

# Innovation and Entrepreneurship Development for Social Welfare

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## Abstract

Social welfare consists of various local, states, and government programs designed to assist people with food, housing, and medical care. Social welfare systems provide assistance to individuals and families through programs such as health care, food stamps, unemployment compensation, housing assistance, and child care assistance. Innovation and entrepreneurship has assumed tremendous importance for accelerating economic growth in both developed and developing countries. It promotes capital formation and creates wealth in country. It reduces unemployment and poverty and it is a pathway to prosper. Innovation refers to new product, process or service while entrepreneurship is the process of exploring the opportunities in the market place and arranging resources required to exploit these opportunities for long-term gain. Hence, innovation and entrepreneurship development is becoming a key policy matter for all economies. On the other hand, entrepreneurial intention is a function of entrepreneurial attitudes and many variables affect the entrepreneurial attitude. In this scenario, India is eyeing towards more entrepreneurial activities and the government is keen to facilitate innovation and entrepreneurship development. Adopting a grounded theory approach and in depth literature review the aim herein is to understand innovation and entrepreneurship development for reviving the economy.

**Keywords:** Business, Development, Entrepreneur, Government Schemes, Policies, Strategies

## Introduction

It explores current social welfare issues in the context of their history and the underlying rationale and values that support different approaches. Emphasis is placed on major fields of social work service such as: income support, health care, mental health, child welfare, corrections, and services to the elderly. Innovation and entrepreneurship has assumed super importance for accelerating economic growth in both developed and developing countries (Baporikar, 2011). It is an ability to take risk independently to make utmost earnings in the market. It is a creative and innovative skill and adapting response to environment. Hence, innovation and entrepreneurship development is becoming a key policy matter for all economies. Moreover, debate on the value Namibia University of Science and Technology, Namibia & University of Pune, India and importance of Innovation and Entrepreneurship at the national level has almost reached consensus in developed Western societies. Unfortunately, this is not the case in many developing countries as compared to developing countries, developed economies create 10 times new ventures per adult per year (World Bank, 2010). In many countries, the problem is not lack of, but rather negative macro environment and poor infrastructure, which does not channel entrepreneurial activity into productive and positive economic directions for wealth creation (Baporikar, 2013). This is especially visible in three core issues: opportunity to enter, access to capital, and access to skill and knowledge (UNDP, 2004). Furthermore, most of the entrepreneurship activity in these countries is 'necessity entrepreneurship' and not opportunity driven

(Reynolds et al., 2004). A prevailing high unemployment situation, when combined with low social welfare infrastructure, pushes people in these countries to start a business in order to survive. In addition, many of these businesses are in the informal sector because of the rigid and expensive new business start-up process, thus limiting their ability to expand through normal channels of resources (Reynolds et al., 2004). On the positive side, there have been some innovation and entrepreneurship development initiatives, especially in India. India is also a promising role model for other developing countries, and is one of the oldest countries that have developed successful entrepreneurship development initiatives. However, with approximately 50% of the developing world living below the poverty line and some of the highest population growth rates in the world, these government efforts need to be accelerated. The only way forward in these countries is through emphasizing indigenous development rather than depending on external aid or foreign investments alone. Encouraging innovation and entrepreneurship will do developing countries more good, in terms of long-term growth and gains in productivity, than policies aimed at accelerating near-term growth. Hence, adopting a grounded theory approach and in depth literature review the aim herein is to understand innovation and entrepreneurship development for reviving the economy.

## Review of Literature

Entrepreneurship has been a buzzword, especially among young people as they have recognized the various benefits of starting-up new businesses. Further, the motivations for business start-ups among potential entrepreneurs drive is mostly the 'self-achievement desire', 'need for more money' and 'desire for a higher social and professional status'. Entrepreneurs demonstrate a need to achieve, a willingness to exploit a challenge, to persevere, to work hard. This drive and self-belief, needs to be tempered with the ability to be flexible, delegate to others when necessary as well as willingness to listen to advice and to recognize that they are not experts in every aspect of their business. Moreover, entrepreneurs do not wait for someone else to make the decision, or solve the problem, or even ask for the problem solution; they recognize problems as opportunities and take it upon themselves to solve them. Management specialists, policy makers, researchers, and practitioners view Innovation and Entrepreneurship in various perspectives. Some define it as the activity of establishing and managing a business for profit and growth. This notion resembles that Innovation and Entrepreneurship is an instrumental factor driving the emergence and growth of new businesses and that includes self-employment and part-time businesses, or relates it to venture creation and ownership of small and medium enterprises. Innovation and entrepreneurship has the potential to support economic growth and the goal of many governments is to develop entrepreneurial thinking. This is through number of ways: by integrating Innovation and Entrepreneurship into education systems, legislating to encourage risk-taking, and national campaigns (Baporikar, 2014). 'Desire for a higher social and professional status.' Entrepreneurs demonstrate a need to achieve, a willingness to exploit a challenge, to persevere, to work hard. This drive and self-belief, needs to be tempered with the ability to be flexible, delegate to others when necessary as well as willingness to listen to advice and to recognize that they are not experts in every aspect of their business. Moreover, entrepreneurs do not wait for someone else to make the decision, or solve the problem, or even ask for the problem solution; they recognize problems as opportunities and take it upon themselves to solve them. Management specialists, policy makers, researchers, and practitioners view Innovation and Entrepreneurship in various perspectives. Some define it as the activity of establishing and managing a business for profit and growth. This notion resembles that Innovation and Entrepreneurship is an instrumental factor driving the emergence and growth of new businesses and that includes self-employment and part-time businesses, or relates it to venture creation and ownership of small and medium enterprises. Innovation and entrepreneurship has the potential to support economic growth and the goal of many governments is to develop entrepreneurial thinking. This is through number of ways: by integrating Innovation and Entrepreneurship into education systems, legislating to encourage risk-taking, and national campaigns (Baporikar, 2014).

## Conceptual Framework

An entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them. As early as 1730, probably the first, French economist Richard Cantillon gave the phrase entrepreneurship and defined entrepreneurs as risk takers. Entrepreneurs attempt to forecast and act upon change within markets. The entrepreneur is a bearer of uncertainty (Cantillon, 1755). The entrepreneur bears the uncertainty of market dynamics (Knight, 1921). Innovation and Entrepreneurship has received much attention from both scholars and policy makers during the past decades because there is a growing need in many countries for entrepreneurs to enhance economic growth and development. Entrepreneurial activities provide employment opportunities and increase competitiveness. Policy makers and scholars around the world are trying to learn how they can stimulate entrepreneurial activities as well as understand why some people choose entrepreneurial careers and others do not. Entrepreneurial behaviour can be internal view or external view. The internal viewpoint looks at the personality traits of an individual such as, locus of control, risk taking, need for achievement, problem solving, innovation, creativity perception and work values in relation to entrepreneurial activity. Many social scientists have different views about entrepreneurial intentions of people and diverse studies focus on the effect of personality characteristics on attitudes towards entrepreneurial activities and though the results vary across the studies, these studies do indicate a link between entrepreneurial intention and some personality factors. These include self- confidence; risk taking ability; the need to achieve and locus of control. Other researchers have sought the entrepreneurial personality in risk-taking propensity; internal locus of control; tolerance for ambiguity; over-optimism, and need for autonomy, (Baporikar, 2013). McClelland (1961) says that entrepreneurs are persons, who have a high need for achievement. McClelland goes on to explain that, individuals with a high need to achieve will exhibit entrepreneurial behaviour. According to Splaver (1977), it is important for you to have a good understanding of yourself and your personality, if you are to make intelligent career plans. Further, personality trait has a direct effect on entrepreneurial performance measures and this differs in case the firms are innovative. Individuals are seen to be productive in an industry or a firm, which is different from their previous sector of employment, provided the nature of the job remains similar. Penrose (1959) emphasized that carrying out similar tasks has important implications for cognitive processes of human beings. Simon's (1947) gave the idea of bounded rationality, which refers to human limitation to process information. Under the assumption of bounded rationality, therefore, experience influences the processing of incoming information. Moreover, events in the environment are only perception and interpretation along some specific associative lines. In this sense, a cognitive frame is a schematic representation of an individual's perception of the environment built through prior learning and adaptation. Gardner (1983) argues that intelligence refers to both the personal decisions and potentials of individuals. This potential comes out or develops according to cultural environment, values and opportunities and there seem to exist positive relationship between practical intelligence and entrepreneurial processes and entrepreneurial characteristics, which proposes that practical intelligence is one of the strengths underlying high performance enterprises. The external viewpoint examines things like, culture, role models, work experiences, education and environment. David McClelland (1961) argued that some societies have cultural attitudes, which translate into primary socialization practices that foster entrepreneurial individuals. Some studies take into account the relation between entrepreneurial attitudes and cultural, social, economic, political, demographical, contextual and situational factors and also view that family background and work experiences are significant in forming an entrepreneurial personality. He says that individuals who have gone through hardship in childhood form an aggressive behaviour that forces them to start their own enterprises, instead of seeking employment. Timmons (1990) refers entrepreneurial behaviour as a way of thinking, reasoning, and acting that is opportunity-directed and leadership-balanced and acknowledged that the entrepreneurship personality can be either acquired or inborn. Further, these factors have

classification. There use is also to explain both types and levels of innovation and entrepreneurship in different countries. These also affect attitudes towards entrepreneurial activities. They are:

- ❖ Regulatory factors (e.g. Institutions and policies)
- ❖ Cognitive factors (e.g. Knowledge of how to start ventures and obtain financial support)
- ❖ Normative factors (e.g. The perception of entrepreneurship as a career)

Barnett (1993) after studying more than 70 viewpoints of scholars on entrepreneurs and entrepreneurship concluded that it is not easy to come up with a consensus definition from the literature. It is people's experience, knowledge and commitment that influence their decisions to become entrepreneurs and these factors have roots in their behaviours and attitudes. Models of contextual factors affecting attitudes towards entrepreneurial activities reveal that the attitude toward self-employment is based on two contextual factors (perceived barriers and perceived support). These could include contextual factors (perceived level of education, opportunities and support) in relation to entrepreneurial attitudes. Baporikar (2014) discusses the relevance and opines that education and entrepreneurial training are more important in order to enhance entrepreneurial activities. Moreover, many previous studies indicate a link between entrepreneurship and education. Furthermore, a study by Global Entrepreneurship Monitor indicated that people with limited education are less likely to participate in entrepreneurial initiatives and the scope and structure of entrepreneurial education is different in different context. Lee et al (2000), in their cross-cultural study, investigated the differences in the attitudes of university students toward entrepreneurial activities in four countries. The study revealed that each country could think about tailored entrepreneurial education to foster Innovation and Entrepreneurship considering their unique cultural contexts. Veciana et al (2005) tested the desirability, feasibility and internality for entrepreneurship according to gender and entrepreneurial history of students. Accordingly, entrepreneurial propensity is a function of perceived level of education and perceived opportunities. Hederson and Robertson, (2000) study 'Who wants to be an entrepreneur? Young adult attitudes to entrepreneurship as a career' examined the attitudes towards entrepreneurship as a career in UK. Their findings suggest that generally positive images of entrepreneurship hamper due to lack of identifiable role models, poor media presentation of individuals or small firms and lack of encouragement from important influencers on career choice such as teachers and career guidance specialists. Studies on youth entrepreneurial development perceive that once youth are given enough resources, they could easily establish and successfully run a business enterprise. Therefore, they perceived that the major obstacle to their entrepreneurial activity is the lack of funding, further adding that the lack of collateral also prevents many young people from starting-up their own businesses. However, it shows that this is only a part of the problem. The potential of the business idea, in terms of the existing and future demand for products or services, is of great importance as well. This review of literature shows us that many researchers have taken entrepreneurial activity/attitudes/intentions as the outcome of different factors. Broadly they can be divided into internal or personality factors or external factors. The most frequently used variable is personal traits. Depending on the scope of their study, researchers have used both external and internal viewpoints and contextual and situational factors to explore entrepreneurial culture in a country or group. On the same time, these reviews have not incorporated many sub variables, which are very crucial to know entrepreneurial attitudes. For example, many have given more importance to personal background rather than external factors like government support and countries' business environment, which also play a great role in development and creation of entrepreneurs. Thus, the conceptual framework for this case study is through literature review. Previous studies used many variables, internal or external; to define the entrepreneurial attitudes, while here both internal and external factors incorporation is there to know about entrepreneurial attitudes, apart from also considering sub factors which are suitable to the country/place.

## Innovation and Entrepreneurship Development

As espoused earlier, economic empowerment should be a joint effort by all: ministries, all relevant stakeholders, both public and private. The participation of all especially the youth in economic activities in a bid to meet national development goals has many good reasons:

- ❖ Helps young men and women develop new skills and experiences that can be applied to many other challenges in life;
- ❖ Creates employment-not only for the young person who owns the enterprise but also for those the business may employ;
- ❖ Provides valuable products and services for the country-with most of India's goods and services coming from China, there is a great need for Indian enterprises to replace these imports; Atamnirbhar programme push by the government aims at this fundamental aspect.
- ❖ Promote innovating and development - it encourages young women and men to find new solutions, ideas and ways of doing things;
- ❖ Motivate and help to promote social change and cultural identity so as to create a sense of community-one where young women and men are valued and better connected to society. These give them a sense of meaning and belonging and become more productive and contribute to economic development.

Entrepreneurial ecosystems, or start-up ecosystems, are important and much growth and development of Innovation and Entrepreneurship credit goes to a good ecosystem. However, what are they and what do they mean? In practitioner parlance, entrepreneurial ecosystems can mean anything. Consultants produce the bulk of the literature on entrepreneurial ecosystems. Consultants love fuzzy concepts because they are less likely to be accountable for results and deliverables. However, this ambiguity is bad for policy. It would be nice to actually know, when attempted by the policy-makers, to build entrepreneurial ecosystems (as many do), as to what it is that they are trying to build. Otherwise, they will just resort to policies they know -regardless of whether these make sense or not. Research however, suggests that entrepreneurial ecosystems differ from traditional objects of policy in important ways (Autio, 2015). Differentiating characteristics:

- ❖ Entrepreneurial ecosystems are complex. They comprise a multitude of different stakeholders who are much more heterogeneous than of 'markets', 'industries', and even 'systems of innovation' stakeholders. Usually we do not even know them all. In addition, there are higher-order elements such as infrastructure, culture, norms, and regulations. The interactions of all of these drive the ecosystem benefits. We are talking about a complex, multi-level, and multilateral interaction systems here.
- ❖ Entrepreneurial ecosystems create 'ecosystem services'. Like natural ecosystems, also entrepreneurial ecosystems create 'ecosystem services'. These emergent, system-wide benefits in myriad localized interactions among individual ecosystem stakeholders. The entrepreneurial ecosystem service created is system-wide allocation of resources towards productive uses through innovative and high-growth new ventures. This dynamic drives Total Factor Productivity, the difference between inputs required and valuable outputs created. This translates into the ecosystem's ability to create new wealth.
- ❖ In entrepreneurial ecosystems, no one is really in charge. Ecosystem stakeholders are mutually co-dependent, yet hierarchically independent. Hence, if the working in the ecosystem is smooth all stakeholders will benefit. However, no one actually 'owns' the ecosystem. Because stakeholders are independent, you cannot do command and control in entrepreneurial ecosystems. It is more like herding cats. In addition, with all these different stakeholders, how do you coordinate, if top-down command and control is not possible?
- ❖ Entrepreneurial ecosystems are dynamic. Entrepreneurial ecosystem services co-create in dynamic interactions among its stakeholders. There may be cascading effects, as interactions influence one another. This means you may get unintended consequences, as cascading effect chains complicate the link between actions and consequences.

- ❖ Entrepreneurial ecosystems are inertial. Because of their complexity, localised interactions, cascading effects, and large numbers of independent stakeholders, the typical outcome one tends to see for policy action is nothing. In complex dynamic systems, external impulses tend to create no discernible effect, if not appropriately targeted. Levels of motivation to start a business differ around the world Baporikar, (2015a). Innovation and Entrepreneurship is more often a necessity and business creation is as a need for employment. Entrepreneurs are economic development assets and Innovation and Entrepreneurship development enables a country to grow its economy by supporting local entrepreneurs (Baporikar, 2015b). Hence, entrepreneurial development and equipping entrepreneurs with the necessary tools is a method of ensuring further entrepreneurial opportunities identification for capitalisation by not only the business owner, but also its employees, family, suppliers, customers and the economy at large. Moreover, the true test of entrepreneurship does not lie in starting a business, but in being able to maintain continued success and growth.

One way to ensure innovation and entrepreneurship growth is to empower and equip motivated entrepreneurs, which will ensure that they are capable to capitalise on the opportunities available to them. This means providing business owners and equipping new business owners with knowledge on how to manage expand and develop their business to ensure continued business growth and profitability. To do that there is need to nurture entrepreneurial development, establish an entrepreneurial ecosystem, which is conducive. Creating such an ecosystem is a long-term project, which requires a mix of structured programs and support mechanisms that aim at stimulating and developing entrepreneurs, and one such element to this ecosystem is establishments that focus on Innovation and Entrepreneurship, as well as provide education in business skills and promote mentorship and training. Apart from nurturing innovation and entrepreneurship and creating entrepreneurial ecosystem through training and education, the policies must promote and support Innovation and Entrepreneurship development in letter and spirit. The importance of private sector development and its crucial role in financing and accelerating economic transformation cannot be overstated. However, when the underlying environment is weak due to poor or inadequate infrastructure, limited access to finance, government bureaucracy, shortage of skilled labour force and market inefficiencies, there is very little a vibrant private sector can do to contribute to economic growth and development. The private sector in some states of India is in fragments with a low density of economic activity. The limited availability of skilled labour and human capital further obstructs the growth of firms. In fact, the lack of high and technological-related skills reduces prospects for moving up the value chain in industries, which end up reducing labour productivity and existing industries' competitiveness. However, the potential and opportunities are abundant. Such potential include the growing middle class, the geographic size, the wealth in natural resources and the improving political stability. As the country presents opportunities for higher returns, the private sector should drive the transformation agenda.

## **Innovation and Entrepreneurship Challenges for Social Welfare**

Number of factors affects the business and investment climate negatively. These factors pose challenges for Innovation and Entrepreneurship development and the most important challenges are:

- ❖ Access and cost of finance.
- ❖ Scarcity of skilled labour: The lack of skills in the some parts of the country is a major concern in the formal sector and specifically small, medium and large enterprises.
- ❖ Low demand for goods and services tops. It is the most relevant factor for micro enterprises, informal businesses and SMEs.
- ❖ Taxation polices. India can do better regarding the total tax rate and also have more incentive based tax policies for SMEs.
- ❖ Public tender and procurement process.
- ❖ Distance to markets that viewed by small and micro enterprises as a constraint, but has emerged as a more relevant barrier to medium and large companies as well. Low population densities in some parts

of the country, as well as access to export markets on which medium and large companies rely to a greater extent than other firms

- ❖ Ease of doing business. Perception of establishing a business in India has been challenging, though it seems to have improved in past few years.
- ❖ Obtaining industry-specific permits is another hurdle.
- ❖ High cost of utilities- Concerns about the costs across all categories. Although no distinction between different utilities and in particular, the continuous and substantial increases in electricity tariffs are of concern to business people.

## Strategies for Innovation and Entrepreneurship Development for Social Welfare

Number of factors affects the business and investment climate negatively. These factors pose Strategies for Innovation and Entrepreneurship development and the most important Strategies are:

- ❖ Investing in education and vocational education and training as means to strengthen the skills base of labour force.
- ❖ Attract investments in the most dynamic sectors. This will equip effective means to advance structurally with a strong technological base. This will enable to diversify towards a mix of manufacturing and services enterprises based on the comparative advantage of individual economies.
- ❖ To facilitate the establishment and ensure growth of small and medium enterprises (SMEs) more efficient use of the business incubator model to support nascent enterprises with start-up capital, innovative ideas etc. It is true that SMEs play a key role in creating employment, developing a skilled workforce and responding to various market demands.
- ❖ Revisit your regulatory environment to streamline approval process.
- ❖ Avoid creating a formal alliance between government and Innovation and Entrepreneurship organizations.
- ❖ Support or assist interested entrepreneurs and small business owners in their efforts to strengthen and build networks of entrepreneurs.
- ❖ Hold events that are of interest to, cover information for the participants, and inspire interaction among them and celebrate success stories by inviting entrepreneurs or business owners to discuss the current state of their business and challenges they are facing to have hall of lessons and benchmarking best practices.
- ❖ Organize events with focus on stages of Innovation and Entrepreneurship development since entrepreneurial process is in three phases: Inspirational potential entrepreneurs searching for opportunities; Start-up starting a company; Scale-Growth - expanding annual revenue beyond \$1 million. This better serves the purpose of Innovation and Entrepreneurship development, as it is more fruitful to interact with others in the same developmental phase. It is helpful to think of the
- ❖ Celebrate and recognize successful local entrepreneurs and aim for Innovation and Entrepreneurship development, set targets for establishing enterprises and monitor and track the progress on both in relation to policy and initiatives.

## Conclusion

Wise political leaders and economic managers understand the value of supporting Innovation and Entrepreneurship and Innovation and Entrepreneurship knows no gender (Baporikar, 2013). Also, one can realize entrepreneurial intention is a function of entrepreneurial attitudes. A recent report by the Kauffman Foundation advises local policy makers and entrepreneurship support organizations to adopt an entrepreneur-centred approach to their strategies for assisting and attracting entrepreneurs. Local government can work with local entrepreneurs to plan and organize events that bring together entrepreneurs

and small business owners to present business ideas, form teams, or pitch a new business to a group of experts and serial entrepreneurs. Accordingly, India needs to integrate its entrepreneurial attitudes and behaviour into all its entrepreneurial planning activities and until date young people's entrepreneurial attitude generally ignored in SMEs' development and plans. Hence, a more serious joint effort from educational institutions, entrepreneurial development offices in governmental side and private sector will go a long way to promote more entrepreneurial attitudes via intentions and India will have more enterprises. For that reason, the government duty is to identify the focus areas and priorities for India's economic growth then make these opportunities visible and available to the private sector, including large companies, SMEs and entrepreneurs.

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