



Research Article

A Systematic Literature Review of Trends, Challenges, and Impact of Innovation in Contemporary Enterprise and Entrepreneurship

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Abstract: This study is a Systematic Literature Review (SLR) to map the dynamics, challenges, and impacts of innovation, especially driven by digitalization in the contemporary enterprise and entrepreneurial ecosystem. This SLR is important because the existing literature is still fragmented and has not yet presented an integrated synthesis in the midst of a VUCA (Volatile, Uncertain, Complex, and Ambiguous) business environment. Using the PRISMA methodology, 15 key articles for the 2020-2025 period were analyzed in depth. The main results show that digital innovation and entrepreneurial competence are the main determinants of MSME performance and competitiveness. There is a strong positive relationship between innovation and business performance. Interestingly, the findings indicate that individual entrepreneurial competencies often have a more direct and significant impact on performance than the results of product innovation itself. Although digitalization provides opportunities for market expansion and efficiency, MSMEs still face serious challenges in the form of digital literacy limitations and financial constraints. Educational institutions are emphasized to have a vital role in building sustainable entrepreneurial and ethical attitudes. The theoretical implication is the need for more sophisticated models to differentiate innovation impact pathways. Meanwhile, its managerial implications encourage business actors to focus on process innovation and improve adaptive competencies in order to survive global uncertainty.

Keywords: Digital Innovation; Enterprise; Entrepreneurship; Entrepreneurial Competence; MSMEs, Systematic Literature Review.

1. Introduction

Enterprise and Entrepreneurship are the two main axes that underlie and drive the dynamics of the global economy. In an era dominated by waves of disruption, which are mainly triggered by the inevitable acceleration of technology and globalization, a country's ability to innovate is highly dependent on the vitality of its entrepreneurial ecosystem. Business organizations, ranging from agile start-ups to established large corporations, are required to continuously adopt and implement innovation. These innovations are not only crucial to securing a competitive advantage in the market, but also play a fundamental macroeconomic role in creating jobs and driving Gross Domestic Product (GDP) growth. The literature has extensively discussed the vital role of innovation from product development to re-engineering of business models as the key to survival and sustainable expansion.

Despite the magnitude of academic attention, the Enterprise and Entrepreneurship landscapes today operate in an environment characterized as VUCA (Volatile, Uncertain, Complex, and Ambiguous). Phenomena such as massive digital transformation, the global shift towards a sustainable economy, and radical changes in consumer behavior, have collectively created new trends while giving birth to complex and unfully mapped operational and strategic challenges. Therefore, there is an urgent urgency to carry out a structured synthesis of literature. This synthesis is critical to mapping a clear collective understanding of

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how innovation effectively impacts the sustainability and impact of entrepreneurship in contemporary contexts, especially amid the acceleration of the adoption of frontline technologies such as Artificial Intelligence (AI) and blockchain.

Literature analysis shows that there is a significant research gap. Although many reviews have been conducted on the Enterprise or Entrepreneurship sub-topics separately, there has not been a comprehensive Systematic Literature Review (SLR) that explicitly and integrally reviews three key dimensions simultaneously: Trends, Challenges, and Impacts of Innovation in the post-pandemic context and digital age. Most existing reviews tend to be fragmented, often limiting their focus to a single aspect (e.g., just technology trends) and failing to connect those findings to the implications of enterprise management policies and practices holistically. This gap leaves policymakers, practitioners, and academics without a clear and integrated roadmap regarding the critical intersection points between the three crucial dimensions.

Therefore, this study aims to fill this gap through the implementation of a Systematic Literature Review (SLR). The main novelty value of this research lies in its structured and cutting-edge synthesis approach. By narrowing down and carefully selecting 15 core articles using the PRISMA methodology, this SLR will present a holistic and focused analysis of how innovation functions as a central variable in shaping the dynamics of contemporary Enterprise and Entrepreneurship. The results are expected to be able to identify clusters of new topics (e.g., ecosystem governance or resilience through innovation) that should be the focus of future research agendas, while offering relevant and up-to-date practical implications for business actors in the midst of global uncertainty.

2. Literature Review

Innovation, particularly that rooted in digital technology, has transformed into a key driving force redefining the enterprise and entrepreneurship landscape in the contemporary era. Its highly transformative nature enables significant increases in operational efficiency, realized through substantial time savings and optimized resource allocation. Furthermore, digital innovation has successfully eliminated geographical boundaries, providing businesses with access to much broader and global markets, enabling them to adapt and maneuver in rapidly changing market dynamics (Chusumastuti et al., 2023). From an economic perspective, this trend reaffirms the validity of Joseph Schumpeter's concept of "destructive creation." According to the Schumpeterian view, innovation acts as a fundamental element that not only introduces new products or services but also radically disrupts existing market structures, triggering profound economic changes and giving rise to entirely new business paradigms (Entrepreneurship in the Digital Age).

While the pace of digital acceleration promises countless opportunities, it simultaneously brings with it a complex and layered set of challenges. One of the biggest concerns for digital entrepreneurs is the issue of cybersecurity and data privacy. The high reliance on digital infrastructure makes businesses vulnerable to malicious attacks, which demand a large investment in protection systems and strict regulatory compliance. In addition, the level of intense global competition is a significant obstacle that forces companies to continue innovating just to maintain their market position (Entrepreneurship in the Digital Era; Nawangsasi et al., 2022). Specifically in the context of developing countries such as Indonesia, the challenges are also exacerbated by geographical inequalities in access to resources and in-depth academic studies. This creates specific obstacles for Micro, Small, and Medium Enterprises (MSMEs) located in peripheral areas to adopt and utilize digital marketing strategies effectively (Putra & Utami, 2022). Not only technical and strategic, the challenges also penetrate into the mental aspect; doubt, fear of failure, and income uncertainty are important psychological barriers, especially for young generations like Gen Z, to fully commit to formal entrepreneurship paths (Aditya et al., 2023).

The impact of this wave of innovation is spread across multiple dimensions, creating a multifaceted effect. On the positive side, studies show a clear correlation between strong entrepreneurial orientation and the adoption of e-commerce platforms. These two factors collectively have proven to have a significant and positive influence on improving the business performance of MSMEs (Entrepreneurial Success in the Digital Era). However, this success does not come without prerequisites. The modern business environment is characterized by Volatility, Uncertainty, Complexity, and Ambiguity (VUCA). This VUCA phenomenon fundamentally demands exceptional adaptability and agile leadership skills from organizational leaders. Nevertheless, this condition of VUCA must be viewed not only as a threat, but rather as an urgent strategic opportunity for organizations to reengineer systems,

rebuilding the business foundations that are much more adaptive, resilient, and sustainable for the long term (Mack et al., 2020).

3. Method

3.1 Basis Data

The main database used for literature search is Google Scholar. The database was chosen for its broad scope, including journal articles, pre-prints, and reports from various academic publishers, making it ideal for research focused on contemporary trends and practices. The search will be focused on a combination of keywords relevant to the theme of innovation, enterprise, and contemporary entrepreneurship:

Set 1: "Enterprise" AND "Entrepreneurship" AND "Inovasi"

Set 2: "New Venture" AND "Digital" AND "Tantangan"

Set 3: "Small Business" AND "Growth" AND "Innovation Impact"

Kombinasi Logika: ("Enterprise" AND "Entrepreneurship" AND "Inovasi") OR ("New Venture" AND "Digital" AND "Tantangan") OR ("Small Business" AND "Pertumbuhan" AND "Dampak Inovasi")

Table 1. Inclusion and Exclusion Criteria

Creteria	Included	Excluded
Type of Publication	Peer-Reviewed Journal Articles	Papers, conferences, book chapters, non-peer-reviewed reviews, industry reports, working papers
Time Period	Publications between 2020 and 2025 (focus on contemporary works)	Articles published outside the time frame of 2020–2025
Language	English and Indonesian	Languages other than those specified
Topic Focus	Articles that explicitly discuss enterprise and entrepreneurship theory or practice, as well as innovation/its impact	Articles that focus primarily on non-business sectors (e.g., health, pure education)

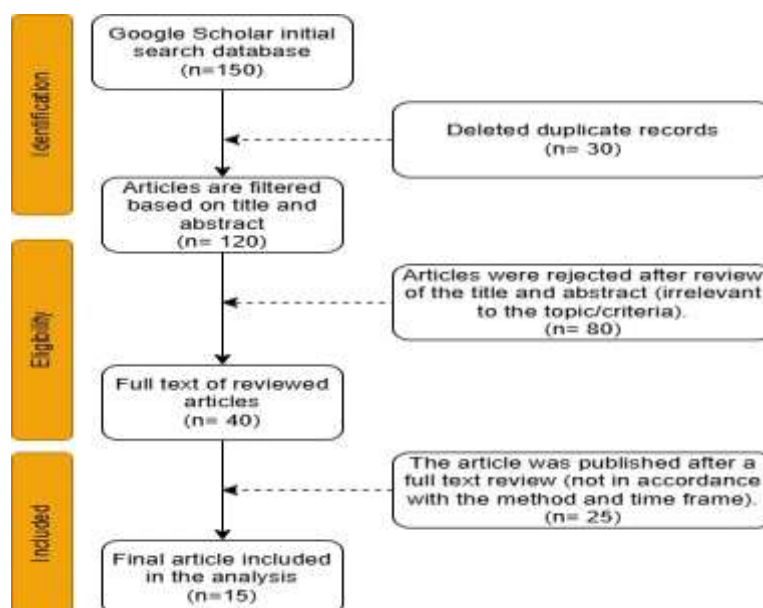


Figure 1. Framework of PRISMA.

This process begins with Identification where an initial search yields 150 articles, and 30 of them are removed as duplicates. The Screening Stage then reviewed 120 unique articles based on titles and abstracts, pulling out 80 that were irrelevant. The Qualification Stage involves a full-text review of the remaining 40 articles, of which 25 were excluded for not meeting all inclusion criteria (e.g., study type or methodological focus). Finally, 15 articles remained and were included in the synthesis analysis.

Table 2. Summary of Research Articles that are Appropriate to the Research.

No.	Author, Year	Title	Methodology	Country/Context Focus	SLR Theme
1	Osuagwu, 2022	Entrepreneurial Marketing (Conceptualization, Dimensions, Instruments)	Conceptual/Literature Review	Global (theoretical)	Concept & Innovation
2	Setiyadi & Setiawan, 2020	Private Cloud Development (Cooperative Education and Training Center)	Technical/System Development	West Indonesia	Java, Digitalization & Education
3	Hart, 2012	The Role of Innovation: Product Quality & MSME Business Performance	Kuantitatif (Path Analysis)	East Indonesia	Java, Innovation & Performance (Out-of-Scope Year)
4	Nurwidia et al., 2025	The Impact of Social Networks in the Development of MSMEs	Qualitative (Interviews, Literature Studies)	Indonesia (Various Sectors)	Driving Factors & Innovation
5	Nurlatifah et al., 2023	The Impact of Business Knowledge & Innovation on MSME Performance (Sharia)	Kuantitatif (Regresi Linier Berganda)	Subang Regency, Indonesia	Innovation & Performance
6	Ardyan & Putri, n.d.	Entrepreneurial Competencies in Product Innovation & Business Performance	Quantitative (SEM, 270 MSMEs)	Former Residency of Surakarta, Indonesia	Competence & Performance
7	Muhammad et al., 2021	Social Entrepreneurship (Language Tourism Village)	Qualitative (Interviews, Observations)	Holiday rentals in Central Java, Indonesia	Social Entrepreneurship & Etika
8	Chaidir et al., 2024	The Impact of Digitalization on Technological Innovation on MSMEs	Qualitative Literature Review (Bivariate Probit Model Analysis)	Global (theoretical)	Digitalization & Innovation
9	Hariyanto et al., 2020	Multimedia-Based Integrated Learning dan Entrepreneurship	Quasi-Experiment	Yogyakarta, Indonesia	Education & Entrepreneurial Spirit
10	Aznuriyandi (n.d.)	The Influence of Innovation on the Performance of MSME Managers in Pekanbaru City	Quantitative (Simple Linear Regression)	Pekanbaru, Riau, Indonesia	Innovation & Business Performance
11	Oggy Santosa (2024)	Innovation Strategies in Increasing the Competitiveness of Small and Medium Enterprises	Qualitative (Case Study, In-Depth Interview)	Indonesia (Various Industries)	Innovation & Competitiveness Strategy
12	Chaidir et al. (2024)	The Impact of Digitalization on	Qualitative Literature Review (Bivariate)	Global (Theory/Review)	Digitalization & Barriers

		Technological Innovation MSMEs	on	Probit Analysis)	Model			
13	Ardyan & Putri (n.d.)	The Impact of Entrepreneurial Competency on Product Innovation & Business Performance		Quantitative (SEM, 270 MSMEs)		Former Residency of Surakarta, Indonesia	Competence & Performance	
14	Era Sonita et al. (2021)	The Role of Islamic Universities in Sustainable Economic Development		Conceptual Literature Review		Global/Islamic (Conceptual)	Educational & Ethical Institutions	
15	Wahab et al. (2025)	The Validity of the Internal Entrepreneurial Attitude Instrument for TVET Trainee Teachers		Kuantitatif (CVI)		Malaysia (TVET Education)	Entrepreneurial Attitude & Education	

Innovation and adoption of digital technology have been identified as vital catalysts that determine business continuity and growth in the contemporary era, especially for Micro, Small, and Medium Enterprises (MSMEs). Conceptually, innovation is broadly defined, such as in the framework of Entrepreneurial Marketing, where it is interpreted as a creative, dynamic, and unstructured process that is essential to achieving business efficiency. The focus is on doing new things either through ideas, products, services, or processes that are capable of generating real value. The acceleration of this process is driven by digitalization, which has proven to have strong potential to increase the competitiveness of MSMEs. The adoption of digital technology has consistently shown a positive correlation with increasing technological innovation in MSMEs, facilitating the expansion of market access, increasing operational efficiency, and strengthening adaptability to changes in the business environment (Chaidir et al., 2024). Furthermore, the entrepreneurial environment is also enriched by social networks, both formal and informal. These networks act as a driving factor for innovation by facilitating the exchange of ideas, insights, and experiences. Collaboration in the network can trigger the creation of more complex and high-value product or process innovations. This need for innovation also extends to the education sector, where the development of multimedia learning models and specific technology systems (such as Private Clouds) is emphasized to actively increase the entrepreneurial spirit among learners.

The relationship between innovation, entrepreneurial competence, and MSME business performance has mostly proven to be positive and significant, although there are nuances in the impact mechanism. Innovation has a strong role in product quality, and furthermore, high product quality is an important prerequisite for improving business performance (Hartini, 2012). Therefore, innovation strategies must be translated into real value (quality) so that MSMEs can succeed in global competition (Santosa, 2024). In addition, quantitative studies show that business innovation and business knowledge simultaneously or partially have a positive and significant impact on the performance of MSMEs, even in specific perspectives such as Sharia (Nurlatifah et al., 2023).

However, the most interesting finding lies in the role of individual entrepreneurial competence. This competency has been proven to have a positive and significant influence on both the success of product innovation and the business performance of MSMEs. Disparities arise when the success of product innovation itself, as a mediating variable, is found to have a positive but insignificant effect on business performance (Ardyan & Putri, n.d.). The implication of these findings is that entrepreneur competencies (as individual inputs) may have a more direct and powerful impact on performance than simply the end result of product innovation (output). It emphasizes that managerial ability, risk-taking, and individual agility are the most crucial determinants of performance in the digital age.

In addition to innovation and competence, there are significant external supporting factors as well as internal challenges that must be faced. Social networks serve as a key driving factor, not only triggering innovation but also having a significant impact on expanding market access through collaboration and making it easier for MSMEs to obtain information and funding. On the other hand, MSMEs also have to face complex digitalization challenges. The

main obstacles faced include limited technology skills (low digital literacy) and financial constraints to adopt the required infrastructure (Chaidir et al., 2024).

In addition, educational institutions have an important role in shaping this ecosystem. Studies show that internal entrepreneurial attitude is the foundation that must be instilled through vocational education (TVET) (Wahab et al., 2025). There was also a discussion about the role of Islamic universities as Islamic entrepreneurial universities to contribute to sustainable economic development through faith-based and ethical entrepreneurial activities (Sonita et al., 2021). In the context of sustainable business development, the concept of Social Entrepreneurship becomes relevant, emphasizing that entrepreneurship can focus on social/environmental solutions (such as environmental ethics in the development of tourist villages) in addition to mere profits. Collective support from the government and collaboration with higher education institutions are qualitatively recognized as key factors in encouraging innovation among SMEs (Santosa, 2024).

4. Conclusion

This systematic literature review concludes that innovation and adoption of digital technology are crucial variables that determine the sustainability and competitiveness of contemporary businesses, especially for Micro, Small, and Medium Enterprises (MSMEs). There is a strong academic consensus that innovation has a positive and significant impact on business performance, both directly and through improving product quality and market competitiveness. Digitalization serves as a major catalyst, expanding market access and improving the operational efficiency of MSMEs (Chaidir et al., 2024). However, the successful implementation of these innovations is highly dependent on the entrepreneurial competence of the individual; The findings show that entrepreneurial competence has a stronger direct influence on performance than product innovation output alone (Ardyan & Putri, n.d.). On the challenge side, MSMEs still face obstacles in the form of limited technology skills and financial constraints, while educational institutions are expected to play an active role in instilling entrepreneurial attitudes and sustainable ethics as a foundation for future generations of entrepreneurs.

6. Suggestions

Based on these conclusions, recommendations are aimed at stakeholders to strengthen innovative entrepreneurial ecosystems. For business actors, it is recommended not only to focus on product innovation, but also to prioritize process and managerial innovation (Santosa, 2024), as well as actively build collaborative networks (social networks) to facilitate the exchange of ideas and access to funding. Investment in the periodic upgrading of digital competencies should be prioritized to ensure individual skills can keep pace with the pace of technological change. For governments and educational institutions, it is recommended to develop digital intervention policies that focus on MSMEs in peripheral areas, by providing equitable infrastructure and relevant digital literacy training programs. Higher education institutions must revise the curriculum to integrate digital innovation skills and the principles of sustainable entrepreneurship and ethics (Sonita et al., 2021), thereby creating graduates who are not only innovative but also socially responsive.

7. Implication

This review yields two main implications, namely:

Theoretical Implications: This study suggests the need to improve the theoretical model regarding MSME business performance. Future models should explicitly compare the impact pathways of entrepreneurial competence (as an individual input variable) on performance, separate from the innovation variable as a product output. In addition, this review reinforces the relevance of Schumpeterian theory of creative destruction in digital contexts, implying that theoretical studies should focus on how the adoption of new technologies triggers cycles of destruction and creation in adaptive business models.

Managerial Implications: Managerially, these findings imply that companies must foster a culture of adaptation and resilience in the face of the VUCA environment. Managers are encouraged to base their innovation strategies on data-driven decisions to accurately measure the effectiveness of different types of process, product, or marketing innovations so that resource allocation can be more optimal and sustainable.

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