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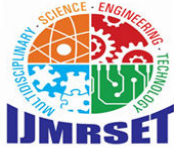
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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# Impact of Entrepreneurship Innovation on Firm Performance

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**ABSTRACT:** Entrepreneurship is a major source of employment, economic growth, and innovation, promoting product and service quality, competition, and economic flexibility. It is also a mechanism by which many people enter the society's economic and social mainstream, model culture formation, population integration, and social mobility. This article aims to illuminate research opportunities for psychologists by exposing gaps in the entrepreneurship literature and describing how these gaps can be filled. A "call to action" is issued to psychologists to develop theory and undertake empirical research focusing on five key topic areas: the personality characteristics of entrepreneurs, the psychopathology of entrepreneurs, entrepreneurial cognition, entrepreneurship education, and international entrepreneurship. Methodological issues are discussed and recommendations provided. It is shown that psychologists can help identify the factors that influence new venture creation and success and inform the construction of public policy to facilitate entrepreneurship. building new technological and innovating for new sustainability era .

### KEY WORD:

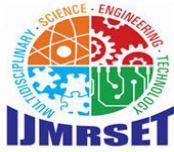
Entrepreneurship  
Economic Growth  
Innovation  
Psychology  
Entrepreneurial Cognition  
Personality Traits

## I. INTRODUCTION

Entrepreneurship stands as one of the most dynamic and transformative forces shaping modern societies and economies. At its core, it represents the pursuit of innovative ideas, the willingness to take risks, and the relentless drive to solve problems, create value, and inspire change. Entrepreneurs are the architects of progress, challenging the status quo and introducing new products, services, and business models that enhance the way we live, work, and interact. Entrepreneurship is not just an economic activity; it is a mindset and a way of life. It is driven by curiosity, creativity, and resilience, where failure is seen as a stepping stone rather than a setback. Entrepreneurs are visionaries who combine passion with practicality, leveraging technology, resources, and networks to turn abstract ideas into tangible reality. The impact of entrepreneurship is profound and far-reaching. It fuels economic growth by generating employment opportunities, attracting investment, and fostering competition. It drives technological advancement, offering groundbreaking solutions to global challenges such as climate change, healthcare, and education. Furthermore, entrepreneurship empowers individuals by encouraging self-reliance, leadership, and adaptability—qualities that are invaluable in an ever-changing world. The term "entrepreneurship" originates from the French word, meaning "to undertake." This reflects the essence of an entrepreneur's role: taking on challenges, navigating uncertainties, and seizing opportunities that others might overlook. While entrepreneurship is often associated with startups and profit-driven ventures, it spans a much broader spectrum. Social entrepreneurship, for example, focuses on addressing societal and environmental challenges, while intrapreneurship fosters innovation within established organizations.

### Define

Entrepreneurship is a multifaceted process that encompasses the discovery, evaluation, and exploitation of opportunities to create value through innovation, risk-taking, and resource mobilization. At its core, entrepreneurship is the ability to



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identify unmet needs or gaps in the market and develop solutions that address those needs in novel and impactful ways. Entrepreneurs are not merely business creators; they are visionaries who transform ideas into reality by navigating complexities, managing uncertainties, and leveraging resources effectively. This process often involves a combination of creativity, strategic planning, and resilience, as entrepreneurs must adapt to changing environments, overcome obstacles, and persevere in the face of challenges. Entrepreneurship is not limited to the pursuit of profit; it also plays a critical role in driving social and environmental progress through social entrepreneurship, where the primary focus is on solving societal challenges and creating sustainable impact. By fostering innovation, generating employment, and stimulating economic growth, entrepreneurship serves as a cornerstone of modern economies and a catalyst for transformative change. Its significance extends beyond economic dimensions, as it empowers individuals to think critically, act decisively, and embrace lifelong learning, ultimately shaping a culture of progress and possibility. No one can deny that one of the main activities of the entrepreneur is to make decisions. Among them, one that seems obvious, but in many cases is not considered in the studies, is the choice of business location. This choice will have important implications for achieving the resources needed to launch the company. This is what Malanova, Brush, and Edelman (in this issue) addresses in their research. Malanova et al., investigate variations in the set of resources (financial, organizational and physical) that can be accessed from firms located at home or from companies situated outside, including incubators, or other established businesses. Is it easier to obtain external financing resources starting as a company located in an office or in a company located in your own home? Where will prospective employees prefer to work? What resources will allow you to locate the business in your own home? The results show that firms located outside the home have greater cognitive and socio-political legitimacy, which makes it easier to obtain external resources.

### II. REVIEW OF LITERATURE

- Rosana Maria Barreto Colichi et al. (2019) :Entrepreneurship And Nursing. objective: To identify the knowledge produced on business entrepreneurship in Nursing. Method: Integrative literature review in the following databases: Cumulative Index to Nursing and Allied Health Literature (CINAHL), EMBASE, SCOPUS, Web of Science, PubMed, Medline, Latin American and Caribbean Literature in Health Sciences (LILACS), Nursing Database (BDENF), Index Psychology and National Information Center of Medical Sciences of Cuba (CUMED). We included available studies in their totality in the period from 2007 to 2017.

Result: 22 articles were included. The categories that emerged from the study are the following: Concepts of entrepreneurship in nursing, Profile of the entrepreneur nurse, Business Diversity, Business Management, Barriers to business entrepreneurship in nursing, Support to entrepreneurial nurses and Entrepreneurship in Nursing Undergraduate.

- On the opportunities and Risk of the Examining the genetics of Entrepreneurship were written by Ben Heller et al. Genes (Basel).2022.

Recent accomplishments in genome sequencing techniques have resulted in vast and complex genomic data sets, which have been used to uncover the genetic correlates of not only strictly medical phenomena but also psychological characteristics such as personality traits. In this commentary, we call for the use of genomic data analysis to unlock the valuable field of the genetics of entrepreneurship. Understanding what makes an entrepreneur and what explains their success is paramount given the importance of entrepreneurship to individual, organizational, and societal growth and success. Most of the studies into the genetics of entrepreneurship have investigated familial entrepreneurial inclinations in the form of parent-offspring comparisons or twin studies.

- What Entrepreneurial Followers at the Start -up Stage Need From Entrepreneurship cultivation: Evidence From Western China were written by Xuefan Dong et al. Front Psychol. 2019

Entrepreneurial followers are defined as the crucial members of a specific entrepreneurial team and do not include the leader or normal employees in the present paper. This population can be viewed as indispensable factors in the success of entrepreneurship, especially in the start-up stage. In addition, according to the following time, they can be divided



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into two groups, namely long-term entrepreneurial followers and short-term entrepreneurial followers. The results revealed following findings: (a) high levels of social capital, good entrepreneurial opportunities and projects, and highly cooperative teams were viewed as the most important factors for entrepreneurship by entrepreneurial followers in China; (b) most entrepreneurial followers believed that the primary difficulty in the cultivation process was the inefficiency in talent training mechanism; and (c) nearly 40% of samples suggested that the cultivation and enhancement of local talents should be firstly carried out by the Chinese government, indicating a gap between the supporting force for local and returned talents in China.

- Exploration on the cultivation of Undergraduates ' Entrepreneurship Ability from Perspective Mental Health Education were written by Jian Cao. J Health Eng.2022

Entrepreneurship is a test of people's knowledge and specific application ability, especially the psychological quality of entrepreneurs. In the process of starting a business, people's psychological qualities have a very important influence on the ultimate success of starting a business. Entrepreneurial psychological quality into entrepreneurship education. Good entrepreneurial psychological quality is the cornerstone of the building of entrepreneurship, which can lay the foundation for entrepreneurship and support the whole entrepreneurial process. Because of the importance of entrepreneurial psychological quality in the process of entrepreneurship, it is necessary to analyze the entrepreneurial psychological quality of college students and guide and cultivate them correctly. Based on this, this paper analyzes the penetration of mental health education in the cultivation of College Students' entrepreneurship education, which has a strong practical significance.

### III. OBJECTIVE

- Trends, collaborative networks :

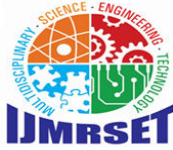
A descriptive, bibliometric study was conducted. The search was performed in Scopus using different MESH terms, thesauri and other Emtree terms. Data were subsequently exported to Scival and Bibliometrix for comprehensive analysis. The study evaluated publication trends, institutional and international collaborations, co-authorship networks, keywords, and citation patterns. Key metrics assessed included scholarly output, views per publication, citations per publication, CityScore 2023, SNIP 2023, collaboration maps by country, Lotka's Law, Bradford's Law, and the corresponding author's country. The bibliometric analysis identified 41 documents from 23 sources, exhibiting a negative annual growth rate of -4.3%. The average age of the papers was 2.4 years, with each paper receiving an average of 5.2 citations. A total of 153 specific keywords were identified, and 206 authors contributed to the publications, with no single-authored papers. Besides, Universidad Estadual da Paraíba in Brazil led with 4 publications and an average of 7 citations per publication. The journal of thermal analysis and calorimetry stood out with 12 publications with a cite score of 8.5 and 5.3 citations per publication.

- Financial stability

Financial stability is defined in terms of its ability to facilitate and enhance economic processes, manage risks, and absorb shocks. Moreover, financial stability is considered a continuum: changeable over time and consistent with multiple combinations of the constituent elements of finance. Financial stability not only requires the financial system to adequately fulfill its role in allocating resources, transforming and managing risks, mobilizing savings, and facilitating wealth accumulation and growth, but also requires that within this system the flow of payments throughout the economy functions

- Job Creation

Entrepreneurs are proven contributors to job creation, which is among the most important contributors to economic stability. By starting new businesses, Entrepreneurship development plays a crucial role in shaping the economic landscape of nations, fostering innovation, and driving job creation. It represents the engine of economic growth and the catalyst for transformative change in developed and developing economies. Learn what is entrepreneurship development and why it is important in the overall economic growth of a country.



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- Foster Entrepreneurial growth

Foster entrepreneurial growth: · Optimum use of available resources: Development of backward regions and improve economic status of socially disadvantaged EDP is an effort of converting a person to an entrepreneur by passing him through thoroughly structured training. An entrepreneur is required to respond appropriately to the market and he/she is also required to understand the business needs. The skills needed are varied and they need to be taken care in the best possible way. EDP is not just a training programme but it is a complete process to make the possible transformation of an individual into an entrepreneur. This programme also guides the individuals on how to start the business and effective ways to sustain it successfully.

- Innovation

It involves innovation, risk-taking, and the ability to identify and seize opportunities. Entrepreneurs drive economic growth by introducing new products Innovation is the manifestation of creativity into a usable product or service. In the entrepreneurial context, innovation is any new idea, process, or product, or a change to an existing product or process that adds value to that existing product or service. How is an invention different from an innovation?

- Ability to take risk

Accepting risk is a concept where an individual or business identifies risk and renders it acceptable, thereby making no effort to reduce or mitigate it. The potential loss from the identified and accepted risk is considered bearable.

- Creativity

Creativity refers to the ability to generate new and innovative ideas, solutions, or approaches to problems. It involves thinking outside the box and combining knowledge, imagination, and originality to create something unique. In entrepreneurship, creativity is essential for developing innovative products, services, and business models that address unmet needs or solve existing problems

### IV. METHODOLOGY

The methodology of entrepreneurship refers to the systematic approach used by entrepreneurs to identify opportunities, create value, and build successful ventures. It involves a blend of theory, practice, and innovation, and it can vary depending on the goals and nature of the venture. Below is a general framework often used in entrepreneurial methodology:

#### 1. Idea Generation

- Problem Identification: Identify unmet needs or problems in the market.
- Brainstorming: Generate innovative ideas to address these needs.
- Market Research: Analyze trends, gaps, and customer demands.

#### 2. Opportunity Recognition

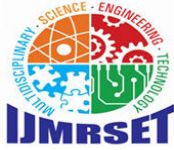
- Feasibility Analysis: Assess the practicality of the idea.
- Value Proposition: Define the unique value the idea brings to customers.
- Competitive Analysis: Evaluate existing competitors and market dynamics.

#### 3. Business Planning

- Business Model Development: Create a framework outlining how the business will operate and generate revenue (e.g., Business Model Canvas).
- Financial Planning: Estimate startup costs, revenues, and profit margins.
- Strategic Planning: Set long-term and short-term goals.

#### 4. Resource Mobilization

- Funding: Secure resources through bootstrapping, loans, investors, or crowdfunding.
- Team Building: Assemble a skilled team to execute the vision.



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### 5. Execution and Implementation

- Prototyping: Develop a minimum viable product (MVP) to test the idea.
- Marketing and Branding: Build awareness and create a compelling brand identity.

### 6. Iteration and Adaptation

- Feedback reflection: Gather customer and stakeholder feedback.
- Refinement: Improve the product or service based on feedback.

### 7. Growth and Scaling

- Market Expansion: Identify and enter new markets.
- Innovation: Continuously innovate to stay competitive.

### 8. Evaluation and Exit

- Performance Metrics: Track key performance indicators (KPIs).
- Sustainability Planning: Ensure the business can sustain long-term growth.

### Tools and Techniques in Entrepreneurial Methodology

- Lean Startup Methodology: Focus on rapid prototyping, testing, and learning.
- Design Thinking: Use empathy, ideation, and experimentation to solve problems.
- Agile Development: Apply iterative processes for product or service creation.
- SWOT Analysis: Assess strengths, weaknesses, opportunities, and threats.

This methodology ensures that entrepreneurs approach their ventures in a structured and informed manner, balancing risk with innovation.

## V. RESULT AND FINDING

The results and findings of entrepreneurship vary depending on the focus, context, and scale of the entrepreneurial venture. These outcomes can be broadly categorized into economic, social, and individual dimensions. Below is an exploration of key results and findings:

### 1. Economic Results and Findings

#### Job Creation

- Entrepreneurship is a significant driver of employment, especially through small and medium enterprises (SMEs).
- Startups and new ventures generate direct and indirect employment opportunities.
- Economic Growth
- Entrepreneurs contribute to GDP growth by introducing innovative products and services.
- Venture success often stimulates related industries, creating a multiplier effect on the economy.

#### Innovation and Productivity

- Successful entrepreneurial ecosystems attract FDI, further fueling economic development.

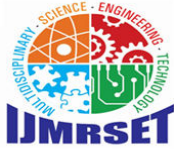
### 2. Social Results and Findings

#### Improved Standards of Living

- New products and services solve real-world problems, improving accessibility and convenience for consumers.
- Entrepreneurship often leads to affordable and better-quality options, raising living standards.

#### Community Development

- Social entrepreneurs address pressing social issues, such as education, healthcare, and poverty.
- Entrepreneurship fosters a culture of innovation, risk-taking, and resilience, especially among youth.



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### Equity and Inclusion

- Women and minority entrepreneurs are increasingly contributing to breaking stereotypes and fostering diversity in business.

### 3. Individual Results and Findings

#### Wealth Creation

- Entrepreneurs often achieve personal financial growth and wealth accumulation through business success.

#### Personal Development

- Entrepreneurship fosters skills such as leadership, decision-making, resilience, and adaptability.
- Findings highlight improved self-confidence and problem-solving abilities in entrepreneurs.
- Entrepreneurs typically experience higher job satisfaction due to autonomy and alignment with personal goals.

### 4. Challenges and Failures

- High Failure Rates: Findings show that up to 90% of startups fail due to reasons like poor market fit, lack of funding, or operational inefficiencies.
- Economic Risk: Entrepreneurs often face financial instability, especially in the early stages.
- Mental Health: Research indicates high stress and burnout rates among entrepreneurs due to long hours and pressure.

### 5. Findings on Entrepreneurship Ecosystems

#### Key Success Factors

- Access to funding and resources.
- Supportive policy frameworks and legal systems.
- Vibrant networks of mentors, investors, and peers.
- Favorable infrastructure and technology.

#### Barriers to Growth

- Lack of education and skills.
- Limited access to capital.
- Bureaucratic hurdles and regulatory challenges.

### 6. Global Trends and Observations

- Rise of Social Entrepreneurship: A significant shift towards ventures that prioritize social and environmental impact.
- Digital Transformation: Findings show exponential growth in digital entrepreneurship, particularly in e-commerce and fintech.
- Resilience During Crises: Entrepreneurs have demonstrated adaptability during crises, leading to new business opportunities.

## VI. CONCLUSION

At the individual, family, neighborhood, and national levels, entrepreneurship is important for wealth and well-being because it fosters innovation and the creation of jobs.

There, Business, economics, management, and sociology have all produced a plethora of study on entrepreneurship; but, psychology's contribution has not yet been fully utilized, necessitating this "call to action" for psychologists. This article identifies research opportunities for psychologists in five major topic areas: entrepreneurial cognition, international entrepreneurship, entrepreneurship education, the personality traits of entrepreneurs, and the psychopathology of entrepreneurs. There are several gaps in the literature that need to be filled. Two groups may be



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identified from these issue areas: the traits of the entrepreneurs themselves, including individual variations like personality, psychopathology.

Research opportunities pertaining to the traits of entrepreneurs include elucidating the part personality plays in the entrepreneurial process through longitudinal studies.

examination of the psychopathology of entrepreneurs, including dysfunctional entrepreneurial behavior and its connection to family and/or work history; improvement of construct operationalization and measurement (e.g., validity, reliability); investigation of mediating and moderating variables in the personality–entrepreneurship relationship; and search and appropriate matching of predictor and criterion variables. One new field of entrepreneurship research that can offer a new perspective on the traits of entrepreneurs is the study of entrepreneurial cognition. There are many opportunities for research on the nature of opportunity recognition, cognitive shortcuts and how they affect success or failure, and the significance of both general and specific cognitive ability

This article should serve as a stimulus for a new era of research on the psychology of entrepreneurship. Psychology contribution to entrepreneurship research and practice has the potential to revolutionize our understanding of the dynamics of new venture creation and success. Most entrepreneurs start out with a dream: a magnificent obsession. As we have shown, there are several psychological variables that may influence the realization of this dream. These variables will need to be translated into practical solutions if the dream is to come true. The dream can be accomplished; psychology can help.

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