ASSESSMENT OF THE INNOVATIVENESS AND PROACTIVENESS OF SMALL AND MEDIUM ENTERPRISES IN SOUTHWEST NIGERIA

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ABSTRACT

The Study examined the extent of the innovativeness and proactiveness of SMEs in Southwest Nigeria. The study adopted a descriptive survey research design. Primary data was employed for the study. The study population comprises of 26744 SMEs in South western Nigeria (NBS-SMEDAN, 2017 Report). A sample size of 394 derived using the Taro Yamani (1967) formula for sample size determination was used for the study. Multi stage sampling technique was used to select the sample size for the study. The descriptive statistics using means revealed the mean score of innovativeness and proactiveness to be moderately high (Mean score:(INN= 3.85, PRO = 3.73). The total value of the mean for both innovativeness and proactiveness was 3.79. This shows that the innovativeness and proactiveness of SMEs in Southwest are high. Premise on the findings, the study concluded that the SMEs in Southwest Nigeria is high.

KEYWORDS: Innovativeness, Proactiveness, Entrepreneurship, Enterprise

1.0 INTRODUCTION

Small and medium enterprises (SMEs) play a vital role in the economic development and growth of the world's evolving, developing, and industrialized nations. The progress of this key industry is one strategy that could assist the government in achieving its goal of supporting businesses as a means for guiding speedy industrialisation, addressing the challenges of joblessness, and promoting universal commercial progress. The SME sector's input to the Nigerian economy proves that it is a critical means for economic progress and expansion. It has been established that SMEs employ around 84.02 per cent of the overall labour force, comprising 96 per cent of Nigerian firms, and support 48.47 per cent of the country's Gross Domestic Product (GDP) (SMEDAN, 2017).

Small and medium-sized enterprises (SMEs) play a crucial role in the Nigerian economy, contributing significantly to job creation, economic growth, and poverty alleviation. However, there is a need to understand the extent of innovativeness and proactiveness among Nigerian SMEs to harness their full potential and address the challenges they face. SMEs are the backbone of Nigeria's economy, accounting for a significant portion of employment and GDP. They operate across various sectors, including manufacturing, services, agriculture, and technology, driving innovation, competitiveness, and productivity. Recognizing the vital role of SMEs, the Nigerian government and stakeholders have prioritized their development and support.

In an increasingly interconnected and competitive global market, innovation and proactiveness have become critical factors for SMEs' survival and success. SMEs that can

adapt to market changes, embrace new technologies, and develop unique products or services are more likely to thrive and compete on both domestic and international levels. Understanding the extent of innovativeness and proactiveness among Nigerian SMEs is essential to assess their competitiveness in the global landscape.

The Nigerian government has implemented various policies and initiatives to promote SME growth, innovation, and proactiveness. These include the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the National Enterprises Development Programme (NEDEP), and the establishment of innovation hubs and clusters. Assessing the extent of innovativeness and proactiveness among Nigerian SMEs provides insights into the effectiveness of these policies and identifies areas for improvement.

Nigerian SMEs face numerous challenges that impact their ability to be innovative and proactive. These challenges include limited access to finance, inadequate technological infrastructure, skills gaps, regulatory complexities, and a lack of supportive ecosystems. Understanding these challenges in the Nigerian context provides a foundation for addressing them and enhancing the innovativeness and proactiveness of SMEs.

Despite the growing importance of SMEs in Nigeria, there is a lack of comprehensive empirical studies on the extent of innovativeness and proactiveness among Nigerian SMEs. Conducting research in this area can fill the knowledge gap and provide valuable insights into the current state of innovation and proactiveness, the factors influencing them, and their impact on SME growth and performance.

2.0 LITERATURE REVIEW

Innovativeness

The "purest sort of entrepreneur genus," according to Schumpeter (2002), is the application of business idea by an individual in a most dynamic way to achieve stated objective and also the application of fresh business idea. Innovativeness refers to ability of a business firms to be creative, innovative and carry out research that yield to discovery of new business ideas. The ability to innovate is a fundamental component of pursuing possibilities and an essential component of an entrepreneurial mindset (Moreno & Casillas, 2008). Increased and continuous product innovation is of significance in today's highly competitive environment. The entrepreneurial orientation aspect of innovativeness studies a company's capability to engage in, and support, new ideas, novelties, experimentation and creative processes that may result in new products, services or technological processes (Ojukwu, 2013). According to Adamu (2014) innovations and new ideas should be encouraged even when their gains are not directly known, because if the new idea becomes successful, it will lead to high market share, profits and project the company to greater levels. Innovation demands that firms do away with current technologies and practices and take on new ways of doing things (Osabuohien and Efobi, 2012). Innovativeness should be included as a system of business because it "represents a crucial mechanism via which organizations pursue new opportunities."

There are two types of innovation: product market innovation and technical innovation. Despite considerable overlap in reality, the most successful organization of inventions is based on features of invention/market invention and scientific invention. From a desire to start something new to a strong obligation to invent, innovation is a spectrum (Madichie e tal 2013).

In businesses, several indicators of innovativeness may be, such as capitals allocated to investigation and growth, as well as actions such as the figure of new invention or service launches and the frequency with which modifications are made (Aminu, 2016). Innovation has been operationalized as a study variable using metrics for example the figure of novel

invention or product overviews and variations in service according to Aminu (2016). This latter phrase is employed in the context of SMEs to denote a measure of their innovativeness.

Proactiveness

Pro-activeness means being first initiator and other actions directed to the quest to secure and protect market share (McCann, 2011). Proactiveness is linked to creativity and first-mover benefit, as well as "taking initiative by anticipating and pursuing new opportunities (ARISI-Nwugballa & Onyeizugbe, 2016). Making the right decision at the right time is very essential for business person since it means a medium to be creative and support invention of fresh ideas similar to the dictionary definition of "acting in anticipation of future problems, needs, or changes." In this regard, proactiveness is examined using a variety of conceptions, with the ramifications of various interpretations based on predicted associations explained.

In the words of ARISI-Nwugballa & Onyeizugbe, (2016), proactiveness is related with foremost, not resulting, an organization that think ahead of time "have the desire and insight to grab fresh business openings in market place. However, in the word of Cahill (1996), being the first to enter a market does not ensure a long-term competitive pioneer advantage, and is connected with mixed results. Increased profits may not always relates to high proactiveness, according to Cahill. This depends on whether proactiveness as an element of entrepreneurial orientation is suitable in this specific setting (Bchini, 2015). Lumpkin and Dess (1996) propose a continuum model of proactiveness, with the opposing exciting of proactiveness being characterized as passiveness rather than reactiveness. Passiveness is defined as "indifference or an unwillingness to seize chances or lead in the marketplace. Since a less business, less positive person is less committed to the increase of market share, passiveness is likely connect with less profit.

A firm's inclination to recognize and take up new opportunities is known as proactiveness (Okafor, 2015). A proactive firm monitors closely trends, identifies the future needs of existing customers and anticipates changes in demand or potential problems that could lead to new venture opportunities. Kolombo et al. (2011) saw proactiveness as a direction-giving activity to the events by predicting and ascertaining the future needs, expectations and changes of customers instead of waiting for the needs to arise before taking action.

Factors Influencing the Extent of Innovativeness in Nigeria

The extent of innovativeness among SMEs in Nigeria varies across different sectors and regions. While some SMEs have successfully adopted innovative practices and developed unique products, services, and processes, others still face obstacles in embracing a culture of innovation. Factors influencing the extent of innovativeness in Nigerian SMEs include:

i) Access to finance: Limited access to affordable financing remains a significant challenge for many Nigerian SMEs. Insufficient funding can impede their ability to invest in research and development, acquire new technologies, or implement innovative strategies, thus constraining their innovativeness.

ii) Technological infrastructure: Inadequate technological infrastructure, such as limited internet connectivity and unreliable power supply, hinders the adoption of advanced technologies and digital innovation. SMEs that operate in areas with better infrastructure tend to exhibit higher levels of innovativeness.

iii) Skills and knowledge gaps: The lack of skilled personnel and limited access to specialized training and education can limit the ability of SMEs to innovate. Developing a skilled workforce and promoting knowledge-sharing platforms can boost the innovativeness of Nigerian SMEs.

iv) Supportive ecosystem: The extent to which SMEs can access support services, innovation hubs, incubators, and government initiatives significantly impacts their innovativeness. A conducive ecosystem that provides mentorship, networking opportunities, and access to research and development resources can foster a culture of innovation among SMEs.

3.0 METHODOLOGY

This study examined the extent of innovativeness and proactiveness of SMEs in southwestern Nigeria. The Southwest is one of Nigeria's six geo-political zones comprising six states, namely, Ekiti, Ondo, Osun, Oyo, Ogun and Lagos States. Southwestern Nigeria was chosen due to its nearness to the research centre which will foster easy accessibility of data. Furthermore, a large number of small and medium enterprises in Nigeria are in these states. The study employed a descriptive and cross-sectional research plan suitable to address the problem specifically stated. Data for the study were sought using questionnaires administered to respondents in the selected SMEs in Southwest Nigeria. During the course of the research study, both quantitative and qualitative research methodologies were used as the research method. The quantitative technique was used to analyze and present data, while the qualitative method was used to evaluate the results of the analyses and form accurate conclusions on the problem under consideration in the questionnaire.

The study employs both primary and secondary data in an attempt to gather the data for this research study. A structured questionnaire approach was employed to collect data. To ensure that respondents have the flexibility to react truthfully and responsively, they were given the choice of responding immediately or later, allowing them to ponder on the questions addressed and respond at their most convenient time and convictions. Those who have difficulty understanding the questions were carefully led to ensure that the answers they provided reflect their real perception of the topic at hand. All of these efforts were be made to assure the correctness and authenticity of responses, as well as to ensure that the inferences drawn are founded on facts on the ground rather than simple guesses.

The population of the study comprised all SMEs across the six states in the southwest purposively selected. The population of the study entails 26,744 SMEs in the six states. From the total of 26,744 SMEs, the sample size is 394 respondents. This was derived through Taro Yamani's (1967) formula for sample size determination given as follows. The validation of the research instrument was done through appropriate validity and reliability tests. This study made use of both descriptive and inferential statistics to provide answers to the research questions and objectives.

4.0 **RESULTS AND DISCUSSION**

 Table 1
 The extent of Innovativeness of SMEs in Southwest Nigeria

 Innovativeness
 Frequency

Innovativeness	Frequency								
	SD	D	Undecided	Α	SA	Mean	STD		
Encouragement of unique and distinct behavior from workers	20 (5.5%)	18 (4.9%)	17 (4.6%)	176 (48.1%)	135 (36.9%)				
Our firm possess ability to start new project	15 (4.1%)	26 (7.1%)	40 (10.9%)	184 (50.3%)	101 (27.6%)				
Our firm uses new technology	6 (1.6%)	32 (8.7%)	41 (11.2%)	185 (50.5%)	102 (27.9%)				
Modifications in this firm's products lines are reasonably sluggish	31 (8.5%)	78 (21.3%)	60 (16.4%)	137 (37.4%)	60 (16.4%)	3.85	1.032		
Our firm seeks deliberately for the causes of invention	10 (2.7%)	29 (7.9%)	38 (10.4%)	195 (53.3%)	94 (25.7%)				
We emphasize on research and development	13 (3.6%)	22 (6.0%)	50 (13.7%)	173 (47.3%)	108 (29.5%)				
We inspires novel concepts from personnel irrespective of their status.	20 (5.5%)	18 (4.9%)	46 (12.6%)	176 (48.1%)	106 (29.0%)				

Source: Field Survey, 2023

Innovativeness of SMEs in Southwest Nigeria

The result in Table 1 showed the extent of innovativeness of SMEs in South West Nigeria. 41.8% and 36.7% of the respondent agreed and strongly agreed respectively that their employees are encouraged to be unique and distinct in their thinking and behaviour. This implies that the majority (85%) of the respondents encouraged their employees to be unique and distinct in their thinking and behaviour. Similarly, 50.3% and 27.6% of the SME owners/management agreed and strongly agreed that their firm possesses the ability to start a new project. Also, the majority (78.4%) of the respondents said their company emphasizes on utilizing a new technology. The majority (53.8%) of the respondents agreed that they are slow in bringing changes to the company's product line. 29.8% of the respondents disagreed while 16.4% were undecided.

On searching purposely for the sources of innovation, the majority 289 representing 79% said their firm deliberately seek for the causes of the invention while 38(10.4%) of the respondents were undecided. With respect to emphases on research and development, the majority 76.8% of the respondents agreed that their firm put emphasis on research and development. 9.6% disagreed while 13.7% were undecided. The majority 77.1% of the respondents also said they inspire novel concepts from personnel irrespective of their status. The mean score result (mean = 3.85) in Table 1 revealed that the SMEs in Southwest Nigeria are highly innovative.

Pro-activeness	Frequency								
	SD	D	Undecided	Α	SA	Mean	STD		
We acts in expectation of future needs	5 (1.4%)	27 (7.4%)	51 (13.9%)	158 (43.2%)	125 (34.2%)				
Our firm possess a serious energy in the direction of its objectives	9 (2.5%)	17 (4.6%)	30 (8.2%)	211 (57.7%)	99 (27.0%)				
We help in identifying of strong consumers wants	13 (3.6%)	22 (6.0%)	38 (10.4%)	198 (54.1%)	95 (26.0%)				
We leads while others follow	12 (3.3%)	24 (6.6%)	48 (13.1%)	207 (56.6%)	74 (20.2%)	3.89	1.224		
Our firm possess an forceful affectation comparative to challengers	12 (3.3%)	30 (8.2%)	51 (13.9%)	197 (53.8%)	76 (20.8%)				
We are not the first to announce fresh products.	19 (5.2%)	38 (10.4%)	48 (13.1%)	190 (51.9%)	71 (19.4%)				
Our firm is not over-awed by any circumstances	13 (3.6%)	26 (7.1%)	53 (14.5%)	187 (51.1%)	87 (23.8%)				

 Table 2
 The extent of Pro-activeness of SMEs in Southwest Nigeria

Source: Field Survey, 2023

Proactiveness of SMEs in Southwest Nigeria

Analyses in Table 2 showed that respondents in their majority indicated that the extent of proactiveness of SMEs in Southwest Nigeria is very good. The SMEs in Southwest as revealed by the analysis showed that the majority (77.4%) of the respondents revealed that their firms acted in anticipation of future needs. However, 8.8% of the respondents disagreed while 13.9% were undecided. Similarly, the majority 310 representing 84.7% of the respondents said their company had an intensive drive towards goals. Furthermore, the majority 80.1% of the respondents agreed that their firms aided in the recognition of clear customer needs. 9.9% of the respondents disagreed while 10.4% of them were undecided.

Furthermore, 274 of the respondents representing 71.3% of the respondents said their firms were not over-awed by a new situation. 26(7.1%) and 13(3.6%) of the respondents disagreed and strongly disagreed respectively while 53(14.5%) were undecided. The mean value of 3.89 on a scale of 5(see Table 2) confirmed that the SMEs in Southwest were highly proactive.

5.0 DISCUSSION

The focus of the study is on the assessment of the extent of innovativeness and proactiveness of SMEs in southwest Nigeria and descriptive statistics using means revealed the mean score of both variables with proactiveness being the higher and innovativeness the lower (Mean score: PRO = 3.89, INN= 3.85). The total value of the mean for both proactiveness and innovativeness was 3.87 (on a scale of 5). The results showed innovativeness ($\bar{X} = 3.85$), proactiveness ($\bar{X} = 3.89$) were engaged by SMEs in Southwestern Nigeria to a large extent. This shows that the level of Innovativeness and proactiveness of SMEs in southwest Nigeria is moderately high. This is consistent with previous studies (Salami, O. G., Olaleye, S. A., Amole, B. B., & Ajayi, A. O. (2020); Adegbile, O. A., & Ijasan, K. C. (2019); Nwankwo, B. C., & Nwankwo, N. O. (2019) who found a high level of innovativeness and proactiveness among SMEs in Nigeria.

6.0 CONCLUSION

This study examined the extent of the Innovativeness and proactiveness of SMEs in Southwest, Nigeria. Premise on the findings, the study concluded that the level of

innovativeness and proactiveness of SMEs in Southwest Nigeria is moderately high. Consequently, it is recommended that innovativeness and proactiveness should be treated as strategic part of SMEs internal capability. This means for the SMEs who want to perform or grow, attention must be given to these strategies and they should be practised effectively to enhance their performance and survival in southwest Nigeria. Government agencies and financial institutions should review the effectiveness of their schemes for motivating entrepreneurship in order to contribute to the environment that is conducive for SMEs to grow.

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