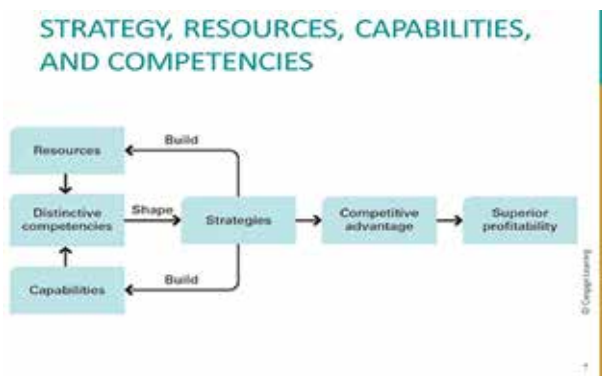


Fig. 1. Creativity, Innovation, Resources Leads to Strategy Development

Kanter (1989) proposes a model where successful

companies balance “mainstream” and “new stream” resources to ensure stability and adaptability. Organizations are advised to continuously fund their new streams to integrate innovative processes and products effectively. It is crucial for the mainstream to adopt innovations from the new stream to avoid failure. A strong information flow and ongoing development between both streams are essential, as illustrated in Figure 2.

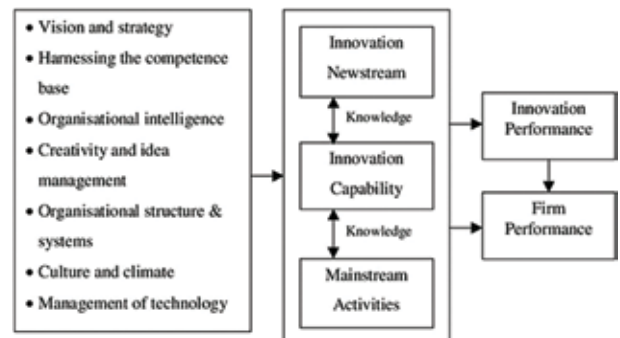


Fig. 2. Kanter’s Model on Newstream and Mainstream Activities Results to Innovation

MANAGEMENT OF TECHNOLOGY THROUGH INNOVATION

Entrepreneurship in the workplace relies on creativity and innovation to disrupt markets and generate new revenue streams. It emphasizes that internal new venturing should be seen as a form of entrepreneurship, requiring managers to function as intrapreneurs. This necessitates an organizational structure that fosters creative thinking and grants venture managers significant autonomy. Additionally, corporate leaders must ensure that their investments in new sectors are likely to yield profits by leveraging competencies shared with existing industries.

Bravo (quotes from S. Beatty) mentioned that “creativity does not only originate from designers... ideas can originate from the sales floor, the marketing department, and even accountants, if you can believe it.” People, regardless of the level at which they are employed, will always have a point of view, and will always have something to say that is worth listening to. Bravo emphasised the significance of working together as a team, saying, “One of the things that I believe people take for granted is the quality of the team.” This is neither

an individual, nor is it a pair of individuals. For something to take place or not, it is the collective effort of a group of individuals, a group of people who work together towards a common objective. It is his/her responsibility to first establish the team, and then to motivate the team, “keeping them on track, making sure that they are following the vision.”

CONCLUSIONS

Entrepreneurs must leverage creativity and innovation to manage production, embrace economic risks, and introduce new products. They can function as risk-takers, organizers, creators, or innovators. According to Richard Cantillon, risk-takers purchase production factors at fixed prices and sell products at variable prices. Intrapreneurs also undertake innovation and production planning. Effective creativity can give an organization a competitive advantage, emphasizing divergent thinking to generate innovative solutions. Creativity involves the creation of original, beneficial ideas, while innovation focuses on their practical implementation. Success in a dynamic market relies on combining mainstream and untapped resources, enabling organizations to adapt and remain competitive. It is the collective effort within a team that drives successful outcomes. **MA**

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