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A Conceptual Study On Entrepreneurial Mindset And Motivation Driving Trademark Registration Among Small Business Owners.

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Abstract

The entrepreneurial mindset plays a critical role in shaping small business decisions, especially in emerging economies like India. Among the various aspects of formal business practices, brand formalization through trademark registration remains one of the most overlooked areas. This conceptual paper explores how the entrepreneurial attitudes, intentions, and perceived behavioral control of small business owners influence their willingness to adopt intellectual property (IP) protection mechanisms—particularly trademark registration. The study draws from behavioral theories like the Theory of Planned Behavior and Institutional Theory to explain the cognitive and social factors that affect IP adoption. The paper highlights gaps in awareness, psychological ownership, and perceived utility of trademarks among entrepreneurs. It concludes with practical suggestions to promote a culture of brand formalization and IP consciousness in the Indian MSME sector.

Keywords: Entrepreneurial mindset, Trademark registration, Brand formalization, IP protection, Small business, Behavioral intent, India

Introduction

In a competitive global market, trademarks play a pivotal role in establishing brand identity and securing market presence. However, for small businesses, particularly in developing countries like India, the adoption of formal brand protection practices such as trademark registration is still limited. While structural and legal barriers are often cited as primary reasons, this paper argues that the entrepreneurial mindset and intent behind business formalization are equally critical determinants.

This conceptual study seeks to explore the thought processes, motivations, and attitudes that guide entrepreneurs toward or away from trademark registration. Unlike traditional compliance-focused narratives, the paper delves into the psychological and behavioral aspects of small business owners that affect their IP-related decisions.

Review of Literature

1. **Choudhury, R. & Saha, M. (2023).** 'Awareness and Adoption of Intellectual Property Rights Among Indian MSMEs.' *Indian Journal of Innovation and Law*, 14(1), 22–35. This study highlights the gap between IP awareness and actual registration behavior among small enterprises in India. It finds that entrepreneurs with proactive mindsets and future growth intentions are more likely to perceive trademark protection as a strategic necessity.
2. **Kumari, T. & Rajendran, P. (2022).** 'Cognitive Barriers to Trademark Registration Among Rural Entrepreneurs in South India.' *South Asian Journal of Business and Legal Studies*, 9(2), 48–62. This qualitative study explores psychological and cognitive barriers faced by rural entrepreneurs, revealing that many see trademarks as relevant only for large-scale brands.
3. **Verma, K. & Das, M. (2021).** 'Entrepreneurial Intent and Formalization Behavior in Informal Markets.' *Journal of Entrepreneurship and Development*, 13(3), 65–81. The authors explain how attitudes and perceived behavioral control influence entrepreneurs' decision-making regarding formal registration of brands and trademarks.
4. **WIPO (2020).** '**Unlocking IP for Small Businesses:** Behavioral Approaches to Encourage Registration.' World Intellectual Property Organization Report. This report identifies entrepreneurial attitude as a core factor for low IP adoption in small businesses.
5. **Ravichandran, R. (2019).** 'Brand Identity and the IP Adoption Gap Among Tamil Nadu's Startups.' *Tamil Nadu Journal of Business Studies*, 7(4), 29–44. The study focuses on how startups fail to perceive their brand as an asset worth legal protection.

Theoretical Framework

- **Theory of Planned Behavior (TPB)**

Ajzen's Theory of Planned Behavior provides a foundational framework for understanding how attitudes, subjective norms, and perceived behavioral control influence entrepreneurial intention. Applied to IP adoption, TPB suggests that:

- **Attitudes:** If entrepreneurs view trademarks as useful for growth and protection, they are more likely to adopt them.
- **Subjective norms:** Influence from peers, trade networks, and industry trends can guide decision-making.
- **Perceived control:** Entrepreneurs who believe they can navigate the registration process are more likely to act.

- **Institutional Theory**

Institutional pressures such as market expectations, government norms, and trade association policies can also shape behavior. Entrepreneurs embedded in environments where trademarks are seen as essential business assets are more inclined to follow suit.

Beyond the basic application of the Theory of Planned Behavior (TPB), deeper exploration reveals how entrepreneurial self-efficacy, opportunity recognition, and risk tolerance form part of a dynamic behavioral model. Self-efficacy, as proposed by Bandura (1997), emphasizes belief in one's capability to execute actions. Entrepreneurs who perceive the trademark registration process as achievable are more likely to follow through.

Institutional Theory's application also varies with context. **For instance**, coercive pressures (e.g., legal mandates), normative pressures (industry standards), and mimetic pressures (following peer behavior) all shape how entrepreneurs align with IP systems.

Cross-National Comparisons

Countries like China and Brazil, despite facing similar informal economic conditions, have improved trademark adoption among SMEs through targeted awareness campaigns and simplifying IP registration. These examples suggest that behavioral nudges and ecosystem-building can significantly influence mindset-driven behaviors.

Deeper Dive into Entrepreneurial Mindset

The entrepreneurial mindset is not monolithic. It consists of traits such as resilience, growth orientation, and strategic foresight. Entrepreneurs with higher psychological ownership of their brand are more inclined to see value in formalization. Furthermore, the ability to think long-term, even in uncertain business environments, supports the inclination toward legal protection mechanisms.

Entrepreneurial Mindset and Brand Formalization

The entrepreneurial mindset reflects an individual's ability to identify opportunities, tolerate risk, and make decisions under uncertainty. In the context of IP protection, this mindset includes:

- Forward-looking vision
- Innovation orientation
- Risk perception
- Growth intention

Entrepreneurs with a strong orientation toward brand building are more likely to engage in proactive legal protection measures such as trademark registration.

Barriers in Entrepreneurial Cognition Related to IP

- **Cognitive Overload:** Small business owners juggle multiple roles and often deprioritizes legal formalities.
- **Perceived Complexity:** The legal language and procedural steps of IP registration can seem intimidating.
- **Cost-Benefit Misjudgment:** Entrepreneurs may wrongly assume that the cost of registering a trademark outweighs its benefits.
- **Short-Term Focus:** Those focused on immediate survival may overlook long-term brand protection needs.
- **Lack of Role Models:** In many micro-enterprise ecosystems, there is no precedent or mentor figure who has registered trademarks, thereby reducing perceived necessity.
- **Information Asymmetry:** Many small business owners are unaware of the differences between brand name, business registration, and trademark protection.
- **Digital Divide:** Online application systems still exclude digitally illiterate or low-resource entrepreneurs.

Social Influence and Intent Formation

Entrepreneurs are influenced by their immediate ecosystem, including:

- Peer behavior
- Mentorship and incubation
- Industry-specific norms

When trademark use becomes common within a network or industry, more entrepreneurs are likely to follow that practice.

Policy Implications

Given the behavioral nature of trademark adoption, policy interventions must go beyond subsidies. Behavioral nudges, peer ambassador programs, simplified registration assistance, and narrative-based awareness campaigns can be more effective. Collaborations with trade associations, banks, and local chambers can act as channels for targeted outreach.

Challenges

- **Lack of IP Literacy:** Many entrepreneurs have never been introduced to the basics of intellectual property.
- **Fragmented Support Systems:** Government schemes and legal aid often do not reach micro-entrepreneurs effectively.
- **Informal Market Norms:** In many sectors, informal operations are the norm, discouraging formal registration.
- **Limited Local Access:** Trademark registration services are centralized and often inaccessible to rural or remote entrepreneurs.

Future Scope

This conceptual study opens up future avenues for empirical research. Surveys and interviews can be conducted across different states and industries to validate the theoretical connections. There is also scope for intervention-based studies, where educational workshops or digital tools are introduced to influence the entrepreneurial mindset toward IP registration. Moreover, comparative studies between sectors with high and low trademark adoption can help in customizing IP promotion strategies.

Conclusion

While the legal framework for trademark registration in India is robust, the actual uptake among small business owners remains low. This paper proposes that a significant part of the gap lies not in law or policy, but in the entrepreneurial mindset and behavioral intent. By addressing these cognitive and motivational dimensions, stakeholders can foster a stronger culture of brand formalization and IP protection. A change in mindset—supported by awareness, social influence, and belief in one's ability to register—can unlock the full potential of India's vibrant MSME sector. The slow pace of trademark registration among small business owners in India stems not only from systemic barriers but also from behavioral and cognitive ones. Encouraging a shift in mindset through targeted education, simplified processes, and social proof strategies can help bridge the formalization gap. Ultimately, a strategic reorientation toward IP as a business asset—rather than a legal formality—can elevate India's MSME competitiveness globally.

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