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ENTREPRENEURIAL INNOVATIVENESS AS A FACTOR OF SUCCESS ENTREPRENEURIAL BUSINESS PERFORMANCE

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Abstract: *Innovativeness is a key entrepreneurial orientation needed to successfully develop products and services to face continuous change and uncertainty. Entrepreneurial innovativeness can, to some extent, improve the ability of the entrepreneur to identify and develop opportunities, which will significantly improve their business performance. Therefore, it is necessary to determine how much and what the contribution of entrepreneurial innovation is to two types of business performance - financial performance and innovation performance. The research was conducted on the example of 40 entrepreneurs in central Serbia who introduced at least one kind of innovation in their business. The paper aims to identify the contribution of entrepreneurial innovativeness to entrepreneurial business performance in central Serbia. To test the hypotheses, regression analysis was applied. The results indicate a positive contribution of entrepreneurial innovativeness to financial performance and innovation performance. Results also indicate the need for additional improvement of the innovative activities of the observed entrepreneurs.*

Keywords: *entrepreneurship, entrepreneurial innovativeness, innovation performance, financial performance*

JEL Classification: *O30, O39, L26*

INTRODUCTION

In scientific and economic circles, the sector of small and medium-sized enterprises (SMEs), including entrepreneurs, greatly contributes to socio-economic development (Al Mamun & Fazal, 2018; Pavlović, Rašković-Depalov, & Milovanović, 2023). Ndzana & Mvogo (2024) add that the growth dynamics of the SME sector are

becoming decisive for global economic development. The results of the development of the SME sector show that these companies create 90% of global value and employ 75% of the workforce (Ndzana & Mvogo, 2024). This sector has a great development potential that needs to be nurtured and further improved. What should be emphasized is that the performance of SMEs is significant for emerging countries, due to competitiveness in the international market (Grujić, 2023; Ndzana & Mvogo, 2024). Small businesses in emerging countries emphasize flexibility, better satisfaction, awareness of consumer needs, innovation, and creativity as their main competitive advantages.

Entrepreneurs and their firms compete with larger companies in a competitive environment through product innovation and product competitiveness (Ng & Kee, 2018; Ognjanović & Slavković, 2022). Innovativeness can be defined as the capacity to produce a valuable innovation based on which it is predicted whether the entrepreneur will be successful (Stauffer, 2016). Entrepreneurial innovativeness can, to some extent, improve the ability of the entrepreneur to identify and develop opportunities, which will significantly improve their business performance (Huang, Li, Wang, & Li, 2022). Accordingly, an entrepreneur is a person who solves problems, sets goals, and makes an effort to achieve them, and a person who is imaginative while looking for different approaches to improve performance (Anwar & Saleem, 2019). Consequently, the paper aims to identify the contribution of entrepreneurial innovativeness to entrepreneurial business performance in central Serbia.

Several research gaps have been identified in the literature. First, many studies have considered innovativeness as the most important entrepreneurial orientation (Al Mamun & Fazal, 2018), important for the success of a new business (Kropp, Lindsay, & Shoham, 2008). Previous research has highlighted various factors that affect innovation such as size, R&D investment and activity, teamwork, innovative company culture, entrepreneur personality, and technology adoption (Becker, Escoz Barragan, Hugesive Huwe, Ernst, & Strina, 2023). However, previous studies have not investigated in detail how entrepreneurial innovativeness fosters innovation development (Nguyen, Nguyen, & Nguyen, 2023). Another reason for studying this relationship is that the literature on entrepreneurship has proven that entrepreneurial success is significantly influenced by the entrepreneur's personality (Becker, Escoz Barragan, Hugesive Huwe, Ernst, & Strina, 2023). As the entrepreneur is the dominant decision-maker in the firm, the personality characteristics of the entrepreneur, especially innovativeness, are important for making appropriate decisions (Nguyen, Nguyen, & Nguyen, 2023). Accordingly, the paper will examine entrepreneurial innovation and how it affects entrepreneurial business performance. Second, previous research points to the contribution of entrepreneurial innovativeness to innovation performance (Nguyen, Nguyen, & Nguyen, 2023). It has been proven that entrepreneurial competence affects business performance (Rehman, Elrehail, Nair, Bhatti, & Taamneh, 2023), but there is little research on the role of entrepreneurial innovativeness as a driver of entrepreneurial performance (Huang, Li, Wang, & Li, 2022). Yodchai, Ly & Tran (2022) add that not enough is known about the relationship between creative thinking and entrepreneurial success. Accordingly, it is necessary to investigate the contribution of entrepreneurial innovativeness to business performance. Third, previous studies have dealt with business success factors mainly of large enterprises and multinational companies, while studies on SMEs in emerging countries are mostly limited (Ng & Kee, 2018).

This aspect of research especially gives value to the paper since the development potentials of developing countries are limited and the use of innovative opportunities is a way to become competitive in the market, even with companies from developed countries. Accordingly, the research should answer the following research questions:

- What is the contribution of entrepreneurial innovativeness to the entrepreneur's financial performance?
- What is the contribution of entrepreneurial innovativeness to the entrepreneur's innovation performance?

The contribution of the paper is twofold. First, the research analyzes entrepreneurial innovativeness as an important orientation of small and flexible companies, especially in emerging countries, which so far have not been recognized as creators of radical innovations. This orientation has not been sufficiently analyzed in the previous literature. Second, the study investigates the relationship between entrepreneurs' innovative orientation and business results, directly pointing to the importance of innovativeness as a means by which entrepreneurs can better position themselves in the market and increase their business performance. Previous research has focused on investigating this relationship, but mostly in large companies.

LITERATURE OVERVIEW

Innovation as entrepreneurship orientation

One of the key aspects of an entrepreneurial mindset is an entrepreneurial orientation that encompasses a wide range of actions by individuals to create, develop, and manage new ventures (Becker, Escoz Barragan, Huge sive Huwe, Ernst, & Strina, 2023). Entrepreneurial orientation “refers to the processes, practices, and decision-making activities used by entrepreneurs that lead to the initiation of an entrepreneurial firm” (Kropp, Lindsay, & Shoham, 2008, p.104). Many studies have looked at innovativeness as one of the key elements of entrepreneurial orientation (Al Mamun & Fazal, 2018; Kropp, Lindsay, & Shoham, 2008). Research shows that innovativeness is a major behavior of entrepreneurs (Jaziri & Miralam, 2023) which primarily depends on the knowledge, experience, and commitment of the entrepreneur in the value creation process (Rubel, Kee, & Rimi, 2023). Innovation “is required for product/market development in these environments to deal with the continuous change and uncertainty” (Kropp, Lindsay, & Shoham, 2008, p105). Orientation towards the development of innovation allows the entrepreneur to modify, regenerate existing ideas, and accept changes (Rubel, Kee, & Rimi, 2023) through the development of innovations. Research shows that entrepreneurial innovativeness stems from entrepreneurial competence (Ng & Kee, 2018) as well as entrepreneurial experience (Vaillant & Lafuente, 2019). Therefore, it can be concluded that the “innovative entrepreneur is the root of the uniqueness of entrepreneurial activities” that help him to progress and survive in the changing environment of emerging countries (Nguyen, Nguyen, & Nguyen, 2023, p.115).

From an innovation-based perspective, “entrepreneurs are seen as innovators who integrate organizational resources to create innovations toward pursuing market opportunities and firm performance” (Yodchai, Ly, & Tran, 2022, p.284). This also supports the human resource view according to which creative and innovative entre-

preneurs improve the operating results of their firms (Yodchai, Ly, & Tran, 2022). With the help of the resource-based view, creativity and innovation can be explained as individual, specific abilities that contribute to the creation of competitiveness for entrepreneurs (Al Mamun & Fazal, 2018). According to the resource-based view, Al Mamun & Fazal (2018) believe that innovation can improve business results.

We can define innovation from the aspect of the organization and the aspect of the individual. Innovative organizations are looking for “new opportunities and solutions that require experimentation and creativity in the invention of new products and services or improvement in technical aspects of existing products and services” (Al Mamun & Fazal, 2018, p.382). Ng & Kee (2018) view innovation as the overall innovative ability of an organization to produce new products for the market, by “combining strategic orientation with innovative behavior and process” (p.255). In addition, innovative organizations are also focused on building “technological leaders” firms on the market and developing new processes (Kropp, Lindsay, & Shoham, 2008).

Entrepreneurial innovativeness describes “innovative behavior, such as the daily effort to improve one’s work procedures” (Rubel, Kee, & Rimi, 2023, p.1284). For Huang, Li, Wang & Li (2022), entrepreneurs’ innovativeness is “how entrepreneurs support change and thus provide firms with a competitive advantage, including support for new products, services, and technology development” (p.2). Therefore, entrepreneurial innovativeness is “a psychological trait that refers to the perception of entrepreneurs in terms of possession, creation, adoption, or implementation of new ideas or solutions in combating existing problems within their” firms (Nguyen, Nguyen, & Nguyen, 2023, p.115).

Entrepreneurial firms must, on the one hand, innovate and add value to their products or services to improve business performance. On the other hand, the same firms must cooperate and focus on core competencies to achieve efficiency (Ng & Kee, 2018). Orientation towards innovative behavior is the only way for an entrepreneur to survive in a changing environment and to use its advantages - flexibility, better satisfaction of consumer needs, and innovation. Numerous studies indicate that the orientation of entrepreneurs towards innovation affects the survival and growth of entrepreneurial firms (Nguyen, Nguyen, & Nguyen, 2023), but also change social and economic structures (Huang, Li, Wang, & Li, 2022). Consequently, the role of entrepreneurial innovativeness in improving business performance will be further considered.

Entrepreneurial innovativeness and business performance

A creative entrepreneur leads the firm in such a way that it faces and effectively responds to various institutional challenges according to its entrepreneurial capabilities (Nguyen, Nguyen, & Nguyen, 2023). Long & Dong (2017) state that not all entrepreneurial opportunities are the same - the difference lies in the degree of innovation. To obtain satisfactory results, Ndzana & Mvogo (2024) suggest that effective management of innovation requires examining the relationship between the firm’s innovation capacity and their performance.

Business performance is a “multidimensional construct that encompasses a firm’s operational and financial outcomes” (Al Mamun & Fazal, 2018; Mitrović, Knežević, & Milašinović, 2021; Radivojević, Dimovski, & Mitić, 2023). Innovation performance and financial performance will be observed in the paper. Financial per-

formance can be defined as “the ability of an organization to successfully achieve its financial targets as measured against its outputs” (Ahmed, Hassan, & Magar, 2024). Innovation performance indicates the results of the entrepreneur’s innovative abilities, i.e. the entrepreneur’s ability to take advantage of perceived chances and opportunities on the market. Innovation performance includes “different components, in which developing new products is considered a primary factor because these activities reflect the interaction between firms and marketable outputs” (Nguyen, Nguyen, & Nguyen, 2023, p.117). The improvement and innovation in technology and processes are also an integral part of innovation performance (Nguyen, Nguyen, & Nguyen, 2023).

The results of previous research emphasize the importance of innovativeness in entrepreneurial ventures. It has been proven that innovation is influenced by: technology adoption (Becker, Escoz Barragan, Hüge sive Huwe, Ernst, & Strina, 2023); personality traits of entrepreneurs (Becker, Escoz Barragan, Hüge sive Huwe, Ernst, & Strina, 2023); “emotional intelligence, internal locus of control, entrepreneurial alertness, and entrepreneurial self-efficacy” (Jaziri & Miralam, 2023, p.1). Vaillant & Lafuente (2019) conclude that “practical experience is an essential prerequisite for entrepreneurial learning” (p.2882). Similar results are reached by Long & Dong (2017), emphasizing that successful entrepreneurial experience influences the initiation of new ventures, while relevant industry experience and innovativeness of entrepreneurial opportunities negatively influence the initiation of ventures. On the other hand, Kropp, Lindsay & Shoham (2008) conclude that innovativeness is not a decisive factor in starting a start-up. Additionally, Yodchai, Ly & Tran (2022) prove that the creative mindset leads to entrepreneurial success through innovative capability. It can be concluded that the orientation of entrepreneurs toward the creation of innovative capacities will create an organizational culture and learning, which will lead to sustainable business performance (Yodchai, Ly, & Tran, 2022).

The literature also points to the relationship between innovation orientation and the financial performance of entrepreneurship. Yodchai, Ly & Tran (2022) state innovation capability is a significant factor in the entrepreneur’s business performance. Al Mamun & Fazal (2018) conclude that creativity and innovation have a positive effect on entrepreneurial competencies, which has a positive effect on the performance of entrepreneurs. Ndzana & Mvogo (2024) conclude that the formality of SMEs “positively moderates the relationship between innovation and the performance of businesses in the case of product and commercial innovations” (p.350). Ng & Kee (2018) prove the importance of the relationship between innovativeness and firm performance as well as between entrepreneurial and technical competence and innovativeness. Research by Davis, Marino & Vecchiarini (2013) shows that there is “a negative relationship between innovativeness and short-term financial performance” (p.147). The same results are reached by Shah & Ahmad (2019) stating that innovativeness does not lead to significant changes in SME performance in Pakistan. As the literature shows the different nature of the relationship between innovativeness and financial performance, it is necessary to examine the following research hypothesis:

H1: Entrepreneurial innovativeness positively contributes to financial performance of entrepreneurs.

The contribution of entrepreneurial innovativeness to innovation performance is also shown by the results of previous research. Yodchai, Ly & Tran (2022) state

that firms that develop innovation activities influence the growth of innovation performance. Innovativeness “reinforces and stimulates innovative behaviors that may yield new products, services, or processes” (Rubel, Kee, & Rimi, 2023, p.1285). Nguyen, Nguyen & Nguyen (2023) prove that the entrepreneur’s education and ethnicity influence his innovation and have an indirect influence on innovation performance in SMEs in Vietnam. Rubel, Kee, & Rimi (2023) concluded that innovativeness influences employees to exhibit technology innovation performance. Jianga, Wanga, Zhangc, & Liud (2023) concluded that individual motivation positively promotes innovation performance. They also concluded that “innovation climate moderates the relationship between innovative behavior and innovation performance” (Jianga, Wanga, Zhangc, & Liud, 2023, p.1). Considering the contribution of innovativeness to the creation of innovation performance, it is necessary to examine the following research hypothesis:

H2: Entrepreneurial innovativeness positively contributes to the innovation performance of entrepreneurs.

SAMPLE DESCRIPTION AND RESEARCH INSTRUMENT

Data collection, measurement, and sample description

The sample includes 40 entrepreneurs who did business in the territory of central Serbia in the first quarter of 2024. This region of Serbia was chosen because the reports (Statistical office of the Republic of Serbia, 2022) indicate the growth of the number of companies, the development of employment and the growth of changes in the last few years. Respondents had to meet one of the criteria (Ministry of Economy of the Republic of Serbia, 2021):

- That they have introduced at least one product/service innovation in their production program in the last three years;
- That they introduced at least one innovation in the business process in the last three years;
- That they have achieved cooperation with other companies or institutions regarding innovative activities in the last three years.

To collect the data needed for hypothesis testing, a questionnaire was used. A questionnaire was sent to 504 email addresses of entrepreneurs, of which 40 were returned, so the response rate is 7.94%.

The questionnaire consists of three parts. The first part of the questionnaire includes the socio-demographic characteristics of entrepreneurs and their firms needed to describe the observed sample. The second part of the questionnaire includes statements related to entrepreneurial innovativeness. Items for the innovation assessment are defined based on the paper of Anwar & Saleem (2019) and Al Mamun & Fazal (2018). The third part of the questionnaire consists of observed business performance - innovation performance and financial performance. Items for innovation performance are defined based on the paper of Mardani, Nikoosokhan, Moradi, & Doustar (2018) and Alalwan, Baabdullah, Mahfod, Jones, Sharma, & Dwivedi (2022). Items for financial performance are defined based on the paper of Khan, Nisar, Nasir, Nasir & Siddiqui (2022).

The sample was observed by criteria: company size, number of employees, and years of work experience of entrepreneurial. The sample is dominated by micro firms (77.5%), while small firms make up 20% of the sample and medium-sized firms 2.5% of simple. The largest number of observed entrepreneurs employ “from 1 to 5 employees” (62.5%), followed by entrepreneurs who employ “from 6 to 10 employees” (27.5%), and entrepreneurs with “over 11 employees” make up 10% of the sample. The largest number of observed entrepreneurs have more than 16 years of work experience in the business they are currently engaged in (60%). Next are entrepreneurs “from 11 to 15 years of work experience” (20%), “from 6 to 10 years of work experience” (15%) and “from 1 to 5 years of work experience” (5%). It can be concluded that this structure of respondents is suitable for research, since entrepreneurs with many years of work experience dominate.

RESULTS

Descriptive statistics

The results of descriptive statistics are shown in Table 1. The observed entrepreneurs rated the variable Entrepreneurial innovativeness on average (Mean=3.288). Innovation performance has a higher mean compared to Financial performance (Mean=2.975). The standard deviation is the highest for the value of Entrepreneurial innovativeness (St. Dev=1.189).

Table 1. Descriptive statistics

Variables	Mean	Std. Deviation	Skewness		Kurtosis	
			Statistic	St. Error	Statistic	St. Error
Entrepreneurial innovativeness	3.288	1.189	-0.241	0.374	-0.880	0.733
Innovation performance	3.588	0.962	-1.141	0.374	1.213	0.733
Financial performance	2.975	1.164	-0.395	0.374	-0.493	0.733

Source: Author's research, 2024.

Skewness values have negative and positive values for observed variables, which is the same case with kurtosis values.

The normality of the distribution was testing by the Shapiro-Wilk test since the sample is smaller than 50 observed entrepreneurs. For the observed variables, the value of this test indicates a normal distribution of the data.

Correlation analysis

Correlation analysis is based on observing the direction and strength of the relationship between the observed variables. The results of the correlation analysis are shown in Table 2.

Table 2. Results of correlation analysis

Variables	Entrepreneurial innovativeness	Innovation performance	Financial performance
Entrepreneurial innovativeness	1		
Innovation performance	0.334*	1	
Financial performance	0.306*	0.643**	1

Source: Author’s research, 2024.

The results of the correlation analysis indicate the presence of a strong, positive and statistically significant correlation between innovation performance and financial performance ($\rho=0.643$; $p=0.000$). A medium, statistically significant and positive correlation was observed between the dependent and independent variables. This means that the growth of entrepreneurial innovation conditions the growth of observed business performance.

Reliability analysis

Further analysis involves testing the reliability of the statements used. The assessment is based on the value of Cronbach’s alpha coefficient, and the results are shown in Table 3. The recommended value of Cronbach’s alpha coefficient for the observed findings should be greater than 0.7 (Nunnally, 1978).

Table 3. Reliability analysis

Variables	Value of coefficient Cronbach’s alpha
Entrepreneurial innovativeness	0.774
Innovation performance	0.881
Financial performance	0.968

Source: Author’s research, 2024.

Cronbach’s alpha coefficient values for each variable individually range from 0.968 (Financial performance) to 0.774 (Entrepreneurial innovativeness). Such results indicate the reliability of all analyzed variables.

Regression analysis

The application of regression analysis implies the application of a test for checking multicollinearity and autocorrelation. To check multicollinearity, the Variance inflation factor (VIF) will be used, the allowed value of which is lower than 2.5 (Ramirez, Dieguez-Soto, & Manzaneque, 2021). For the observed regression models, the VIF is 1.446, which means that multicollinearity is not a problem for conducting regression analysis. Autocorrelation is monitored through the Durbin-Watson coefficient, which should have a value lower than 4 for the observed regression models. In the case of the first regression model, the DW is 1,588, while for the second it is 1,520, which means that this condition for conducting the regression analysis is also fulfilled.

Table 4 shows the results of the regression analysis for the impact of entrepreneurial innovativeness on financial performance. It can be concluded that hypothesis

H₁ is accepted, that is, entrepreneurial innovativeness positively contributes to the financial performance of entrepreneurs ($p=0.053$).

Table 4. Model 1 – Entrepreneurial innovativeness and financial performance

Independent Variables	Standard regression model		
	β	t-value	Sig.
Entrepreneurial innovativeness	0.306	1.981	0.053

Dependent variables: Financial performance

*Significant: ** $p \leq 0.01$; * $p \leq 0.055$*

DW = 1.588

R² = 0.306

F = 3.925

p = 0.053

Source: Author's research, 2024.

The coefficient of determination (R^2) or the observed model is 0.306, which means that 30.6% of the variability of financial performance is explained by the regression model, while the rest is influenced by other factors. Based on the value of the β coefficient, it can be concluded that the improvement of entrepreneurial innovativeness by 1 unit of standard deviation leads to financial performance growth by 0.306 units.

Table 5 shows the results of the second regression model. Based on the presented results, it can be concluded that hypothesis **H₂ is accepted**, i.e. entrepreneurial innovativeness positively contributes to the innovation performance of entrepreneurs.

Table 5. Model 2 – Entrepreneurial innovativeness and innovation performance

Independent Variables	Standard regression model		
	β	t-value	Sig.
Entrepreneurial innovativeness	0.334	2.181	0.035

Dependent variables: Innovation performance

*Significant: ** $p \leq 0.01$; * $p \leq 0.05$*

DW = 1.520

R² = 0.334

F = 4.756

p = 0.035

Source: Author's calculation, 2024.

The coefficient of determination (R^2) for the second observed model is 0.334, which means that 33.4% of the innovation performance variability is explained by the regression model, while other factors influence the rest. Based on the achieved value of the β coefficient, it can be concluded that the improvement of entrepreneurial innovativeness by 1 unit of standard deviation leads to the growth of innovation performance by 0.334 units.

DISCUSSION

The research results provided answers to the research questions. First, the study confirmed the impact of entrepreneurial innovativeness on the entrepreneur's financial

performance, which has also been proven in studies by Al Mamun & Fazal (2018) and (Ng & Kee, 2018). The obtained results indicate that entrepreneurial firms must be able to innovatively use tools, procedures and processes in their specialized fields in order to achieve satisfactory business results (Ng & Kee, 2018). These results are consistent with the conclusion of Ng & Kee (2018) that innovation is the most important tool used by entrepreneurial firms as well as the use of key competencies to produce superior performance. Valenza, Balzano, Tani & Caputo (2023) add that innovation is a “determinant element of corporate strategies as it stimulates more productive manufacturing processes and greater financial performances, and contributes to the creation of positive reputations among consumers” (p.90). The fact is that entrepreneurial firms are limited by time and resources but have the flexibility and agility to adapt and innovate. (Ng & Kee, 2018). To promote an innovative approach, entrepreneurs must invest in improving the skills of employees, promoting creative thinking, directing towards an innovative culture and learning orientation, in order to increase innovation and ultimately achieve better financial performance (Ng & Kee, 2018). Entrepreneurs should be careful in these activities because they cause a lot of costs and the financial results can sometimes be unsatisfactory due to improper commercialization of ideas and innovations (Shah & Ahmad, 2019).

The results of the study confirmed the second hypothesis - entrepreneurial innovativeness positively contributes to the innovation performance of entrepreneurs. Nguyen, Nguyen & Nguyen (2023) and (Rubel, Kee, & Rimi, 2023) came to the same results. Such results Nguyen, Nguyen & Nguyen (2023) explain that entrepreneurs with a high level of innovation can create an open atmosphere in companies, perform work activities in a creative and innovative way. Innovative entrepreneurs are “characterized by high level of openness and extrovert (Nguyen, Nguyen, & Nguyen, 2023, p.126), which is also the driver of the creation of new ideas. Entrepreneurs with higher innovation motivation may be more enthusiastic to participate in innovation and more willing to carry out innovative activities to achieve good results (Jianga, Wang, Zhangc, & Liud, 2023). Along with the development of entrepreneurial motivation, other employees are also encouraged to apply innovative practices, to share new knowledge and improve team performance (Jianga, Wang, Zhangc, & Liud, 2023). With the development of entrepreneurial motivation, entrepreneurs improve their abilities and achievements in research and development, have more positive perceptions about innovation, implement more innovative behavior, which is positively reflected in innovation performance (Jianga, Wang, Zhangc, & Liud, 2023).

PRACTICAL IMPLICATIONS

The results of the research can be useful, first of all, to entrepreneurs, since they indicate a moderate degree of development of innovativeness as one of the forms of entrepreneurial orientation. This orientation should be strengthened in the coming period. Without innovation, seeking new opportunities and improving products and processes, small businesses can hardly survive. Secondly, these results should be an alarm for all business associations, in the sense that they should find adequate mechanisms that will encourage the feasibility and financing of innovative entrepreneurial projects.

RESEARCH LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The limitations of the research are twofold. First, sample size is a limiting factor. However, the paper analyzes only innovative entrepreneurs - firms that introduced one of the following three types of innovation: product/service innovation, business process innovation, or cooperation with other innovative companies. This criterion significantly reduces the number of firms that can be part of the sample. The second limitation refers to the components of entrepreneurial innovativeness. The research would have been more comprehensive and would have indicated the innovativeness limitations if it had included the components of entrepreneurial innovativeness. However, the literature review did not reveal that this variable is observed through specific components.

Future research could be based on the observation of entrepreneurial innovativeness through the appropriate components. It would be useful to analyze the impact of entrepreneurial innovativeness on the dimensions of innovation performance - innovation product/service and process innovation. Also, it would be convenient to analyze the orientation of entrepreneurs towards radical or incremental innovations and, based on that, determine what is more dominant and profitable in the entrepreneurial sector of Serbia.

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