

CHAPTER II

LITERATURE REVIEW

This chapter will attempt to look at several literatures and try to extract certain key concepts relevant to the study. Comments and discussion would be made wherever relevant to further emphasise points or messages conveyed by the literatures .

Importance of Innovation and Entrepreneurship

Kim Woo Cheong , the founder of Daewoo Corp. mentioned that “ Dreams are the power for changing the world . I will bet that all people who are shaping world history today had big dreams when they were young . The United States , with a history of just over 200 years , is shaping world history today. And as we know , it was the great dreams of the early pioneers with their frontier spirit that provided the power for such growth ” . Kim (1953, pp.33-34). He also mentioned “ Innovation play a highly important role in corporate management as well. Innovation has played a prominent role in history of mankind . Innovations begins with the determination of a creative person to break with contemporary reality by making something new. So I have always emphasised the importance of being a creative person because creative people make history and keep the world moving ”. Kim (1953 , pp33-34). In this contact , Kim in a way is suggesting that , it is innovation that could bring dynamism in livelihood. Without innovativeness and creativity, things will remain as it is without further improvement or it may lead to deterioration.

Peter F. Drucker mentioned " Admittedly , all new small business have many factors in common . But to be entrepreneurial , an enterprise has to have special characteristics over and above being new and small. Indeed , entrepreneurs are a unanimity among new businesses . They create something new , something different , they change or transmute values ". Drucker (1985 , p. 20). Here the interesting point brought up by Drucker is that innovativeness which is very important characteristic to entrepreneurs will change or transmute values. It create values to things which other people see as of no value.

Stumbling Blocks to Innovation

On this aspect Kim mentioned "Innovation is essential to life, and it is not as hard as you might think. That is something I emphasise wherever I go. The Problem is not the innovation itself, but whether or not you want to innovate. If you look carefully at really worthwhile inventions, most of them are actually based on quite simple ideas which often brings about great results ". Kim (1953, pp. 33-34) Here Kim brought up the question of attitude. It is the attitude that determines innovativeness and creativity. No doubt we have to admit that there exist differences in the level of intellectuality , but this will only boil down to the degree of outcomes one may achieve.

Tom Peters mentioned " This is a strong language . What are the root causes of the almost inevitable loss of innovativeness in bigger firms ? The list is topped by (1) slowness to move to test new ideas , (2) a bias toward conceptual research rather than application , and a concomittant overdependence on (3) ponderous planning system and (4) Big Projects. Planning and thoughtful resource allocation surely make sense , but innovation is an inherently messy and unpredictable business , growing more so every day . And the unpredictability cannot be removed , or perhaps even substantially reduced , by excessive planning ". Peters (1987 , p.196)

Challenges Facing Innovation

Charles Banfe mentioned “ Finally the process is this , fear, apprehension , and willingness to venture is the entrance fee, willing to work your buns off is the row to hoe. Success is the first prize , the blue ribbon . Selling out and walking away is a a lovely amble at the end of the rainbow. It takes guts and conviction to become an entrepreneur . One has to summon courage and cut the safety lines. It takes perseverance and persistence . The hours may be long and hard . Crisis are the standard daily fare . All have to be juggled as if they are lighted torches . Success is a fitting reward for the person who has gone the distance . After harvesting and leaving , the road ahead becomes smoother and the chaotic pace slows to a shuffle . It is not the finish line, it is the first lap for a better life ”.Banfe (1991 , p.199) . He also mentioned that “ In summary anyone can become an entrepreneur . That is a snap. There are no limiting factors to dreaming . The entrepreneur must have a magnificent obsession and vision. It is the becoming that does demand action and commitment . It requires planning and doing . Luck and timing will play a heavy hand. The entrepreneur must be prepared for a passel of mistakes and goofs and disappointments. Yet the road to successful entrepreneurship is a fun time. It may not seem so during the launching of the enterprise but it is invigorating and stimulating. Next to remember is that ethics and truth are demanded in a new venture. Short-sheeting the investors or one’s self will lead to rack and ruin. Most important , never, never , never , never , never, never, give up ! ” Banfe (1991, p. 199)

Past Studies

Past studies and records on Generating Power Station embarking on diversification business activities through innovativeness and entrepreneurship is almost non-existence . However records of other industries or enterprises embarking on diversified business activities are quite

substantial. One such example is as mentioned by Peter F. Drucker “ The General Electric Company (G.E), one of the world’s biggest businesses and more than a 100 years old, has a long history of starting new entrepreneurial business from scratch and rising them into sizeable industries. And G.E has not confined itself to entrepreneurship in manufacturing. Its financing arm , G.E Credit Corporation in large measures triggered the upheaval that is transforming the American financial system , and is now spreading rapidly to Great Britain and Western Europe as well . G.E Credit in the sixties ran around the marginal line of the financial world when it discovered that commercial paper could be used to finance industry. This broke the banks’ traditional monopoly on commercial loans ”. Drucker (1985, p.20)

There are also quite a number of local examples. One good example is the Johor State Economic Development Corporation (JSEDC) which started about 25 years ago with a plantation based industries. Now the status of the corporation with almost 200 subsidiary companies under its umbrella is as follows “ The JSEDC is involved in a highly diversified range of activities from plantation to properties , from hotels , manufacturing , healthcare , transport to services and many others. These business activities do not only serve as profit centres but were also so designed as to maximise the developmental impact on the economy and the people involved ”. Mohd Ali (1993 , p.3).