

## CAUSE AND EFFECT RELATIONSHIP OF CREATIVITY AND INNOVATIONS FOR FIRST GENERATION ENTREPRENEURS

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### ABSTRACT

*The paper focus is on the role and the importance of creativity and innovation for the FGEs. The paper also shows the speed of change and development is beyond imagination in a way that creativity and innovation being the most fundamental principles of survival of an organization, and innovation is the most important source of competitive advantage. They have shown that money and luck are not enough for successful entrepreneurship, but entrepreneurship is a process that requires creativity, innovation, risk taking and planning. Innovation is considered as the key actions in the process of entrepreneurship.*

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**Keywords:** *First Generation Entrepreneurs, Entrepreneurship, Creativity, Innovation, Barriers.*

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### Introduction

#### Creativity

Creativity can be defined in many ways. But most researchers study it as a process. Thus creativity is defined as creating new and effective ideas. Being new refers to the purity and novelty of an idea. Effectiveness is that the idea or other elements linked with it are directly related to the objectives of the organization and a basis for value creating for the organization.

Creativity is synonymous with divergent thinking (to find new approaches to solve the problems) vs. convergent thinking. Another definition for creativity is to create new ideas and a creative solution can use the existing knowledge in a different way. In all definitions of creativity from the past till today, this word is simply "using intellectual abilities in order to create an innovative thought or concept (Kaiser, 1968: 4) and the process of developing fictional and exquisite views about different situations"

Creativity is thinking new things, the ability to develop new ideas and to discover new ways of looking at problems and opportunities.

#### Innovation

Innovation is the process of gathering any kind of new and innovative ideas in order to solve problems largely includes creation, adoption and application of new ideas for processes, productions and services. (Konter, 1995)

Innovation from the view of market consists of providing new and innovative ideas and to conduct them to the market rapidly and to implement them to the organization in order to produce cheaper and better products or acquiring more effective customer support.

Also, Joseph Schumpeter presents four innovations in his research on innovation that includes:

- Introducing new product or services or changing existing quality of the same.
- Create a new market.
- Finding new sources of raw materials and other input supplies.
- Changing the industrial organization.

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## Entrepreneurship

A number of thinkers regard entrepreneurship a kind of behavior and lifestyle, another group consider it is a creative work. But Peter Drucker (1979) expresses entrepreneurship as continuous scrutinizing for change, the response toward it and benefitting from it as an opportunity. Arthur Cole (1965) believes that entrepreneurship is any purposeful activity, develop or maintain the economic unit including individual or a group of people's coherent decisions to create.

On the other hand, Schumpeter (1934), the first one who presented this concept scientifically for in his theories, entrepreneurship is the process of creative destruction. According to him, innovation occurs at the beginning of the process of entrepreneurship, creativity creates a transient monopoly and this condition leads to exclusive profits. Then by the extension of this innovation, the exclusive profits vanish and more innovation possibilities are provided. In entrepreneurship, both individual and the environment are necessary to be defined.

## Creative Process

Despite the differences in studies related to creativity, features such as creative process, the role of individual creativity and creative environment are important in the entire research environment.

Creativity is a process formed of the following steps:

- Forming, identifying and defining an issue
- Preparation and acquiring data relating to the issue.
- Forming the idea.
- Evaluation.

Forming Construction, preparation and issue recognition Bnym data acquisition related issue forming the idea evaluation process creativity.

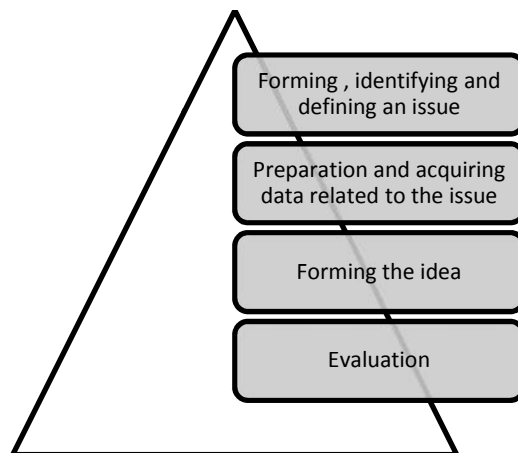


Figure 1: creativity process (Malaga, 2000: 129)

## Innovation Process

Innovation process, includes decisions about things that should be changed, strategy and planning for change, resources of change and change implementation; in a way that each organization should take these steps and after performing, begins to look for new innovations.

According to Lyndhulm and Holm Green innovation process includes five steps:

The 1<sup>st</sup> step: the idea (creating the idea)

The 2<sup>nd</sup> step: evaluation (choosing idea)

The 3<sup>rd</sup> step: Making Pattern

The 4<sup>th</sup> step: Business planning (the final arrangement with organization's strategy)

The 5<sup>th</sup> step: Acting and Performing (shipping the product to the market)

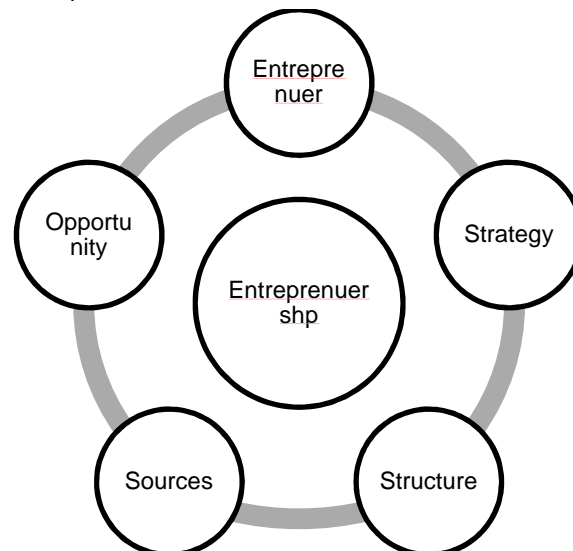


**Figure 2: Steps of Innovation Process**

### Entrepreneurship Process

William Baygriv believes that the entrepreneurship process includes all activities and tasks related to recognizing opportunities and making organizations pursue opportunities. Entrepreneurship is a method that consists of several elements. The most important components of entrepreneurship process are:

1. Entrepreneur
2. Opportunity
3. Structure
4. Sources
5. Strategy and business plans



**Figure 3: Components of Entrepreneurship Process (Frey, 1993: 377)**

### Barriers to Creativity

- searching for the one 'right' answer
- becoming overly specialized
- avoiding ambiguity
- constantly being practical
- believing that 'I'm not creative'.

### Barriers to Innovation

- focusing on being logical
- fear of looking foolish
- fearing mistakes and failure
- blindly following the rules
- viewing play as frivolous

So broadly we can say that there are following barriers to innovation and creativity:

**Barrier 1: Habits**

The habit barrier is one reason why innovative solutions are often more difficult to establish on the market than one might initially think. Organization & employees, too, have innovation barriers in their minds that form a solid wall against the new.

**Barrier 2 : The Feasibility Barrier**

This barrier to creativity and innovation is constantly in the way of idea generation and idea development. "Much too expensive." "We don't have the right staff." "This is practically impossible." The objections are often not unjustified: The path from the first idea to successful innovation is really expensive, the necessary competencies do not exist in the company and the idea cannot be implemented within existing structures.

**Barrier 3: The Knowledge Barrier**

The management had underestimated the extent of the knowledge barrier. Many a times lower level management and floor workers are not included in creative or innovative process, considering they don't have right knowledge and market understanding.

**Barrier 4: The Regulatory Barrier**

By constantly wanting to do everything right, we unconsciously develop barriers to creativity and innovation. By constantly making predictions about what might not be allowed, we shut ourselves off from the possibilities that a deliberate breach of the rules would entail.

The regulatory barrier is also active in invisible laws, such as market laws. "The market works this way and that." This statement can be made until someone redefines the rules of the market.

**Four Phases to Overcome Innovation and Creativity Barriers**

- Knowledge accumulation e.g. reading, professional conferences, talking, visit to library, practical experience, new technology understanding, training & development to build market understanding
- Incubation process e.g. 'sleep on it', exercise, envisage it with limited resources, check on internet.
- Idea or 'eureka' experience, usually this phase slowly but surely formulates the solution e.g. brainstorming with similar experience or diverse set of experience people, delve deeper in the idea and think all possible permutation and combination and keep at it till you reach a solution
- Evaluation and implementation e.g. try to build it digitally before manufacturing, build prototypes, check on requisite regulation, do a process check and market testing

**Conclusion**

To conclude in today's scenario organizations need new ideas and thoughts in order to survive the turbulent and variable world. Increasing threats on one hand and use of opportunities on the other hand, make the dynamic and unpredictable environment of the organizations face with severe currents, and challenges the organizations to change, ideate and innovate. Some barriers transpire from attitudes and perceptions of organizational leadership while others come from organizational structure or even from the employees themselves. Since these barriers have a propensity to eliminate creative potentials from the organization, identifying and removing barriers to creativity and innovation is crucial. By identifying, recognizing, and acknowledging that barriers exist, an organization can avoid many common obstacles and become more idea-oriented by employing simple strategies. It's crucial to identify creative & innovation barriers with the understanding it's natural for organizations and employees to resist change. Through a cognizant effort to move past creative & innovation obstructions, an organization can embrace new depths of creativity & innovation and overcome these barriers. The result is an organization that is more innovative, creative, and idea-oriented.

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