ENT832
CREATIVITY INNOVATION AND TECHNOLOGY IN ENTERPRISES

Course Team

Dr. ELEGUNDE Ayobami Folarin
Department of Business Administration
Faculty of Management Sciences
Lagos State University, Ojo

Prof Isaac Oluwajoba Abereijo, PhD (Course Editor)
Institute for Entrepreneurship and Development Studies,
Obafemi Awolowo University Ife,

Dr. Lawal Karmaldeen A.A (H.O.D)
Department of Entrepreneurial Studies
Faculty of Management Sciences
National Open University of Nigeria

ASSO. PROF OSOBA, S.B (Dean)
Faculty of Management Sciences
National Open University of Nigeria

NATIONAL OPEN UNIVERSITY OF NIGERIA

National Open University of Nigeria
Headquarters
University Village
Plot 91 Cadastral Zone
Nnamdi Azikiwe Expressway
Jabi, Abuja.

Lagos Office
14/16 Ahmadu Bello Way
Victoria Island, Lagos

e-mail: centralinfo@noun.edu.ng
URL: www.noun.edu.ng

Published by:
National Open University of Nigeria

ISBN:

Printed: 2020

CONTENTS

1.0 Introduction

ENT832: Creativity innovation and Technology in Enterprises is a one – semester course for students offering M.Sc. course in Entrepreneurship at the 800 level. It is a 2 unit course consisting of 18 units. Each unit is supposed to be covered in three hours. It is a core course. This Course Guide tells you briefly what the course is about, what course material you will be using and how these materials would be used. It also highlights issues of timing for going through these units, and explains the activities and Tutor-marked Assignment. There are supposed to be tutorials attached to this course and taking advantage of this will bring you into contact with your tutorial facilitator which will enhance your understanding of the course.

What You Will Learn in this Course

The overall aim of this course on Creativity innovation and Technology in Enterprises is to explore and explain start-up process of a new venture and how best to grow it. In this course you will learn about different aspects of new venture creation, growth and development. Design, analysis, and training all begins with ideas generation through the point of diversification of business operations.

2.0 Course Overall Aims

The aim of this course as pointed out earlier is to expose the students to the concept of business start-up, management, growth and development. This will be achieved by aiming to:

- Introduce you to the basic concepts and principles of business entity creation and management.
- Compare issues relationships authority and responsibility in the organization
- Give an insight in the production, recording, and marketing management in the venture.

Course Objectives

In addition each unit also has specific objectives. The unit objectives are always included at the beginning of a unit. You are advised to refer to them as you study each unit both at the beginning and end of the unit to ensure that you check your progress and that you have done what is required of you by the unit.

Working through This Course

To complete this course you are required to read, the study units and recommended textbooks and explore more current materials on the Internet. In this course, each unit consists of exercises or activities to test your understanding from time to time. At a point in your course, you are required to submit assignments for assessment purposes. At the end of the course, is a final examination. Below you will find listed all the components of the course, what you have to do and how you should allocate time to each unit in order to complete the course successfully on time.

Course Materials
Major components of the course are:
1. Course Guide
2. Study Units
3. Further readings
4. Activities and Tutor-marked Assignments.

Textbooks and References
There are no compulsory textbooks for this course. However as you go through the course, you will observe that some textbooks are recommended often. This shows that it is crucial to a number of units.

Assignment File
The major assignment required of you is a Tutor-Marked Assignment. (TMA) which you are expected to complete at the end of each unit and mail it to your tutor.

Assessment
Your assessment for this course is made up of two components
Tutor-marked Assignment 40% Final Examination 60% 100%

ENT832
The practice exercises (or activity) are not part of your final assessments, but it is important to complete all of them. If you do the practice exercises, it will facilitate your understanding of the subject matter or topic and your TMA.

Tutor-Marked Assignments (TMAs)
Each unit of this course has a TMA attached to it. You can only do this assignment after covering the materials and exercise in each unit. Normally the TMA are kept in a separate file. Your Tutor will mark and comment on it. Pay attention to such feedback from your Tutor and use it to improve your other assignments.
You can write the assignments by using materials from your study units and from textbooks or other sources. You should demonstrate evidence of wide reading especially from texts and other sources, something to show that you have read widely. The assignments are in most cases essay questions. Examples from your own experience or environment are useful when you answer such questions. This allows you to apply theory to real life situations.

Summary

Venture Creation and Growth is a very interesting course. It provides you with an ample opportunity to know what to do when you make a decision to venture into a business enterprise of your own. It can be referred to as a self-employment.

UNIT 1 Definition of Entrepreneurship and Turning Knowledge Into Profit (Enterprise, Entrepreneur, Intrapreneur, Entrepreneurship Theory & Practice)

TABLE OF CONTENTS

1.0 Introduction

Entrepreneurship has been a subject of discussions among scholars, academicians, researchers, professionals and practitioner all over the world including Nigeria.

Entrepreneurship is now a mandatory course that is being taught in Nigerian tertiary institutions so as to equip the students with the necessary skills to become entrepreneurs. Odia and Odia (2013) emphasized on the importance of developing entrepreneurship skills as well as the important need for general business skill, administrative skill, sales and marketing skills, self-motivation skills, time management skills, financial know-how skills, technical and human relation skills which are essential for a successful entrepreneurial activities. This course ware will expose to students to a detailed understanding of innovation and creativity.

2.0 Objectives

On the completion of this lesson note one, students will understand the difference among the following enterprise, entrepreneur, intrapreneur, entrepreneurship and entrepreneurship theory and practice. This will help the students in the following ways:

- To understand what constitute business
- To be familiar with the concept of entrepreneurship
- To understand entrepreneurship as a multifaceted discipline.
- To examine the interlinkages operating among the disciplines and their various contributions
- To identify various disciplines that has contributed to the development of entrepreneurship.

3.0 Main Content

3.1 What is a business?

A business is any activity that is involved in developing, producing and distributing of goods and service in return for a profit. A business can also be referred to as the activity of making, buying, selling or supplying goods and services for money.

Reasons for business

1. Profit making
2. Wealth creation
3. Provision of services
4. Employment generation

3.2 What is an enterprise?

Enterprise can be defined as initiative, or purposeful broad plans requiring many coordinates; or in business or financial applications as the overall operating entity.

An enterprise is an activity or a project that produces services or products. There are essentially two types of enterprise:

- Business enterprises, which are run to make a profit for a private individual or group of individuals. This includes small business.
- Social enterprises, which function to provide services to individuals and groups in the community.

Business enterprises

This is type of enterprise established by individual, corporate or government in order to provide essential service(s) while making profit or return. There are lots of different enterprises around; many are small businesses. Sometimes one person owns and runs them; sometimes they're a family business; other businesses are owned and run by partners who aren't family relations.

To earn an income from a small business, the enterprise has to run at a profit; that is, some money should be left over for the business owner once all the costs of making the product or delivering a service have been met. Entrepreneurs usually decide to set up small business to earn an income from producing and selling products or delivering services to individuals or other businesses.

3.3 Common small businesses

Some small businesses are easy to recognise because they have a location or shop-front or a site where you can see them in operation, making or fixing things and serving customers. For example:

- Furniture shop
- Small farm settlement
- restaurants / canteen
- bread making/confectionary
- printing works
- hairdressing salons
- Hotels
- Cosmetics and bead making
- Soap making etc

3.4 Social enterprise

Social enterprise functions as a way of providing services to individuals and groups in the community. A social enterprise is basically an organization or enterprise that applies business techniques to maximize improvements in human and environmental well-being with the intention of maximizing profits for external shareholders and providing essential services to the host community.

Why is the need for Social Enterprise? Social enterprises reinvest the money they make back into their business or the local community.

1. This allows them to tackle social problems,
2. Improve people's life chances,

3. Support communities and help the environment.

So, when a social enterprise makes profits, it has a positive multiplier effect on the society.

Roles and objectives of an enterprise

An enterprise that is characterized with commercial, financial, or business elements or purposes for instance, are created to;

1. Provide income for the owner,
2. Create jobs as well as
3. Develop the economy, etc

Who is an Entrepreneur?

Entrepreneur is refers to as a person who undertakes and operates a new venture, and assumes some accountability for the inherent risks. Entrepreneur can also be seen as a person who makes money by starting or running a business and identifies a vacuum in the market demand and creates a product to satisfy the need.

The concept of "entrepreneur" is a French word called "entreprendre" meaning to undertake. This concept was used to refer to a business organization in the 18th century who deals or buys and sells goods at uncertain prices.

Definition of Entrepreneur from various writers

Is a risk taker

An organizer

Entrepreneur is

As an innovator

As a leader

Richard Cantillon (1755) defines entrepreneur as the agent who buys means of production at certain prices in order to combine them into a new product.

Say, J.B (1821) defines entrepreneur as one who brings other people together in order to build a single productive organism.

Schumpeter (1934) defines the entrepreneur as a person who is willing and able to convert a new idea or invention into a successful innovation

Ogundele (2000) defines entrepreneurs as the innovating individual, who initiates and nurtures to growth a new and an ongoing business organization, where none existed before. He is the individual who successfully thinks or conceives a new business concern, organizes or initiates actions to start it, and manages it through its initial problems and struggles for survival. He takes all measures that lead the organization to a state of stability and self-sustaining growth.

Drucker (1985) defines the entrepreneur as the innovative individual who perceives business opportunities and organizes the required resources to initiate a successful business activity for profit.

Kuratko and Hodgetts (2001) define entrepreneur as individual who recognizes opportunities where others see chaos and confusion.

The concept of entrepreneur could be historically summarized as shown below.

Period	**Particularizations**
Early time	Stems from French: means: between, taker, go between.
Middle Age	Actor and persons in charge of large-scale production projects
17th century	Person bearing risk of profit (loss) in a fixed price contract with government
1755	Richard Cantillon – person bearing risk

1821	Jean Baptist say – separated profits of entrepreneur from profits of capital interest.
1904	Max Weber – Protestant ethics and spirit of capitalism behavioural outlook
1934	Joseph Schumpeter – entrepreneur as innovators developing untried technology
1961	David McClelland – achievement oriented, energetic, moderate risk taker
1964	Peter Drucker – entrepreneur maximizes opportunities
1975	E.O. Akeredolu-Ale entrepreneur seen from socio cultural and political perspectives
1975	Albert Shapero – takes initative, accepts risks of failure, and organizes some social and economic mechanisms.
1980	Karl Vester – entrepreneur seen differently by economists, psychologists, business persons and politicians
1985	Robert Histrich – entrepreneur – assuming financial, psychological and social risks, in creating something different in value and receiving the resulting rewards of monetary and personal satisfaction.
1995	A.U. Inegbenebor – dynamic structure builders for effective performance.
2000	O.J.K Ogundele – empire builder exploiting opportunities

Source: Adapted from Histrich, R.D. and Peters, M.P. (2002) Entrepreneurship, New York: McGraw Hill higher education, and Ogundele, O. J .K (2007) Introduction to

<u>Entrepreneurship Development, Corporate Governance & Small Business Management.</u> *Lagos: Molofin Nominees.*

It could be seen from the table above that the concept of entrepreneur has varying origins and usages in different times and regions.

3.6 Characteristics of an entrepreneur

Hornaday (1982) produced a list of forty two (42) characteristics which were often attributed to entrepreneurs; they are stated below.

1.	Confidence	22.	Responsibility
2.	Perseverance	23.	Foresight
3.	Energy, diligence	24.	Accuracy, thoroughly
4.	Resourcefulness	25.	Cooperativeness
5.	Ability to take calculated risk	26.	Profit orientation
6.	Dynamism, leadership	27.	Ability to learn from mistakes
7.	Need to achieve	28.	Sense of power
8.	Optimism	29.	Pleasant personality
9.	Versatility, knowledge of product market, machinery, technology	30	Egotism
10.	Creativity	31	Courage
11.	Ability to influence others	32	Imagination
12.	Ability to get along well with people	33.	Perceptiveness
13.	Initiative	34	Tolerance for ambiguity

14.	Flexibility	35.	Aggressiveness
15.	Intelligence	36.	Capacity for enjoyment
16.	Orientation to clear goal	37.	Efficacy-effectiveness
17.	Positive response to challenge	38.	Ability to trust workers
18.	Independence	39	Sensitivity to others
19.	Responsiveness to suggestions and criticism	40	Honesty, integrity
20.	Time competence, efficiency	41	Commitment
21	Ability to make decisions quickly	42	Maturity, balance

Source: Adapted from Kuratko D.F and Hodgets R.M. (2001).

The top ten Characteristics of today Entrepreneurs

1. Creative and innovate
2. Visionary and inspired
3. Perseverance
4. Optimistic
5. Gap-fillers
6. Coordinator and organizer

3.7 Functions of Entrepreneurs

Ogundele,(2004) has classified the functions of entrepreneur as follows

Social Functions of Entrepreneur

1. Transforming traditional indigenous industry into a modern enterprise.
2. Stimulating indigenous entrepreneurship, the entrepreneur has in his employment potential rivals.
3. Jobs or employment creation in the community

4. Provision of social welfare service of redistributing wealth and income

5. Providing leadership for the work group

6. Providing for and responsible for the motivational system within the firm

Economic Functions of Entrepreneur

1. Marshalling the financial resources necessary for the enterprise or mobilizing saving

2. Bearing the ultimate risk of uncertainty.

3. Providing avenue for the dispersal and diversification of economic activities.

4. Utilization of local raw material and human resources

Who can become an entrepreneur?

Anyone can become an entrepreneur in as much as the person is ready to experience deep, dark and depth of uncertainty and ambiguity and ready to work through the breath of island of success.

An Entrepreneur is a catalyst for economic change, which uses purposeful searching, careful planning, and sound judgment when carrying out the entrepreneurial process. Uniquely optimistic and committed, the entrepreneur works creatively to establish new resources or endow old ones with a new capacity, all for the purpose of creating wealth.

3.8 TECHNOPRENEUR

A technopreneur is an individual whose business is in the realm of high technology, who at the same time has the spirit of an entrepreneur. The technopreneur represents new breed that is both innovative and equally enterprising. This concept is derived from combining together, technology and entrepreneur.

Ovia (2007) notes, a technopreneur is an entrepreneur whose business involves high technology or to put more clearly a technology innovator and a businessman all combined in one individual. The technopreneur, therefore, combines both technological know-how and business expertise. The technopreneurs thus combine the attributes of the scientist and an enterprise person in one individual.

Characteristic of a Technopreneur

- They are naturally gifted
- They are smart
- They are highly creative

Technopreneurs however, possess all the characteristics linked to an entrepreneur. The reason for the difference between technopreneur and entrepreneur is to identify an individual with science based innovativeness and business based innovativeness.

3.9 Intrapreneurship

Intrapreneurship refers to employee initiatives in organizations to undertake something new, without paying for the risk involved in the exercise." Hence, the intrapreneur focuses on innovation and creativity, and transforms an idea into a profitable venture, while operating within the organizational environment. Intrapreneurship is the act of behaving like an entrepreneur, except within a larger organization or without necessarily taking a direct risk.

3.10 What is Entrepreneurship?

Entrepreneurship is seen as act of recognizing opportunities in the environment, mobilizing resources to take advantage of such opportunities, ensuring the provision of new or improved goods and services to the consumers and obtaining profit in return for the risk taking. Entrepreneurship is the process or a way of thinking, reasoning (about risk and return) and acting to gain at the long-run, (that is), trying to make use of the opportunity within the environment and takes responsibilities for mobilizing the required resources to take advantage and make profit in return.

Richard defines entrepreneurship in terms of uncertainty bearing

Say defines entrepreneurship in terms of coordination of production of Entrepreneurship resources

Schumpeter defines entrepreneurship in terms of introduction of innovation

Reich defines entrepreneurship in terms of leadership attribute

Advantages of entrepreneurship

1. Enormous personal financial gain
2. Self- employment
3. Create employment for others
4. Income generation and increased economic growth
5. Development of new market
6. It promotes exportation of goods and services
7. More goods and services are available

Disadvantages of entrepreneurship

1. High level of risks are involved
2. Lack of fund
3. Lack of government support for research and development
4. Lack of infrastructural support

5. Insecurity
6. Unstable economic policies

Contributions of entrepreneurship

1. Development of a new market
2. Discover new source of materials
3. Mobilize capital resource
4. Introduction of new technology
5. Create employment
6. Creation of wealth
7. Economic growth

3.11 ENTREPRENEURIAL THEORIES

Writers have come up with several theoretical frameworks on entrepreneurship development. These theories include but not limited to the following, economic, socio-cultural, managerial, educational, developmental, experiential, innovation, network, structural and multi-dimensional theories. Each of these theories had been used in the study of the processes of entrepreneurship. Let us now focus on summary of existing entrepreneurship theory.

Entrepreneurial Theories include the following:

Economic Theory: Writers like Schumpeter, (1934) and Drucker, (1985), see entrepreneur as the man who perceives business opportunities and takes advantage of scare resources to use them. Relevant, therefore, are the structure of economic incentives that are available in the market. The patterns of economic incentives have acted as stimuli for the emergence of entrepreneurs. They have also influenced the positive responses in terms of behaviour and their performance (Kilby, 1965; and Singh, 1985).

Political Theory: The influence of the political factor on the emergence, behaviour and performance of entrepreneurs had been reported by several writers. Schatz (1962 and

1964) discussed two forms of assistance that were provided for indigenous entrepreneur by government in Nigeria. These were (1) the financial support through the federal loans board and (2) the establishment of the Yaba Industrial Estate for use by indigenous entrepreneurs. Ogundele (2000) discussed the provision of training and financial assistance by government to indigenous entrepreneurs through National Directorate of Employment (NDE). Government by way of legislations and provision of infrastructures and other support systems have aided the entrepreneurial processes.

Ecological Theory: This approach is concerned with the influence of the environment on business start up, without having to obtain information about the characteristics and motivation of the organization founders (Left, 1979; Marret 1980, and Penning, 1982).

Historical Theory: This approach considered past historical antecedents as independent variable on the emergence, behaviour and performance of entreperneeurs. To the writers in this group belong (Cole, 1959; Akeredolu-Ale, 1975; and Rostow, 1982). Akeredolu Ale (1975) specifically emphasized the pre-empting of post war opportunities in explaining the underdevelopment of indigenous entrepreneurship in Nigeria.

Managerial Theory: This perspective focuses on the perception of market opportunities. It in addition emphasizes the operational skills required to run a successful enterprise (Kilby, 1971; Meredith, Nelson and Neck, 1991, and Osuagwu, 2001). Kilby (1971) listed thirteen managerial functions, which the entrepreneurs might have to perform for the successful operation of their enterprises. Carland, Hoy Boulton and Carland (1984) regarded the employment of strategic management practices as the function of entrepreneurs. Therefore managerial skills will have direct positive effect on the entrepreneurship processes of emergence, behaviour and performance. The environment that provides opportunities for relevant skills acquisition will tend to promote entrepreneurship.

Educational Theory: It is concerned with general level of education in the society. Its proponents contended that education tend to broaden peoples’ outlook. It equips people with needed skills to look at the world around them in a more organized and coordinated fashion. This will make them to perform better in entrepreneurial role (Aluko, 1983; Browen and Hisrich, 1986 and Singh, 1986). Akeredolu-Ale (1975) found that more entrepreneurs had lower levels of formal education than the civil servants. He could not establish any direct association between the level of formal education of entrepreneurs and the degree of success achieved. Bowen and Histrich (1986) reported that the general conclusion the entrepreneurs are less well educated than the general population was not supported by their study. Also Singh (1986) found that earlier notion that those lacking educational qualification were usually the ones who went in for business was not borne out on his study. Earlier on Aluko (1983) reported that new breeds of highly educated entrepreneurs were emerging in Nigeria. Ogundele (2000) found that the performance of some entrepreneur in his studied groups was aided by better education which many of them had. The broaden outlook through the educational process could aid in accurate perception of opportunities, and therefore affect entrepreneurial emergence, behaviour and performance.

Innovation Theory: Entrepreneurs are here considered as innovators whose task is creative destruction. This results from bringing about novel combination of products and ideas, thus rendering obsolete previously existing products or ideas. Consequently, the process of endowing resource with new wealth producing capacity is central to any conceptualization of entrepreneurship (Schumpeter, 1934, Tushman and Nelson, 1990, Amit Glosten and Muller, (1993). Kiby (1971) considered adaptation as innovative function of entrepreneurship in a developing economy. Amit, Glosten and Muller (1993) and Hobdat (1995) considered innovation as a distinguishing feature of entrepreneurship. It is, they noted, the process of extracting profit from new, unique and variable combination of resources in uncertain and ambiguous environment by exploiting opportunities. Innovation, therefore, is about exploiting opportunities.

Network Theory: This theory focuses on the social links which promote or hinder entrepreneurship. This is because, it considers entrepreneurship as being involved and as interacting in network of continuing social relations that open up or block entrepreneurs' link with existing resources and opportunities. It is concerned with the intricate nature of interpersonal relationship (Aldrich Rosen and Woodward, 1987, Dubini and Aldrich, 1991 and Cardor, Zietsma, Saparito, Matheme and Davis, 2005). As a result relationship in social settings can provide opportunities for entrepreneurship.

Structural Theory: This approach examines the effect of internal patterns of relationship among various parts and components of an organization on entrepreneurship. It had been noted that the quality of organizational resources and the efficiency with which entrepreneurs carry out organizational functions affected their performance. The structure of entrepreneurial organization was found to have enabled them to react fast to changing environment and adapting to new demands. In addition internal structural arrangement to context was found as a significant basis for achieving effective performance (Akeredolu Ale, 1975; and Inegbenebor, 1995). Akeredolu-Ale (1975) noted that the entrepreneurs' quality of organizational resources and consequently the efficiency with which they carry out organizational functions affected their performance. Inegbenebor (1995) argued that internal structural arrangement to the context has a significant basis for achieving effective performance. Emphasis was placed on the dynamic flexibility of entrepreneurial organizations. Thus the structural arrangements in entrepreneurial organization make them to be very adaptive to exploiting opportunities.

Technological Theory: This theory is concerned with machines, equipment, and tools used in producing goods and rendering services. (Woodward, 1965; Kiby, 1965; and Ekpo Ufot, 1990). Woodward (1965) found that technological complexity considerably influenced administrative structure, thus emphasizing the influence of technology on performance. Kilby (1965) noted that small indigenous entrepreneurial organization exhibited a feature of permissive technology leading to fast adaptation. Entrepreneurial technological innovation can be regarded as direct responses to opportunities in the relevant environment.

Multi-Factor Approach: Ogundele and Opeifa (2003) note that the existing theoretical framework reveals that several factors in combination affect the entrepreneurial processes. It is proposed therefore that several rather than a single factor will affect entrepreneurship. In Ogundele (2000), the specific set of factors used as explanatory variables were: (1) social relations (involving elements of socio-cultural and network theories), (2) political factor, (3) economic environment, (4) technology, (5) training and development (6) formal education, (7) previous work experiences, (8) innovation and (9) structural elements of the entrepreneur's organization. This is a multidimensional factors and interdisciplinary approach to the study of entrepreneurship. It is to be noted that this approach is also based on the opportunities that exist at the appropriate level of analysis. The study predicted that the determinants listed above could positively and negatively affect entrepreneurial emergence, behaviour and performance in Nigeria.

Each of the various levels of theoretical formulation presented above is linked with opportunity of one type or the other. The recurrent emphases by various writers on opportunities in relation to entrepreneurship have provided the impetus for proposing the bounded opportunity approach to entrepreneurial study.

Researchers have also shown that perception of opportunities and the employment of strategic management practices are the functions of entrepreneurs (Kilby 1971, Carland Hoy, Boulton and Carland 1984 and Amit, Glosten and Muller, 1993). Stevenson (1998) and Timmons (1999) emphasized the dynamic nature of the opportunity in the environment and the reactions of the entrepreneur or entrepreneurial team in cashing on the opportunities.

4.0 Conclusion

Entrepreneur practice

An educated person need not suffer from unemployment but can put his or her knowledge into use for some profit.

Entrepreneurs get engaged in business activities and convert CAPITAL to PROFIT.

CAPITAL assets include: knowledge, time, good health, money, equipment, raw materials, and other materials, building space, transportation, communication services, etc. Knowledge is the starting point.

The net PROFIT is the money we have after paying off the costs of running the business, taxes, and all expenses incurred by the business.

In the course of carrying out business activities, Entrepreneurs seek for OPPORTUNITIES to be turned into profit, Entrepreneurs discover MARKETS that can be initiated, and Entrepreneurs recognize and utilize positive MARKET FORCES.

When you observe a problem and you examine what is required to solve the problem, this is called a NEED ASSESSMENT.

People who make a lot of money include people who:

- Discover a need that many people generally have, therefore, there is a potential ***huge market*** in that need
- Recognize what would be useful for a particular population, group of persons, or profession therefore, there is a potential ***protected market*** in that need
- Have knowledge of how to convert a raw material to a finished product, therefore, there is a potential ***indispensable market*** in that need
- Discover how to make a process or product easier or better, therefore, there is a potential ***convenience market*** in that need
- Know what many people would enjoy, therefore, there is ***certain market*** in that need

5.0 Summary

in this unit we discussed what business is and who is an entrepreneur. We also explain the challenges of entrepreneur as well as their functions and also clarify the concept of technopreneurs and intrapreneurs. We further discuss the relevant theories of entrepreneur

6.0 Tutor Mark Assignment

For fifteen minutes, think about how you can utilize knowledge from your field:

- To provide five different services
- To make five different products
- To enhance human life in general

For fifteen minutes, consider in turn: your neighborhood, your city, your village, your country.

- For each of these, think about what you like about these places. Think about the knowledge of those persons that made those things you like possible.
- Then think about what you do not like about each of these places. Consider what kind of knowledge is necessary to make to make a change for the better.

If you have enough financial capital and time, how would you invest your money to make a difference in improving a certain aspect of life in your neighborhood and make some profit from doing so? (Write half a page only).

We come to the university to gain knowledge. We will also spend the rest of our lives learning in different ways. This knowledge gained can be used in different ways that we can receive money for. For example knowledge can be used:

7.0 References and Further Readings

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

UNIT 2 Entrepreneurship In Personal And National Development: (Importance of Entrepreneurship and Possible Business Opportunities in Nigeria)

TABLE OF CONTENTS

1.0 INTRODUCTION

Many sectors of the Nigerian business system were highly restricted and regulated by government from the period of independence until late 1990s. During this era, private participation in core sectors of the economy such as banking, telecommunication, air transportation, television and radio broadcasting etc. were greatly limited and strictly controlled. Today, however, government has deregulated and opened up the economy for more involvement, participation and investment by private entrepreneurs. The purpose is to promote the expansion of the economy through a free enterprise system. In a free enterprise system, businesses are organised, owned, operated, and controlled by private individuals who have the right to a profit (or must suffer the loss) from operations. The system results from the free association of people in a free society. Under this system, you can organize any business the law allows, produce whatever you wish, and charge whatever you want, or even sell your interest in the firm.

In reality, however, a business can succeed only if it produces a product or service that the public wants, sells it at a price people are willing to pay, does the job somehow better than the competition, and makes a profit for its efforts. In addition, government regulations and the legal system set limits on certain types of products, businesses, and pricing.

2.0 Objectives

On the completion of this lesson note two, students are expected to understand entrepreneurship from individual and national development point of view, know the importance of entrepreneurship and familiar with possible business opportunities in Nigeria. This will help the students in the following ways:

- To understand how entrepreneurship can sustain an individual, family and nation at large
- To be familiar with the importance of entrepreneurship
- To identify various possible business opportunities in Nigeria.

3.0 Main Content

3.1 The Entrepreneurship from Individual Development Point of view

Individual entrepreneurial development is the systematic process of training and growth which make individual gains and apply knowledge, skills, insights and attitudes, with which he/she manages profit seeking and other work organisations effectively. (Rao, et.

al., 1990**),** note that the focus of development approach is entrepreneurship skill. These skills include: (1) Development of entrepreneurial spirit, characteristics and personality (2) Development of technical, technological and professional competencies needed for productive work employment (3) Development of enterprise-building and small business development, capabilities to initiate and start one's own business or self-employment and (4) Development of managerial capability to run the business and other self-employment activity successfully.

The most common motive for individual entering business is to profit and create wealth, the desire to make a profit as a reward for taking the risks of running a business form the major reason why individual get engaged in small businesses. Profit is the income received, minus the costs of operating the business. Profit serves both as a reward for undertaking the risks of business and as a yardstick of one's success at it. Although it appears simple, profit is not always made. Sometimes there are losses. There is a lot, of misunderstanding about how much profit Nigerian entrepreneurs and business owners make. Some people think profits of businesses are too high. Others think that without high profits, there is no incentive for a business to produce goods and services needed by consumers.

INDIVIDUAL AS AN ENTREPRENEUR

Things don't just happen by themselves in any economic endeavour, especially in the world of free enterprise and profit. Someone has to make them happen. Entrepreneurs are the innovative owner – managers who create some new product or service or suggest a better way of using existing products or services. They are the first risk takers to see that the public wants a new product or service and to try to provide it. Entrepreneurs think up ways to satisfy people's needs. They invest money, time, and effort in organizing and managing a firm; run the risk of failure; and reap the rewards of success. Every time, fortunes are being made or lost in business ventures by those willing to take the risk -'

people like Dr. Mike Adenuga, owner of Globacom, Dr. (Mrs) Alakija, Mr. Elumelu, Dr. Adebutu Kenshinton(Baba Ijebu), Mr. Ubah Owner of Capital Oil, Dr. Obi Otudeko who started the Honeywell Group and Econet Wireless, Alhaji Aliko Dangote the founder and chairman of Dangote Group one of the largest indigenous conglomerates in Nigeria and Otunba Sunbomi Balogun the founder and Executive Chairman of First City Monument Bank Ltd.

These following individuals started by identifying entrepreneurial process; this begins when a person has an idea for a new product or service to meet consumer needs. He or she organizes the business; puts up money for buildings, such a plant, office, or store; buys the necessary equipment and materials; hires and trains employees; and begins production or operations. The sales resulting from operations bring in revenue, which is used to pay expenses. What is left over is either profits or loss, the reward or penalty for the owner's risk taking.

3.2 The Entrepreneurship from National Development Point of View

Country all over the world whose business survival and fortunes depends on production related activities has introduced qualitative education in area of entrepreneurship and technology in order to improve the quality of education that will provide opportunities for employment and generate income to both the individual and the nation at large. But not the types of education that will produce consumers like Nigeria.

Entrepreneurship today has been acknowledged to be a leading vehicle of job creation and economic growth and development all over the world. Consequently, countries all over needs to pay special attention to the needs of entrepreneurs by ensuring that adequate infrastructure is provided, good policy framework is entrenched and better regulatory environments is established, and fair legal system is put in place, provision of capital, protecting the intellectual property rights of companies, newly emerged industries are protected, technology development is enhanced and devoid of unnecessary rivalry.

Effective entrepreneurial education, training and development are the major sure path to national economic development. Nigeria can achieve this, through government commitment and collaborative involvement of the educational institutions, business organisations and research institutions. The multiplier effect will be mass turnout of creative agents of development, like entrepreneurs. The result of the interaction will lead to the development of competent technologists, innovators, scientists, engineers, accountants, technicians who are entrepreneurs in their own way. Entrepreneurship education training and development play very crucial roles in entrepreneurial development and skills acquisition that will translate to national development.

Entrepreneurship generally plays a key role in employment generation, increased productivity through innovation, the facilitation of transfer or adaptation of technology as well as the dynamic generation and utilization of resources.

3.3 Importance of Entrepreneurship to National Development

1. Entrepreneurship creates job opportunities for others
2. Improves standard of living
3. Entrepreneurs pay taxes to the government from the profits
4. Entrepreneurship leads to National productivity
5. Entrepreneurship leads to aspiration for new ideas, innovation and technology to improve the existing methods
6. Entrepreneurship development discourage importation and conserve of foreign exchange
7. Entrepreneurship encourages exportation
8. Entrepreneurship leads to expansion and creation of business opportunities through business diversification.
9. Entrepreneurship encourages individuals to set up and manage their business and this reduces importation of goods.
10. Entrepreneurship causes economic growth:

11. Entrepreneurship provides strength to small business:
12. Enhancement of market competition
13. Promotion of effective domestic resource utilization
14. Wealth creation and income generation
15. It encourages research and development

3.4 POSSIBLE BUSINESS OPPORTUNITIES IN NIGERIA

Business Opportunities: According to Hill and Jones, opportunities arise when environmental trends create the conditions and potential for a company to make greater profits and achieve strategic competitiveness. It is a major favorable situation in the firm's environment or trends and events that could significantly benefit an Organization/entrepreneur in the future.

Analyzing the Business Opportunities

Since entrepreneurs seek for opportunities, environment can be scientifically examined so as to identify what can strengthen and consolidate entrepreneur positions in their environment and formulate a good business plan. Effective environmental scanning will generate good business opportunities that can be explored. However, opportunities are characterized by the following;

a. Increase in demand
b. Identification of a previously overlooked market segment
c. Favourable changes in competitive environment
d. Change in government policies
e. Positive technological changes,
f. cost reductions and quality improvements in raw materials
g. Improved in buyer and supplier relationships etc

Possible opportunities for Business in Nigeria

The following are the reasons for better business opportunities in Nigeria

1. Nigeria is densely populated
2. Nigeria is the largest economy in Africa
3. Nigeria is both growing and developing in terms of innovativeness and human capita
4. The government policies on economy is paying off
5. Economic condition of the country is improving etc.

Following are the areas of focus for entrepreneurs to invest in Nigeria

1. Agriculture
2. Tourism
3. Arts and fashion
4. Hotel business
5. Furniture making
6. Restaurants / Canteen business
7. Confectionary/bread making
8. Printing business
9. Cosmetics/hairdressing salons
10. Soap making e.t.c

4.0 Conclusion

Possible Business opportunities in Nigeria Business opportunities are all over, however, entrepreneurs must scan the environment to identify these opportunities and examine the viability of such opportunities before investing into such business in order to minimize risk and maximize profit.

5.0 Summary

In this unit we have discussed The Entrepreneurship from Individual Development Point of view, The Entrepreneurship from National Development Point of View, and

Importance of Entrepreneurship to National Development. Finally we explore the Possible Business opportunities in Nigeria.

6.0 Tutor Marked Assignment

- For fifteen minutes, imaging yourself at the age of 50 years. Think of all the responsibilities, relationships, and possessions that you would have that would require money to acquire, to obtain, to maintain, to sustain, to preserve, to improve, to participate in, to achieve, etc.
- For fifteen minutes, list all the different ways that one can independently make money without being employed and using a capital of less than N200, 000.00.
- For fifteen minutes, list all the ways that a nation can pursue to achieve a sustainable and develop economy through entrepreneurship

Describe some talents or qualities that can sustain you financially if you could not find employment immediately. (Write half a page only).

7.0 References and Further Readings

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Kaplan, M. J. and Warren, A. C. (2007). Patterns of Entrepreneurship (2nd Ed.). New York, NY: John Wiley and Sons Inc.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Lumpkin, G. T. and Dess, G. G. (2001). “Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle,” Journal of Business Venturing, 16, 429-51.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

UNIT 3 Fostering Innovation In Enterprise.

Table of Contents

1.0 Introduction

Innovation will not only help organization to break market entrance barriers, it is an essential element to guaranty organization sustainability in volatile business environment. It is one of the fundamental instruments of growth strategies to enter new markets, to increase the existing market share and to provide the businesses with a competitive edge. Innovation will help firms in capturing market dominancy and to improve profitability (Cerulli, 2014).

2.0 Objectives

On the completion of this lesson note two, students are expected to understand various ways to apply innovation in business for the enterprise prosperity. This will help the students in the following ways:

- To understand how to apply innovation in business
- To be familiar with various types of innovation

3.0 Main Content

3.1 Innovation

The word innovation is defined as organizational process, product and changes that do not emanate from scientific discovery but also come from a mix of already existing technologies and their application in a new way. Innovation according to (O'sullivian & dooley, 2009) is seen as a process of making changes, large and small, radical and incremental to products, processes, and service that result in the introduction of something new for the organization that adds value to customers and contributes to the knowledge store of the organization. It is also a process of taking creative ideas and turning them into useful products or work method. Manual, (2005) opined that innovation is an activity that produces new or significantly improved goods (products or services), processes or marketing technique.

Innovation refers to the transformation of creative ideas in a business (Njeri, 2017). A firm's longevity in a highly competitive market place is determined by the level at which it introduces and executes its new ideas in products and services to meet change in customers' demands and expectations. New ideas and the manifestations of new ideas as products and practices constitute the core of innovation (Im, Montoya and Workman, 2013). Organizations continuously need to tackle the problem of changing market demands and meet changing consumer needs, especially because the marketplace is said to be a war arena for firms but guided by ethical conduct; it is a highly competitive environment. Therefore, according to Ellonen, Jantunen and Kuivalainen, (2011) they have to continuously improve their existing processes and products, and develop new products that match market requirements and if necessary create new markets for existing or new products that is; market innovation.

3.2 Types of Innovation

According to OECD (2005) Oslo manual, there are four different types of innovation: product innovation, process innovation, marketing innovation, and organizational innovation. Product and process innovations are closely related to the concept of technological developments.

i. Product innovation

Product innovation is the introduction of goods and services which are uniquely different or significantly improved in its characteristics; including improvements in technical specifications, components, and packaging materials, incorporated software, user-friendliness and other functional characteristics.

Product innovation is the enhancement of an already existing product, modification in the design of the recognized product and the use of new components in the creation of the known product (Alegra, Lapiedra and Chiva, 2006). Product innovation is a new and unique product that is entirely distinct from the old product (Herman, Timerzak and Befurt, 2006). Product innovation is an essential element in the process of growth which pleases the consumers as they derive satisfaction from the newly enhanced product with other necessary modifications (Loof and Heshmati, 2006). Polder et al. (2010) viewed product innovation as putting new products in the market or further improving the quality of already existing products. It is the application of new and unique features in terms of the core product's size, color, quality, form, etc in a product that already exists in the market in order for it to capture the attention and interest of the customers and to better appease them uniquely. Product is part of the most key elements of competitive edge that an organization needs to wield (Camison and Lopez, 2010). Product innovation ensures that the future of an organization is secured from encroachment and threats by its competitors in the market place (Hult, 2004). With the utilization of innovation by an organization, product quality will be enhanced consequently leading to better organizational performance and competitive edge (Garvin, 2007). Product innovation is a key organizational process that offers a better value for customers and supplements the performance of an organization.

ii. Marketing innovation

Marketing innovation is the adoption and use of new marketing designs which may includes unique changes in product design or packaging, product placement, product promotion or pricing.

Market innovation is focused on the marketing mix and selection of market so as to satisfy consumers need (John, 2009). Marketing innovation is the execution of new marketing techniques and approaches including an obvious modification in packaging, pricing, promotion and distribution of the product (OECD, 2005). Market innovation is essential to business organizations as it will help augment the sales efforts by increasing the need and demand for that product so as to improve sales and consequently more profits for the innovative organization. According to Hassan et al., (2013), market innovation is the utilization of new marketing approaches that include a radical modification in the four Ps of marketing; product, pricing, promotion and place strategies. It is a process of implementing new and creative marketing techniques included in the modification of shapes, colours, packaging, product design, package design and promotion (Bloch, 2007). It is the creation of a new market for existing products or new products using various marketing techniques. Marketing innovation gratifies the need of the consumers and comes with an idea of a tactical approach along with the characteristics of the product that include a radical alteration in the marketing mix (Reguia, 2014). The visible features, likability, design and overall appearance of the product may be modified but the core component and functionality will still remain.

Market innovation further assists in identifying potential markets yet to be exploited on and how best to meet the needs of this market (Kotler, 2011).

iii. Process innovation

Process innovation is the adoption and use of a new or uniquely improved production or delivery designs. This may include changes in techniques, equipment and/or software. 'Process innovations' can be intended to have negative adjustment in unit costs of production or delivery, to improve quality of products and services, or to produce and deliver new or uniquely improved products and services.

iv. Organizational innovation

Organizational innovation is the ability of an organization to use uniquely new method or design in its business practices, internal operation structures and with external relationships. Organizational innovations tend to increase firm performance by reducing administrative and transaction costs, improving workforce satisfaction (and thus labor productivity), gaining access to non-tradable assets or reducing costs of supplies.

Organizational innovation is the execution of novel approaches in the daily business routine of a firm, within the working environment and the company's relationships with outsiders (Hamel, 2009). Organizational innovation is the organization's ability to use its special organizational structure, designs, and methods in executing its daily business routines or operations and building relationships with outsiders. Organizational innovation relates to all efforts exerted towards modifying the traditional operation, procedures and techniques of working in order to bring changes in collaboration, information sharing and coordination. It is a means of achieving competitive advantage (Mol and Birkinshaw, 2009). Organizational innovation includes ideas of work design, training and development of employee and shared objectives (Nwankpa, 2017). Gunday and Dutton (2011) are of the view that organizational innovation is extremely connected to efforts made by the paperwork department to make new organization's daily operations, procedures and methods so as to spur the spirit of teamwork, innovation, learning, collaboration and information sharing. Innovation in the place of work involves the application of new techniques for sharing tasks among employees and taking of decisions within workers for sharing of responsibilities within and between departments in an organization and also use of new methods for structuring activities (Salter, 2006). It is just how an organization makes an arrangement or design of its hall, design its work and workflow, employees engage with customers and communication and information easily flow from top to bottom. In essence, make work easy for employees and add value to outsiders.

v. Technological innovation

Technological innovation is the successful implementation of technological idea (in commerce or management) new to the institution creating it. Schumpeter (1942) explains three stages in the process by which a new, superior technology permeates the marketplace. Invention constitutes the first development of a scientifically or technically new product or process. Innovation is accomplished when a new product or process is made available on the market. Diffusion (or dissemination) is the process that sees a successful innovation gradually coming to be widely available for use in relevant applications through adoption by firms or individuals. The cumulative economic and environmental impacts of new technology results from all three of these stages, which we refer to collectively as the process of technological change. (Jaffe et al., 2002). A technological innovation may be a new product, process, or device. It may be new "under the sun," or in the case of diffusion new only "under this roof." In either case, it may constitute a relatively minor improvement, or a major breakthrough.

3.3 Fostering Innovation in Business Enterprises

There are three forms of open innovation in an organisation; inbound open innovation, outbound open innovation and coupled innovation process.

The inbound open innovation refers to a firm’s utilization of external sources of innovation. For example, a firm may in-license a technique or method from another firm and integrates that technique to its own components or production process.

Outbound open innovation is the utilization of external pathways to develop innovation while also making commercial gains from it. Basically, it is when the firm gives out approval to other firms to make use of its innovation with the aim of making commercial gains and developing the world of innovation.

Lastly, coupled innovation process is the combination of inbound and outbound open innovation. Here, organizations work cooperatively to come up with new innovation rather than just sharing the available and existing innovative ideas. For example; joint venture. Business organizations may adopt open innovation for either an offensive motive or defensive motive (Chesbrough & Growther, 2006). An offensive motive in the sense that their main aim of adopting the innovation is to gain competitive edge over their competitors in the market place and the defensive motive is with the aim of minimizing cost and risk of the market. Innovation is a continuum of open innovation than a confusing choice of open and closed innovation

4.0 Conclusion

Business organizations can make use of knowledge, expertise, information and ideas of external sources to integrate it its products and processes in order to come out with a creative and rare innovative value. Business organizations need not rely alone on its internal research and development (R&D) department as it will only limit its horizon into seeing what more it can do to better satisfy its customers. This is because the modern business environment of today is evolving and this is caused by a lot of factors such as globalization which has made competition more intense, advancement in information and communications technology (ICT), increasing tradability of intellectual rights, product complexity, increased growth of private venture capital, etc.

5.0 Summary

In this unit we have discussed Innovation, types of Innovation as well as Fostering Innovation in Business Enterprises

6.0 Tutor Marked Assignment

1a. Describe the concept innovation

1b. What are the various types of innovation you know?

1c. How does innovation fosters business organization?

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research*. 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics,* 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). “Successful Market Innovation,” European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). “Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle,” Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). “The Relationship Of Innovation With Organizational Performance.” International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 4 Business Model Innovation

TABLE OF CONTENTS

1.0 Introduction

Innovation is the adoption and use of a new or uniquely improved production or delivery designs. While a theory is asset of ideas which claim to explain how something work. The various theories of innovation therefore claims how innovation can work within an organization

2.0 Objective

On the completion of this lesson note two, students are expected to understand various models and theories of innovation. This will help the students in the following ways:

- To understand how to apply various theories ideas in business

- To be familiar with the theories of innovation

3.0 Main Content

3.1 Theories of Innovation

- **Diffusion Theory of Innovation**

Diffusion of innovation theory, developed by Rogers in 1962, is one of the oldest social science theories; it originated in communication to explain how, over time, an idea or product gains momentum and diffuses (or spreads) through a specific population or social system (Léger & Swaminathan, 2007). It is a theory that seeks to explain how, why and at what rate new ideas and technology spread. Rogers and Scott (1997) define innovation, as simply "an idea perceived as new by the individual and diffusion as the process by which an innovation is communicated through certain channels over time among the members of a social system, or a special type of communication concerned with the spread of messages that are perceived as new ideas.

Diffusion research examines how ideas are spread among groups of people. Diffusion goes beyond the two-step flow theory, centering on the conditions that increase or decrease the likelihood that an innovation, a new idea, product or practice, will be adopted by members of a given culture. In multi-step diffusion, the opinion leader still exerts a large influence on the behavior of individuals, called adopters, but there are also other intermediaries between the media and the audience's decision-making. One intermediary is the change agent, someone who encourages an opinion leader to adopt or reject an innovation (Infante, Rancer, & Womack, 1997).

Innovations are not adopted by all individuals in a social system at the same time. Instead, they tend to adopt in a time sequence, and can be classified into adopter categories based upon how long it takes for them to begin using the new idea.

Practically speaking, it's very useful for a change agent to be able to identify which category certain individuals belong to, since the short-term goal of most change agents is to facilitate the adoption of an innovation. Adoption of a new idea is caused by human interaction through interpersonal networks. If the initial adopter of an innovation discusses it with two members of a given social system, and these two become adopters who pass the innovation along to two peers, and so on, the resulting distribution follows a binomial expansion. Expect adopter distributions to follow a bell-shaped curve over time (Rogers, 1971).

- **Blue Ocean Theory**

  The basis of Blue Ocean theory is also known as value innovation, a concept originally outlined by (Kim and Mauborgne 1997). They observed that companies tend to engage in head-to-head competition in search of sustained profitable growth. Yet in today's overcrowded industries competing head-on results in nothing but a bloody red ocean of rivals fighting over a shrinking profit pool. Lasting success increasingly comes, not from battling competitors, but from creating blue oceans of untapped new market spaces ripe for growth. Its aim is not to compete, but to make the competition irrelevant by changing the strategy of the playing field. There are many supporters of this theory, few of them include the chairman and president of LG Electronics- Moon Bum Shin, the former president of Chile, Eduado Ruz Tagle, the prime minister of Malaysia and so on. Financially and strategically, innovation entails big risk and involves number of trial and error however Blue Ocean Strategy provides the tools that limit the risks and maintain focus on value innovation. Briefly, a systematic easy-to-use approach to define breakthrough strategies can be used by any type of set ups.

  The strategic idea behind the Blue Ocean theory raises and creates value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market. The Four Actions Framework is used to create and assist value innovation and break the value-cost trade-off. Value innovation challenges Michael Porter's (1985) idea that successful businesses are either low-cost providers or niche-players, but rather, the blue ocean strategy proposes to find value that crosses conventional market segmentation and offering value and lower cost.

Blue ocean theory derives its significance by disregarding conventional rules and using competition as a benchmark. According to Kim and Mauborgne (1997), blue ocean theory creates jumpstart in value for the buyers as well as for the company. It equips the organization with powers of creating unchallenged market space, breaking the value-cost tradeoffs while aligning the whole system of organization activities in pursuit of differentiation and low cost. Organizations inclined towards blue ocean theory reject fundamental principle of traditional strategy (Kim & Mauborgne, 1997).

- **Open Innovation Theory**

Open innovation is a paradigm which states that firms can and should use external ideas as well as internal ideas, internal and external paths to the market as the firms look to advance their technology (Chesbrough, 2006). This open innovation theory considers that research and development is an open system where ideas come from both the internal and external sources. In the open innovation system they are no solid boundaries of the firm and both the internal and external paths to the market are considered similarly. This ensures that there is a vast knowledge database and resources in the industry thus fuelling innovations fast (Naqshbandi & Garib Singh, 2015). Open innovation is a model which states that a company need not generate entirely the best idea by itself but rather rely on its external and internal ideas in a more efficient manner that help reduce cost and risks. The sources of an organization includes; customers, suppliers, competitors, research centers, companies with complementary products, etc. (Von Hippel, 1988).Open innovation is way more better than a closed innovation as a closed innovation rely entirely on its internal capabilities alone for the advancement of the firm.

However, companies using the open innovation value need to also make use of an intellectual property management to ensure that the firm and other firms make use of its innovative idea in a strategic manner (Herzog, 2008). Specifically, they can use intellectual property management tools such as patent or unregistered rights such as trade secrets in order to exercise control over values and information (resources) that will be shared as external ideas to other firms in the form of a collaborative open innovation.

There are three forms of open innovation; inbound open innovation, outbound open innovation and coupled innovation process. The inbound open innovation refers to a firm’s utilization of external sources of innovation. For example, a firm may in-license a technique or method from another firm and integrates that technique to its own components or production process. Outbound open innovation is the utilization of external pathways to develop innovation while also making commercial gains from it. Basically, it is when the firm gives out approval to other firms to make use of its innovation with the aim of making commercial gains and developing the world of innovation. Lastly, coupled innovation process is the combination of inbound and outbound open innovation. Here, organizations work cooperatively to come up with new innovation rather than just sharing the available and existing innovative ideas. For example; joint venture. Business organizations may adopt open innovation for either an offensive motive or defensive motive (Chesbrough and Growther, 2006). An offensive motive in the sense that their main aim of adopting the innovation is to gain competitive edge over their competitors in the market place and the defensive motive is with the aim of minimizing cost and risk of the market. Innovation is a continuum of open innovation than a confusing choice of open and closed innovation

- **Disruptive Innovation Theory**

  Disruptive innovations is a theory by Clayton Christensen which states that these innovations that enable creation of new markets and value networks which eventually disrupt the legacy system of networks and markets over a period of time. These innovations assist in improving quality of products and services in new ways that the market does not expect and it's only the radical innovations that can ensure growth (Hamel, 2009). Disruptive innovation can be defined as the successful configuration of a product or service that changes the demands of a market and its needs ending up displacing the legacy players in the market (Yu & Hang, 2010).The characteristics of these disruptive innovations are that they are inferior to the market place product attributes, provide unique and new value system to the either a new consumer or to market that is price oriented, prices are lower and they enter and succeed in the market from niche to mainstream(Govindarajan & Kopalle, 2006). Disruptive technologies offer alternative values from the mainstream technologies and at the beginning could perform lower than the legacy technologies which could result to resistance from traditional customers. Disruptive innovations occur as a process which seeks to develop and improve products to serve a niche market which does not consider the nonstandard attributes. Market disruptions occur when the new seemingly inferior products overtake and displace the traditional mainstream products despite the performance (Hamel, 2009). They occur from gaps that exist in the market where small ideas are combined with a different world perspective which challenges the status quo and looks into new horizons. They set unthinkable goals and set the customers to a new unexplored view challenging their expectations (Harvey *et al.*, 2012).

They come from unsatisfied needs in the market that the market leader and others are not satisfying and little ideas are combined with different views from different backgrounds which would confront the modus operandi of the market leader and take a look into a new era of business. Example of disruptive innovative is lucky pen and leo smart; lucky pen came with a disruptive innovative idea which sent leo smart out of the market and opened the eyes of consumers that there is a better way of satisfying them by just satisfying a little unnoticed need that the consumers themselves haven't even realized they have such need. Also, another example of a disruptive innovation is mobile phone and landline. Users wanted something they could take wherever they go and not until they get home or to the office before they cold contact one another. Mobile phones saw this unrealized need as the consumers were still appreciative of the landline but have an unrealized feeling that they would still be more appreciative if they get something portable to move around with and still perform the function of a landline.

4.0 Conclusion

The essence of innovative theories is that business organizations can make use of knowledge, expertise, information and ideas of external sources to integrate it its products and processes in order to come out with a creative and rare innovative value. Business organizations need not rely alone on its internal research and development (R&D) department as it will only limit its horizon into seeing what more it can do to better satisfy its customers. This is because the modern business environment of today is evolving and this is caused by a lot of factors such as globalization which has made competition more intense, advancement in information and communications technology (ICT), increasing tradability of intellectual rights, product complexity, increased growth of private venture capital, etc.

5.0 Summary

This unit focus on the various theories of innovation. The theories explain the various changing sequences of executing innovations. This unitevaluate and compare various theories related to innovation to better understand the implementation of innovation.

6.0 Tutor-Marked Assignment

- Give a succinctly explanation of the different theories of innovation

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of

Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics,* 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). “Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle,” Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 5 TECHNOLOGICAL INNOVATION

TABLE OF CONTENTS

1.0 Introduction

This unit covers technological innovation in business organization. Technological innovation may be a new product, process, or device. It may be new "under the sun," or in the case of diffusion new only "under this roof." In either case, it may constitute a relatively minor improvement, or a major breakthrough.

2.0 Objectives

On the completion of this lesson note five, students will understand technopreneurship and what technological innovation entails. This will help the students in the following ways:

- To understand technological innovation
- To have an insight about e-business technological competence

3.0 Main Content

3.1 Technology Innovation

Technological innovation is the successful implementation of technological idea (in commerce or management) new to the institution creating it. Schumpeter (1942) explains three stages in the process by which a new, superior technology permeates the marketplace. Invention constitutes the first development of a scientifically or technically new product or process. Innovation is accomplished when a new product or process is made available on the market. Diffusion (or dissemination) is the process that sees a successful innovation gradually coming to be widely available for use in relevant applications through adoption by firms or individuals. The cumulative economic and environmental impacts of new technology results from all three of these stages, which we refer to collectively as the process of technological change (Jaffe et al., 2002). A technological innovation may be a new product, process, or device. It may be new "under the sun," or in the case of diffusion new only "under this roof." In either case, it may constitute a relatively minor improvement, or a major breakthrough.

It is important to clarify that Innovation is not only driven by technology. Technological innovation is the process where an organization (or a group of people working outside a structured organization) embarks in a journey where the importance of technology as a source of innovation has been identified as a critical success factor for increased market competitiveness. The wording "technological innovation" is preferred to "technology innovation". "Technology innovation" gives a sense of working on technology for the sake of technology. "Technological innovation" better reflects the business consideration of improving business value by working on technological aspects of the product or services. Moreover, in a vast majority of products and services, there is not one unique technology at the heart of the system. It is the combination, the integration and interaction of different technologies that make the product or service successful.

Technological innovation is a part of the total innovation discipline. It focuses specifically on technology and how to embody it successfully in products, services and processes. Technology as a body of knowledge might thus be seen as a building block for technological innovation, serving as cornerstone to research, design, development, manufacturing and marketing. Other definitions of technological innovation may be found in literature, yet they all make some reference to Invention, realisation, or Implementation.

3.2 Technological Competence

Technological competence is fundamental to human existence (Burke & Ornstein, 1995). At each stage within the cycle of organizational life, it is important that employees continuously strive to acquire new skills, or to refine existing ones, in the hope that increased productivity and efficiency will be enhanced. Despite the fact that skilled behavior underlies nearly every human activity, our understanding about the factors that contribute to the attainment of expertise in technology education is far from complete. However, some attempts to define technological competence have been made. For example, based on Dyrenfurth's (1990) and Layton's (1994) work, Autio and Hansen (2002) defined technological competence as an interrelationship between technical abilities in psychomotor, cognitive, and affective areas. Training is about the continuous effort of developing oneself or others, any skill or knowledge that relates to specific useful competencies. It is about improving one's capacity, capacity, productivity and performance. Training of staffs to develop their technological competence is very beneficial to the firm as a whole.

3.3 E-Business

Lee and Whang (2001) define eBusiness as the 'use of Internet-based computing and communications to execute both front-end and back-end business processes'. Organizations all over the world including Nigerian enterprises adopt the use of internet and e-business technologies for their online or electronic commercial activities. Grandon and Pearson (2004) and Turban et al. (2010) noted that electronic business technologies enhance organizational productivity for the technopreneur in the following ways: a) it improves efficiencies through automation of transactions, b) it reduces intermediaries in the value chain to foster greater economic advantages, c)it consolidates demand and supply through organized exchanges.

4.0 Conclusion

Technological innovation is an extended concept of innovation. While innovation is a rather well-defined concept, it has a broad meaning to many people, and especially numerous understanding in the academic and business world. Innovation, refers to adding extra steps of developing new services and products in the marketplace or in the public that fulfill unaddressed needs or solve problems that were not in the past. Technological Innovation, however focuses on the technological aspects of a product or service rather than covering the entire organization business model.

5.0 Summary

This unit covers technological innovation in business organization, Technological Competence and E-business which facilitates product improvement as well as engenders innovative ways of selling existing products and services.

6.0 Tutor-Marked Assignment

- What is technological innovation?
- Explain the concept of technological competence by an entrepreneur.

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics*, 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). “The Relationship Of Innovation With Organizational Performance.” International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 6 INNOVATION AND BUSINESS OPPORTUNITIES

1.0 Introduction

The introduction of something new." Innovation an idea, creating and making with planning, not only technological. But also management, financial, behavioral, political, cultural and psychological in every field business or non-profit organization. In the innovation we making different stimuli from the external environment and apply to the internal form of the organization.

2.0 Objectives

On the completion of this lesson note one, students will understand the concept of innovation and the various types of innovation. This will help the students in the following ways:

- To understand the concept of innovation
- To examine the various types of innovation

- To identify the component of organizational innovation

3.0 Main Content

3.1 Innovation can be defined as a new idea applied to initiating or improving a product, process or services. Stephen P. Robbins defined innovation as the successful introduction of a new thing or method. Thus, innovation is the embodiment, combination or synthesis of knowledge in original, relevant valued new products, process or services."

Luecke and Katz sees innovation like many business function, is a management process that requires specific tools rules, and discipline. Davila viewed all innovation begins with creative ideas.

3.2 Economic conceptions of innovations:-

Joseph Schumpeter defined economic innovation in the theory of economic development, 1934, Harvard University. The introduction of a new good- that is one with which consumers are not yet familiar - or of a new quality of a good.

The introduction of a new method of production, which need by no means be found upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially. The opening of a new market that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.

The conquest of a new source of supply of raw materials of half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created. The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up a monopoly position.

According to Peter F. Drucker :-

Innovations organization first knows what "innovation" means. They know that innovation is not science or technology, but place inside on organization but is a change outside. The measure of innovations is impact on the environment. Innovation is a business enterprise must therefore always be market - focused. Innovation that is product - focused instead is likely to produce "Miracles of technology" but disappointing reward. "Only when a new product or a new business has been established in the market has there been an innovation."

Different types of innovation used in business.

1- Produce new goods.

2- Introduction of new method of the production system.

3- Making new market.

4- Create new demand and supply.

5- New human relation technique.

6- Using the new strategic management.

7- Using new technology.

THE PRACTICE OF INNOVATION

According P.F. Drucker:- "Innovation is the specific tool of entrepreneur, the means by which they exploit change as an opportunity for a different business or a different services. " Innovation have importance in growth and development of business, and any change and complexities cannot differ it's goal or objective.

"Entrepreneurs innovate. Innovation is the specific instruments of entrepreneurship. It is the act that endows resources with a new capacity to create wealth. Innovation, indeed, creates a resource. There is no such thing as a "resource" until man finds a use for something in nature and this endows it with economic value. "

The innovation practice formed by entrepreneur, as economic, business and government policy. But the major parts used in the economics. The goal of innovation is the positive change, to make someone or something better, and make operation management in existing unit or business. Innovation leading to increased productivity, efficiency and effectiveness is the fundamental source of develop wealth in an economy. In the organizational context, innovation may be linked to performances, growth and development through improvement in efficiency, productivity, quality, competitive position, market share, growth of market etc. All types of organizations can innovate including for examples hospitals, universities and local government.

3.3 Characteristics of Innovation:-

According to P.F. Drucker - have certain characteristics in common:-

1- Innovating organization know what 'innovation' means.

2- Innovative organization understand the dynamics of innovation.

3- They have an innovation strategy.

4- They know that innovation requires objective, goals and measurement of a managerial organization and appropriate to the dynamics of innovation.

5- Management, especially top management, plays a different role and has a different attitude in an innovative organization.

6- The innovative organization in structured differently and setup differently from managerial organization.

Innovative Opportunity:-

"Innovation, is change something new", and it is change that always provides the opportunity to the new and different. "Systematic innovation therefore consist in the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation."

The systematically, formally and planned innovation given the meaningful result and the process of seeking for changes, and systematic analysis of the future growth, these change are innovation, specifically, systematic innovation means monitoring the seven sources for innovation opportunity. The first four source lie that within the enterprise, whether business or public services institutions, non profit organization, or within an industry or service sector. There are therefore visible to people within that industry. or service sector. They are basically symbol. But they are highly reliable indicator of changes that already happened or can be made to happen with small effort.

These four source areas are :-

1- The unexpected :-

- The unexpected success.
- The unexpected failure.
- The unexpected outside event.
- That is unseened opportunity, problem, success, failure and growth.

2- The incongruity :-

Between reality as it actually is and reality as it assured to be or as it "right to be". That is difference between actual and standard.

3- Innovation based on process needs :-

Needs, wants, desire and expectation.

4- Changes in industry structure or market structure:-

- That Catch everyone unawareness.
- Identified the awareness.

The second set of sources for innovation opportunities, a set of these, involves changes outside the enterprise or industry.

5- Demographics :- (Population changes, aged, income, religion & region)

6- Change in perception :- (mood and meaning, stimuli)

7- New Knowledge:- (both scientific and non-scientific) These seven source require separates analysis for each has its own distinct character.

3.4 Organizational Innovation: A Framework

“Organizational innovation” is a broad concept that includes strategies, structural, and behavioural dimensions. It includes competitive strategy (i.e. role of innovation, costs, people etc.); structural characteristics of the organization such as hierarchy, functional lines, and organizational boundaries; work processes including the use of different production inputs, the flow of work, job design, work allocation, and use of suppliers and subcontractors; HRM practices including hiring and firing; and industrial relation practices involving the strategies and institutional structures affecting the labour - management relationship.

Following OECD (2002), we define organizational changes to include three broad streams: 1) the restructuring of production processes, which include business reengineering, downsizing, flexible work arrangements, outsourcing, greater integration among functional lines, and decentralization; 2) human resource management (HRM) practices, which include performance-based pay, flexible job design and employee involvement, improving employees' skills, and institutional structures affecting the labour - management relations; and 3) product/service quality-related practices emphasizing total quality management (TQM) and improving coordination with customers/suppliers.

More precisely, The WES is a cross-sectional survey of workplace. For our discussion in the rest of the paper, we will use the terms workplace, establishment, and firm inter exchangeable. Production and efficiency practices allow a firm to design, produce and market its products more efficiently than its competitors. Reducing the cost of doing business, increasing the speed of delivery, enhancing the flexibility of the organization, and achieving economies of scale are the main characteristics of production and efficiency practices. These activities work together to achieve better productivity performance, lower cost of production, higher quality, and better customer service.

In practical terms, production and efficiency practices are often associated with making production processes "lean" and more responsive to market changes. These practices include a return to "core business", "re-engineering" and "outsourcing". All these practices entail a concentration of the activities of the firm on essential parts of the business, where its comparative advantage lies. Additional practices such as "just-in-time" production and "benchmarking" are expected to make the firm more responsive to the market while at the same time encouraging the adoption of successful practices in other organizations. Other practices such as "decentralization" involve the decentralization of management responsibility and empowering of employees in order to achieve enhanced flexibility. (OECD, 2002).

Firms re-engineer their business process in order to achieve efficiencies in the form of lower cost, higher product quality and better customer service. Business reengineering covers the entire range of business activities including manufacturing – distribution coordination, reduced time to market, improved or just-in-time manufacturing, improved inventory management, lower procurement costs, reduced processing errors, extended business reach and better customer service. More extensive use of ICT can help firms achieve the potential gains of reengineering (OECD, 2002).

Outsourcing can be a key element of production and efficiency practices. This allows firms to leverage talent and resources and gain potential benefits of advance skills and technologies without having to directly invest in them.

Decentralization of management responsibility and more diffused decision-making structures can help firms achieve enhanced flexibility. It is argued that flatter hierarchies and devoted decision-making diffuse information quickly within firms, and help improve the innovative and creative abilities of staff and a firm's responsiveness to clients.

Cost-reduction strategies are generally associated with "downsizing" and flexible work arrangements." Cappelli (2000) argues that the distinctiveness of downsizing, as opposed to more traditional layoffs, is that in the former case the job cuts do not necessarily appear to be driven by shortfalls in demand but instead appear to be driven by the search for operating inefficiencies.

Firm flexibility may also involve using part-time, temporary, or contract workers. Flexible work arrangements can increase "numerical "flexibility of the firms, referred to as the ability of firms to vary labour inputs. This allows firms to adjust their workforce to business cycles and demand trends. For workers, such practices can facilitate their mobility between different careers, jobs and markets.

In the KBE, there is a greater tendency to forge more explicit links between HRM practices and overall corporate strategy (Newton, 1996). Firms use HRM practices as a strategic tool to achieve business objectives such as cost reduction and product development. HRM practices produce a skilled and motivated work force that can adapt to and take advantage of new technologies and changing markets. HRM practices cover a range of personnel management areas including performance-based pay, job rotation, flexible job designs, employee involvement, skills training, and communication procedures. Baldwin (1999) describes the findings of a number of Canadian studies that find an emphasis on HRM practices is closely related to the innovation stance of the firm. *Performance-based pay* links workers' pay in part to either the performance of the firm, or individual performance. It is designed to strengthen employee incentives and increased trust and commitment. There are many ways to relate pay to performance: individual incentive systems, productivity/quality gain sharing and other group incentives, profit sharing and merit pay, and skill-based pay. There is ample evidence to suggest that performance-based pay can help motivate, attract and retain outstanding performers (Lawler *et. al.,*1998). Performance-based pay is being used by a substantial share of firms in OECD countries, particularly companies which are implementing a range of organizational changes (OECD, 2002).

Flexible job design and employee involvement: A key objective of HRM policies is to get employees more involved in their jobs. Freeman, *et al*. (2000) argue that many American firms use HRM policies such as self-directed teams, quality circles, profit sharing, and diverse other programs, to involve employees in their jobs. HRM practices such as teamwork and job rotation seem to raise skill demands primarily for behavioural and interpersonal skills such as the ability to get along with others and work in teams (Cappeli and Neumark, 1999). In this paper, we consider a number of individual HRM practices including employee suggestion programs, flexible job design and job rotation, job enrichment/enlargement, and job redesign, information sharing with employees, quality circles and problem-solving teams, self-directed work groups, and joint labour management committees.

Previous studies find that flexible job design and employee involvement (EI) are associated with increased benefits to employers5. Cappelli and Neumark (1999) find that work practices that transfer power to employees, may raise productivity, although the statistical case is weak. Similarly, Freeman *et al*., (2000) find that EI that is more likely to be associated with profit-sharing and other forms of shared compensation, could do more for workers than for firms. EI is found to have an effect on labour productivity.

Developing Employee Skills: HRM practices focus on "high skill" strategies that make better use of and continuously renew human capital (OECD, 1998). In the KBE, work requires creative thinking, self-motivation, and academic basics. Problem-solving, decision-making, business, financial, negotiating, and interpersonal skills, in addition to technical skills are essential for workers (Newton, 1996). A recent OECD (2002) study notes that firms are now developing their own customized training strategies, which are increasingly on-line. Some large firms are involved in setting up corporate universities using ICT technologies and offering some combinations of satellite-based learning, web-based training, virtual reality and virtual campuses, sometimes in conjunction with more traditional methods.

Lynch and Black (1995) find that smaller establishments are much less likely to provide formal training programs than larger establishments. Importantly, regardless of size, those employers who have adopted some of the practices associated with what have been called "high performance workplaces" are more likely to have formal training programs. And, there are significant and positive effects on establishment productivity associated with investments in human capital.

In empirical literature, there is ample evidence on the effects of individual HRM practices on productivity performance. Some notable studies include, profit sharing (Kruse, 1993); training (Bartel, 1995); and information sharing (Kleiner and Bouillon, 1988).

Ichniowski, Shaw and Prennushi (1997) find that interaction effects are important determinants of productivity. Firms realize the largest gains in productivity by adopting clusters of complementary HRM practices, and benefit little from making marginal changes in any one HRM practice. The study investigates the productivity effects of innovative HRM practices using data from a sample of 36 homogeneous steel production lines owned by 17 companies. The findings show that lines using a set of innovative HRM practices, which include incentive pay, teams, flexible job assignments, employment security, and training, achieve substantially higher levels of productivity than do lines with more traditional approaches, which includes narrow definitions, strict work rules, and hourly pay with close supervision. *Labour – management Cooperation*: Many studies find that effective labour management relationship is key to fostering organizational change and raising productivity. Unions may raise productivity by lowering the costs of introducing new HRM practices and encouraging employee participation. Black and Lynch (2001) find that unionized establishments that promote joint decision making coupled with incentive based compensation have higher productivity than other similar non-union plants, while those businesses that are unionized but maintain more traditional labour management relations have lower productivity. In our analyses, we consider enhancing labour management cooperation to be an important objective of industrial relations strategy in the new economy.

Over the past twenty years, the composition of the business sector has shifted from traditional industries (e.g. steel, chemicals) with long product cycles and an emphasis on process R&D to more innovative, faster-changing industries, often with short product cycles (e.g. computer equipment). Shorter product cycles increased the need to constantly renew products and improve the quality of goods (OECD, 2000). To respond to this challenge, businesses increasingly focus on practices such as total quality management (TQM), improving coordination with customers/suppliers, and improving customer satisfaction.

There is widespread recognition of TQM as a critical competitive strategy and thus, a primary concern of all levels of management, including senior management (Easton and Jarrell, 1998). Baldwin and Johnson (1998) report that is a closely related to the success of small and medium-sized firms in Canada. TQM is based on:

1) customer focus which includes elements such as emphasis on customer requirements and customer satisfaction and changes in processes;

2) systematic improvement meaning a wide-spread systematic organizational focus on quality improvement, cycle-time reduction, and waste reduction and the adoption of prevention-based orientation;

3) supplier performance and supplier relationships, which means choosing suppliers on the basis of product quality rather than solely on price;

4) employee involvement and development, meaning teams to identify and solve quality problems; and 5) statistical tools such as control charts for monitoring and continuous control.

Competition in the market places the importance on customer relations and customer satisfaction. To satisfy customers, firms must design, manufacture, and deliver products and services that meet their tangible and intangible needs better than their competitors, and provide superior value. In order to retain and maintain customers and build loyalty, firms provide quality after-sales and other services (Monga, 2000).

ICT are playing a key role in the growth of customer relations management (CRM) practices. For example, to communicate with clients, sales forces in the field are supplemented by interactive web sites and call centres. In addition, advanced database technology, world-wide web integration, sales force automation and multi-media-based front office applications are emerging as key elements of CRM. Evidence from surveys of managers and case study literature shows that the most important reasons for investing in ICT are product quality improvements, especially customer service, timeliness, and convenience (Bresnahan *et.al*., 2002).

Individual organizational practices e.g. TQM, on-the-job training, etc. have positive effects on firm performance (Easton and Jarrell, 1998). However, studies show that higher productivity gains are realized when firms implement bundles of high performance practices, as opposed to single practices (OECD, 2002). Black and Lynch (2000) find that bundling of production and HRM practices is particularly effective. Mavrinac and Siesfeld, (1998) found that synergies exist between flexible employee management and compensation programs and TQM.

4.0 Conclusion

Innovation is perceived as the successful implementation of creative ideas within an organization. In this view, creativity by individuals as teams is a starting point for innovation; the first is necessary but not sufficient condition for the second.

5.0 Summary

In this unit we examine the concept of innovation, different types of innovation used in business as well as characteristic of innovation. Organizational Innovation: A Framework was also discussed extensively.

6.0 Tutor-Marked Assignment

- What is Innovation?
- Explain the sources of innovation to an entrepreneur
- Illustrate with examples the characteristics of innovation

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics*, 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business,* 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan’s Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). “Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle,” Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master’s Thesis. Master’s Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). “The Relationship Of Innovation With Organizational Performance.” International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of

Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 7 PRODUCT IINNOVATION

TABLE OF CONTENTS

1.0 Introduction

The unit exposes students to understand the concept of product innovation. The word product has several meanings. According to Kotler and Armstrong (2005), a product is anything that can be offered to the market to satisfy a want or need or in another form, a product is anything that can be offered to a market for attention, acquisition, use of consumption. Based on these definitions, it includes physical objects, services, personalities, places, organizations and ideas. According to Obert and John (1999), a product is a bundle of benefits, a collection of solutions to customers' needs and wants. But in another way, a product is the totality of what consumers intend to buy, and what sellers intend to sell. Here, the totality indicates the presence of more than one attributes in anything called product.

2.0 Objectives

On the completion of this lesson note one, students will understand what product innovation is. This will help the students in the following ways:

- To understand what product innovation is
- To be familiar with the stages of product
- To understand product life cycle.

3.1 Main Content

3.1 Product Development

According to the Global Business English Dictionary (2006), product development is the revitalization of product through the introduction of a new concept or consumer benefit. The concept that can be implemented range from modification of the product. It is also the process involved in getting a new product or service to the market, where consumer derives optimal satisfaction from the product. In Addition, Cooper and Kleinschmidt (2004) supported nine factors that distinguished the better performing businesses. These factors include a high –quality new product process, a defined new product strategy for the business unit, adequate resources of people and money, research and development spending for new product development, high –quality project teams of new product, senior management committed to and involved in new products, climate and culture of innovation, the use of cross –functional project teams, and senior management accountability for new product results.

Furthermore, the NPD process requires participation and input from multifunctional teams. It is necessary for members of the marketing, engineering, operations, research and development, and corporate departments to share ideas early and often. Active collaboration ensures that the most promising ideas, considering multiple points of view, will be incorporated in the NPD, thereby increasing the chances of success (Boyer and Verma, 2009).NPD refers to the extent of a firm's new product offering, ranging from line extension, style increasing, to new to the market products (Galbraith, 2003). This is theorized as a manner of building and maintaining sustainable advantages especially in competitive and turbulent environments, (Garcia, & Calantone 2002). Many studies discuss key success factors of new product development. Some of these factors include;

a. The firm owns a high quality new product process and design team with customer orientation.

b. The firm is able to define new product strategy, including goals and areas of strategic focus.

c. Senior managements make the necessary resource commitment to product development.

d. The firm has high quality product teams, including dedicated team leader, strong and frequent communication and social interaction, quick and efficient decision making etc.

e. The firm must possess an innovative climate and culture.

f. Cross functional teams to make key marketing and manufacturing decisions,

g. Information gathering regarding market testing, customer feedback, advertising testing etc. (Crawford & Benedetto, 2003; Cooper & Kleinschmidt, 1996).

3.2 Product Classification

According to Pride and Ferrell (2006), products fall into one or two general categories depending on buyer's ultimate use of the product. For examine, an electric build is either a consumer or industrial product. It is an industrial product, if it is purchased either to produce other products or to light an assembly line. It is a consumer product, if it is used in someone's home. Products, whatever the types can be broadly categorized into the following two major headings:

1. **CONSUMER PRODUCT:** Edward & Richard (1994), Identified three separate classes of consumer goods according to the buying habit of consumers namely – convenience, shopping and specialty goods.

a) **Convenience Goods:** Convenience goods include products and services that are relatively un-expensive, frequently purchased and over which the buyers want to exert only minimal efforts. These include bread, gasoline, soft drinks and newspaper.

b) **Shopping Products:** Shopping products are items for which buyers are willing to expend considerable efforts in planning and making purchase. Shopping goods according to Kotler et al (2005) can be homogenous and heterogeneous shopping goods. Buyers of this category of products allocate considerable time for company's types and brands with respect to prices, features, quality and services. Shopping goods are usually more expensive than convenience goods.

c) **Specialty Goods:** These trends of goods have unique characteristics that are not shared by competitors which also make consumers willing to exert considerable efforts to locate and buy them. In the process of searching for specialty products, purchases do not compare alternatives. They want a particular one and no other. This is particularly true of sound systems, televisions and furniture.

2. **INDUSTRIAL GOODS:** These categories of products are used for production of goods or services consumed in the course of business operations or the products that are purchase to produce other products. Industrial goods can be classified into three categories as follows:

   a) Foundation Goods: These are used for production process and purposes. They are intended to be used in a production processes for considerable length of time.

   b) Entering Goods: These refer to ingredients or components of product. These are the parts that go into the product itself.

   c) Facilitating Goods: These are operating suppliers that are used up in the firm but do not become part of the product. They are usually budgeted as expenses and have short life.

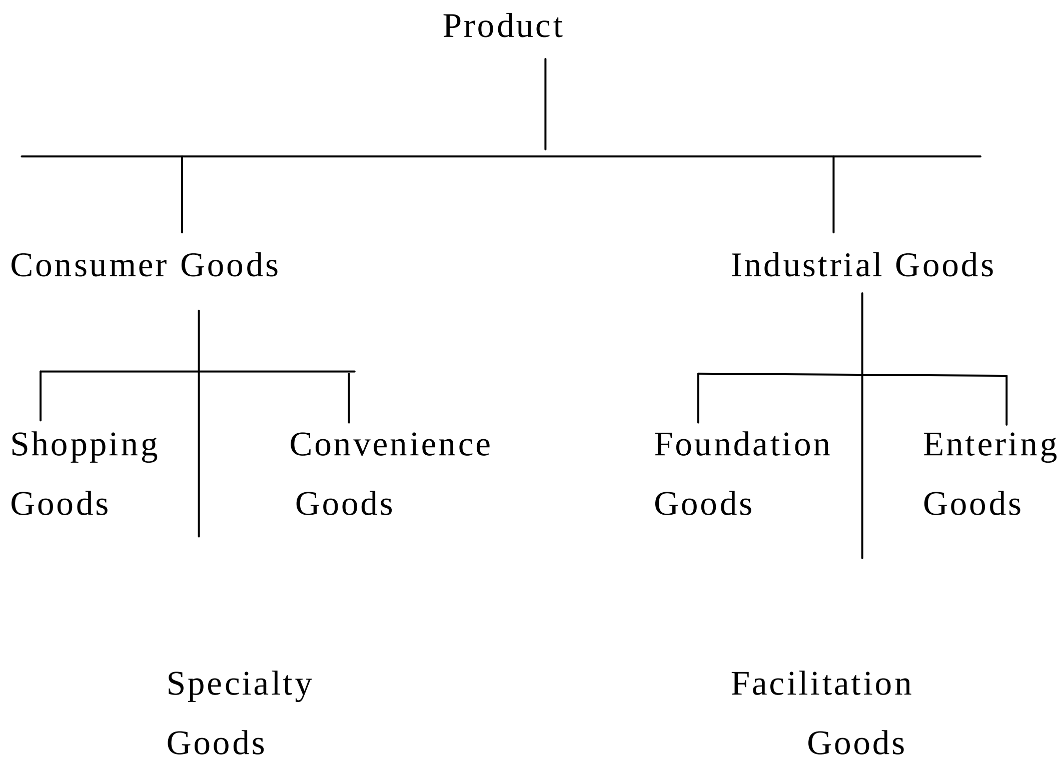

Fig. 2.1 Product classification

Source: Kotler & Armstrong (2005): “Principles of Marketing”, 11th Ed. USA, Pearson Education Inc., pp, 46

THE NEED FOR NEW PRODUCT

New products are the lifeblood of an organization. Developing and introducing new product is very expensive and risky. Thousands of new products are introduced annually, whereas the failure rate ranges between 33% and 90%. Although, it has been reported that 90% of new products end up in failures, but a recent study of industrial and consumer oriented firms indicates that only 33% of new products actually introduced to the market place fail, , (Parag, 2005). This same study conducted reports that medium and large sized firms obtain 15% of their sales volume from new products introduced in the last five years. Although, new product development is risky, failure to introduce new product can be a failure; for example, Nokia develops new product frequently, Nokia’s prolific new product development process has helped it to dominate the fiercely competitive mobile communications industry. Innovation is a part of Nokia's very culture something Nokia calls "Renewal". Parag (2005) suggested that marketing management must be constantly on the alert to exploit new product opportunities and to avoid continuing an unprofitable item in order to meet consumer needs and want and organizational objectives.

New product development is the most rewarding aspects of marketing because it makes the work of marketing challenging and interesting. It is the cornerstone of any marketing effort and shows how creative and innovative a company is, it ability to develop new products due to the changing needs of the customers. Chances that a new product will fail to reach their objectives (Nickels, McHugh and McHugh, 2002). Not delivering what is promised is a leading cause to new product failure. New product development is essential because products fail due to overestimating market size, poor design, competition, wrong price, capital shortage, short product life cycle and inadequate research. Other reasons for failure include poor positioning, not enough differences from competitors and poor packaging. Small firms may experience a lower success rate unless they do proper planning.

A new product plan must include the following:

i. Objective
ii. Time frame
iii. Budget
iv. Research
v. Risk

David (1999) describes the need for product development as the outcome of researches made in order to determine consumers' desire for the product quality, design, style, colour, service price and package. To be saleable, a product must be correctly styled, designed, serviced and assorted to the needs and wants of the consumers who want it and be willing to pay for the product.

3.3 PRODUCT DEVELOPMENT STAGES

Booz & Hamilton (1982) sees product development stages as manufacturing that involves many activities, which occur from stage in the production circle of a given industry. He sees the stages as the following:

a. Composing stage

b. Design stage

d. Packaging stage

A. COMPOSING STAGE: Booz &Hamilton (1982) refers to composing stage as a stage where raw materials like chemicals are being set into finished production, suitable for human consumption as parts of meeting up with the everyday demand of the growing economy.

B. DESIGN STAGE: He sees design stage as the demand for a commodity that is best enhanced by the product. In most cases, people look to the designs of a particular product before deciding whether to buy or not, hence most goods meant for ladies are given design that best suit ladies.

D. PACKAGING STAGE: Booz and Hamilton (1982) argues that packaging stage is a stage after production where the whole output are packet into their relevant sizes and uniformity by making them ready for delivery to areas where they are best reached by the consumer. The packaging stage gives room for an orderly arrangement of production for transportation storage.

NEW PRODUCT

A new product is a good, service or idea that is perceived by some potential consumers as new, (Kotler and Armstrong 2005). New products can be referred as original products, product improvements, product modification and new brands that the firm develops through own research and development effort. According to David and Nigel (2001), new products or services introductions can be classified according to newness to the market and the extent of customer value created resulting in the following types of product.

i. New-to-the-world: These are product new to the company and the market.

ii. New product lines" New products that allow a company to enter an established market for first time (i.e. the product is new to the company the market).

iii. Addition to existing product lines: New product of supplement a company's established product line (packaged size, flown and so on).

iv. Improvement and Revision of existing product: New products provide improve performance or greater perceived value and replace existing products.

v. Repositioning: Existing products that are targeted to new markets or market segment. To be called new products there must be some charges in the existing product to suit the new segment targeted.

vi. Cost Reduction: New product that provide similar performance at lower cost to the company.

New product development in various categories mentioned above is very important for any organization because existing products are vulnerable to changing consumer needs and tastes, new technologies, shortened product life cycles and increased domicile and foreign competition. Organizations have to be on the lookout for new products.

3.4 CONCEPT OF PRODUCT INNOVATION

A product innovation is the introduction of a good or service that is new or significantly improved regarding its characteristics or intended uses; including significant improvements in technical specifications, components and materials, incorporated software, user friendliness or other functional characteristics (OECD Oslo Manual, 2005). Product innovation is the set of activities beginning with perception of a market opportunity and ending with production, sale and delivery of a product (Ulrich and Eppinger, 2007).

Product development demands the integration of many actors of different knowledge and expertise in order to develop a high technological product (Chux Gervse Iwe, 2010). Innovation products present opportunities for firms in terms of growth and expansions into new areas as well as allows firms to gain competitive advantage, innovation by itself is defined as the generation, acceptance, and implementation of new ideas, processes, products or better services. According to Ramaseshan, Caruana and Loo (2002), new products are essential to the survival and long term growth of any firm. Success in new product development is a critical management issue particularly in technology driven firms. Managers of new product have little guidance on how to improve or redirect their organization's external orientation towards their product target market.

3.5 PRODUCT INNOVATION PROCESS

A new product is the one that a given firm has not marketed previously, though; similar product may have been available from other organizations, Prior to the introduction of a new product, Booz, Allen and Hamilton (1982) have propounded six ways or phases of dealing systematically with a new product development because they feel that new product addition is necessary to a company. These phases are indicated below:

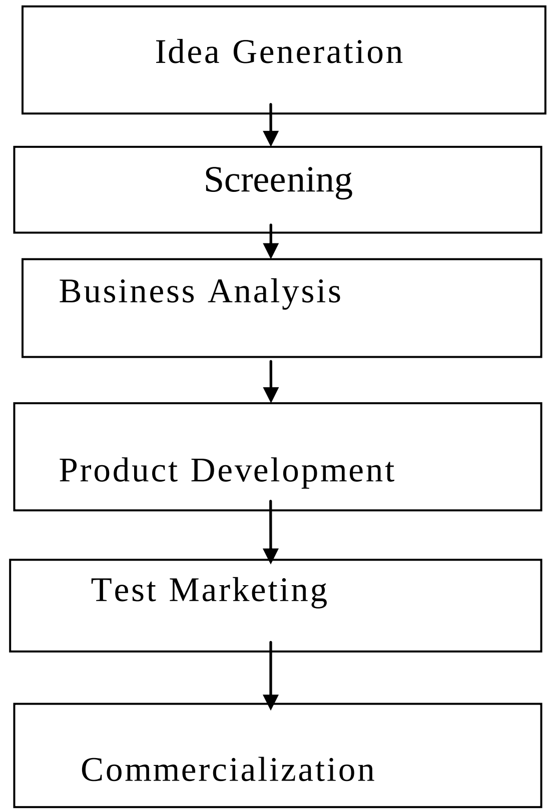

Figure 2.2: New Product Development Process

Source: Booz & Hamilton (1982): "New Products Management for the 1980s", New York, Prentice Hall

I. IDEA GENERATION: Business organizations seek product ideas that can assist them achieve their objectives. New product ideas can come from two sources. There is the internal source of new product idea and the external source of new product idea. New ideas may come from or arise from the internal sources – Marketing managers, engineers or other organizational personnel. New product idea may also arise from sources outside the firm such as competitions, advertising agencies, management consultants, private research organization and customers. For example, customers or users developed 67% of the new process machines employed in semi-conductor industry.

II. SCREENING IDEAS: In the process of screening ideas, those that do not match organizational objectives are rejected while those ideas with greatest potential are selected for further development. Aspects that should be weighted are the firm's general ability to produce, nature and wants of buyers, competition and environmental factors.

III. BUSINESS ANALYSIS: During business analysis. General Foods sought information about the market for whipped cream. A poll of consumers with secondary data about the purchase of fresh whipped cream and pressurized products supplied some information for estimating potential – sales, costs and profits. Business analysis provides a tentative sketch of a product's compatibility in the market place, including probable probability as well the company's manufacturing and marketing capabilities.

IV. PRODUCT DEVELOPMENT: In the development phase, a company must first out it is technically feasible to produce the product and if the product can be produced at a cost low enough to resale at a reasonable price. If a product idea makes it to the development point, it is transformed into a working model.

V. TEST MARKETING: According to the Ultimate Resource Business (2006), marketing risk can be reduced by rigorous testing before spending big amount of money on the product. Test marketing is a limited introduction of a product, into areas chosen to represent the intended market. It is aim to determine probable buyers reaction. Customers are a business greatest asset and quality, customer service and reaction is the key to any organization long term success. Michael (2002) opined that test marketing is a sample launching of the entire marketing mix. Test marketing is used by companies of all sizes to minimize the risk of product failure.

VI. COMMERCIALIZATION: At commercialization stage, plans for full scale manufacturing and marketing must be settled as well as budgets for the project must be prepared. At commercialization phase, marketing management analyzes the result of test marketing to find out what changes in the marketing mix required before the product is introduced and organization gears up for large scale production. For example, Nokia test-marketed its N-Gage cell phone or mobile game player extensively before introducing it worldwide. This activity of commercialization requires a sizeable capital expenditure for plant and equipment, promotional efforts such as advertising, personnel for selling and sales promotion. Organization need to take steps to develop customer – driven culture throughout their organization. This holds true for product offering as well as after sale support (John. 2001). Commercialization is significantly easier when customers accept the product rapidly. Marketers have a better chance of success if they can make customers aware of a product benefit. If consumers accept the product, there is bound to be rapid commercialization and, therefore, the product commences its life cycle.

3.5 PRODUCT LIFE CYCLE CONCEPT

Once a new product is launched, management crosses its finger and hopes that the product will enjoy a long and happy life. While under no illusion, that the product will last forever, it wants the product to return a decent profit considering all the efforts and risks that went into it, when they lose appeal, they die. However many are with failure die fast and ultimately credited with short life cycle. The product life cycle is nothing more than the sales history of a product, that it, the progress made by a successful product in terms of its sales from the time of its launching to that of its removal from the market. Firstly, because all products eventually decline, a firm must be good at developing new product to replace aging ones (challenge of new product development).Surely, the firm must be good at adopting its marketing strategies in the face of change in taste, technology and competition as product pass through life cycle stages (challenge of product life cycle strategies).

Each stage of product life cycle possesses different threats and opportunities that dictate changes in the appropriate strategy. The product life cycle is divided into five stages, they are:

i. Stage of introduction
ii. Stage of Growth

iii. Stage of competitive turbulence

iv. Stage of Maturity

v. Stage of Decline

When the product life cycle is represented graphically, it follows an S – shaped curve and the curve incorporates all the five stages.

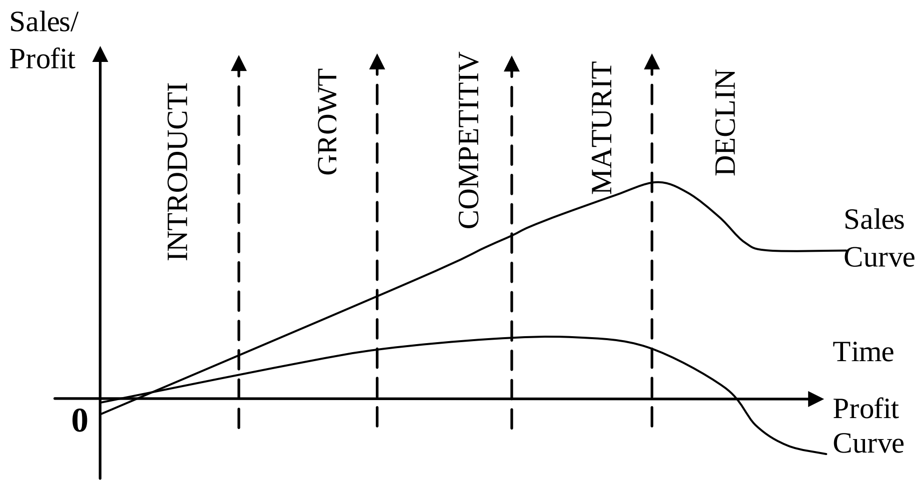

Figure: 2.3 Product Life Cycles

Source: Kotler and Armstrong (2005): "Principles of Marketing", 11th Ed. USA, Pearson Education Inc.

In evaluating all stages, about five parameters were used in comparing the behaviour of the product in each of the five stages. The parameters are:

i. Sales

ii. Profit per unit

iii. Costs of production

iv. Types of consumer

v. State of competition

a. **Introduction Stage:** This is the stage where the product is first introduced into the market. Sales at this level is very low while costs are very high, therefore profit may be negative. The consumer is called an innovator here. They are risk taker; they are testing the new product. The state of competition is low or does not exist at all since competitors have not known what would happen to the product. Here, penetrating marketing and intensive advertisement are needed to create awareness for the product.

b. **Growth Stage:** At this stage, if product is successful, the consumer awareness of the product is great. The customers are also convinced that they should purchase the product and when they are satisfied with its performance, it will lead to repeat purchases. The sale is arising at the increasing rate. Profit per unit is rising and gets to a maximum point, at this stage, price is falling but it’s still increasing are high since the cost of production is high. The consumers here are called the adopters and the competition is growing because the product has succeeded and competitors will like to share part of the profit.

c. **Turbulence Competitive Stage:** At this stage, the firm will begin to experience competitors, as other firms will like to initiate the success of the firm. This is a stage where comments from satisfied purchases are very important. The total sales are increasing at a decreasing rate. Profit per unit is falling but is still positive. The type of consumer here is called early majority and competition is at maximum. The quality of the product must be maintained or improved to be able to strengthen market share.

d. **Maturity Stage:** This is a stage where the sales curve begins to flatten out or decline. Here, the sale is at maximum, the slope is zero; profit per unit is falling but is still positive. Price continues to fall as there are more competitors. The consumer here is called late majority. The competitors are falling but it is still high.

e. **Declining Stage:** At this stage, sales is declining or falling, profit per unit is falling and could be negative, price is falling and the consumers here are called laggards. They are risk averters and are not ready to take any risk. The competition here is declining since the profit per unit has fallen.

4.0 Conclusion

The word product has several meanings. According to Kotler and Armstrong (2005), a product is anything that can be offered to the market to satisfy a want or need or in another form, a product is anything that can be offered to a market for attention, acquisition, use of consumption.

5.0 Summary

The unit exposes students to understand the concept of product innovation, product classification, product development stages, product innovation process as well as product life cycle.

6.0 Tutor-Marked Assignment

1. Conceptually define product innovation
2. Explain the stages of product life cycle

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics*, 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business,* 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 8 CREATIVITY

TABLE OF CONTENTS

1.0 Introduction

Entrepreneur has a special role to play in this context by developing and implementing structures favourable to creativity. Moreover, leaders can promote such a strategy by communicating the institution's intent, and developing clear incentive and reward of systems, as well as administrative support and financial risk management.

2.0 Objectives

On the completion of this lesson note one, students will understand the concept of creativity and dimensions of creativity. This will help the students in the following ways:

- To understand what is creativity
- To be familiar with the dimensions of creativity

- To understand the characteristics of creativity

3.0 Main Content

3.1 Definition of Creativity

Creativity is linked to creative individuals but it also results from interaction among individuals. The organizational structure of a higher education institution can enhance or impede creativity, depending on how it organizes and re-organizes its teams and units, i.e. how these teams and units are formed and reformed and the ways in which group members are encouraged to work together and to seek new partners.

Developing the appropriate infrastructure is essential to promoting creativity, but these efforts may be fruitless if the culture of the organization is not changed (Birley 2002). The culture of an organization affects the creativity of its members. Particularly, a culture that encourages risk taking and accepts failure will encourage its members to be creative and innovative (e.g. Markoff 2005, Walcott 2002).

The literature on creativity suggests that the definitions of the term vary considerably and seem to depend to a high degree on the contexts in which the topic is discussed. This also indicates that the discussions on possible definitions were very fruitful as they provided an important starting point for identifying a number of dimensions of creativity. Thus, as had been hoped, the diversity of projects partners in terms of their respective institutional missions, disciplinary foci, cultural and national/regional backgrounds certainly seems to have assisted them in understanding the concept of creativity by allowing for the identification of common denominators or core characteristics.

3.2 Dimensions of Creativity

A primary distinction has been made between creativity as a (mental) process and creativity in terms of the outcome of that process. It is important that these two aspects are understood as being distinct from one another, because creative ideas or actions do not always yield creative results. Conversely, creative outcomes are not necessarily based on creative processes.

Yet at the same time these two dimensions of creativity should be dealt with in an integrated manner. In other words, creativity should be viewed not just as a goal in itself, but should be explored in a manner that links the methods and practices employed to reach certain objectives with the results of these actions. Furthermore, although they did not use similar terminology in all cases, the network reports revealed that the project partners all differentiated among the following Dimensions of Creativity:

1. Individual creativity as it pertains to individual members.
2. Collective creativity that pertains to the creativity of groups and refers to the successful establishment of mutual understanding and productive collaboration.
3. Ethical dimension of creativity: for any processes and/or their outcomes to be considered truly creative in the entrepreneurial context, their social and ethical consequences need to be taken into account.
4. Institutional creativity, which refers to the conditions promoting creative organizations.

3.3 Core Characteristics of Creativity

In order to identify manifestations of creativity, the networks attempted to answer the following questions: When do we know that a creative process is taking place? How can we identify a creative outcome?

When tackling these questions, entrepreneurs realized that the answers were often facilitated by attempting to define the opposite of creativity. By employing this approach the entrepreneurs identified the following core characteristics for creativity:

1.Originality: creativity is not about reproduction, but entails new developments (which albeit may build on established knowledge) and requires a certain disrespect for established ideas and concepts as well as personal courage.

2. Appropriateness: not every novelty is creative, but creativity manifests itself in new approaches that are appropriate to the problem at hand.

3. Future orientation: that is, not looking backwards, but being concerned with what may happen in the future and dealing with the resulting insecurity and uncertainty.

4. Problem-solving ability: the capability to identify new solutions to problems; this requires “thinking outside the box”, looking at things from a new angle, venturing off the beaten path and risking failure.

4.0 Conclusion

A primary distinction has been made between creativity as a (mental) process and creativity in terms of the outcome of that process. It is important that these two aspects are understood as being distinct from one another, because creative ideas or actions do not always yield creative results. Conversely, creative outcomes are not necessarily based on creative processes.

5.0 Summary

This unit discussed the conceptual definition of creativity as well as the dimensions and characteristics of creativity.

6.0 Tutor-Marked Assignment

1. Conceptually define creativity and state the dimensions of creativity

2. Explain the characteristics of creativity

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research*. 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics,* 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). “Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle,” Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master’s Thesis. Master’s Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 9 IMPLEMENTING ENTREPRENEURIAL INNOVATION

TABLE OF CONTENTS

1.0. Introduction

Planning is one of the key functions of management. Planning is very essential in achieving organizational efficiency and effectiveness. So many businesses abound in the world today. Many more are still springing up by the day. One wonders if such entities were set up on a good plan and solid foundations. This makes the need to discuss feasibility study as an integral part of the entire business planning processes. Feasibility study can be defined as a comprehensive analysis (research) embarked upon before establishing a business or project to ascertain, as much accurately as possible, information and indicators as to whether the business is viable, profitable and possible. And the report of such proposed business plan is called a feasibility report. A feasibility report informs the decision and opinion in the issue of establishment of entities.

2.0. Objectives

At the end of this unit, you should be able to:

- Identify importance of feasibility report
- Describe the processes involve in the preparation of feasibility report

3.0 Main Content

3.1 IMPORTANCE OF A FEASIBILITY STUDY

A feasibility study is carried out for one or more of the following reasons: It helps to ascertain whether or not a project is worth undertaking. For a business project, a feasibility report ascertains the viability, profitability and the technical practicability of the proposed project. Thus, it is also useful when there is need for business expansion.

1. It influences business decisions in the areas of investment and finances.

2. supports investors in quest for credit facilities from financial institutions.

3. serves as an implementation guide to the project to which it relates.

4. It provides a report which largely gives first hand idea or pre-information concerning the viability and profitability of a project.

5. It determines the set-up and gestation periods indicating the possible time duration for a business to break even and start making profit. Consultants and financial analyst rely on such report for support in assisting clients.

3.2 PREPARATION OF FEASIBILITY STUDIES

As much as possible, business and management consultants or other professionals in relevant field should be approached for the preparation of feasibility study. This is especially important as the final report constitutes a vital document that can influence a decision for the possible funding of a project. It therefore needs a professional touch. This not to say that the potential investor is totally free from the burden of assisting in the preparation of the feasibility study. Infact, experience has shown that if the investor is involved, at least in the collection of data, it will help him to understand more what is in the report and then answer questions arising therefore. Nonetheless, the consultant will be able to put him through even if he did not participate.

3.3 The Contents of a Feasibility report.

The following items of information are meant as a guide on feasibility report preparation:

1. A brief description of the project
2. The project objective
3. The economic and social justification for the project
4. Organisation and management
5. Technical and production consideration
6. Demand and Supply outlook.
7. Marketing Strategy.
8. Financial Projections and Profitability.
9. Cost of project.
10. Financial Plan.
11. Risk Analysis.

The overall company's objectives will be fully integrated any into the various aspects listed above. Policies and strategies in human resources, materials and money terms of need to be formulated where necessary.

Purpose of the Project

This is to ascertain the viability and profitability of such project as it would enable the company secure financial assistance, partnership, blue-print for efficient implementation of its plan.

The objective and scope

The objective of the study should- reflect the purpose for which the owner/investor commissioned the consultant.

The Business

For an already established business, a brief history of the business will be necessary. The nature of the business, the status of the company, that is, whether it is a limited liability company or not (see chapter seven), and if it is indigenous or foreign. The total shareholding and its composition, the business head office, directors and their nationality.

For others, personal details of the investor or group of n investors will be given. It ma y be pertinent here to state that financial institutions are more favourably disposed towards a incorporated business. Even then some financial institutions have peculiar demands.

The Project

Here, the project to be undertaken should be clearly described. The product or service should be well defined. The industry to which the business belongs should be well identified. In fact, this is the point where the total project package is considered. For example, if it is a farming project, it should state what type of farming is being contemplated. It could be livestock farming, food crop or integrated farming. The scope of the farm should be stated. However, details of each sub-unit should be discussed under the operational plan.

Land and Location

The description of the area where the business is or will be located and the plant layout. The size of the land. Right to the land has to be secured either from the state or local government. This is to avoid any possible litigation. In considering the land acquisition, the possibility of expansion should be taken into consideration. Agro-projects for example, will require land and soil analysis and therefore will need expert advice.

Operational Plan

The plan of the conversion process and it use- the goal setting, policy making, forecasting, timing and standardization of work should be described. Details of each sub unit of the project should be discussed. For example, a drug production project may have sub-units for (a) Tablets production (b) Syrup production (c) Capsule production (d) Sterile products preparation. On the input side of the operation, specific sub-unit requirements should be stated in terms of material, men and machinery. On the output side, the discussion should include the proposed volume of output and the quality. The finished goods and storage arrangements should also be considered. This strategic aspect should consider future events and environments and the layout planning will help to determine the operating cost and their effectiveness.

3.4 Desirability of the Project

Why is the particular project necessary? Of what use is it to the society? Is the product or service actually needed? What is the government policy on similar projects? Is it export-oriented type of enterprise that will earn the country foreign exchange? Is it a product or service that can enhance the quality of life of the citizens and which can generate employment?

Demand and Supply Outlook

There should be a market analysis of the product or service. This is to identify the gap in the supply/demand profile. This sector should also identify the market segment and their composition and competitors in terms of their names, location, strengths and weaknesses as well as their strategies. Look at the various elements in the environment and then formulate a market strategy to be used. Sales forces have. to be done using the marketing strategy of product, pricing distribution and promotion. The forecast demand data will form the basis of revenue projections.

Management and Manpower Requirement

Much of the success or failure of the operations will depend upon the ability of personnel to affect the plan. Personnel planning are therefore vital. This is the reason why it is always. Considered during this strategic stage in filling in the manpower requirement:

(a) Consider the size of the organization

(b) The resources of the organisation

(c) Get high calibre personnel within the limit of available financial resources

Salaries and benefits The salaries provisions should take into consideration the manpower projection. Allowance should be made for annual increase in salaries in subsequent years which will be directly related to the qualification of staff, nature of work, and occupational hazard therein. For example, annual increase of 10% in total salaries will appear as follows for the next six years if the total cost for the first year is N25,000.00

Year	1	2	3	4	5	6
Cost	N25,000	N27,500	N30,000	N32,000	N35,000	N37,500

Administrative Expenses Administrative expenses can be considered under the following heads among others.

(1) Salaries (2) Transport and vehicle maintenance (3) Insurance (4) Advertising (5) Utilities (6) Contingencies (7) Interest Expenses (8) Tax (9) Depreciation expenses.

Production Cost

This include raw material input, packaging materials, production overhead, repair of production equipment, depreciation expenses, etc. These expenses are expected to be projected over a period of time, say five year:

FINANCIAL PLAN

Initial investment

a. Capital Project Cost

The estimated cost of each of the fixed assets needed to take off should be calculated.

The company should understand that the financial institution will take care to evaluate or appraise the study. Time is surely needed in this regard. If the bank requirements are met, less time will be spent before the approval of the loan and such loan application will be granted if the necessary explanations and documents are furnished to the bank at the appropriate time. Apart from the copies of feasibility study, the bank may require tax clearance for the past three years, certificate of incorporation, collateral security and any other information needed by the bank in addition to the loan application form.

Marketing Strategy

It may be necessary to state the main target markets at which the enterprise proposes to direct its marketing activities. State if contacts are already explored. There is need for statistical data based on field survey to cover consumer, prospective buyers and customers. Products and services, rate of consumption, sales potentials and capacity of the plant, the competitors, economic indicators such as rate of unemployment and inflation price index, GNP, poverty level, balance of payment, etc. positioning statement, marketing mix, primary, secondary and extension market, target audience is veritable.

Marketing Mix:viz Product-Branding, packaging, labelling, colour, warranty, size, aroma, taste, fragrance etc. Pricing - Pricing policies and strategy, credit, allowances, means of payment, etc. Place - channels of distribution, middlemen, transportation, warehousing, storage, and communications. Promotions - Advertising, public relations, sales promotions, personal selling and publicity (see chapter eleven).

The Project's General Appraisal

The report is usually concluded with the general appraisal of the project, the decision whether or not the project should be undertaken in the light of the merits and characteristics already identified, which may take into account the following factors:

a. The total amount required for initial investment in both capital and recurrent expenditure profiles.
b. The payback period, that is, the period required to cover the initial investment before thinking of profit generation.

c. The income projections showing the pattern of profit during the period under study.
d. The cash flow projections which show the cumulative surplus after year expenses have been met
e. The employment generation ability of the project.

Project Evaluation Techniques In addition to our analysis of the financial requirements, analysis of the profitability of the business is necessary. Financial analysts have employed some of the following: Net Present Value (NPV) Payback Period (PBP), Internal Rate of Return, Surplus Rate of Return, Accounting Rate of Return (ARR), Break Even Analysis (BEA) among others. From the above, it will be easily determined whether or not the project meets the objective for which it is being set up. If it does it is then recommended as a profit- oriented project for the potential investor or a viable investment for finances.

4.0 Conclusion

It is important to state that most enterprises are business- oriented. So, the fundamental aspect of business decision is profitability. Feasibility study is therefore the investigation into the viability of investing in such business. Feasibility study is used by business owners, financiers, lenders. It is also used as a guide to the implementation of the project to which it relates. Although professionals prepare the study, it is advisable that the entrepreneur/investor gets involved at least in the collection of data to help him understand more about the report and answer questions from those to whom it will be presented.

5.0 Summary

In this unit we have discussed the important of feasibility study by stating clearly how an entrepreneur can prepare a feasibility study.

6.0 Tutor-Marked Assignment

Explain the content of feasibility study

Discuss the preparation of feasibility study

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics*, 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship*. New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review*. 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 10 SUCCESS STRATEGIES OF ENTREPRENEURIAL INNOVATION

TABLE OF CONTENTS

1.0 INTRODUCTION

The previous unit exposes you to the roles of entrepreneurs as agent of change, economically, technologically and socially. This unit is to explore on the success stories of entrepreneurs in Nigeria and survival strategies.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Access the survival strategies of entrepreneurs in Nigeria
- Describe the role of entrepreneurs as agent of economic change
- Explain the technological roles of entrepreneurs

3.0 Main Content

3.1 Survival Strategies for Entrepreneurial activities in Nigeria.

Business success and failure are two sides of the same coin. A business will succeed if it is properly managed and it operates in appropriate enabling environment. In short, survival strategies for small- business can be discussed from two perspectives. Internal and external survival strategies.

Internal Survival Strategies

Survival of small businesses requires adequate knowledge of the market and customers. In general, successful internal management of small- business will require the following:

(i) Careful analysis of the markets

(ii) Proper planning and effective launching of the business. Assessing the entrepreneurs' readiness for the business and the feasibility of the proposed investment.

(iii) Proper financial and accounting practices to prevent fraudulent practices.

(iv) Maintenance of adequate records such as financial, expense, personal credit sales records, inventory records etc.

(v) Thoughtful selection of goods.

(vi) Choosing a strategic location

(vii) Maintaining strong reliable and effective relationship with customers, suppliers and community.

(viii) Effective credit control system.

(ix) Employment and motivation of skillful personnel.

(x) Developing a well planned marketing strategy.

(xi) Maintenance and observance of sound ethical practices.

(xii) Utilizing productivity improvement techniques such as TQM, Motion and Time study etc.

(xiii) Acquiring necessary entrepreneurship skills through formal entrepreneurship development programme (EDP)

(xiv) Effective management of the business, properly designed organization, motivation, controlling etc, will contribute to the survival of small- businesses.

(xv) Improving on the quality of goods and services rendered.

(xvi) Personal factors. Effective management in some instant depends on personal factors. The ability to manage is obviously a human attribute.

(xvii) Understanding the business areas will contribute to the success of the entrepreneur.

External Survival Strategies.

The external survival strategies may focus on three main areas:

(A) Creation of an enabling environment. In view of the fact that small businesses are affected by problems such as lack of supportive environment. The following strategies may be recommended:

(i) Improving the institutional capacity of government agencies through proper funding to enable them contribute effectively to the success of small business.

(ii) Liberalization of the existing regulatory environment relating to small business to enable this sector contributes positively to the development of the nation.

(i) Provision of physical infrastructure and expansion of the existing ones to provide services.

(ii) Assisting the small industrialists in creation of markets for their goods and services. The government may establish a policy that encourages the purchase of products manufactured by this sector.

(B) Finance Strategy: Majority of the small businesses fail because of their inability to acquire credit facilities. Hence the following strategies may be suggested.

(i) The government may increase loanable funds granted to small- industry.

(ii) Financial institutions should be encouraged by means of incentives and policy guidelines to lend to small entrepreneurs. Although, every annual budget will always indicate monetary guidelines for granting loans to industrial sectors with emphasis on small industries. However, this should be properly monitored to ensure strict compliance.

(iii) Orientation of financial institutions to modify their collateral requirements and their attitude toward loan application of small enterprises.

(C) Development of Entrepreneurship Culture. The undeveloped entrepreneurship culture has contributed negatively to the failure of small enterprises in Nigeria. Specific recommendations in this regard will therefore include:

(i) Development of entrepreneurship culture by means of awareness

(ii) Introducing entrepreneurship development education in Nigeria Institutions particularly higher institutions.

(iii) Establishing a small business centers where the practical aspect of entrepreneurship in small- business will be gained.

4.0 Conclusion

The environment in which an enterprise operate is highly complex and dynamic. Adopting a good strategy will enable the organization survived the competitive pressure in the business environment

5.0 Summary

In this unit we discussed the survival strategy that an entrepreneur can adopt within the changing environment

6.0 Tutor-Marked Assignment

1. Discuss the external surviving strategies available for entrepreneurial innovations

7.0 References and Further Readings

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics*, 44 (15), 1963-1976

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A (2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 .

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.

UNIT 11 ENTREPRENERSHIP OUTFIT

TABLE OF CONTENTS

1.0 Introduction

In the previous unit we make an explanation of entrepreneur and entrepreneurship. We conceptual differentiate between the two concept. In this unit we shall examine the concept of entrepreneurship outfit.

2.0 Objective

At the end of this unit, you should be able to:

Explain the concept of entrepreneurship outfit

Discuss the concept of teamwork and its important

Understand the guideline for running an effective team

3.0 Main Content

3.1 Conceptual clarification of entrepreneurship outfit

An Outfit can simply be define as a group of people working together as an organization, business, team etc. a good example of entrepreneurship outfit is market research outfit while the most frequently quoted definition of an entrepreneur is an individual who starts a business where one did not previously exist. This definition does not tell us much about the person, but only what has been accomplished. A better definition is this: Entrepreneurship is a process where individuals seek to use their talents, efforts, and resources to create and/or grow ventures that capitalize on business opportunities and thereby create value. One can therefore refers to entrepreneurship outfit as a group of individual working together as an organization that seek to use their talents, efforts, and resources to create and/or grow ventures that capitalize on business opportunities and thereby create value.

Entrepreneurship outfit can then be refers to as teamwork that is a joint action by two or more people, in which each person contributes with different skills and express his or her individual interests and opinions to the unity and efficiency of the group in order to achieve common goals. Let us examine the teamwork skills required for successful Entrepreneurship outfit. These are the skills that work well with leading. In fact, without them, Entrepreneurship outfit will not be effective.

3.2 When Teamwork Skills Fail

It is true that to start a business there must be a person who first desired to prosper. Now, given that no single man can do all of the business tasks, he will employ people. These people have similarities and the specific characteristics that an entrepreneur is looking for. Even so, take note that they also have differences. When they fail to work on their differences that is the time that teamwork skills fail. When teamwork skills fail, here are the effects:

- **People will mind their own business.**

The people involved in your business came from different cultural backgrounds. They also have different personalities and skills they use in the workplace. If teamwork skills are not present, these people will do just what their leaders told them to do. They will not help other colleagues and would basically just work on their own. No teamwork skills example scenario: No one will ask for help even though they need to. In addition, no one will try to help because they have their own tasks to prioritize.

- **People will stick to their own ideas.**

Of course, everyone has different opinions on certain things. People also have the right to share what they think. However, without teamwork skills, every person in the room will stick to their ideas without thinking of their colleagues. They tend to push what they think is right without checking others' ideas. This will result to clash with colleagues and the leader as well.

- **The team will be unproductive**

The presence of teamwork skills changes how people do things. Having one goal and coming up with one idea to achieve that goal are great ways to produce something. If the people in your team do not develop good teamwork skills, nothing will be finished. You will not achieve the goal because you want to do your own way and you have a different goal.

3.3 What Teamwork Skills Do

Now that we already know what might happen to your business without teamwork skills, let us now talk about the things that teamwork skills can do.

- **A Bigger Perspective**

Teamwork skills allow young entrepreneurs and their teams to see things from a bigger picture. There are times that you only see what is in front of you. However, other people in the team have different perspectives. They can see things from different angles. The personalities of these people are also important in solving problems. If one of your colleagues is perseverant by heart, he will not give up easily when a problem arises. No matter how complex it is.

Entrepreneurs who are starting their business also benefit from this effect because they will have more knowledge about business. Of course, young adults have great potential in having a successful business. But then, nothing beats a team which these kids can ask whenever they need to. Teamwork skills also teach teenagers to grow more and explore.

- **Boosted Morale**

Good teamwork skills help young adults and the whole team to feel accomplished. Definitely, deadlines will be hard to meet but it is not impossible. With the help of the team, you would know how to do things faster but still of quality. When deadlines are met and goals are achieved, it brings pride to the whole team. Everyone feels accomplished and fulfilled.

This effect, teamwork skills, is a room for entrepreneurs to learn how to appreciate other people. Furthermore, they will discover the importance of not taking the credit but being thankful for the whole team. At the end of the day, it is not the idea of a single person but the hands of everyone that makes a business successful.

- **A United Team**

Having good teamwork skills results in a team with one goal and one strategy to achieve that goal. This does not happen in the blink of an eye. People from the team should have the willingness to accept the differences and utilize the similarities. If the team learns to master this, they will foster unity and camaraderie with the people involved in the business.

In addition, unity starts with the leader and is executed by the members. Entrepreneurs need to recognize that, in order for them to be good leaders and members of any business; they have to work on their differences. It takes humility and understanding to do this but the results will be worth it. Having a united team results in a culture of trust, loyalty, and friendship.

- **A Productive and Efficient Team**

Good teamwork skills make tasks easier and faster. Why? This is because tasks are assigned to different members of the team. A well-distributed workload makes a team meet their goals. It also gives them enough time to innovate solutions or things that could help their business.

Youngsters will learn the importance of time and quality through this. Their knowledge of strategic planning and people management will also be improved as they discover what their team can and cannot accomplish.

- **A Bunch of Delighted Customers**

Customers love to work with a team that has good teamwork skills. They do not want to work with a team that does not know the services or products they offer. Customers are not happy with a team who fights in front of them because of misunderstandings. They will not choose a team without a concrete plan and strategy. With teamwork skills, customers become motivated to continue a business partnership.

Entrepreneurs will attract more customers if they have a solid team with them. It will also help them if they will have marketing or salespeople in the team who are not just there to make a profit but to support the team as well while given the customer the value they desire.

- **Communication**

This skill gives the team a chance to voice out their ideas and suggestions. They could come up with a much interesting idea or concept. Moreover, communication is not only about talking. It is also about listening to what your colleagues have to say. Through listening, everyone will learn that there are better ideas out there. They will also discover the possible consequences of a specific decision.

Likewise, communication is giving feedback or counseling for the whole team. When a member of a team faces a challenge or a failure, other members of the team should give feedback and advice. Communication is also about the ability to present and persuade with clarity and honesty.

- **Decision-making**

Members of the team with different ideas need to learn to come up with a single plan at the end of every brainstorming. Thus, they need to know how to make decisions. The decision must be based on what the whole team has talked about and through logical reasoning that will surely benefit the business.

- **Accountability and Responsibility**

In a team, tasks are divided into different members. Each member must be accountable for his tasks and assignments. Even though members are working for a team, there are still individual workloads. It is very important for members to have a sense of responsibility in their jobs. Being accountable means owning up on the successes and the mistakes of every task.

- **Respect**

The mindset of team members needs to focus on how to make things work despite their differences instead of focusing on who to blame. It is important to consider the background of their colleagues. Respect also talks about the ability to adjust and accept other people's opinions. The more team members respect each other, the more they build a strong work relationship.

- **Conflict Management**

You cannot avoid conflicts in your team. The most important thing is to know the root cause of concern. After that, you have to think of the possible solutions that could address the concerns. Conflicts in teams are seen as negative but they also have positive effects. They allow team members and leaders to see possible areas for improvement. They also give a chance for the team to prevent things from happening again. This will happen if you have proper conflict management.

3.4 Importance of Teamwork

There are many importances of Teamwork among which are as follows:

1. Fosters Collaboration, Creativity and Innovation

Multiple sets of skills, thoughts, creativity, perspectives, opportunities and problem solving approaches are brought to the table. Once they are motivated and encouraged to reach their individual potentials, the collective goal of the team will also be achieved with less efforts as compared to one person doing everything.

2. Increase Working Morale

Teams encourage better work relationships and communication between leaderships and employees and when the barrier between leadership is dissolved to create an environment where everyone is a colleague, the result is increase workers morale and productivity.

3. Learning Opportunities

Building a team means you are bringing different experiences from different working backgrounds together. Everyone in the team have the opportunity to learn from everyone's insight to different approaches to problem solving and generating ideas.

4. Increase in Efficiency and productivity

When teams have the opportunity to learn together collaboratively, they understand each other's strengths and weaknesses which help them in knowing when to complement each other's efforts. This creates a positive work culture where everyone is contributing their best. This environment also adds to workers moral which in turn increases productivity.

Workloads is also shared among team members, this reduces pressure and improves the quality of their work output. Task is also completed on a faster rate and is also more attainable with improved satisfaction.

5. Competition Through Fun

By channeling competition into work through fun, team members are in high spirit to contribute to the overall output by accomplishing their shared task on time and on high levels. This is a more effective way to achieve team bonding and increase productivity.

When there are incentives to win, celebration and fun at the end of every achievements, teams bond even faster and are motivated to bring their best.

3. 5 Guideline To Running An Effective Team

The following are some of the guideline to run an effective team:

1. Building A Dynamic Team

To build a successful team, it is important to ensure that you hire people with different abilities. Dynamic team members with different abilities complement each other and the team is equipped in every area and is poised to deliver better.

2. Communication

Communication is undoubtedly the most important life-line when it comes to every relationships including working relationships. When communication breaks or fails, everything else fails. Without effective communication, teams are positioned to fail.

So there should be a platform where open dialogue is encouraged and practiced when it comes to problem solving. Team members should be allowed to air their concerns and views without fear or intimidating.

3. Clear Instructions

Teams should have clear instructions about their task as individuals and as a team on a day to day basis. They should be completely sure of what is expected of them and if possible give them samples or provide examples of both the processes and the end results of their task.

Ensuring that team members know their responsibilities, affects the quality of work output required of them and the time they are expected to complete them which in the end contributes to the quality of output of the entire team.

4. Monitoring and Evaluating Performance

After assigning tasks with clear instructions, there is the need to place emphases on performance through monitoring and evaluating. The team as a whole and the individual members should be closely monitored and reviewed occasionally. And to aid with this, let team members know the level of work output required of them and provide room for improvement whenever necessary.

5. Break The Barriers

It is one thing to build a team and another thing to lead them effectively to deliver the required results. To achieve these required results, create an environment that connects leadership and employees. There shouldn't be a large gap between these two entities.

Your employees shouldn't come to work every day to be remembered that you are the boss and they are nothing but employees. You may not need to say this with words; your actions can put them in that position. So delegate them to take up roles that may be meant for you and in turn you also take up their task.

4.0 Conclusion

We have gained familiarity with the course of entrepreneurship outfit by learning about its important and guideline for running an effective team. We have also learnt what to aim for in this course.

5.0 Summary

In this unit, we have discuss the meaning of entrepreneurship outfit as well as teamwork and its important as well as the guideline for running an effective team the relative skills for effective skill.

6.0 Tutor-marked Assignment

Conceptually define entrepreneurship outfit and state the importance of teamwork

Explain in details the guideline for running an effective team

7.0 References and Further Readings

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

UNIT 12 Source of funds for Start up venture

TABLE OF CONTENTS

1.0 Introduction

One of the most difficult problems in the new venture creation process is obtaining financing. For the entrepreneur, available financing needs to be considered from the perspective of debt versus equity and using internal versus external funds.

2.0 Objective

At the end of this unit, you should be able to:

3.0 Main Content

3.1 Financing or Funding Startup Venture

Few people deal with the process of raising investment capital until they need to raise capital for their own firm. As a result, many entrepreneurs go about the task of raising capital haphazardly because they lack experience in this area and because they don't know much about their choices. 1 This shortfall may cause a business owner to place too much reliance on some sources of capital and not enough on others. Entrepreneurs need to have as full an understanding as possible of the alternatives that are available in regard to raising money. And raising money is a balancing act. Although a venture may need to raise money to survive, its founders usually don't want to deal with people who don't understand or care about their long-term goals.

3.2 Why Most New Ventures Need Funding

There are three reasons that most entrepreneurial ventures need to raise money during their early life: cash flow challenges, capital investments, and lengthy product development cycles.

Cash Flow Challenges: As a firm grows, it requires an increasing amount of cash to operate as the foundation for serving its customers. Often, equipment must be purchased and new employees hired and trained before the increased customer base generates additional income. The lag between spending to generate revenue and earning income from the firm's operations creates cash flow challenges, particularly for new, often small, ventures as well as for ventures that are growing rapidly.

If a firm operates in the red, its negative real-time cash flow, usually computed monthly, is called its burn rate. A company's burn rate is the rate at which it is spending its capital until it reaches profitability. Although a negative cash flow is sometimes justified early in a firm's life-to build plants and buy equipment, train employees, and establish its brand-it can cause severe complications. A firm usually fails if it burns through all its capital before it becomes profitable. This is why inadequate financial resources is a primary reason new firms fail. A firm can simply run out of money even if it has good products and satisfied customers.

To prevent their firms from running out of money, most entrepreneurs need investment capital or a line of credit from a bank to cover cash flow shortfalls until their firms can begin making money. It is usually difficult for a new firm to get a line of credit from a bank because of this, new ventures often look for investment capital, bootstrap their operations, or try to arrange some type of creative financing.

Capital Investments: Firms often need to raise money early on to fund capital investments. Although it may be possible for the venture's founders to fund its initial activities, it becomes increasingly difficult for them to do so when it comes to buying property, constructing buildings, purchasing equipment, or investing in other capital projects. Many entrepreneurial ventures are able to delay or avoid these types of expenditures by leasing space or co-opting the resources of alliance partners. However, at some point in its growth cycle, the firm's needs may become specialized enough that it makes sense to purchase capital assets rather than rent or lease them.

Lengthy Product Develop anent Cycles: In some industries, firms need to raise money to pay the up-front costs of lengthy product development cycles. For example, it typically takes between one and a half and two years to develop an electronic game. In the biotech industry, the path to commercial licensing takes approximately eight years." This tortoise-like pace of product development requires substantial up-front investment before the anticipated payoff is realized. While the biotech industry is an extreme example, lengthy product development cycles are the realities ventures face in many industries.

3.3 Types of financing need to be considered

Two types of financing need to be considered: debt financing and equity financing.

Debt financing: is a financing method involving an interest-bearing instrument, usually a loan, the payment of which is only indirectly related to the sales and profits of the venture. Typically, debt financing (also called asset-based financing) requires that some asset (such as a car, house, plant, machine, or land) be used as collateral. Debt financing requires the entrepreneur to pay back the amount of funds borrowed as well as a fee 'expressed in terms of the interest rate. There can also be an additional fee, sometimes referred to as points, for using or being able to borrow the money. If the financing is short term (less than one year), the money is usually used to provide working capital to finance inventory, accounts receivable, or the operation of the business. The funds are typically repaid from the resulting sales and profits during the year. Long-term debt (lasting more than one year) is frequently used to purchase some asset such as a piece of machinery, land, or a building, with part of the value of the asset (usually from 50 to 80 percent of the total value) being used as collateral for the long-term loan. Particularly when interest rates are low, debt (as opposed to equity) financing allows the entrepreneur to retain a larger ownership portion in the venture and have a greater return on the equity. The entrepreneur needs to be careful that the debt is not so large that regular interest payments become difficult if not impossible to make, a situation that will inhibit growth and development and possibly end in bankruptcy.

3.4 Sources of Debt Financing

Debt financing involves getting a loan or selling corporate bonds. Because it is virtually impossible for a new venture to sell corporate bonds, we'll focus on obtaining loans.

There are two common types of loans. The first is a single-purpose loan, in which a specific amount of money is borrowed that must be repaid in a fixed amount of time with interest. The second is a line of credit, in which a borrowing "cap" is established and borrowers can use the credit at their discretion. Lines of credit require periodic interest payments.

There are two major advantages to obtaining a loan as opposed to equity funding. The first is that none of the ownership of the firm is surrendered-a major advantage for most entrepreneurs. The second is that interest payments on a loan are tax deductible in contrast to dividend payments made to investors, which aren't.

There are two major disadvantages of getting a loan. The first is that it must be repaid, which may be difficult in a start-up venture in which the entrepreneur is focused on getting the company off the ground. Cash is typically "tight" during a new venture's first few months and sometimes for a year or more. The second is that lenders often impose strict conditions on loans and insist on ample collateral to fully protect their investment. Even if a start-up is incorporated, a lender may require that an entrepreneur's personal assets be collateralized as a condition of the loan.

Commercial Banks

Historically, commercial banks have not been viewed as practical sources of financing for start-up firms. This sentiment is not a knock against banks; it is just that banks are risk averse, and financing start-ups is risky business. Instead of looking for businesses that are "home runs," which is what venture capitalists seek to do, banks look for customers who will reliably repay their loans. Banks are interested in firms that have a strong cash flow, low leverage, audited financials, good management, and a healthy balance sheet. Although many new ventures have good management, few have the other characteristics, at least initially. But banks are an important source of credit for small businesses later in their life cycles. There are two reasons that banks have historically been reluctant to lend money to start-ups. Firstly, banks are risk averse. In addition, banks frequently have internal controls and regulatory restrictions prohibiting them from making high-risk loans. So when an entrepreneur approaches a banker with a request for a N250,000 loan and the only collateral he or she has to offer is the recognition of a problem that needs to be solved, a plan to solve it, and perhaps some intellectual property, there is usually no practical way for the bank to help. Banks typically have standards that guide their lending, such as minimum debt-to-equity ratios that work against start-up entrepreneurs.

The second reason banks have historically been reluctant to lend money to start-ups- is that lending to small firms is not as profitable as lending to large firms, which have historically been the staple clients of commercial banks. If an entrepreneur approaches a banker with a request for a N50,000 loan, it may simply not be worth the banker's time to complete the due diligence necessary to determine the entrepreneur's risk profile. Considerable time is required to digest a business plan and investigate the merits of a new firm.

Despite these historical precedents, some banks are starting to engage start-up entrepreneurs-although the jury is still out regarding how significant these lenders will become. When it comes to start-ups, some banks are rethinking their lending standards and are beginning to focus on cash flow and the strength of the management team rather than on collateral and 'the strength of the balance sheet. Entrepreneurs should follow developments in this area closely.

3.5 Equity financing: This does not require collateral and offers the investor some form of ownership position in the venture. The investor shares in the profits of the venture, as well as any disposition of its assets on a pro rata basis based on the percentage of the business owned. Key factors favoring the use of one title of financing over another are the availability)' of funds, the assets of the venture, and the prevailing interest rates. Usually, an entrepreneur meets financial needs employing acumination no f debt and equality financing

All ventures will have some equity, as all ventures are owned by some person or institution. Although the owner may sometimes not be directly involved in the day-to-day management of the venture, there is always equity funding involved that is provided b)' the owner.

The amount of equity involved will of course vary by the nature and size of the venture. In some cases, the equity may be entirely provided by the owner, such as in a small ice cream stand or pushcart in the mall or at a sporting event. Larger ventures may require multiple owners, including private investors and venture capitalists- This equity funding provides the basis for debt funding, which together make up the capital structure of the venture.

3.6 Sources of Equity Funding

The primary disadvantage of equity funding is that the firm's owners relinquish part of their ownership interest and may lose some control. The primary advantage is access to capital. In addition, because investors become partial owners of the firms in which they invest, they often try to help those firms by offering their expertise and assistance. Unlike a loan, the money received from an equity investor doesn't have to be paid back. The investor receives a return on the investment through dividend payments and by selling the stock. The three most common forms of equity funding are described next.

Business Angels

Business angels are individuals who invest their personal capital directly in start-ups. The term angel was first used in conjunction with finance to describe wealthy New Yorkers who invested in Broadway plays. The prototypical business angel, who invests in entrepreneurial start-ups, is about 50 years old, has high income and wealth, is well educated, has succeeded as an entrepreneur, and invests in companies that are in the region where he or she lives. Many well-known firms have received their initial funding from one or more business angels. The rapid increase is due in part to the high returns that some angels report. While most venture capitalists have .a three- to five-year investment horizon, business angels are typically more patient, although at some point will look for an exit.

Business angels are valuable because of their willingness to make relatively small investments. This gives access to equity funding to a start-up that needs just N50,000 rather than the N1 million minimum investment that most venture capitalists require. Many angels are also motivated by more than financial returns; they enjoy the process of mentoring a new firm. Most angels remain fairly anonymous and are matched up with entrepreneurs through referrals. To find a business angel investor, an entrepreneur should discretely work a network of acquaintances to see if anyone can make an appropriate introduction. An advantage that college students have in regard to finding business angels is that many angels judge college- or university-sponsored business plan competitions.

Venture Capital

Venture capital is money that is invested by venture capital firms in start-up and small businesses with exceptional growth potential. There are many venture capital firms around the corner, which have approximately $179 billion under management. A distinct difference between angel investors and venture capital firms is that angels tend to invest earlier in the life of a company whereas venture capitalists come in later. The majority of venture capital money goes to follow-on funding for businesses originally funded by angel investors, government programs (which are discussed later in the chapter), a by some other means.

Venture capital firms are limited partnerships of money managers who raise money in "funds" to invest in start -up and growing firms. The funds or pools of money are raised from high net worth individuals, pension plans, university endowments, foreign investors, and similar sources. The investors who invest in venture capital funds are called limited partners. The venture capitalists, who manage the fund, are called general partners.

3.7 Internal or External Funds

Financing is also available from both internal and external funds. The funds most frequently employed are internally generated funds. Internally generated funds can come from several sources within the company: profits, sale of assets, reduction in working capital, extended payment terms, and accounts receivable. In every new venture: the start-up years involve putting all the profits back into the venture; even outside equity investors. Do not expect any payback in these early years. The needed funds can sometimes be; obtained by selling little-used assets. Assets, whenever possible, should be on a rental basis (preferably on a lease with an option to buy), not an ownership basis, as long as there is not a high level of inflation and the rental terms are favorable. This will help the entrepreneur conserve cash, a practice that is particularly critical during the start-up phase of the company's operation.

A short-term, internal source of funds can be obtained by reducing short-term assets: inventory, cash, and other working-capital items. Sometimes an entrepreneur can generate the needed cash for a period of 30 to 60 days through extended payment terms from sup- pliers. Although care must be taken to ensure good supplier relations and continuous sources of supply, taking a few extra days in paying can generate needed short-term funds.

A final method of internally generating funds is collecting bills (accounts receivable) more quickly. Key account holders should not be irritated by implementation of this practice, as certain customers have established payment practices. Mass merchandisers, for example, pay their bills to supplying companies in 60 to 90 days, regardless of a supplying company's accounts receivable policy, the size of the company, or the discount offered for prompt payment. If a company wants this mass merchandiser to carry its product, it will have to abide by this payment schedule.

The other general source of funds is external to the venture. Alternative sources of external financing need to be evaluated on three bases: the length of time the funds are avail- able, the costs involved, and the amount of company control lost. The more frequently used sources of funds (self, family and friends, commercial banks, R&D limited partnerships, government loan programs and grants, venture capital, and private placement. Whenever an entrepreneur deals with items external to the firm, particularly with people and institutions that could become stakeholders, ethical dilemmas can sometimes occur.

3.8 Personal funds

Few, if any, new ventures are started without the personal funds of the entrepreneur. Not only are these the least expensive funds in terms of cost and control, but they are absolutely essential in attracting outside funding, particularly from banks, private investors, and venture capitalists. The typical sources of personal funds include savings, life insurance, or mortgage on a house or car. These outside providers of capital feel that the entrepreneur may not be sufficiently committed to the venture if he or she does not have money-invested. As one venture capitalist succinctly said, "I want the entrepreneurs so financially committed that when the going gets tough, they will work through the problems and not throw the keys to the company on my desk."

Sources of Personal Financing

Typically, the seed money that gets a company off the ground comes from the founders' own pockets. There are three categories of sources of money in this area: personal funds, friends and family, and bootstrapping. Personal Funds. The vast majority of founders contribute personal funds along with sweat equity to their ventures. Results from a number of studies that have examined firms that have been in business. for just a few years up to a total of eight years show that close to 50 percent of the firms received no external funding-the money came strictly from the personal funds of the founders and the profits of the firms. Sweat equity represents the value of the time and effort that a founder puts into a new venture. Because many founders do not have a substantial amount of cash to put into their ventures, it is often the sweat equity that makes the most difference.

Family and Friends

Friends and Family Friends and family are the second source of funds for many new ventures. This type of contribution often comes in the form of loans or investments, but can also involve outright gifts, foregone or delayed compensation (if a friend or family member works for the new venture), or reduced or free rent.

There are three rules of thumb that entrepreneurs should follow when asking friends and family members for money. First, the request should be presented in a businesslike manner, just like one would deal with a banker or investor. The potential of the business along with the risks involved should be carefully and fully described. Second, if the help the entrepreneur receives is in the form of a loan, a promissory note should be prepared, with a repayment schedule, and the note should be signed by both parties. Stipulating the terms of the loan in writing reduces the potential of a misunderstanding and protects both the entrepreneur and the friend or family member providing the funding.

Third, financial help should be requested only from those who are in a legitimate position to offer assistance. It's not a good idea to ask certain friends or family members, regardless of how much they may have expressed a willingness to help, for assistance if losing the money would cripple them financially. Entrepreneurs who are unable to repay a loan to a friend or family member risk not only damaging their business relationship with them, but their personal relationship as well.

Bootstrapping: Bootstrapping is a third source of seed money for new ventures. Bootstrapping is finding ways to avoid the need for external financing or funding through creativity, ingenuity, thriftiness, cost-cutting, or any means necessary’s" (The term comes from the adage "pull yourself up by your boot- straps.") It is the term attached to the general philosophy of minimizing start-up expenses by aggressively pursuing cost-cutting techniques and money-saving tactics.

Examples of Bootstrapping Methods

- Buy used instead of new equipment
- Coordinate purchases with other businesses
- Lease equipment instead of buying
- Obtain payments in advance from customers

- Minimize personal expenses
- Avoid unnecessary expenses, such as lavish office space or furniture
- Buy items cheaply, but prudently, through discount outlets or online-auctions such as eBay, rather than at full-price stores
- Share office space or employees with other businesses

4.0 Conclusion

The need to raise money surprises a number of entrepreneurs in that many of them launch their firms with the intention of funding all their needs internally. Commonly, though, entrepreneurs discover that operating without investment capital or borrowed money is more difficult than they anticipated. Because of this, it is important for entrepreneurs to understand the role of investment capital in the survival and subsequent success of a new firm.

5.0 Summary

In this unit we discussed how to finance a startup venture and state clearly why most of new ventures need funding as well as the types of financing need to be considered while seeking for funds. Two types of financing were then considered. i.e. debt financing and equity financing.

6.0 Tutor Marked Assignment

Identify and explain the two types of financing that a new venture can consided

State the sources of equity and dept financing

7.0 References and Further Readings

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

UNIT 13 Challenges for Funds Sourcing

TABLE OF CONTENTS

1.0 Introduction

Globally, Micro, Small and Medium Enterprises base is the basis for economic development of any nation. MSMEs contribute to the GDP growth as well as generating employment for self sustainability.

Unfortunately, 99.5% of MSMEs continue to remain as Micro enterprises and have always found it challenging to grow for various reasons. One important reason is the difficulty to raise financial resources or attract investments. Traditionally, loan funding has been the major source for small entrepreneurs, and it is estimated that over 40% of loans are secured from informal channels where interest rates are at least twice as high when compared to the formal market. With the formalization of the economy, approaching formal sources of finance would benefit to a large extent. Currently, they face considerable challenges which deter them from approaching these sources.

2.0 Objective

At the end of this unit, you should be able to:

Understand the benefit of MSMEs in economic development

The various challenges of fund sourcing for entrepreneur

How to mitigate these challenges

3.0 Main Content

3.1 The challenges faced by entrepreneur while sourcing for funds. Entrepreneurs face various challenges while sourcing for fund among the numerous challenges is as follow:

Lack of commitment to build a balance sheet - Traditionally the owners transacted more on cash basis to avoid taxes and in the process, they never built a balance sheet that could demonstrate the growth in the business over the years.

Lack of collateral to support the loan - Entrepreneurs fail to build personal balance sheets supported by income tax documents, particularly while creating fixed assets.

Absence of a detailed business plan - More than often, entrepreneurs run their business based on personal experience and fail to document the operational details. Hence, while approaching banks or any other institutions for investments they find it challenging to get the funding as they fall short of furnishing a detailed business plan that outlines the model, scalability, market size, competition, product development, marketing strategy, cost competitiveness, management bandwidth and overall strategy road map.

Inability to assess accurate fund requirements - MSMEs generally prepare financial estimates for the whole year but fail to include working capital requirements to meet business cyclicality. In the process, businesses suffer for want of working capital.

Unable to articulate or substantiate fund requirements - This is another common challenge for many young entrepreneurs who are unable to think from the lender's perspective. Due to lack of preparation, they find it difficult to demonstrate the facts and figures to the lenders in order to complete the lending process. A language barrier is another deterrent that could act as hurdle to fulfill the fund requirement.

Venture Capitalist, pedigree is everything

How well-connected are you? Venture capitalists aren't likely to bet millions on someone who hasn't been vouched for by a VC they trust. A lot of entrepreneurs use connections they forged during their schooldays or working experience. If you're not an alum of a top-tier business school, you'll need to find a way to get connected to potential investors. If you're a scrappy and self-made entrepreneur or if you're not located near the Bay Area—getting a foot in a venture capitalist's door can be a real challenge.

Your idea needs to be clearly stated and well presented

Your business idea must be well stated and you must be able to do justice to your business idea in a single slide. This is to give potential investors a detailed overview of your business model, competition, market and future plans in an hour-long presentation otherwise the investor may be unwilling to invest in unclearify business ideas. One hour is usually all the time you'll have to convince VCs that your startup will be wildly successful and that they'll be able to grow their investment ten-fold (or more). This can be very tricky if you're carving out a new market niche that investors aren't yet familiar with.

Fundraising takes time away from the most important thing: your company

If you're like most entrepreneurs, you started your company to make money—but also because you're passionate about what you do. When you start pursuing VC money, however, you'll be running from coffee meeting to lunch meeting to pitch meeting without seeing any progress. It's like a hamster wheel: you run and run and run, but you never get anywhere. Pretty discouraging when those VCs end up deciding their money would be better invested elsewhere.

3.2 How to mitigate these challenges of getting funds

- It is not that difficult to mitigate these challenges if entrepreneurs exercise a little caution and invest their efforts with a focus on the following:
  Accept the reality that the economy is transforming in to a formal structure that would be driven by systems and processes going forward, hence it would help to take steps towards building balance sheets, paying taxes - both on business and personal fronts. Integrity is the key. If this simple yet effective step is taken, within a few years banks would gain more confidence in MSMEs and collecting collateral would not become an issue at the time of borrowing.
- Writing a business plan is a soul-searching exercise. It need not be very elaborate. It can be written manually on a few A4 sheets covering the broad areas that are outlined above. Ultimately, it is about how the business is perceived to emerge as well as the operational plans. Once done, a resource either internally or external should be assigned the task to collate a bankable document with the relevant supporting data. Conduct a detailed study of lenders' requirements for project or working capital loans and compare the same with the internal realistic projections and eligibility. It is always better not to take a loan rather than defaulting and losing trust with lenders.

- Once the document is ready, be ready to face the tough questions from the lenders. This is the most critical element of building trust with prospective lenders. They look for seriousness of the business requiring funds and the business objective of raising funds. It is not possible to envisage all queries at the time of document submission, hence take time to give credible responses and adhere to the timelines given.

- And finally, create a strong organization structure with capable people who can support the projections and deliver results.

4.0 Conclusion

Finding funding can be difficult, but with the right amount determination and hard work, you can find the right investors. Depending on where your business is in its development, it's usually a good idea to start looking for funding about six months before you expect to run into financial trouble. Of course, by always having an ear open, this timeline can change drastically.

5.0 Summary

In this unit we have discuss the various challenges entrepreneur encounters while sourcing for funds as well as how to overcome these challenges. Finding funding may not be easy, but by putting yourself in position to succeed, sometimes you can let luck take over. The bottom line is, as a startup, you have to walk in with a very open eye to the fact that money doesn't just fall off the trees.

6.0 Tutor marked Assignment

State the various challenges face by entrepreneur while sourcing for funds

Explain clearly how to overcome these challenges

7.0 References and Further Readings

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Lumpkin, G. T. and Dess, G. G. (2001). “Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle,” Journal of Business Venturing, 16, 429-51.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Unit 14 Business opportunities in creativity and technology

TABLE OF CONTENTS

1.0 Introduction

There are many ideas for technology-related businesses out there that allow entrepreneurs with some tech-savvy to put their experience into building successful new companies. At the rate technology continues to change, an ability to adapt to those changes, and help others in the process, has all the makings of a very powerful business foundation.

2.0 Objective

At the end of this unit student should be able to:

Identify some technology base business to start up with

Enable to know the type of business to start with base on the innovative skills embedded in individual entrepreneur

3.0 Main Content

3.1 Business opportunities in creativity and technology

To get you started exploring business ideas in technology, here are some tech business ideas, including the pros and cons, and a list of resources to explore for each idea. Many of these ideas involve selling services, which implies that entrepreneur won't need to have a bunch of money tied up in inventory or manufacturing equipment.

The followings are some of the creativity and technology related business:

Computer repairs and Maintenance

If you have a technical background and an expert understanding of computers and how they work, a small business as a computer repair and maintenance service could be a great business idea for you. You can cater your services to one operating system, or support all major platforms. You can also supplement your business income with sales of items such as new hard drives, monitors, mice, and other computer-related items.

Computer Training

An entrepreneur with exceptionally skill in computers, software and other devices, and may intend to help others boost their comfort level with technology. While doing so, a computer training business might be a great business idea for you.

Internet Research

With the vast amount of information available online these days, being able to locate and validate information is a marketable skill. Do you have a knack for quickly finding relevant information on the Internet? If so, an Internet research business may be the perfect business idea for you.

Information Technology (IT) Support

Many small businesses don't have the budget to afford a full-time, in-house technical support team, making outsourced IT support a potentially lucrative business idea. You can provide network setup and maintenance services, data backup and recovery, and software installation and management. Depending on your clients' needs, your services can also include security measures and mobile device management.

Social Media Consulting

Social media is a powerful marketing tool, particularly for small businesses. If you are a social media expert and love helping others create their own social media presence, then you may be an excellent fit for a social media consulting business. Learn the pros and cons of starting a social media consulting business.

Video Production

Video marketing is growing in popularity for all types of businesses. Do you understand the technology behind video editing, and enjoy the process of taking raw video footage and creating a video that flows? A video production business may be a great small business idea for you.

Web Designing

A web design business could be a fun and profitable way for you to follow your dream of being a small business owner, especially if you are a trained or self-taught web designer. Find out if you have what it takes to start a web design business.

Makeup Artist

Makeup is another area that requires a lot of creativity. You can start a salon type of business or even just travel to work with clients at their location.

Soap Making

Soap is another product that allows you to get creative with both scents and aesthetics. You can make various soap and beauty products to sell online or at local events.

Art Supply Store Owner

As a craft oriented entrepreneur you may want to use your love for art and creativity to help others showcase their own talents, you can open a store that sells various art supplies and creative materials.

Bag Designer

As a craft oriented entrepreneur that enjoy designing and putting together accessories, you can build a successful business as a handbag designer and sell your creations online or get them into local boutiques.

4.0 Conclusion

There are many business opportunities for entrepreneurs that are embedded with creativity as well as technology. Whatever business you choose, it should be something that you have personally had extensive experience with and can communicate about authentically with your clients.

It's also imperative that you always consider what's best for your clients, and recommend they seek outside help from expert and professional when necessary.

5.0 Summary

In this unit we discussed the various business opportunities that individual entrepreneur, craft oriented entrepreneur as well as technology entrepreneur can endeavor to start with as excel.

6.0 Tutor-Marked Assignment

Explain in detail the various business opportunities that are available for creative and technology oriented entrepreneurs

7.0 References and Further Readings

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Histrich, R.D. & Peters, M.P. (2002). *Entrepreneurship.* New York, McGraw Hill higher education

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Ogundele, O. J .K (2007). *Introduction to Entrepreneurship Development, Corporate Governance & Small Business Management. Lagos, Molofin Nominees.*

Taiwo, O.L., Okafor, I.P.,and Lawal, K.A.A(2017) Entrepreneurship: A global perspective, Imo, Uzopietro,

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability*, Vol 2(12), pp. 220-230

Unit 15 Failure and Challenges of Entrepreneurship technological innovation and Creativity

1.0 Introduction

Over the last decades, innovation and creativity have become critical skills for achieving success in developed economies. The need for creative problem solving has arisen as more and more management problems require creative insights in order to find suitable solutions. Creativity goes hand in hand with innovation. And there is no innovation without creativity. While creativity is the ability to produce new and unique ideas, innovation is the implementation of that creativity. That is, the introduction of a new idea, solution, process, or product. Creativity is the driving force behind innovation and the incorporation of looking at things from a different perspective and freedom of restrictions by rules and written or unwritten norms.

2.0 Objective

At the end of this unit you should be able to:

Conceptually clarify the difference between creativity and innovation

Understand the importance of creativity in business

Identify the failure and challenges entrepreneurship technological innovation and creativity

3.0 Main Content

3.1 Why is creativity important in business?

Creativity and innovation within well-run companies have always been recognized as a sure path to success. Stimulating creativity and exploring completely new and unknown before territories lead as result to increasing the productivity of the organisation. Encouraging the employees to think outside of the box and giving them time and resources to explore new areas for innovative ideas is the key to cost-effective business solutions.

Creativity improves the process of solving problems. It doesn't matter if we're talking about developing a new strategy or an innovative way to stay ahead of the competition. Creative problem solving gives that competitive edge that any business is striving to achieve.

Creative ideas and innovative approaches can come from almost anywhere- from your partners, customers, target groups, employees. They can bring you fresh perspectives and ideas, so show them that you're listening and open to their feedback. That's why it is important an open exchange of ideas to be supported and encouraged by the company.

The future is an unpredictable time frame, everything we can assume about economics, culture, tastes, trends and growth/loses can dramatically change. Even industries can experience a dramatic change in their functioning, sales, marketing and practically every aspect of their existence. However, if in this dynamic economy, if there's one field that is sure to constantly stay in profits if it keeps up a good pace of up gradation, it is the technology department. The allure of launching a tech startup is easy, but failure to understand the challenges you'll likely face challenges that may bring you down sooner than you'd expect.

3.2 Challenges tech startups will likely face and how to overcome them

There are numerous challenges that entrepreneurs are likely to face while operating their business, among which are as follow:

Failure at first step

Technology changes at the blink of any eye and so you can lose out a nice share of your first slice by missing your goals. It's common for technology entrepreneurs to take the defeat or loss too seriously, remaining idle for too long, or pausing the work altogether. By this time, the idea is already out there and someone who does what you should have done learn, adapt and move ahead, has already taken over.

Solution: Try, and stop not until you have succeeded or until your business has taken off completely. Remember the goal when you first started? Keep that goal alive. Dozens of famous startups started strong, lost funded, restarted, failed, restarted again and finally took off. Failure is never final and success is never ending.

Dynamic nature

Technology entrepreneur startups are most dynamic by principle of their founding. As any technology entrepreneurs would vouch for, the constant fear of running slower than your competition or being slower than your peers may be a huge risk. The window of opportunity to pitch your sales is extremely narrow before someone else takes over. Even if you score first, the price jack for the debut may actually limit sales. Smart consumers wait for a products second launch, often defeating the debut sales.

Solution: Seek feedback, especially from first launch product consumers. Take the feedback seriously. It is not necessary for a tech entrepreneur to be the most knowledgeable in the technology personally but consumers who spend more time on it might be.

Hacking and outdates software at back-end

All your brilliant ideas and databases are at the end of the day stored in a server. Once your data has being hacked it may revealed relevant information to your competitor which may resulted in breaking down innumerable customer as well as your personality Cyber hacks are a constant risk no matter what technology business you are in.

Solution: Invest in a good programmer and make sure you plug in all loopholes. Even if it seems arbitrary for someone to steal your private data, it is easier to stay safe and prevent rather than repent later.

Ownership choices

It is easy to think your start-up is too small or young to make ownership rights' discussion at the early stages, but it can be a major difficulty to discuss this later. Are you planning to merge your company with a similar one /rival in the eternal future? Are you associating yourself to someone who doesn't update themselves as easily? Whatever technology seems the best thing today will definitely be replaced by a better one tomorrow.

Solution : Choose tie-ups and partnerships based on the company's history to amend, change and progress. If you suspect they are hesitant to change, they might end up being a liability to you instead of an asset.

Finding the right technology

The technology offerings available in today's market have grown exponentially. That's good news for your business but it can also make finding the right solution for your needs more challenging.

To solve this problem, focus on tried-and-true methods. Read reviews, pay attention to professional reports. You can also speak to current and former colleagues to learn more about what types of systems they utilize. And if you need comprehensive support beyond those options, you can also partner with a technology advisor to outfit your business with the appropriate solutions. The right partner prioritizes and determines the necessary solutions that build a foundation for current growth and future innovation

Integrating a new solution with your existing systems

When you add a new employee to your staff there's always a certain gelling period. The same is true with new technology. It isn't always a given that a new solution will integrate with your older existing systems. Therefore, this digital transformation challenge is one many small businesses face. To help simplify transformation in your company,

4.0 Conclusion

In today's highly competitive market, your small business can't afford to ignore any potential advantage. While many of these are tied to technology, you don't have to let concern over making the wrong decision bar you from exploring your options. Apply the tips above and don't be afraid to seek professional advice. Your business and its tech will be better for it.

5.0 Summary

In this unit we have discussed the failure and challenges of entrepreneurship technology innovation and creativity and providing probably solutions to the identified challenges.

However there are still much to do about building a long lasting solution with you business associate including your customer. Technology alone does not provide this for your business it will only enhace your performance. The bottom-line line is that your attitude toward this stakeholders maters a lot and need to be aware of it.

6.0 Tutor Marked Assignment

Identify and discuss the challenges of technological entrepreneur within the business environment.

List some relevant solutions to the identified challenges.

7.0 REFERENCES AND FURTHER READINGS

Abdi, A. M., and Ali, A. S. (2013). Innovation and Business Performance in Telecommunication Industry in Sub-Saharan African Context: Case of Somalia, Asian Journal of Management Sciences and Education, 2 (4), 53-67

Adams, L.B., Pena, M.T., Sharma, R. (2012). Insights from Animal Models on the Immunogenetics of Leprosy: A review. Memorias do Instituto Oswaldo Cruz. 107(1). 197-208.

Ajalie, S.N., (2017). Effect of Employee Motivation on Organizational Productivity. Masters Thesis. Covenant University, Ota.

Al-Battaineh, M.T. (2018). Effect of Innovation Strategies on the Functional Performance of Smes Organizations in (Hassan Industrial City). International Journal of Business and Management Invention (IJBMI). 7(5). Pp. 12-18.

Alegre, J., Lapiedra, R. and Chiva, R. (2006). A Measurement Scale for Product Innovation Performance, European Journal of Innovation Management, 9 (4), 333-346

Artz, K.W., Norman, P.M., Hatfield, D.E. and Cardinal, L.B. (2010). A longitudinal study of the impact of RandD patents, and product innovation on firm performance. *Journal of Product Innovation Management.* 27(5), 725-740

Bekkenutte, B.H. (2016). Organizational Innovation Practices. *Masterthesis Strategic Management.*

Bhattacherjee, A. (2012). Social Science Research: Principles, Methods, and Practices. Textbooks Collection. Book 3.

Bloch, C. (2007). Assessing recent developments in innovation measurement: the third edition of the Oslo Manual. Science and Public Policy, 34 (1), 23–34

Camison, C. and Villar-Lopez, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of business research.* 67(1), 2891-2902.

Cascio, R.P (2011). Marketing Innovation and Firm Performance: Research Model, Research Hypotheses, and Managerial Implication. A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in the Department of Marketing in the College of Business Administration at the University of Central Florida Orlando, Florida.

Cassiman, B., and Veugelers, R. (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Cerulli, G. (2014). The impact of technological capabilities on the invention: an investigation based on country responsiveness scores. World Development Journal. 5(9), 147– 165.

Charles, A., (2014). The Impact of Technological Innovation on Organizational Performance. Industrial Engineering Letters. 4(3).

Chesbrough HW (2003) Open innovation: the new imperative for creating and profiting from technology. Harvard Business School Press, Boston MA.

Chesbrough HW (2006) Open Innovation: A New Paradigm for Understanding Industrial. In: Chesbrough HW, Vanhaverbeke W, West J (eds) Open innovation: researching a new paradigm. Oxford University Press.

Chesbrough, H. (2006). The Era of Open Innovation. *Managing Innovation and Change*, 127. Pp 34-41.

Chux, G., I. (2010). Impact of Product Development and Innovation on Market-share. African Journal of Business Management, 4(13): 2659-2667.

Cohen, L., Manion, L., and Morrison, K. (2007). Research Methods in Education (6th ed.). London and New York, NY: Routledge Falmer.

Cooper, D. and Schindler, P. (2011) Business Research Methods. 11th Edition, McGraw Hill, Boston.

Cooper, D., and Schinder, P. (2006). Business research methods. (8th edition). New York. McGrawHill

Cozza, C., Malerba, F., Mancusi, M. L., Perani, G. and Vezzulli, A. (2012). Innovation, profitability and growth in medium and high-tech manufacturing industries: Evidence from Italy. *Applied Economics*, 44 (15), 1963-1976

Creswell, John W. (2008) Educational research :planning, conducting, and evaluating quantitative and qualitative research Upper Saddle River, N.J. : Pearson/Merrill Prentice Hall,

Daragahi, G.A (2017). The Impact of Innovation on Customer Satisfaction: A Study of the Cosmetics Producer in Tehran. *Faculty of Business Economics and Entrepreneurship International Review.* 1(2). Pp. 121-132

D'Cruz, J. and Rugman, A. (1992). New Concepts for Canadian Competitiveness. Canada: Kodak

Defaria, P. and Mendonça, J. (2011). Innovation strategies by firms: Do innovative firms grow more. *International Journal of Entrepreneurship and Small Business*, 12 (2), 173-84.

Drucker, P.F., (1985). Innovation and Entrepreneurship. Butterworth-Heinemann, Oxford.

Granstrand O (2011) The economics of IP in the context of a shifting innovation paradigm. In: Innovation Report 2011: Shifting Innovation Paradigms and the Role of Intellectual Property. WIPO, Geneva.

Grawe, S.J., Chen, H. and Daugherty, P.J. (2009) The Relationship between Strategic Orientation, Service Innovation, and Performance. International Journal of Physical Distribution and Logistics Management, 39, 282-300.

Gunday, G. and Dutton, J. (2011). Effects of innovation types on firm performance. International Journal of Production Economics. 6(2), 6-13

Gunday, G.*et. al* (2011). Effects of innovation types on firm performance, International Journal of Production Economics, 133 (2), 662-676.

Hassan, M., Shaukat, S., Nawaz, M. S. and Naz, S. (2013). Effects of Innovation Types on Firm Performance: an Empirical Study on Pakistan's Manufacturing Sector, Pakistan Journal of Commerce and Social Sciences, 7 (2), 243-262

Hurley, R. F. and Hult, G. T. M. (1998). Innovation, Market Orientation and Organizational, Industrial Marketing Management, 24 (5), 439-456.

Hurley, R. F., and Hult, G. T. M. (1998). Innovation, Market Orientation and Organizational, Industrial Marketing Management, 24 (5), 439-456

Im S., Montoya M.M., and Workman Jr. J.P. (2013). Antecedents and Consequences of Creativity in Product Innovation Teams. Journal Production Innovation Management, s30, 170-185.

Johne, A. and Davies, R. (2000). "Innovation in Medium-Sized Insurance Companies: How Marketing Adds Value," International Journal of Bank Marketing, 18 (1), 6-14.

Johne, A. (1999). "Successful Market Innovation," European Journal of Innovation Management, 2 (1), 6-11.

Johne, A. and Davies, R. (2000). Innovation in medium-sized insurance companies: How Marketing Adds Value. *International Journal of Bank Marketing*. 18 (1), 6-14.

Kamakia, P. (2014). Effect of Product Innovation on Performance of Commercial Banks in Kenya. Research Project. University of Nairobi.

Kaplan, M. J. and Warren, A. C. (2007). Patterns of Entrepreneurship (2nd Ed.). New York, NY: John Wiley and Sons Inc.

Kaplan, M. J. and Warren, A. C. (2007). Patterns of Entrepreneurship (2nd Ed.). New York, NY: John Wiley and Sons Inc

Kim, W. and Maubourge (1997). Value Innovation. *Harvard Business Review.* 70(1). Pp 71-80.

Kipkirui, J.B (2017). The Effect of Innovation Strategies on Market Share of Small Scale Tea Packers in Kenya. University of Nairobi.

Kotler P. (2011). Reinventing marketing to manage the environment imperative. Journal of Marketing, 75(4) 32-135

Kuratko, D. F. and Hodgetts, R. M. (2004). 'Entrepreneurship: Theory, Process and Practices,' 6th edition, Smith western, USA.

Leger , A., and Swaminathan, S. (2007). Innovation theories: *Relevance and Implication for Developing Country Innovation* (Discussion papers 743). DIW Berlin.

Li, Y., Lee, S., Li, X., and Liu, Y. (2010). Knowledge codification, exploration, and innovation: The moderating influence of organizational controls in Chinese firms. Management and Organization Review, 6(2), 219-241.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. Journal of Construction Engineering and Management. 1(2), 568 – 580.

Lim, J.N, Schultmann, F. and Ofori, G. (2010) Tailoring competitive advantage derived from the Needs of Construction Firms. *Journal of Construction Engineering and Management*. 1(2), 568 – 580.

Lin, C. H., Peng, C. H. and Kao, D. T. (2008). The Innovativeness Effect of Market Orientation and Learning Orientation on Business Performance, International Journal of Manpower, 29 (8), 752-772.

Loof, H. and Heshmati, A. (2006). On the Relationship between Innovation and Performance: A Sensitivity Analysis. Economics of Innovation and New Technology Journal. 1(5), 317-344

Lumpkin, G. T. and Dess, G. G. (2001). "Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance: The Moderating Role of Environment and Industry Life Cycle," Journal of Business Venturing, 16, 429-51.

Mabrouk, A., and Mamoghli, C. (2010). Dynamic of financial innovation and performance of banking firms: Context of an emerging banking industry. International Research Journal of Finance and Economics, 5(10).

Mol, M. and Birkinshan, J. (2009) "The sources of management innovation: When firms introduce new management practice. Journal of Business Research. 12(6), 62-80

Muangkhot, S. and Ussahawanitchakit, P (2015). Strategic marketing innovation and marketing performance: an empirical investigation of furniture exporting businesses in Thailand. The Business and Management Review. 7(1), 189-205

Muigai1i, G.R. and Gitau, S.N. (2018) Effect of Innovation Strategies on Financial Performance of the Banking Industry in Kenya. *European Journal of Economic and Financial Research*. 3(1).

Naidoo, V. (2010). Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy. Industrial Marketing Management, 39, 1311-1320

Nandwa, W. (2016). Effects of Innovation Strategies on Financial Performance: A Survey of Insurance Firms in Eldoret Research Project. Kisii University.

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in the Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa

Njeri, A. (2017). Effects of Innovation Strategy on Firm Performance in Telecommunications Industry: A Case of Safaricom Kenya Limited. United States International University Africa.

Nwachukwu, C.E. (2018). The Impact of Different Types of Innovations on Customer Satisfaction in Microfinance Bank in Nigeria. Master's Thesis. Master's Degree Programme in Entrepreneurship and Business Competence.

Nwankpa, C. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Business Administration and Marketing School of Management Sciences.

Nwankpa, C., M. (2017). Innovation Strategy and Organizational Performance in Selected Deposit Money Banks in Lagos State, Nigeria. Babcock University.

OECD (2005). Oslo Manual: Proposed Guidelines for Collecting and Interpreting Technological Innovation Data. Paris.

Phelan, C. and Julie, W. (2006) Exploring reliability in academic assessment. Reliability and validity.

Polder, M., Leeuwen, G. V., Mohnen, P. and Raymond, W. (2010). Product, process and organizational innovation: drivers, complementarity and productivity effects: UNUMERIT, Maastricht Economic and Social Research and Training Centre on Innovation and Technology.

Priyanka,P.V. and Srinivasan, P. (2015). Marketing Innovation to meet Market Complexity in the 21st Century. *Global Journal of Commerce and Management Perspective (GJCMP).* 4(2). Pp.12-15.

Reguia, C. (2014). Product Innovation and the Competitive Advantage, European Scientific Journal, 1, 140-157

Ren, F., Wang, B., Yue, T., Yun, E.Y., Ip, Y.T., Jiang, J. (2010). Hippo signaling regulates Drosophila intestine stem cell proliferation through multiple pathways. Proc. Natl. Acad. Sci. U.S.A. 107(49): 21064--21069.

Robbins, S.P and Coulter, M (2006) *Management* (9th edition) New York, Prentice Hall

Rogers, E.M, (1983), Diffusion of innovations (3rd ed.). New York: Free Press of Glencoe.

Rosli, M.M., and Sidek, S. (2013). The Impact of Innovation on the Performance of Small and Medium Manufacturing Enterprises: Evidence from Malaysia. Journal of Innovation Management in Small and Medium Enterprise. Volume 13.

Salter, A. and Laursen, K. (2006). Open for innovation: The role of openness in explaining innovation performance Among U.K. Manufacturing Firms. Strategic Management Journal. 27(2), 131-150.

Sandvik, I. L. and Sandvik, K. (2003). The Impact of Market Orientation on Product Innovativeness and Business Performance, International Journal of Research in Marketing, 20 (4), 255-376.

Sandvik, I. L. and Sandvik, K. (2003). The impact of market orientation on product innovativeness and business performance. *International Journal of Research in Marketing.* 20 (4), 255-376.

Saunders, M., Lewis, P. and Thornhill, A. (2007) Research Methods for Business Students. 4th Edition, Financial Times Prentice Hall, Edinburgh Gate, Harlow.

Schumpeter, J. A. (1934). The Theory of Economic Development. Cambridge, UK: Harvard University Press

Suhag, A.K., Solangi, S.R., Larik, R.A., Lakh, M.K., and Tagar, A.H. (2017). "The Relationship Of Innovation With Organizational Performance." International Journal of Research - Granthaalayah, 5(2), 292-306.

Tajuddin, M.Z, Iberahim, H. and Ismail, N. (2015). Relationship between innovation and organizational performance in construction industry in Malaysia. Universal Journal of Industrial and Business Management. 3(4), 87-99

Tehrani, N.S., Javadizadeh, B. and Nadi, M. (2015). The Relationship between Customer Knowledge Management, Customer Relationship with Organizational Innovation and Customer Loyalty (Case Study:Consumers and Manufacturers of Proteinindustry in Isfahan Province). *International Journal of Business and Management Invention.* 4(2). Pp. 59-67

Therrien, P., Doloreux, D. and Chamberlin, T., (2011), Innovation novelty and (commercial) performance in the service sector: A Canadian firm level analysis. Technovation. (31), 655-665.

Tinoco, J. K. (2010). Marketing Innovation: The Unheralded Innovation Vehicle to Sustained Competitive Advantage. *International Journal of Sustainable Strategic Management*, 2 (2).

Udegbe S. E, (2013),Impact Of Product Development And Innovation On Organisational Performance, *International journal of Management and Sustainability,* Vol 2(12), pp. 220-230

Varis, M. and Littunen, H. (2010) Types of Innovation, Sources of Information and Performance in Entrepreneurial SMEs. European Journal of Innovation Management, 13, 128-154.

Veugelers, R. and Cassiman, B., (2006). In search of complementarity in innovation strategy: internal research and development and external knowledge acquisition. Management science journal. 52 (1), 68-82.

Von Hippel E (1988) The Sources of Innovation. Oxford University Press, New York.

Walumbwa, F.,Oke, A., and Myers, A. (2012). Innovation strategy, human resource policy, and firms' revenue growth: The roles of environmental uncertainty and innovation performance. Decision Sciences. 43(2), 273-302.

Zhang, Y., Khan, U., Lee, S., and Salik, M. (2018). The Influence of Management Innovation and Technological Innovation on Organization Performance. A Meediating Role of Sustainability. MDPI. College of Economics and Management, Beijing University of Technology, Beijing 100124, China; 11, 495.