Innovation is at the heart of competitive advantage of organizations. Firms, irrespective of their sizes, need to engage in continuous innovations to survive and succeed in the market place. This research measured the impact of pre- innovation adoption variables on the innovation adoption of the firms. The study was conducted at the knitwear manufacturing cluster of Tirupur district that operate in a highly competitive hosiery market. The final results indicated that the facilitators have positive influence on innovation adoption, while barriers negatively influence innovation adoption. The research establishes the need for a strong innovation climate within organizations, facilitated by leadership, which will drive innovations significantly.