

Innovation & Entrepreneurship in the Global Economy

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Abstract:

Innovation and entrepreneurship are the prime drivers in the global economy. The expert contributions explore the underlying forces and add substantial theoretical and empirical knowledge to the current state-of-the-art in several research fields including the economics of innovation and entrepreneurship, regional economics, economic geography and international economics. We have, in recent decades, been able to witness a veritable revolution in the world economy, known as 'globalization'. Generally, the term is connected to the rapid increase of the free movement of goods, capital, people, ideas, information and knowledge around the globe. Extending our understanding of the many different ways that innovation and entrepreneurship contribute to economic development and growth in a globalized economy, the expert contributors highlight that the current wave of globalization has been a period of exceptional entrepreneurship both among large multinational firms and among independent entrepreneurs. They demonstrate that location matters for creativity, innovation and entrepreneurship, and clarify that public policy in a globalized economy must stress knowledge and ideas as the source of competitiveness and economic growth.

Keywords: Entrepreneurship, GII, Globalization, Innovation

Introduction: Entrepreneurs drive innovation — often much more quickly than established competitors. Successful entrepreneurs, by definition, have figured out a way to do things better. They have challenged the status quo, asked tough questions and competed with established businesses. When an entirely new industry is created, the odds are that an entrepreneur is responsible.

When entrepreneurs are able to innovate like this, they drive economic growth and create jobs at an even faster rate. Surveying innovative entrepreneurs — those who created an entirely new product or service in the past year — we found they were 95 per cent more likely to increase their workforce over the next year, compared with those who were not as committed to innovation. At this event, winners from 50 countries

compete for the title of EY World Entrepreneur of the Year. Every one of them has created an impressive business, so it is not easy for our independent judging panel to select a winner. But in recognition of just how much impact the best entrepreneurs can have on the world, the panel relies on **six criteria** to guide the decision:

Entrepreneurial spirit: How have participants used perseverance and fresh thinking to overcome obstacles?

Global impact: What is their impact in terms of revenue, operations and influence?

Innovation: How do they anticipate and embrace change? Is there continuous improvement and innovation throughout the business?

Financial performance: What are participants' current financial position, past record, and strategies for long-term growth and sustainability?

Strategic direction: How have finalists turned their visions into reality? What are their growth goals? How do they differentiate themselves?

Personal integrity and influence: What is the finalists' record on corporate social responsibility? What impact have they had

on the environment? Have they improved life in the wider community?

Objective of the study

The main objective of this paper is to study the global innovation index model and advancement for the innovation and entrepreneurship of the country.

Method of the study

This research paper is simply based on **secondary data** collected through a lot of newspapers and magazines. Internet is also made use of here to gather the information.

❖ The Global Innovation Index

Measuring innovation performance internally, nationally and/or globally is a prudent method for determining the rights and wrongs of innovation strategy and for determining under what conditions the strong companies thrive. The framework of the GII model uses **eight pillars** that are grouped in two categories:

Inputs: Aspects that enhance the capacity of a nation to generate ideas and leverage them for innovative products and services.

Outputs: The ultimate benefits the nation derives from the inputs – more knowledge creation, increased competitiveness and greater wealth generation.

Each pillar offers quantitative and qualitative data that make it possible to go below the surface of the raw rankings.

Five “Input” Pillars

1. Institutions and Policies

- Independence of judiciary
- Demanding regulatory standards
- Prevalence of laws relating to ICT
- Quality of IPR
- Soundness of banks
- Quality of scientific research institutions
- Quality of management/business schools
- Legal obstacles to foreign labor
- Time required starting a business
- Time required obtaining licenses
- Rigidity of employment index
- Investor protection index
- ICT priority for government

2. Human Capacity

- Brain drain
- Quality of human resource approach
- Quality of math and science education
- Graduates in engineering
- Graduates in science
- Urban population
- Schools connected to the internet

3. Infrastructure

- Quality of general infrastructure
- Quality of national transport network
- Quality of air transport
- Fixed line penetration
- Mobile penetration
- Internet penetration
- International bandwidth
- ICT expenditure
- Personal computer penetration
- Mobile price basket

4. Business Markets and Capital

- Access to loans
- Sophistication of financial markets
- Issuing shares in local share market
- Corporate governance
- Buyer sophistication
- Customer orientation of firms
- Domestic credit to private sector
- FDI net inflows
- Gross private capital flows

5. Technological Sophistication

- Country’s level of technology
- E-Participation index
- E-Government index

- Government procurement of advanced technology
- Internet use by businesses
- Competition among ISP providers
- Company technology absorption
- Telecom revenue
- Secure internet servers per 1,000 people
- Spending on R&D • Royalty and license fee payments
- Business/university R&D collaboration

Three “Output” Pillars

6. Knowledge

- Local specialized research and training
- Nature of competitive advantage
- Quality of production process technology
- High-tech exports
- Manufactured exports
- ICT exports
- Insurance and financial services
- Patents registered (domestic and non-domestic)
- Royalty and license fee receipts

7. Competitiveness

- Growth of exports to neighboring countries
- Intensity of local competition
- Reach of exporting in international markets
- Commercial services export

- Merchandise exports
- Goods exported
- Service exports
- Listed domestic companies

8. Wealth

- Final consumption expenditure
- GDP per capita, PPP
- GDP growth rate
- Industry, value added
- Manufacturer, value added
- International migration stock
- Value of stocks traded
- FDI net outflows

❖ **Global Innovation and Entrepreneurship:**

Future Forecast Based on the current information available, innovation and entrepreneurship will continue to expand in the future across borders, because of the existence of these six circumstances: global market conditions, entrepreneurial mindset, eroding confidence in established institutions, shifting business environment, international collaboration and environmental/technological advancements.

1. Global market conditions: Trade barriers are easing. Economies are interdependent. Communication via the Internet has never been easier or more

accessible. These conditions drive political reform, cultural transparency, social progress and a great deal of wealth creation.

2. Entrepreneurial mindset: Entrepreneurs have the ability to see, understand and take advantage of evolving markets. The entrepreneur's ability to think differently, use insights, see what others don't, envision what doesn't yet exist, and identify opportunity when it's ripe – these are the prized qualities of today's entrepreneur. Wayne Gretzky of national hockey fame helped state it succinctly when he said, "I skate to where the puck is going to be, not where it's been."

3. Eroding confidence in established institutions: The recent world economic meltdown is removing any last confidence that most people had in governments and large enterprise banks and other financial entities. The resulting mistrust will lead to reinventing ourselves as individuals, communities, countries and societies. As such, many more entrepreneurs will be joining the field.

4. Shifting business environment: Large-scale firms are synonymous with bureaucracy which tends to stifle innovation. In response, the business environment is shifting to accommodate the needs of its

rapidly changing market players. Innovation and entrepreneurship are beginning to flourish around the world and will likely take the form of much smaller, yet bolder companies. Knowing and catering to this is how entrepreneurial ventures beat corporate giants to the punch. Any company, large or small, that continues down the same path it has always taken will find it to be a losing proposition.

5. Entrepreneurial collaboration: Also, on a global scale, there will be more entrepreneurial collaboration, which in turn will make shared innovation between 25 countries a far more common occurrence at the company to company level – not just at universities and research institutions. One of China's approaches for creating an innovative nation is the Technology Business Incubator (TBI). China's mission is to nurture "technopreneurs" and technology-based start-ups. Business incubation is considered a viable option for countries that want to expand economic opportunities.

6. Growth of environmental and sustainable engineering technologies: A growing consciousness about the value of protecting our world will fuel the demand

for products and services that can accomplish this goal.

Conclusion:

It is an exciting time to be an entrepreneur. In a fast-changing world, a single idea can overturn an industry overnight. New businesses can grow faster than ever. Entrepreneurs are also becoming increasingly important to the global economy. For example, entrepreneurs are creating jobs at more than twice the rate of established companies. In a new EY survey, 59 per cent of entrepreneurs around the world said they expected to increase their workforce in 2016. Among large businesses, only 28 per cent said they planned to expand their workforce this year.

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