
Analyzing the effects of Entrepreneurial Innovativeness on SSEs Survival: An Evidence of Block Moulding Enterprises in Ilorin Metropolis

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ABSTRACT

Small and scale enterprises (SSEs) are considered to be significantly important contributors to economic development, particularly in regards to providing jobs and employment opportunities; as and generating income for many households. This study however was aimed at evaluating the effects of entrepreneurial innovativeness on the survival of SSEs in Ilorin Metropolis with emphasis on Ilorin East Local Government Area of Kwara State. Additionally, this study employed the survey method and a population of 240 was targeted and a sample size of 150 was selected using Taro Yamane. This study however revealed that entrepreneurial innovativeness does have significant effect on the sales performance and profit making of block molding businesses in Ilorin East LGA., Kwara State. Lastly, this study recommends that immense attention be placed on the efforts to improve innovativeness so as to attain increment in sales performance and profit making.

Keywords: Entrepreneurial Innovativeness SSEs Survival, sales performance, profit making

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1. BACKGROUND TO THE STUDY

The innovativeness of block molders had increased their sales volume as some take contracts from government and private organizations to supply them with blocks at discount rates. Some make deals with low income housing developers to supply them with blocks during the course of construction after which they are paid at the completion of the project. Some block molders using their entrepreneurial practice to supply contractors with blocks with the agreement of the later to pay in installment. In Ilorin East Local Government Area of Kwara State, block molding is one of the lucrative and fastest growing business opportunities in the community. The craving of the town people to shift from mud houses to modern concrete houses is one of the major factors that are increasing the sales volume of the bricklayers.

The ability of architects to construct sophisticated houses with different designs and shapes using concrete blocks had made block molding industries to be inevitable in the state. This is due to the numerous advantages of modern concrete houses when compared with mud built houses. Concrete houses are known for their strength and stability, durability, good resistance to weather and ground moisture and easy maintenance culture. They also provide reasonable fire, heat, airborne and impact sound resistance (Anwar, 2000; Anthony 2015). The BME is a growing business in all the states and the bricklayers often have associations in which they join in each state of their locality.

In Ilorin East Local Government block molders often have an association called Ilorin East Bricklayers Association where these entrepreneurs are being mentored on how to improve the quality of their BME and how to increase their sales volume. One of the essences of this association is to maintain cordiality among the block molders such that there is uniformity in the price of the blocks and to ensure the quality control of the blocks manufactured so that no block industry will produce less quality blocks which can tarnish the uniqueness and survival of the business in the community. Business survival according to Bruderl and Schussler (1990) is a constructive indicator of business success and survival is an expression of the ability to react to the rapidly changing environmental conditions in order to ensure that a business does not fail.

Thus, the question of why some businesses survive and others do not is a central thesis of entrepreneurship study (Korunka 2010). Growth, however, indicates the success of a particular strategy within an environmental niche: environments confer growth upon the firms whose strategies prove more viable than those of competitors (Porter 1980; Adejumo 2017). Therefore, there is need to know the level at which innovativeness and mentorship of the bricklayers in Ilorin East Local Government are affecting the business growth, profitability and sales volume of their block molding enterprise using quantitative survey.

Small and scale enterprises (SSEs) are considered to be significantly important contributors to economic development, particularly in regards to providing jobs and employment opportunities; as and generating income for many households (Kongolo 2010; Simpson, Taylor & Barker 2004). SSEs have a tendency to use entrepreneurship principles to focus on the exploitation of opportunities and adopt innovative approaches to attract customers and increase profitability. Additionally, entrepreneurship is argued to be associated with innovative behaviour and strategic orientation in pursuit of profitability and growth (Carland, Hoy, Boulton & Carland 1984).

At the same time, entrepreneurship symbolizes innovation and a dynamic economy (Orhan and Scott 2001) that leads to high performance. One notable problem confronting small businesses is the inability to innovate (Helena, 2011). In an era of tight competition today, firms faced with the choice of innovative or die, therefore to sustain the survival of the firms, the company should chose to innovate (Madhoushi, Sadati, Delavari, Mehdivand & Mihandost, 2011; Stock & Zacharias, 2010). Innovation plays a key role as a main driving force in economic development, and in the context of the company is considered as a vital source of innovation for strategic change by the which a firm generates positive outcomes, including a sustained competitive advantage (Gunday, Ulusoy, Kilic & Alpan, 2011; Salavou, 2004).

1.1 Research Objectives

The following are the objectives set for the purpose of this study was to;

- i. examine the relationship between innovativeness and sales performance of Block Moulding Enterprises in Ilorin East Local Government Area;
- ii. investigate the impact of Innovativeness on profit making of Block Moulding Enterprises in Ilorin East Local Government Area

2. CRITIQUE OF LITERATURE

2.1 The Concept of Entrepreneurship

The meaning of entrepreneurship has been evolving right from the time of Cantillon in 1755 to date. There is therefore no global consensus on the definition of entrepreneurship. Baptiste-Say in 1803 perhaps first accorded the entrepreneur prominence, while Schumpeter (1934) lunched the field of entrepreneurship by associating it clearly with innovation (Filion, 1997).

The underlying principle in the definition of entrepreneurship is “doing business amidst risk” and this principle of ‘undertaking risk’ runs through most other definitions by various scholars: the identification and exploitation of opportunities (Shane & Venkataraman, 2000), entrepreneurial behaviours (Gartner, Bird & Starr, 1992) entrepreneurial processes (Gartner, 2005) and entrepreneurship as problem solving method (effectuation) (Sarasvathy, 2001; Sarasvathy & Venkataraman, 2011). However, entrepreneurship and its perceived desirability differ according to culture (Dodd, Jack & Anderson, 2013, Mauer, Neergaard & Kirketerp, 2009).

Casson (1982) defined an entrepreneur as “someone who specializes in making judgmental decisions about the coordination of scarce resources”, and made three further observations; first, entrepreneurship appears as a personal quality which enables particular individuals to make decisions with far-reaching consequences; second, that “The entrepreneur has better – or at least more relevant – information than other people”; and third, that “It is assumed that entrepreneurs are motivated by self-interest. (Olabanjo, 2015) To simplify the theory it is assumed that entrepreneurs operate their business purely with a view to maximizing the profit they obtain from a given amount of effort (Adejumo, 2014). Although this assumption is clearly counter-factual, the resulting theory goes a long way towards explaining entrepreneurial behaviour”. The entrepreneur believes that he is right, while everyone else is wrong. Thus the essence of entrepreneurship is being different because you have a different perception of the situation.

2.2 Theoretical Review

2.2.1 Economic Theory: Economic Perspective and Entrepreneurship

Casson (1982) made a significant contribution to developing an economic theory of the entrepreneur within or close to the established economic theory. He argued that economics is the only one of the social sciences which does not have an established theory of the entrepreneur. Nevertheless, entrepreneurs have an important function in the economy. He criticised neoclassical and orthodox economic theory for being static and unable to make a satisfactory account of the economic function of the entrepreneur because “all the functions that need to be performed are already performed by someone else”. So Casson made two theoretical reconstructions. The first was an intuitive objection to neoclassical economics and its “translation of the invisible hand into an assumption of perfectly competitive market equilibrium (Adejumo, 2014). It depersonalizes the market process”. It is important to “resolve the tension that exists between the invisible hand of Adam Smith and the all-too-visible hand of the entrepreneur”. The first revision was to recognize that individuals not only differ in preference but also in their access to information. The second revision was to recognize transaction costs in the organising of the market.

2.3 Empirical Review

Muzaffar, Abdul Rahim and Mohd Najib (2016) Mentoring and Organizational Performance: A review of effects of Mentoring on Small and Medium enterprises. The study reviews the literature of mentoring and the components of mentoring. The findings depict that mentoring has a positive impact on business performance. The study reviews the literature of mentoring and the components of mentoring. The findings of the study depict that mentoring has a positive impact on business performance. The result also implicates significant decision-making suggestions for SBEs that improved business performance can be achieved by enabling efficient mentoring programs. These programs not only increase the value of employees but also the effectiveness.

Maklon Felipus (2014) “Effect of Entrepreneurial Innovativeness Orientation, Product Innovation, and Value Co-Creation on Marketing Performance” The aim of this study is to analyse the effect of entrepreneurial innovativeness orientation, product innovation, and value co-creation on marketing performance. Handicraft firms in Indonesia used as a sample. Sampling was done using purposive sampling technique. Data were collected using a questionnaire given directly to the respondent. The total data that can be further analysed as much as 192 respondents. Data analysis using Structural Equation Modelling - SEM with the AMOS program assistance.

The results showed that the entrepreneurial innovativeness orientation has significant effect on product innovation. In addition, product innovation and value co-creation have a significant effect on marketing performance, and value co-creation to be a mediator in the relationship of product innovation and marketing performance.

Helena and Serdalq (2012) "Innovation and Business performance in small enterprises: An enterprise level analysis" the study explore links between developed innovations and business performance in small enterprises with fewer than 50 employees. The empirical evidence is based on two quantitative datasets describing innovation and business performance in 145 small enterprises inn 2005-2009.

The result suggest that during period of five years, non-innovators have been the best performing in terms of operating earnings and return on investment while radical innovation can be connected to sales growth.

3. RESEARCH METHODS

This study adopted the descriptive design method and a survey strategy was employed to determine the phenomenon. The study has a population of 240 block moulding businesses in Ilorin East LGA., Kwara State, while 150 was selected using Taro Yaamne and substantiated with Bartlett table. This study also employed the primary means of data collection and a close ended questionnaire was employed as the instrument of data collection. Also, this study employed the simple regression analysis in analyzing the data collection.

4. RESULTS

4.1 Test of Hypothesis One

H₀₁ Entrepreneurial innovativeness has no significant impact on the sale performance of selected block moulding businesses in Ilorin East LGA, Kwara State

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.962 ^a	.925	.927	.29906

a. Predictors: (Constant), Innovativeness, New Methods, Introduce Innovativeness, Creativity

From the regression analysis result shown in table 1 above, it was found that: R value is (0.962); R-square (0.925), adjusted R-square (0.927) and the standard error of estimate is (0.29906). The value of R-square indicates a strong relationship between the observed and predicted values of the variables. In other words, the R-square value (0.925) means that 92.5% of the variation in increase in profit making was explained by introducing innovativeness, new methods, creativity and innovativeness in firm. This implies that the model formulated for testing the relationship between sale performance and innovativeness appears to be useful, as R-square value of (0.925) is very close to 1. The remaining 7.5% is explained by other variables outside the regression model.

Table 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.224	4	4.306	8.812	.000 ^b
	Residual	57.169	117	.489		
	Total	74.393	121			

a. Dependent Variable: Sales performance

b. Predictors: (Constant), Innovativeness, New Methods, Introduce Innovativeness, Creativity

In table 2, F-statistics shows that the model is useful in determining the profitability of the business. The computed F-statistics (8.812) is greater than the tabulated F-statistics value at (2.13), with p-value (0.000), which is less than the critical value 0.05. This validates the rejection of the null hypothesis that “Innovativeness does not affect sales performance of Block Moulding Enterprise in Ilorin East Local Government Area”. This study therefore concludes that innovativeness does affect sales performance of selected Block Moulding Enterprise in Ilorin East Local Government Area.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.172	.385		5.645	.000
Introduce_Innovativeness	.291	.117	.265	2.497	.014
New_Methods	-.235	.089	-.271	-2.630	.010
Creativity	.095	.117	.102	.818	.415
Innovativeness in firm	.269	.102	.317	2.637	.009

a. Dependent Variable: Sales performance

Table 3 shows the coefficients (Beta) for each predictor on profitability. Results indicate that introducing innovativeness in business has a positive and significant effect on sales performance of a business. The coefficient has the value 0.291 and a critical value of $t=2.497$, p-value (0.014) < 0.05. This shows that for every increase in introduction of innovativeness, sales performance increases by 29.1%.

Seeking out new ways to do things (New methods) has a negative but significant relationship with sales performance with coefficient value of -0.235 and a critical value of $t=-2.630$, p-value (0.010) < 0.05. This indicates that for every increase in new methods, sales performance decreases by 23.5%.

Business creativity (creativity) has a positive and insignificant effect on sales performance of the business with coefficient value of 0.095 and a critical value of $t=0.818$, p-value (0.415) > 0.05. Again this tells us that for a unit increase in creativity of the business, sales performance in business increases by 9.5%.

Innovativeness in firm's business orientation (innovativeness in firm) has a positive and significant effect on sales performance of the business with coefficient value of 0.269 and a critical value of $t=2.637$, p-value (0.009) < 0.05. Every increase in innovativeness in firm, sales performance increases by 26.9%.

All the predictors except business creativity have a significant effect on the sales performance of Block Moulding Enterprise in Ilorin East Local Government Area.

H₀₂ Entrepreneurial innovativeness has no significant impact on the profit making of selected block moulding businesses in Ilorin East LGA, Kwara State

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945 ^a	.893	.899	.26102

a. Predictors: (Constant), innovativeness in firm, New Methods, Introduce Innovativeness, Creativity

From the regression analysis result shown in table 4 above it was found that: R value is (0.945), R-square (0.893), adjusted R-square (0.899) and the standard error of estimate is (0.26102). The value of R-square indicates a strong relationship between the observed and predicted values of the variables. In other words, the R-square value (0.893) means that 89.3% of the variation in profit making was explained by the predictors. This implies that the model formulated for testing the relationship between innovativeness and profit making appears to be effective, as R-square value of (0.893) is close to 1. The remaining 10.4% is explained by other variables outside the regression model.

Table 5: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	22.090	4	5.523	13.425	.000 ^b
Residual	52.243	127	.411		
Total	74.333	131			

- a. Dependent Variable: Profit making
 b. Predictors: (Constant), innovativeness in firm, New Methods, Introduce Innovativeness, Creativity

Table 6 Coefficients of predictors

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.775	.377		4.704	.000
Introduce_Innovativeness	.205	.074	.252	2.770	.006
New_Methods	.289	.093	.304	3.122	.002
Creativity	.010	.107	.009	.096	.924
innovativeness_in_firm	.080	.075	.097	1.070	.287

- a. Dependent Variable: Profit making

Table 4.3c shows the coefficients (Beta) for each predictor on sales volume. Results indicate innovativeness has a positive and significant effect on profit making of the business. The coefficient has the value 0.205 and a critical value of $t=2.77$, p -value (0.006) < 0.05. This shows that for every increase in that predictor, sales volume increases by 20.5%.

New Methods enhancing success also has a positive and significant relationship with profit making with coefficient value of 0.289 and a critical value of $t=3.122$, p -value (0.002) < 0.05. This indicates that for every increase the predictor, profit making increases by 28.9%.

Creativity has a positive and insignificant effect on profit making of the business with coefficient value of 0.010 and a critical value of $t=0.096$, $p\text{-value} (0.924) > 0.05$. Again this tells us that for a unit increase in Creativity of the business, profit making in business increases by 1%.

Innovativeness in firm program propelling desire has a positive and insignificant effect on profit making of the business with coefficient value of 0.080 and a critical value of $t=1.070$, $p\text{-value} (0.287) > 0.05$. Every increase in this predictor increases profit making by 8%.

Two of the predictors; innovativeness and creativity enhancing success have a significant effect on the profit making of Block Moulding Enterprise in Ilorin East Local Government Area; the other two have an insignificant effect on the profit making of Block Moulding Enterprise in Ilorin East Local Government Area.

In table 5, F-statistics shows that the model is useful in determining the sales volume of the business. The computed F-statistics (13.425) is greater than the tabulated F-statistics value at (2.13), with $p\text{-value} (0.000)$, which is less than the critical value 0.05. This validates the rejection of the null hypothesis that innovativeness has no significant effect on profit making in Block Moulding Enterprise in Ilorin East Local Government Area". Hence, this shows that innovativeness enhance the profit making of Block Moulding Enterprise in Ilorin East Local Government Area.

5. CONCLUSION

This study concludes that innovativeness does significantly affect the sales performance of the selected Block Moulding Enterprises in Ilorin East Local Government Area; considering creativity and introduction of new methods in the business. Additionally, this study further concludes that innovativeness does have significant impact on the profit making of selected Block Moulding Enterprises in Ilorin East Local Government Area.

6. RECOMMENDATIONS

In relations to the above, this study recommends that improved effort should be made on improving the adoption and implementation of innovativeness in the business operations and practices so as to enhance and attain responsible business performance through sales performance and profit making in Ilorin East LGA., Kwara State.

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