

Chapter 2

Impact of Innovation on the Entrepreneurial Success in Selected Business Enterprises in South–West Nigeria

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ABSTRACT

This study examined the impact of innovation on the entrepreneurial success in selected business enterprises in South-Western Nigeria. The paper dwelt on the extent to which the selected enterprises innovation effort affects the quality of their product as well as the company image. Data were analysed using descriptive and inferential statistics. Hypotheses were tested at 0.05 significant levels with the aid of parametric student t-test. The results revealed that there is a positive relationship between innovation and product quality as well as a positive relationship between innovation and good corporate image and that both of them significantly affect entrepreneurial success. The study recommends that business enterprises should engage more on innovation of their production process to improve their product quality and even enhances good corporate image. This will help them to sustain their position in the face of stiff competition.

INTRODUCTION

A number of business enterprises are craving for survival within the stiffened economy as it is presently being witnessed in Nigeria and many other countries of the world. The enterprises' actions to survive and be relevant in the agenda of things need to be studied to identify whether such action as innovation can lead to success of such enterprises. Enterprises are constantly seeking ways to grow, advance and survive in a dynamic environment characterised by complexity and uncertainty. Thus, business enterprises engage in one form of innovative activities or the other in order to cope with the market challenges and gain competitive advantage and wide acceptance of its product in different markets.

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The role of entrepreneur in inter-industry relationship cannot be over emphasised, particularly, as they affect a number of activities in a number of industries. The nature of innovative process that affects enterprises survival and economic growth revolves around the active and inactive functions of the entrepreneur. In fact, scholars view entrepreneur variously but more importantly as innovator who is responsible for the creation of new products and new methods of production, new processes and capable of identifying new markets (Schumpeter, 1949).

From this background, it follows that if entrepreneurs are viewed as innovators, creators, and sometimes as developers, it will not be out of place to see them as vital function in national and institutional development. It is important therefore to study the impact attached to innovation on entrepreneurial success.

Despite the plethora of studies on innovation in the last few decades, there is no widely accepted causal relationship between innovation and entrepreneurial success. Besides, the impact of innovation on entrepreneurial success of manufacturing firms in Nigerian has not received adequate research attention. This study becomes imperative because many empirical studies that have been carried out and many articles that were written on the subject of innovation placed more emphasis on the developed economies. For example, Heunk (1998) conducted a study on the role of innovation in small and medium sized firms in relation to the firm's success. In their study, Brazeal and Herbert (1999) examined innovation process as an important attribute that eventually triggers the entrepreneurial event or performance. Litz and Kleysen, (2001) observed that innovation is a significant issue, while Hanif and Marnavi (2009) opined that knowledge based economy required the use of innovation measures in addition to quality initiatives for achieving competitiveness.

Thus, a review of academic literature on the subject of innovation reveals that there is a dearth of literature on it in the developing countries including Nigeria and that this creates a major gap in knowledge that has to be filled. This research attempts to fill this gap by studying innovation as it relates to product quality and good corporate image and their effects on entrepreneurial performance in selected manufacturing firms in Nigeria.

LITERATURE REVIEW

Concept of Innovation

The Oxford Advanced Learner's Dictionary of Current English (2015) defines innovation as the introduction of new things, ideas, or ways of doing things or something, which is yet to be carried out by anyone or that is unique. According to Trott (2005), innovation is any good service or idea that is perceived by someone as new while Henrik (2007) sees innovation as the successful implementation of a creation and this innovation seems to foster growth, profits and success. In the words of Trott (2005), innovation is the management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of new (or improved) product or manufacturing process or equipment. He explained further with simple equation that shows the relationship between the two terms: Innovation = theoretical conception + technical invention + commercial exploitation. Combining the various views, Zaltman, Duncan and Holbek (1973) defined innovation as any idea, practice, or material artifact perceived to be new by the relevant unit of adoption. In other words, organisational innovation has been consistently defined as the adoption of an idea or behavior that is new to the organization (Zaltman *et al.*, 1973). The innovation can either be a new product, new technology, new

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