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The Influence Of Innovation On Entrepreneurial Behavior Mediated By Creativity Value In The Craft Industry Of Poso Regency

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Abstract

This study investigates how innovation shapes entrepreneurial behavior among craft industry actors, with creativity value examined as a mediating mechanism. This inquiry responds to a persistent gap in the entrepreneurship literature, where innovation among home-based craft producers in economically recovering regions remains under-examined relative to studies conducted in urban small and medium enterprises. Positioned within this gap, the study asks whether innovation translates into entrepreneurial behavior directly or through the intervening role of creativity. A quantitative explanatory design was employed, involving 200 micro-scale craftspeople in Poso Regency selected through simple random sampling from a population of 750 registered producers across 19 sub-districts. Data were gathered using a five-point Likert questionnaire and analyzed with Structural Equation Modeling. The findings reveal that innovation exerts a positive and significant influence on both creativity and entrepreneurial behavior, and that creativity partially mediates the innovation-behavior relationship. This study contributes a context-specific model demonstrating that innovation capacity alone is insufficient without accompanying creative capability to produce adaptive entrepreneurial behavior in micro-scale, resource-constrained craft enterprises.

Keywords: Innovation; Creativity; Entrepreneurial Behavior; Craft Industry

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INTRODUCTION

Innovation is widely regarded as a central driver of entrepreneurial success, enabling small business actors to transform limited resources into competitive products and services. In the craft industry of Poso Regency, Central Sulawesi, home-based producers operate in a setting where market access, technology, and capital remain constrained, making the capacity to innovate—whether in process, product, or management—an essential determinant of business survival and growth. Despite this importance, many micro-scale craftspeople continue to rely on conventional production methods passed down through generations, with limited exposure to new techniques, materials, or market-oriented product development.

Prior studies have established that innovation is a significant antecedent of entrepreneurial performance and behavior across various small and medium enterprise contexts. Tidd's framework on innovation management emphasizes that innovation capability is shaped by an organization's ability to manage change across environment, structure, and performance dimensions, while other studies on Indonesian small and medium enterprises have shown that entrepreneurial orientation and innovation jointly enhance business competence and performance. Complementing this line of inquiry, research on creativity in entrepreneurship suggests that creative capacity functions as a critical link between innovative intent and observable entrepreneurial action, particularly when resources for formal innovation processes are limited.

Nevertheless, a gap remains in the literature regarding how innovation influences entrepreneurial behavior through the mediating role of creativity, specifically within home-based craft industries in post-conflict or economically recovering regions. Most existing studies on innovation and entrepreneurial behavior have concentrated on urban-based small and medium enterprises with relatively greater access to training, capital, and market networks, leaving the dynamics of micro-scale, rural craft producers comparatively unexplored. This gap is significant because the mechanisms through which innovation translates into entrepreneurial behavior may differ substantially in resource-constrained settings, where creativity may play a compensatory role in the absence of formal innovation infrastructure.

Building on this gap, the present study aims to examine the influence of innovation on entrepreneurial behavior, both directly and through the mediating role of creativity value, among craft industry actors in Poso Regency. The novelty of this study lies in situating creativity as a mediating mechanism within a micro-scale, resource-constrained craft economy, offering a contribution that extends innovation and entrepreneurship theory beyond conventional urban

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small and medium enterprise settings.

LITERATURE REVIEW

Research on innovation in small and medium enterprises over the past decade has largely converged on three dimensions: process innovation, product innovation, and management innovation. Process innovation concerns the capacity to transform problems into business opportunities and to generate creative solutions through the collaboration of available resources. Product innovation reflects the ability to create new goods and services, adopt appropriate technology, and utilize existing resources efficiently. Management innovation, meanwhile, involves adaptive capacity, a clear vision for change, and the ability to build partnerships with relevant stakeholders. Studies applying these dimensions in Indonesian small and medium enterprise contexts have consistently found that innovation orientation contributes positively to business competence and performance outcomes.

A parallel body of research has examined creativity as a construct comprising the ability to identify business opportunities, develop new ideas, and generate alternative solutions to business problems. Scholars examining the relationship between innovation and creativity in entrepreneurship argue that creativity functions not merely as an outcome of innovative thinking but as an intervening capacity that enables entrepreneurs to convert innovative ideas into concrete action. This perspective is reinforced by studies linking emotional and cognitive factors to creative and entrepreneurial orientation, which suggest that creativity serves as a psychological bridge between knowledge or capability inputs and observable entrepreneurial outcomes.

Entrepreneurial behavior itself has been theorized through constructs such as self-identity, self-determinance, and self-efficacy, reflecting an individual's confidence in their own capacity to act, make independent decisions, and pursue business goals. When positioned alongside innovation and creativity research, this body of literature suggests a plausible causal chain in which innovation shapes entrepreneurial behavior both directly and indirectly through creativity. However, this chain has rarely been tested empirically within micro-scale craft industries, which is the specific research position this study occupies. Based on this synthesis, the study proposes the following hypotheses: (H1) innovation has a significant influence on entrepreneurial behavior; (H2) innovation has a significant influence on creativity; and (H3) creativity has a significant influence on entrepreneurial behavior.

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RESEARCH METHOD

1. Research approach: explanatory quantitative research design, used to test the causal relationships among innovation, creativity, and entrepreneurial behavior.
2. Type of research data: primary data derived from respondents' perceptions, measured on a five-point Likert scale.
3. Data source: craft industry actors operating micro-scale enterprises in Poso Regency, Central Sulawesi.
4. Technique for determining respondents: simple random sampling applied proportionally across 19 sub-districts, yielding 200 respondents from a population of 750 craftspeople, with sample size determined using the Isaac and Michael formula at a 10% margin of error.
5. Research instrument: a structured questionnaire measuring innovation (process, product, and management innovation indicators), creativity (opportunity creation, idea development, and alternative solution-seeking indicators), and entrepreneurial behavior (self-identity, self-determinance, and self-efficacy indicators).
6. Data collection technique: a combination of questionnaire distribution, direct observation, interviews with business owners, and documentation obtained from the local Office of Cooperatives, Micro, Small and Medium Enterprises, Industry and Trade.
7. Theoretical framework: a three-variable structural model positioning innovation as the exogenous variable, creativity as the intervening variable, and entrepreneurial behavior as the endogenous variable.
8. Data analysis technique: Structural Equation Modeling (SEM), encompassing both the measurement model (confirmatory factor analysis) and the structural model, with hypothesis testing conducted at a significance level of 0.05.
9. Data credibility: instrument validity and reliability were established prior to data collection, with reliability assessed using Cronbach's Alpha coefficient.

RESULT

The measurement model results indicate that all three indicators of innovation—process, product, and management innovation—loaded significantly onto the latent innovation construct. Among these, product innovation, encompassing the capacity to generate new products, adopt technology, and utilize existing resources, emerged as the strongest indicator, followed by management innovation and process innovation respectively.

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The structural model results for the hypothesized paths are summarized in Table 1.

Table 1. Summary of Hypothesis Testing Results

Hypothesis	Path	Coefficient	Remarks
H1	Innovation -> Entrepreneurial Behavior	0.422	Significant ($p < 0.05$)
H2	Innovation -> Creativity	0.826	Significant ($p < 0.05$)
H3	Creativity -> Entrepreneurial Behavior	0.381	Significant ($p < 0.05$)

All three hypothesized paths were statistically significant, indicating that innovation exerts both a direct effect on entrepreneurial behavior and an indirect effect transmitted through creativity.

DISCUSSION

The significant direct effect of innovation on entrepreneurial behavior corroborates prior findings that entrepreneurial orientation and innovation jointly strengthen business competence and performance among Indonesian small and medium enterprises. Craft producers who actively engage in process, product, or management innovation appear more capable of translating that innovative capacity into confident, self-directed entrepreneurial action, consistent with the self-determinance and self-efficacy dimensions of entrepreneurial behavior.

The particularly strong path from innovation to creativity suggests that innovative thinking among craft producers substantially fuels their capacity to identify new opportunities, generate ideas, and devise alternative solutions to business challenges. This finding aligns with research emphasizing creativity's function as a psychological mechanism linking innovative capability to entrepreneurial outcomes, particularly in resource-constrained settings where formal innovation infrastructure is limited. The partial mediating role of creativity observed in this study indicates that innovation does not automatically produce entrepreneurial behavior; rather, its effect is substantially channeled through the creative capacity of the entrepreneur.

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These findings carry practical implications for craft industry development programs in Poso Regency, suggesting that interventions focused solely on introducing new production techniques or technologies may yield limited behavioral change unless accompanied by deliberate efforts to cultivate creative thinking skills among craft producers. Novelty in this study is thus located in demonstrating that, within a micro-scale, post-conflict craft economy, creativity operates as a necessary conduit rather than a peripheral outcome of the innovation-behavior relationship.

CONCLUSION

This study concludes that innovation significantly influences entrepreneurial behavior among craft industry actors in Poso Regency, both directly and through the mediating role of creativity. The findings underscore that innovation capacity must be accompanied by creative capability for entrepreneurial behavior to develop meaningfully in micro-scale, resource-constrained enterprises. This research is limited by its single-region, cross-sectional design, which does not capture how these relationships may evolve over time. Future research is encouraged to extend this model to other regions and to adopt longitudinal designs to better capture the dynamic interplay between innovation, creativity, and entrepreneurial behavior.

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