

## CREATIVITY AS AN IDEATION COMPONENT OF INNOVATION IN THE ACTUALISATION OF ENTERPRISE

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### Abstract

The dynamic nature of business makes it susceptible to changes in the social, political, technological and economic environment. This equally means that changes in product development/service delivery could be in response to changes in customers' taste and desire. All these have direct impact on the demand and supply of products and services in the market. This paper highlights the role of creativity and innovation in entrepreneurship development as a process of creating personal and public wealth. It equally argues that innovation is an outcome of entrepreneur's creative ability which is meant to create changes in response to demand in economic and social environment. This paper discusses the importance of creativity and innovation to the survival and sustainability of business as well as social entrepreneurship development projects. It is equally argued in this paper that the creative ability of local people have led to the implementation of innovative social entrepreneurship development projects in many rural communities in Nigeria. This paper then emphasises the importance of creativity and innovation; not only as a strategy of creating changes in response to market demand, but also as a response to social problems in rural communities.

**Key words:** *Creativity and innovation, entrepreneurship development, entrepreneur, indigenous knowledge, social entrepreneurship.*

### Introduction

In developing economies, when people decide to opt for a career in entrepreneurship in place of wage earning employment, such choice is often made out of necessity, that is, as a result of very few available job opportunities. However, out of many who often opt for a career in entrepreneurship, research findings have shown that less than 15 per cent take any action towards achieving their dreams. Out of this number, less than 10 per cent actually grow their enterprises beyond three years (Stokes, D. and Wilson, N. 2006). Only people with entrepreneurial qualities have very strong desire to achieve their desired ambition. These kinds of people are unique in many ways in the sense that they rarely consider the obstacles or hindrances that may pose a challenge on their way once they make up their mind to hit the target they have set for themselves. Such target could be creating a business enterprise or implementing an enterprise with social objectives. They stop at nothing until they have achieved their goals. Such people are described as entrepreneurs.

Some researchers have argued that, considering the ways entrepreneurs behave, they must be born that way. McClelland (1961) and Brockhaus (1982) argue that some people start many businesses (most often from a very young age), while others never consider starting something new, as evidence that entrepreneurs are certain type of people who are simply born that way. Other researchers are of a contrary opinion, and argue that entrepreneurs are

made, not born. Chell (2008), argue that people learn to be entrepreneurs through their social context, through a formal education process, or through experience.

Entrepreneurship is an important phenomenon in any society and so is entrepreneurial action is important to the economies and societies. The focus of this paper is on those entrepreneurial actions that stimulate the growth of entrepreneurship and which may eventually lead to job creation and poverty eradication. The importance of these entrepreneurial activities can be better understood when one considers how they eventually lead to product development and service delivery. If we can understand the 'how' of entrepreneur's actions, we may be able to increase the level of entrepreneurship in society in general and advise individuals on how to become more entrepreneurial.

The entrepreneurs exhibit different behaviours and carry out a number of processes which eventually cumulated in an outcome which could be a product, service or development project. One of such processes is opportunity recognition, which happens to be one of the fundamental principles of entrepreneurship. Operations and processes are the means by which entrepreneurs turn a recognised opportunity to enterprises which produce and deliver products and services to the market place.

***Opportunity Recognising in the Actualisation of an Enterprise***

Much of the literature on how an entrepreneur identifies an opportunity for entrepreneurship development suggest that they must first of all be 'alert to the opportunity' (Kirzner, 1973). Entrepreneurs have their eyes and ears open. More than this, they are actively seeking new ideas that have the potential to be real opportunities in the market place. Opportunity recognition can therefore be described as a recognised need/want in the market place or community to which the entrepreneur has a response or solution. Politis (2005) argues that opportunity recognition is the starting point for entrepreneurial activity. Recognising the need, understanding it and coming up with a feasible means of dealing with it implies certain kinds of knowledge. This knowledge is likely to come from theoretical learning, but for entrepreneur, it often has its roots in the experience of accessing and evaluating previous opportunities.

Handling the challenges or liabilities associated with creating new products, introducing new production method or exploring new market are areas of knowledge that are learned once an opportunity has been identified. Public policy changes can generate business opportunities as can be observed in the current boom in the communication industry.

However, before jumping to invest in a business opportunity, it is wise to evaluate/screen the opportunities in terms of size of the market, growth potentials and the characteristics of potential customers.

#### ***Creativity as an Ideation Component of Innovation***

As argued in this paper, the entrepreneur engages in different activities to turn a recognised opportunity to an enterprise. Creative idea has to be generated to determine the products/services to be produced, the production method, the packaging, marketing plan etc.,. Above all, the entrepreneur has to come up with an idea of making his/her products/services unique and acceptable to the consumers. An entrepreneur's success in turning an opportunity into a viable enterprise depends to a large extent on his/her creative ability.

All too often, creativity and innovation are used to mean the same thing. (i.e. something new or different). However, there is a growing body of research that clearly differentiates between the two. Despite the many different definitions that apply to the term creativity, there is still a general agreement that it depends upon two central characteristics which are rooted in a Western philosophical tradition (Bilton, 2007). The first of these is difference or novelty. The second characteristic is individual talent

or vision which is expressed through creative individuals.

Creativity can therefore be understood as the generation of new ideas (Cox, 2005) or as the 'ideation' component of innovation (West and Farr, 1990). Whilst creativity is all about coming up with the good ideas in the first place, innovation is the successful exploitation of these new ideas (DTI, 2003). Creativity is seen here as both novel and valuable. Innovation is therefore seen as more concerned with any change often as a result of some technological advancement.

Creativity is not just a useful or desirable component of entrepreneurship; but it is in fact a central feature of this phenomenon. Without creativity (in the sense of generating new and valuable ideas), there would not be any entrepreneurship. Creativity is associated with certain individuals who bring something new to the world. The entrepreneurs are also seen as special individuals, who deliver economic value that is they make money for themselves or for others. Innovation is more understood at the level of products/services, organisations or society. Generally, it is the outcome of creative ideas. We refer to something as innovative when it is not just 'new' but also economically valuable; that is, it sells well.

#### ***Creativity in the Actualisation of an Enterprise***

The ultimate of opportunity recognition by an entrepreneur is to take advantage of such opportunity to create a venture that will develop products/services that will meet the needs/wants of the market. The entrepreneur expects a successful exchange of such products/services, so he/she can have financial reward.

If creativity involves the creation of something new both novel and valuable, it begs the question of who decides whether or not anything is in fact creative. Entrepreneurs have to be able to recognise an existing opportunity and turn it to an enterprise.

The process of turning an opportunity to an established venture will take the entrepreneur through the stages of opportunity recognition, idea generation, planning and implementation of planned business activities. The implementation of the business plan is the stage at which the venture has been established and the products/services are introduced to the market. This stage represents the stage of actualisation of the venture. This is innovation, which is the outcome of the creative idea of the entrepreneur/the creative idea in actualisation.

Roberts (1988) defines innovation as the successful implementation of and exploitation of a new idea.

Innovation is the process of taking new ideas effectively and profitably through to satisfied customers. Joseph Schumpeter was the first economist who clearly identified innovation as an outcome of entrepreneurship (Schumpeter, 1934). Early in his career, Schumpeter argued that an entrepreneur disrupts market and causes new ones to be formed in circular flows. The 'true' entrepreneur causes a radical change that is discontinuous with the previous flows by obtaining and using information caused by these 'tides of creative destruction'.

Whether at the stage of start-up, stability or maturity, an entrepreneur needs the skill of generating creative idea and the capability and ability as well as the willingness to turn such idea into an innovation. In business, there are common or general ways of doing things (whether in production, management or marketing) but only the entrepreneurs who can do things in an uncommon ways stands the chance of being competitive.

Generally, most entrepreneurs or prospective entrepreneurs can come up with creative ideas that look impressive; however, less than 15 per cent of such individuals are able to turn their ideas into innovations. The business environment becomes dynamic and competitive on a daily basis. New technology has introduced new production, marketing and management methods. Therefore, entrepreneurs need to exhibit a great deal of creativity and innovation if they want to remain in business. Research findings have shown that innovation is essential in growing businesses, particularly in the following areas:

- Introducing a new product/service
- Introducing a new method of production/service delivery
- Exploring a new market
- Conquering a new source of raw materials
- Re-organising an industry in a new way

In most cases, particularly in developing economies, entrepreneurs easily get carried away by the phrase 'new technology' and immediately think of this as something beyond their control. Technology needs human input and can either be hi-tech (i.e. carried out by machines/soft ware) or low-tech (involving a change in the pattern of human behaviour).

In most developing and developed economies, the Small and Medium Enterprises (SMEs) drive the economy because they are more job incentive. On the other hand, successful exploitation of new ideas is very important for the growth of SMEs. Managers of small and medium enterprises have a choice of embarking on aggressive human skill development in

simple but efficient and effective technology as an alternative to high-tech. In creating and managing SMEs, entrepreneurs are always open to different choices of approach to have their goals achieved. They need to be creative and innovative for the methods of choice which will work best. They should be ingenious at adopting and modifying whatever is at hand to solve identified problems or to achieve objectives. Generally, innovation may require a depth of commitment in terms of resources and investment that is simply too risky or beyond the means of many SMEs. Entrepreneurs should be creative enough to know what innovative approach need to be taken for the enterprise to remain competitive in the market.

#### ***Entrepreneurship Growth through Creativity and Innovation***

Survival in business will mean being able to create a venture and develop products/deliver services that meet the needs /wants of consumers. It equally means the ability and capability of the entrepreneur to run the venture efficiently and profitably through the application of different business growth strategies. A country's stock of natural resources and the entrepreneurs' ability and capability to put their creative ideas to work in the combination and re-combination of available resources to produce needed goods and services also plays a pivotal role in the subsequent entrepreneurial activity undertaken.

Every aspect of business development requires the creative ability of an entrepreneur. Innovation is not just closely linked to novelty, new things and new ways of doing things. It is not just about change and transformation. The entrepreneur must be skilled in generating new ideas and introducing them into the market. A big part of innovation in growing entrepreneurship is the ability of entrepreneur to stabilise processes and market conditions in order to allow consumers and clients to buy the products and services over a sustainable period of time.

The size of an enterprise notwithstanding, the need to innovate should be continuous if the enterprise is to beat competition. Innovation is defined in this paper in terms of the successful exploitation of a new idea and the post hoc recognition of creativity involving a valuable discovery of some kind. Depending on the financial resources at the disposal of an entrepreneur, an entrepreneur, whether managing an SME or a large corporation may decide to opt for incremental innovation which requires minor revisions and improvements to existing ways of doing things. In practical terms, this could be by way of re-packaging or the introduction of a more cost-effective production process. A venture could as well be taken

through transformational innovation, where the roles of the game are changed altogether.

Innovation is increasingly becoming important to the growth of entrepreneurship and nation states because of global competition, new technologies and fast pace of changing consumer tastes and desires. Nations as well as firms have innovation policies because of their perceived importance. However, the national resources and capability of a country will help determine its innovation strategy and industrial specialisation. There is also a link between type of business activity and the direction of innovation, or technological trajectory that generates a momentum of its own which is difficult to change.

According to Drucker (1985), there are different sources of innovation:

- a. **The Unexpected:** World events, including natural disasters, acts of terrorism and wars, have all resulted in the rise of innovative new products and services including security devices.
- b. **The Incongruous:** Medical scientists have often found that their search for a cure or treatment to condition **A** leads to a new cure and treatment for **B, C, D**.
- c. **Processed need:** A key problem for product manufacturers is to be able to make products that are without any imperfections which would limit the material strength and reliability.
- d. **Industry and Market Structure:** The print industry, for example, has undergone technological change over the past 20-30 years to the extent that advent of digital technology has revolutionised the job of printers and the opportunity for desk-top printing/publishing.

In the management of innovation, the entrepreneur may have to follow a process that consists of four stages:

- Scanning the environment and idea generation
- Evaluation of opportunity
- Resource acquisition
- Technological and market development

Basically, these stages could be likened to entrepreneurship principles that are involved in the setting up and growing an enterprise to maturity.

### ***Creativity and Innovation in Growing Social Entrepreneurship***

Social entrepreneurship as a strategy of poverty eradication focuses on the application of entrepreneurship principles in addressing social

problems. Many entrepreneurs take this a stage further in that they use entrepreneurial processes to add value to society by fulfilling the socio or economic needs of others. They act entrepreneurially but they do not have profit as their primary aim. Like entrepreneurs generally, social entrepreneurs operate in a variety of contexts. Some form ventures that have a social aim as their main purpose, and so form a 'social enterprise'. Others run a private-sector, profit-making enterprise but with distinct social values and objectives. Whatever the context, social entrepreneurs make a positive difference to the lives of others by emphasising the social responsibility of their ventures before the need to maximise profits. They identify a social problem (which may or may not also be a business opportunity) and use entrepreneurial processes to create solutions to tackle the problem.

As argued by Leadbetter, social entrepreneurs are no different from traditional entrepreneurs except that they do not prioritise the making of profits and put more emphasis on social rather than commercial results (Leadbetter, 1997). Creativity and innovation are very central to a successful implementation of social entrepreneurship projects. Social entrepreneurship approach to poverty eradication emphasises participatory approach in project selection and implementation. The general focus is on the application of creativity and innovation in the form of appreciating the role of indigenous knowledge in finding solution to social problem. Creativity and innovation can equally apply when it comes to improving indigenous knowledge for better and more effective performance.

Social entrepreneurs who are known as change agents are always very creative and innovative. They apply project implementation strategies that lay emphasis on the application of appropriate technology (i.e. the availability of feasible and locally adaptable technology for attaining an acceptable minimum efficiency scale of operation). For instance, creativity and innovation have been found to be very strategic when it comes to seeking for effective and efficient alternative to high-tech in water defining and provision of safe drinking water in rural communities of Africa as well as in the fabrication of agricultural/food processing equipment, post-harvest management of food/cash crops etc.

Rural economic development in developing countries owes much to social entrepreneurs' creative and innovative ability, particularly in the utilisation of available resources in rural areas for job creation. Between the farm, where food production takes place and the home where consumption takes place, there

are a number of SMEs that can be and have been created for the attainment and continued satisfaction of human needs for present and future generations. Rural entrepreneurs can equally deploy their creative and innovative ability towards achieving sustainable development through land and water conservation, animal genetic resources which is environmentally non-degrading, technologically viable and socially acceptable. Many of these feasible and locally adaptable technologies have been found to be effective, efficient and have been utilized to achieve a more sustainable development in developing countries.

### Summary

As poverty issues continue to assume a global dimension, concern about the impact of poverty and possible solutions have equally been engaging the attentions of many governments. Policy approaches have been geared towards creating personal and public wealth. For such policies to result in sustainable poverty reduction projects, entrepreneurs should possess what it takes to create products, deliver services that are competitive in the market place or provide solution to identified community problems. To sustain such efforts, the entrepreneur should be creative and innovative enough to continue to produce new products/services and projects, improve on existing products/services, add value to local knowledge etc.

Emergence of new technology will continue to challenge existing production methods. This will in turn continue to impact on the quality of goods and services produced on a daily basis as well as the taste and desire of consumers. It is imperative for entrepreneurs to be alert to these realities which eventually will continue to pose a major business challenge they will have to contend with. That is why entrepreneurs are described as creative destroyers.

Only social entrepreneurship development approach that recognises and appreciates the role of indigenous /local knowledge in addressing poverty problem may be sustainable on the long run. One of the biggest development challenges that developing countries always face is to balance their traditional /local knowledge with different new innovations which in most cases are products of creative ideas of 'outsiders'.

This is a challenge to entrepreneurs, whether they are conventional or social entrepreneurs; also, they could be scientists, conservationists, agriculturists, business women/men, philanthropists, educationists etc. Creativity and innovation could be introduced to improve our rural economy through value addition,

particularly in the practice of different enterprises such as food production/processing, horticulture, floriculture, apiculture, nursery and livestock enterprises like dairy farming, goat and sheep rearing, poultry and piggery enterprises.

Moreover, it is obvious that large irrigation projects and interlinking of rivers will continue to remain a dream in most rural communities in Nigeria in foreseeable future. However, with government demonstrating enough support for creative and innovative ideas, many rural villages in Nigeria are capable of meeting their drinking water needs through innovative projects such as rain water harvesting. Many more can equally meet their food needs through different projects like food processing/preservation, post-harvest management of crops, sustainable agricultural practice etc.

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