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A quantitative analysis on corporate longevity and managing disruptive innovation

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Abstract
From the neo-classical period to the modern management era, the growth and collapse of enterprises in high technology sectors under the aegis of disruptive innovation has interested several researchers in economics, technology management, and business strategy, among others. The research seeks to determine the effect of disruptive innovation management on business lifespan. A structured questionnaire was circulated amongst 57 respondents from the employees working in manufacturing industries at Coimbatore district and primary data was gathered. The study was conducted using statistical methods such as percentage analysis, Correlation and regression analysis. The study's results reaffirmed the belief that disruptive innovation, when handled properly, may result in successful entrepreneurial endeavours and company longevity.

Keywords: Innovation, disruptive innovation, corporate longevity, business model, entrepreneurial development

1. Introduction

The rise and fall of firms in high technology industries under the umbrella of disruptive innovation has been a theme of inquiry that has fascinated many scholars in economics, technology management and strategy, among others, from the neo-classical period to the contemporary management era (Adner, 2002). The term 'disruptive innovation' refers to a new technology that has both lower cost and performance in relation to existing dominant design and takes on a different trajectory from mainstream technologies in the market (Christensen, 2006). The relationship between talent management and innovation management is also congruent in nature (Sowmya, G., & Dhanabhakyam, M., 2021) [7]. The proper usage of innovation management and talent management result in psychological contract of employees (Dhanabhakyam, M., & Sowmya, G, 2020) [13].

Christensen, (2006) highlighted the value of building a normative theory of disruption, citing the work of Adner (2002). Nevertheless, research in this area is still preoccupied with building descriptive theory through the development of better typologies and categorisation and through seeking anomalies considered as disruptive innovation (Christensen, 2006). Importantly, there has been little research conducted on strategies that can guide CEOs and general managers to create disruptive innovation and/or to protect their businesses from being disrupted in the market. The authors believe that knowledge of and capability to create and cope with disruptive innovation is critical for corporate longevity, especially for firms operating in a fast-changing environment. It is difficult to manage the resistance of employees related with changing an existing technology (Dhanabhakyam, M., & Monish P., 2019) [19]. Eventually it may leads to job burnout of employees ((Dhanabhakyam, M., & Mufliha S., 2016) [20]. The limitation of talent management can actually be overcome with a proper innovation management in place (Dhanabhakyam, M., & Sowmya, G., 2018) [10].

Disruptive innovation can be described as a form of entrepreneurial opportunity that is radical rather than incremental in nature (Eckhardt & Shane, 2003) [3]. A pro-innovative approach by the management towards innovation may boost the employee morale and contribute substantially to the firm's competitiveness (Dhanabhakyam, M., &. N.Shreejaa, 2018) [10]. Any discussion of entrepreneurship may be incomplete without reference to one of its core concepts: uncertainty. Uncertainty is a key element of the theory of entrepreneurial action (McMullen & Shepherd, 2006) [9]. Workforce, recently need to be more agile to respond quickly and effectively with all the uncertain and disruptive innovative changes happening in the business environment (Elanthi, M. B., & Dhanabhakyam, M., 2021) [2]. Entrepreneurship research makes a distinction between 'risk', which is calculable and knowable, and 'Knightian uncertainty' (or true uncertainty), which is incalculable and unknowable (Miller, 2007) [12]. The ideas of talent management and innovation management actually coexist in an organization (Dhanabhakyam, M., & Sowmya, G. 2018) [8].

SMEs are key players in the global landscape, especially in emerging economies. According to the World Bank, SMEs account for 90% of businesses and more than 50% of jobs. SMEs around the world focus on services, which are characterized by low access costs and low resource requirements. However, there is also a large diversity of SMEs due to different market conditions. (Dhanabhakyam, M., & Emil Joseph 2021) [7]. SMEs plays an important role in sustainable development (Dhanabhakyam, M., & Monish P., 2021) [18-19].

Recent trends towards open (distributed) innovation or the notion of 'collective intelligence', recognises that the 'wisdom of is the generally missing from the theory of disruptive innovation (Gassmann *et al.*, 2017; Surowiecki & Silverman, 2007) [6-18]. The least explained locus of disruptive innovation among these in the literature is the consumer as lead-user innovator, which is growing rapidly in the literature on innovation and technology management (Oliveira & von Hippel, 2011) [14]. Innovation and resistance is considered as one of the major source of employee grievances (Dhanabhakyam, M., & Monish P., 2018) [18-19].

Drawing on the theory of entrepreneurial logic (Sarasvathy, 2001) [16], the theory of entrepreneurial action (McMullen & Shepherd, 2006) [9], as well as the definition of entrepreneurial dynamics (Mckelvey, 2004) [1], entrepreneurship is defined here as the formation of new artefacts at the product and firm level that replaces old with new value through entrepreneurial action under conditions of uncertainty and change.

2. Objectives of the study

1. To analyse the socio demographic profile of the respondents.
2. To measure the relationship between Disruptive Innovation and Corporate Longevity.
3. To measure the impact of Corporate Longevity on Disruptive Innovation.

3. Research methodology

The study uses a convenience sampling technique for the selection of respondents. 60 respondents were selected, and a structured questionnaire was circulated among them for collection of primary data. 57 entries were found to be extensive, and 3 entries were rejected due to incomplete entries. Statistical tools such as percentage analysis, correlation and regression analysis were employed to analyse the data. The analysis data has been interpreted and findings have been discussed leading to the conclusion.

4. Analysis and Discussions

Table 1: Demographic variables

Demographic factors	Variables	Frequency	Percent	%
Gender	Male	32	56.1	100
	Female	25	43.9	
Age Group	Up to 30 years	12	21.1	100
	31 to 40 years	15	26.3	
	41 to 50 years	16	28.1	
	Above 50 years	14	24.6	
Years of Experience	<2 years	10	17.5	100
	2 to 5 years	15	26.3	
	6 to 10 years	13	22.8	
	Above 10 years	19	33.3	

According to the above table, 56.1 percent of the respondents were male, and 43.9 percent were female. 21.1 percent of the respondents were younger than 30 years and except 17.5 percent of the respondents, others had more than 2 years' experience.

Null Hypothesis (H_0): There is no significant correlation between Managing Disruptive Innovation and Corporate Longevity.

Table 2: Relationship between Managing Disruptive Innovation and Corporate Longevity

Correlation			
		Managing Disruptive Innovation	**Corporate Longevity**
Managing Disruptive Innovation	Pearson Correlation	1	.589**
	Sig. (2-tailed)		.000
	N	57	57

**. Correlation is significant at the 0.01 level (2-tailed).

The above table shows that the Pearson Correlation (r) value for the Managing Disruptive Innovation and Corporate Longevity is 0.589 and the significant p-value is resulted at less than 0.05. Hence the result concluded that there is a significant correlation between Managing Disruptive Innovation and Corporate Longevity.

Null Hypothesis (H0): There is no significant the impact of disruptive innovation for entrepreneurial development and corporate longevity.

Table 3a: Impact of Disruptive innovation on corporate longevity

Model Summary [b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	.439[a]	.193	.178	1.20850	1.553

a. Predictors: (Constant) - Disruptive innovation for entrepreneurial development
b. Dependent Variable: corporate longevity

Table 3b: Impact of Disruptive innovation on corporate longevity

ANOVA [b]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	19.183	1	19.183	13.135	.001[a]
	Residual	80.326	55	1.460		
	Total	99.509	56			

a. Predictors: (Constant) - Disruptive innovation for entrepreneurial development
b. Dependent Variable: corporate longevity

The model reveals that R (multiple correlation coefficients) value was 0.439, which indicates 43.9% relationship between the corporate longevity and Disruptive innovation for entrepreneurial development. R Square (Coefficient of Determination) value was 0.193. It means that about 19.3% of the variation in the corporate longevity is due to Disruptive innovation for entrepreneurial development.

Table 4: Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.263	.877		.300	.766
	Impact of Disruptive innovation on corporate longevity	.097	.027	.439	3.624	.001
Dependent Variable: corporate longevity						

Estimated Multiple Regression Equation

$Y = 0.263 + 0.097 (X1)$

From the above table 4.4, the coefficient value shows that that 1 unit increase in the Disruptive innovation would result in 0.097 (9.7%) increase in the corporate longevity.

5. Findings of the study

The analysis results indicate that Managing Disruptive Innovation has a substantial impact on Corporate Longevity and hence must be a vital part of corporate management practices. It was also observed that employees consider that disruptive innovation plays a crucial in entrepreneurial development and investing in entrepreneurial ventures is a part of creating a sustainable business model echoing the importance of disruptive innovation in corporate longevity.

6. Conclusion

Disruptive innovation is a commonly misunderstood form of innovation which plays a major role in many successful business models. Corporates need to reassert their position in the market regularly based on the ever-changing consumers' attitudes by developing new innovative products or innovative business models that may sometimes disrupt the market leading to explosive growth. The findings of the study have reinforced the perception that disruptive innovation, if managed well may lead to successful entrepreneurial ventures and corporate longevity.

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