

Entrepreneurship and Innovation

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Abstract

The previous several decades have seen significant progress in our knowledge of the link between entrepreneurship and development and knowledge on the one hand, and the other. The relationship between entrepreneurship, innovation, and knowledge has also been analysed in more detail. However, a full understanding of the interplay between all of those variables: knowledge, innovation, entrepreneurship, and growth are still inadequate. When it comes to growth, the relationship between microeconomics and macroeconomics is still too crudely described to appreciate the whole range of these complex and conflicting dynamics. This paper's major goal is to shed light on recent developments in our understanding of the mechanisms that support knowledge production, dissemination, and commercialization via innovation, as well as the role of the "entrepreneur in the growth process". Conclusions drawn from current study results are included in this summary. The design of regulations that influence knowledge creation, ownership, entry barriers, labour mobility, and (inefficient) financial markets has substantial policy consequences. To a certain extent, each of these has implications for the effective spread of information by way of admission. Motivating processes to transform knowledge into societal beneficial demands are as important as creating new information itself.

Keywords: Innovation; Entrepreneurship; Microeconomics; Macroeconomics.

1. INTRODUCTION

"Entrepreneurship and innovation" are thought to go together and depend on each other. The impact of creative innovation on corporate strategy and operations cannot be overstated. "Entrepreneurship and innovation" go hand in hand, and this is a critical component of contemporary strategic thinking. This is because if you utilize these two principles as a guide for the strategy creation of many activities, including marketing techniques, you will design an efficient plan that can compete and defeat all other rivals. Every day, new ideas and approaches to marketing emerge. When it comes to marketing efforts, particularly in a corporate climate where there is a lot of change and struggle, it needs a lot of originality and creative thinking. Advertising and coming up with fresh ideas are two of the most critical responsibilities of a manager. Since both entrepreneurship and new ideas go hand in hand, marketing and entrepreneurship go hand in hand as well. If it's clear to the people in charge, the relationship between marketing, entrepreneurship, and innovation should help them come up with strategies that are both innovative and entrepreneurial. (Wadhvani et al., 2020)

1.1 Entrepreneurship

When entrepreneurs adopt "cost discovery", "gap filling" and "input-fulfilling" functions and encourage structural change, they may help the economy by promoting resource redeployment from less productive to more productive uses. There has been an uptick in the number of job postings for these positions in recent months. Entrepreneur's potential as innovators in underdeveloped nations has been overlooked in this research. A century ago, it was pointed out that entrepreneurs are often inventors, promoting new goods and technology, and opening up new markets, processes, ideas, and marketing of new information to the general public. According to some, the importance of entrepreneurial innovation in low-income developing nations is overestimated.

Entrepreneurship studies why people create recognize and take advantage of possibilities. As a result, "opportunities are found and utilized" is a widely accepted definition of entrepreneurship. Entrepreneurs, he says, "those who are brilliant and inventive in discovering methods to expand their wealth, power, and status." He acknowledges that not all possibilities are in the best interest of society. Because of this, the entrepreneurial skill may be distributed in ways that slow down economic progress. While we are aware that a society's incentive system may lead to a detrimental allocation of entrepreneurship, we will concentrate on positive entrepreneurial activity. There are several ways to do this, such as identifying and capitalizing on the excellent aspects of a current company, or creating an entirely new company from scratch. The literature on entrepreneurship has three main conceptual approaches that may be distinguished before describing what this innovation is. Entrepreneurship, firm success, and ownership are all examined in the research. Dynamic actors who make big investment, manufacturing, innovation, location, or R&D choices are included in the functional view of the world. Entrepreneurship is more than just starting and maintaining a business on one's own. These include executives from global corporations, state and non-profit organisations, and some young entrepreneurs. This view of entrepreneurship sees dynamism, inventiveness, and innovation as a component of one's personality. The line between entrepreneurship and innovation is becoming more blurred, as has been the case in the past. Entrepreneurial behaviour is one that is characterised by invention. You can't be in business if you can't think creatively.(Toms et al., 2020)

1.2 Innovation

As a consequence of (technology) entrepreneurialism, this strategy emphasizes product and process innovation, which is commonly referred to as "technical innovation". New product creation, new procedures, new sources of supply, as well as new markets and organizational techniques are all part of a larger strategy. Those advances that are more progressive and those that are more radical may be separated. As a reminder, innovation is not only about the initial introduction of an idea, but also the spreading of innovation among other economic participants. There are distinct differences in the types of innovations that are new to the globe, new to the local market, and new to the corporation in innovative literature. Most of the world's new inventions may be found in developed economies. Their research and development are based on the most cutting-edge technology in the world. There is a tendency to see fresh performance in the creation of new and innovative ideas. Adapting and evolving your firm via innovation is essential to its long-term survival and success. Your company's need to address a problem or take advantage of a fresh opportunity may drive innovation. It is possible for a person to discover new ways to utilise existing goods or services, or even to develop new ones. When you make changes to how

your organisation is managed, you may also come up with new procedures or business models. Innovating may be done in numerous ways. You have the option of making drastic changes all at once, moderate adjustments over time, or no changes at all. Learn more about how to start a company that is cutting-edge. In order to stay relevant, face difficulties, and remain competitive, it is important to cultivate a culture that encourages innovation. Innovative ideas are just one part of the innovation equation; there must also be new approaches to putting those ideas into action. Encourage workers to suggest ways to enhance the way they perform their jobs, to use business methods that encourage new ideas, to examine present procedures, and to set up frequent training and networking opportunities for the whole workforce. Commercializing your concept is one approach to gain money from invention. To see whether your new product or service is worth the investment, do thorough research and testing. What could look like an excellent strategy may not really be capable of sustaining development in the long run. A lot of research has been done to understand how entrepreneurs create and how national innovation systems have changed through time. The vast majority of the research in this field has focused on the dynamics of innovation in industrialized countries. Entrepreneurship, innovation, and development are still in their infancy as a topic of study.(Stam & Nooteboom, 2010)

1.3 Role of Innovation in Entrepreneurship

Innovation is the creation of a new service or item. New businesses may take advantage of changes in the market by embracing innovation. Inventive entrepreneurs are capable of taking on the task of inventing new products to meet the demands and the market trends. There are several ways in which entrepreneurship's involvement in innovation may be shown, such as:(Rao, 2019)

1. Creative Development.

A brand's uniqueness, creativity, and creative process are all bolstered by new ideas. A new business may achieve success by understanding the phases of creative thinking. To remain on the cutting edge of business, entrepreneurship requires an innovative approach.

2. Persistent Improvement

When you make continuous changes, innovation helps your business endure. Business creativity may be increased by an entrepreneur who understands that innovation is essential.

3. Reinforcing Your Brand

Leaders in HR innovation may learn more about the branding process and develop new approaches to creativity. In order to be successful, this is a key aspect.

4. Making the best of your existing products

An innovation culture must be maintained in the workplace by using and improving current products, as well as bringing in new ones.

Making enhancements to existing things may boost a company's productivity, profits, and other metrics. It is possible to increase the health of a firm by enhancing the process of design thinking and continuously enhancing the innovation process.

5. Responding to Trends and Competition

"HR innovation" is a reaction to current successes and needs, as well as an effort to foresee the trends of tomorrow. Innovation in entrepreneurship may help an entrepreneur's company come up with new ideas that can help them grow their business.

6. Having a Unique Selling Point

A company's innovation culture is typically seen by customers as a way to distinguish its products from those of its competitors. To get favourable attention, a company may use entrepreneurial innovation.

7. The Use of Social Media

With the use of social media, an "organization's innovation campaign" might benefit from an abundance of ideas. Incorporating social media into your company's management and operations may prove to be a wonderful success story.

As a result of what we can learn through social media, we can better understand our consumers' fundamental requirements and make changes to our goods to meet those needs.

There have been a slew of new approaches to attracting and satisfying clients. Competition is also increasing as a result of this, making it more difficult for entrepreneurs to thrive in today's environment. The absence of a novel concept or a strong team might make it tough for a business owner to thrive. (Meglio & Di Paola, 2021)

2. UNDERSTANDING THE ENTREPRENEURIAL PROCESSES

As an industrialist, the Entrepreneur assumes the risk of starting a firm for commercial purposes. Unusual vision allows entrepreneurs to see how much demand there is for their products and services before anybody else does.

To develop and launch new enterprises more effectively, an entrepreneur must follow a continuous entrepreneurship process:



Fig. 1: Entrepreneurial Process

Source: <https://businessjargons.com/entrepreneurial-process.html>

1. Discovery: An entrepreneur's process starts with the identification and evaluation of business prospects, which is the first step in the process of entrepreneurship. To find the best business opportunity, an entrepreneur needs information from a wide range of sources, including workers, customers, channel partners, and technical experts. An evaluation is the following step after deciding on a potential opportunity.

One way an entrepreneur might assess whether or not an offer is worth investing in is to ask oneself a

series of questions about its attractiveness, feasibility, potential competitive advantage, and hazards. The most important thing for an entrepreneur to consider is whether or not his own abilities and interests match those of the business.

2. Developing a Business Plan: A thorough business plan must be drafted as soon as an opportunity is discovered by the entrepreneur. In order to evaluate how well a company is doing in achieving its goals, the results may be compared to the criteria outlined in a business plan.

Time must be given to the preparation of a business plan; the important parts of a business plan include a mission statement and vision statement, as well as objectives and goals and capital needs; a description of products and services, and so on.

3. Resourcing: The entrepreneur has to identify the sources of financial and human resource arrangements, which is what resourcing is all about. In this location, the entrepreneur gets investors and employees for their new company enterprise.

4. Managing the company: In order to achieve the goals set out, the company must commence operations once the funds and employees are in place. In order to deal with operational challenges, an entrepreneur must first identify the "organizational structure" or hierarchy.

5. Harvesting: At harvesting, the last stage of the entrepreneurial process, a business owner decides on the company's future growth and development potential. An entrepreneur makes a judgement on the stability or expansion of company operations based on a comparison of the actual growth to the anticipated growth.

Any time an entrepreneur embarks on a new endeavour, the entrepreneurial process must be repeated time and time again. (Maritz & Donovan, 2015)

Importance of Innovation to Small Businesses

If you're running a small company, you need a wide range of resources at your disposal to ensure your success and growth. An essential weapon in your company's arsenal is innovation. In the long run, failing to change might wind up costing you a lot more than trying to change at all. (Dabic & Potocan, 2012)

- **Innovation keeps your business fresh**

Concepts and goods may become out of date quickly in this age of rapid technological advancement. Maintaining a constant awareness of these trends can help your firm stay relevant and profitable.

- **Being innovative helps you stay connected to your customer base**

Change and adaptation in customer service will earn you years of recurring business as well as new clients via word-of-mouth. As a business, innovation may help you better understand your customers and their shopping habits, as well as how and when they want to communicate with you. Both of you benefit from a strong connection.

- **You can use innovation to solve problems**

Performing the same things over and over again and expecting different results is considered a quote by Einstein. You can't keep doing the same old thing and expect things to change if you're experiencing

challenges in your company, unexpected outcomes, or a decrease in revenue. Step back and find out what has to be changed. Innovative thinking may help you foresee challenges and prepare for them.

- **Innovation can make your company more efficient**

Have you ever worked for a firm whose rules or processes left you scratching your head and wondering if there was a better way? When it comes to invention, this is the essence. In most cases, there is a better solution! For the most part, there is nearly always a better way to accomplish anything than doing things the way they have been done in the past. Irrespective of the number of times you try, you will eventually discover what you are looking for.

- **Innovation makes your team stronger**

Workers feel valued and appreciated when they work together to build and transform the firm. So, if you're looking for the most relevant insights from the people who engage with your consumers on a daily basis, then they're the best people to turn to. Involving children in the process of transformation may also instill a feeling of pride that will be evident in all they do. Teamwork may be the most valuable invention of all.

Disruptive Innovation

When a high-end product or service formerly exclusively accessible to a restricted set of clients is transformed into a lower-cost alternative, it is a disruptive innovation. The market is disrupted by the replacement of long-standing, established rivals.(Cunha et al., 2015)

Key Takeaways

- Disruptive innovations are those that make expensive or difficult services or products more attractive to a broader market.
- It's not the technology itself that's being disrupted, but rather the way it's being applied.
- As an example of disruptive innovation, Amazon, which was started in the mid-1990s as an online bookshop, stands out.
- Innovative business models, disruptive technology, and a cohesive value network are all necessary components of disruptive innovation.
- The practise of developing to improve goods and services for current clients is known as "sustained innovation".

Requirements for Disruptive Innovation

Access to previously untapped markets and cutting-edge technologies are necessary for disruptive innovation to take hold. "Suppliers, contractors, and distributors" must all gain from the new, disruptive business model in order for it to be disruptive. A number of essentials are included in this list:

- **Enabling Technology:** Technology that substantially alters or enhances processes or the manner in which personnel do their tasks is referred to as "enabling technology." To be more precise, the technology or invention that enables an affordable and widely accessible product as part of disruptive innovation is known as an "enabling technology". Technology advancement and subsequent

refinement determine the pace at which a market might be disrupted. However, the speed of the disruption is not always a statistic used to judge its success.

- **Innovative Business Model:** Innovations are used to target lower-tier clients in the innovative business model. These market segments don't add to the bottom line of established businesses since they can't buy or use the products that are available. Although this business model has a low-profit margin, it was first resisted by the incumbents, this strategy strives to give easy and inexpensive alternatives.
- **Coherent Value Network:** The value network includes enterprises that benefit from a successful disruption. The new business model may need "distributors, suppliers, and vendors" to make procedural or organisational changes in order to adapt to it. Members of the network must accept the new model of business in order to prevent failure. When there is no need for this reason, outmoded network methods might have undesirable effects.(Braunerhjelm, 2010)

Financing the Venture

Few entrepreneurs have the resources to put up the first capital themselves. If you are reliant on outside funding, your company idea should entice prospective investors and persuade them that your concept is long-term. Your lender or investor wants to know that you've thought through the details of your company plan and are confident in your ability to return their investment. Providing a well-written and feasible company strategy, as well as correct planning, can help you succeed. To be successful, you must have a well-thought-out financial strategy.

Traditional bank loans are not the only kind of financing available:

- “Public funding programmes”
- “Venture Capital (Private Equite) and Business Angels”

Public funding programmes

Public funding organizations provide a viable option for businesses in need of financing. “KfW (Kreditanstalt für Wiederaufbau) SME Bank” and state-specific programs provide cheap borrowing rates, extended maturities, initial grace periods and the option of indemnification for small businesses. A banker's perspective is usually taken into account while evaluating your application. If you need financial support from the government, you will have to go via a bank of your choosing rather than the public financing organizations. The loan application needs to be submitted before the commencement of the real financing project.

Equity & Business Angels

Venture capital may also be an alternative for financing small and medium-sized private businesses (private equity). You don't have to put up any collateral with equity financing, as opposed to debt financing. However, private equity companies acquire a stake in the debtor's earnings and a say in strategic and financial choices in exchange for taking on the financial risk of the investment. The Venture Capitalist's contribution should not be overlooked.(Dabic & Potocan, 2012)

Marketing Entrepreneurial Strategies:

1. Internally oriented strategies are needed by entrepreneurial and creative firms in order to drive development and foster change.
2. As a result, entrepreneurial firms need strategies that are centered on acquiring, merging, or partnering with others in order to achieve marketing and economic success.
3. It is essential that these strategies be broad enough to deal with a wide range of difficulties, including technical, financial, and human ones, and that they are consistent with the organization's future vision.
4. Entrepreneurship and innovation are closely linked, thus the plan must be entrepreneurial and inventive and include strategies for changing old services and products into something new that may add value to existing firms.
5. An focus on marketing and new market development is essential to a successful business strategy.
6. A key approach for establishing a competitive edge via innovation in the present volatile marketing environment should be to build organisational capacity to acquire, generate, collect, and utilise information.
7. Seven. A successful strategy relies on a well-executed plan that demands a well-trained personnel, a broad variety of abilities, a supportive management style, and a willingness to take risks and innovate.
8. Entrepreneurship and innovation go hand in hand and interact to help a company thrive. They are both necessary and a mix of the two is critical for an organization's long-term success and viability in today's changing climate. 8. Entrepreneurship and creativity are dynamic and comprehensive processes in entrepreneurial and creative businesses.

Evidence of the Relative Contribution of Entrepreneurship and Innovation:

Authors Name	Title	Framework	Conclusion
Al-askari & Ahmed Shakir	The impact of entrepreneurship and innovation on developing the marketing strategy in business organizations	Entrepreneurship, Organizations, Consideration for Business, Marketing strategies	The creation of knowledge awareness through focusing on its concepts. It is essential to allow for a knowledge culture because converting new ideas and inventions into viable innovations is the foundation of the modern knowledge society. This should be achieved by focusing on education, training and embracing talents and creativity, as well as through lectures, seminars, conferences, supporting groups, and workshops
Rao, M. Narsing	Role Of Innovation And Technology In	Understanding innovation,	Innovation and advancement of technology plays an importantrole in the development of

	Entrepreneurship Development	applications, study of improvement impact, understanding problem in adopting innovation, Effect.	entrepreneurship country like India. It was found that there are various motivational factors affecting on the development of entrepreneurship and the most motivating factor is government policies and schemes supporting to various business.
Braunerhjelm and Pontus	Entrepreneurship, Innovation and Economic Growth	Measure & origin, opportunities, growth, entrepreneurship geography, economic policies	The economic variables knowledge, entrepreneurship, innovation hang together in a complex manner but are treated as different and separate entities, or reduced to a constant or a stochastic process.
DabicMarina	Entrepreneurship and Innovation	Improve innovation of entrepreneurship, Ranking the innovation firms behaviour, Employee's personal values, Innovativeness results, Manufacturing SMEs, Job enrichment.	The main expectation from a workplace is more interesting/challenging work so job enrichment should be considered a solution for that. Job enrichment is a process that potentially fosters greater responsibility at work, allowing employees the authority over work, flexible working time, part-time schedules
Benneworth Paul,	Social Entrepreneurship and Social Innovation: A Conceptual Distinction	Social Innovation and entrepreneurship, HEIS be seen as social innovators, Structure of Ent. & Inno, Global Competitive Advantage.	Social entrepreneurship is a set of individual characteristics that assume the individual has a critical attitude along with the desire to achieve a social change. Social innovation highlights the fact that this process is driven by a constant interaction among all stakeholders involved in it and taking into account their needs, expectations and aspirations
Erik Stam & Bart Nooteboom	Entrepreneurship, Innovation and Institutions	Innovation cycle, Institutions enabling constraining entrepreneurship, Institutions along the cycle of innovation.	Provided a definition of entrepreneurship in the context of innovation, and discuss its role in a cycle of innovation. One of the key roles of governments is to design, change or destruct institutions in order to improve welfare in society.

3. CONCLUSION

The ability of a civilization to prosper economically and socially depends vitally on its capacity to create, utilise, and disseminate information. Discontinuous or lumpy advancements in knowledge and technology have preceded the more dramatic stride in human development. Uncertainty, market experimentation, redistribution of wealth and the creation of new institutions and businesses have all been hallmarks of economic progress as knowledge has grown and elevated to new heights. As with the first and second industrial revolutions in the 18th and 19th centuries, this trend may be seen in the "third" digital revolution, which is currently taking place today.

There is a popular belief in economics that micro-level processes play an important role in the dissemination of information and hence the growth process, but there is a lack of rigorous theoretical

framework and empirical evidence to support this claim. It is difficult to separate the economic factors of knowledge, entrepreneurship, and innovation since they are all intertwined in a complicated way. These economic principles haven't been brought together until the past 10-15 years when new literature has arisen.

The purpose of this article was to show the connection between knowledge, entrepreneurship, and innovation, as well as how these factors affect the business development. Weaknesses in our existing understandings of growth have been identified via a (partial) assessment of recent and past theoretical and empirical contributions to this study field. A comprehensive strategy including a wide range of policies and tools is necessary to achieve long-term economic growth, as well as those related to the microeconomic foundations of that growth, which were also addressed. (Al-askari, 2011)

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