Role of Entrepreneurship in Indian Economy

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Abstract

An entrepreneur is someone who has an "idea", works out a business strategy, gets the strategy approved by financiers, secures the dough, gets a office, sets up a business and living beings (staff), revels in skyrocketing profits. The entrepreneurs in India play a different role from their counterparts in an advanced economy. For instance, entrepreneurs in an advanced economy enable early stage innovation, risk-taking and creation of wealth and we have seen this in limited measure in India.

This exploratory paper discusses some of the challenges facing the creative thinking process leading to technological innovation. It presents various idea engineering approaches that have been successfully implemented in American innovative companies, specifically those that benefit technologists, designers, and engineers. It is important to identify the roadblocks that prevent the engineering of ideas in a company, because these roadblocks lead to restrained thinking and jeopardize the creative process that leads to innovation.

Keywords: Major challenges/Roadblocks to creative thinking in the innovation cycle; and way to confront creative thinking obstacles.

Introduction

This paper is explorative in nature and uses an investigative study, rather than theory-testing academic research. For this research study, creative thinking and the process of innovation will be the focus. Even though there is plenty of research on how individuals can be taught to think creatively, specific techniques on how to do so are not within the limits of this paper. This creativity research also excludes artistic endeavors, and instead,

focuses on the applied process for the target market of technologists, designers, and engineer.

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Major roadblocks to creative thinking in the innovation cycle

Creative thinking is prone to roadblocks in the Innovation Cycle. This includes the following phases of the Innovation Cycle:

(1) Definition and preparation,

(2) Idea generation,

(3) Idea incubation, and

(4) Verification and architecture.

These are the phases that need unblocking in order for successful product development to occur. It is important to identify the roadblocks that prevent the engineering of ideas in a company, because these roadblocks lead to restrained thinking and jeopardize the creative process that leads to innovation.

There are several roadblocks to creative thinking that center around Innovation Cycle.

Challenges to Roadblock #1: Lack of visionary leadership:

After examining case studies of innovative companies, the most important challenges to Roadblock #1: Lack of visionary leadership is

the hiring of the right people. This in turn sets up an environment conducive to creative thinking and balances creativity and efficiency.

Challenges to this roadblock begin at the top the hiring of the Chief Executive Officer (CEO), who takes on the role of the "innovation champion" and who inspires every senior manager in the company to commit to the vision. This allows the creative thinking process to take root. Companies are successful at being innovative when the organizational culture is receptive to creativity and "shaping corporate culture is an executive responsibility". The innovative companies in this study overcame this roadblock by selecting a CEO who is a visionary leader.[1]

They also have team leaders, who are visionaries in the creative thinking process or someone else to champion their cause. Marissa Mayer, the director of consumer web products at Google, says that it is imperative for company leaders to "act like a venture capitalist" if you want to be successful.

A visionary leader is a technical champion who knows how to get things done informally, understands the working dynamics of the organization, is not afraid to put his or her career on the line once in a while, is passionate about the projects and what is being done, and can deal with the constraints of bureaucracy. This person's charismatic personality inspires loyalty.

It is not just the correct selection of the top management that makes a company innovative. Intel says that you need to go a step further and also select the right people to solve the problem – the "transformative employees".

Innovation begins with understanding human beings, especially during the creative process.

Another way to confront creative thinking obstacles is to balance creativity and efficiency, since there is an internal struggle between efficiency and creativity in many companies. It is a balance that is reached by innovative companies, such as Apple Computer, who approach creativity and efficiency as symbiotic

entities. The successful creative process makes the entire company more efficient.

Challenges to Roadblock #2: Resistance to change or to the idea

An environment that resists change, is bureaucratic, hierarchical, and cautious, is most likely not to be conducive to creative thinking. Unsuccessful initiatives that have been funded and staffed continue in environments that do not foster creativity. The status quo is maintained, which in turn supports the political agendas.

Innovation is about embracing new ways of thinking. It is not "pie-in-the-sky." It is about survival for a company in today's post-industrial world. Innovation begins from the top down. It begins by getting rid of those who are resistant to change.[2]

Three challenges to Roadblock #2 are

(1) Identifying the correct problem to be solved,

(2) not always settling on the first solution, and

(3) being open to ideas with a systematic incubation period and experimentation.

Challenges to Roadblock #3: Fear of failure and anxiety

One of the major roadblocks to creative thinking and problem solving is fear of failure and the anxiety that accompanies it. Failure should be expected as a part of the process and should be viewed as educational, as well as evidence of action.

Two challenges to Roadblock #3 are

(1) Establishing a risk - free organizational culture, and

(2) Teaching people how to think differently.

Elimination of fear is how creative breakthrough thinking occurs. Not being afraid to make mistakes opens one up to

creativity and innovation. This cannot be accomplished without a risk free organizational culture.[3]

Challenges to Roadblock #4: Difficulty dealing with criticism

Another roadblock to creative thinking is difficulty dealing with criticism. Ideas are often criticized because they appear childish or not feasible. In order to deal with criticism, all members of a critique must harvest an open attitude that may link a viable solution to the most outlandish idea. Remember that constructive discontent is necessary to challenge the status quo.

Five challenges to Roadblock #4 are

(1) Cultivating creativity,

(2) Changing the way brainstorming is implemented with energy and rigor,

(3) brain writing,

(4) Concept mapping, and

(5) Synectics.

"It is easy to destroy creativity through discouragement and other means; cultivating creativity requires a significant, dis-proportionately higher degree of effort".

For an organization to be innovative it would have to undergo a cultural transformation by having an avenue to express ideas without rejection or consequences. Always following the rules, selecting the first idea that comes into our head, being quiet for fear of failing or believing there is only one best answer are sure ways to fail at creative thinking.

Successful ideation in innovative companies is rigorous and disciplined, as well as creative.[4]

Challenges to Roadblock #5: Running a company with no reward system

Only 16% of companies give some type of incentive to employees who offer ideas for improvement of company products.

Establishing an incentive plan is a management responsibility. When employees do not receive some type of reward for their ideas, they lack initiative and do their job and nothing more. Rewards for innovative behavior and "disincentives for lack of results" should be in place in an innovative company.

Compensation structured to reward innovation would create an organization of employees who are motivated.

Incentives such as recognition, empowering employees to do the things they enjoy, and money, will inspire loyalty, increase morale, and increase profits. Things get done that are rewarded, so it is important that management makes sure they are truly rewarding the behavior they want repeated.

Jack Welsh, past CEO of General Electric, overcame this roadblock by putting compensation plan in place that were not only "rewards for the soul," but were "rewards for the wallet." Intel overcomes this roadblock by linking rewards to performance. More than 70% of employees can purchase stock options. In addition to stock options and bonus plans, Canon offers recognition, promotions, and non-monetary rewards, such as thank you and vacations.[5]

Challenges to Roadblock #6: Lack of resources

Organizational roadblocks limit a company's ability to initiate design and apply new value-added ideas. A lack of resources is one of the roadblocks to creative thinking. Resources in a company are time, space, human capital, and money.

Openers to Roadblock #6: Lack of resources are

(1) Commitment by visionary leaders to commit to investing in time, space, human capital, and money, and

(2) Commitment to research and development.

3M overcame this obstacle by committing to resources, because they value experi-mentation. Just like 3M, companies wanting

to be innovative need to commit to investing in resources for experimentation, because creativity and innovation do not happen by accident. Hewlett Packard (HP) has resources, but their policy is to remain selectively lean. In HP, the decision on whether to continue an idea to the next phase – the Go/No Go milestone – is a final decision. Once the decision is accepted, the process moves quickly to completion, because it is then that resources are dedicated to the project.[6]

Challenges to Roadblock #7: Poor internal communication

Companies with poor internal communication lack in decision making and effective creative thinking. One of the top ways to address poor internal communication is to focus on conducting efficient and effective meetings.

Industry leaders suggest there is a need to run more efficient and effective meetings in most companies in order to expedite the creative process. The biggest problems with meetings are that they are not well facilitated, not well planned, and there are too many of them with no purpose.[7]

Challenges to Roadblock #8: Anxiety of external global partner

General Motors (GM) and IBM paved the way for outsourcing to India and other countries (McDougall, 2007). Outsourcing should not be something that American workers fear; however, outsourcing is often perceived as a practice of cutting American operations in lieu of less expensive labor in other countries. Many American workers fear having their company collaborating with external global partners because of outsourcing.

What this translates to many American workers is the fear of losing their jobs with their jobs going overseas. How can this roadblock be turned around?

Research suggests that Openers to "Roadblock #8" are

(1) Selective outsourcing, and

(2) Collaboration.

Companies such as Apple, HP, and Google address this roadblock through selective outsourcing. Steve Jobs depends on outsourced design manufacturers (ODMs) for Apple product manufacturing, but unlike many of his competitors, the key design decisions are not outsourced.[8]

Conclusion

The goal of this study was to identify roadblocks that stand in the way of the creative thinking process leading to technological innovation, and discuss ideas that can improve the process.

Eight roadblocks have been identified:

(1) Lack of visionary leadership,

(2) Resistance to change or to the idea,

(3) Fear of failure and anxiety,

(4) Difficulty dealing with criticism,

(5) Running a company with no reward system,

(6) Lack of resources,

(7) Poor internal communication, and

(8) Anxiety of external global partners.

Roadblocks, such as resistance to change or to the idea, fear of failure and anxiety, and difficulty dealing with criticism, is centered on negative attitude.

Those that focus on organizational culture include roadblocks such as lack of visionary leadership, running a company with no reward system, lack of resources, poor communication, and outsourcing.

Research of case studies of organizational cultures that support innovations, such as 3M, Hewlett Packard, Intel, Apple, Canon, General

Electric, Google, Johnson & Johnson, and IDEO, have lead to findings about people, the creative thinking process, the creative environment, and product innovation.

People

Creative thinking starts with human capital. Higher education should have the responsibility to develop visionary leaders in technology and engineering, along with visionary technologists, and engineers. This begins by teaching people how to think. Teaching people how to think is the role of the university.

Creative thinking process

The balance between efficiency and creative thinking is a tenuous tightrope, but it is the very balance that leads to innovation. With a focus primarily on efficiency, products get delivered, but it is status quo and usually slight modifications of the old. With a focus primarily on creativity, the process gets out of control and nothing feasible gets done.

Creative environment

The creative process cannot be changed without having a receptive environment. A creative environment cannot be formed without creative people working for the company. Without a visionary leader, creative people cannot be free to innovate. With the people, process, and environment in place, the products will become more innovative. Then creative thinking will lead to technological innovation.

Product innovation

Some ideas lead to big inventions and breakthroughs, while some lead to incremental improvements on original products or finding a new approach to doing old processes. The successful ideas of technologists, designers, and engineers are the result of creative thinking and innovation.

In summary, non-visionary companies who are stagnant, centralized, bureaucratic, and autocratic, who commit to policies that discourage entrepreneurship, and who have no incentives for successfully engineering ideas, are not innovative. Creative thinking is not unorganized chaos.

It is a process that can be systematic and can successfully challenge idea roadblocks. It is not just about finding solutions to problems and producing a product. It is about change in an organization that is transformational. It is change in how people think and how people approach.[9,10]

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