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Entrepreneurial Competencies and Innovation in Driving Sustainable Business Growth

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ABSTRACT

Entrepreneurial competencies and innovation have become important capabilities for businesses seeking sustainable growth in increasingly competitive and changing market environments. This article examines the relationship between entrepreneurial competencies, innovation capability, and sustainable business growth, with particular attention to small and medium enterprises. The analysis highlights that competencies in opportunity recognition, strategic thinking, decision making, relationship management, learning, and resource coordination enable entrepreneurs to respond more effectively to business challenges and emerging opportunities. However, entrepreneurial competencies alone may not generate sustainable growth unless they are successfully converted into practical innovation outcomes. Innovation capability provides an important mechanism for transforming entrepreneurial knowledge, market information, and business opportunities into improved products, services, processes, and customer value. The article identifies several challenges, including competency gaps, limited innovation capability, difficulties in converting entrepreneurial competencies into innovation, and the need to balance innovation with sustainable growth. It proposes continuous competency development, market focused innovation, effective knowledge utilisation, and stronger alignment between innovation decisions and business priorities. Overall, sustainable business growth requires an integrated approach in which entrepreneurial competencies support effective decision making while innovation strengthens adaptability, competitiveness, and long term value creation.

Keywords: Entrepreneurship, Competencies, Innovation, Sustainability, Growth

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1. INTRODUCTION

Entrepreneurship plays an important role in economic development because entrepreneurial activities contribute to employment creation, market development, innovation, and the introduction of new products and services. However, establishing a business does not automatically guarantee its survival or continued growth. Entrepreneurs operate in competitive environments that require them to recognise opportunities, manage limited resources, understand customers, develop relationships, and respond effectively to changing market conditions. Entrepreneurial competencies are therefore increasingly recognised as an important foundation for business development and performance. Mitchelmore and Rowley (2010) describe entrepreneurial competencies as an important area associated with entrepreneurial activity and business success, while Barazandeh et al. (2015) provide empirical evidence linking entrepreneurial competencies with business performance among early stage entrepreneurs. Similarly, entrepreneurial competencies have been associated with the ability of small and medium enterprises to survive and grow in competitive environments (Tehseen et al., 2015). Entrepreneurial competence is consequently not limited to technical knowledge but encompasses the capabilities required to identify opportunities, make appropriate decisions, organise resources, build relationships, and respond to business challenges. Sarwoko et al. (2013) further demonstrate that entrepreneurial characteristics and competencies are important determinants of SME performance. These findings position entrepreneurial competencies as valuable capabilities through which entrepreneurs can strengthen their businesses and pursue sustainable growth.

Entrepreneurial competencies are particularly important because smaller businesses often depend heavily on the knowledge, judgement, skills, and actions of their owners. Unlike larger organisations with specialised departments and extensive managerial resources, SMEs frequently require entrepreneurs to perform multiple strategic and operational responsibilities simultaneously. This creates a strong connection between individual entrepreneurial capabilities and organisational outcomes. Mitchelmore and Rowley (2010) identify entrepreneurial competencies as an important component of entrepreneurship research because competencies contribute to business development and success. Barazandeh et al. (2015) similarly establish a relationship between entrepreneurial competencies and business performance, demonstrating that competencies have practical implications for entrepreneurial outcomes. In the Malaysian context, Tehseen and Ramayah (2015) argue that entrepreneurial competencies are important to SME business success and that external integration can influence this relationship. Furthermore, Abd Wahab and Yusof (2020) connect entrepreneurial competencies with business success while highlighting innovation as an important mechanism within this relationship. These perspectives indicate that entrepreneurs need more than motivation and financial resources to achieve sustained business development. They require competencies that enable them to recognise opportunities, learn from changing conditions, organise business activities, establish useful networks, and convert available resources into commercially valuable outcomes.

Innovation represents another important foundation for business growth because entrepreneurial firms must continuously respond to changing customer expectations, competitive pressures, and technological developments. Innovation enables businesses to introduce new products, improve existing offerings, modify processes, develop new marketing approaches, and identify alternative ways of creating customer value. However, innovation should not be viewed simply as the introduction of advanced technology. Its strategic value depends on the organisation's ability to convert ideas and knowledge into improvements that strengthen market and operational outcomes. Saunila (2020) demonstrates through a systematic review that innovation capability within SMEs is multidimensional and has developed into an important area of small business research. Similarly, Ali et al. (2020) identify innovation capabilities as relevant to SME performance, indicating that the capacity to innovate can support stronger organisational outcomes. Widyanti and Mahfudz (2020) found that innovation capability positively influences both competitive advantage and SME performance. The importance of innovation is further supported by Kee and Rahman (2020), who found that innovation has a direct effect on SME performance and can mediate the relationship between entrepreneurial orientation and performance. Innovation therefore provides an important pathway through which entrepreneurial knowledge and capabilities can be translated into business value.

The relationship between entrepreneurship and innovation becomes particularly important when businesses seek growth under conditions of competition and environmental change. Entrepreneurs need the capacity to identify emerging opportunities, but they must also convert those opportunities into products, services, processes, and business practices that customers value. Entrepreneurial orientation research provides considerable support for this relationship. Rauch et al. (2009) establish through meta analytical evidence that entrepreneurial orientation is positively associated with business performance, demonstrating the broader importance of entrepreneurial behaviour for organisational outcomes. Innovation can strengthen this relationship because entrepreneurial firms need mechanisms for translating proactive and opportunity oriented behaviour into market outcomes. Kee and Rahman (2020) demonstrate that innovativeness and proactiveness are significantly related to SME performance and that innovation mediates relationships between entrepreneurial orientation and performance. Similarly, Kiyabo and Isaga (2020) show that entrepreneurial orientation contributes to SME performance through competitive advantage, using firm growth and personal wealth as performance measures. Widyanti and Mahfudz (2020) further demonstrate positive relationships among entrepreneurial orientation, innovation capability, competitive advantage, and SME performance. Consequently, entrepreneurial competencies and innovation should not be considered independent business resources. Competencies can provide the knowledge and behavioural capacity necessary for entrepreneurs to recognise opportunities, while innovation enables those opportunities to be converted into commercially meaningful outcomes.

Innovation is particularly valuable for SMEs because smaller firms frequently operate with limited financial, technological, and human resources while competing against organisations possessing considerably greater resource capacity. Their competitiveness may therefore depend on how effectively available resources are combined with entrepreneurial knowledge and innovative capability. Saunila (2020) emphasises that innovation capability in SMEs involves multiple organisational characteristics rather than a single activity. This suggests that sustainable innovation requires appropriate skills, organisational processes, knowledge, and managerial commitment. Yusof et al. (2020) similarly found that innovation ambidexterity, involving exploration and exploitation, positively influences innovation performance among technology based Malaysian SMEs. Innovation performance can also depend on the organisation's capacity to recognise and utilise external knowledge. Kafetzopoulos et al. (2020) demonstrate that absorptive capacity plays an important role in connecting entrepreneurial orientation with radical innovation performance among manufacturing SMEs. Furthermore, Freixanet et al. (2021) show that international entrepreneurial orientation can support innovation performance through mechanisms involving social media and open innovation. Collectively, these studies demonstrate that innovation is strengthened when entrepreneurial behaviour is supported by learning, knowledge acquisition, exploration, and effective use of external relationships. Entrepreneurial competencies can therefore provide an important human foundation for developing innovation capabilities that support continuing business development.

Sustainable business growth adds a longer term perspective to the relationship between entrepreneurial competencies and innovation. Business growth should not be understood solely as rapid increases in sales, customers, employees, or market coverage. Sustainable growth requires firms to maintain their ability to create economic value while adapting to changing market, social, and environmental expectations. The sustainable entrepreneurship literature demonstrates that entrepreneurship can contribute to broader value creation when business opportunities and innovation are connected with sustainability objectives. Schaltegger and Wagner (2011) establish an important relationship between sustainable entrepreneurship and sustainability innovation, demonstrating how entrepreneurial activity and innovation can contribute to sustainability oriented market development. Similarly, Shepherd and Patzelt (2011) conceptualise sustainable entrepreneurship around the preservation of nature and community while simultaneously pursuing entrepreneurial gains. Hockerts and Wüstenhagen (2010) also demonstrate how entrepreneurial firms can contribute to sustainability transformations through innovative market activities. Such perspectives broaden conventional understandings of business growth by suggesting that successful entrepreneurship requires consideration of longer term value creation. Entrepreneurial competencies become relevant because entrepreneurs must balance commercial opportunities with changing stakeholder requirements, resource limitations, and future business needs. Innovation can support this process by enabling firms to improve products, processes, and business practices while maintaining their capacity to compete and grow over time.

The pursuit of sustainable growth is nevertheless challenging because entrepreneurs must continuously balance immediate business pressures with investments that support future competitiveness. Limited resources can encourage firms to prioritise short term sales and operational requirements, while innovation frequently requires experimentation, learning, financial commitment, and acceptance of uncertainty. This creates a strategic challenge for SMEs because insufficient innovation can weaken competitiveness, but poorly managed innovation may consume resources without generating meaningful business outcomes. Kiyabo and Isaga (2020) demonstrate that competitive advantage plays an important role in connecting entrepreneurial orientation with SME performance, suggesting that entrepreneurial activities create stronger outcomes when they contribute to a meaningful competitive position. Innovation capability similarly contributes positively to competitive advantage and performance (Widyanti & Mahfudz, 2020). Barazandeh et al. (2015) reinforce the importance of entrepreneurial competencies for performance, while Umar and Ngah (2016) explicitly position innovation within the relationship between entrepreneurial competencies and business success. These findings suggest that sustainable business growth may depend on the entrepreneur's ability to combine personal and managerial competencies with organisational innovation. Competencies can support opportunity recognition and effective resource utilisation, while innovation provides mechanisms through which entrepreneurial capabilities can be converted into new sources of customer value, competitiveness, and growth.

Despite substantial research on entrepreneurial competencies, innovation, and business performance, these areas are frequently examined through different theoretical and empirical perspectives. Competency research concentrates on the knowledge, skills, behaviours, and capabilities associated with entrepreneurial effectiveness (Mitchelmore & Rowley, 2010), while innovation research focuses on organisational capabilities that support the creation and implementation of new ideas (Saunila, 2020). Studies have established positive associations between entrepreneurial competencies and performance (Barazandeh et al., 2015), entrepreneurial orientation and SME performance (Yusof et al., 2020), and innovation capability and competitive outcomes (Widyanti & Mahfudz, 2020). Research also indicates that innovation can function as an important mechanism connecting entrepreneurial behaviour with SME performance (Kee & Rahman, 2020). However, sustainable business growth requires a more integrated understanding of how entrepreneurs develop the competencies necessary to recognise and exploit opportunities and how innovation translates these capabilities into continuing business value. Accordingly, this article examines entrepreneurial competencies and innovation as interconnected drivers of sustainable business growth, with particular attention to their roles in strengthening adaptability, competitiveness, opportunity exploitation, resource utilisation, and the long term capacity of entrepreneurial firms to survive and grow.

2. LITERATURE REVIEW

Entrepreneurial competencies and innovation are important factors in supporting sustainable business growth. Entrepreneurs require appropriate knowledge, skills, and abilities to recognise opportunities, manage resources, respond to market changes, and make effective business decisions. Mitchelmore and Rowley (2010) identify entrepreneurial competencies as an important foundation for business development, while innovation capability enables firms to transform knowledge and opportunities into new products, services, and business practices (Saunila, 2020). Research also demonstrates that entrepreneurial competencies and innovation can contribute to stronger business performance (Barazandeh et al., 2015; Pranowo et al., 2020). Therefore, this literature review focuses on four areas: entrepreneurial competencies, innovation capability, the relationship between entrepreneurial competencies and innovation, and their contribution to sustainable business growth.

2.1 Entrepreneurial Competencies and Business Performance

Entrepreneurial competencies encompass the abilities that enable entrepreneurs to perform business activities effectively and respond appropriately to changing market conditions. These competencies can include opportunity recognition, strategic thinking, relationship building, organising, commitment, learning, decision making, and resource management. Mitchelmore and Rowley (2010) explain that entrepreneurial competencies have received increasing attention because they provide an important connection between individual entrepreneurial characteristics and organisational outcomes. Their importance becomes particularly significant in SMEs because business owners frequently maintain substantial control over strategic and operational decisions. Barazandeh et al. (2015) demonstrate a relationship between entrepreneurial competencies and business performance among early stage entrepreneurs, supporting the argument that competencies contribute to the effective management and development of entrepreneurial ventures. Similarly, Sarwoko et al. (2013) found that entrepreneurial characteristics and competencies are important determinants of SME performance. In a more recent discussion, Pepple and Enuoh (2020) emphasise that entrepreneurial competencies involving managerial roles, personal characteristics, relationships, learning, initiative, and information seeking contribute to business performance. These perspectives suggest that business performance does not depend exclusively on financial resources or favourable market conditions. Entrepreneurs also require appropriate competencies to identify opportunities, organise available resources, establish relationships, and make decisions that support business continuity and growth.

The strategic value of entrepreneurial competencies becomes clearer when businesses operate under uncertain and competitive conditions. Entrepreneurs need to understand changes in customer preferences, recognise emerging market opportunities, respond to competitors, and allocate limited resources effectively. Entrepreneurial competencies can strengthen these activities by improving the entrepreneur's capacity to interpret information and convert knowledge into appropriate business decisions. Umar and Ngah (2016) argue that entrepreneurial competencies are connected with business success among Malaysian SMEs and identify innovation as an important mechanism within this relationship. Competency development is therefore closely connected with the ability of entrepreneurs to create and implement new business approaches rather than simply manage existing activities. Pranowo et al. (2020) similarly examine entrepreneurial competency and innovation capability in relation to business success, providing further evidence that competencies and innovation should be considered together when explaining entrepreneurial outcomes. Entrepreneurial behaviour also contributes to organisational performance through broader strategic orientations. Yusof and Razali (2020) demonstrate that entrepreneurial orientation can strengthen SME performance through competitive advantage. Consequently, entrepreneurial competencies can provide the individual capability necessary to support opportunity recognition, strategic adaptation, innovation, and effective resource utilisation, which collectively strengthen the capacity of entrepreneurial firms to achieve continuing business performance.

2.2 Innovation Capability and Entrepreneurial Business Development

Innovation capability represents the ability of an organisation to generate, develop, adopt, and implement new ideas that create business value. For entrepreneurial firms, innovation can involve new products, services, processes, marketing methods, technologies, or improvements to existing business practices. Innovation capability is particularly important for SMEs because smaller businesses frequently compete with organisations possessing greater financial, technological, and human resources. Saunila (2020) explains that innovation capability in SMEs is multidimensional and involves several interconnected organisational characteristics that enable firms to undertake innovation successfully. This perspective suggests that innovation should not be treated simply as an occasional creative activity. It requires organisational capability that allows ideas and knowledge to be transformed into commercially valuable outcomes. Ali et al. (2020) similarly identify innovation capabilities as important contributors to SME performance, reinforcing the strategic significance of innovation for smaller firms. Rosly et al. (2020) further demonstrate that innovation ambidexterity, involving both exploration and exploitation, positively affects innovation performance among technology based Malaysian SMEs. Together, these findings indicate that entrepreneurial businesses require the ability to explore new opportunities while simultaneously improving and exploiting their existing products, resources, knowledge, and market capabilities.

Innovation capability can also provide a mechanism through which entrepreneurial behaviour produces stronger organisational performance. Entrepreneurs may recognise attractive opportunities, but these opportunities create limited business value unless firms possess the capability to develop and commercialise appropriate solutions. Kee and Rahman (2020) found that innovation mediates relationships between dimensions of entrepreneurial orientation and SME performance in Malaysia, indicating that innovation can convert entrepreneurial behaviour into measurable business outcomes. Kafetzopoulos et al. (2020) further demonstrate that absorptive capacity mediates the relationship between entrepreneurial orientation and radical innovation performance among manufacturing SMEs. This finding highlights the importance of acquiring, interpreting, and applying external knowledge as part of entrepreneurial innovation. Innovation performance may therefore depend not only on creativity but also on learning capability and the effective utilisation of available knowledge. In addition, research on SME business behaviour shows that market orientation, learning orientation, and entrepreneurial orientation can contribute to the development of competencies, innovation, and business performance (Pratono et al., 2020). These studies demonstrate that innovation capability emerges from combinations of entrepreneurial behaviour, knowledge acquisition, learning, and organisational processes. Firms capable of integrating these elements are better positioned to introduce meaningful innovations and strengthen their competitive performance.

2.3 Entrepreneurial Competencies as a Foundation for Innovation

Entrepreneurial competencies can provide an important foundation for innovation because innovation begins with the entrepreneur's capacity to recognise opportunities, obtain information, evaluate market changes, mobilise resources, and implement new ideas. Entrepreneurs possessing strong opportunity, strategic, relationship, and learning competencies may be better positioned to recognise unmet customer needs and identify potential improvements in products or business processes. Umar and Ngah (2016) explicitly connect entrepreneurial competencies with innovation and business success, suggesting that innovation can function as an important mechanism through which competencies contribute to entrepreneurial outcomes. Pranowo et al. (2020) similarly investigate entrepreneurial competency and innovation capability together in explaining business success, reinforcing the conceptual connection between the entrepreneur's capabilities and the firm's capacity to innovate. Entrepreneurial orientation research provides additional support for this relationship. Kee and Rahman (2020) demonstrate that innovation plays an important role in the relationship between entrepreneurial orientation and SME performance. Meanwhile, Kafetzopoulos et al. (2020) show that entrepreneurial orientation can contribute to radical innovation performance through absorptive capacity. These findings collectively suggest that entrepreneurial competencies provide more than managerial efficiency because they can influence how entrepreneurs acquire knowledge, recognise opportunities, and transform ideas into innovative business activities.

The interaction between competencies and innovation is especially important when entrepreneurial firms face resource constraints. SMEs frequently possess limited financial capital, specialist employees, research capacity, and technological infrastructure. Under these conditions, the entrepreneur's ability to utilise knowledge and coordinate resources effectively becomes critical to innovation. Pepple and Enuoh (2020) emphasise the importance of entrepreneurial competencies involving learning, initiative, relationships, information seeking, and managerial capabilities. These competencies can support innovation by helping entrepreneurs obtain external knowledge and establish relationships that provide access to ideas and resources unavailable internally. Rosly et al. (2020) demonstrate that balancing innovation exploration and exploitation can improve innovation performance, indicating that firms must simultaneously search for new possibilities and utilise existing capabilities. Furthermore, Saunila (2020) demonstrates that SME innovation capability comprises multiple characteristics that collectively support innovative activity rather than depending on one isolated resource. Entrepreneurial orientation can also generate stronger performance when firms successfully establish competitive advantages (Kiyabo & Isaga, 2020). Therefore, entrepreneurial competencies can strengthen innovation by enabling entrepreneurs to recognise opportunities, access external resources, learn continuously, and organise business capabilities around the development of commercially relevant solutions.

2.4 Entrepreneurial Competencies, Innovation and Sustainable Business Growth

Sustainable business growth requires entrepreneurial firms to achieve continuing development while maintaining sufficient capabilities to respond to future economic, market, social, and environmental changes. Sustainable entrepreneurship therefore extends the traditional focus on immediate financial outcomes by considering how entrepreneurial activities can create enduring economic and wider stakeholder value. Terán Yépez et al. (2020) explain that sustainable entrepreneurship has developed from the recognition that entrepreneurship should extend beyond wealth creation and incorporate sustainable development considerations. This perspective is consistent with earlier work by Schaltegger and Wagner (2011), who connect sustainable entrepreneurship with sustainability innovation and market development. Shepherd and Patzelt (2011) similarly position sustainable entrepreneurship around entrepreneurial gains combined with the preservation of broader environmental and community interests. Innovation becomes central to this process because businesses need new approaches that allow them to remain competitive while responding to changing expectations and resource conditions. Saunila (2020) demonstrates the strategic importance of innovation capability among SMEs, while Ali et al. (2020) establish a connection between innovation capabilities and SME performance. Sustainable business growth can therefore be strengthened when entrepreneurial competencies support opportunity recognition and resource management while innovation capability enables firms to continuously create and improve business value.

The relationship between innovation and sustainable growth also depends on the organisation's ability to respond to external environmental conditions. Innovation does not occur independently from competition, customer demand, technological change, and broader market uncertainty. Research on SMEs indicates that external conditions can influence the effectiveness of innovation in generating organisational performance. Alshanty and Emeagwali (2019) associate market knowledge management with innovation and SME performance, highlighting the importance of knowledge in connecting market conditions with innovative outcomes. Entrepreneurial orientation similarly provides an important strategic foundation because proactive, innovative, and opportunity focused businesses may be better positioned to create competitive advantages. Kiyabo and Isaga (2020) establish that competitive advantage mediates the relationship between entrepreneurial orientation and SME performance. Kee and Rahman (2020) further demonstrate that innovation contributes to the relationship between entrepreneurial orientation and performance among Malaysian SMEs. In addition, Pranowo et al. (2020) directly connect entrepreneurial competency, innovation capability, and business success. Collectively, these findings support an integrated perspective in which entrepreneurial competencies enable entrepreneurs to recognise and respond to opportunities, innovation capability converts these opportunities into valuable business solutions, and the interaction between these capabilities supports competitiveness, adaptability, and sustainable business growth over time.

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3. ISSUES IN ENTREPRENEURIAL COMPETENCIES AND INNOVATION FOR SUSTAINABLE BUSINESS GROWTH

Entrepreneurial competencies and innovation are important for business development, but entrepreneurs may experience difficulties in applying these capabilities effectively. Limited competencies, weak innovation capability, difficulties in converting knowledge into business value, and pressure to maintain sustainable growth can restrict entrepreneurial performance. Pepple and Enuoh (2020) emphasise the importance of entrepreneurial competencies for business performance, while Saunila (2020) demonstrates that innovation capability involves several interconnected dimensions within SMEs. Therefore, four major issues require attention when examining how entrepreneurial competencies and innovation contribute to sustainable business growth.

3.1 Gaps in Entrepreneurial Competencies for Business Growth

One significant issue is the uneven development of entrepreneurial competencies among business owners. Entrepreneurs are expected to perform multiple roles involving opportunity recognition, planning, decision making, relationship management, resource allocation, and business development. However, possessing technical knowledge or experience in a particular product does not necessarily mean that an entrepreneur has sufficient competencies to manage a growing business. Pepple and Enuoh (2020) identify managerial, organising, relationship, learning, initiative, and information seeking competencies as important elements associated with entrepreneurial performance. Similarly, Iskamto et al. (2020) identify opportunity, organising, strategic, relationship, commitment, and conceptual competencies as relevant dimensions of entrepreneurial competence. These different competency requirements create challenges because entrepreneurs may be strong in certain areas but weak in others. For example, an entrepreneur may successfully identify market opportunities but lack strategic or managerial competency to convert those opportunities into sustained business growth. Evidence from SMEs also indicates that entrepreneurial competence has an important relationship with business performance (Yani et al., 2020). Therefore, competency gaps can restrict the ability of entrepreneurs to manage resources effectively, respond to market changes, and develop appropriate strategies for continued business growth.

The competency issue becomes increasingly important when entrepreneurial firms move from business establishment towards expansion. Competencies required to start a small venture may not be sufficient when the business experiences greater operational complexity, increasing customer expectations, additional employees, and stronger competition. Mejri and Zouaoui (2020) demonstrate that managerial and networking competencies influence the growth of newly established micro, small, and medium businesses. This indicates that growth itself creates new competency requirements because entrepreneurs must manage larger networks, coordinate resources, and make increasingly complex decisions. Barazandeh et al. (2015) similarly establish a relationship between entrepreneurial competencies and performance among early stage entrepreneurs, suggesting that competency development has implications for business outcomes. Entrepreneurial competencies are also connected with innovation because business owners need the ability to recognise changing customer requirements and convert new ideas into commercially valuable activities. Yusof and Salleh (2021) argue that entrepreneurs require innovation alongside entrepreneurial competencies to support business growth. Consequently, entrepreneurial competency should not be viewed as a fixed capability acquired when a business is established. Entrepreneurs need continuous learning and competency development as their businesses, markets, technologies, and competitive environments change.

3.2 Limited Innovation Capability Among Entrepreneurial Firms

A second issue concerns the ability of entrepreneurial firms to develop and maintain innovation capability. Innovation is necessary for firms seeking to introduce new products, improve services, redesign processes, and respond to changing customer expectations. However, innovation capability is particularly challenging for SMEs because they commonly operate with limited financial resources, specialist knowledge, technology, and human capital. Saunila (2020) explains that innovation capability within SMEs is multidimensional, demonstrating that successful innovation depends on combinations of organisational characteristics rather than one isolated factor. This creates challenges for entrepreneurial firms because generating an idea alone does not guarantee successful innovation. Firms must also possess the ability to evaluate, develop, implement, and commercialise that idea. Oanh et al. (2020), in their review of innovation capacity research involving micro, small, and medium enterprises, identify both determinants and consequences of innovation capability as major areas within existing research. Innovation capability therefore depends on internal processes and resources that allow businesses to convert knowledge into useful outcomes. When these capabilities remain weak, entrepreneurs may recognise market opportunities but experience difficulties developing products, services, or processes capable of generating sustainable commercial value.

Innovation also involves uncertainty because entrepreneurs cannot guarantee that new products, services, or processes will produce the expected market response. This can make smaller firms cautious about committing scarce financial and organisational resources to innovative activities. Innovation nevertheless remains important because firms that continuously rely on existing business approaches may experience difficulties responding to changing markets and competitors. Umar and Ngah (2016) identify innovation as an important element connecting entrepreneurial competencies with business success among Malaysian SMEs. Furthermore, sustainable entrepreneurship requires businesses to consider economic value together with wider sustainability concerns. Terán Yépez et al. (2020) explain that sustainable entrepreneurship has evolved beyond a narrow focus on wealth generation towards entrepreneurship that incorporates sustainable development considerations. This broadens the innovation challenge because entrepreneurs increasingly need to consider whether innovations provide commercial value while supporting longer term business and stakeholder requirements. Innovation capability must therefore allow firms to manage both immediate competitive pressures and future business needs. Limited innovation capability can restrict differentiation, market responsiveness, and adaptability, ultimately reducing the capacity of entrepreneurial firms to sustain growth.

3.3 Difficulty in Converting Entrepreneurial Competencies into Innovation

Another important issue concerns the conversion of entrepreneurial competencies into actual innovative outcomes. Entrepreneurs may possess knowledge, experience, networks, and opportunity recognition skills without successfully translating these resources into new products, services, processes, or business approaches. This distinction is important because entrepreneurial competence represents the capacity to perform entrepreneurial activities, while innovation requires ideas and knowledge to be implemented in ways that create market value. Yusof and Abd Wahab (2020) connect entrepreneurial competencies, innovation, and business success, indicating that innovation represents an important mechanism within entrepreneurial performance. Pepple and Enuoh (2020) similarly emphasise learning, information seeking, initiative, relationship, and managerial competencies as important components of entrepreneurial performance. These capabilities can support innovation, but their value depends on whether entrepreneurs use them effectively to recognise changes and develop appropriate responses. Entrepreneurs may collect market information but fail to act upon it, maintain extensive business networks without acquiring useful knowledge, or identify opportunities without possessing the resources required for implementation. Consequently, the existence of entrepreneurial competencies alone does not guarantee innovation. The entrepreneur must connect competencies with organisational processes that support experimentation, learning, implementation, and commercialisation.

The conversion problem can become more difficult when businesses face resource constraints and rapidly changing market conditions. Entrepreneurs must decide which opportunities deserve investment while continuing to manage existing operations and financial responsibilities. This can create tension between exploiting established business activities and exploring new possibilities. Saunila (2020) demonstrates that SME innovation capability involves multiple organisational dimensions, reinforcing the argument that innovation cannot depend entirely on individual entrepreneurial ability. Business relationships and social resources can also influence how entrepreneurial competencies are translated into performance. Yani et al. (2020) examine social capital and entrepreneurial competence in relation to SME business performance, demonstrating the relevance of both individual capability and relational resources. Mejri and Zouaoui (2020) similarly find that managerial and networking competencies influence the growth of new businesses. Therefore, entrepreneurial firms need mechanisms that connect individual competencies with organisational innovation activities. Without this connection, valuable entrepreneurial knowledge may remain underutilised. The challenge is consequently to transform opportunity recognition, learning, networking, strategic thinking, and managerial competence into innovation that produces meaningful customer value and supports continuing business development.

3.4 Balancing Innovation with Sustainable Business Growth

The final issue involves balancing the pursuit of innovation with the need to maintain sustainable business growth. Entrepreneurs frequently operate under pressure to increase sales, attract customers, strengthen competitiveness, and generate sufficient financial returns to maintain business operations. Innovation can support these objectives, but excessive or poorly managed innovation may consume resources without creating appropriate commercial returns. Sustainable growth therefore requires entrepreneurs to determine which innovations contribute meaningfully to the long term development of the business. Terán Yépez et al. (2020) demonstrate that sustainable entrepreneurship has developed as an important research area because entrepreneurship increasingly involves objectives extending beyond immediate wealth creation. At the same time, entrepreneurial competencies remain important because entrepreneurs must evaluate opportunities and allocate limited resources appropriately. Mejri and Zouaoui (2020) show that entrepreneurial competencies can influence the growth of new micro, small, and medium businesses, particularly through managerial and networking capabilities. These findings suggest that sustainable growth depends not simply on pursuing more innovation but on making appropriate entrepreneurial decisions concerning where, when, and how innovation should be undertaken.

Sustainable business growth also requires entrepreneurs to balance current business performance with future development. A business that concentrates exclusively on existing products and customers may achieve short term stability but become vulnerable when technologies, customer preferences, or competitive conditions change. Conversely, continuous investment in new opportunities without sufficient consideration of resources and market demand may weaken financial stability. Entrepreneurial competencies are therefore necessary to manage this balance. Pepple and Enuoh (2020) emphasise that competencies can be strengthened through learning, skills development, and entrepreneurial training, illustrating the importance of continuous capability development. Innovation capability must similarly be developed as an organisational capacity rather than treated as an occasional activity (Saunila, 2020). Sustainable entrepreneurship further requires consideration of economic development alongside broader social and environmental objectives (Terán Yépez et al., 2020). Entrepreneurial firms therefore need to align competency development and innovation decisions with realistic growth priorities. Achieving this balance can enable entrepreneurs to respond to emerging opportunities while maintaining financial stability, operational capability, market relevance, and the capacity for sustainable business growth over time.

4. DISCUSSION ON ENTREPRENEURIAL COMPETENCIES AND INNOVATION FOR SUSTAINABLE BUSINESS GROWTH

The issues identified demonstrate that sustainable business growth depends on how effectively entrepreneurs develop and apply their competencies while building innovation capability. Entrepreneurial competencies provide the skills required to recognise opportunities, organise resources, and respond to business challenges, while innovation enables these capabilities to be transformed into market value. Research supports the importance of entrepreneurial behaviour, innovation, and competitive advantage in strengthening SME performance (Kee & Rahman, 2020; Yusof and Abd Wahab, 2020). The following discussion examines four areas that directly correspond with the issues identified earlier.

4.1 Strengthening Entrepreneurial Competencies for Business Growth

The competency gaps identified among entrepreneurs demonstrate that sustainable business growth requires more than technical knowledge or experience in operating a business. Entrepreneurs must develop a combination of managerial, strategic, opportunity, relationship, learning, and resource management competencies that can be applied according to changing business requirements. Entrepreneurial competencies are particularly important in SMEs because owners frequently participate directly in strategic and operational decision making. Umar and Ngah (2016) argue that entrepreneurial competencies are directly connected with business performance and become increasingly important when business environments are dynamic and competitive. Competency development should therefore be considered a continuous process rather than a capability established only during business formation. As firms grow, entrepreneurs encounter greater complexity involving employees, customers, financial resources, technologies, and market competition. Kiyabo and Isaga (2020) demonstrate that entrepreneurial orientation contributes to SME performance through competitive advantage, indicating that entrepreneurial behaviour becomes valuable when it enables firms to develop stronger competitive positions. Entrepreneurs consequently need competencies that allow them to recognise changes, evaluate opportunities, coordinate resources, and respond effectively. Stronger entrepreneurial competencies can improve the quality of business decisions and provide an important foundation for innovation and continuing business growth.

Entrepreneurial competency should also be connected with the entrepreneur's ability to learn and adapt rather than being treated as a fixed collection of personal characteristics. Business environments continually expose entrepreneurs to new customer expectations, competitive pressures, technologies, and market opportunities. These changes require entrepreneurs to update existing knowledge and develop capabilities that remain relevant to current business conditions. Innovation becomes particularly important within this process because entrepreneurial competencies can generate stronger business outcomes when entrepreneurs use their capabilities to create meaningful improvements. Umar and Ngah (2016) specifically position innovation within the relationship between entrepreneurial competencies and business success, demonstrating the conceptual importance of converting individual capabilities into business outcomes. Similarly, entrepreneurial orientation can support performance when firms develop organisational capabilities capable of translating entrepreneurial behaviour into stronger outcomes. Research on SMEs indicates that structural infrastructure capability can mediate the relationship between entrepreneurial orientation and performance, highlighting the importance of organisational mechanisms alongside entrepreneurial behaviour (Ibrahim & Abu, 2020). Entrepreneurial competency should therefore be integrated with learning, organisational processes, and strategic action. This allows entrepreneurs to move beyond possessing knowledge towards applying that knowledge effectively to strengthen adaptability, innovation, competitive positioning, and sustainable business growth.

4.2 Building Innovation Capability for Entrepreneurial Business Development

The limited innovation capability identified among entrepreneurial firms indicates that innovation should be developed as an organisational capability rather than treated as an occasional response to market pressure. SMEs require processes that enable them to recognise opportunities, generate ideas, obtain knowledge, evaluate alternatives, and implement commercially valuable improvements. Innovation can involve products, services, processes, marketing practices, or business models and does not necessarily require expensive technological development. Saunila (2020) demonstrates that innovation capability within SMEs is multidimensional, indicating that successful innovation depends on several organisational elements rather than a single activity. This is particularly relevant to entrepreneurial firms because limited financial and human resources require innovation activities to be carefully connected with genuine business needs. Innovation should therefore focus on creating customer value and strengthening the competitive position of the firm. Kee and Rahman (2020) demonstrate that innovation has a direct relationship with SME performance and also functions as a mediator between dimensions of entrepreneurial orientation and performance among Malaysian SMEs. These findings indicate that innovation provides an important mechanism through which entrepreneurial behaviour can produce measurable business outcomes. Entrepreneurial firms should consequently develop innovation capability around market knowledge, customer requirements, organisational resources, and opportunities capable of supporting future business development.

Innovation capability also depends on the ability of entrepreneurial firms to obtain and apply knowledge effectively. Entrepreneurs frequently acquire valuable information through customers, suppliers, competitors, employees, professional networks, and market observation, but information generates limited value when firms cannot convert it into innovative action. Sarsah et al. (2020) demonstrate that both potential and realised absorptive capacities significantly mediate the relationship between entrepreneurial orientation and radical innovation performance among manufacturing SMEs. This indicates that the ability to acquire, understand, transform, and utilise knowledge is important for entrepreneurial innovation. Firms should therefore create organisational conditions that support learning and experimentation rather than relying entirely on spontaneous ideas from business owners. Innovation capability should also balance the exploration of new opportunities with the improvement of existing activities. Rosly et al. (2020) found that innovation ambidexterity positively influences innovation performance among technology based Malaysian SMEs, highlighting the importance of combining exploration and exploitation. Entrepreneurial firms that concentrate exclusively on existing activities may lose future opportunities, while excessive exploration can consume resources without generating sufficient returns. Effective innovation capability consequently requires an appropriate balance between developing new opportunities and improving existing business activities, allowing firms to remain competitive while protecting operational and financial stability.

4.3 Converting Entrepreneurial Competencies into Innovation Outcomes

The difficulty of converting entrepreneurial competencies into innovation demonstrates that possessing knowledge and skills does not automatically generate business value. Entrepreneurs may successfully identify opportunities, develop networks, understand customers, and recognise market changes but still experience difficulties implementing innovative solutions. The important issue is therefore how entrepreneurial capabilities are translated into organisational actions that produce valuable outcomes. Umar and Ngah (2016) connect entrepreneurial competencies with business success through innovation, reinforcing the importance of examining innovation as a mechanism through which competencies can influence entrepreneurial outcomes. Entrepreneurial competencies should therefore support specific innovation activities such as identifying customer problems, evaluating new opportunities, obtaining external knowledge, organising resources, and implementing business improvements. Innovation should provide the practical connection between what entrepreneurs know and what their businesses actually deliver to customers. Kee and Rahman (2020) provide empirical support for this broader relationship by demonstrating that innovation mediates relationships between entrepreneurial orientation and SME performance. This suggests that entrepreneurial behaviour becomes more valuable when it is converted into innovative outputs capable of improving organisational performance. The effectiveness of entrepreneurial competencies should consequently be evaluated according to their contribution to practical innovation and business development rather than simply according to the possession of particular entrepreneurial skills.

Knowledge absorption provides another important explanation for how entrepreneurial capability can be converted into innovation. Entrepreneurs operate within information rich environments where ideas and knowledge are available from customers, suppliers, competitors, technologies, and business networks. However, firms differ considerably in their ability to recognise useful external knowledge and apply it successfully. Sarsah et al. (2020) demonstrate that absorptive capacity plays an important mediating role between entrepreneurial orientation and radical innovation performance, showing that entrepreneurial behaviour requires supporting knowledge capabilities before stronger innovation outcomes can emerge. This finding indicates that entrepreneurial firms should strengthen mechanisms for collecting, evaluating, sharing, and applying business knowledge. Innovation can also become more effective when firms combine internal capabilities with external market information. Rosly et al. (2020) demonstrate the importance of innovation exploration and exploitation for SME innovation performance, reinforcing the need to connect new knowledge with existing organisational capabilities. Therefore, entrepreneurial competencies should not operate independently from organisational learning and innovation processes. Opportunity recognition should lead to evaluation and experimentation, networking should provide access to useful knowledge and resources, and strategic competencies should guide the commercial implementation of innovative ideas. Connecting these activities can strengthen the transformation of entrepreneurial competencies into market value, competitive advantage, and business growth.

4.4 Balancing Innovation and Sustainable Business Growth

The challenge of balancing innovation with sustainable business growth requires entrepreneurs to consider both immediate performance and the longer term development of the firm. Innovation can improve competitiveness, but entrepreneurial firms frequently operate with limited financial, technological, and human resources. Continuous investment in innovation without sufficient consideration of market demand and resource capacity may create financial pressure, while insufficient innovation may reduce the firm's ability to respond to changing customer expectations and competitive conditions. Sustainable growth therefore requires selective and purposeful innovation. Terán Yépez et al. (2020) explain that sustainable entrepreneurship extends beyond traditional wealth creation and incorporates broader sustainable development considerations, demonstrating that entrepreneurial success increasingly involves longer term value creation. Pinna (2020) similarly identifies sustainable entrepreneurship as a field concerned with how entrepreneurial activity can contribute to sustainability while maintaining viable business activity. Innovation should consequently be evaluated according to its contribution to customer value, competitiveness, organisational capability, and future business viability. Entrepreneurs should avoid assuming that greater innovation automatically produces sustainable growth. The quality, relevance, timing, and implementation of innovation are equally important because entrepreneurial firms need innovations that strengthen rather than unnecessarily consume their limited resources.

Sustainable growth also requires entrepreneurial firms to establish competitive advantages that can be maintained as markets change. Innovation can contribute to this objective when it allows firms to differentiate products, improve customer value, strengthen operational processes, or respond more effectively to emerging opportunities. Yusof and Abd Wahab (2020) demonstrate that competitive advantage mediates the relationship between entrepreneurial orientation and SME performance, with performance assessed through firm growth and personal wealth measures. This suggests that entrepreneurial behaviour contributes more effectively to growth when it creates a meaningful competitive position. Innovation provides one mechanism for establishing such advantages. Kee and Rahman (2020) similarly demonstrate that innovation contributes directly to SME performance and mediates important relationships between entrepreneurial orientation and performance. At the same time, sustainable entrepreneurship requires entrepreneurs to consider economic objectives alongside wider social and environmental responsibilities (Terán Yépez et al., 2020). Sustainable business growth should therefore emerge from an appropriate combination of entrepreneurial competencies, market focused innovation, resource discipline, and longer term strategic thinking. Firms capable of balancing these elements are better positioned to pursue new opportunities while maintaining financial stability, market relevance, competitive strength, and the capacity for continued development.

5. SUGGESTIONS FOR STRENGTHENING ENTREPRENEURIAL COMPETENCIES AND INNOVATION FOR SUSTAINABLE BUSINESS GROWTH

Sustainable business growth requires entrepreneurs to continuously strengthen their competencies and develop innovation capabilities that respond to changing market needs. Effective competency development can improve opportunity recognition, decision making, resource management, and business adaptability, while innovation enables firms to create greater customer value and maintain competitiveness. Accordingly, the following suggestions focus on strengthening entrepreneurial competencies, developing market focused innovation, converting entrepreneurial capabilities into practical innovation outcomes, and aligning innovation with sustainable business growth.

5.1 Strengthening Entrepreneurial Competencies Through Continuous Learning

Entrepreneurs should strengthen their competencies through continuous and practical learning that responds directly to changing business requirements. Competency development should focus on areas such as opportunity recognition, strategic thinking, decision making, relationship management, resource coordination, leadership, and information seeking because these capabilities influence how effectively entrepreneurs manage and develop their businesses. Pepple and Enuoh (2020) emphasise that entrepreneurial competencies can be developed through training, learning new skills, initiative, information seeking, and relationship building. However, competency development should not depend exclusively on formal entrepreneurship programmes. Entrepreneurs should combine structured training with practical experience, mentoring, customer interaction, networking, and regular evaluation of business decisions. This approach allows learning activities to address actual weaknesses within the business. Entrepreneurs facing difficulties in identifying new markets may require stronger opportunity and networking competencies, while those managing expanding businesses may need greater managerial and strategic capabilities. Entrepreneurial competencies should therefore be assessed according to their practical contribution to business performance. Kiyabo and Isaga (2020) demonstrate that entrepreneurial orientation contributes to SME performance through competitive advantage, indicating that entrepreneurial capabilities become particularly valuable when they help firms establish stronger market positions. Continuous competency development can consequently strengthen entrepreneurial adaptability and improve the quality of decisions required for sustainable business growth.

Competency development should also be integrated into everyday entrepreneurial activities so that learning can be converted into measurable improvements in business practices. Entrepreneurs can regularly review customer feedback, unsuccessful decisions, emerging opportunities, competitive movements, and operational problems to determine which capabilities require further development. This creates a learning process in which entrepreneurial experience becomes a source of competency improvement rather than merely accumulated business experience. Entrepreneurial competencies are particularly important because business growth introduces additional complexity that requires owners to make decisions involving new markets, employees, technologies, resources, and innovation. Kee and Rahman (2020) demonstrate that entrepreneurial orientation influences both innovation and SME performance, suggesting that entrepreneurial behaviour should be connected with activities capable of generating business value. Competency development should consequently be purposeful and closely aligned with the strategic direction of the firm. Entrepreneurs should identify which competencies are most important for current business challenges and strengthen them progressively rather than attempting to develop every capability simultaneously. This approach is particularly appropriate for smaller firms where time and financial resources are limited. By connecting learning with actual business requirements, entrepreneurs can improve opportunity recognition, resource utilisation, strategic judgement, and adaptability. Stronger competencies can subsequently provide the human capability required to support innovation and maintain business growth under changing market conditions.

5.2 Developing Market Focused Innovation Capability

Entrepreneurial firms should develop innovation capability around genuine customer needs, market opportunities, and operational priorities rather than pursuing innovation without clear commercial value. Innovation can strengthen competitiveness when it improves products, services, processes, customer experiences, or business practices in ways that respond directly to market demand. Saunila (2020) demonstrates that innovation capability within SMEs is multidimensional, indicating that successful innovation depends on several organisational characteristics rather than creativity or technological investment alone. Entrepreneurs should therefore establish practical processes for identifying opportunities, collecting customer information, evaluating ideas, testing possible solutions, and determining whether further investment is justified. This is particularly important for smaller firms because their financial, technological, and human resources are often limited. Innovation activities should be prioritised according to customer value, market potential, implementation requirements, and contribution to competitiveness. Zhang et al. (2019) demonstrate that intellectual capital and external university knowledge can support indigenous innovation among SMEs, highlighting the importance of knowledge resources in developing innovative outcomes. Similarly, Zhang et al. (2019) show that managerial ties can strengthen innovation ambidexterity and contribute to firm growth. Entrepreneurial firms should consequently balance the exploration of new opportunities with continuous improvement of existing products, services, and processes.

Innovation capability should also be strengthened through systematic acquisition, interpretation, and application of external knowledge. Entrepreneurial firms rarely possess all the knowledge and expertise required for innovation internally, particularly when operating with limited resources. Customers, suppliers, universities, competitors, business networks, and other market participants can provide valuable information concerning customer preferences, technologies, operational improvements, and emerging opportunities. However, access to information does not automatically produce innovation. Firms require the capacity to evaluate external knowledge and combine it effectively with their existing resources and capabilities. Sarsah et al. (2020) demonstrate that absorptive capacity plays an important role in converting entrepreneurial orientation into stronger radical innovation performance. Entrepreneurs should therefore encourage customer feedback, employee participation, supplier interaction, networking, and continuous market observation. Innovation activities can subsequently be evaluated according to whether they solve identifiable customer or operational problems and create meaningful commercial value. Zahra (2015) emphasises that entrepreneurial activity contributes to knowledge creation and conversion, which can support innovation, organisational renewal, and business growth. Furthermore, Yusof and Abd Wahab (2021) demonstrate that entrepreneurial orientation and environmental conditions interact in shaping business model innovation. Developing market focused innovation capability can therefore help entrepreneurial firms convert external knowledge and entrepreneurial competencies into practical innovations while strengthening adaptability, competitiveness, and sustainable business growth.

5.3 Converting Entrepreneurial Competencies into Practical Innovation Outcomes

Entrepreneurial firms should establish clear mechanisms for converting entrepreneurial competencies into practical innovation outcomes. Possessing strong knowledge, opportunity recognition, networking, and strategic capabilities provides limited competitive value unless these competencies generate improvements that can be implemented within the business. Entrepreneurs should therefore connect individual competencies with specific innovation activities. Opportunity recognition should lead to the identification and evaluation of potential products or services, networking competency should provide access to useful knowledge and resources, while strategic competency should guide decisions concerning which ideas deserve investment. Sarsah et al. (2020) demonstrate that entrepreneurial orientation can generate stronger radical innovation performance when firms possess absorptive capacity that enables them to acquire and apply knowledge effectively. This suggests that entrepreneurial capabilities need supporting organisational processes before they can produce meaningful innovation outcomes. Entrepreneurs can strengthen this connection by developing simple procedures for recording ideas, assessing customer needs, evaluating potential opportunities, testing proposed improvements, and reviewing their results. Innovation should consequently become a practical extension of entrepreneurial capability rather than an isolated activity. Kee and Rahman (2020) similarly establish that innovation mediates important relationships between entrepreneurial orientation and SME performance. Converting entrepreneurial capabilities into practical innovation can therefore strengthen the ability of firms to transform knowledge and opportunities into customer value and improved competitive performance.

Entrepreneurs should also reduce excessive dependence on themselves as the sole source of innovation. Although the entrepreneur remains important in smaller firms, employees and external business relationships can contribute knowledge that improves innovation quality. Employees interact with operational processes and customers and may recognise problems or improvement opportunities that are less visible to the business owner. Suppliers and other business partners may similarly provide technical knowledge, market information, or alternative solutions. Entrepreneurs should therefore create an environment in which relevant knowledge can be shared, evaluated, and applied. The importance of knowledge utilisation is reinforced by Sarsah et al. (2020), who demonstrate that realised absorptive capacity contributes to the conversion of entrepreneurial orientation into radical innovation performance. Innovation should also be supported through an appropriate combination of exploration and exploitation. Rosly et al. (2020) found that innovation ambidexterity positively affects innovation performance, indicating that entrepreneurial firms benefit from developing new possibilities while continuing to utilise and improve existing capabilities. Entrepreneurs should consequently connect personal competencies with broader organisational learning, employee involvement, and external knowledge. Such integration can improve the conversion of entrepreneurial knowledge into practical innovations and reduce the possibility that useful ideas remain undeveloped because knowledge and innovation activities are disconnected.

5.4 Aligning Innovation with Sustainable Business Growth

Entrepreneurs should align innovation decisions with sustainable business growth by ensuring that innovation supports both current business performance and future competitive capability. Innovation should not be pursued simply because an idea is new or technologically attractive. Each significant innovation should be evaluated according to customer demand, expected business value, resource requirements, implementation capability, financial implications, and contribution to longer term competitiveness. This is particularly important for SMEs because poorly selected innovation projects can consume resources required for normal business operations. Sustainable growth therefore requires selective innovation that strengthens rather than destabilises the business. Kiyabo and Isaga (2020) demonstrate that competitive advantage plays a mediating role between entrepreneurial orientation and SME performance, including firm growth, suggesting that entrepreneurial activities generate stronger outcomes when they establish meaningful competitive value. Innovation should consequently be connected with a clear source of customer or competitive advantage. At the same time, entrepreneurs should consider broader sustainability requirements when making growth decisions. Che Nawi et al. (2020), in their study of Malaysian Batik SMEs, demonstrate the relevance of strategic orientations and absorptive capacity to economic and environmental sustainability. This indicates that sustainable entrepreneurial growth increasingly requires attention to both business outcomes and the longer term implications of strategic decisions.

A balanced approach should also be adopted when allocating resources between existing operations and future innovation. Entrepreneurial firms need sufficient investment in innovation to remain relevant, but they must simultaneously protect the activities that currently generate revenue and customer value. This requires entrepreneurs to distinguish between innovations that address meaningful market opportunities and those that provide limited strategic value. Saunila (2020) demonstrates that SME innovation capability consists of interconnected organisational dimensions, reinforcing the importance of developing innovation systematically rather than through isolated initiatives. Innovation priorities should therefore be reviewed regularly according to changing customer needs, business performance, competitive conditions, and available resources. Entrepreneurs can begin with manageable innovations, evaluate their outcomes, and expand successful initiatives when evidence demonstrates sufficient value. Kee and Rahman (2020) provide further support for this approach by demonstrating that innovation directly affects SME performance and serves as an important mechanism through which entrepreneurial orientation contributes to performance. Sustainable growth consequently requires neither constant radical innovation nor excessive dependence on existing business practices. It requires entrepreneurs to combine appropriate competencies with focused innovation, careful resource allocation, market knowledge, and continuous learning. Such alignment can strengthen competitiveness while preserving the financial and organisational capacity required for continued business development.

6. CONCLUSION

Entrepreneurial competencies and innovation represent closely connected capabilities that can strengthen the ability of entrepreneurial firms to achieve sustainable business growth. Entrepreneurial competencies provide the knowledge, skills, judgement, and behavioural capabilities required to recognise opportunities, manage resources, establish business relationships, and respond effectively to changing market conditions. Innovation complements these competencies by enabling entrepreneurs to transform knowledge and opportunities into products, services, processes, and business practices that create customer value. The relationship between these capabilities is particularly important for SMEs, where business development frequently depends heavily on the decisions and capabilities of the entrepreneur. Innovation should therefore not be viewed as an independent business activity, but as a practical mechanism through which entrepreneurial competencies can contribute to competitiveness and business performance.

The ability to combine entrepreneurial competencies with innovation becomes increasingly important as businesses encounter resource limitations, stronger competition, technological changes, and changing customer expectations. Sustainable growth cannot be achieved simply by pursuing every new opportunity or continuously introducing innovations. Entrepreneurs must determine which opportunities provide meaningful business value and allocate their limited resources accordingly. This requires continuous learning, market knowledge, strategic judgement, and the ability to balance the exploration of new opportunities with the improvement of existing business activities. Innovation capability should therefore be developed systematically and supported by organisational learning, external knowledge, employee involvement, customer feedback, and business networks. Such an approach can improve the conversion of entrepreneurial knowledge into practical innovation while reducing the risk that valuable opportunities remain undeveloped or that resources are committed to innovations with limited commercial potential.

Sustainable business growth ultimately depends on the ability of entrepreneurs to create continuing value while maintaining the financial and organisational capacity required for future development. Entrepreneurial firms should therefore strengthen competencies through continuous learning, develop market focused innovation capabilities, establish practical mechanisms for converting knowledge into innovation, and align innovation decisions with realistic business priorities. Sustainable growth requires neither excessive dependence on existing business practices nor continuous pursuit of radical innovation. Instead, it requires an appropriate balance between entrepreneurial capability, purposeful innovation, resource discipline, customer value, competitiveness, and longer term strategic thinking. By integrating these elements effectively, entrepreneurial firms can improve their adaptability, strengthen competitive advantage, respond more effectively to emerging opportunities, and establish a stronger foundation for sustainable business growth.

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8. CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest, financial or otherwise, that could have influenced the development, interpretation, or publication of this article. The preparation of the manuscript was undertaken independently, and no personal, professional, or institutional interests affected the objectivity and integrity of the work.

9. AUTHOR CONTRIBUTION STATEMENT

Mohamed Suhaimi Yusof contributed to the conceptualisation, development of the article framework, literature analysis, interpretation of the findings, and preparation of the original manuscript. Mohamed Najib Salleh contributed to the literature review, synthesis of relevant studies, critical evaluation of the manuscript, and scholarly refinement of the article. Both authors participated in reviewing and revising the manuscript and approved the final version for publication.

10. ETHICS STATEMENT

This article is conceptual in nature and was developed through the review, analysis, and synthesis of previously published academic literature. The study did not involve human participants, personal or confidential data, clinical interventions, or animal subjects. Therefore, ethical approval and informed consent were not required. Throughout the preparation of the article, the authors adhered to established principles of academic integrity, responsible scholarship, appropriate attribution, and ethical publication practices.

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