

EFFECTS OF INNOVATION ON CORPORATE ENTREPRENEURSHIP DEVELOPMENT IN NIGERIA: A STUDY OF UNILEVER NIGERIA PLC

¹Asabi, O. M., ²Alabi, E. & ³Olaoye, B. O.

¹Business Administration and Management Department,
Osun State College of Technology, Esa-Oke, Nigeria

^{2&3}Business Administration and Management Department,
Osun State Polytechnic, Iree, Nigeria

Corresponding Author: agboolatemiloye@gmail.com; 08033627672.

Abstract

Every established company now relies on innovation as a critical process for survival, expansion, and success as they continuously realign their efforts to meet ever-higher performance goals. Even though there has not been much research on the relationship between corporate entrepreneurship and innovation in Nigeria, the correlation between the growth of corporate entrepreneurship and innovation is a significant development in developed nations. In light of this, the study looked at how innovation influences the growth of corporate entrepreneurship in Nigeria's food and beverage industry. The study made use of primary data. Out of the 1,252 permanent employees of Unilever Nigeria Plc, 370 respondents were selected through random sampling technique to provide data with the help of a structured questionnaire. To investigate the connection between innovation and the growth of corporate entrepreneurship, simple regression analysis was utilized. The findings showed that corporate entrepreneurship is significantly and favorably influenced by innovation with R^2 of 77.2 percent. The study came to the conclusion that established businesses that encourage employee innovation foster the growth of corporate entrepreneurship. The study recommended that management should support employee innovation by providing adequate finance and ongoing training and by spending more on human resources to boost the organization's intellectual ability.

Keywords: Corporate entrepreneurship, entrepreneurship, entrepreneurs, innovation,

Introduction

Creativity, invention, expansion, and flexibility are just a few of the traits linked to entrepreneurship that scholars and practitioners think are essential for both start-ups and existing organizations (Gera, 2017). During this time, the startup-to-established firm transition is accompanied by a decrease in the entrepreneurial spirit and an increase in bureaucratic management (Gera, 2017). Every established company now relies on innovation as a critical process for survival, expansion, and success as they continuously realign their efforts to meet ever-higher performance goals. Okpara (2007) claimed that

managers are encountering opportunities and issues that are both complex and foreign to them in the age of globalization. These, according to the author, are a result of both customer demand for new products and services as well as new, cross-industry worldwide rivals. Okpara (2007) continued by saying that managers are now discovering that the tried-and-true methods and fixes that have traditionally been used to handle a range of issues are no longer effective. The interest in managing creativity and innovation has lately increased as a result of management realizing that various methods and viewpoints are necessary to support the survival and growth of their organizations (Okpara, 2007).

Corporate entrepreneurship and innovation are two ideas that are connected, according to Ahmad and Seymond (2008). The authors also provided examples of how business people profit from emerging markets, technologies, or products, thereby replacing antiquated practices. Additionally, this makes it possible for firms to more successfully meet societal and customer demands. Every company's capacity for innovation is crucial to its ability to compete, particularly in sectors with greater levels of productivity (Gera, 2017). This viewpoint is in line with Szabo and Herman's (2014) discovery that innovation improves corporate entrepreneurship performance. The study also demonstrated how innovation dramatically advances social and economic conditions through the items it creates. Innovation, according to Okpara (2007), is the act of introducing something new to an established process, market, or product. The student provides evidence that the process, business, or product has already been created from nothing and has performed admirably. Therefore, innovation occurs when something that already exists is changed to make it work better or to meet a different need. Innovation is the successful implementation of fresh ideas.

Every invention begins with a unique idea. Creativity, in accordance with Okpara (2007), lays the groundwork for innovation. Creativity is the process of altering a culturally symbolic universe. The author continued by saying that inventing new methods, ideas, technologies, things, and marketplaces is the essence of creativity. The term "creativity" refers to the capacity to produce anything new, be it a process, tool, work of art, or other type of creative output. Although creativity is a crucial pre-requisite for innovation, it is not enough. Therefore, the use of creative inspiration is novel (Okpara, 2007).

Statement of the Problem

The relationship between corporate entrepreneurship growth and innovation is a key development. The aforementioned takes into account the fundamental benefits of corporate entrepreneurship, such as market share, profitability, and inclusive and sustainable economic development, in the context of job creation. However, as noted by McFadzean, O'Loughlin & Shaw (2005), Chesbrough (2003), and Hornsby, Kuratko, and Zahra (2002), earlier studies had either focused on entrepreneurship or innovation as separate processes, which limited their empirical discovery, application, and utility in developing countries to small and medium enterprises. As a result, there has not been much research in the literature on the relationship between corporate entrepreneurship and innovation. With a focus on Unilever Nigeria Plc, this study attempted to fill the vacuum that was noted by examining how innovation has affected the development of corporate entrepreneurship in Nigeria.

Research Objective

Examining the effect of innovation on the growth of corporate entrepreneurship at Unilever Nigeria Plc is the primary objective of this study.

Research Hypothesis

H₀: There is no significant effect of innovation on corporate entrepreneurship development.

Literature Review

The process of making the best ideas a reality, which stimulates original thought and produces a series of creative events, is what Okpara (2007) defines as innovation. Innovation is the process of turning new ideas into valuable assets and producing extra value. Information and ideas are combined through the innovation process to produce new value. Without innovation, a business's goods and services quickly lapse into antiquity. It is impossible to innovate without imagination. Therefore, what sets creativity apart is the capacity to create, bring into being, invent a new form, produce through imaginative skill, or manufacture something new. Harris (1998) defined creativity as the ability to generate new ideas by modifying, fusing, or repurposing ones that have already been conceived. The author found that whereas some original ideas are amazing and beautiful, others are merely plain, practical suggestions that no one else has yet proposed.

According to the OECD (2015), innovation is the process of bringing new or improved processes, goods, or services based on new understandings in science or technology as well as organizational know-how. Organizational innovation, according to Wang and Wang (2012), is the organization's acceptance of a novel idea, process, or behavior. According to Oman (2008), there are two ways to describe the uniqueness that organizational innovation displays in the improvement of products, services, or procedures. These are called technical innovation and administrative innovation. The author points out that while administrative innovation focuses on improving procedures, regulations, and organizational structures, technical innovation focuses on new technologies, products, and services.

One of the four fundamental components of production, according to Schumpeter (1934) and Agri, Kennedy, Bonmwa, and Acha (2018), is entrepreneurship. According to their definition, it is a process, and an entrepreneur is an inventor who uses the process to upend the status quo by using creative production techniques. Studies have demonstrated that in order to meet the demands of a market that is changing swiftly, established businesses must also be able to innovate, develop, and transition quickly. To quickly adapt, established organizations must increase their capacity for innovation and tap into the inventiveness of their workforces (Tseng & Tseng, 2019; Lee & Pati, 2017).

Han and Park (2017) assert that corporate entrepreneurship contributes to the pursuit of a latecomer to become a first mover. When a well-established company contains corporate entrepreneurship, innovation, which is the transformation of an existing firm and the establishment of a new business organization, takes place. Therefore, corporate entrepreneurship plays a crucial role in stimulating innovation. According to Kuratko (2013), the concept of corporate entrepreneurship refers to entrepreneurial acts that get management sanction in addition to the commitment of limited resources with the aim of providing innovative results. Once more, corporate entrepreneurship was defined by Vanacker, Zahra, and Holmes (2017) as informal acts intended to build new businesses within well-established enterprises through market expansion and product and process innovation. The researchers discovered that as long as the overriding objective is to improve a company's competitive position and overall performance, these formal and informal measures may take place at the corporate, divisional, functional, or project levels.

The results of a study by Agri et al. (2018) on stakeholders' effect assessment of technological innovation and sustainable entrepreneurship development in Nigeria showed that the two are closely related and advantageously correlated, and that the latter's inadequacy is what prevents the former from happening. In a different study titled "Innovation and entrepreneurship for competitiveness in the EU: an empirical analysis," Herman (2018) found that high levels of corporate entrepreneurship that is innovative and productive are primarily responsible for some EU countries' high levels of national competitiveness. In the context of Iranian vanguard enterprises, Zahra (2017) also examined the corporate entrepreneurship and innovation performance of established businesses. The study showed a clear link between technology innovation and company entrepreneurship.

The findings of a related study by Matharu and Dhanalakshmi (2015) on the role of innovation and creativity in the development of entrepreneurship showed that these factors have a significant influence on this development. Setyanti, Troena, Nimran, and Rahayu (2013) conducted a second study on the role of innovation in mediating the effects of entrepreneurial orientation, management abilities, and information sharing on business success. The study found that improving corporate performance greatly benefited from innovation.

Theoretical Review

Resource-Based Theory

According to Schumpeter's (1942) theory, corporate entrepreneurs must possess specific talents in initiative, risk-taking, and creativity to succeed and function at their best. The study proposed that business entrepreneurs who allocate funds to invest in R&D are the players who propel innovation. According to Schumpeter's resource-based perspective (Penrose, 1959), the unique collection of resources and inputs at the center of the firm is what creates a persistent competitive advantage. To put it another way, the resource-based view explains how business owners (corporate entrepreneurs) create their firms using the resources and competencies that they already have or can obtain. According to Penrose (1959), "resources" or "inputs" generically refer to "anything that can be thought of as a strength or a weakness" of the organization. According to this notion, achieving optimal performance in comparison to other businesses operating in the same market can be accomplished by obtaining and utilizing the company's distinctive resources and inputs.

Traditional entrepreneurship literature frequently makes use of resource-based theory to comprehend venture processes and strategic orientations (Umrani, 2016). The combination and management of resources that enable businesses to seek new business prospects have received more attention in recent years (Zahra et al., 1999; Lumpkin & Dess, 2001). These factors allow businesses to pursue new business opportunities and generate innovative activities that result in more efficient operations. These findings are in line with the established resource-based theoretical framework, which highlights the significance of a firm's resources as the basis for its expansion (Penrose, 1959), high profits (Wernerfelt, 1984), and competitive advantage (Barney, 1991).

Methodology

The study used a survey-based research design. 1,252 Unilever Nigeria PLC employees make up the study's sample. Additionally, the study's sample was restricted to people who had a permanent job with the organization. At the Head Office, located at 1 Billingsway in Oregun, Lagos State, Nigeria, the survey was conducted throughout all departments. The study area was selected with purpose, and the company is listed on the Nigerian Stock Exchange's floor with a market value of N93.32 billion in the food and beverage sector. A simple random sampling procedure was used to select 390 respondents from among 1,252 permanent employees to fill out the structured questionnaire, and 376 of them, or 96.4 percent, duly completed and returned. Six (6) out of the 376 copies that were returned were improperly filled, so they were excluded from the analysis. A total of 370 copies were available for examination in this regard. Therefore, 370 respondents make up the study's sample size. Additionally, Unilever Nigeria Plc's organizational records on its workers were utilized in the study. A simple linear regression analysis was used in order to analyze the research hypothesis with the help of Statistical Package for Social Sciences (SPSS) version 23.

Each dimension of the survey had 10 questions, and responses ranged from 1 to 5, with 1 signifying strong disagreement and 5 signifying strong agreement. The study met the requirements for approval by reporting Cronbach's alphas for innovation (.83) and entrepreneurial development (.80) in order to assess their validity and reliability.

Model Specification

For this investigation, a mathematical model was created and expressed as follows:

$$Y_i = \beta_{0i} + \beta_{1i}X_{1i} + \varepsilon$$

Where:

Y_i = Corporate entrepreneurship growth (market share) is a dependent variable.

X_{1i} = (independent variable) innovation

β_{0i} = Intercept, ε = Error Terms.

Results and Discussion

Socio-Economic Characteristics of the Respondents

The descriptive analysis revealed that there were 61.4% men and 30.6% women among the respondents. This suggests that more men than women took part in the survey's response rate. This indicates that more men are active in the research area's utilization of innovation for the growth of corporate entrepreneurship. According to the responses' age distribution, 3% of respondents are under the age of 25, 17% are between the ages of 26 and 35, roughly 51% are between the ages of 36 and 45, and 29% are older than 46. This implies that the selected company has a young, largely equivalent workforce (between 26 and 45 years old) that they have combined with the older workforce in order to boost the performance of the company as a whole. The idea of innovation in relation to corporate entrepreneurial development is better executed and implemented with the younger generation, who still has years to stay in the firm and drive their organization's vision, and this only shows that the chosen organization has a bright future.

The distribution of respondents by educational background revealed that 41% of them have at least one bachelor's degree, which is the minimum requirement for admission to the managerial level in large corporations. Only 30% of survey participants hold an SSCE, OND, or HND. This signifies that respondents have the necessary qualifications to respond to the study questionnaire because it is generally accepted that higher education produces more competent people who are able to lead their firms more successfully and economically. It makes sense that education would improve the performance of fundamental tasks by providing people with the procedural and creative knowledge required to do their tasks successfully.

Approximately 20% of respondents have fewer than five years of professional experience, 14% have between six and ten years, 36% have between eleven and fifteen years, and 30% have more than sixteen years, according to the respondents' experience distribution by year. This shows that the respondents who were chosen had enough work experience to provide tacit, unique, and helpful knowledge—knowledge that would be less easily accessible through formal education. When combined with the thorough, analytical knowledge provided by formal education, the work experience gained through employment may boost entrepreneurial innovation even further. It's feasible that, through time and experience, one will acquire the knowledge and skills necessary to effectively develop original ideas.

Test of Hypothesis

H₀: There is no significant effect of innovation on corporate entrepreneurship development.

As seen in the tables below, this hypothesis was investigated and tested using simple regression analysis:

According to Table 1, with a coefficient of determination (R²) value of 0.772, the quality of entrepreneurial innovation from which they could be well-equipped with entrepreneurial competencies and creativity could account for 77.2% of the variation in corporate entrepreneurship development in terms of market share.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.879 ^a	.772	.768	9.265

a. Predictor: (Constant), Innovation

b. Dependent Variable: Corporate entrepreneurship development

Source: Field Survey, 2023

According to Table 2, an F-statistic value of F (67.721) is significant at a 0.05 level of confidence. This finding suggests that the independent variable (innovation) significantly influences how corporate entrepreneurship develops.

Table 2: Analysis of Variance (ANOVA)

Model	Sum of Square	df	Mean Square	f	Sig.
Regression	13052.643	1	13052.643	67.721	.000 ^b
Residual	6281.662	367	52.920		
Total	20244.276	368			

Predictor: (Constant), Innovation

Dependent Variable: Corporate entrepreneurship development

Source: Field Survey, 2023

Table 3 indicates that the predictor variable (innovation) significantly influences the amount of corporate entrepreneurship development since the regression coefficients' t-values are significant at the 95% confidence level ($t = 17.301$, $P = 0.05$). Additionally, the standardized beta coefficient shows that a unit of positive change in the opportunities for innovation causes a 72.1% increase in the success rate of corporate entrepreneurship development, leading to more market share and higher economic growth in the nation (the unstandardized linear regression model is $F = 25.742 + 1.507$).

Table 3: Simple Regression Analysis Showing the Effect of Innovation on Corporate Entrepreneurship Development

Model	Unstandardised Coefficient		Standardised Coefficient	T	Sig.
	B	Std. Error	Beta		
Constant	25.742	1.702		16.705	.000
Corp. Entre. Dev.	1.507	.097	.721	17.301	.000

Dependent Variable: Corporate entrepreneurship development

Source: Field Survey, 2023

Summary of Findings

A high positive correlation between the identified innovation and corporate entrepreneurship was indicated by a R value of 0.879 in Table 1. This shows that every change to the mentioned variable also has an impact on corporate entrepreneurship. Innovation accounts for roughly 77.2% of the variation, with certain other factors that were not investigated in this study accounting for the remaining 22.8%, according to the R^2 of the coefficient of determination (0.772). The standardized coefficient for the innovation variable, which is 0.721, implies that innovation plays a role in the expansion of corporate entrepreneurship. The explanatory variable is statistically

significant in explaining the change in corporate entrepreneurship development because the estimated F-statistic of 67.721 is larger than the tabular value of 32.78. The null hypothesis is also refuted since the study chooses the alternative hypothesis that innovation has a significant impact on the development of corporate entrepreneurship and because the p-value is less than 0.05. The results of this study are in line with those of studies by Agri et al. (2018), Zahra (2017), and Setyanti et al. (2013), which discovered a strong and favorable relationship between innovation and organizational success as well as the growth of corporate entrepreneurship.

Conclusion and Recommendations

The study showed that innovation has a favorable and significant influence on corporate entrepreneurship. This concludes that well-established companies that encourage employee innovation and educational advancement will have a higher skill set for encouraging corporate entrepreneurship development. Based on the aforementioned finding, the study recommended that management should raise investment in human capital to boost the intellectual ability of employees inside the company in order to assure support for employee innovation and educational advancement. This assistance should be provided in the form of sufficient finance and regular training.

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