

INNOVATION AND CREATIVITY IN ENTERPRISE DEVELOPMENT

In entrepreneurship studies, innovation is the process of translating an idea or invention into a good or service that creates value or for which customers are willing to pay. This is accomplished through developing more effective products, processes, services, technologies, or ideas that are made readily available to markets, governments and society. The term innovation can also be defined as something original and new that "breaks in to" the market and creates a positive change in society. A definition of the term, in line with these aspects, would be the following: "An innovation are new ideas that are original, new, and important – that are successfully commercialized.

The main importance of Innovation in entrepreneurship is to help organizations to grow. Growth is often measured in terms of turnover and profit, but can also occur in knowledge, in human experience, and in efficiency and quality. Innovation is the process of making changes to something established by introducing something new.

While something novel is often described as an innovation, in economics, management science and other fields of practice and analysis, it is generally considered a *process* that brings together various novel ideas in a way that they have a positive impact or change in society.

Innovation differs from invention in that innovation refers to the use of a better and, as a result, novel idea or method, whereas invention refers more directly to the creation of new products that have never been done

One can also refer to innovation as the process of translating an idea or invention into a good or service that creates value for which customers are willing to pay. To be called an innovation, an idea must meeting the following 2 basic conditions:

- be replicable at an economical cost
- satisfy a specific need in the market or society

Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products processes of services . In business, innovation often results when new ideas are applied by the company in order to further satisfy the needs and expectations of the customers. In a social context, innovation helps create new methods for alliance creation, joint venturing, flexible work hours, and creation of buyers' purchasing power. Innovations are divided into two broad categories: (1) Evolutionary innovations (continuous or dynamic evolutionary innovation) that are brought about by many incremental advances in technology or processes (2) Revolutionary innovations (also called discontinuous innovations) which are often disruptive and totally new.

Innovation is often synonymous with risk-taking and organizations that create revolutionary products or technologies take on the greatest risk because they create new [markets](#) that have not been served before and therefore face a lot of uncertainty.

Imitators or those who undertake incremental innovations take less risk because they will start with an innovator's product and take a more effective approach.

Innovation means making meaningful change to improve an organization's products, services, programs, processes, operations, and business model to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance, especially in the mature phase when productivity is levelling off due to the laws of diminishing returns. Innovation is no longer strictly the purview of research and development departments; innovation is important for all aspects of your operations and all work systems and work processes. Organizations should be led and managed so that innovation becomes part of the daily culture. Innovation should be integrated into daily work and should be supported by the performance improvement system of the organization.

Innovation builds on the accumulated knowledge of the organization and its people. Therefore, the ability to rapidly disseminate and capitalize on this knowledge is critical to driving organizational innovation. A single organization cannot have all the knowledge it needs for successful innovation and should learn how to attract and assimilate new knowledge from different sources within its environment; including information from other firms, from competitors, from research and academic institutions and even from global sources through the internet. This is the key aspect of the open innovation paradigm.

For innovation to flourish, organizations must create an environment that fosters creativity; bringing together multi-talented groups of people who work in close collaboration together-exchanging knowledge, ideas and brainstorming to come up with new products, services and processes.

Known origins of innovation include:

1. a shock (a major failure) to the current system
2. Undertaking research to get solution to a problem
3. random variability in experimentation
4. deliberate decision to invest in learning and acquisition of new knowledge
5. Match between a need and ideas which already exists
6. formal vehicles for stimulating innovation such as research and development
7. Managerial risk seeking to add more value to business
8. Availability of slack resources
9. management philosophy and organizational climate, and
10. customer needs or complaints

Creativity

Creativity can be defined as a phenomenon whereby something new and valuable is created (such as an idea, a joke, a literary work, a painting or musical composition, a solution, an invention etc.). It is the qualitative impetus behind any given act of creation, and it is generally perceived to be associated with [intelligence](#) in action and [cognition](#). Creativity has generally been defined as the tendency or recognize new ideas or possibilities that may be useful in solving current or future problems.

*“Creativity is the act of turning new and imaginative ideas into reality. Creativity involves two processes: **thinking, then producing**. Innovation on the other hand is the **production or implementation of an idea**. If you have ideas, but don’t act on them, you are imaginative but not creative.” Creative people usually are the ones who come up with new inventions.*

Role of creativity in Business?

Creativity is a crucial part of the innovation equation. Creativity requires whole-brain thinking; right-brain imagination, artistry and intuition, plus left-brain logic and planning to come up with new things

Creativity – is the generation of ideas.

Innovation – is the translation of a new idea into a new company, a new product, a new service, a new process or a new method of production.

Creativity is a core competency for leaders and managers and one of the best ways to set your company apart from the competition. Corporate Creativity is characterized by the ability to perceive the world in new ways, to find hidden patterns, to make connections between seemingly unrelated phenomena, and to generate solutions. Generating fresh solutions to problems, and the ability to create new products, processes or services for a changing market, are part of the intellectual capital that give a company its competitive edge.



According to the IBM 2010 Global CEO Study, creativity is the most crucial factor for future Success in organizations and most companies are in the hunt for creative people. Creative entrepreneurs are also more successfully than the rest as they constantly come up with new values to meet their customers' constantly changing needs in unique ways.

“More than rigor, management discipline, integrity or even vision – successfully navigating an increasing complex world will require creativity.”

The CEOs who were surveyed noted that creativity helps them capitalize on complexity “The effects of rising complexity calls for CEOs and their teams to lead with bold creativity, connect with customers in imaginative ways and design their operations for speed and flexibility to position their organizations for twenty-first century success.”

Creativity and Economic Development:

We are living in the age of creativity.

Daniel Pink in his book, *A Whole New Mind* (2005) defines Economic Development as:

1. Agriculture Age (farmers)
2. Industrial Age (factory workers)
3. Information Age (knowledge workers)
4. Conceptual Age (creators and empathizers)

Pink argues that left-brain linear, analytical computer-like thinking are being replaced by right-brain empathy, inventiveness, and understanding as skills most needed by business. In other words, creativity gives you a competitive advantage by adding value to your service or product, and differentiating your business from the competition. Without creativity, you are doomed to compete in commodity hell!