

Factors Influencing Entrepreneurial Innovation

Ahmad Saoki Andriyana¹, Rany Cahyani ², Agus Wibowo³

¹Universitas Negeri Jakarta, Indonesia

²Universitas Negeri Jakarta, Indonesia

³Universitas Negeri Jakarta, Indonesia

Abstract

The business competition conditions in Indonesia are increasingly dynamic, influenced by economic growth, globalization and technological developments. Product innovation is important to remain competitive in an increasingly complex market. This research examines the factors that influence student entrepreneurial innovation in Indonesia and their impacts. The method used is Systematic Literature Review (SLR) which identifies, assesses and interprets findings from various literature. The research results show that entrepreneurial orientation and product innovation have a positive and significant influence on MSME performance, with entrepreneurial orientation as the dominant factor. Marketing innovation has been proven to increase competitive advantage. The digital era through technology and social media increases sales and profitability. Entrepreneurship education and extracurricular activities also contribute to increasing creativity and innovative skills. The integration of entrepreneurial elements in business, as shown by the case of AvoEats Restaurant, creates customer loyalty and a positive image, which contributes to improving the financial performance of business actors.

Keywords: Entrepreneurship Education, Innovation.

1. Introduction

The conditions of business competition in Indonesia are increasingly dynamic in line with rapid economic growth and globalization. Many companies, both local and international, are competing for market share. Factors such as technological developments, changes in government regulations, and increasing consumer awareness drive innovation and efficiency (Sumarni & Ariyani, 2023). Product development is currently increasingly rapid and diverse in accordance with the demands of society's increasingly complex needs due to (lifestyle.Nizam et al.,2020). The innovation process often faces problems and challenges, difficulties in generating creative ideas are limited to conventional thinking and a lack of innovation (Mawardi et al., 2021). The business world is currently facing increasingly difficult challenges because consumers are more selective towards products that are of higher quality, lower prices, and sensitive to the needs and developments of the times. At this time, many companies with social conditions and advances in information technology will increase the number of new competitors from abroad. These new competitors tend to be more productive because their human resources have insight, technical skills education, and access to more up-to-date information technology (Agung et al., 2021).

Product innovation is very essential, products or services lack innovation and do not suit the market, do not have new value, can reduce that value (Anderson & Hidayah, 2023). Global Innovation Index (GII), the world intellectual property rights organization, Indonesia is in position 61. This is still below the ranking of Malaysia, Thailand, Vietnam, Singapore. GII is a global guide for recording activities in 129 countries using indicators that have been compiled as many as 80 indicators. This fact shows that Indonesia is still lagging behind and is a concern, especially because the Asian region is the place where the most innovation occurs, with growth taking place after the economic slowdown in developed countries and the world (Akbar et al., 2022).

Apart from the lack of passion for innovation carried out by Indonesia, entrepreneurship in Indonesia has also not increased compared to other countries.

Indonesia and the Philippines ranked second lowest in the entrepreneurship dimension in 2018. The score obtained by Indonesia and the Philippines was 0.7 out of 10. The higher the score obtained, the higher the entrepreneurial climate in a country. At world level, Indonesia is ranked 50th out of 80 countries surveyed. Indonesia's low entrepreneurship ranking is due to low scores on all indicators, namely below 2 out of 10. There are several indicators that get low scores, namely a good legal framework and technological expertise with scores of 0.3 and 0.5 respectively. Meanwhile, the highest score obtained by Indonesia was 1.8 for the indicator of Indonesia's connection to the rest of the world. (Jayani, 2019). There are 56.5 million entrepreneurs in Indonesia, around 52 million of whom are beginner entrepreneurs, an accumulation of 32.2 million people who are self-employed, and 19.8 million people who are entrepreneurs with the help of permanent workers. Meanwhile, there are around 4.5 million people who are classified as established entrepreneurs. Thus, in 2023 the ratio of new entrepreneurs will reach 35.21%, while the ratio of established entrepreneurs will be 3.04% of the total national workforce. If broken down by educational background, the majority of Indonesian entrepreneurs currently only graduated from elementary school. This group is equivalent to 30.52% of the total national entrepreneurs. The fewest entrepreneurs come from a Diploma education background, then entrepreneurs who have never been to school (Jayani Hadya Dwi, 2019).

An entrepreneur must be able to analyze opportunities and identify market needs, observe industry trends and study consumer behavior. An entrepreneur must also be able to evaluate competence as well as potential profits and risks, so that he can make the right decision. an entrepreneur is always ready to take concrete steps to achieve business goals. They not only plan, but also act quickly and effectively in executing ideas. By focusing on results and implementation, action-oriented entrepreneurs overcome obstacles, adjust

strategies when necessary, and keep moving forward. This attitude ensures continuous progress and improvement in their efforts (Noor & Retno, 2023).

Therefore, this research is intended to provide new insights, explore and complement the literature that focuses on the factors that influence student entrepreneurial innovation. So the two research questions are stated as follows:

1. RQ1: What factors influence entrepreneurial innovation in the context that occurs in Indonesia?
2. RQ2: What are the impacts of the emergence of entrepreneurial innovation in the context that occurs in Indonesia?

2. Literature Review

2.1 Entrepreneurship Education

Entrepreneurship Education is an educational programme designed to teach the skills and knowledge needed to become an entrepreneur (Byrne, J et al., 2014). These programmes usually cover various aspects of entrepreneurship, from business idea development, business planning, financial management, marketing, to product and service development. The main goal of entrepreneurship education is to encourage innovation, creativity and problem solving, and to equip individuals with the ability to start and manage their own businesses.

2.2 Innovation

Product innovation is a process that seeks to provide solutions to existing problems. Problems that often occur in business are good but expensive products or cheap but poor quality products. Product innovation comes from improvements or changes to previously existing products or it can also be through products that are completely new and different from before. This means that companies that are able to design their products according to customer wishes will be able to survive amidst competition because their products are still in demand by consumers. According to product innovation, there are indicators as followed: Technical Innovation,

3. Design Study

This section describes the process of collecting and using data to answer the proposed hypothesis. This research focuses on knowing how Factors Influencing Entrepreneurial Innovation.

4. Material and Method

This research was conducted using a systematic literature review (SLR) approach. This research explored more deeply the factors and impact of entrepreneurial innovation on the economy in Indonesia. The literature search process using the SLR approach identifies, assesses and interprets all findings on a research topic to answer a predetermined question. The SLR method is systematic by following stages and protocols that ensure the literature review process avoids bias and subjective understanding from researchers (Pacheco, 2021).

This research went through several stages, namely planning, implementation and reporting. The planning stage was the initial stage of conducting a literature review using Publish or Perish 8 and producing 100 and then screening by finding appropriate topics as many as 7 relevant studies and according to literature needs. Next was the conduction stage which is the SLR implementation stage. The final stage was reporting, where the SLR is outlined in the form of a report.

5. Data Analysis

Table 1. Journal Identity

Writer	Year	Journal Name	Research Title
Miftakhul Jannah	2019	Eco-Entrepreneurship	The Effect of Entrepreneurship Orientation and Product Innovation on Performance of Typical <i>Gedog Batik</i> SMEs in Tuban
Marissa Claudia	2020	Scientific Journal of Management and Business (JIMBI)	The Effect of Marketing Entrepreneurship Marketing Systems For Competitive Advantages and Innovations in Culinary Small and Medium Enterprises in Medan City
Muhammad Zaenal Asikin	2024	Syntax Administration	The Future of Entrepreneurship and Innovation: Challenges and Dynamics in The Digital Era
	2024	Journal of Entrepreneurship Innovation	Entrepreneurship innovation in the Food Industry through Creativity and Technology (AvoEats Restaurant Case Study)

Candra Wahyu Hidayat	2022	EXIST Journal	Impact of Entrepreneurial Orientation and Product Innovation on The Marketing Performance of Typical Souves of Malang City
Dewi Nur Fitriani	2023	Proceedings of UIN SUNAN GUNUNG DJATI	Implementation of Building Student Creativity and Innovation through Extracurricular Entrepreneurship at SMP Negeri 2 Pasir Jambu
Rari Ulima Fitri	2021	Journal of Business and Investment Research	The Influence of Entrepreneurial Orientation and Market Orientation on Product Innovation and Company Performance (Business West Bandung Regency Micro Small)

6. Result.

From several studies conducted, it is stated that Entrepreneurial education orientation affects innovation, in research conducted by (Indria et al.,2020) shows that entrepreneurship education has a significant effect on entrepreneurial innovation. Furthermore (Anderson,. 2023) states that by maintaining and increasing product innovation that can be used to satisfy consumers because it has a significant effect on business marketing performance. In line with the above statement according to Nur et al. (2023) Extracurricular activities have great potential to influence student creativity and innovation and can develop important entrepreneurial skills and innovative thinking.

7. Discussion.

The Entrepreneurial Orientation and Product Innovation have a positive and significant effect on the performance of MSMEs with entrepreneurial orientation having a dominant influence. (Premadasa et al., 2023). The results of hypothesis testing for the Innovation variable (Y1) have a positive effect on Competitive Advantage (Y2). In the innovation variable, the results of the dominant indicator that can have a direct influence on the competitive advantage variable can be taken, namely the marketing innovation indicator (Y1.2) which has a value from the outer model results of 0.928. These results explain that the use of innovation strategies in the SME marketing process can increase competitive advantage Claudia et al., (2020). The ability to continuously innovate is critical to success in the modern technological era. The contribution of digital technology to internet-based access can increase sales and profitability. The digital era using social media is an option to improve services for customers who can access the internet and digital developments are conceptualized as solutions that support business digitalization. For investors and organizational managers, it is important to consider planning and implementing strategies, by adopting information technology to increase business profitability (Zaenal Asikin, 2024).

The entrepreneurial concept in the Avoeats Restaurant culinary business consists of business ideas, market research, business planning, financing, product innovation, operational management, marketing and branding, customer experience, financial management, growth and stability, sustainable innovation. By integrating these elements, AvoEats has succeeded in attracting consumer attention, maintaining customer loyalty, and creating a positive brand image in the culinary market (Yuliani et al., 2024). Research results from Indria et al., (2020) shows that entrepreneurship education has a significant effect on entrepreneurial innovation. By maintaining and improving product innovation that can be used to satisfy consumers because it has a significant effect on the marketing performance of the business (Anderson, 2023). In line with Nur et al. (2023). Extracurricular activities have great potential to influence students' creativity and innovation and

can develop essential entrepreneurial skills and innovative thinking. The entrepreneurial orientation applied by entrepreneurs has a positive effect on product innovation which results in improved financial performance of business actors (Fitri et al., 2022).

8. Conclusions.

Entrepreneurial education orientation, creativity has a positive influence on each research, with entrepreneurial orientation having a dominant influence. Marketing innovation is the most influential indicator in increasing competitive advantage. The digital era, through technology and social media, helps increase sales and profitability. Adoption of information technology is important for business actors to plan business strategies. Studies show that entrepreneurship education and extracurricular activities increase creativity and innovative skills in various business sectors. integration of entrepreneurial elements creates customer loyalty and a positive image, thereby improving the financial performance of business actors

9. References

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