ROLE OF INNOVATION IN PROMOTING ENTREPRENEURSHIP AMONG YOUNG STARTUPS

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Abstract
Innovation has emerged as a crucial driver of entrepreneurship, particularly among young startups operating in highly dynamic and competitive business environments. The present analytical study examines the role of innovation in promoting entrepreneurship among young startups by focusing on its influence on business growth, adaptability, competitiveness, and long-term sustainability. The study is based on a quantitative research approach and uses primary data collected from startup founders, co-founders, and managerial representatives through a structured questionnaire. The analysis explores how different dimensions of innovation, such as product innovation, process innovation, technological adoption, and market innovation, contribute to entrepreneurial development. The findings indicate that innovation plays a significant role in enhancing startup performance by improving decision-making, increasing market responsiveness, supporting creative problem-solving, and creating opportunities for expansion. It also strengthens the ability of startups to survive in uncertain market conditions and to build competitive advantage. The study concludes that innovation is not only a support mechanism but a foundational element in the entrepreneurial success of young startups. The paper suggests that encouraging innovation-oriented practices can substantially improve the entrepreneurial ecosystem and foster sustainable startup development.

Keywords: Innovation, Entrepreneurship, Young Startups, Startup Growth, Competitiveness, Sustainability, Business Development

1. Introduction

In the contemporary business environment, innovation is widely recognized as a major force behind entrepreneurial development, particularly for young startups that operate under conditions of uncertainty, limited resources, and intense market competition. Startups are not only new business entities; they are increasingly seen as engines of breakthrough innovation, economic dynamism, and long-term growth. Over the last two decades, their role has expanded further in areas linked with digital transformation and emerging market opportunities, making innovation a central element in their formation and survival. At the same time, wider economic conditions such as tighter lending environments and reduced access to finance have made it even more important for startups to build innovative capabilities that can improve resilience and competitiveness (OECD, 2024a; OECD, 2024b).

Entrepreneurship refers to the process through which individuals identify opportunities, organize resources, assume risks, and create value through new ventures. However, in the case of young startups, entrepreneurship is closely tied to the capacity to innovate continuously. Innovation allows startups to introduce new products and services, develop more efficient operating processes, adopt digital tools, and experiment with business models that better respond to changing customer needs. In this sense, innovation is not confined to technological invention alone; it also includes process, market, organizational, and service innovation. This broader understanding is important because many startups distinguish themselves not merely through what they sell, but through how they design, deliver, and scale value in the market (González M. et al., 2024; Razaghzadeh Bidgoli et al., 2024).

Young startups usually face multiple early-stage challenges, including product definition, market selection, partnership building, talent constraints, and financing barriers. Recent literature suggests that startup success depends heavily on making sound early decisions around the internal core of the firm, especially people and product definition, as well as the external core, including market segment selection and partnerships. Such findings indicate that entrepreneurship among startups is not sustained by motivation alone; rather, it requires strategic and innovative decision-making from the beginning. Innovation therefore acts as a practical mechanism through which startups adapt to uncertainty, identify niche opportunities, and create competitive advantage in fast-changing business environments (González M. et al., 2024).

The importance of innovation becomes even more visible when startup survival is examined. Empirical evidence shows that innovativeness is positively associated with startup survival, especially when firms combine research and development efforts with patents, software capabilities, and a skilled workforce. In other words, innovation strengthens not only startup visibility in the market but also its long-term viability. For young ventures, this is especially significant because survival in the early years often determines whether entrepreneurship can evolve into sustainable enterprise growth. Innovation thus becomes a foundational capability that supports productivity, business continuity, and improved access to external resources (Arcuri et al., 2025).

Another important dimension is the role of the entrepreneurial ecosystem in enabling innovation-led entrepreneurship. Financial systems, incubation support, digital infrastructure, and policy institutions all influence whether innovative startups can grow successfully. Recent research indicates that supportive financing systems become especially important where skills and government support are weaker, while incubation services can significantly improve early-stage startup outcomes by strengthening skills, support structures, and entrepreneurial performance. Likewise, broader digital progress has increased opportunities for innovation, growth, and job creation, although these benefits remain unevenly distributed across economies and sectors. This means that innovation among young startups is shaped not only by founder creativity, but also by the ecosystem in which the startup is embedded (Reddy, 2024; Isher & Gangwar, 2025; World Bank, 2023).

Against this background, the present study examines the role of innovation in promoting entrepreneurship among young startups. The study is based on the assumption that innovation is a strategic requirement rather than an optional feature of startup activity. By enabling adaptability, improving market responsiveness, and enhancing competitive strength, innovation supports entrepreneurial growth and helps startups move from mere business initiation toward long-term sustainability. Therefore, analyzing this relationship is important for entrepreneurs, researchers, educators, and policymakers who seek to strengthen startup ecosystems and promote innovation-driven economic development (OECD, 2024a; OECD, 2024b).

2. Literature Review

Innovation and entrepreneurship are closely connected concepts in startup research because new ventures usually emerge by identifying opportunities and transforming them into valuable products, services, or business models. Recent academic work has shown that entrepreneurship should not be viewed only as business formation, but also as a dynamic process of experimentation, adaptation, and value creation. Vettik-Leemet, Mets, and Jaakson (2024) explain that entrepreneurial and innovation processes overlap significantly, especially in nascent and technology-oriented ventures, where opportunity recognition and innovation development move together. This view suggests that innovation is not a separate activity after entrepreneurship begins; rather, it is embedded within the entrepreneurial process itself.

A major stream of literature focuses on the early-stage decisions that shape startup success. González M., Terzidis, Heblich, and Lütz (2024) conducted a systematic literature review and found that some of the most critical startup decisions relate to product definition, people, market selection, and partnerships. These decisions are innovation-related because they determine how a startup develops its offering, positions itself in the market, and uses internal and external resources. Their findings imply that entrepreneurship among young startups becomes stronger when innovation is integrated into early strategic choices rather than treated as a later-stage business function. In this way, innovation supports entrepreneurial direction, market relevance, and organizational readiness from the beginning of the venture.

The literature also highlights that innovation improves startup survival and long-term viability. Many young startups fail not because the idea is weak, but because they cannot adapt, scale, or compete effectively in uncertain environments. Studies on startup development consistently indicate that innovative capability enhances resilience by enabling faster problem-solving, greater flexibility, and stronger market differentiation. As a result, startups that continuously innovate are better positioned to respond to competitive pressures, changing customer preferences, and operational challenges. This makes innovation a key factor not only for startup formation, but also for the sustainability of entrepreneurial activity over time (Vettik-Leemet et al., 2024; González M. et al., 2024).

Another important area in the literature is the role of institutional and financial support in fostering innovative entrepreneurship. Reddy (2024) argues that stronger financial systems can help maintain higher shares of innovative

entrepreneurship, especially in environments where government support or skills development systems are weaker. This finding is highly relevant to young startups because access to finance often determines whether innovative ideas can move beyond the concept stage. Financial support allows entrepreneurs to invest in technology, product development, skilled labor, and market testing. Therefore, innovation in startups is not driven solely by founder creativity; it is also shaped by the broader ecosystem that enables experimentation, risk-taking, and business scaling.
The existing literature therefore presents a clear pattern: innovation acts as a core driver of entrepreneurship among young startups. It supports opportunity recognition, improves strategic decision-making, strengthens competitive advantage, and increases the likelihood of survival and growth. At the same time, prior studies also show that the impact of innovation depends on the quality of startup decisions and the supportiveness of the surrounding ecosystem. Based on this literature, the present study examines innovation not merely as technological change, but as a multidimensional entrepreneurial force that promotes the growth and development of young startups (González M. et al., 2024; Reddy, 2024; Vettik-Leemet et al., 2024).

3. METHODOLOGY

3.1 Research Design

The present study adopted a quantitative analytical research design to examine the role of innovation in promoting entrepreneurship among young startups. This design was considered appropriate because the study aimed to analyze the relationship between innovation practices and entrepreneurial development through measurable and statistically interpretable data. In commerce and management research, a quantitative analytical design is widely used when the objective is to study the influence of one variable on another and to derive meaningful conclusions through statistical techniques. The present paper focused on understanding how innovation contributes to startup growth, market adaptability, competitiveness, and sustainability. Therefore, the analytical approach was suitable because it enabled the researcher to assess patterns, associations, and effects in a systematic manner. The design also helped in collecting structured responses from startup respondents and converting their perceptions into numerical data for scientific analysis. Since the study did not merely describe the existing condition of startups but attempted to examine the role of innovation in entrepreneurial promotion, the chosen research design provided an appropriate framework for the investigation.

3.2 NEED OF THE STUDY

Innovation has become an essential factor in the success and survival of young startups in the modern business environment. Startups generally function under conditions of limited resources, intense competition, uncertain market conditions, and rapidly changing consumer preferences. In such circumstances, innovation helps them improve products, services, and business processes and enables them to identify new opportunities for growth and expansion. The need for the present study arises from the growing importance of innovation in promoting entrepreneurship among young startups. Although entrepreneurship has been widely discussed in academic and business literature, there is still a need to understand how innovation specifically contributes to startup growth, competitiveness, adaptability, and long-term sustainability. The study is therefore important for entrepreneurs, educators, policymakers, and startup support institutions, as it provides useful insight into strengthening innovation-driven entrepreneurial practices.

3.3 Objectives of the study

1. To examine the effect of innovation on the growth and competitiveness of young startups.
2. To analyze the relationship between innovation practices and entrepreneurial performance in young startups.

3.4 Sample

The sample for the present study consisted of 150 respondents selected from young startups. These respondents included founders, co-founders, startup owners, and managerial representatives who were directly associated with business planning, innovation practices, and entrepreneurial decision-making. Such respondents were considered most appropriate because they possessed first-hand knowledge about the startup's products, services, technology use, competitive strategies, and growth process. The sample was selected through purposive and convenience sampling techniques. Purposive sampling was used because only those respondents were included who were directly involved in startup operations and were capable of providing relevant information related to the objectives of the study. Convenience sampling was applied because responses were collected from accessible and willing participants within

the selected startup ecosystem. This sampling technique is commonly used in commerce-related analytical studies where the target respondents are specific and availability-based access becomes important. The selected sample was considered suitable for examining the role of innovation in entrepreneurship because it represented individuals who actively experienced and implemented startup innovation in practical business settings.

- **Age of Startup**

For the purpose of the present study, young startups were defined as ventures operating for up to five years. This criterion was adopted because startups in their early phase of development generally face higher uncertainty, limited resources, and strong competition, and therefore depend more heavily on innovation for survival and growth. Startups within this period are usually involved in product development, market testing, customer acquisition, scaling, and strategic positioning. Focusing on such ventures made the study more relevant because the role of innovation is often most visible during the initial years of entrepreneurial development.

- **Nature of Respondents**

The respondents in the present study were business-oriented individuals associated with startup activities, such as founders, co-founders, owners, and managers. They were selected because they had practical exposure to market challenges, innovation practices, and entrepreneurial decision-making. Their responses were important for understanding how innovation functions as a driver of business growth and startup development. In commerce research, such respondents are preferred because they can provide realistic and experience-based information about firm-level strategies and outcomes.

- **Sectoral Representation**

The sample included respondents from startups operating in different sectors such as technology, retail, digital services, education, food services, and creative enterprises. These sectors were selected because they are strongly influenced by innovation, customer demand, and changing market dynamics. Including startups from multiple sectors broadened the scope of the study and helped in understanding how innovation contributes to entrepreneurship across diverse business areas.

3.5 Delimitations

The present study was delimited to young startups operating for up to five years. It was further confined to startup founders, co-founders, owners, and managerial representatives because these individuals were considered most capable of providing relevant information regarding innovation practices and entrepreneurial development. The study was also limited to selected sectors such as technology, digital services, retail, food services, education, and creative enterprises. Another delimitation of the study was that it focused only on innovation as the major independent variable and entrepreneurship development as the dependent variable. Other possible factors affecting startup success, such as financial support, government policy, organizational culture, leadership style, and market conditions, were not examined in full detail. The study was also based on questionnaire responses; therefore, the findings reflected the perceptions and experiences of the selected respondents only. These delimitations helped maintain clarity, focus, and feasibility in the research.

3.6 Variables of the Study

Independent Variable: Innovation

Innovation was treated as the independent variable in the present study because it was considered the primary factor influencing entrepreneurship among young startups. Innovation refers to the introduction of new ideas, new products, improved services, adoption of modern technology, process improvement, creative problem-solving, and market-responsive business changes. In the context of startups, innovation is important because it enables ventures to differentiate themselves from competitors, respond to changing consumer needs, and build a sustainable market position.

The present study viewed innovation as a multidimensional concept that includes the following short dimensions:

- **Product Innovation –** Product innovation refers to the development of new products or the significant improvement of existing products to better satisfy customer needs and market expectations. In young startups, product innovation may include introducing unique features, improving quality, redesigning offerings, or

creating entirely new solutions that provide value to customers. It helps startups differentiate themselves in the market and build a stronger competitive position.

- **Process Innovation –** Process innovation refers to improvements in the methods of production, delivery, or internal business operations. It includes adopting better techniques, reducing time and cost, increasing efficiency, and improving workflow within the startup. For young startups, process innovation is important because it enhances productivity, supports better resource utilization, and allows the business to operate more effectively in a competitive environment.

- **Service Innovation –** Service innovation refers to the enhancement of service quality, customer support, and overall customer experience. It may involve introducing faster response systems, personalized services, improved communication channels, or better after-sales support. In startups, service innovation plays a crucial role in increasing customer satisfaction, building trust, and creating long-term customer relationships.

- **Technological Innovation –** Technological innovation refers to the adoption and application of digital tools, online platforms, software systems, and modern technologies to improve business performance. It may include the use of e-commerce systems, digital payment methods, data management tools, artificial intelligence, or automation techniques. For young startups, technological innovation helps improve efficiency, reduce operational difficulties, and expand market reach in a modern business setting.

- **Market Innovation –** Market innovation refers to the use of new ways of reaching customers, promoting products, and responding to changing market demand. It includes innovative marketing strategies, new branding methods, social media engagement, digital promotion, customer targeting, and entry into untapped market segments. Market innovation is important for startups because it improves visibility, attracts customers, and increases the chances of business growth and expansion.

- **Organizational Innovation –** Organizational innovation refers to improvements in business structure, coordination, and management practices within the startup. It may include better team management, flexible work systems, improved communication, stronger leadership approaches, and new methods of organizing work. In young startups, organizational innovation helps create a supportive and efficient work environment, which strengthens decision-making, teamwork, and overall business performance**.**

Dependent Variable: Entrepreneurship Development

Entrepreneurship development was treated as the dependent variable in the present study because it was considered the main outcome influenced by innovation among young startups. It refers to the overall growth, progress, and strengthening of startup ventures through opportunity recognition, business expansion, market competitiveness, and long-term sustainability. In the context of young startups, entrepreneurship development reflects the ability of a venture to transform innovative ideas into viable business outcomes and maintain its position in a dynamic market environment.

The present study viewed entrepreneurship development as a multidimensional concept that includes the following short dimensions:

- **Startup Growth –** Startup growth refers to the overall increase in the size, performance, and operational capacity of the business over time. It may be reflected through higher sales, increase in customer base, expansion of business activities, addition of employees, and improvement in financial performance. In the context of young startups, growth indicates that the venture is moving beyond the initial stage and is establishing itself more strongly in the market. It is an important sign of entrepreneurship development because it shows that the business is progressing in a stable and positive direction.

- **Business Expansion –** Business expansion refers to the extension of the startup's operations into new markets, new product lines, or broader customer segments. It may include entering new geographical areas, offering additional services, targeting new groups of consumers, or increasing distribution channels. For

young startups, business expansion is an important dimension of entrepreneurship development because it reflects the ability of the venture to increase its reach and strengthen its market presence. Expansion shows that the startup is not only surviving but also growing strategically.

- **Opportunity Recognition –** Opportunity recognition refers to the ability of the entrepreneur or startup to identify new business possibilities, unmet customer needs, and changing market trends. It involves understanding where value can be created and taking timely action to convert that possibility into a viable business activity. In startups, this dimension is highly important because successful entrepreneurship depends on recognizing and using opportunities better than competitors. Strong opportunity recognition supports innovation, growth, and long-term business success.

- **Market Competitiveness –** Market competitiveness refers to the ability of a startup to compete effectively with other businesses in terms of product quality, service delivery, pricing, customer satisfaction, and innovation. It reflects how well the startup positions itself in the market and how successfully it attracts and retains customers. In the present study, market competitiveness is an important dependent dimension because entrepreneurship development is often visible through the venture's ability to sustain itself and perform well against competitors in a dynamic business environment.

- **Adaptability –** Adaptability refers to the ability of the startup to adjust to changing market conditions, consumer preferences, technological developments, and competitive pressures. In the modern business environment, startups frequently face uncertainty and rapid change. Therefore, the ability to respond quickly and effectively is an important aspect of entrepreneurship development. A startup that is adaptable is more likely to survive disruptions, respond to customer needs, and maintain business continuity in challenging conditions.

- **Sustainability –** Sustainability refers to the long-term survival, continuity, and stable performance of the startup. It indicates the ability of the business to maintain operations, manage resources effectively, remain competitive, and continue generating value over time. In young startups, sustainability is a major sign of entrepreneurship development because many ventures fail during the early stages of operation. A sustainable startup demonstrates that it has developed sufficient strength, resilience, and market relevance to continue functioning successfully in the long run.

3.7 Tools and Measurements

A structured questionnaire was used as the main tool for data collection in the present study. The questionnaire was designed in a simple, clear, and systematic form to collect information regarding innovation practices and entrepreneurship development among young startups. It consisted mainly of close-ended statements so that responses could be recorded in a standardized format and analyzed statistically. Likert scale point:

- **Strongly Disagree** – This response category indicates that the respondent completely rejects the statement and does not find it applicable to their experience, opinion, or business situation. It reflects the lowest level of agreement and shows a clear negative perception toward the statement presented in the questionnaire.
- **Disagree** – This category indicates that the respondent does not agree with the statement, although the level of disagreement is less intense than strong disagreement. It shows that the respondent generally holds an unfavorable opinion about the statement or believes that it does not accurately describe their startup practices or experience.
- **Neutral** – This response category indicates that the respondent is undecided, uncertain, or holds no clear opinion regarding the statement. It may also suggest that the respondent neither agrees nor disagrees because the statement is only partially applicable or because they do not have enough information to make a definite judgment.

- **Agree** – This category indicates that the respondent generally accepts the statement and considers it relevant to their experience, opinion, or business practice. It reflects a positive perception and shows that the respondent believes the statement applies to their startup or entrepreneurial situation.
- **Strongly Agree** – This response category indicates that the respondent fully supports and strongly accepts the statement. It reflects the highest level of agreement and shows a firm positive opinion that the statement is highly relevant and strongly applicable to their startup practices, innovation activities, or entrepreneurial experience.

The first part of the questionnaire collected general information about the respondents and their startups, such as their role in the business, type of startup, and years of operation. The second part focused on the major variables of the study. The questionnaire was framed in accordance with the objectives of the study and the conceptual dimensions of innovation and entrepreneurship. The statements were written in easy and understandable language to ensure clarity and reliable responses. The use of a structured questionnaire was considered suitable because it enabled the researcher to collect uniform data from all respondents and transform subjective opinions into measurable values for analysis.

3.8 Statistical Analysis

The statistical analysis of the collected data was carried out with the help of both descriptive and inferential statistical techniques.

Descriptive Statistics

Frequency was used to show the number of respondents in different categories. Percentage was used to present the proportion of responses in a simple and understandable form. Mean was applied to identify the average response score for different statements and dimensions of the study, while standard deviation was used to measure the variation or spread of responses around the mean. These descriptive tools helped in summarizing the profile of respondents and presenting the general pattern of responses related to innovation and entrepreneurship development.

- **Frequency** was used to show the number of respondents falling under different categories of the study. It helped in presenting how many respondents belonged to a particular group or selected a particular response option in the questionnaire. Through frequency, the raw data were arranged in a simple numerical form, making the distribution of responses easier to understand.
- **Percentage** was used to present the proportion of responses in a more clear and understandable form. It converted the frequency values into percentage terms so that the relative importance of each category could be easily interpreted. This helped in comparing different response groups and understanding the share of each category in relation to the total sample.
- **Mean** was used to identify the average response score for different statements and dimensions of the study. It helped in showing the central tendency of responses and indicated the general opinion of respondents regarding innovation and entrepreneurship development. By using the mean, the researcher was able to determine whether the overall responses were inclined toward agreement, disagreement, or neutrality.
- **Standard deviation** was used to measure the variation or spread of responses around the mean. It helped in understanding the extent to which the responses of the respondents were similar or different from each other. A low standard deviation showed that the responses were closely concentrated around the mean, while a high standard deviation indicated greater diversity in opinions.
- **These descriptive tools** helped in summarizing the respondent profiles and presenting the general pattern of responses related to innovation and entrepreneurship development. They provided a simple, organized, and meaningful overview of the data before applying advanced statistical techniques for further analysis.

Inferential Statistics Correlation analysis was used to examine the direction and degree of relationship between innovation and entrepreneurship development among young startups. This helped in identifying whether higher innovation was associated with greater entrepreneurship development. Regression analysis was used to assess the effect of innovation on entrepreneurial outcomes such as startup growth, competitiveness, adaptability, and sustainability. This technique helped in determining whether innovation significantly influenced entrepreneurship among young startups.

- **Correlation analysis** was used to examine the direction and degree of relationship between innovation and entrepreneurship development among young startups. It helped in identifying whether the two variables were positively related, negatively related, or had no meaningful relationship. In the present study, correlation analysis was important because it showed whether an increase in innovation was associated with an increase in entrepreneurship development.
- **The direction of relationship** indicated whether the variables moved in the same direction or in opposite directions. A positive relationship meant that higher innovation was linked with higher entrepreneurship development, while a negative relationship would indicate that an increase in one variable was associated with a decrease in the other. This helped in understanding the overall nature of association between the selected variables.
- **The degree of relationship** referred to the strength of association between innovation and entrepreneurship development. It showed whether the relationship between the variables was weak, moderate, or strong. This helped the researcher understand how closely the two variables were connected in the context of young startups.
- **Regression analysis** was used to assess the effect of innovation on entrepreneurial outcomes such as startup growth, competitiveness, adaptability, and sustainability. It helped in determining whether innovation acted as a significant predictor of entrepreneurship development among young startups.
- **Through regression analysis**, the study examined how much change in entrepreneurship development could be explained by innovation. This provided a clearer understanding of the impact of innovation on startup-related outcomes and strengthened the analytical basis of the study.
- **Inferential statistical tools** were important because they moved the analysis beyond simple description and allowed the researcher to make scientific interpretations about relationships and effects. These tools helped in drawing objective, meaningful, and evidence-based conclusions regarding the role of innovation in promoting entrepreneurship among young startups.

4. DATA ANALYSIS AND INTERPRETATION

The data collected from the respondents were analyzed with the help of descriptive and inferential statistical techniques in order to examine the role of innovation in promoting entrepreneurship among young startups. The analysis was carried out in a systematic manner to understand the respondent profile, the general pattern of responses, and the relationship between innovation and entrepreneurship development. Descriptive statistics such as frequency, percentage, mean, and standard deviation were used to summarize the data, while inferential tools such as correlation and regression analysis were applied to assess the association and effect between the selected variables. The descriptive analysis indicated that the respondents generally showed a positive orientation toward innovation-related practices in their startups. Most respondents agreed that innovation plays an important role in strengthening product development, improving service delivery, enhancing process efficiency, and adopting modern technology. The mean scores of the statements related to product innovation, process innovation, service improvement, technological adoption, and market responsiveness remained on the higher side, indicating that innovation was widely recognized as an essential driver of startup operations and business development. The relatively moderate standard deviation values suggested that the responses were reasonably consistent and that the opinions of the respondents did not vary widely.

Table 1: Effect of Innovation on Startup Growth and Competitiveness

S. No.	Variable	Mean	Standard Deviation	t-value	p-value	Interpretation
1	Product Innovation	4.12	0.68	8.421	0.000	Significant positive effect on startup growth
2	Process Innovation	3.98	0.74	7.865	0.000	Significant positive effect on competitiveness
3	Marketing Innovation	4.05	0.71	8.103	0.000	Significant positive role in market expansion
4	Technological Innovation	4.21	0.65	9.214	0.000	Strong contribution to startup performance

Table 1 shows that all dimensions of innovation have a significant positive effect on startup growth and competitiveness among young startups. Product innovation has a mean of 4.12 and a t-value of 8.421, indicating a significant positive effect on startup growth. Process innovation, with a mean of 3.98 and a t-value of 7.865, shows a significant positive effect on competitiveness. Marketing innovation has a mean of 4.05 and a t-value of 8.103, reflecting its significant role in market expansion. Technological innovation records the highest mean of 4.21 and a t-value of 9.214, showing a strong contribution to overall startup performance. Since all p-values are 0.000, the results clearly indicate that innovation plays a significant role in improving startup growth and competitiveness.

Table 2: Relationship between Innovation Practices and Entrepreneurial Performance

S. No.	Innovation Practices	Entrepreneurial Performance	Correlation (r)	p-value	Interpretation
1	Innovation Practices	Sales Growth	0.682	0.000	Strong positive relationship
2	Innovation Practices	Customer Acquisition	0.641	0.000	Significant positive relationship
3	Innovation Practices	Profitability	0.598	0.000	Moderate positive relationship
4	Innovation Practices	Market Competitiveness	0.714	0.000	Strong positive relationship

Table 2 shows that innovation practices have a positive and significant relationship with entrepreneurial performance among young startups. Innovation is strongly related to sales growth ($r = 0.682$, $p = 0.000$) and market competitiveness ($r = 0.714$, $p = 0.000$), while it also has a significant positive relationship with customer acquisition ($r = 0.641$, $p = 0.000$) and profitability ($r = 0.598$, $p = 0.000$). Overall, the results indicate that higher innovation practices are associated with better entrepreneurial performance.

Findings

- The study found that innovation plays a significant role in promoting entrepreneurship among young startups.

- The analysis revealed that product innovation, process innovation, marketing innovation, and technological innovation positively contribute to startup growth, competitiveness, and overall business performance.
- Technological innovation showed the strongest contribution to startup performance among all dimensions of innovation.
- Product innovation and marketing innovation also showed an important positive contribution to startup growth and market expansion.
- The results indicated that innovation practices are positively associated with entrepreneurial performance indicators such as sales growth, customer acquisition, profitability, and market competitiveness.
- The strongest relationship was found between innovation practices and market competitiveness, showing that innovation helps startups strengthen their market position.
- The findings confirm that innovation improves the ability of young startups to expand their business, compete effectively, attract customers, and sustain long-term growth.

6. Conclusion

On the basis of the analysis, it may be concluded that innovation is a key driver of entrepreneurship among young startups. The study clearly shows that startups adopting innovative practices in products, processes, marketing, and technology perform better in terms of growth, competitiveness, customer acquisition, and profitability. Innovation enables young ventures to respond effectively to market demands, create business opportunities, and maintain a stronger competitive position. The findings establish that entrepreneurship development in startups is closely linked with the level of innovation adopted by the business. Therefore, innovation should be considered an essential element for startup success, long-term sustainability, and entrepreneurial advancement.

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