

## Entrepreneurship and Innovation – A Review

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Information of Article	ABSTRACT
<p><i>Article history:</i> Received: Jan 2023 Revised: Feb 2023 Accepted: Feb 2023 Available online: Mar 2023</p> <p><b>Keywords:</b> Keywords: Commitment Innovation Incentives Motivation Mentoring Flexibility</p>	<p>COVID 19 has nudged entrepreneurs to review, adapt and make use of a variety of marketing channels, including online, mobile, and advertising. Furthermore, in order to promote growth, business owners must develop crucial skills, such as a dedication to providing customers with value, the capacity to select from a variety of marketing techniques, and the capacity to obtain additional venture capital. Additionally, it emphasizes the significance of enhancing HR policies and employee compensation, as well as the necessity of peer mentoring, access to networks, financial resources, and global markets. Literature review involving relevant studies and articles for entrepreneurs and examining the current state by focusing on key themes. Research methods include case studies and literature review. The focus of this paper is that growth-oriented entrepreneurs should focus on developing the following key entrepreneurial skills: a commitment to providing customers with value through innovative products and services; appropriate marketing strategies; learning how to access more venture capital; improving company HR practices and financial incentives for employees; staying motivated to grow the business; seeking peer mentoring; and having greater access to networks, finance, and international markets.</p>

### 1. Introduction

To establish, survive, and grow in today's competitive environment, enterprising organisations must innovate. The majority of business textbooks express the traditional view of innovation as the development of strategies and the establishment of processes and systems to encourage the generation of new or improved products, services, processes, and ideas required for organisational growth and development. Individual owners, managers, and employees who are motivated, skilled, and knowledgeable are the innovators. They have the option of being innovative or not, and they must be encouraged if the organisation is to succeed.

The traditional view of entrepreneurship is that there are a small number of exceptional people, such as Bill Gates, Richard Branson and James Dyson, who are the charismatic individuals who successfully commercialize new ideas, manage their own organizations and are incapable of working for anyone else. In practice, however, many people are entrepreneurial and succeed in implementing new ideas. They can be found in virtually every type of organization and in every aspect of life. They aim to be self-reliant and keen to pursue their goals using the organization for which they work as their vehicle. These people will seek to be innovative, wherever they work and, if an organization does not allow them to be entrepreneurial, they will move on. Many governments see them as critical in developing economies and seek to encourage more entrepreneurship and innovation at all levels of society. This means that they want to see individuals and organisations reach their full potential and contribute as much as they can to society as a whole. I don't just mean businesses when I say "organisations," but any group of people who come together for a common goal. This can be as simple as a local gardening club or as complex as a multinational corporation. It could be private, but it could also be public or non-profit.

In my opinion, defining enterprise solely as something that occurs within businesses is a very limited approach.

## **2. Cantillon's Theory of Entrepreneurship**

Cantillon's economy is dominated by three major players. Property owners are the primary consumers, and all economic production is an attempt to meet their subjective wants and desires. The two remaining actors are distinguished primarily by the nature of their income, which leads to Cantillon's entrepreneur's main characteristic: living on unfixed income. While wage labourers are paid a set wage, entrepreneurs must make ends meet with no guarantee of income. Furthermore, the entrepreneur is in charge of the production, circulation, and exchange of goods in the economy in order to meet the demands of property owners. Therefore, Cantillon's theory of the entrepreneur is distinctly supply-side (Hébert and Link, 2006).

Cantillon even classified beggars and robbers as entrepreneurs, demonstrating the importance of unfixed income as a fundamental and necessary characteristic of entrepreneurs. Cantillon's entrepreneurship theory is thus narrowly defined but broadly applicable. An entrepreneur is someone who invests with the intention of selling goods at an uncertain price in the future.

## **3. Risk Taking**

Some types of threat can be calculated, and insurance companies profit from it. However, not all threats can be addressed in this manner, and we cannot always calculate the odds of multiple events occurring with any degree of accuracy. Entrepreneurs are willing to go the redundant route and accept the risk of the uninsurable element, but they expect profit to be the price for bearing this question. Of course, threat does not always affect profit and can occasionally result in serious loss. Wickham (2004: 13) refers to this as a 'market for risk'.

There are two important and interrelated implications of unfixed income recognized and discussed by Cantillon.

First, the future is inherently uncertain due to the dynamic nature of economic factors over time. The entrepreneur can produce at a certain and known cost in the present, but the price is uncertain in the future due to the elapsed time between production and exchange and will depend on haggling between entrepreneur and consumer. More importantly, there is no guarantee that an exchange will take place, and additional uncertainty arises as a result of competition from other entrepreneurs as well as changing tastes and desires of the property owners.

The second implication of Cantillon's entrepreneurship theory is the related concept of risk. Because the entrepreneur's income, or profit, is uncertain due to an unknown future price, Cantillon identified two types of entrepreneurial risk: bankruptcy and starvation. Without any guarantee of income, there is the risk of entrepreneurial loss, which applies to both those with capital, such as a manufacturer, and those without capital, such as an artist or a lawyer, who simply invest their labour. Sustained losses, according to Cantillon, can lead to bankruptcy and, eventually, starvation, as in the case of beggars. Cantillon also saw profit as a reward for taking risks, claiming that profit is the difference between revenue and costs plus expenses.

## **4. Barriers to Entrepreneurial Growth**

### **4.1 Lack of Access to Finance**

Start-ups' access to finance helps them obtain the necessary funds to gain a foothold in the market. Entrepreneurs around the world struggle with funding (Radikoko, et al., 2015). This is a major problem affecting their ability to grow, develop and contribute to economic development (Falcetti, et al., 2003). The problem seems not to be a lack of money, but how these companies access finance (Albaladejo, 2002; Cook, 2001).

### **4.2 Lack of Information/Knowledge**

Lack of access to information necessary for entrepreneurial ventures to move forward is considered a major obstacle (Rothwell & Beesley, 1989). A study by Goedhuys and Sleuwaegen (2000) of 230 manufacturing companies in Ghana found that high transaction costs and lack of information in financial markets led to a shift of resources from SMEs to

large enterprises. Lack of information between lenders and borrowers makes it difficult for banks to access the true value of a company and can lead to credit allocation being rationed (Stiglitz & Weiss, 1981).

#### ***4.3 Lack of Skilled Workers and management skills***

Leadbeater and Oakley (1999) emphasized the need to develop business and management skills throughout the life cycle of entrepreneurial businesses. However, the lack of skilled labor is a serious problem affecting the development and growth of business enterprises (Kallon, 1990). The growth of these companies depends largely on the quality, not the number of employees.

#### ***4.4 Lack of Infrastructure***

Albaladejo and Schmitz (2001) observed that high-quality basic infrastructure improves the economic performance and competitiveness of firms. Previous researchers have also noted that physical infrastructure and information technology include good and maintained road networks, airports and ports, reliable power supplies, and extensive communications networks. For this reason, the lack of high-quality physical infrastructure has contributed to the poor growth of business enterprises, especially in the developing world.

#### ***4.5 Escalating Corruption***

Corruption and rising inflation have been some of the threats to the development of entrepreneurial enterprises in the absence of a strong financial system (Kallon, 2003; Namar, et al., 2016). Empirical evidence on the impact of corruption on entrepreneurship has shown mixed results. For example, the United Nations (2006) identified corruption as one of the major obstacles to the development of business facilities.

#### ***4.6 Policies/Law and Regulations***

There is strong and substantial evidence for the negative impact of regulatory and administrative burdens on entrepreneurial ventures (Martins, et al., 2004). Excessive and strict laws and regulations have different effects on entrepreneurs. For example, complying with complex laws and regulations requires a lot of time, money and effort that most entrepreneurs cannot afford.

#### ***4.7 Cultural and social barriers***

Culture is an important barrier that influences entrepreneurial ventures in many ways. This affects a wide range of economic activities, including but not limited to choosing self-employment over employment (Audretsch, et al., 2007; L & Thomas, 2001). Nayab and Edwardby (2012-2016) share the same view, arguing that working parents force their children into safe and paid work. As a result, they destroy their children's entrepreneurial intentions very early.

#### ***4.8 Economic influences and the market***

Economic conditions in each country are one of the main factors affecting business enterprises. The poor purchasing power of the people, which is reflected in the earning capacity and economic prosperity of the country, determines how successful business ventures will be. During a recession, the purchasing power of the population decreases. This can seriously hinder business activities, preventing potential entrepreneurs from investing. Tushabomwe-Kazooba (2006) argued that limited market access for start-ups reduces their growth potential. This means that sufficient market access is one of the most important factors contributing to the growth and productivity of the companies.

#### ***4.9 Poor Record Keeping***

As Tacy (2004) in Esaete (2005) point out, record keeping is essential for good administrative decision making, stability and fairness, equity, continuous learning and development and effective risk management. A good record is essential and essential for any business (Premaratne, 2011). This is the view shared by Parker (2002) and Hughes (2003) who state that record keeping is essential to the successful performance and management of any business. General accounting processes allow companies to prepare accurate and up-to-date financial statements that provide insight into the company's development and current status. A major problem that most businesses face is the lack of

adequate record keeping knowledge (Syracus, 1994). One of the main reasons start-ups fail prematurely is poor recordkeeping. Poor recordkeeping prevents entrepreneurs from monitoring the enterprise, limiting their ability to quickly find and solve problems (Mphambela, 2017).

#### **4.10 Adopting to generational differences**

Hiring competent and committed employees. Seventy percent of the global workforce will be shared equally by Generation X and Generation Y by 2020, with forecasts suggesting that Generation Z will make up nearly a quarter of the workforce as they start to enter adulthood (Statista Research Department, Dec 31, 2016). Changing the way entrepreneurs manage employees will most probably be the determining factor in the organization's growth and success.

### **5. Entrepreneurial Skills and Mindset**

An entrepreneur should possess the following characteristics and business skills

<b>Characteristics</b>	<b>Business Skills</b>
Creative	Finance
Motivated	Marketing
Future-oriented	Selling
Persuasive	Market Research
Flexible (adaptable)	Legislation
Resourceful	Human Resources
Adventurous (risk taking)	Public Speaking
Decisive	Teamwork

An entrepreneur should have the following mindset,

- Self-leadership is a process whereby one influences “their own behaviour, actions, and thinking to achieve the self-direction and self-motivation necessary to build their entrepreneurial business ventures” (Neck et al., 2016, p. 71).
- Self-observation: Increasing awareness of how, when and why we behave in certain situations by keeping a journal to document our feelings and reactions to different scenarios. It helps us recognize trends in our behaviour.
- Goal setting: Write our goals on sticky notes and posters and post them at work. It can be helpful to create short-term goals (such as a daily to-do list) from long-term goals to make it easier to track progress and hit milestones.
- Self-reward: rewarding ourselves when we reach our goals can be a great motivator. This can be something like watching a movie after finishing all the tasks we had planned for the day.
- Constructive thought patterns: Building constructive thought patterns are about “identifying destructive beliefs and assumptions and reframing those thoughts through practicing self-talk and mental imagery” (Neck et al., 2016, pg. 73). To visualise ourselves to be successfully performing an activity before undertaking the task.

The following mindset is imperative to succeed as an entrepreneur.

Curiosity	Always ask “what if” and “why” and seek new and creative ways of learning and doing.
Growth Mindset	Recognize your potential for learning and achieving anything and the power to stretch your brain and sharpen your mind!
Courage	Dare to step out of your comfort zone(s) to accomplish great things.
Persistence & Grit	Learn to work through failure to create solutions for the problems you are passionate about.
Opportunity Seeking	Actively observe, identify, and act on circumstances where you can innovate or solve a problem.
Problem Solving	Proactively develop creative solutions to the problems around you.
Redefining Failure	See failure as a learning opportunity and a launchpad for your next success or discovery.
Optimism	Be confident and hopeful in your ability to innovate and your potential for making an impact.
Resourcefulness	Develop quick and clever ways to overcome challenges.

Source: Neck et al., “Entrepreneurship: The Practice and Mindset”, Sage Publications (2016)

## 6. Applying Emotional Intelligence and Understanding Generational Gap

There are four different generations of the workforce today. This unique work environment can create cultural friction between generations. This is also called the generation gap. The generation gap is an important difference in cultural norms between younger and older generations. Generational differences occur because people of different generations do not understand each other because of their life experiences, attitudes, values, opinions, habits, behaviours, interests, and ways of communicating.

Generation timeline is as follows:

- Traditionalists – 1922 - 1945
- Baby Boomers – 1946 - 1964
- Generation X – 1965 - 1979
- Generation Y – 1980 - 2000
- Generation Z – 2001 and beyond

To get these four generations to work productively together we must:

- What motivates each generation
- The values of each generation
- How to communicate best with each generation

Using emotional intelligence can improve workplace productivity and help organizations grow.

Emotional intelligence (EI) is the ability to accurately recognize, assess and express emotions. The ability to understand emotions and emotional knowledge and to regulate emotions to promote emotional and intellectual growth (Mayer & Salovey, 1997). Salovey and Mayer (1990) classified emotional intelligence into five domains: self-awareness, managing emotions, self-motivation, empathy, and relationships’ handling. Goleman (1998) suggests that many of the traits found in individuals with high emotional intelligence appear to resemble those of effective leaders. He also states that emotional intelligence is the most important factor in effective leadership. In a meta-analysis of leadership traits, Bass (1990) found that many traits complement components of emotional intelligence. Common factors include social and interpersonal skills, technical skills, administrative skills, leadership effectiveness and productivity, friendships, social intimacy, teamwork, and work motivation and application. He also found that the best leaders are good at both task orientation and interpersonal skills.

## **7. Steps Entrepreneurs should take to succeed**

Utilizing effective marketing strategies. Entrepreneurs must learn to market their products and services not just through conventional methods but online, mobile, advertising, etc. They should maximize their return on investment with efficient, targeted marketing that gets results.

Create a new process for assigning tasks. Many entrepreneurs who once wore all the hats find themselves in this situation, even with small successes. Growth stops when you reach your self-imposed limits because you are doing it all. The only way to break even is to outsource and outsource the work you will manage and eventually move to pure ownership.

## **8. In conclusion**

The key entrepreneurial skills that growth-oriented entrepreneurs need to develop are:

- Entrepreneurs must commit to creating value for customers by providing innovative products/services.
- Entrepreneurs must learn to choose between several marketing strategies that affect their chances of success, example: Choice of Market, Customer Driven, Constantly Innovate, Differentiation/Focus, Highest Quality, Exporting.
- Entrepreneurs need to learn the skills they need to access additional venture capital.
- Entrepreneurs must understand and recognize the need to improve company HR practices and financial incentives for employees.
- The entrepreneur must be motivated to grow the business.
- Peer mentoring of successful entrepreneurs is an important part of any training program.
- Entrepreneurs need more access to networks, finance and international markets.

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