



1. Role of Innovative Capability and Strategic Goals on financial Performance of Entrepreneurship Organization

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ABSTRACT

Study aims to investigate role of innovative capability and strategic goals in the financial performance of Entrepreneurship organizations in MP. Innovative capabilities and strategic goals in Entrepreneurship organizations and their influence on financial performance were recognized and briefly debated according to the existing literature. Qualitative analysis was done, followed by a discussion of the research findings. Results from the study have proved that strategic goals have a strong positive relationship with financial performance. Also, there is a strong, positive and highly significant impact innovative capacity has on financial performance. Finally, the study found that innovative capability moderates the relationship between strategic goals and financial performance. It showed that at high levels of innovative capacity, high levels of strategic goals boost financial performance massively. The findings are limited to Entrepreneurship organizations in Bhopal MP. Researchers should study why Entrepreneurship organizations may not pursue any innovation capability activities as they have positive impact on their financial performance. They may also focus on strategic goals and financial performance. Thus, it has been suggested that the business owners and caretakers need greater awareness about the importance of innovation capability and strategic goals and their influence on the overall financial performance of Entrepreneurship organizations..

KEYWORDS

Entrepreneurship organizations, financial performance, Innovative capability.

Introduction:

The existence of an entrepreneur's company is an individual accomplishment to their company's self-esteem and business measurement about their entrepreneurial performance. Apart from the business people who need enthusiasm toward starting small businesses, the

different governments from both developing and developed nations have been dedicated to the improvement of Entrepreneurship organizations. There have been different definitions provided for Entrepreneurship organizations in Bhopal MP, yet the most often used standard is the number of workers of the business. The Bhopal MP Statistical Service recognizes businesses with less than ten workers as small-scale enterprises and their colleagues with more than ten workers as medium- and large-sized businesses. However, the National Board for Small Scale Industries in Bhopal MP explains a small-scale enterprise as a business with less than nine employees and has machinery and plant size (without vehicles, land and buildings) not more than 10m Bhopal MP.

The important role part that Entrepreneurship organizations have played in the improvement of a nation's economic advancement has been recognized. It is projected that Entrepreneurship organizations form 91% of the formal business.

Also, 52-57 % of gross domestic product (GDP) is supposed to be contributed by Entrepreneurship organizations and Entrepreneurship organizations are also to provide 61 % of employment to the people. However, it was discovered that in Bhopal MP, Entrepreneurship organizations contributed about 85 % manufacturing employment in the country. Additionally, they also contributed around 57 % to the country's GDP. Despite the acknowledgment of the significant impacts Entrepreneurship organizations have in these nations, their advancement is to a great extent compelled by various factors, for example, the absence of access to suitable technology; restricted access to global markets; the presence of laws, rules and regulations that hinder the improvement of the sector; the absence of administration abilities and training; weak institutional capacity; and most significantly finance.

In spite of the above limitations, Entrepreneurship organizations have been viewed as important contributors to the improvement of economies, mobilization of incomes, major employers of the population and promoters of technology improvement in both developing and advanced nations. Improving a nation's economy, creating jobs and reducing poverty in developing nations are very reliant on the achievements of the entrepreneurship organizations sectors. A lot of research was done in the past with respect to what really makes Entrepreneurship organizations go bankrupt. These factors involving the absence of funding, high financing costs, inflation and hostile labor relations to unsupportive governments were named in different investigations as explanations behind the failure of these organizations. However, above all was the lack of innovative capability and strategic goals as the primary source of this pandemic.

Past research has additionally discovered that the utilization of innovative capability and strategic goals as an administration instrument in littler organizations such as Entrepreneurship organizations is disregarded by the owners/managers of Entrepreneurship organizations, as they do not have adequate managerial experience in the functional business areas; these factors have led to the gradual decline in most Entrepreneurship organizations. In Bhopal MP the innovative capability and strategic planning concept is being experienced by some big companies, its acknowledgment and application by Entrepreneurship organizations in Bhopal MP to improve development is quite minimal. The study was intended to investigate the effect of innovative capability and strategic goals on the financial performance of Entrepreneurship organizations in Bhopal MP.

Literature Review:

Innovative Capability Approach:

Innovation capability is suggested as higher-order mix ability, that is, the capacity to mold and manage different capacities. The idea of higher-order mix capacities is created in Lawson and Samson's (2001) study. Businesses having this innovation capability can incorporate the key abilities and assets of their organizations to effectively empower advancement. The present businesses encounter the test to develop, not simply once in a while but rather regularly, rapidly and with a strong achievement rate. The domain of organizational and managerial consideration has extended to join both standard factors (for example, productivity, quality, client responsiveness and speed) and an innovation capability. Innovation epitomizes today's competitive edge, held by strong normal capacities in efficiency, speed, quality and flexibility. Innovation can enable businesses to assume a prevailing part in forming the fate of their enterprises. High-performing innovators are able to maintain a giant juggling act of capabilities, and reliably convey new high-quality products to the more regularly, market faster, and at a lower cost than competitors.

In addition, these organizations use method and framework innovation as a way of additionally improving their items and increasing the value to clients. This mix brings about a dynamic and justifiable strategic position, making the business an always moving focus to competitors. This focuses on the requirement for supervisors to organize daily mainstream operations, while also developing innovation and change in their businesses. Mainstream actions like assembling and promoting are frequently the way to current accomplishment with organizational procedures built around stability, profitability and efficiency in creating cash flow. Procedures are produced "programming" mainstream business units to perform schedules, formalize structures, and not to think outside the square. Literature recommends that innovative companies have vision and methodology; they also should harness the ability base with strong organizational creativity, intelligence and idea management. Moreover, there are signs of powerful organizational systems and structure, as well as climate and culture, with an effective management of technology. Innovative businesses use these components to coordinate and oversee both their new stream and mainstream exercises in a powerful way. The more grounded the innovation capability controlled by a business, the more successful will their innovation performance be. The literature likewise demonstrates a positive connection between advancement execution and upgraded firm execution. Experimentally, it is demonstrated that innovative businesses are more productive and esteemed at a premium by the offer market with respect to their loss.

Strategic Goals:

Strategic objectives are the planned goals that a business endeavors to accomplish. It is a major step in accomplishing the vision of the company. In the strategic planning setting, an objective is where the company wants to be. The upsurge of competition among companies, owing to globalization, has inspired the need for advancement in production methodologies with heightened sensitivity to market trends. Managers of companies have to start taking a serious approach to strategic goals. The high rate of business collapse in recent times is because of financial mismanagement, inability to adapt quickly to customer demands and

increased risks of errors occurring in business operations. Therefore, managements of businesses need to be able to effectively manage the businesses strategically to guarantee their continuous competences in their environment. The derivation and consequent pursuit of strategic goals have been identified by various researchers to add immense value to business operations. The value of strategic goals is noticed more prominently in businesses operating in complex, continuously changing business environments.

Study identified various benefits of strategic management system for the success of a business. Strategic management provides the firm with a clear vision and mission of the company. This implies that the justification of the business existence is identified from the strategic plan. Second, the business is able to identify its strengths and weaknesses through which the company is able to focus on areas where it has the capabilities to succeed in the competitive environment and focus on them. The implications of strategic goals for organizational performance have not been thoroughly investigated, although the empirical findings are still inconsistent. While some authors have established a positive correlation between strategic goals and business performance. It is argued that strategic goals do not have any meaningful impact on the performance of Entrepreneurship organizations. Literature indicates that a large portion of the Entrepreneurship organizations, including those in Bhopal MP, does not hone strategic management successfully in their businesses. Study realized that the managers of the Entrepreneurship organizations might not have adequate knowledge on the benefits that will be accrued to the business if they practice it.

Some other common reasons to the low participation of Entrepreneurship organizations in strategic processes are that the majority of managers are not aware of strategic goal techniques and methodologies to be able to implement such procedures in their business operations. Entrepreneurship organizations managers have the preconception that strategic goal is only suitable to large companies and not beneficial to smaller companies. Furthermore, managers of Entrepreneurship organizations are the main people involved in the daily business operations of their companies and are involved in almost all aspects.

Strategic goal and the process of long-term planning are usually quite involving and demand some devotion of time and resources. The managers are reluctant to devote adequate time out of the time needed for the normal daily operations to undertake effective strategic planning and goals. We argue here that so far as management would commit enough resources and time to participate in strategic processes, the performance of the organization is guaranteed to improve.

Innovative Capability and Financial Performance:

Innovative capability is the tendency of a firm to use and support newness in idea; and also originate, experiment and create processes in which the outcome will be the commencement of new products, processes and models for greater competitive advantage. There is therefore a positive linkage between a firm's innovativeness and performance. Entrepreneurship organizations have been identified to be the main drivers of innovation and creativity in most economies of the world. This gives them the flexibility to withstand adverse economic conditions and dynamic market trends. Companies developing innovation capabilities afford the avenues of meeting clients' needs and demands. The subsequent increase in revenues is necessary for improved competitiveness.

Study suggested that highly innovative companies have definite increased market share, high product success, greater returns on investment and long-term returns, unlike less innovative firms.

Strategic Goals and Financial Performance:

Strategic goals are debatably significant fixings in the conduct of strategic management. The essential objective of a strategic goal is to control a business in formulating its strategic plan and needs and center itself toward understanding the same. When strategic plan is accessible and well-executed, a business will have a slight or no difficulty in managing changes externally. For organizations to survive, it is recommended that they should have the capacity to work effectively with environmental forces that are unstable and uncontrollable and which can significantly influence basic leadership processes. Businesses adjust to these environmental forces as they plan and use strategic exercises. Meanwhile, the literature suggests that innovative capabilities play a dominant role in helping firms to act quickly and more efficiently to changes in market responses. Innovators who are doing well can keep up a giant juggling act of competences and reliably convey new quality products to the market faster, more often and at a lower cost than their contenders.

Discussion on Findings:

The findings above have unveiled very vital issues. The researchers considered the characteristics of the respondents and those of the firms involved in the study. It was seen that most of the Entrepreneurship organizations engage in innovative practices but have moderate levels of innovative capabilities. Their strategic goal levels were moderate and their financial performance was also moderate. These results were proved to be reliable through the use of the qualitative test. The involvement of the analytical tools for the study was to test the hypotheses deduced from the study. First, the initial research objective for the study was to find the relationship between strategic goals and financial performance. It was realized that there is a significant positive relationship between strategic goals and financial performance. Study on strategic goals and business performance and identified a positive correlation between strategic goal and the success of businesses. The study also showed, through the regression analysis, that in the relationship established, strategic goals have a positive significant impact on financial performance.

Study on strategic goals and corporate performance amongst Entrepreneurship organizations realized that majority of the Entrepreneurship organizations surveyed were practicing some aspect of strategic management in their business operations. Companies practicing strategic management were realized to have an improvement in their market share and a positive relationship with their profitability. Furthermore, strategic goals contribute significantly to the improvement of financial performance. Through the use of the correlation analysis, the study came to settle that there is a positive significant relationship between innovative capability and financial performance. It later came to light that the involvement of innovative capability has a significant impact on financial performance, and that it also contributes to the improvement of financial performance by some percentage.

Finally, the study sought to find out the moderating effects of innovative capability on the relationship between strategic goals and financial performance.

This goal was met, in that the results showed that high innovative capabilities at high levels of strategic goals give rise to tremendous financial performance. It also revealed that when innovative capacity is low, even high strategic performance contributes just a little to the improvement of financial performance. This research, therefore, has demonstrated that there is a moderating effect of innovative capability on the relationship between strategic goals and financial performance.

Conclusion:

In contributing to the means through which the Entrepreneurship organizations in Bhopal MP can improve on their financial performances, so as to drift from the rampant bankruptcy occurrence, the following was realized. Most of the respondents indulge in innovative practices, according to this study; but the innovative capability available in the city amongst Entrepreneurship organizations is moderate. The study has revealed that there is a significant relationship between strategic goals and financial performance. Moreover, the involvement of high innovative capacity would shoot the financial performance of Entrepreneurship organizations high. It was also demonstrated that the low levels of innovative capability, even amongst high levels of strategic goals, contribute just a little to the improvement of financial performance.

This is to say that even though most of the Entrepreneurship organizations in Bhopal MP indulge in innovative practices and a moderate number indulge in strategic goals, there is the need to improve their innovative capability to see tremendous boost in their financial performance. Recommendations for Entrepreneurship organization management. With regard to recommendations made through this study for management of Entrepreneurship organizations, the following was looked at: first, management of Entrepreneurship organizations should improve upon their innovative capability. Management must treat innovative capability as a life blood of their companies. Also, management of Entrepreneurship organizations must consider strategic goals as a vital input which would improve their financial performance and use goals in the running of their organizations.

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