

# Sustainable Entrepreneurship Innovation and its challenges in India

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*"We can't solve the world's problems with the same kind of thinking that created them." – Albert Einstein.*

## Abstract

Worldwide millions of people live in poverty, characterized by disparities in wealth, opportunity, gender, and unemployment. Global health crisis, severe natural disasters, extremism, and terrorism coupled with natural resource depletion, environmental degradation, and freshwater scarcity are the major challenges faced by humanity. Other climatic impacts affecting coastal areas, less developed nations, and other small island developing nations include global warming, sea-level rise, and ocean acidification. Climate change and its negative consequences undermine all countries' efforts to achieve sustainable development. Sustainable Entrepreneurship (SE) is a remedy to environmental and social challenges. It aims to create new innovative products/services, manufacturing processes, tools and techniques, and organizational modes that significantly lessen social and environmental impacts while improving living standards. However, research that combines sustainable development and entrepreneurship is still in the infant stage. As there is a lot to explore and to provide insights into the field of entrepreneurship innovation and sustainable business, this paper focuses on identifying sustainable innovative entrepreneurship practices in India and their challenges. It also throws light on measures initiated by the Indian government.

**Keywords:** Entrepreneurship, Sustainable Development, Innovation, Environmental Impacts, Unemployment.

## I. Introduction:

Sustainable entrepreneurs are those who develop a business to serve both their own and the public good by meeting unmet social and environmental demands. Despite economic development and improved quality of life in recent years, the world has witnessed significant detrimental consequences on nature and the environment, which threaten the long-term viability of our economies (Edenhofer, 2015; Skjrseth & Eikeland, 2016; Sunny & Shu, 2019). Surface water degradation, polluted groundwater with toxic waste, ozone layer depletion air pollution, change in climatic conditions, and also the ocean fisheries extinction worldwide are just a few of the issues that need to be addressed. Because a big portion of the world's cost-effective manufacturing depends on natural system sustainability, the long-term economic ramifications of these negative effects are significant (Costanza et al., 1997). Through the development of environmentally friendly goods and services and production processes that are also competitive on the market, entrepreneurship plays a critical role in addressing these environmental concerns (Dean & McMullen, 2007; Johnsen et al., 2017). Sustainable entrepreneurship arose out of a desire to reduce behaviors that harm nature, as well as a desire to generate financial growth (Dean & McMullen, 2007; Schaltegger & Wagner, 2011).

## II. What is Sustainable Entrepreneurship?

Sustainable entrepreneurship is all about the market-driven, modern, personality-driven oriented method of generating financial and societal growth by developing markets that are eco-friendly and financially viable marketplace places as well as innovative technology-driven products/institutional innovations that extend beyond a company's start-up phase. De Palma and Dobes (2010) Explained entrepreneurship will take economic, social, and environmental factors into consideration that concerns of relevant both external and internal associated people. Schaltegger and Wagner (2011) felt that Entrepreneurial accomplishments will play a considerable role in sustainable development and the goals that result from it are referred to as sustainable entrepreneurship.

As a result, the connection of sustainable entrepreneurship is not only with the guarantee of more classic entrepreneurship notions, but it also has extra perspective for the environment and society. (Kuckertz and Wagner, 2010). Sustainable entrepreneurship is nothing but an organization's responsibility to perform necessary action with the ethical value that put in economic growth while ensuring improved lives of employee families also both local and global community and protecting generations to come.

Entrepreneurship has a long and illustrious history that predates human civilization. One of the trade systems includes the exchange of items with other items popularly known as a barter system. Surplus goods are sold by manufacturers in return for other important products under the barter exchange system. Anyone who produced a high-quality product used to sell it in the market. However, I was always on the lookout for a new product that I needed. For any entrepreneur, innovation is a critical component of business growth. In India's current circumstances, the necessity for innovation is emphasized heavily. Many

businesses have been driven to adjust both their external and internal working systems to improve their market competitiveness as a result of this. Customer service, product design, product utility, marketing strategy, human resource management, and so on are all part of it. It spawned a slew of new entrepreneurship breakthroughs. This had a profound impact on business. This changed entrepreneurial strategies through innovative ideas and practices. (Ganeshan M K et. al 2020)

### III. Objectives of the Study

The main objectives of this paper are as follows:

1. To study the concepts related to innovative, entrepreneur ideas and business practices in India.
2. To examine the modern practices followed by entrepreneurs in the different classes of industries in India.
3. To understand various challenges faced by the entrepreneurs and the government initiatives for their encouragement.

### IV. Research Methodology:

The current paper provides a conceptual analysis of India's Sustainable Entrepreneurship Innovation and its problems. As a result, the researcher has chosen a qualitative research approach. It is critical to study past research on the same issue when conducting conceptual research, according to (Saunders, M, et al 2003). A qualitative method allows for an adaptable process in which adjustments and research can be included. Because a qualitative study is not an experiment, there are no independent or dependent variables, according to (Ader et al., 2008). The current study follows a strictly qualitative approach.

### V. Review of Literature:

#### An Indian Scenario: Innovation and Entrepreneurs:

If we look at the success stories of current entrepreneurs in India, Ambani, Sunil Mittal, Ratan Tata, Azim Premji, and Narayana Murthi are prominent contributors of Indian businesses, At the same time next generation of entrepreneurs are coming up with new and innovative ideas. Innovative methods and strategies are being used by these entrepreneurs to promote their products. They've incorporated cutting-edge technologies into their company. They're making use of online marketplaces. These businesses include Snapdeal, Flipkart, Jangli, and others. They are shops that operate online. Rather than traveling to the market, these virtual stores sell their goods online. Customers had to trust the product quality and guarantee at first because it was new to them. However, intense promotion, substantial discounts, quick service, customer support helplines, and product replacement systems drew a great number of customers in. Their commercial enterprises were prosperous because of the innovative methods they utilized to run them. They incorporate innovation into their customer service, back-office operations, and marketing campaigns. They have recognized popular media for promotion, and propaganda has been launched by such businesses. Online stores sell their products using social media, blogs, email accounts, and other websites. In several fields of business, innovation refers to the introduction of new ideas and concepts. Internal and external business operations, goods, and services were all modified as a result of these new ideas. As a result, finding fresh ideas for commercial success has become critical for entrepreneurs. Many companies in India have established standards in their respective fields. One example is Sapat Tea. For the past 110 years, it has been in operation. Some well-known examples include Kalnimay Calendar, Dabur Chavanprash, Aakashwani Radio, Mahindra & Mahindra Ltd, and BOSCH Plugs. They have infiltrated every family, whether they realize it or not. Their success was largely due to their ability to think beyond the box. It is impossible to meet shifting customer demands without creative techniques. It's also challenging to stay afloat in the face of fierce market competition. Process innovation, product innovation, paradigm innovation, and position innovation are examples of innovative processes.

### VI. Study

#### a) Importance of Innovation in Entrepreneurship:

Any or every form of business is important to economic growth. The economic system would not function without it. A business, on the other hand, must be able to sustain itself and evolve to meet the requirements of the group of people. It is essential to be diligent, imaginative, and practical in any business. Entrepreneurship is not only the way to create wealth but also boosts the economy. It requires a lot of innovation in every field. Entrepreneurs play an important role in economic innovation.

The scientist isn't the only one who invents and comes up with solutions. They also find out creative ways to develop differentiated products and provide appropriate solutions, that display the vitality of innovation in the field of entrepreneurship. To fulfill the needs and requirements of the consumers, the service sector has emerged as a new field of business. In developing new products, the basic ingredients and by-products can be used.

The other important crucial factor for any organization's viability is its innovative entrepreneurship. Business entrepreneurs are necessary for society's growth, further they make people's life simpler and easier, and In the future, these solutions play a prominent role and create more value for people. Entrepreneurs must focus on the emerging trends to fulfill their desires for innovative entrepreneurship. Producers find out new means of production to improve the quality standards. They made innovation an integral part of their business operations. The success of a company is derived from innovation, the innovative entrepreneurs provide multiple solutions for various business problems by generating new ideas on regular basis. Business organizations must consider their employees' creativity as a solution for the problems. Manufacturers are continuously coming up with new ways to produce more while maintaining high quality. Companies and businesses preserve innovation as an integral component of their operations. The company's success is aided by innovation. As innovators, entrepreneurs see multiple solutions to a problem. They keep coming up with new ideas and do not stop until they have several options. Companies frequently consider their employees' creativity as a solution to the problem of innovation.

To keep up the employee morale and make value addition for their personal growth, they conduct seminars and training programs that further enhance the profitability of the organization. Competition is another factor that ensures innovation in

entrepreneurial activities. It motivates entrepreneurs to develop superior products at a cheaper price than their competitors. It becomes cost-effective to the firm. It is spread even to small firms; they realized the importance of entrepreneurial innovation and competing with big business houses and establishing in the market. They are playing an important role in community development also contributing to financial and economic well-being.

A small step is beginning for every great thing. Entrepreneurs are not alone dependent on Innovation but all individuals who adopt innovation for their demands and find solutions are all innovators. Entrepreneurship innovation is a game-changer in the design and develops new and unique products and services. In addition to that inventiveness is a tool of success in business undertakings. It is a driving force in business and economics. In recent decades, considerable changes have been taken place in the field of transportation and communications, to gain a competitive advantage over other firms, it is very crucial to adopt appropriate innovation in all business operations.

**b)India Innovation Index 2020: Rankings:**

Table 1. Best performers: four of the five highest-scoring major states in the India Innovation Index were from the south. Rank Majors States Score 1 Karnataka 42.5 2 Maharashtra 38.03 3 Tamil Nadu 37.91 4 Telangana 33.23 5 Kerala 30.58 6 Haryana 25.81 7 Andhra Pradesh 24.19 8 Gujarat 23.63 9 Uttar Pradesh 22.85 10 Punjab 22.54

S.No:	State	Rank
1	Karnataka	42.5
2	Maharashtra	38.03
3	Tamil Nadu	37.91
4	Telangana	33.23
5	Kerala	30.58
6	Haryana	25.81
7	Andhra Pradesh	24.19
8	Gujarat	23.63
9	Utter Pradesh	22.85
10	Panjab	22.54

(Source: NITI Aayog on January 20, 2021)

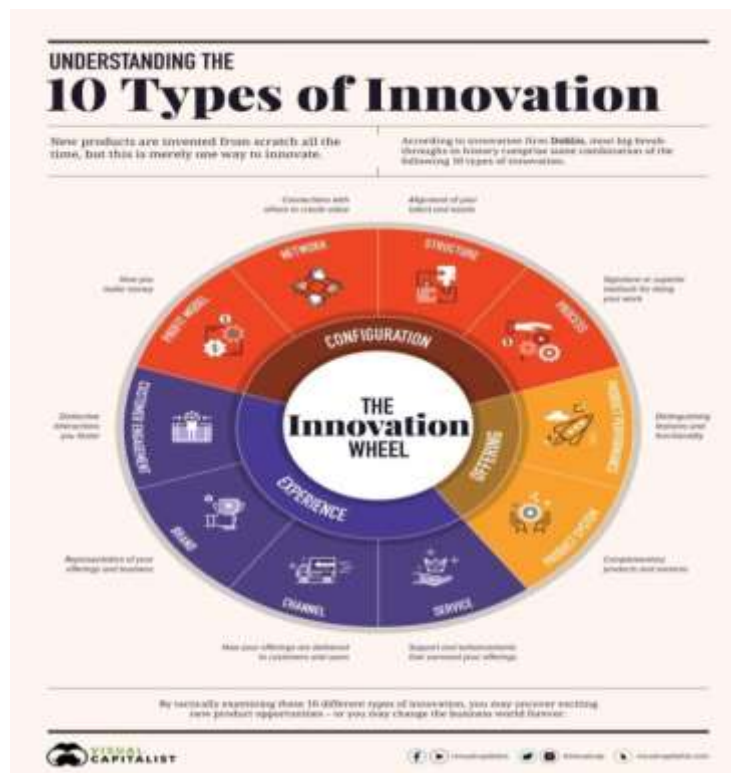
Innovation in Indian business has started uniquely. The innovation in India is typically structured, detailed descriptions of various types of innovations are tabulated in (Table: 1)

To start with, Entrepreneurs of India are very creative in their ideas, they are skilled to develop innovative processes in idea generation, product designing, and commercialization and also reducing cost at all stages. (Pralhad, 2012; Radjou, Prabhu, & Ahuja, 2012). They are not only good at utilizing the resources at their optimum but also at technology advancement. For example, Indian telecommunication service providers like Bharti Airtel have enhanced their ability to develop a cost-effective business strategy rather than designing complex network equipment skills purchasing it with funds they lacked. Instead, they were in a position to access the technology and information of big business houses, i.e: IBM and Nokia-Erikson, and they were able to implement a successful business strategy that eliminated the need to spend before earning (Pralhad & Mashelkar, 2010).

In the same way, the Indian Space Research Organization (ISRO) has a very good track record of mission success; Most of its missions are accomplished at a fraction of cost in comparison with its peers NASA and European Space Agency (Chandrasekhar, 2011; Tiwari & Herstatt, 2012). Thriftiness helped them to accumulate wealth quickly and it is also a functional response to resource scarcity (Porter, 1990). Indian business witnessed technology diffusion, good infrastructure, and skilled labor in the recent past. In addition to that highly planned strategies are used by the R&D groups. Indian Innovative entrepreneurs are famous for their higher adaptability in generating new ideas instantly rather is being planned. Most Indian innovations are spontaneous and have the right mixture of technical and market expertise and investigate many contemporary issues and dealt professionally with many ambiguities in business. (Sarasvathy, 2001).

For instance, In the case of Tata Motors, the strategy of constructing a manufacturing unit in West Bengal for its Nano car got shifted to Gujarat at the last minute. Another example of the Companies' flexibility is the firm's primary decision to go with a completely knocked down kit model, that involves franchisee distribution by local entrepreneurs who do product assembling and dealer network. They used to follow more traditional distribution because of time constraints. The adaptability of Indian Innovators is an asset to ongoing turbulence in the Corporate Environment.

Finally, Indian innovative entrepreneurs leaped sustainable innovation and created a lasting impact on the functional environment, as a result, a good number of people have access to goods and services at their optimum, but still, people who live outside the economy have limited access. Infrastructure is also competing with more developed nations. The below picture: 1 demonstrates different types of ten innovations.



Picture 1: The Innovation Wheel

The below table 2 represents a detailed description of Various Innovation types

S.No	Innovation Type	Description
1.	Profit Model	Money generating Style
2.	Network	Association with other stakeholders in value creation
3.	Structure	The right blend of assets and talents
4.	Process	Adoption of best in class methods for superior quality
5.	Product Performance	A unique set of features and differentiation in the functionality
6.	Product System	Add-on products and services
7.	Service	Service Support related to product offerings
8.	Channel	The delivery mechanism of products to the end-users
9.	Brand	Positioning of your products in the minds of the Customers
10.	Customer Engagement	Maintain successful relations with consumers

Table 2: Innovation type along with the Description

### From Theory to Practice

How we can put Innovation into practice?

Any Organization can adopt different business practices which ensure innovation, the above table depicts the ten innovation types and their possible outcomes that make the firm stand apart from the other competitive firms. This type of tactic helps consistently the firms to design and develop a new product range that resolves many customer issues.

### Innovation Types “Configuration” (1-4):

A firm can bring innovation in terms of Money generation style, the way you positively maintain associations with all the stakeholders in the value chain that enhances the overall value of the firm, like suppliers, logistics, distributors, retailers, bankers, and consumers. That reflects your network strategy. Furthermore, if you can utilize your assets and employee talents at their optimum, business success is no more a big deal in the present competitive world. Here at this stage, the innovation may not be directly experienced by the consumers. If the firm can adopt world-class practices with cutting-edge technologies in designing and producing quality products, it will be an added advantage to the firm in retaining its customers for a longer period than further generated enhanced profits for the organization. For example, McDonald and Google both developed internal excellence that improves employees’ performance in both upstream and downstream. In the other case, McDonald with its franchisee introduced

Egg McMuffin, the easy breakfast that contributes 25% of its money. So breakfast now becomes one of its revenue-generating segments.

### **Innovation Types “Offering” (5-6):**

Many times people believe that innovation is always reflected in terms of a market offering, that always strikes the customer's mind first. The entrepreneur always tries to improve the product quality and its performance, It seems to be simple but challenging unless it is supported by deeply embedded organizational culture and innovative technology. Such type advancements give a competitive advantage to the organization. Along with the unique set of product features and differentiation, if the firm can provide complementary goods and services continuously, that enhances the company's image.

This is one of the reasons Doblin advises businesses to concentrate on blending various areas of innovation that generate a stable economic end. Apple is meant for its creative strategy but its product ecosystem is the underrated segment in the overall strategy of the company. The additional benefits that it provides to its customers like information protection, data security, unmatched quality, and its other unique features ensure customer satisfaction. That makes the customers more difficult for switching from Apple Company.

### **Innovation Types “Experience” (7-10):**

In this type of innovative method, the customer is the main focus. The firms find out the ways to give the best customer experience in all respects. The previous innovations, i.e. 1-6 are occurring at the upstream, while 7-10 innovations are subjected to the downstream. When it is connected with the customers directly, additional care is required in fulfilling these ideas. When it comes to the Channel system (a delivery mechanism), an online delivery system is a good breakthrough, For Example World's Famous e-retailer, Amazon has launched Amazon prime for speedy, charge-free delivery for its members. That was a game-changer in the field of e-commerce. Initially, Amazon performed a lot of work to keep the promise, but with great struggle and efforts, it bagged 150 million prime customers across the world, including the fast deliveries in metro cities as little as 2 hours.

### **Making Innovations Happen in Your Organization:**

Doblin in his article mentioned about one hundred techniques for better innovations to reinforce the above-said framework as a great treasure. Mentioned many common elements for handling each type of innovation. In a nutshell, all these approaches are distinct in their nature for developing differentiated market offerings and services; furthermore, it serves as a vital thought process for marketers and managers.

### **c) Why India Deserves More Attention:**

In the present business scenario, every individual country striving hard to contribute to today's global economy by building two mutual and parallel pillars, i.e. quality and functional coordination among the components of the local economic system and linkage the economy with the rest of the globe.(Bathelt, Malmberg, & Maskell, 2004; CanoKollmann, Hannigan, & Mudambi, 2018).

In the twentieth century, the economy was majorly driven by the local economic system, differences in the outputs of the countries because of considerable differences in both the resources and local systems. The lion share of global accessibility is the entrepreneurial economy .now it gained its importance in the twenty-first century and is considered to be very essential(Audretsch & Thurik, 2001). When compared Our Indian economy with other Asian superpowers China, India has many unique traits that are perplexing policymakers and academics. Most Chinese scholars agree that the country's local systems, particularly its infrastructure (Fan & Zhang, 2004), evolved in lockstep with its global connection (Breslin, 2007). As a result, china follows most of its strategies as the other developed nations implement. And it was at a greater pace. In contrast to this, India is imbalanced in these two elements, the observed trend in India is reversing than that of China (Huang & Khanna, 2003).

In India, global connectivity is taken momentum especially in the service Sector connected with knowledge-incentive fields,(Dahlman & Utz, 2005), such as Health care, Fintech, IT, information technology-enabled services (ITES), and banking. On the other hand core competencies in production and other infrastructural facilities have drastically fallen. (Agrawal, 2015).

### **Challenges for Sustainable Entrepreneurship in India**

1. Keeping the entrepreneurial spirit alive in mid-to late-stage businesses
2. A lack of customer and market awareness about sustainable options and alternatives
3. Creating long-term marketing, operational core competencies, and growth-oriented strategies;
4. No proper support from the government support in the form of Subsidies/tax incentives
5. Insufficient funds and lack of capital.
6. Unskilled human resource, hiring manpower from the underprivileged.
7. Higher costs of training & development because of illiteracy and unskilled labor.
8. And, finally, matching earned profits with social and environmental value is a tough challenge.

## VII. Conclusion:

This introductory essay is one of the first to attempt a complete assessment of the Indian innovation/entrepreneurship ecosystem. Scholars and politicians have paid close attention to India's rapid economic growth since it was opened to world trade and investment in 1991. However, the entrepreneurship/innovation engine that drives this expansion, as the world's population has grown, so has the pattern of global needs and necessities. competent entrepreneurship skills and creativity are essential to keep up with the ever-increasing demand and supply of goods. No customer demand will be satisfied without fresh business concepts and technologies to support them. Thus, entrepreneurship and innovation are the order of the day, and they must be embraced by all businesses. For categorizing and identifying sources of innovation, Innovation and Entrepreneurship is a useful reference. The entrepreneur does a great job of organizing the fundamental parts of innovation, and there are many real-world examples to help people grasp the principles. It's more about building a model for innovation that can be utilized to differentiate present behaviors and through adequate on their roots. New knowledge and brilliant ideas, to be precise, are the least likely causes of innovation. Even just having a comprehension of this makes the concept worthwhile. It is the responsibility of the Indian Government to keep the entrepreneurial spirit alive by creating more awareness and offering more subsidies and incentives for innovations. Also, find out the ways through which the cost of the training and development can be reduced for better tomorrow.

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