

Empirical Study on Grassroots Innovation for Entrepreneurship Development with Microfinance Provision as Moderator

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Abstract : The research hypothesis formulated in this paper examines the importance of microfinance provision for entrepreneurship development by engendering a high level of entrepreneurial orientation among the grassroots entrepreneurs. A theoretically well supported empirical framework is proposed to identify the influence of financial services and non-financial services provided by microfinance institutes in strengthening the impact of grassroots innovation on entrepreneurial orientation under resource constraints. In this paper, Grassroots innovation is perceived in three dimensions: new learning practice, localized solution, and network development. The study analyzes the moderating effect of microfinance provision on the relationship between grassroots innovation and entrepreneurial orientation. The paper employed structural equation modelling on 400 data entries from the grassroots entrepreneurs in India. The research intends to help policymakers, entrepreneurs and microfinance providers to promote the innovative design of microfinance services for the well-being of grassroots entrepreneurs and to foster sustainable entrepreneurship development.

Keywords : entrepreneurship development, grassroots innovation, India, structural equation model

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