

The Importance of Innovation in Creating New Products and Services and Strategies to Encourage Creativity Among Entrepreneurs

Lia Nurmala¹, Marfuatul Jannah Bakhtiar², Syamsu A. Kamaruddin³

Universitas Negeri Makassar

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Abstract

Innovation and creativity have a crucial role in entrepreneurship to achieve competitive advantage. This article discusses the concept of innovation in product and service development, as well as strategies for encouraging creativity in entrepreneurship. Innovation includes updating methods and technology that can add economic and social value, while creativity is considered the skill of creating new ideas. With a qualitative approach based on literature review, this research summarizes the importance of model adoption Diffusion of Innovations which includes stages from knowledge to confirmation, as a guide for entrepreneurs in understanding the process of accepting and implementing innovation. Research shows that internal factors, such as an organizational culture that supports creativity, as well as external factors, such as developments in digital technology, can encourage innovation. Social media plays an important role in increasing consumer engagement and strengthening brands. Strategies to increase creativity include training, incentives, collaboration, as well as the use of technology and ongoing evaluation. It was concluded that a work environment that supports freedom of thought and exploration, together with these strategies, can increase creativity and innovation in a sustainable manner. The recommendations provided include creating a collaborative work environment, innovative skills training, adopting data-based technology, and utilizing social media for marketing.

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Corresponding Author:

Lia Nurmala

Universitas Negeri Makassar

Email: linurnasruddin@gmail.com

1. INTRODUCTION

Innovation has an important role in the world of entrepreneurship, with innovation an entrepreneur can provide new elements to the products produced, and can meet market needs according to the times. Innovation is needed in various aspects to support an entrepreneur, starting from product innovation, marketing innovation and service innovation. So, to produce innovation, entrepreneurs must understand the essence of the product produced, have a structured mind mapping in product design, through to distribution and services.

Product innovation is the introduction and development or services with new systems or methods to the market, to meet consumer needs. In the process, there is the use of new methods and activities adopted in the product production and distribution process, accompanied by service mechanisms that have new strategies (Fitriyani, Sudiarti, & Fietroh, 2020). Marketing or distribution innovation aims to create value for consumers, starting from planning, setting prices and distributing products. Distribution has a very important role, because this is the part that can bring income and profits to entrepreneurs.

Marketing orientation is a company's future vision, preparing a strategy that suits market needs so that it can plan appropriately (Hoffman and Bateson, 2006: 421). So, it can be concluded that innovation is the process of creating new ideas, products or services that provide solutions or added value for users, which involves the use of new methods, technology or ways of thinking to improve efficiency, quality or experience.

The birth of an innovation is supported by none other than the creativity possessed by an entrepreneur. Creativity is an initiative or idea for the creation of a product and creativity must have a new aspect, this can be in the form of thoughts, ideas, activities, actions or work results and has a utility value aspect (Suharman, 2011). According to Grant and Berry (2011), creativity also greatly influences the level and new things introduced by entrepreneurs to the economy. Meanwhile, according to Widyaningsih (2017), creativity has a positive and significant effect on entrepreneurial intentions. So, in this case it can be concluded that creativity is the skill or ability to create new things from every element that already exists.

This research will discuss in depth the concept of innovation in product and service development, as well as provide practical guidance for entrepreneurs in designing strategies to encourage creativity. By better understanding the importance of innovation and effective strategies, it is hoped that entrepreneurs will be able to develop the abilities and skills to adapt and innovate continuously in order to achieve competitive advantage.

2. RESEARCH METHOD

This research uses a qualitative approach, namely a research process that can produce detailed information, in descriptive form, carried out through observation. The focus of this research lies entirely in collecting information through various library sources, so it can be categorized as library research.

Library research or literary research is a research method carried out through collecting, studying and analyzing information that is available in written form, such as books, journals, articles, research reports and other written sources. In this case, the researcher does not make direct observations in the field to obtain primary data, but instead utilizes secondary data from written sources that are relevant to the topic or problem being researched.

3. RESULTS AND DISCUSSION

The following is an explanation of understanding innovation in creating new products and services, as well as strategies for encouraging creativity among entrepreneurs, which is based on a summary and synthesis of various sources of articles, journals and research results available in the literature.

a) **The concept of innovation in product and service development.**

Innovation is the process of applying new ideas, methods or products with the aim of providing added value, both in an economic and social context (Christensen, 1997). Innovation in entrepreneurship includes the creation of products and services that have never existed before or significant developments in existing ones (Tidd & Bessant, 2013). Product innovation can include unique features or improvements in function and usability, so that the product becomes more attractive to consumers. For example,

Apple introduced the iPhone, through a combination of software and hardware that created a new and revolutionary user experience (Pisano, 2015).

According to *Diffusion of Innovations* The work of Everett M Rogers (2003) contains five stages in the innovation model, which are described as follows; The first stage is the knowledge stage, gaining an initial understanding of what the innovation is, how it works and why it is relevant to them. The aim of this stage is to build awareness and basic understanding of innovation. For example, when a product is introduced, the company carries out an educational campaign, to ensure consumers understand well the benefits and uses of the product. The persuasion stage is the second stage, which shows interest in innovation and begins to explore further the benefits and drawbacks it has. At this stage, an evaluation is carried out on how this innovation has an impact on their own situation and needs. Perception and emotions play an important role in this section because they can attract as much information as possible about potential users' tendencies, such as testimonials, reviews, before making a decision. The third stage is the decision stage, namely potential users or consumers decide whether they will accept the innovation. This is determined through the previous stage, where potential users evaluate in depth the potential benefits and risks of using the innovation. The implementation stage decides to accept the innovation, at this stage the user will integrate the innovation into daily practice in their business or entrepreneurship. Challenges and obstacles usually arise at this stage, including meeting additional training needs, adapting to new technology, as well as support and feedback, then adjusting the system to ensure implementation can run smoothly. The confirmation stage, which is the final stage, is an evaluation to find out that this innovation has met expectations and needs on an ongoing basis, and at this stage a final decision will be made. Positive feedback obtained at the previous stage provides reinforcement in making decisions about using innovation. This model provides a mapping of the picture of innovation adoption from start to finish. Each stage provides an important role in encouraging decision making on the use of innovation.

Several factors are found to encourage innovation in entrepreneurship or business. One of them was stated by Amabile (1996) that innovation is always influenced by an organizational culture that supports creativity and collaboration. In an environment that has a strong influence, it can support innovation produced by people involved in entrepreneurship or business, by sharing ideas and collaborating without having to worry about failure. Other external supporting factors are influenced by the development and use of technology which changes consumer preferences. Deloitte research results (2020) show that 75% of companies that are successful in implementing innovation are companies that have an adaptive and responsive attitude to changes in technological trends. This is supported by the statement of Satalkina and Steiner (2020), that digitalization has become a very powerful force. strong in changing the way entrepreneurs operate businesses and driving significant economic growth in all sectors.

One of the things that supports adaptive change in the use of technology in entrepreneurial or business innovation is the provision of new services. Social media platforms have become channels that are very necessary nowadays in digital marketing, for business people or entrepreneurs to communicate directly with consumers (Mohammad Gifari Sono, et al, 2023). Experts have explored the

effectiveness of marketing via social media, this has had an impact on user engagement and the role of influencers in shaping product brand perceptions. Search engine optimization is the cornerstone of digital visibility (Iskandar et al, 2023; Kurniawan et al, 2023; Supriadi, 2022).

It can be concluded that, a product brand is built through strengthening the character formed by content creators and social media influencers, this shows that services in marketing innovation are experiencing greater changes and shifts towards being more dynamic and efficient, so that consumers can easily get products and examples of product use in video service advertisements provided on social media platforms, providing detailed explanations using aesthetic visual methods. Likewise, transactions carried out by consumers today, through various e-commerce platforms, mean that consumers do not need to travel to a shop or market, but consumers only need to include their complete address and the product will be sent to that address.

b) Strategy encourages creativity.

Creativity is very necessary in creating excellence and competitiveness in the world of entrepreneurship or business. Creativity is a high-value resource and this must be maintained and always activated in the entrepreneurial process to achieve long-term success and sustainability. Managing creativity requires an experimental attitude, which is in line with entrepreneurial needs, this will give rise to a more dynamic process and be able to develop more quickly.

From the explanation above, it can be seen that to foster creativity, the right strategy is needed. Among other things, to encourage creativity, an environment must be created to support this. Creativity and innovation often thrive in an environment that supports experimentation and collaboration. Amabile (1996) states that a work environment that encourages creativity has several main characteristics or traits, including freedom of thought, adequate resources and managerial support. Meanwhile, according to Catmull (2014), strategies such as providing special time for brainstorming and exploring new ideas have proven effective in fostering creativity.

Training and developing creativity are the next strategy. Many studies show that creativity can be increased through training that is tailored to the needs and goals to be achieved. De Bono (2000) in this case developed an ethos called Bernama "*Lateral Thinking*", which aims to help individuals and teams develop creative thinking skills. By applying this method, entrepreneurs can hold training sessions to develop and hone the critical and lateral thinking skills of teams or organizational members.

The strategy of continuous learning initiatives through seminars, workshops and training has also been proven to be able to encourage creativity. Drucker (1985) believes that companies or entrepreneurs who continue to foster enthusiasm for learning at all times, will find it easier to create innovation and creativity. This is in line with the current digital era, where we must be able to continue to grow by learning from existing developments and being adaptive to changes that occur. By utilizing the learning process at any time, which can now be done online and in collaborative group discussions, it is more possible to encourage the realization of creativity.

Incentives to encourage creativity are an equally important strategy. Tidd & Bessant (2013), revealed that the intensive care given to employees for creative ideas that can be implemented can encourage the creation of an environment conducive to

creativity. For example, Google gives 20% of their time to employees to further explore projects that are not directly related with their main job, so that this can provide space for the birth of new ideas and understanding that are adapted to the required situation.

Collaboration between fields or disciplines is the next strategy that allows teams with different backgrounds to produce new perspectives and fresh ideas. A study by Hargadon and Sutton (2000) shows that collaboration across fields and disciplines will more often produce unique innovations, with high competitiveness. Combining knowledge from various fields will produce unconventional creative solutions, for example technology entrepreneurs can work together with product designers to develop more aesthetic and functional features.

A strategy that is no less important in encouraging the growth of creativity is the application of technology for creative exploration. According to research by IBM (2017), companies that adopt data-based technology can have a higher level of innovation and be responsive to market changes. The use of technology, such as big data, can be an effective tool for exploring new ideas and testing concepts quickly, so that this technology allows entrepreneurs to visualize ideas, understand market patterns, and identify consumer needs.

The use of mind mapping and structured brainstorming techniques is a strategy that can help teams explore ideas in a short time. This technique involves a process of divergent and convergent thinking, which makes the team think creatively and find more effective and efficient solutions.

The final strategy is to always carry out ongoing evaluation and feedback, because this can support the team in developing ideas gradually. Through constructive feedback, it can help the team find shortcomings in their ideas, which encourages them to carry out stages of improvement. Edmondson (1999) states that research shows that teams that receive regular feedback are able to produce innovation from their creativity, with adaptation and a broader view of needs.

By implementing the various strategies above, entrepreneurship can consistently encourage the growth of creativity and stimulate innovation in developing and improving new products and services. And will help in achieving much stronger competitiveness and responding to market wants and needs more effectively.

4. CONCLUSIONS AND RECOMMENDATIONS

Innovation and creativity play an important role in creating competitive advantage in the world of entrepreneurship. The innovation process is not only about presenting new products or services, but also involves implementing ideas that can provide added value both economically and socially. With reference to the theory *Diffusion of Innovations* (Rogers, 2003), the stages of innovation from knowledge to confirmation describe a comprehensive process that can help entrepreneurs understand how innovation is received and implemented.

There are several factors that support innovation in entrepreneurship, including an organizational culture that supports creativity, use of technology, and the ability to adapt to market changes. The role of digital technology and social media is also very significant in

helping business actors communicate directly with consumers, strengthen brands, and increase the efficiency of marketing and service processes.

To encourage creativity, strategies such as training, incentives, interdisciplinary collaboration, and the application of technology in the exploration of ideas are very important. Creativity can be built in a work environment that supports freedom of thought, provides adequate resources, and provides managerial support. By implementing continuous evaluation and feedback, teams can develop ideas incrementally and more easily adapt to dynamic market needs.

Overall, by combining consistent innovation and creativity, entrepreneurs can achieve higher competitiveness, respond better to market needs, and create new opportunities for long-term business growth.

5. SUGGESTION

Entrepreneurs are advised to create a work environment that facilitates freedom of thought, collaboration, and freedom to experiment. The culture that Supporting these children allows the team to continue developing new ideas, without worrying about the risk of failure.

Holding training and workshops to improve creative and innovative skills for teams is a long-term investment that needs to be considered. Using the Lateral Thinking method or regular brainstorming sessions can stimulate critical and lateral thinking skills, which are important in facing future business challenges.

It is recommended that entrepreneurs adopt data-based technology to support innovation. With this technology, entrepreneurs can understand market patterns, identify consumer needs, and test product concepts more quickly and accurately.

In the digital era, the use of social media for product marketing is very important. Entrepreneurs are advised to utilize digital platforms to strengthen their brand and build closer relationships with consumers. This approach not only expands market reach but also increases direct consumer involvement with the products or services offered.

Following these suggestions, it is hoped that entrepreneurs can be more effective in exploiting the potential for innovation and creativity in creating new products or services, so as to increase their energy and business success in the future.

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