

Original Article

# Entrepreneurial Innovativeness and Business Success of Small and Medium Enterprises in Rivers State

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**Abstract:** This study examined the relationship between entrepreneurial innovativeness and the business success of small and medium enterprises in Rivers State. Through self-administrated questionnaires and interviews with respondents, primary data were produced. With 1,658 owners and managers of small and medium-sized businesses in South-South Nigeria as the study's target group, a cross-sectional survey design was used. The Krejcie and Morgan (1970) Population/Sample Size Table was used to determine the study sample, which consisted of 313 small and medium-sized businesses. The Cronbach Alpha coefficient was used to assess the instrument's reliability, and all items scored above 0.70. Only the data from 99 respondents were used for analysis after the data were cleaned. The Spearman's Rank Order Correlation Coefficient was used to test the hypotheses. The tests were run using a significance threshold of 0.05. The results showed that entrepreneurial inventiveness and the financial success of small and medium-sized businesses in Rivers State are significantly correlated. The study concludes entrepreneurial innovativeness positively enhances the business success (market share and sales growth) of small and medium enterprises in Rivers State. This implies that SMEs in Rivers State can enhance their chances of success by fostering a culture of innovation and entrepreneurship within their organizations. Therefore, the study recommends that SMEs should foster a culture that values risk-taking and experimentation. Encourage employees to explore new ideas and approaches, even if they involve some level of uncertainty. Create incentives for innovation and recognize and reward employees who contribute innovative solutions.

**Keywords:** Business Success, Entrepreneurial Innovativeness, Market Share, Sales Growth.

## I. INTRODUCTION

Enterprise expansion is a key focus within the realm of entrepreneurship, alongside innovation and the establishment of new ventures (Mwangi, Ngugi & Kihonge, 2022). There is a particular emphasis on comprehending the growth trajectories of micro and small-sized enterprises, given that it is typically medium-sized enterprises with a growth-oriented outlook that significantly drive economic expansion and employment generation. Companies are being forced to look for novel methods to be more aggressive due to growing competition (Anjani & Yasa, 2019). By being creative, proactive, and willing to take risks, entrepreneurship can provide a means of competing in a market that is becoming more and more competitive. (Rianto, Woestho & Fikri, 2022).

Research indicates that adopting innovation strategies can expand the potential for firm success in today's fiercely competitive business environment (Taghizadeh, Rahman & Marimuthu, 2022). Recent findings have also suggested that a firm's innovativeness is associated with superior performance, particularly in turbulent business climates (Bate, Wachira & Danka, 2023). Additionally, various studies have highlighted the positive correlation between innovation and firm performance (Bartoloni & Baussola, 2018; Ribau, Moreira & Raposo, 2017; Gërguri Rashiti et al., 2017). It is widely acknowledged that innovation plays a pivotal role in driving sustained success for firms operating in competitive markets (Hussain & Wahab, 2021). Therefore, the purpose of this study was to examine the relationship between entrepreneurial innovativeness and the business success of small and medium enterprises in Rivers State. The specific objectives of the study are to:

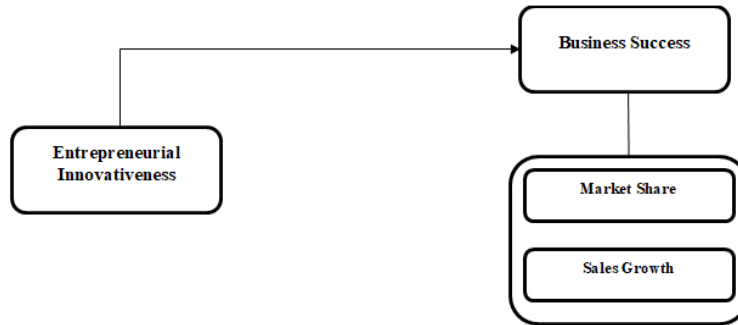
- i. Examine the relationship between entrepreneurial innovativeness and market share of small and medium enterprises in Rivers State.
- ii. Examine the relationship between entrepreneurial innovativeness and sales growth of small and medium enterprises in Rivers State.

The study hypothesized thus:

**H<sub>01</sub>:** There is no significant relationship between entrepreneurial innovativeness and market share of small and medium enterprises in Rivers State.



**Ho<sub>2</sub>:** There is no significant relationship between entrepreneurial innovativeness and sales growth of small and medium enterprises in Rivers State.



**Figure 1: Conceptual Model for the Relationship between Entrepreneurial Innovativeness and Business Success**

Source: Desk Research (2024)

## II. LITERATURE REVIEW

### A) *Entrepreneurial Innovativeness*

Innovation can mean many things in different situations, but generally speaking, it relates to the creation or improvement of concepts, ideas, goods, procedures, or technology (Barringer & Ireland, 2019). Innovation, defined as the adoption of a novel or idea behavior, is not only a fantastic concept but also a chance to find a solution to a specific issue (Tian et al., 2020). Additionally, businesses that have an innovation focus typically work on value-creation initiatives like creating new goods or services or improving ones that already exist. (Dobni cited in Tehseen, Deng, Wu & Gao, 2023). According to Beugelsdijk and Welzel (2018), innovativeness in small business management research refers to a company's whole capacity for innovation in order to launch new goods or expand into untapped markets by combining a strategic mindset with innovative processes or behaviors. According to Barrett and Ireland (2019), innovativeness may be characterized as an organizational culture or the capacity to foster the generation of new ideas and convert them into significant commercial prospects. We are especially keen on entrepreneurial innovativeness (EI), or the capacity of entrepreneurs to generate fresh concepts and apply them to their enterprises, as it aligns with our study goal. In developing economy-related small business management and entrepreneurial research, such creative approaches and practices are extensively used. (Tian et al., 2020).

The propensity of businesses to engage with and foster novel concepts that could result in the development of novel technological goods, services, or procedures is known as innovativeness (Anjani & Yasa, 2019). Companies can develop a wide range of talents thanks to this trend, which makes them useful tools for competitiveness. (Hernández-Perlines, Ibarra Cisneros, Ribeiro-Soriano & Mogorrón-Guerrero, 2020) in a dynamic commercial environment (Ferreira & Teixeira, 2019). The ability to be innovative is associated with the success of the business since it allows for the adoption and use of novel concepts, procedures, and/or goods. (Prifti & Alimehmeti, 2017).

### B) *Business Success*

A general word, "business success," is frequently applied to any or all of an organization's operations within a given time period with reference to a number of benchmarks, including historical costs or predicted costs determined by efficiency, management responsibility, or management accountability, and the like (Pranowo, Sutrisno, Sulastiono & Siregar, 2020). Business success is defined as the accomplishment of specific tasks toward the realization of an organization's mission, vision, and goals; it also refers to the degree of results achieved toward achieving these objectives. It seems that organizational goals, productivity, and other business successes' efficacy all contribute to the success of businesses. (Muslichah, Usry & Arniati, 2022). A company's accomplishments in its operations, including those pertaining to finance, marketing, funding collection and shipment, technological advances, and human resources, are depicted in its overall industry performance, which measures corporate success. (Oguntegbe, Di Paola & Vona, 2021). Every business has decided which business plan to implement, and this is done with an eye toward achieving optimal business performance. A comparison between the entire amount of expenses at a given time divided by the total amount of inputs at a specific time frame can be used to determine the success of a business. (Sayangbatti & Riyadi, 2021).

### C) *Entrepreneurial Innovativeness and Business Success*

The propensity of businesses to engage with and foster novel concepts that could result in the development of novel technological goods, services, or procedures is known as innovativeness (Anjani & Yasa, 2019). In an ever-evolving corporate environment, this tendency enables organizations to develop a broad set of skills that are essential instruments for competition (Hernández-Perlines, Ibarra Cisneros, Ribeiro-Soriano & Mogorrón-Guerrero, 2020). (Teixeira & Ferreira, 2019). The ability

to be innovative is associated with the achievement of the business since it allows for the adoption and use of novel concepts, procedures, and/or goods. (Prifti & Alimehmeti, 2017).

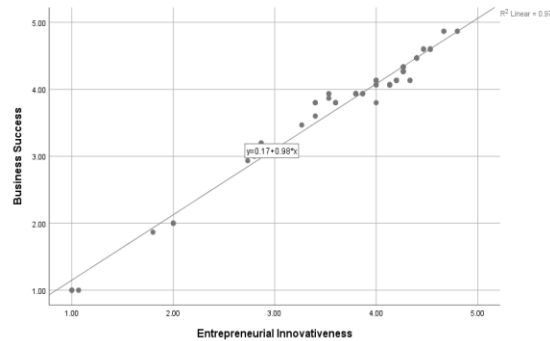
For innovation to be lucrative, resources must be deployed in order to offset the original investment. (Taylor, DAslani & Zheng, 2021). Stated otherwise, the greater the degree of innovation, the greater the anticipated result for the organization. (Mirjana, Aleksic, & Mer kac-Skok, 2018) due to the fact that innovation enhances business performance (Anjani & Yasa, 2019). A process that includes the creation and application of new information is referred to as innovative (Mitsui & Furukawa, 2024). Many academics who study the hotel industry have focused their research on innovation and innovative capabilities. (Hernández-Perlines et al., 2019).

**III. METHODOLOGY**

Participants self-administered questionnaires and interviews produced the primary data. The study used a cross-sectional research approach, and its 1,658 target population was made up of managers and owners of small and medium-sized businesses in South-South Nigeria. 313 small and medium-sized businesses made up the research samples, as calculated by the Population/Sample Size Table of Krejcie and Morgan (1970). The Cronbach Alpha coefficient was used to assess the instrument's reliability, and all items scored above 0.70. Only the data from 99 respondents were used for analysis after the data were cleaned. The Spearman's Rank Order Correlation Coefficient was used to test the hypotheses. The tests were run using a significance threshold of 0.05.

**IV. DATA ANALYSIS AND RESULTS**

The respondents were given a total of 313 copies of the questionnaire; 298 of those copies, or around 95.21%, were returned and deemed suitable for study.



**Figure 2: Scatter Plot for Entrepreneurial Innovativeness and Business Success**

Figure 1 shows a very strong relationship between entrepreneurial innovativeness (independent variable) and business success (dependent variable). The scatter plot graph indicates a highly strong, feasible, and positive association between the two concepts with a linear value of 0.978. The inference is that a rise in entrepreneurial inventiveness and a rise in company success occur at the same time. By the characteristics of their concentration, the scatter chart has offered a clear assessment of how closely related the variables are to one another.

**A) Test of Hypotheses**

**Table 1: Correlations for Entrepreneurial Innovativeness and Market Share**

		Entrepreneurial Innovativeness	Market Share	
Spearman's rho	Entrepreneurial Innovativeness	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.000	
		N	298	
	Market Share	Correlation Coefficient	.843**	1.000
		Sig. (2-tailed)	.000	.
		N	298	298

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

Source: SPSS Output

**Ho1:** There is no significant relationship between entrepreneurial innovativeness and market share of small and medium enterprises in Rivers State.

Table 1 furthermore displays a Spearman Rank Order Correlation Coefficient (rho) of 0.843 regarding the connection between market share and entrepreneurial innovativeness. This number suggests that there is a very strong correlation between

the variables. The connection's direction suggests a positive association, suggesting that entrepreneurial inventiveness led to a rise in market share. The statistical test of significance (p-value), which enables the extrapolation of our results to the research population, is similarly presented in Table 1. From the result obtained, the sig- calculated is less than the significant level ( $p = 0.000 < 0.05$ ). Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between entrepreneurial innovativeness and the market share of small and medium enterprises in Rivers State.

**Table 2: Correlations for entrepreneurial innovativeness and Sales Growth**

		Entrepreneurial Innovativeness	Sales Growth	
Spearman's rho	Entrepreneurial Innovativeness	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.000	
		N	298	
	Sales Growth	Correlation Coefficient	.898**	1.000
		Sig. (2-tailed)	.000	.
		N	298	298

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

Source: SPSS Output

**Ho<sub>2</sub>:** There is no significant relationship between entrepreneurial innovativeness and sales growth of small and medium enterprises in Rivers State.

Table 2 further shows a Spearman Rank Order Correlation Coefficient (rho) of 0. 898 on the relationship between entrepreneurial innovativeness and sales growth. This number suggests that there is a very strong correlation between the variables. The interpersonal direction suggests a positive association, suggesting that entrepreneur inventiveness contributed to a rise in revenue from sales. The p-value, or statistical test of significance, is similarly shown in Table 1 and allows us to extrapolate our findings to the entire research population. From the result obtained, the sig- calculated is less than the significant level ( $p = 0.000 < 0.05$ ). Therefore, based on this finding the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between entrepreneurial innovativeness and sales growth of small and medium enterprises in Rivers State.

**V. DISCUSSION OF FINDINGS**

The result revealed that there is a very strong positive significant relationship between entrepreneurial innovativeness and business success of small and medium enterprises in Rivers State; the current finding corroborates the earlier finding by Anjani and Yasa (2019), who argued the propensity of businesses to engage in and foster novel concepts that could result in the development of novel technology goods, services, or procedures is known as innovativeness. The ability to be innovative is associated with the success of the business since it allows for the adoption and use of novel concepts, procedures, and/or goods. (Prifti & Alimehmeti, 2017). It was also in line with Taylor, Aslani, and Zheng. (2021), who found that innovativeness can serve as an important mediator in the relationship between family involvement and firm performance. Stated differently, innovation has a favorable impact on firm performance (Anjani & Yasa, 2019); therefore, the more innovative a company is, the better it should expect to perform (Mirjana, Aleksic, & Mer kac-Skok, 2018). A process that includes the creation and application of new information is referred to as innovative. (Mitsui & Furukawa, 2024). The focus of the research of numerous academics studying the hotel industry has been creativity and innovative capabilities. (Hernández-Perlines et al., 2019).

Furthermore, the findings of this study corroborate the earlier finding of Mwangi, Ngugi and Kihonge (2022) that entrepreneurial innovativeness had a positive and significant influence on the growth of youth-owned enterprises in Kenya. The study came to the conclusion that innovation and creativity support the expansion of youth-owned businesses in Kenya. Also, Kiiru, Mukulu and Ngatia (2023) found believe a company's performance is positively and significantly impacted by innovation. The results of the study show that creative organizations outperform others. The study suggests that management and business owners of SMEs cultivate an innovative culture in order to prosper and flourish in the market. Furthermore, the findings agreed with Adim, Tamunomiebi, Akintokunbo and Adubasim (2018) showed that while there was no significant association between innovativeness and the creation of jobs by women entrepreneurs, there was a relationship with their contribution to household sustenance. Thus, the study concluded that, despite differences in the dimensions and measures of relationship importance, entrepreneurial inventiveness has an important and beneficial effect on the growth of women entrepreneurs.

**VI. CONCLUSION AND RECOMMENDATIONS**

The study concludes that entrepreneurial innovativeness positively enhances the business success (market share and sales growth) of small and medium enterprises in Rivers State. This implies that SMEs in Rivers State can enhance their

chances of success by fostering a culture of innovation and entrepreneurship within their organizations. This may involve encouraging creativity, risk-taking, and a willingness to adapt and embrace new opportunities.

The study recommends that:

- i. Foster a culture within SMEs that values risk-taking and experimentation. Encourage employees to explore new ideas and approaches, even if they involve some level of uncertainty. Create incentives for innovation and recognize and reward employees who contribute innovative solutions.
- ii. SMEs should Establish an ecosystem that supports entrepreneurship and innovation by providing access to resources such as funding, mentorship, networking opportunities, and research facilities. This ecosystem should encourage collaboration between SMEs, academia, research institutions, and other stakeholders.

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