

# Significance of Creativity, Innovation and Resource-management in Entrepreneurial Ventures

Zamah Bukhari\*

National University of Sciences and Technology, Islamabad, Pakistan

Faran Rafi

National University of Sciences and Technology, Islamabad, Pakistan

Dr Muhammad Tahir Nawaz

National University of Sciences and Technology, Islamabad, Pakistan

Dr Faheem Qaisar Jamal

National University of Sciences and Technology, Islamabad, Pakistan

## Abstract

The purpose of the study was to determine the significance of creativity, innovation and resource management in entrepreneurial ventures. The study analyzed the relationship of these factors with entrepreneurial ventures. To carry out the research, entrepreneurial ventures from the capital of Pakistan were chosen. Survey based research has been carried out through structured questionnaires to collect the primary data. Statistical analysis of correlation and regression has been performed to determine the strength of association between factors and entrepreneurial ventures. The significant results prove the strong association between creativity, innovation, resource management and entrepreneurial ventures. The results show that sustainability and growth of entrepreneurial ventures is not possible without focusing on innovation and creativity yet at the same time resources are to be managed effectively.

**Keywords:** Entrepreneurship, Creativity, Innovation, Resource-management, Entrepreneurial Ventures

## 1. Introduction

The economy of any country is the combination of creative ventures, industries and productions. The survival of any economy is possible if the economy adapts to changes in strategies and change of demands of the customers. Any small firm is equivalently important for economy as larger firms. The survival of the economy isn't possible without entrepreneurial ventures. The entrepreneurial ventures must innovate and bring change according to the demands of the market. The survival and sustainability of the entrepreneurial ventures is necessary. For any entrepreneurial venture, it is essential to be creative, innovative and having well managed resources.

Entrepreneurship is the source of running economy and financial expansion. The rise in the economy due to entrepreneurship increases the importance of creativity and innovation in entrepreneurship. Entrepreneurs innovate and bring the innovation to the market and makes the innovation available to the people.

The importance of the innovation can be imagined with the fact that innovation in entrepreneurship brings a new product or solution to any problem in innovative way to do the needful of tertiary industry. Entrepreneurs can launch any new product matching the needs and demands of market and can produce effective improved solutions in the service industry meeting the demands of clients.

Innovation and creativity is significant in entrepreneurship as the life of the venture is dependent upon it. Any business is started with the market need as the need is fulfilled by the business in the form of product or service. To grab the opportunity and taking advantage of the opportunity to bring innovation that can bring ease and usefulness is the objective of any entrepreneurial venture. Finding and using opportunities isn't possible without effective resource management of the entrepreneurial venture. The innovation and creativity is highly dependent on the management of the resources.

Resource management is part of any organization which helps in the finding and exploitation of the opportunities and maintain the work cycle of the organization. Innovation is the major contributor towards success of any entrepreneurial venture. The creativity of the people associated with the organization acts a solution to the problem. The human resource is kept motivated to bring creativity that can be utilized for organizational gain.

The importance of the creativity, innovation and resource management is the market competition. The innovation brings new and better solution which is cost effective and not compromised on quality with the help of resource management of all kinds (capital, technological, human).

Innovation and creativity is equally important for small entrepreneurial ventures. The effective management of the resources helps in competing in the economy. The small entrepreneurial ventures help in the economic gain by producing goods at small scale as per the demands of the public.

Entrepreneurs innovate adapting to the changes in the environment and demands. They produce the products and services with change which helps in running the organization according to changing times. Being innovative creative and resourceful helps in success and growth of entrepreneurial ventures.

## 2. Background

The paper sheds light on the relationship between creativity, innovation, resource management and entrepreneurship. Entrepreneur is the person who is risk taker in business, the one who initiates business with risk. Entrepreneurship involves two major concepts of change and risk. Entrepreneurship is the process which involves change based on the entrepreneurial ventures in which the entrepreneurs invest to achieve the goals.

Entrepreneurship can be defined as the self-employed venture having no definite result. The ventures involve a higher percentage of the risks. In any entrepreneurial venture risk is one of the major factors but it is not the only factor which defines entrepreneurship (Chua, Christman & Sharma, 1999). Entrepreneur is the person who finds new application for a product or business with change. Entrepreneur is considered to be the innovative person who utilizing his/her creativity makes the existing products and technologies or practices outdated (Schumpeter, 1942). Entrepreneurship is the process of improvement carried out by individuals or organizations in the existing lives of people through products or service. Entrepreneurship derives on the financial gain that is achieved by the innovative ideas and resources of all kinds. Multiple theories concentrate on the fact that risk taking is core of the entrepreneurship (Tilley & Young, 2009). Entrepreneurs invest time and money in the new-found opportunities to gain the profit in business but the risk factor is high (Robbins & Coulter, 2005). The concepts have changed over time and its assumed that entrepreneurship is about initiating new firms (Chua, Chrisman & Sharma, 1999). Irrespective of all the concepts and definitions, entrepreneurship is about innovation and bringing change.

Innovation is the execution of the creative ideas that have been conceived through a complete creative process. The process of generating new ideas can be termed as creativity (McLean, 2007). The process of idea generation and its application to get results is innovation and creativity is the significant part of innovative process. Creativity does not involve the generation of idea only. It involves the complete process of concepts to finding and evaluating opportunities and solution finding to bring the innovative ideas (Mumford, 2003). According to the researches creativity is lost with the use of logics and growing maturity (Shapiro 2002). Creativity is found in all human beings and progression is also based on creativity. The organizational creativity is dependent on many factors like environment of work, team work, motivation towards goals and time constraints. The creativity in the organizations should be refined (Casimir & Wang, 2007). The cultivation of creativity in the organizations is important as it's the core of innovation. Creativity in the organizations can be cultivated by the encouragement towards imaginativeness.

Innovation was taken similar to invention for longer time period but innovation is can produce inventions but the two are not alternatives of each other. Innovation is the process of finding new methods of improvement. Creativity and innovation are always connected with each other. Innovation is the process in which people use new ideas to improve the methods and practices (Shapiro, 2002). Innovation involves the skimming of environment and idea generation for which creativity is very significant (Cooper, 2000). Innovation is not about big executed ideas, innovation is about simple and small innovative changes (Maca, Bhattacharya, Dragalin, Gallo & Krams, 2006). The continuously changing world demands change in the organizations as well for survival. If the firms don't innovate the firms can become outdated. Innovation can increase the productivity of the firms (Duguet, 2006). The process of renewal can be termed as the process of continuous innovation (Adams, Bessant & Phelps, 2006). Innovation is always highly associated with creativity and innovation isn't possible without the input of creativity.

The resource management is vital for any organization. The growth of any organization is dependent upon the management of the financial, technological, and human resource. The entrepreneurial ventures can become successful with the available resources. The process involves the finding and exploitation of the opportunities with effective and appropriate usage of the resources. This makes any entrepreneurial venture grow. This is the network approach based theory entrepreneurship (Aldrich & Zimmer & Jones, 1986). The usage of available resources to the maximum level is essential for the survival of the entrepreneurial ventures (Hansen, 1995). The access of resources helps in finding the opportunities which leads to growth of entrepreneurial ventures. The access to the resources determines the available entrepreneurial opportunities (Alvarez & Busenitz, 2001).

## 3. Research Design:

Quantitative type of research is carried out with cross-sectional research design. The sample of 22 entrepreneurial ventures was selected from the capital of the country. Questionnaire based survey was conducted to collect the data from 125 respondents with response rate of 77% through simple random sampling technique. The questionnaire contained 21 closed ended questions with seven questions of each factor of the study. Likert scale was used as measuring scale ranging from strongly disagree to strongly agree on the scale ranging from

points 1 to 5 respectively.

The study has been carried out to find the association of the factors of creativity, innovation and resource management with entrepreneurial ventures. The significance was studied through multiple statistical operations performed on the primary data collected through entrepreneurial ventures.

SPSS was used to carry out the statistical analysis. Correlation is found to determine the degree of significance of the association of between independent and dependent variables. Regression analysis is also carried out which signifies the importance of creativity, innovation and resource management.

## 4. Results and Discussion

### 4.1 Results

The feasibility of the study was determined with the Cronbach alpha value. The overall reliability of the sample was tested. The Cronbach alpha value was found to be 0.839 for the sample of N=125. The value of Cronbach's alpha was greater than 0.5 therefore, it was feasible to carry out the study as the research tool was reliable.

The demographics of the study sample include Gender, Age, Qualification and Designation. The frequency analysis of the sample reveals the distributed frequencies of the data collected. The gender frequency distribution shows that 69.6% of the sample is from male gender and 30.4% of the sample is female. The age distribution of frequency shows that percentage of people from age of 21-25 years is 55.2%, the percentage from range of age 26-30 years is 33.6%, the percentage from range of age 31-35 years is 8% and the percentage from range of age 36-40 years is 3.2%. The qualification frequency distribution shows that 75.2% of sample is educated till bachelors level, 24% of the sample is educated to the level of masters and 0.8% of the sample is educated to the level of doctorate. The designation frequency distribution shows that 12% sample belongs to junior level, 60.8% of the sample belongs to executive level, 13.6% of the sample belongs to team-lead level, 8.8% of the sample belongs to the manager level and 4.8% of the sample belongs to CEO level.

The descriptive of the sample show the mean and standard deviation values of the sample data. The mean of creativity is 3.1522 and standard deviation is 0.52170, the mean of innovation is 3.56 and standard deviation is 0.48659 and the mean of resource management is 3.48 and standard deviation is 0.72148. The higher values of means reflect the significance of creativity, innovation and resource management in the entrepreneurial ventures.

The significant correlation values reflect the strong association between the independent and dependent variables. The Pearson correlation is found to determine the significance of association between creativity, innovation, resource management and entrepreneurial ventures as shown in table 1. The values of correlation of creativity, innovation and resource management are 0.591\*\*, 0.655\*\*, 0.747\*\*. All the significant high values show the strong linear association between creativity, innovation, resource management and entrepreneurial ventures.

Regression analysis has been carried out by taking creativity, innovation and resource management as independent variables and entrepreneurial ventures as the dependent variable. The result show that the 3 factors are significantly associated with entrepreneurial ventures as shown in table 2. The regression equation for creativity can be given by  $\text{Entrepreneurial Venture} = 0.45 * \text{Creativity} + 2.052$ . The regression equation for innovation can be given by  $\text{Entrepreneurial Venture} = 0.528 * \text{Innovation} + 1.583$ . The regression equation for resource management can be given by  $\text{Entrepreneurial Venture} = 0.384 * \text{RM} + 2.112$ .

### 4.2 Discussion

The results show that creativity and innovation in any organization or entrepreneurial venture are very important for the organization success. Creativity and innovation are separate business strategies and management of both is required for the business running. The management in effective way is acquired by the help of efficient communication and importance on marketing and promotional strategies of the business. In any entrepreneurial venture the importance of creativity and innovation is not deniable (Wilson & Stokes, 2005).

Entrepreneurship is based upon the finding and exploiting new opportunities. The effective exploitation of the opportunities leads to better performance of the venture. The small ventures usually find the opportunities but the usage of the opportunities to their advantage is lacking. In an entrepreneurial culture, effective management of the resources is required through innovative methods employing creative ideas. This will lead to organizational advantage and entrepreneurial success (Ireland, Hitt & Sirmon, 2003). Creativity and innovation leads to new ideas and business strategies and the effective management of the all kinds of resources makes the organization grow.

Creativity, innovation and resourcefulness helps in the desired goals of individuals associated with organizations through team work and individual goal achievement. The importance of innovation and creativity is increasing in the present organizational culture. The entrepreneurial culture with different values and leadership styles across the globe controls the creativity and innovation employed in the business strategies (Rank, Pace, & Frese, 2004).

## 5. Conclusion

Business strategies and practices have evolved over the time. Creativity deals with the new things and concepts being introduced in the business to achieve the goals effectively. The entrepreneurial culture and environment of the surroundings equally influence the creativity of organizations and people associated with the organization. The creativity is associated with the intention to engage into entrepreneurial ventures to utilize the individual creativity. The social diversity and creativity have positive relationship and creativity which can lead to opening of new entrepreneurial ventures. The results of the study also show high association between creativity and entrepreneurial ventures. The statistical values of analysis show that creativity is significant factor of entrepreneurial ventures.

Innovation means offering change in the organization. The change creates difference of leader and follower in the industry. Innovation acts as determinant of the growth of the business and new firm formation. The results signify the notion that innovation is very important for the entrepreneurial ventures for the survival and success. The impact of the innovation on the entrepreneurial ventures is significant. Innovation in the technological organization is important as the survival in the industry is possible due to continuous change brought in the market. Innovation can be brought in the processes, products, procedures or practices. The innovation at every discipline of the organization contributes to the overall innovative entrepreneurial venture.

Resource management is one of the key factors in successful running of any organization. The resources can be in the form capital, technological or human. The effective exploitation of the resources saves time and cost of the organization. Entrepreneurial ventures are mostly risk based innovative organizations. The efficient resource management impacts the entrepreneurial ventures in positive way. The statistical analysis results show that strong association is found between the entrepreneurial ventures and resource management. Resource management helps in finding and taking advantage of the opportunities which helps the firms to grow.

The statistical analysis of correlation and regression shows that creativity, innovation and resource management significantly impacts and influences the entrepreneurial ventures. The importance of these factors in any entrepreneurial ventures cannot be ignored.

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**Table 2. Pearson Correlation**

		Creativity	Innovation	Resource Management	Entrepreneurial Venture
Creativity	Pearson Correlation	1	.214*	.205*	.591**
Innovation	Pearson Correlation	.214*	1	.199*	.655**
Resource Management	Pearson Correlation	.205*	.199*	1	.747**
Entrepreneurial Venture	Pearson Correlation	.591**	.655**	.747**	1

**Table 3. Regression Analysis**

	R	R Square	F	Sig.
<b>Creativity</b>	.591 <sup>a</sup>	.349	65.399	.000 <sup>b</sup>
<b>Innovation</b>	.655 <sup>a</sup>	.430	91.849	.000 <sup>b</sup>
<b>Resource Management</b>	.747 <sup>a</sup>	.558	154.139	.000 <sup>b</sup>

a. Dependent Variable: Entrepreneurial Ventures

b. Predictors: (Constant), Creativity, Innovation, Resource Management