

## Interplay Between Innovation and Entrepreneurial Intention

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### ABSTRACT

*In the realm of economic development, entrepreneurship has a vital role. Entrepreneurship is a driving force behind economic, social, and cultural progress. It promotes innovation, provides jobs, and empowers individuals and communities, all of which contribute to the overall well-being and progress of societies around the world. Understanding the motivations behind entrepreneurial intention is crucial for fostering economic growth. One key factor that contributes to successful entrepreneurship is innovativeness. This study examining the complex relationship between innovation and entrepreneurial intention and also explore how they impact and stimulate one another within entrepreneurial ecosystem. To collect data, a Proportionate Stratified Random Sampling technique was utilized, and a structured questionnaire was administered to 156 registered entrepreneurs who enrolled themselves in Entrepreneurship Association in Kanniyakumari district. Statistical analyses were conducted using SPSS. The findings of this study have practical implications for policymakers, educators, and researchers. By examining the connection between innovativeness and entrepreneurial intention, valuable insights are gained into how innovation fosters entrepreneurial behaviours and aspirations. This study underscores the significance of promoting innovative and cognitive behaviour to support and encourage aspiring entrepreneurs.*

**Keywords:** Cognitive behaviour, Economic growth, Entrepreneurial Intention, Entrepreneurs, Entrepreneurship, Innovativeness.

### Introduction

In developing countries worldwide, innovation is increasingly recognized as a powerful driver of economic growth and prosperity. These countries, often faced with resource limitations and economic challenges, understand the potential of cultivating an innovative culture to create new opportunities for progress. Simultaneously, entrepreneurial intention, which represents the enthusiasm and dedication to establish and manage new ventures, offers a solution to unemployment, inequality, and local economic stimulation. Innovation has the ability to inspire entrepreneurial goals, as it brings forth fresh ideas, technology, and processes. Entrepreneurs are motivated by these new solutions and market prospects, playing a crucial role in transforming innovative ideas into enterprises that generate employment and contribute to economic growth. Entrepreneurial intention drives the implementation and commercialization of inventions, as ambitious entrepreneurs employ creative thinking and risk-

taking to turn ideas into tangible products and services. The symbiotic relationship between innovation and entrepreneurial intention is pivotal for developing nations, as it optimizes the utilization of local resources and capabilities to uplift the country.

### **Statement of the Problem**

Rapid advances in technology and growing market competition characterised the dynamic nature of today's corporate environments. In such a climate, innovation is widely recognized as a driving force for economic growth and entrepreneurial success. Simultaneously, there is a growing interest in encouraging entrepreneurship and entrepreneurial intents as a means of accelerating economic development and employment creation. The specific relationship and interplay between innovation and entrepreneurial intention is still being researched and debated. To fill this gap in the entrepreneurial literature, this study intends to analyse how innovation influences and interacts with the establishment of entrepreneurial ambitions among individuals and within organizations. By investigating this interaction, the study aims to reveal significant insights that can be used to guide policy, education, and corporate strategies to better support and foster entrepreneurship in creative ecosystems.

Nowadays many researches are conducted in the entrepreneurial domain. This study aims to explore the interplay between innovation and entrepreneurial intention. It will investigate how such innovation influence entrepreneurial intention to shape individuals' entrepreneurial career. The primary focus of this investigation is to address the subsequent research query.

RQ: How does innovativeness influence entrepreneurial intention?

By answering this question, this study will contribute more towards existing entrepreneurial literature and also provide valuable insights to government, supporting organizations, academics and policymakers for the better understanding of such interconnection to develop and implement dynamic fruitful ecosystems.

### **Objective**

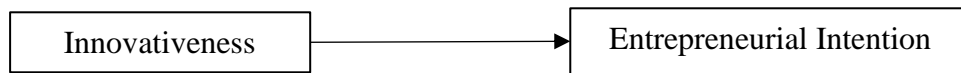
The following specific objective has been formulated to answer the aforementioned research question.

- To examine the influence of Innovativeness on Entrepreneurial Intention.

### **Variables in the Study and Conceptual Model**

The conceptual framework has dependent and independent variables. In this study, innovativeness is termed as an independent variable and entrepreneurial intention is the dependent variable.

Conceptual model for this article is presented in figure 1.

**Figure 1 Conceptual Model**

The variables used in the conceptual model are described as follow,

- **Innovativeness** – It denotes the individuals’ creativity and unique thinking to provide solutions to the problems faced by mass community in the way of offering innovative products and services.
- **Entrepreneurial Intention**- It defined as an individuals’ intentional behavior and willingness to choose entrepreneurship as their career path.

### Review of Literature

The modern environment, which results in the effects of globalization, is made more competitive by entrepreneurship. Making new economic activities that contribute to wealth creation, employment creation, and economic growth as well as assuring societal well-being are key components of the role of entrepreneurs (Lee et al., 2012) [1]. Innovation is considered to be the major determinant of entrepreneurial intention. Lee et al. (2019) [2] investigated whether higher intention led to more inventive behavior. He found that high innovation demonstrated the favorable intention to start own ventures. Kim et al. (2018) [3] discovered that inventive behavior is an important variable in problem-solving. Problem-solving skills are highly valued in the entrepreneurial domain. A study conducted by Norena-Chavez (2020) [4] among 358 business owners, concluded that innovativeness is the strong predictor of entrepreneurial intention. It acts as an initial step of idea formulation which induced the entrepreneurial self-efficacy of individuals and enable them to focused on upcoming stages of startup cycle to become an own boss of new ventures. Similar to this finding a survey among 175 undergraduates conducted by Koe (2016) [5] found that innovativeness and entrepreneurial intention correlated with each other. Innovativeness encourage them to engaging in new ideas, produce new products and services which predominantly cultivate their entrepreneurial mindset. High innovation become the root cause for entrepreneurial career because innovation leads to the strong sense of creativity to convert the emerging environment threats into opportunities. By utilizing these opportunities in the right way enable the individuals to promote tremendous revolution in the entrepreneurial domain [6]. Based on the above empirical evidence the following hypothesis is formulated.

H1: Innovativeness is positively related to Entrepreneurial intention.

## Methodology

This study based on both primary and secondary data. The research has focused on registered entrepreneurs in Kanniyakumari district. Primary data was collected using questionnaire under the survey method. Secondary data were obtained from research articles and websites.

A proportionate Stratified Random Sampling technique was used to collect the required primary data. First, the total number of registered entrepreneurs in Kanyakumari were obtained from MSME portal of India under Udhyam Registration. Entrepreneurs' details were gathered from entrepreneurship association in Kanyakumari district. Total number of taluks and wards in Kanyakumari district were obtained. It has 6 taluks and 52 wards. As suggested by Comrey and Lee (1992) [7], If the sample size ranged between '200-300', that represents a "Good" sample. 260 questionnaires were distributed as 5 questionnaire per ward. From 260 questionnaires, 156 responses were solicited and found as valid (per ward 3 questionnaires found to be valid). Hence, the sample size is 156.

District	Registered Entrepreneurs (Udhyam Registration)	Taluk and Wards	Distribution of Questionnaire	Completed Response
Kanniyakumari	46,923	6 taluks and 52 wards	260 (per ward 5 questionnaire)	156 (per ward 3 questionnaire)

**Source:** MSME portal of India

## Data Analysis

Data analysis was done with SPSS package. Data were organized and tabulated for analysis. Percentage analysis was used to measure Gender, Age, Education qualification, Industry, annual income and year of experience. Reliability analysis was used to check the validity of the indicators. Regression analysis was carried out to measure the association between dependent and independent variables. Correlation analysis also done to measure the interrelation between the variables.

## Demographic profile of the respondents

Demographic profile of the respondents was grouped into different categories namely; Gender, Age, Education Qualification, Industry, Annual Income and Year of experience. Demographic profile of the respondents was captured in table 1.

**Table 1 Demographic Profile of the Respondents**

Category	Profile	Total number	percentage
Gender	Male	89	57
	Female	67	43
	<b>Total</b>	<b>156</b>	<b>100</b>
Age	17-22	22	14
	23-28	60	38
	29-34	40	26
	35-40	25	16
	40 and above	9	6
	<b>Total</b>	<b>156</b>	<b>100</b>
Education Qualification	10th or+2	12	8
	ITI or Diploma	37	24
	Undergraduate	55	35
	Postgraduate	46	29
	Others	6	4
	<b>Total</b>	<b>156</b>	<b>100</b>
Industry	Manufacturing	46	30
	Service	35	22
	Retail	50	32
	Others	25	16
	<b>Total</b>	<b>156</b>	<b>100</b>
Annual Income	Below 5,00,000	51	33
	5,00,000-10,00,000	49	31
	10,00,000-15,00,000	47	30
	Above 15,00,000	9	6
	<b>Total</b>	<b>156</b>	<b>100</b>
Year of experience	Below 2 Years	40	26
	2-4 Years	56	36
	4- 6 years	37	24
	Above 6 years	23	14
	<b>Total</b>	<b>156</b>	<b>100</b>

**Source:** Primary Data

Table 1 implied that 57 per cent (89) of the respondents were male and 43 per cent (67) of the respondents were female. This proved that male entrepreneurs are more inclined towards entrepreneurial career than female.

38 per cent (60) of the respondents were belong to 23-28 years age group. 6 per cent (9) of the respondents were belong to 40 and above age group. This explored that age between

23-28 ranged respondents were highly innovative and enthusiastic in their entrepreneurial career.

35 per cent (55) of the respondents completed their undergraduate course. 4 per cent (6) of the respondents completed other training courses which are relevant towards entrepreneurship. It is inferred that those who completed undergraduate courses initially developed their entrepreneurial tendency.

32 per cent (50) of the respondents running retail industrial business. 16 per cent (25) of respondents engaged in other types of entrepreneurial activities. It proved that majority of the entrepreneurs explore their innovation in retail industrial business.

33 per cent (51) of the respondents come under the annual income of below Rs. 5,00,000. 6 per cent (9) of respondents obtained annual income of Above Rs. 15,00,000. It illustrates that majority of them started their business recently such that they are in the initial stage of business to promote their business to the next growth stage.

36 per cent (56) of the respondents having 2- 4 years of experience. 14 per cent (23) of respondents have more than 6 years' experience. It demonstrated that majority of the respondents have minimum experience in their entrepreneurial career due to their initial stage of business.

### **Measures**

The questionnaire used in this study consists of 9 items adapted from previous studies. Adapting questionnaire from previous studies was to ensure its validity and reliability. All constructs were measured on a Likert-type five-point scale (anchored as '1' = strongly disagree; and '5' = strongly agree). The detail Survey instrument was provided in Appendix I.

*Innovativeness* was measured with four indicators adapted from Bolton and Lane (2012) [8] the sample item read as "Prefer unique, one-of-a-kind approach", and "Try my own unique way". The reliability coefficient Cronbach's alpha for Innovativeness was 0.77.

*Entrepreneurial Intention* was measured with five items adapted from Liñán and Chen (2009) [9] and the sample item read as, "Make every effort to start and run own firm", and "Very serious thought of starting a firm". The reliability coefficient Cronbach's alpha for Entrepreneurial Intention was 0.86.

The reliability coefficients of all the constructs are over the acceptable level of 0.6 and less than the threshold level of 0.9 (Hair et al., 2019) [10]. This provides evidence for the reliability and validity. The reliability of the instrument is presented in Table 2.

**Table 2 Reliability of the Instrument**

Variable	Conditional Reliability Index	Cronbach's Alpha
<b><i>Innovativeness (Lane, 2012)</i></b>		<b>0.77</b>
Prefer unique, one-of-a-kind approach	0.68	
Favor experimentation and original approach	0.74	
Try new and unusual activities	0.73	
Try my own unique way	0.69	
<b><i>Entrepreneurial Intention (Linan and Chen, 2009)</i></b>		<b>0.86</b>
Make every effort to start and run own firm	0.86	
Professional goal is to become entrepreneur	0.83	
Determined to create a firm	0.83	
Ready to do anything to be entrepreneur	0.83	
Very serious thought of starting a firm	0.83	

**Source:** The authors

### **Correlation**

To test the correlation between the variables, the researchers used Pearson Correlation analysis in SPSS software. The values should be range between -1 and +1. As a result, there is a strong and positive correlation ranged between Innovativeness and Entrepreneurial intention was 0.57 which is significant at 0.01 level and ranged between the acceptable criteria of -1 and +1.

The correlation between dependent and independent variable shown in Table 3.

**Table 3 Correlation between Dependent and Independent Variable**

Variable	Mean	SD	1	2
1. Innovativeness	4.03	0.66	<b>1</b>	
2. Entrepreneurial Intention	4.12	0.69	0.57**	<b>1</b>

**Source:** The authors.

**Notes:** \*\* Correlation is significant at the 0.01 level (2-tailed).

### Testing Hypothesis H1

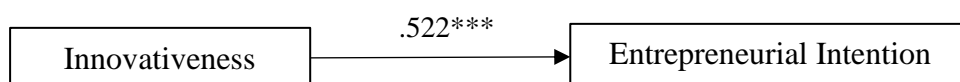
As hypothesized innovativeness was significantly and positively related to Entrepreneurial Intention ( $\beta = 0.522$ ;  $p < .001$ ). The model was significant and explained 37.9% variance ( $R^2 = 0.379$ ; adjusted  $R^2 = 0.350$ ;  $F = 60.33$ ;  $p < .001$ ). These results provided evidence for supporting H1. Regression model summary of H1 is captured in Table 4 and also the visual representation showing the impact of innovativeness on entrepreneurial intention is presented in Figure 2.

**Table 4 Regression Model Summary of H1**

R		R square	Adjusted R Square	Std. Error of the Estimate	F	Sig.	H1 Result
.616		.379	.350	.55285	60.331	.000	Accepted
				Coefficients			
Unstandardized coefficients		Standardized coefficients					
B	Std. Error	Beta		T		Sig.	
1.817	.408			4.450		.000	
.544	.070	.522		7.767		.000	

Source: The authors

**Figure 2 Impact of Innovativeness on Entrepreneurial Intention**



### Findings

- 57 per cent (89) of the respondents were male and 43 per cent (67) of the respondents were female.
- 38 per cent (60) of the respondents were belong to 23-28 years age group. 6 per cent (9) of the respondents were belong to 40 and above age group.
- 35 per cent (55) of the respondents completed their undergraduate course. 4 per cent (6) of the respondents completed other training coursed which are relevant towards entrepreneurship.



- 32 per cent (50) of the respondents running retail industrial business. 16 per cent (25) of respondents engaged in other types of entrepreneurial activities.
- 33 per cent (51) of the respondents come under the annual income of below Rs. 5,00,000. 6 per cent (9) of respondents obtained annual income of Above Rs. 15,00,000.
- 36 per cent (56) of the respondents having 2- 4 years of experience. 14 per cent (23) of respondents have more than 6 years' experience.
- Since, the regression model ( $R^2 = 0.379$ ) is significant at 0.000, thus there is a positive association between innovation and entrepreneurial intention.

### **Suggestions**

- Government and National Entrepreneurship Board (NEB) which is the apex institution for entrepreneurship development can organize mentorship programmes with successful female entrepreneurs which in turn enable them to start new ventures.
- Academics and Entrepreneurship Development Cell can understand the unique needs of different age groups and encouraging them to turn their innovative ideas into sustainable businesses.
- National Entrepreneurship Board can organize innovation-focused workshops and training sessions for various industrial entrepreneurs in order to developing their innovation skills based on their specific market segments.
- Government and academics can provide access to research and development resources, such as laboratories, tech hubs, or innovation centers which will help entrepreneurs to experiment with new ideas and technologies.
- Government and National Entrepreneurship Board (NEB) can encourage investment in new and innovative businesses through collaboration with venture capital firms, angel investors, and innovation-focused funding agencies.

### **Conclusion**

The relationship between innovation and entrepreneurial ambition is dynamic and interconnected, with each part driving the other in diverse ways. This interaction is essential for the economic progress of the country. Entrepreneurs take these novel ideas and turn them into successful enterprises, so promoting job creation, greater productivity, and overall economic development. Recognizing this relationship has significant policy implications for governments and institutions. They can create a conducive atmosphere for innovation and entrepreneurship by establishing support systems, lowering regulatory hurdles, and stimulating investment in research and development. Encouragement of innovation can lead to increased entrepreneurial activity, which benefits the economy as a whole.

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