



## Innovation and Entrepreneurship Development: A Propeller for International Competitiveness and Economic Development

<sup>1</sup>Adeyemo M.O. & <sup>2</sup>Saidq A.I

<sup>1</sup>Department of Taxation

The Federal Polytechnic

Ilaro, Ogun State, Nigeria

E-mail: tekebo.jojo@yahoo.com; idsadiq@yahoo.com

Phone: +2348033902023; +2348023153623

### ABSTRACT

Innovation contributes significantly to improvement in entrepreneurship productivity as well as overall economic development of any country. However, there are different factors that influence innovation which affects international competitiveness of entrepreneurship centers and the concomitant of this is felt on the growth of the economy. The study adopted a survey research design where a Sectoral comparative analysis of factors influencing entrepreneurship activities in Nigeria was carried out using six (6) elements of innovation. Data was collected using a structured questionnaire which was administered on 100 selected entrepreneurs from four (4) different sectors of the Nigerian economy. The data was analyzed using simple percentage method. The comparative data showed that the level of entrepreneurial innovativeness and competitiveness in Nigeria is significantly influenced by the factors considered in the study. The study recommended that government should create an enabling environment that will enhance entrepreneurship innovativeness in order to make small and medium scale enterprises in Nigeria competitive favorably against their international counterparts.

**Keywords:** Entrepreneurship, entrepreneur, innovation, Competitiveness, international.

#### iSTEAMS Proceedings Reference Format

Adeyemo M.O. & Saidq A.I. (2019): Innovation and Entrepreneurship Development: A Propeller for International Competitiveness and Economic Development. Proceedings of the 16<sup>th</sup> iSTEAMS Multidisciplinary Research Nexus Conference, The Federal Polytechnic, Ilaro, Ogun State, Nigeria, 9<sup>th</sup> – 11<sup>th</sup> June, 2019. Pp 151-160. [www.isteam.net](http://www.isteam.net) - DOI Affix - <https://doi.org/10.22624/AIMS/iSTEAMS-2019/V16N2P19>

### 1. INTRODUCTION

In today's competitive environment enterprising organizations must innovate in order to establish themselves, survive and grow. The traditional view of innovation, expressed by the majority of business textbooks is that strategies must be developed, and processes and systems established to encourage the generation of new or improved products, services, processes and ideas necessary for organizational growth and development. But it is the motivated, skilled and knowledgeable individual owners, managers and staff that are the innovators. They have the choice of whether to be innovative or not and must be encouraged if the organization is to succeed. The traditional view of entrepreneurship is that there are a small number of exceptional people, such as Bill Gates, Richard Branson, James Dyson, Dangote, Otedola, who are the charismatic individuals who successfully commercialize new ideas, manage their own organizations and are incapable of working for anyone else. In practice, however, many people are entrepreneurial and succeed in implementing new ideas. They can be found in virtually every type of organization and in every aspect of life (Kwon-Ndung, Kwon-Ndung & Migap, 2014).



There are however, various perspectives to the definition of entrepreneurship. For some people, the word entrepreneur means the same as 'capitalist employer' or 'business owner/manager'. Others see it as small business rather than large ones. Some see entrepreneurship in terms of business creation and development, and there are many textbooks on the subject that focus almost entirely on how ideas are generated, business plans written, resources acquired and business concepts brought to realization. Some writers argue that 'true' entrepreneurship exists only where there is potential for high growth. Other writers take a broader view, still focusing on organizations, but recognizing that people can be creative and innovative, and organizations that wish to remain competitive in fast-moving or complex and competitive environments need to harness their creative capacity in order to achieve sustainable competitive advantage (Oyewale, Adeyemo & Ogunleye, 2013).

International competitiveness has for a long time been a topical issue. It is the ability of domestic industries to compete with its foreign counterparts. This ability of a domestic industry to compete with foreign competitors must reflect on its trade performance and specialization patterns and the dynamics of its productivity. It therefore means that there will be growth in productivity which is in fact, a relevant engine of growth of value added and productivity of a country (Kwon-Ndung, Kwon-Ndung & Migap, 2014). Regrettably, the clear understanding of various channels through which innovation sustains the competitiveness of domestic industries in foreign markets is still lacking in our society called Nigeria. There were once, great entrepreneurs in the likes of Ishiaku Rabi, Sanusi Brothers, Adeola Odutola, and Shokas Textile actively competing with foreign industries in the distant past but hardly will one see or hear the existence of these entrepreneurs today except for the few ones like Dangote, Otedola and other subsistence entrepreneurs. The question is what actually is responsible for the extinction of these businesses which this study seeks to identify.

The objective of this study is to stress the relevance of innovation activities and technological solutions to Nigeria's entrepreneurship development. This study aims to analyze selected factors limiting entrepreneurship in Nigeria. There may be other factors limiting the performance of entrepreneurship in Nigeria, however, the choice of the selected factors is for a focused and objective analysis.

## 2. LITERATURE REVIEW

### 2.1 Innovation

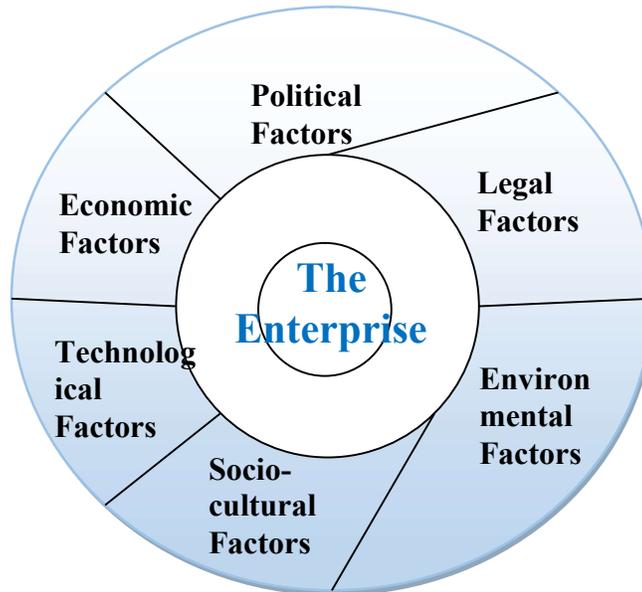
Innovation is an effective stimulant for building world-leading organizations and a discipline of creativeness that attracts the best people. To transform a new or unique thought into a gainful product is a difficult thing to do therefore, every prominent or great inventor needs a great entrepreneur and an entrepreneur also needs invention (Eneji, Nnamdy, Gukat & Odey, 2018). Technology has been a fundamental driving force for innovation throughout the development of human society, the advancement in various fields such as information and communication technology (ICT), biotechnology and nanotechnology, the level of innovation and change is increasing further in the 21<sup>st</sup> century. This has given multiple challenges to individual, society and organization, where entrepreneurs are faced with difficult decisions about the best way to allocate limited resources, in the area of increasing cost, complexity and technology investment risks, against the background of globally increased competition (Oyewale, Adeyemo & Ogunleye, 2013). In the twenty-first century, it is a well-known fact that technologies acquisition and development constitutes a key part of generation of resources to improve business competitiveness and that the dynamism of technology in the economy does not appear if we do not have the facilities, infrastructure and capacities necessary to support the innovative activity of organization, and allowing new technologies to be spread (Kedar, 2009). Economic growth can be understood as an evolution process in which advancement in technology plays an important role (Milanov & Maissenhalter, 2014).



Oyewale, Adeyemo & Ogunleye, (2013), stressed that the contribution of technological innovation to national economic growth has been well established in the Literature, however, in the last couple of decade, 'new technologies, new industries and new business models have brought impressive profits, productivity and growth' while there was a tendency to equate R&D and innovation originally, the contemporary understanding of innovation is much wider than purely R&D.

## 2.2 Factors influencing Innovation for sustainable Entrepreneurship Development

According to Eneji, Nnamdy, Gukat and Odey (2018), there are six key factors that influence innovation and sustainable entrepreneurship development which are political factors, economic factors, legal factors, environmental factors, socio-cultural factors and technological factors. These factors are further depicted in the figure below.



**Fig. 1: Factors influencing Innovation**  
Source: Eneji, Nnamdy, Gukat and Odey (2018)

## 2.3 Innovation and Entrepreneurship Development

It has been said that entrepreneurship is essential for economic development. In a capitalistic economies, the entrepreneurs played an important role in their development. In socialist economies, the state played the role of the entrepreneur. But in a developing country like Nigeria which followed the path of mixed economy, both the government and the private entrepreneurs played an equally important role. The 2018 Global Entrepreneurship Index ranked Nigeria one hundred and one (101) in the world and eight (8) in Sub-Sahara Africa. Although there has been an increase in entrepreneurship in Nigeria and people have begun to realize the crucial role the entrepreneurs have to play for achieving the goal of economic development. They are regarded as the prime movers of innovations and act as key figures in economic development of a country. Chester Charlson who invented Xerography became remarkably profitable in Xerox photocopying business, the air transport business today was brought by the innovativeness of the Wright Brothers, the global system for mobile communications (GSM) that become a global thriving business today was innovated by someone, hence, globalization itself is a product of innovation.



The application of constantly improved technologies to the massive means of transport and communication has produced an unprecedented level of global connectivity of global awareness. Economies are becoming more interdependent, while cultures are becoming permeable, transparent and stronger through an intensified exchange of goods, services, ideas, values, experts, problems and solutions (Eneji, Nnamdy, Gukat & Odey, 2018). The pace of change is accelerating as competitors copy new ideas and make alternatives to existing products and services available more quickly. As a result organizations grow if they have the right formula but decline more quickly if they do not.

The consequence of this is an increasing interest in how entrepreneurs, with their apparently special skills, knowledge and attitudes, are able to identify new opportunities, have the motivation to obtain the necessary resources and knowledge to exploit their ideas and make them commercial successes. In Nigeria, most firms often become complacent and rely on their existing successful strategies, products and services. But as competition increases they need to respond to the new demands of their customers and clients by harnessing their innovative capability to offer new products and services that their customers and clients will value. However, many fail to do this quickly enough, and thus, reach a crisis point.

#### **2.4 Entrepreneurship and Economic Development**

Entrepreneurship development have been a sparing stand for the presence and manageability of poor people, jobless adolescents and ladies and additionally being the nursery – bed of free venture improvement in the country. Past decade has really seen a dramatic expansion in skill acquisition and efficiency of nearby private financial specialist, therefore giving acquiring chances to most of the general population (Chandler & Munday, 2011). Entrepreneurship performance through the dynamic procurement of skill requires vitality and energy application towards innovation (Chandler & Munday, 2011). Be that as it may, basic components is inclined to go for risk in connection to time, profession and value; ability to explain effective task group; the inventive aptitude to sort out required assets and extreme skills building standard strategy for success. Empirical evidence have shown that entrepreneurship activities always result in economic development of any country. This is because enterprises create exchangeable commodities which increases the gross domestic product (GDP) of the country, real per-capita income as well as increasing the revenue base for government expenditures.

#### **2.5 Theoretical Review**

The study is anchored on Diffusion of Innovation theory by Rogers (1995). DOI was created by to depict the procedure by which an innovation is imparted through specific passages over time in the midst of individuals from a social framework. In accordance with different past scientists, Rogers (1995) has found that people in a social framework do not at a similar period receive an innovation. Rogers (1995), distinguishes profound attributes of innovations as perceived by people. These are critical as they are presented such that potential adopters may see the advancement.

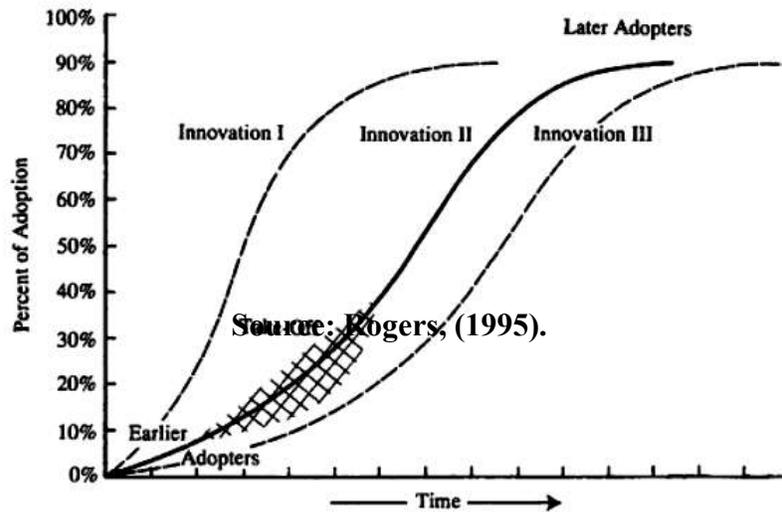


Fig. 3: Diffusion of Innovation

Another essential thought the adoption of an innovation are the attributes of the potential adopters. Rogers (1995) certifies that these characteristics includes societal position, educational level, level of cosmopolitanism and measure of ingenuity.

## 2.6 Empirical Review

Different investigations have been carried out by different scholars on the subject under discussion. Okumu, Bbaale and Guloba (2019) conducted a research on innovation and employment growth with evidence from manufacturing firms in Africa. The study adopted a cross-sectional World Bank Enterprise Survey dataset where innovation was categorized as product innovation and process innovation. The findings of the research revealed that employment growth is positively associated with both product and process innovation. The study recommended that a strong business environment is necessary in complementing the potentials of innovation to enhance employment growth in Africa.

Eneji, Nnandi, Gukat and Odey (2018) investigated technology innovation and sustainable entrepreneurship development in Nigeria. The study adopted a survey research design where a structured questionnaire was utilized to collect data from 1000 stakeholders in Central Nigeria. Simple percentage statistical technique was utilized to analyze the collected data. The findings of the study revealed that the level of technological innovation in Nigeria is low and as such, entrepreneurship development in the country is weak. The study recommended that educational and private sectors in Nigeria should play a leading role in indigenous technological innovation. Similarly, Gontur, Davireg and Gadi (2016) investigated creativity and innovation as a strategy for enhancing entrepreneurship development in Nigeria using some selected SMEs in Jos metropolis. The study adopted a survey research design and a structured questionnaire was administered on the chosen sample. The findings of the study revealed that creativity and innovation are instrumental in increasing the country's competitiveness and entrepreneurship development. The research recommended that government should create a friendly or an enabling environment for entrepreneurship and consumer goods in order to boost the economy.



### 3. METHODOLOGY

#### Research Design

The study adopted a survey research design. This involves the collection of relevant information using appropriate data collection instrument.

#### Study population and Sample

The population for the study consists of all entrepreneurs in Ogun state, Nigeria. The population is an infinite figure as it exceeds 50, 000. Purposive random sampling technique was utilized where 100 selected entrepreneurs from different sectors of the Nigerian economy (Agriculture, Telecommunication, Manufacturing and Transport) where utilized for the study.

#### Data collection instrument

A structured questionnaire was chosen as the research instrument for the current study.

#### Validity and Reliability

The questionnaire was validate using content validity as well as discussing it with experts in the field. Cronbach alpha's test was utilized to conduct the reliability of the research instrument.

#### Method of data Analysis

The collected data was analyzed using simple percentage statistical technique. The result of the analysis are presented in tables.

### 4. DATA PRESENTATION

**Table 1: Reliability Statistics**

Cronbach's Alpha	No. of Items
.863	97

The Cronbach Alpha Reliability test with a value of 0.863 revealed that the research instrument was highly sufficient in gathering the relevant data from the respondents chosen for the study.

**Table 2: Technological factors**

Technological factors	Percentage scores	No of respondent
Inventions, innovation, new discoveries/development	21.6%	21
Speed of technology transfer/adoption	14.4%	14
Rates of obsolescence/fabrication	63.9%	62
TOTAL	100%	97

Source: Researcher's computation, 2019



**Table 3: Environmental factors**

Environmental factors	Percentage scores	No of respondent
Water supply and waste disposal	26.8%	26
Energy supply and consumption	30.9%	30
Pressure of competition from foreign firms	42.3%	41
<b>TOTAL</b>	<b>100%</b>	<b>97</b>

Source: Researcher's computation, 2019

**Table 4: Political factors**

Political factors	Percentage scores	No of respondent
Government stability	51.5%	50
R&D policy/capacity building	12.4%	12
Social welfare policies	36.1%	35
<b>TOTAL</b>	<b>100%</b>	<b>97</b>

Source: Researcher's computation, 2019

**Table 5: Legal factors**

Legal factors	Percentage scores	No of respondent
Business registration	38.1%	37
Product safety	32.0%	31
Employment laws	29.9%	29
<b>TOTAL</b>	<b>100%</b>	<b>97</b>

Source: Researcher's computation, 2019

**Table 6: Socio-cultural factors**

Socio-cultural factors	Percentage scores	No of respondent
Level of education	48.5%	47
Ethnic/Religious/tribal harmony	36.1%	35
Lifestyle changes	15.5%	15
<b>TOTAL</b>	<b>100%</b>	<b>97</b>

Source: Researcher's computation, 2019

**Table 7: Economic factors**

Economic factors	Percentage scores	No of respondent
Economies of scale and scope	20.6%	20
Unemployment levels	33.0%	32
Interest rates, imports/exports	46.4%	45
<b>TOTAL</b>	<b>100%</b>	<b>97</b>

Source: Researcher's computation, 2019



**Table 8: Trends in key industries**

Trend in Key industries	Percentage Scores	No. of Respondents
Agriculture	42.3%	41
Telecommunication	23.7%	23
Manufacturing	20.6%	20
Transport	13.4%	13
<b>TOTAL</b>	<b>100.00</b>	<b>97</b>

#### 4.1 Discussion of result

The framework of technological factors (Table 2) which determines resource employment in Nigeria is perceived to be weak, hence, output efficiency and income is low, resulting to a cycle of underutilization of existing capacities in production. These factors are very important, while some are extremely problematic, and require urgent resolution. In Table 3, for instance, a score of 42.3% was recorded for environmental protection. This implies that out of 97 respondents surveyed, 41 small scale entrepreneurs confirmed that environmental protection laws seriously affect their business operation in terms of location and the National Agency for Foods, Drugs Administration and Control (NAFDAC). NAFDAC has strict regulations and standard control of business operations. For hygienic reasons, the business premises for making package water (pure water), fruit juice, Zobo, Restaurants etc must be well ventilated and quite spacious in a clean environment, and duly registered which most of these SMEs could not afford.

Table 7 covers economic factors affecting entrepreneurship. Among these factors, interest rates takes the lead at 46.4%, followed by unemployment and economies of scale which are problematic for domestic entrepreneurs. Table 8 is a summary of entrepreneurs' responses to key industries attracting entrepreneurship in the study area. Agriculture has comparative and absolute advantage with 42.3% responses. The inputs of land, labour, capital and entrepreneurship are underutilized and lowly absorbed, underfunded and undermanaged. Amongst the socio-cultural factors for instance, the demand and supply of land resources affects entrepreneurship in agriculture and all small and medium scale enterprises. Inheritance customs and traditions need some innovation for inclusive and sustainable entrepreneurship development. Road network (access and feeder roads) should be constructed to extend land resource use to interior virgin land beyond the fixed supply near settlements. Furthermore, settlement schemes that are backed by comprehensive socioeconomic feasibility study are necessary. Most entrepreneurs in agriculture are receptive to technology innovation because they cannot afford it. These entrepreneurs need incentives and innovation from the government, banks and the private sector. The lack of credit/capital supply work against the adoption of technology innovation. Agricultural entrepreneurs for instance, low prices and poor harvest can be enhanced through efficient processing and storage of produce.

#### 5. CONCLUSION

The economic conditions in Nigeria have made it mandatory for young graduates and students to look for autonomous/independence employments. Nigeria is faced with business difficulties, for example, joblessness for educated and uneducated people, absence of confidence, precarious salary and poverty. Issues of capacity building and human asset advancement have turned out to be topical in contemporary Nigeria, and other developing countries faced with destitution. Besides, with the changing economic situation and technology innovation all over the world, it is mandatory for a change in survival strategy. There is hope for the adolescent in entrepreneurship, particularly now as Nigeria is on the global map of developing economies. It is never again trendy for youthful alumni to hang tight for white-collar employments, while Nigeria spends billions of dollars yearly bringing in the majority of the things she can deliver.



Opportunities exist for Nigerian entrepreneurs especially in the renewable energy, agriculture, manufacturing, and services industry to engage in entrepreneurship. Entrepreneurship entails acute observation, good memory for detail and transmission of knowledge and skills through teaching, apprenticeship, scrutiny and even story telling. These processes of transmitting skills represent much faster knowledge than stored in papers, or read from textbooks at the university library. They are a distinction between hearsay and direct observation, learning by doing. There is no time that Nigeria needs technology innovation for entrepreneurship development more than now.

## 6. RECOMMENDATIONS

In order to achieve desirable innovation for sustainable entrepreneurship, the following recommendations are put forward:

1. Government should create an enabling environment that will facilitate the adoption of innovation among entrepreneurs in order to bolster international competitiveness of our local industries.
2. Entrepreneurs should develop the right attitude towards new technologies which can enhance their level of productivity and competitive advantage.
3. Every other stakeholders should take active role in nation capacity building in order to achieve sustainable entrepreneurship development in the country.



## REFERENCES

1. Chandler, D., & Munday, R. (2011). Information technology: A Dictionary of Media and Communication (First Ed.). Oxford University Press, ISBN 978-0199568758
2. Eneji, M.A., Nnamdy, D.K., Gukat, O.B. & Odey, F.A. (2018). Technology Innovation and sustainable Entrepreneurship Development in Nigeria: Stakeholders' Impact Assessment in Central Nigeria. *Journal of Economic, Management and Trade*, 21(3), 1-16.
3. Gontur, M., Davireg, M. & Gadi, P.D. (2016). Creativity and Innovation as a strategy for enhancing entrepreneurship development in Nigeria: A study of some selected small and medium scale enterprises in Jos metropolis. *Journal of Teacher Perspective*, 10 (2), 1-16.
4. Kedar, S. (2009). Database Management System. Technical Publications. ISBN 9788184316049.
5. Kwon-Ndung, E.H., Kwon-Ndung, L. & Migap, J. (2014). Research and Innovation strategies for Economic competitiveness and industrial growth: Lessons for Nigeria. *European Journal of Business and Innovation Research*, 2(6), 56-76.
6. Milanov, H. & Maissenhalter, B. (2014). Cognition in International Entrepreneurship. *The Routledge Companion to International Entrepreneurship*, 47-69.
7. Okumu, I.M., Bbaale, E. & Guloba, M.M. (2019). Innovation and employment growth: evidence from manufacturing firms in Africa. *Journal of innovation and Entrepreneurship*, 8 (7), 1-27.
8. Oyewale, I.O., Adeyemo, S.A. & Ogunleye, P.O. (2013). Technological Innovation: an Imperative tool for entrepreneurship development in Nigeria. *Australian Journal of Business of Business and Management Research*, 3 (8), 41-47.
9. Rogers, E. M. (1995). *Diffusion of Innovation*. Free press, New York, NY.