



ACHIEVING SUSTAINABLE AND INCLUSIVE GROWTH THROUGH INNOVATIONS IN THE INDIAN MARKET

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Abstract: *This paper explains the concept of innovation, its types and latest innovations in India. It focuses on the task played by key movers in executing those innovations, and whether they achieve the major objectives of sustainability and inclusivity. This swift connectivity and information flow has had a great influence on India, where it is restructuring the outlook of people in far-flung villages and towns. People are not only more educated today but they are also well informed and progressively more connected to the mainstream market. This trend has created huge challenge as well as opportunity for the existing business to survive and grow in this changing environment. It is here that the significance of innovation becomes evident, and this is one of the reasons why innovation has become more and more extensively discussed as a way to offset this change. The definition of innovation has become wider as it is no longer limited to research and development laboratories and to scientific inventions. Innovation is an essential phenomenon for the economic growth and development. It enables the organization to successfully compete in the global marketplace, and answers the social and economic challenges. Innovation is the source of improvement to the quality of our everyday life.*

Keywords: *business, capability, creativity, environment, sustainability.*

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INTRODUCTION

The catchphrase in the 1990s was liberalization, globalization and privatization. In the second decade of the 21st century, the word that has grabbed the attention, of everyone is 'innovation'. As we know that the President of India declared 2011–20 to be the 'Decade of Innovation' we need to understand why there has been a thrust on innovation. From academia to industry, everyone is reciting this word. From a metro city to a small town, people are connected to the international market. Innovation is one of the most frequently used catchphrases in the business world. In plain language, innovation is the conversion of information into precious knowledge and ideas and consequently into a major benefit that acquire the shape of a new or improved product, process, or business model. People have forever tried to comprehend the mystery and find out new pathway to knowledge. This eternal journey has lately gained extraordinary momentum. In the last decades India has seen rapid changes in operational efficiency, due to internet, and telecommunication .Innovation which can be broadly defined as the implementation of a new or significantly improved product or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. The definition of innovation is no longer limited to R&D laboratories and to scientific inventions. A methodical innovation follows the entire process from idea generation, scrutiny, and prioritization to implementation and monitoring. Innovation is extensive and includes social innovations and business model innovations as well. The advancement in science and technology has brought prosperity and it has improved the standards of living appreciably to the urban class in India. However the requirements of the Indian rural consumers are different from those of the urban consumers. The Indian consumer is value conscious. He wants to get more value for a product or services at fewer prices. The President of India has declared the period from 2011–20 to be the 'Decade of Innovation' .From a metro city to a small town, people are directly or indirectly connected to the international market. This information flow had a great influence on India, where it is restructuring the outlook of people in far-flung villages and towns. Consumers are not only more educated today but they are also well informed and progressively more connected to the market. This has created huge challenge as well as given an opportunity to the existing organizations to survive and grow in this changing environment. This is one of the reasons for the



significance of innovation being felt everywhere and extensively discussed as a way to offset this change. The last decade has witnessed rapid changes in operational efficiency, due to internet, and telecommunication. India has become an emerging hub for conceiving and delivering innovative products and services in a profitable and value creating approach. India is no longer only a passive adopter of technologies, as many organizations have emerged on the international innovation arena. The technological difference between India and the developed countries is dwindling. Various multinational companies such as Microsoft, Coca Cola, Nokia, Xerox, et al are using India as their research and development (R&D) foundation to carry out next-generation business models and to develop affordable and sustainable solutions that can be marketed on a global scale. Innovation also helps in the economic growth and development of a country. It enables the organization to successfully compete in the global marketplace, and meet the social and economic challenges. Innovation is the source of improvement to the quality of our everyday life. Many successful organizations focus on product development to drive the corporate strategy. For instance one of the ways to defend the market leader position effectively is to launch new products. Successful business organizations have major competencies like an intuitive and dynamic targeting of what customers need and wants. At the same time they are well tuned to the market needs.

For innovation to thrive organizations need a system that can transform an idea into something truthfully meaningful. As companies' operations have become gradually more global, so has their approach to innovation. This tendency is driven by the need for companies to compete on a global scale, which require reduction in R&D costs and also finding local talent which can suggest insight into the new markets. However, simply going global is not enough. The most thriving companies are those that take a rational approach to innovation by aligning their R&D strategies with their overall strategy and the business environment in which they operate. Recognizing innovation in the Indian market is seen as decisive for inspiring people such as the next generation of entrepreneurs and innovators. These days, global companies such as Microsoft, Coca Cola, IBM, Cisco, Nokia, GE, Xerox, and so on are using India as their research and development (R&D) foundation to carry out next-generation business models and to develop affordable and sustainable solutions that can be marketed on a global scale. Project Shakti co-created by Unilever and MART, and the



e-Choupal program of the business conglomerate ITC are pioneering examples of innovative delivery and procurement models. In a time of economic slowdown and with shorter product lifecycles, multinational corporations (MNCs) are making considerable investments in research and development (R&D) outside the countries where they are headquartered, making them important contributors in global innovation, alongside governments and research institutions. India is an emerging hub for conceiving and delivering innovative products and services in a profitable and value creating approach. India is no longer only a passive adopter of technologies, as organizations have emerged on the international innovation arena. The technological gap between India and other countries has narrowed.

LEVELS OF INNOVATION

Innovation is extensive and includes social innovations and business model innovations as well. An innovation can be novel to the world or to a market. It can also be a disruptive innovation, where the spotlight is on impact, rather than on novelty. Innovation also happens when an organization introduces a product or process in a nation for the first time. Innovation also occurs when other organizations imitate the pioneer organization. Moreover, it occurs when the pioneer or follower organization make slight improvements and adaptations to improve the product.

Innovation can broadly take place at three levels:

- Business Model innovation
- Product innovation
- Process innovation

BUSINESS MODEL INNOVATION

Business model innovations effect the whole organization and signify essential changes in the business. The core of business is to create value for the customer. A business model addresses some fundamental questions like who is the customer. What does the customer value? An effective business model creates and delivers value in a better way than the competing products or services. It may present more value to a distinct group of customers or it may entirely replace the old pattern. According to Margareta (Harvard Business Review, May 2002), a good business model has to satisfy two conditions .It must have a good logic-Who the customers are, What they value and how the company can make money by providing them that value. Second the business model must generate profits. A new



business model may aim at fulfilling an unmet need by design a new product. It may also focus on selling or distributing an existing product or service in a better manner. A proper innovative business model often unites elements of both and generates multiple source of competitive advantage. It goes beyond a new product and represents a collection of innovations in more than one value chain activity.

PRODUCT INNOVATION

Product innovation is one of the best way for creating customer satisfaction and long term growth of the company .The finest business organizations do not leave things to probability. To make their product creation process world class they do the maximum since they are product and market obsessed. In such companies everyone from shipping clerk to senior manager, from accountant to lawyer becomes familiar with what the company makes and sells. Market strategies must focus on actual product concepts ,designs ,prototypes and manufacturing processes before becoming tangible products .This requires several well-designed inputs and constant optimization of constraints and choices .The new product project is generally entrusted to one or several project leaders tend to be co coordinators and facilitators rather than people really in charge .Companies such as Honda have taken another approach and empowered program managers to handle a new product project from initial concept definition until after the successful introduction of the product into the market Ideas are important for any business but product creation cannot dependent on ideas in a haphazard manner. High performance business develops a structured process for product development, which focuses into creativity apart from the collective intelligence.

PROCESS INNOVATION

A process is simply a set of activities designed to produce a specified output for a particular market. Process innovation implies creating a significant improvement in one or more of the existing process employed by the company. Process innovation begins with a good understanding of who the customers of the process are and what they expect from it. The innovation objectives must have a strong linkage to the desired outcome for the customer. Process innovation helps the organization to cut costs and become more efficient. A process orientation puts emphasis not only on the work but also on what work is done. By appropriately viewing a process as an activity which creates value for the customer, the potential for innovation is paramount. Ignoring such potential may lead to disaster and



exploiting such potential can generate a sustainable competitive advantage. The process employed would include product development, customer acquisition, manufacturing, logistics and after sales service. There are various management processes like information management, human resources management and planning.

INNOVATION IN THE CORPORATE WORLD

In India innovation has largely been focused on product innovation. Less thought has been applied to innovating business model and delivery processes that would give greater benefits to consumers. However this approach is now changing. These days many business organizations are using India as their research and development base to pilot next-generation business models and to develop affordable and sustainable solutions that can be later on marketed at a global level. These companies are creating synergy by integrating their Indian research & development operations into their global innovation networks. With more than seventy percent of India's population living in rural areas, most of the innovation efforts are focused on the rural market. There are schemes to enhance the livelihood of rural consumers and targeting offerings to allow rural enterprises and farmers to augment their productivity through ICT-enabled techniques that provide valuable information at the click of a button. There are major developments in the areas of microfinance that promote uplifting the role of women in rural markets. Many self-help groups in the villages are being enabled with mobile phones so that they can market their offerings optimally and get a suitable return on their time and effort. Project Shakti by Hindustan Unilever limited (HUL), and the e-Choupal project of ITC is ground-breaking examples of innovative delivery and procurement models. In Project Shakti, to effectively increase the reach of fast-moving consumer goods in rural areas, women from existing microfinance groups were hired as the last-mile distributors for HUL's household products and links were established for credit from banks via the microfinance machinery. HUL provided a guarantee against default, thus validating the viability of the business model. Project Shakti began with 50 *Shakti Ammas* (SAs, or rural female partners); it now has over 45,000 SAs across 12 states. The sale of HUL's products by SAs represents 20% of the company's total rural sales. ITC's e-Choupal initiative is aimed at selling agricultural products as well as sourcing raw materials. The company established an information technology (IT) based exchange that provided information on agricultural prices, weather, and so on, gaining trust among farmers.



Further, it persuaded the existing agricultural market agents to be e-Choupal (operators), thus maintaining and working with existing rural relationships.

Jagdish Sheth, author of the famous book *Chindia Rising*, has converted the 4 P's of traditional marketing (product, price, place, promotion) into the 4 A's: awareness, accessibility, affordability, and acceptability which are indispensable for rural market. Success in the rural market depends on bringing the total cost down for the solution offered by the firm that may comprise all or some of the 4 A's. The National Innovations Foundation (NIF) is leading several initiatives for rural innovations. With the Society for Research and Initiatives for Sustainable Technologies and Institutions (SRISTI) and Grassroots Innovations Augmentation Network (GIAN) programs, NIF has taken innovations to a new level. NIF has a newsletter, *Honey Bee*, and it invites visitors who want to learn more about local innovation by providing a rural visit called *shodhyatra* to spread best practices and learn about locally developed innovative solutions. The biggest IT-enabled innovation project in the world is the building of a unique identification (UID).Aadhar for all Indian citizens. This will bring about a revolution for ordinary people in India, whose conversion into e citizens will improve the quality of their lives by making services such as e-health, e-banking, and e-learning more accessible. Evaluating the organizations core capabilities such as, first-class R&D or distribution management may guide managers to discover new customers and products that can be easily served by existing capabilities.

INNOVATION AND THE GOAL OF SUSTAINABILITY AND AFFORDABILITY

An emerging trend is that of reverse innovation. Reverse or frugal innovation occurs when an innovation is developed and or adopted first in the developing world then set out in the established markets. It is a remarkable trend that has brought entirely a new meaning and perspective to innovation .It has transformed traditional innovation into a new phenomenon.. Some examples of frugal innovations include the Rs. 3,500 *ChotuKool* refrigerator from Godrej; Tata's Swatch (one of the world's most inexpensive and widely available water filtration systems); Ginger budget hotels; and a wide array of products in sectors ranging from automobiles, pharmaceuticals, IT .A value-driven approach is an essential factor of success in innovations in these areas. These examples imply that prior to the launch of a new business model; organizations must carefully identify the value their organization can create. Managers in excitement over a new business opportunity often



forget the importance of sustainability of the innovation. Victorious innovators make use of key assets such as brands, cultures, economies of scale, and deep knowledge to achieve the goal of sustainability. Sustainable success principle revolves around the passion to look at the market from a new perspective. It requires an imagination and a vision to maximize the opportunities one might find in the market P Des Champs and P Rangnathan Nayak (Product Juggernaut, 1995) suggests that the management must focus their efforts over an extended period on:

- Identifying new market opportunities, typically by uncovering unmet or badly met needs in competitors offerings throughout the value chain.
- Evaluating the potential for competitive impact.
- Selecting the most attractive and defensible package, ideally by weaving partners into the formula to set up a proprietary business system.
- Determining which capability the company needs to build to implement the formula successfully and gain a sustainable advantage.

Top down breakthroughs require a top management with a strong vision about where and how to innovate and the capability to mobilize people to make it happen. There must be a strong technological culture and capabilities to develop innovation enabling technologies and new product. The company must have a good understanding of the customer to focus the innovation effort on truly desirable product benefits. The ultimate impact of a new technological capability is not merely a matter of technical feasibility or improved performance. It also has to do with identifying specific categories of human needs and catering to them in fresh, cost effective ways. Sony's development of the walkman is a brilliant example of how existing technological capabilities can be recombined to create an entirely new product. Batteries, magnetic tape and earphones had been all around for some time. What was new was the idea of providing entertainment in unexpected settings such as, while people were out jogging. The components did need to be re-engineered, but the real step forward was Akio Morita's recognition of a market opportunity that had previously been overlooked.

FEW EXAMPLES OF INNOVATION IN INDIA

Now let us look at some of the cases of innovation in the Indian context in the field of automobile, Water, Consumer durable, Health, education and apparels.



Automobile

The Nano—the car priced at Rs. 150,000—produced by Tata Motors is already an iconic product. Product design involving over 30 patent applications, a back-mounted engine, and economical sourcing of auto components through co-location with the main Nano plant helped in making the Nano an affordable or people’s car.

Water

Drinking water solutions in India include personal water purifiers at a considerable cost—ranging from one-fourth of average annual per capita income for basic filters to total annual per capita income for reverse osmosis systems—clearly out of reach of low-income households. Tata’s Swach is a low-cost solution for drinking water. Combining locally sourced materials with nano silver particles for the filters helped enhance performance (90% elimination of germs) while reducing cost. Not only does Swach provide convenient and safe access to drinking water, it saves time for rural households that otherwise would have to spend it in procuring drinking water from distant sources. Further, it enables girls to attend school who are otherwise drafted for this task.

Consumer Durable

Food, being perishable, ends up being wasted in India because of the paucity of storage facilities. Inadequate supply of electricity in rural areas is a challenge for both bulk and personal food storage. For most rural households in India, owning a refrigerator is both too expensive and ineffective. One of India’s premier consumer goods companies, Godrej, set about addressing this problem by adopting a solutions approach. The product that emerged is ChotuKool—a portable, light-weight refrigerator that is both affordable and effective. This enables rural households to cool drinks and store food for some time, saving both and time for women.

Health

The poor often go into debt because of healthcare expenses, particularly surgical expenses. The Yeshasvini rural health insurance scheme, promoted by the Narayana Hrudayalaya Hospital, addresses this problem specifically for heart care. The operational structure is part of a broader pattern of public private partnerships (PPPs) where the private sector provides expertise and executes the project, and the government provides the financing as well as enabling conditions and incentives to achieve the social goals. Such PPPs encompass the



build operate- transfer model employed by several infrastructure projects constructed by a private company in India.

Another example of innovative health care in rural areas is the 'Arogya Parivar', an innovative outreach program launched by Novartis, which exemplifies a private- sector health service delivery model." It builds upon existing government schemes and mechanisms to treat diseases such as tuberculosis (TB) in rural India by engaging local youths to cater to the needs of the uneducated and underprivileged.

Education

Education got a big boost with the universal primary education program *Sarv Shiksha Abhiyan* (SSA) of the Government of India (GOI). Since 2002, the GOI has pushed hard to provide access to primary education for every child between the ages of 6 and 14 years. Along with the right to education, such access is now a right guaranteed by law, not a policy that might be diluted by future central or any state government.

Apparels

Traditionally, customers rely on local tailors who specialize in stitching custom made dresses for their clients. However with the increasing preference for readymade garments, customers started adjusting to standard sizes of garments rather than adjusting the garments fit to variations in individual sizes. As an alternative, Raymond started made to measure services in the company's flagship outlets in various Indian cities. At its retail points, customers select the fabric they like and measurements are taken. This data is transmitted to a central manufacturing location where the garments are stitched according to the specifications. The custom made garments reach the shop on prescribed dates. The advantage of this service offer is that the garments have the finish of readymade garments, but are made to suit individual measurements.

The above examples are a small subset of a growing number of innovations—developed by grassroots innovators, new companies, corporations, and government and non-government non-profit bodies that are affordable by middle income and low-income groups and thus inclusive in nature. These innovations economize on resources and use more local materials and renewable resources than do existing products.



CONCLUSION AND SUGGESTIONS

There are enough reasons to applaud the emergence of new ideas and their embodiment in solutions, however there is also a need to determine their affordability and sustainability. Innovation starts with the idea, the invention, and the prototype development, but it is incomplete without value generation. However, the time taken from commercial launch to value generation and economies of scale is inconsistent. Without value generation commercial gain like profits, employment and raise in standard of living any innovation is incomplete. The main gap in Indian innovation is weak value generation and low scale-up. First, without economies of scale and the subsequent volume of sales, affordable innovations will not attain great monetary values. Thus economies of scale are both necessary and the key link for affordable innovations to be profitable. Achieving economies of scale is important from the project inception stage itself. India needs to promote innovation as a habit or attitude so that every single individual is responsible for contributing his or her part. Innovation can be seen in several forms from operational efficiencies and business model optimizations to product and service-related innovation. For innovation to thrive organizations need a system that can transform an idea into something truthfully meaningful. Innovation is the key to prosperity in today's business environment. The companies should not only innovate but they should also learn to do so in ways that are not easy for competitors to imitate. They must be able to challenge the existing business models and rephrase the rules of the game. If that is the objective then, companies have to seriously shape their organizational structure and promote innovation. Companies must continue to move forward and build their capabilities in innovation if they have to capture and sustain competitive advantage in the coming years. The passion to innovate must eventually come out from the heart, and then we can turn our dreams into reality. India needs to prepare itself to work with an open concept right from conceiving an idea to rapid prototyping and partnering with customers to do early pilot study for beta offerings. To innovate authentically, companies should invest in a range of works like projects, labs, learning centers and institutes. India is an emerging hub for conceiving and delivering innovative products and services in a value-generating approach. As Mahatma Gandhi had said, 'true innovation happens when what you think, what you say, and what you do are in harmony.' India seems well on its path to some kind of innovative harmony.



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