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## Article

# Fueling recognition of opportunities through innovative behavior: Mediating role of team entrepreneurial passion and team innovation capacity

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## MANAGEMENT | RESEARCH ARTICLE

# Fueling recognition of opportunities through innovative behavior: Mediating role of team entrepreneurial passion and team innovation capacity

Rocio Romani-Torres<sup>1,2\*</sup> and Diego Norena-Chavez<sup>1,2,3</sup>

**Abstract:** Opportunities recognition is a crucial predictor to assess the viability of any business in a competitive, changing, and uncertain market. In this context, researchers have emphasized innovative behavior should be examined as a driver to recognize opportunities. Despite the growing interest in research on the impact of innovative behavior on the recognition of opportunities, studies are surprisingly scarce. This study seeks to determine how innovative behavior impacts on the recognition of opportunities through team entrepreneurial passion and team innovation capacity in a post-pandemic framework, supporting the mediating effects by resource-based vision theory and opportunity recognition theory. Data were collected in face-to-face surveys to 601 decision-makers of small and medium-sized enterprises (SMEs) in a textile cluster in Lima, Peru using a cross-sectional research design by partial least squares structural equation modeling (PLS-SEM). The findings show that (1) innovative behavior has a positive and significant effect on the recognition of opportunities, and (2) team entrepreneurial passion and team innovation capacity mediate this relationship. These findings enrich the theories and the result can serve as the highlights for management, policies designed for innovative behavior, team entrepreneurial passion, and team innovation capacity in business that generates a competitive advantage especially in developing countries.



Rocio Romani-Torres

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**Subjects: Latin American & Hispanic Studies; Work & Organizational Psychology; Entrepreneurship and Small Business Management; Strategic Management; Management Education; Industry & Industrial Studies**

**Keywords: innovative behavior; recognition of opportunities; team entrepreneurial passion; team innovation capacity; SMEs**

## 1. Introduction

In the current business environment, firms are confronted with complex and dynamic market conditions, characterized by intense competition encompassing technological presence (Iqbal et al., 2022). In this context, organizations demand innovative solutions that facilitate the recognition of opportunities (Anwar et al., 2022). Innovative behavior (IB) is an essential element of sustainable growth, value creation, and even survival of businesses in highly competitive and changing environments (Suhandiah et al., 2023; Wang et al., 2022). Nevertheless, despite the existence of a growing interest in the research on the impact of innovative behavior on opportunity recognition, studies are still scarce and even more lacking in small and medium-sized SMEs (Bagheri et al., 2022). Along the same lines, it was proposed that opportunity recognition considers a critical and systematic analysis of relevant market information to acquire knowledge that helps to recognize opportunities (Khanin et al., 2022).

According to this perspective, innovative behavior becomes a determining factor in the generation and implementation of new and valuable ideas, which are conducive to opportunity recognition in businesses (Afsar & Masood, 2018). Kiani et al. (2020) have argued that the entrepreneurial passion of teams is part of the factors that can convey a positive effect on organizations and their innovations. Moreover, it is also plausible that the entrepreneurial passion of teams is positively related to innovative behaviors (Liu & Chen, 2018). Researchers have emphasized that, to better understand the drivers of entrepreneurial performance, shared entrepreneurial passion and innovative behaviors should be examined to recognize entrepreneurial opportunities (Uddin et al., 2022). Despite this, the literature has shown that not all businesses can recognize ideas that need to be transformed into profitable opportunities or discard them (Filser et al., 2020). While there are some studies linking the two variables (Liao et al., 2022), there are still gaps in terms of the effect of entrepreneurial passion considered collectively versus individually and its relationship with innovative behavior (Kiani et al., 2020).

In addition, there may be other variables that mediate the relationship between innovative behavior and opportunity recognition. According to Kumar et al. (2022), innovativeness mediates the performance of solution-focused businesses and innovative behavior. Wang and Ahmed (2004) consider innovative capability as the ability of an organization through its employees to introduce new products to the market or open new markets and include elements of strategic management of organizations linked to innovative behaviors and processes. However, despite the growing evidence of the competitive advantages generated by team capability, researchers agree that studies are still limited and diffuse in understanding its impact on other variables (Mendoza-Silva, 2021).

Our article makes the following contributions to the literature. (1) we extend the empirical knowledge concerning how to impact innovative behavior on the recognition of opportunities through team entrepreneurial passion and team innovation capacity that it is still diffuse in small and medium-sized enterprises SMEs (Bagueri et al., 2022); (2) this study supports the relationship between innovative behavior and opportunity recognition through opportunity recognition theory and the resource-based view theory as drivers for improving positive outcomes of the transcendental team in business management (Baron & Ensley, 2006; Zhu et al., 2022); (3) this article will provide a comprehensive approach to understanding the influence of innovative behavior concerning the recognition of opportunities by enhancing team outcomes as team innovation capacity and team entrepreneurial passion in this context post-pandemic world (Ahsan et al.,

2022; Sari et al., 2023); and (4) it will contribute to the generation of a model of the variables studied that is useful for both academia and the entrepreneurial ecosystem (Boone et al., 2020).

## 2. Literature review

### 2.1. Innovative behavior

An important role in organizations that strive for continuous innovation that goes beyond the employee's job responsibilities is represented by innovative behavior (Norena-Chavez & Guevara, 2020). IB is defined as the cognitive and motivational process (Afsar & Masood, 2018) which focuses on introducing, developing, and implementing new ideas to seek novel solutions to complex and uncertain problems (Scott & Bruce, 1994). It can also be defined as a multistage process in which an individual recognizes a problem, then generates new ideas and solutions, and produces an applicable model useful to the organization (Wang et al., 2022). Hence, innovative behavior is considered a process that enables employees to generate, create, develop, apply, promote, and modify organizational performance (Ali et al., 2020).

### 2.2. Innovative behavior and recognition of opportunities

Recognition of opportunities (RO) is the capacity to identify new goods, services, commodities, markets, and methods through new approaches that can potentially change the conditions of economic exchange (Khanin et al., 2022; Rahman et al., 2022). Baron and Ensley (2006) selected dimensions for this opportunity recognition by mentioning: problem recognition, willingness to work capital, risk management, above average product or service, and ability to change the industry or sector. This relationship is supported by opportunity recognition theory (Baron & Ensley, 2006), which suggests that experience, interpretation or perception of change, and knowledge influence the cognitive framework of patterns that enable a search and alertness to contribute to the RO contribution of firms. In addition, entrepreneurs are innovative because they see opportunities in the marketplace and act on them (Anwar, 2023; Chang et al., 2022). This ability to see opportunities encompasses a range of personal traits and external factors, such as the state of the market, technological changes, and social trends (Singh et al., 2022). Innovative firms that support and inspire the generation of new ideas are aligned with the first link of opportunity recognition (Qader et al., 2022; Rahman et al., 2022). Likewise, the literature points to a positive association between innovative start-ups and opportunity recognition in emerging market firms (Caniëls & Motylska-Kuźma, 2023). Based on the above discussion, the following hypothesis is proposed.

**H1:** Innovative behavior has a positive and significant impact on opportunity recognition.

### 2.3. Innovative behavior and team entrepreneurial passion

Entrepreneurial passion is defined as positive feelings consciously experienced through participation in entrepreneurial activities related to meaningful and meaningful roles for the entrepreneur's own identity (Cardon et al., 2009). According to Newman et al. (2021), entrepreneurial passion can be presented individually and in team. This article will focus on team entrepreneurial passion with the thematic focus of its activities, as most new ventures are started by entrepreneurial teams that present challenges to form their ventures with limited resources and uncertain success (De Mol et al., 2020).

This relationship is explained through the resource-based vision theory postulates that a team's entrepreneurial passion is interdependent and can facilitate the identification of opportunities (Alfoqahaa, 2018)). Furthermore, it adopts an inside-out perspective, arguing that its internal resources and internal capabilities are limited, inimitable, non-substitutable, and nonreplaceable resources are better equipped to recognize and act on opportunities for innovation (Ciampi et al., 2020). Kiani et al. (2020) argue that team entrepreneurial passion is one of the factors that can

enhance or convey a positive effect on organizations and their innovations. Furthermore, it is also plausible that team entrepreneurial passion for different activities is positively related to innovative behaviors that impacted organizational innovation (Kiani et al., 2020). Researchers have emphasized that to better understand the drivers of start-up performance, shared entrepreneurial passion and innovative behavior should be examined for start-up opportunity recognition (Uddin et al., 2022). On the other hand, while entrepreneurial passion is conceptualized as an intense and positive emotion, aligned with productive and innovative outcomes, in some cases it can have negative effects (Murnieks et al., 2020). Given this discussion, the following hypothesis was proposed:

**H2:** Team entrepreneurial passion has a positive and significant impact on innovative behavior.

#### **2.4. Team entrepreneurial passion and recognition of opportunities**

There are still contradictions about how team entrepreneurial passion can impact opportunity recognition in organizations, given the limited number of publications on the effect of team entrepreneurial passion and opportunity recognition (Luu & Nguyen, 2021). On the one hand, De Mol et al. (2020) and Mueller et al. (2017) found that while team entrepreneurial passion was not related to a time horizon, occurring both in the short term and in the long term in a work team, they also observed that greater diversity in a team negatively influenced team entrepreneurial passion (TEP) and opportunity recognition. On the other hand, some research found that TEP played an important role in the learning process for opportunity recognition (Cardon et al., 2009).

This article proposes that the relationship between team entrepreneurial passion and opportunity recognition was supported by the resource-based view theory RBV, in which positive feelings and identity that are shared in a group are indicative of team performance (Ahsan et al., 2022). Furthermore, Costa et al. (2018) found that the relationship between team entrepreneurial passion and opportunity recognition plays a crucial role in entrepreneurship. In this regard, Cardon et al. (2009) proposed that entrepreneurial passion has a mediating and also moderating effect on some organizational performance variables, such as entrepreneurial cognitive formation and business opportunity recognition (Ngah et al., 2020). Moreover, the higher the entrepreneurial passion, the better the ability to recognize business opportunities (Su et al., 2022). Consequently, the following was formulated:

**H3:** Team entrepreneurial passion has a positive and significant impact on the recognition of opportunities.

#### **2.5. The mediating role of team entrepreneurial passion in the relation to innovative behavior and recognition of opportunities**

Based on the literature review, a gap in research linking the three variables of team entrepreneurial passion, innovative behavior, and opportunity recognition is identified (Newman et al., 2021; Wang et al., 2022). This article is supported by resource-based vision theory because it posits that a team's entrepreneurial passion is interdependent and can facilitate opportunity identification (Alfoqahaa, 2018). Entrepreneurial opportunities are more likely to be identified and successfully exploited by passionate and innovative teams with specialized skills, networks, and expertise and consequently, RO could be positively influenced by the entrepreneurial passion of the team (Zhu et al., 2022). This would mean that teams with entrepreneurial passion may be more motivated and interested in recognizing new opportunities (Qader et al., 2022). Hence, the following hypothesis was proposed:

**H4:** Team entrepreneurial passion mediates the relationship between innovative behavior and recognition of opportunities.

### **2.6. Innovative behavior and team innovation capacity**

Team innovative capacity (TIC) is defined as the skills and knowledge required to appropriately incorporate and improve existing technologies and create new ones (Romijn & Albaladejo, 2002). Wang and Ahmed (2004) conceptualized TIC as an organization's innovation related capability to introduce new products to the market or open new markets, including elements of the organization's strategic management with innovative behaviors and processes (Wang & Ahmed, 2004).

The relationship between team innovativeness and innovative behavior is supported by the resource-based vision theory (Alfoqahaa, 2018), as by fostering innovative capabilities, teams can be better complemented with innovative behavior to recognize and seize entrepreneurial opportunities (Battistella et al., 2017), and firms need to invest in their collaborative innovativeness by engaging in participatory innovation activities (Rampa & Agogué, 2021). Based on the above-mentioned literature, the hypothesis was proposed:

**H5:** Team innovation capacity has a positive and significant impact on innovative behavior.

### **2.7. Team innovation capacity and recognition of opportunities**

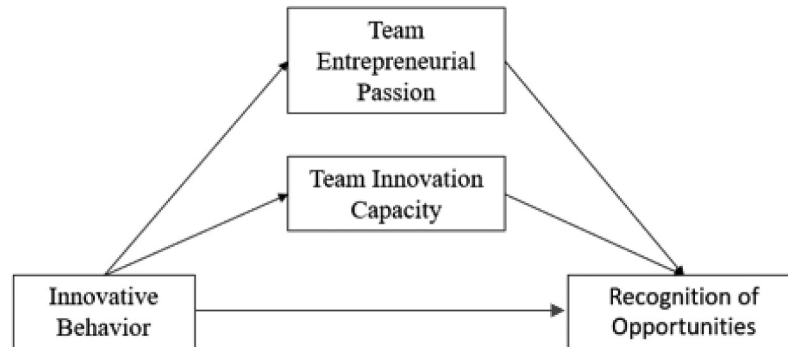
Although the opportunity recognition is present in all firms, there is a difference in that, in small firms, it is perceived more intuitively and improvisationally, whereas, in large firms, it is more structured (Alim et al., 2022; Costa et al., 2018). It is a cognitive process, identifies an opportunity and can significantly generate profits, growth, or competitive positioning; consequently, leading to innovation (Kim et al., 2018). In the addition to opportunity recognition, the literature mentions team innovation capability as a strategic issue, as a team characteristic is the ability of an organization to introduce and implement new products, and processes to the market (Kanchanabha & Badir, 2021). This relationship between ICT and RO is supported by the resource-based vision theory, as by fostering innovative capabilities, teams can optimize their abilities to recognize and leverage entrepreneurial opportunities (Battistella et al., 2017). Likewise, acquiring new entrepreneurial competencies to acquire and integrate new knowledge into the organization (Weber & Heidenreich, 2018). Based on this discussion, the following hypothesis was proposed.

**H6:** Team innovation capacity has a positive and significant impact on the recognition of opportunities.

### **2.8. The mediating role of team innovation capacity in the relation to innovative behavior and recognition of opportunities**

Innovation capacity is of interest to researchers considering its influence on the performance outcomes and quality improvement of an innovative organization (Kumar et al., 2022). Likewise, the innovative capability is related to the skills and knowledge required to properly incorporate existing technologies and create new ones (Romijn & Albaladejo, 2002). Consequently, the research considers that new products in the market are related to innovative behavior (Wang & Ahmed, 2004). The mediating effect of team innovativeness on the relationship between innovative behavior and opportunity recognition is supported by the resource-based view RBV theory which states that firms with valuable, scarce, inimitable, and irreplaceable resources are significantly better able to recognize and act on innovation opportunities (Ciampi et al., 2020), generating a competitive advantage in the textile industry. The success of companies in competitive and complex environments can be enhanced by investing in team-based innovation resources and capabilities (Slater et al., 2014). Hence, the following hypothesis was proposed:

Figure 1. Research framework.



**H7:** Team innovation capacity mediates the relationship between innovative behavior and recognition of opportunities.

The literature overview allowed us to elaborate the research model as follows (Figure 1):

### 3. Research methodology

The research design was cross-sectional, and a cluster stratified probability sampling method was used. Data were collected from November 2022 to February 2023. The research team visited business owners and conducted all face-to-face sessions for data collection. The study targeted the main business cluster, It concentrates the largest number of entrepreneurs in the country and businesses in Latin America. The investigation was specifically in small and medium-sized enterprises (SMEs) with more than five years of operations in the textile sector in the Gamarra Commercial Emporium (GCE) in the district of La Victoria in Metropolitan Lima in Peru. The respondents were only the decision-makers, i.e., mostly the owners of the sampled companies. All participants were informed about the objectives and scope of the research. They also signed a consent form, certifying that participation was voluntary. It was indicated that the data will not be used for commercial purposes and a special protocol for data collection was followed. The data collected through the surveys was face-to-face and the data were collected using printed copies of the survey. During the data collection period, 601 eligible responses were collected.

#### 3.1. Participants

The average age of the participants was 37.62 years ( $SD=9.68$ ). Of the total number of participants, 72.2% were female and 27.8% were male. Regarding the level of education, 51.7% have a secondary education, followed by technical level with 38.8% and university level with 8%. Concerning previous experience in other entrepreneurship initiatives, 62.6% had a previous experience while 37.4% had no experience. as seen in Table 1.

#### 4. Measures

This empirical study were based on the innovative behavior scale (IB), we used the six items proposed by Scott & Bruce (1994). The recognition of entrepreneurial opportunities (RO) was measured through three items derived from Ozgen and Baron (2007) which measures the self-perceived alertness in recognizing opportunities. Team entrepreneurial passion (TEP) was assessed using 13 items (Cardon et al., 2013). Lastly, the team innovation capacity (TIC) by three items (Subramaniam & Youndt, 2005) which focuses on team based incremental innovation capabilities. A Likert scale was used for measuring all items with five points ranging from 1 (strongly disagree) to 5 (strongly agree) and included 25 questions.



**Table 1. Sample characteristics**

<b>Sociodemographic Data</b>	<b>Characteristic</b>	<b>Frequency (f)</b>	<b>Percentage (%)</b>
Gender	Female	434	72.21
	Male	167	27.79
	Total	601	100.00
Age	21 to 30 years	170	28.28
	31 to 40 years	241	40.10
	41 to 50 years	136	22.63
	51 to 60 years	39	6.49
	More than 61 years	15	2.50
	Total	601	100.00
Educational level	Elementary level	9	1.50
	Secondary level	311	51.74
	Technical level	233	38.76
	University level	48	8.00
	Total	601	100.00
Previous experience with other entrepreneurial ventures	Si	376	62.56
	no	225	37.44
	Total	601	100.00
Years of business operation	5 to 10 years	423	70.38
	11 to 15 years	91	15.14
	15 to 20 years	61	10.15
	More than 20 years	26	4.33
	Total	601	100.00
Number of employees under your responsibility	1 to 10 employees	499	83.03
	11 to 20 employees	61	10.15
	21 to 50 employees	30	4.99
	More than 50 employees	11	1.83
	Total	601	100.00

**5. Data analysis**

Smart-PLS 4 was utilized for the analysis of data. PLS-SEM requires two steps: measurement and structural model assessment (Ringle et al., 2019). The specifications measurement model selects constructs that have a high indicator load, convergence, compound reliability (CR), and discriminant validity. The path coefficient magnitude and amplitude are examined by the bootstrap evaluation of the structural model. Preacher and Hayes (2008) propose the most comprehensive method for evaluating mediation, which is best suited to PLS-SEM (Hair et al., 2014).

In addition to the investigation of outer loadings, Cronbach’s alpha and composite reliability were used to assess the dependability of the construct. All of the study’s constructs demonstrated acceptable reliability above the 0.70 thresholds, according to the investigation’s findings. In addition to measuring concept reliability, AVE is used to assess convergent validity. The results demonstrate acceptable convergent validity because the AVE was greater than 0.500. Table 3 displays the dependability and validity of the model.

The discriminant validity was determined by comparing the correlations among the latent variables to the square root of AVE (Fornell & Larcker, 1981)

## 6. Results

### 6.1. Measurement model assessment

PLS-SEM analysis begins with the evaluation of the measurement model, which ensures construct reliability, convergent validity, and discriminant validity. Initially, the factor loadings were evaluated. Although factor loadings greater than 0.70 are preferred, social science researchers typically obtain peripheral loadings of less than 0.70. Despite eliminating indicators immediately, it is necessary to analyze the effects of the item's removal on the composite reliability, content, and convergent validity. Items with outer loadings between 0.40 and 0.70 shall only be removed if deletion increases composite reliability or extracted average variance (AVE) above the designated range (Hair et al., 2019). The factor loading of the measurement model is shown in Figure 2.

In addition to the investigation of outer loadings, Cronbach's alpha and composite reliability were used to assess the dependability of the construct. All of the study's constructs demonstrated acceptable reliability above the 0.70 thresholds, according to the investigation's findings. In addition to measuring concept reliability, AVE is used to assess convergent validity. The results demonstrate acceptable convergent validity because the AVE was greater than 0.500. Table 2 displays the dependability and validity of the model.

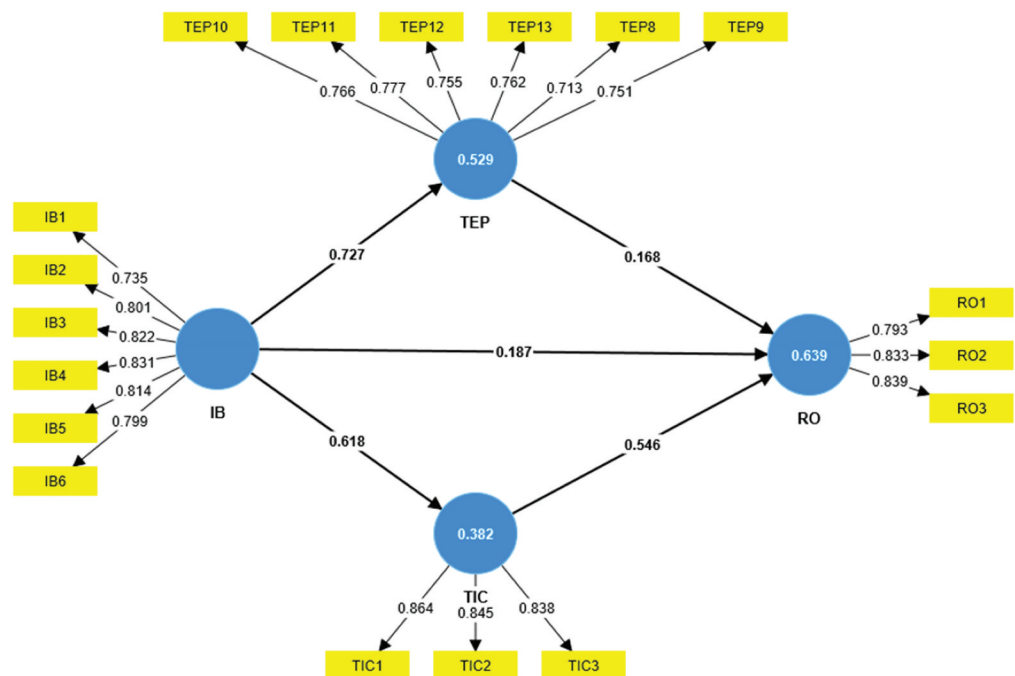
The discriminant validity was determined by comparing the correlations among the latent variables to the square root of AVE (Fornell & Larcker, 1981) The discriminant validity is therefore demonstrated. The discriminant validity results are shown in Table 3.

## 7. Significance in the prediction of the constructs

### 7.1. Structural model

Next, the structural model is assessed to substantiate the proposed relationships, The structural model reflects the paths hypothesized in the research framework.

Figure 2. Measurement model analysis.



**Table 2. Assessment of the measurement model through reliability and validity**

Construct	Item	Outer loadings	Cronbach's alpha	Composite reliability (rho_c)	Average variance extracted (AVE)
Team Innovation Capacity	TIC1	0.864	0.807	0.886	0.721
	TIC2	0.845			
	TIC3	0.838			
Innovative Behavior	IB1	0.735	0.888	0.915	0.641
	IB2	0.801			
	IB3	0.822			
	IB4	0.831			
	IB5	0.814			
	IB6	0.799			
Team Entrepreneurial Passion	TEP10	0.766	0.848	0.888	0.569
	TEP11	0.777			
	TEP12	0.755			
	TEP13	0.762			
	TEP8	0.713			
	TEP9	0.751			
Recognition of Opportunities	RO1	0.793	0.760	0.862	0.676
	RO2	0.833			
	RO3	0.839			

**Table 3. Fornell-Larcker criterion**

	TIC	IB	EP	RO
TIC	0.849			
IB	0.618	0.801		
EP	0.576	0.727	0.754	
RO	0.759	0.647	0.619	0.822

Assessing R2, the results reveal that a 52.9% change in team entrepreneurial passion can be accounted for by innovative behavior. 38.2% change in team innovation capacity can be accounted for innovative behavior. 63.9 % change in recognition of opportunities can be accounted to team entrepreneurial passion and team innovation capacity. Further, Q2 establishes the predictive relevance of the endogenous constructs. A Q2 above 0 shows that the model has predictive relevance. The results show that there is significance in the prediction of the constructs, as shown in Table 4.

H1 evaluates whether innovative behavior has a positive and significant impact on the recognition of opportunities. The results revealed that innovative behavior has a positive and significant impact on the recognition of opportunities ( $\beta = 0.187, t = 4.050, p = 0.000$ ). Hence, H1 was supported. H2 evaluates whether innovative behavior has a positive and significant impact on team entrepreneurial passion. The results revealed that innovative behavior has a positive and significant impact on team entrepreneurial passion ( $\beta = 0.727, t = 25.539, p = 0.000$ ). Hence, H2 was supported. H3 evaluates whether team entrepreneurial passion has a positive and significant impact on the recognition of opportunities. The results revealed that team entrepreneurial passion has a positive and significant impact on the recognition of opportunities ( $\beta = 0.168, t = 4.110, p =$

**Table 4. Path coefficients and bootstrapping results**

	$\beta$	ST	T statistics	P values
IB -> RO (H1)	0.187	0.046	4.050	0.000
IB-> TEP (H2)	0.727	0.028	25.539	0.000
TEP -> RO (H3)	0.168	0.041	4.110	0.000
IB -> TIC (H5)	0.618	0.036	17.084	0.000
TIC -> RO (H6)	0.546	0.034	16.027	0.000
	<b>Q<sup>2</sup> predict</b>			
TIC	0.379			
EP	0.526			
RO	0.416			

0.000). Hence, H3 was supported. H5 evaluates whether innovative behavior has a positive and significant impact on team innovation capacity. The results revealed that innovative behavior has a positive and significant impact on team innovation capacity ( $\beta=0.618$ ,  $t=17.084$ ,  $p=0.000$ ). Hence, H5 was supported. H6 evaluates whether team innovation capacity has a positive and significant impact on the recognition of opportunities. The results revealed that team innovation capacity has a positive and significant impact on the recognition of opportunities ( $\beta=0.546$ ,  $t=16.027$ ,  $p=0.000$ ). Hence, H6 was supported.

### 7.2. Mediation analysis

Mediation analysis was performed to assess the mediating role of TEP and TIC in the relationship between innovative behavior and recognition of opportunities. H4 evaluates if team entrepreneurial passion mediates the relationship between innovative behavior and recognition of opportunities. TEP was found to have a significant and complementary mediating role in the relationship between IB and RO ( $\beta=0.122$ ,  $t=3.975$ ,  $p=0.000$ ). Hence H4 was supported. H7 evaluates if TIC mediates the relationship between innovative behavior and recognition of opportunities. TEP was found to have a significant and complementary mediating role in the relationship between innovative behavior and recognition of opportunities ( $\beta=0.338$ ,  $t=12.499$ ,  $p=0.000$ ). Hence H7 was supported. See Table 5. Mediation analysis. See Table 5.

## 8. Discussion

The findings demonstrated a positive and significant direct impact of innovative behavior on opportunity recognition (H1). These results align with previous research by Friedman and Ormiston (2022) and Flamini et al. (2022), which also observed a similar positive and significant relationship between innovative behavior and opportunity recognition. The outcomes further support the opportunity recognition theory, emphasizing that entrepreneurs' innovativeness arises from their ability to identify and act on market opportunities (Anwar et al., 2022). This capacity to perceive opportunities often results from a combination of personal attributes and external factors, such as market conditions, technological advancements, and societal trends (Singh et al., 2022).

The study found that innovative behavior has a positive and significant impact on team entrepreneurial passion (H2). The results complemented the existing research that has found a positive and significant impact of innovative behavior on team entrepreneurial passion (Adomako & Ahsan, 2022). The results support the resource-based view theory, according to the resource-based view theory, innovative behavior is an essential resource that can boost team entrepreneurial passion (Li et al., 2022). By cultivating innovative capabilities, teams can become better equipped to recognize and capitalize on entrepreneurial opportunities, which can in turn fuel their passion for entrepreneurship (Battistella et al., 2017). Innovative behavior can help a team find and take advantage of entrepreneurial opportunities, which can make the innovative capacity

**Table 5. Mediation analysis**

Total Effect	$\beta$	T statistics	P values	Direct Effect	$\beta$	T statistics	P values	Hypotheses	$\beta$	SD	T statistics	P values
IB-> RO	0.647	17.698	0.000	IB-> RO	0.187	4.050	0.000	IB -> TEP -> RO (H4)	0.122	0.031	3.975	0.000
								IB -> TIC -> RO (H7)	0.338	0.027	12.499	0.000

a differentiating element (Gundry et al., 2014). When teams do things that are new and different, they may be more likely to find new opportunities that they are excited about. Also, being able to successfully innovate can boost the confidence and motivation of a team, which can lead to a greater passion for entrepreneurship (González-González & García-Almeida, 2021).

The study revealed a positive and significant impact of team entrepreneurial passion on opportunity recognition (H3). These findings align with prior research by Costa et al. (2018), which also observed a similar positive and significant relationship between team entrepreneurial passion and opportunity recognition. The results lend support to the resource-based view theory, suggesting that a team's entrepreneurial passion is interdependent and can facilitate the identification of opportunities (Alfoqahaa, 2018). Successful identification and exploitation of entrepreneurial opportunities are more likely to occur when passionate and innovative teams possess specialized knowledge, skills, and networks (Liao et al., 2022). Team entrepreneurial passion strongly influences the recognition of opportunities, as passionate teams tend to be more motivated and proactive in seeking new opportunities (Fu et al., 2022). Furthermore, such passion-driven teams exhibit increased self-assurance and originality, enhancing their ability to recognize and pursue entrepreneurial opportunities (Norena-Chavez & Guevara, 2020).

It is also found that innovative behavior has a positive and significant impact on team innovation capacity (H5). The results complemented the existing research that has found a positive and significant impact of innovative behavior on the recognition of team innovation capacity (Mehmood et al., 2022). The results support the resource-based view theory, the capabilities and resources of a team can also enhance its innovative capacity (Lopez-Vega & Lakemond, 2022). Innovative solutions to complex problems are more likely to be developed by teams with specialized knowledge, skills, and experience (Mitchell & Boyle, 2021). Similarly, teams with robust networks and relationships may have access to external resources and information that can boost their innovation capacity (Lin et al., 2022).

Besides, team innovation capacity has a positive and significant impact on the recognition of opportunities (H6). The results complemented the existing research that has found a positive and significant impact of team innovation capacity on the recognition of opportunities (Montreuil et al., 2020). The results support the resource-based view theory, the team innovation capacity is a significant factor in the identification of opportunities (Kleinschmidt et al., 2007). When teams have a high capacity for innovation, they are better equipped to identify and develop new ideas and solutions that can be used to address market needs and consumer preferences (Lüthje & Herstatt, 2004). This can improve the team's capacity to identify entrepreneurial opportunities and create new business models and strategies.

Next, the mediating analysis results are discussed. The results show a positive and significant indirect effect of innovative behavior on the recognition of opportunities through team entrepreneurial passion (H4). This shows that innovative behavior can be a significant influence on how team entrepreneurial passion can improve recognition of opportunities in the textile industry (Magenda et al., 2021). The results are in line with the resource-based view, RBV theory asserts that firms with valuable, uncommon, inimitable, and non-replaceable resources are better equipped to recognize and act on opportunities for innovation (Ciampi et al., 2020). Team innovation capacity was found to have a significant mediating role in the relationship between innovative behavior and recognition of opportunities in textile companies (H7). This shows that innovative behavior can be a significant influence on how team innovation capacity can improve the recognition of opportunities (Kim et al., 2018). The results are in line with the resource-based view, the RBV theory suggests that firms with a strong team innovation capacity are better equipped to identify and act on opportunities for innovation (Bojica et al., 2017), which can result in a competitive advantage in the textile industry. Firms can position themselves for success in an increasingly competitive market by investing in resources and capabilities that enhance innovative behavior and team innovation capacity (Slater et al., 2014).

### **9. Limitations and strengths**

Some limitations that are worth addressing. First, this study utilizes a cross-sectional design, the data collected can only represent a single instant in time and cannot accurately document dynamic changes. In this approach, longitudinal data collection research could be considered further to demonstrate cause and dynamic impact mechanisms. Second, this study has evaluated Peru. Future research should incorporate different countries and sectors. Third, future studies can investigate additional mediating variables, such as intellectual capital, knowledge management systems, and innovative team behavior. Finally, future research may evaluate additional moderating variables, such as entrepreneurial leadership and project success.

Despite its limitations, this study has strengths that must be emphasized. First, this article extended the existing literature by analyzing the relationship between team innovation capacity, innovative behavior, team entrepreneurial passion, and recognition of opportunities. Second, the study highlights the importance of team outcomes, such as team entrepreneurial passion and team innovation capacity to improve the recognition of opportunities. Finally, it used an extensive entrepreneur's textile sample; and fourth, the scales used to collect the data underwent psychometric validation.

### **10. Theoretical implications**

The paper is effective in providing a relevant paper on innovative behavior and entrepreneurial passion to address concerns in recognizing opportunities. Furthermore, this paper supports the resource-based vision theory that innovative behavior is a main element that can promote entrepreneurial passion in teams (Li et al., 2022). Also, it supports the opportunity recognition theory, as through a mix of innovative behaviors combining personal traits, external factors, entrepreneurs identify opportunities in the market and focus on acting on these opportunities and trends (Anwar et al., 2022; Singh et al., 2022).

### **11. Implications for practice**

This research can serve as a basis for policies, plans for public and private organizations on engaging innovative behavior at work, entrepreneurial passion in teams, generating competitive advantage. Likewise, SME's owners who often depend on low prices to survive and grow, should explore innovative behavior to foster entrepreneurial team passion for opportunity recognition. To foster entrepreneurial development governments should offer entrepreneurial training classes that team results and innovation results, as well as classes that encourage employees to recognize and pursue an environment of innovation to enhance opportunity recognition.

### **12. Conclusions**

This article this article contributes to the existing literature on innovative behavior and its impact on opportunity recognition. By drawing on opportunity recognition theory and resource-based view theory, this study employs a serial mediation model to investigate the mechanisms through which innovative behavior leads to the recognition of opportunities. This research is significant for several reasons. Firstly, it fills a gap in the literature by examining the mediating effects of team entrepreneurial passion and team innovation capacity in the relationship between innovative behavior and opportunity recognition, which has not been explored in previous studies. Secondly, the analysis of team entrepreneurial passion and team innovation capacity as mechanisms to enhance positive team outcomes is highly relevant in the context of the work environment (Zhu et al., 2022). This research contributes to a better understanding of how innovative behavior can positively influence the recognition of opportunities by fostering team outcomes such as team entrepreneurial passion and team innovation capacity. By shedding light on these mechanisms, this study provides valuable insights for organizations and practitioners seeking to promote innovation and seize opportunities for growth and success. Future research can build upon these findings by exploring additional factors and contexts that may influence the relationship between innovative behavior and opportunity recognition, further enriching our understanding of this important phenomenon.

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