

Relationship between entrepreneurship

[Business](#), [Entrepreneurship](#)



" Discuss the relationship between entrepreneurship, innovation and economic development. What role does sustainability play in this relationship? Refer to both theory and examples from the business world to support your discussion. " Introduction In today's business world, the increasing focus on entrepreneurship education, innovation, economic development and sustainability are issues interrelated to business success. Although an optimal balance between these relationships is hard to attain, the cooperation among nations is undeniably crucial to preach the importance of a balance between economic development and the environment, and raise people's awareness of our future world. The following analysis will first start with clear definitions on entrepreneurship and innovation, and the Apple Company, which is well known as the most innovative company, will be used to demonstrate the relationships between them.

Then move on to define economic development and analyze its relationship with innovation by citing interpretation on developing and developed countries, and then followed by the importance of sustainability, and finally ended with a conclusion. Definition of Entrepreneurship Kappa, F. (2007) explained that " Entrepreneurship denotes the whole process where the entrepreneur becomes aware of the opportunities that exist to empower themselves, take the risk, develop ideas, and take personal responsibility and initiative. Therefore, in short, entrepreneurship is the process concerning being innovative and detecting opportunities, which an agile entrepreneur is focusing on in managing the business. Definition of Innovation While creativity is the core of the entrepreneurship, innovation refers to the ability

<https://assignbuster.com/relationship-between-entrepreneurship/>

to array out and realize those creative ideas. It can basically be divided into incremental innovation and radical innovation, where the former one is an improvement based on existing knowledge, whilst the latter one refers to creative destruction, creating a dramatic change in transforming the existing market into a new industry.

A leader in the development of management education believed that " In business, innovation rarely springs from a flash of inspiration. It arises from a cold-eyed analysis of seven kinds of opportunities". (Peter, D. 2002, p. 95) , and his support in incremental innovation is opposite to Summerset's contention in radical innovation, believing that new combinations generally do not evolve from the old ones but in a sudden sense, with a complete change (Schumacher, J. , 1983).

The choice of innovation, however, varies under different situation, and no definite answer has concluded. Relationship between entrepreneurship, innovation and economic development By ergonomic Apple could be said to be the most innovative company in these years, and its achievement is greatly credited to success in its entrepreneurship. So in the allowing, Apple Company will be used to help illustrate the relationship between entrepreneurship, innovation more concretely.

Steve Jobs is the entrepreneur of the Apple Company, and he had always been the core of the whole business. Because of Steve Jobs, Apple changed the way where computers were only for professionals, and through various evolutions, computers have now become portable, concise but powerful for everyone. Despite the initial curiosity in inventing Apple I, Apple II, and 'pad,

Macro recently, Steve Jobs had always been an entrepreneur who is an agent of change, as he focused much on creativity and innovation, and it can be seen by the advertising slogan of Apple, "think different".

Thinking too differently may sound like a fantasy, such as when Steve Jobs was introducing his idea about Macdonald. His competitors in the cellophane industry laughed at him, teasing him that without a keyboard, the cellophane would not be a good email machine and no business customer will appeal to it. However, smartened then turned out to be a great breakthrough and success in not only the cell phone industry, but also in music industry, and in people's lives.

Relationship between innovation and economic development Moving on to innovation and economic development, innovation is a superb motivator for development. Economic development is defined as the growth in an economy, for both quantitative, such as per capita GDP and inflation and qualitative measurement, such as standard of living, of this progress. (Seen, A. 1983). Whilst according to Schumacher, p. 6), innovation can be classified into five cases: "the introduction of a new method of production, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of raw materials or half-manufactured goods and the carrying out of the new organization of any industry", which are the ways of that could help increase competitiveness in the industry and enhance economic development as a result.

However inversely, the choice of innovation could also be influenced by the state of economic development that a country is in. The quantitative side of

economic development of a country can be shown on the graph of Production Possibility Frontier (PPF) of a country, while PPF demonstrates the maximum combination of two goods that a country can produce, using existing resources and technology.

In the following there will be an interpretation of innovation upon economic development in both developing and developed countries. In reference to a research done by the United Nations University (Nude, W. Et al, 2011), in developing countries, businesses will usually practice incremental innovation as they are normally producing within the PPF, which means they could think of efficient ways to utilize their resources and existing technology more fully to attain the maximum production efficiency of a country. Read about the business and society relationship

Besides, incremental innovation is a low-risk approach, as firms can move ahead by importing the radical innovation built by the developed countries, while the developing countries can benefit the most due to its additional development to developed countries, the competition is intense and most of the industries are producing on the PPF, indicating the difficulty in further development with existing possession. This will then encourage firms to undergo radical innovation, trying to discover more resources and invent new technology to increase the capability of the country, and hence shift the PPF outwards.

Therefore, it shows that the developing entry is more likely to adopt incremental innovation, while the developed country will incline to focus on radical innovation. For example, the Apple Company is sited in the United

States which is a developed country. Because of Steve Job's insistence in radical innovation, touch screen is now an inevitable trend, while this technology will continuously permeate people's lives, which helps boost the economic developments, such as product development, technology development, market development and Job creation.

The emerge of Apple products demonstrates new combinations of product and technology, while it has rated the drift of smart technology in people's lives, forming new needs for customers and producers in pursuing a better life, encouraging investment in many industries, such as phone applications development and increase Job opportunities which statistically is shown on the official website of Apple Company that 600, 000 jobs for US workers, from engineers to delivery men, are created.

Inversely, economic development could also affect innovation. According to the business cycle, a business will usually go through the process slump, recession, recovery and boom repetitively. When the business is experiencing slump and recession, it creates disincentive to the society to invest in innovation, while recovery and boom will stimulate people's willingness in investment. Sustainability Nevertheless, sustainability should be claimed as the most critical factor in business world currently.

Sustainable development is defined as " development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (Our Common Future, 1987 p. 54). Most businesses nowadays have noticed the importance of sustainability, as there is n interdependent relationship between business and society, and the balance

between the environment protection and the economy development is notably essential for a long term economic growth.

Sustainable development has been incorporated into one of the business's Corporate Social Responsibility (CARS) which has become a prominent issue in recent times and business is expected to consider the wellbeing of their stakeholders, as it will affect the businesses immensely. Imagining a dyeing industry disposing waste in the river throughout its operation, the eluted river will reduce the amount of water supply, and hence increase the price of water, which will in turn increase its costs of production. In addition, its sales revenue may drop because of its irresponsible behavior, which affects its reputation in the public.

However, if the business could shoulder up the responsibility, includes water, it can then build up a positive and respectable image in the public, which can be a non-current asset for the company in generating benefits, while the extra cost it applied would then be comparatively immaterial. Furthermore, sustainability results nearly a lower cost in production in the long term, which is shown as a seductive reason persuading businesses for firms to pursue sustainability especially for profit- making companies. There is a piece of reading showing how sustainability can help the world.

Emory Loving, who was a consultant in environment, energy resources, development and security, invented ultrahigh-hybrid cars, which are fully recyclable, 20 times more energy efficient, 100 times cleaner, and cheaper than existing cars, and his creativity has been brought into practice as an innovation, while it also concerns the saving of sources and the increase in

productivity and efficiency. The ultraist-hybrid cars can help reduce severe carpollution, especially in China, cut the resources usage, and foster the economic development by increasing productivity. (Hart, S. 1996 p. 75).

All in all, sustainability can bring eternal benefits to the people and to the world. Reciprocally, to move towards sustainability, the satisfaction of human needs and aspirations is the major objective, which indicates the importance of innovation and economic development to maintain a stable economy or even a progressive economy, spovertydeprives people's capability to use resources in a sustainable way, and they have no choice but to intensify pressure on environment in order to survive. For example, a drought may encourage farmers to slaughter animals in the subsequent years for the basic need to maintain living.

Furthermore, thecultureof creativity and innovation in business can also help reduce vulnerability in the economy state. For instance, the invention and evolution of technologies could help businesses to increase their capacities, ability to cope with market fluctuations, and even enhance market development. Therefore, entrepreneurship, innovation and economic development are chief factors affecting the accomplishment of sustainability. (Our Common Future, 1987, p. 64, 69) Conclusion In conclusion, there are many factors affecting a successful business, from entrepreneurship, innovation, economic development to sustainability.