

A Study of Small and Medium - Scale Enterprises (SMEs) Owners' Resources Mobilisation and Innovative Culture in South-West Nigeria

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Abstract. This study examined resource mobilisation and innovative culture of small and medium-scale enterprises (SMEs) owners in South-West, Nigeria. Five research questions were raised. The study adopted the descriptive survey research design. The sample comprised one thousand, four hundred and seventeen (1417) SME owners / managers out of which one thousand, three hundred and eighty-two (1382) responded appropriately, this showed 97% response rate. Data were collected using two instruments; these are Resource Mobilisation Questionnaire ($r = 0.85$) and Innovative Culture Scale ($r = 0.68$). Data were analysed using descriptive statistics, Pearson Product Moment Correlation and Independent t test. The results showed that SME owners possessed high level of resource mobilisation and innovative culture in South-West, Nigeria. Significant relationship existed between resource mobilisation and innovative culture of SME Owners' in South-West, Nigeria. Furthermore, there was significant difference in the score on resource mobilisation of SME Owners while no significant difference existed in the score on innovative culture of SME Owners in South-West, Nigeria. Based on the findings, it was recommended among others that Government agencies should create strategies to improve resource mobilisation. This, in turn, will upgrade and enhance innovation among SMEs.

Keywords: Resources, Mobilization, SMEs, Innovation and Innovative Culture

1 Introduction

In recent times, small and medium scale enterprises owners' innovation have turn out to be a subject of immense concerned to researchers in both the developed and developing countries. Innovation is described as the creation, progress and accomplishment of a new product, process or service, with the aim of improving competence, success or competitive advantage (Omodafe & Nwaizugbo, 2017). It is the capacity to create or change thoughts, procedures and products. In conclusion, innovation aims to solve the problems related to the business (Ceyda and Vahap, 2017). According to Casals (2011) (as cited by Mbizi, Hove, Thondhlana and Kakava, 2013), globalization of the markets and increasing international competition force SMEs to search for new, innovative, flexible and imaginative ways to survive, therefore making it their way of life (culture).

An innovative culture is viewed as a way of life sustaining innovation (Linn & Isabelle, 2014) since innovation is a key cost or value for people who are part of innovative culture (Dmitry, & Polina, 2012). Rao and Weintraub (2013) (as cited by Lakiza 2018) believed that an innovative culture depends on six interrelated building blocks. These are resources, procedures, achievement, qualities, behaviour and climate. The first three blocks were seen to be more tangible and simple to measure because they are more appealing to administrators expecting to revive their firm's innovative capabilities while the other three blocks which are qualities, behaviour and climate were seen as more human-focused and intangible, and in this manner harder to quantify because they are all the more

regularly disregarded as directors have a tendency to be less positive about exploring through these human viewpoints. The goal of any SME is to have competitive advantage or to stretch out beyond the opposition. (Obiri, Iwara, Kalu, Ezebor & Alabi, 2018).

However, the phenomenon of innovation cannot be effectively accomplished without the diligent work of the SME owners (Gundling, 2000). They determine atmosphere and lifestyle that supports and recognizes innovation in any business (Ahmed, 1998). Accordingly, it is a must for them to have the ability to acquire or direct all resources toward the strategic objective of the enterprise and ensure that organisational functions are aligned with the external environment (Zaccaro & Klimoski, 2001 in Maladzhi, Yan & Makinde, 2012)

Resource mobilisation is a process of identifying the resources essential for the development, implementation and continuation of works for achieving the firms' mission. In real terms, Resource mobilisation means expansion of relations with the resource providers, the skills, knowledge and capacity for proper use of resources. Resource mobilisation is a means to the end, the end being the satisfaction of the company's vision; a team effort that involves the firm's commitment to resource mobilization, acceptance for the need to raise resources and institutionalization of resource mobilisation policies and budget allocation to priorities (East African Community Manual, 2014).

Resource mobilisation can be defined as a management process of identifying individuals who share the values of your organization and take steps to manage this relationship. Resource mobilisation is often wrongly considered as fundraising. In fact, fundraising as a component of the resource mobilisation, refers to a variety of resources. Therefore, resource mobilisation involves the improvement of ability or capacity to "steal the donors' heart" by winning them over to the cause of the organisation (IDRC, 2013).

Resource mobilisation is giving people the opportunity to give. It is the process whereby resources are exchanged from the individuals who can provide for the individuals who want to receive. It is the enabler of the activity that not only satisfies the need, but also satisfies the giver that the resources have been carefully and adequately utilised. Resource mobilisation is all about building relationships with donors – whether individuals or major corporations (Kipchumba, Zhimin & Chelagat, 2013).

In general, availability of resources is emphatically identified with innovation since resources are needed to develop ideas. Organisations wishing to create an innovative culture need to recognize and create individuals who are themselves innovative, and to ensure managers and leaders are prepared to help them by offering self-governance, resources, a shared vision, guidance and criticism. Many organisations start to foster innovation through idea-capture and suggestion schemes (Patterson, Kerrin & Gatto-Roissard, 2012).

Innovation has become one of the most critical issues facing SMEs today; mainly because it is crucial to the development of new products which enhances companies' rapid growth and profit margins. Similarly, considerations are being given to the importance of resource mobilisation of SMEs. Despite a number of research on the innovation of business enterprises, there is still rareness of empirical studies on the resource mobilisation and innovative culture of SMEs in Nigeria. The main objective of this study is to examine resources mobilisation and innovative culture of SME owners in South-West, Nigeria. The specific objectives of the study are to:

- assess the level of SME owners' resource mobilisation and innovative culture;
- investigate the relationship between resource mobilisation and innovative culture of SME owners;
- investigate the difference between small and medium scale enterprises' resource mobilisation in south-west, Nigeria, and
- investigate the difference between small and medium scale enterprises' innovative culture in south-west, Nigeria.

Research Questions

To achieve the objectives of the study, the following research questions are raised:

1. What is the level of resource mobilisation of SME Owners in South-West, Nigeria?
2. What is the level of innovative culture of SME Owners in South-West, Nigeria?
3. Is there any significant relationship between SME Owners' resource mobilisation and innovative culture in South-West, Nigeria?
4. Is there any significant difference between small and medium scale enterprises' scores on resource mobilisation in South-West, Nigeria?
5. Is there any significant difference between small and medium scale enterprises' scores on Innovative Culture in South-West, Nigeria?

2 Methodology

The study adopted the descriptive survey research design. The target population consisted of 26,744 business owners/managers of registered SMEs in South-West, Nigeria. (National Bureau of Statistics, 2013). 1,417 business owners/managers were selected for the study (this comprises of 1257 small-scale enterprises owners and 160 medium-scale enterprises owners). To select the sample, SMEs were stratified based on the existing State levels and from each stratum, 5% of small and 10% of medium-scale enterprises were selected using random sampling technique. The number of the selected SMEs and managers/ owners from each of the six (6) State areas are presented in Table 1:

Table 1. Sample Distribution of each State

States	Total of SMEs in each States	Total of Small Enterprises	5% of Small Enterprises Sampled	Total of Medium-scale Enterprises	10% of Medium-scale Enterprises Sampled
Lagos	11,663	11,044	552	619	62
Ogun	1,794	1,690	85	104	10
Oyo	7,987	7,468	373	519	52
Ondo	1,999	1,805	90	194	20
Osun	2,272	2,247	112	25	04
Ekiti	1,029	903	45	126	12
Total	26,744	25,157	1,257	1,587	160

Instrumentation

Two instruments were used for this study, namely:

Resource Mobilisation Questionnaire (RMQ)

Resource mobilisation was measured using resource mobilisation questionnaire (RMQ) developed by Bukki (2018) which was designed to assess biographical information, identification of resources, resource providers and mechanisms. The questionnaire contains forty (40) items of Likert scale type ranging "1 strongly disagree", "2 disagree", "3 agree", "4 strongly agree". To test the reliability of the scale, a test-retest with two weeks interval was carried out. The instrument was administered on thirty

(30) business owners of small and medium-scale enterprises in Benin metropolis, in Edo State, Nigeria. The instrument yielded 0.85 coefficient (Cronbach alpha value) which is strong enough to justify the use of the instrument.

Innovative Culture Scale

The scale was adopted from Abdi and Ali (2013). Five-point Likert scales were developed to measure the enterprises level of innovative culture. Thus, the reliability test conducted to determine the internal consistency of the measures used, the variables have Cronbach Alpha values of more than 0.7 (Administrative Innovation 0.860, Technical Innovation 0.768 and Innovation Strategy 0.767) which makes all variables accepted, internally consistent and the scale deemed reliable for further analysis (Abdi & Ali, 2013). To revalidate the scale, a test-retest with two weeks interval was carried out. The instrument was administered on thirty (30) business owners of SMEs in Benin metropolis who were not part of the main study. This yielded a coefficient of 0.68 Cronbach alpha value.

The data for this study were collected by the researcher with the help of six (06) research assistants from each of the six states in the south-west, Nigeria. The administration of the instruments was carried out within a time-span of twenty-four (24) weeks. One thousand, four hundred and seventeen (1,417) questionnaires were administered to business owner/managers of SMEs in South-West, Nigeria out of which One thousand, three hundred and eighty-two (1382) questionnaires were returned, this showed 96.8% response rate. The statistical analysis that was used for answering the raised research questions were analysed with the use of Descriptive statistics, PPMC and Independent t-test analysis at 0.05% level of significance.

3 Results

Research Question 1: What is the level of resource mobilisation of SME owners?

Data collected on resource mobilisation were used to classify respondents' score into two groups namely: low (below the average mean score) and high (average and above the average mean score). Based on this classification, the data on respondents' responses on resource mobilisation were subjected to descriptive statistics as presented in Table 1.

Table 2. Descriptive Statistics of SME owners' Resource Mobilisation

Resource Mobilisation	N	%	Mean	Std. Deviation
Low	685	49.6	102.724	15.876
High	697	50.4	133.324	10.724
Total	1382	100	118.157	20.422

Table 2 indicated that 49.6% (with a mean score of 102.724 and a standard deviation of 15.876) of the SME owners/managers possessed low level of resource mobilisation and 50.4% (with a mean score of 133.324 and a standard deviation of 10.724) possessed high level of resource mobilisation. The implication of this is that substantial number of the SME owners/ managers who participated in this study possessed high level of resource mobilisation.

Research Question 2: What is the level of SME owners' innovative culture?

Data collected on innovative culture were used to classify respondents' scores into two groups namely: low (below the average mean score) and high (average and above the average mean score). Based on this classification, the data on respondents' responses on innovative culture were subjected to descriptive statistics as presented in Table 3.

Table 3. Descriptive Statistics of SME owners' Innovative Culture

Innovative culture	N	%	Mean	Std. Deviation
Low	570	41.2	55.284	11.492
High	812	58.8	71.878	5.692
Total	1382	100	65.034	11.841

Table 3 indicated that 41.2% (with a mean score of 55.284 and a standard deviation of 11.492) of the SME owners / managers possessed low level of innovative culture and 58.8% (with a mean score of 71.878 and a standard deviation of 5.692) possessed high level of innovative culture. The implication of this is that majority of the SME owners / managers who participated in this study possessed high level of innovative culture.

Research Question 3: Is there any significant relationship between resource mobilization and innovative culture of SMEs in South-West, Nigeria?

Table 4. Correlation matrix of Resource mobilisation and Innovative Culture of SMEs

Variables	RM	IC
Resource Mobilisation(RM)	1	
Innovative Culture (IC)	0.405**	1
Mean	118.157	65.034
Standard Deviation	20.422	11.841

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

The results in Table 4 revealed that there is a positive relationship between resource mobilisation and innovative culture of SMEs ($r_{(1382)} = .405$; $p < 0.05$).

Research Question 4: Is there any significant difference between small and medium scale enterprises' scores on resource mobilisation in South-West, Nigeria?

Table 5. Comparison of small and medium scale enterprises' scores on resource mobilisation

Resource mobilisation	N	Mean	SD	df	t	Sig	Remark
Small scale enterprises	1237	118.62	20.54	1380	2.466	.014	Significant
Medium scale enterprises	145	114.20	18.92				

* Significant at the 0.05 level

Table 5 showed that there is significant difference between small and medium scale enterprises' scores on resource mobilisation ($t = 2.466$; $P < 0.05$).

Research Question5: Is there any significant difference between small and medium scale enterprises’ scores on Innovative Culture in South-West, Nigeria?

Table 6. Comparison of small and medium scale enterprises’ scores on Innovative Culture

Innovative Culture	N	Mean	SD	Df	t	Sig	Remark
Small scale enterprises	1237	65.16	11.86	1380	1.178	.239	Not significant
Medium scale enterprises	145	63.93	11.62				

Table 6 showed that there is no significant difference between small and medium scale enterprises’ scores on Innovative Culture in South-West, Nigeria ($t = 0.755$; $P > 0.05$).

4 Discussions

Research question one result revealed that substantial number of the SME owners/ managers who participated in this study possessed high level of resource mobilisation. It is not surprising that they possessed a high level of resource mobilisation since they considered assets to be what can encourage them to have upper hand in the market. This additionally demonstrated that for SME owners to manage and oversee their business effectively, resources will play unique jobs among the existence cycle of SME. This result was in consonance with the findings of O’Cass and Sok (2014) who found that changes in markets and competition require firms to maximise the acquisition of high levels of both resources and capabilities, in order to compete successfully and achieve growth. This result was not in alignment with the findings of Nowacki and Staniewski (2012) who revealed that SMEs had less access to resources.

Research question two result revealed that majority of the SME owners / managers who participated in this study possessed high level of innovative culture. The explanation behind this outcome could be on the grounds that SMEs were especially quick to find how they can contend with bigger organizations by ending up more innovative and imaginative than their bigger competitors. These results corroborated the findings of Nordman and Tolstoy (2016) who indicated that SMEs need a relatively higher level of innovative culture. According to OECD, (2012) reports there is a high level of innovation activity taking place among small firms that may not be fast-growth or associated with traditional high-technology sectors. Laegreid, Roness and Verhoest (2009) also discovered that state agencies in Norway and Flanders report a high level of innovative culture in their own agencies and also assess their ability to develop innovative products and services fairly highly.

Research question three result revealed that there is a positive relationship between resource mobilisation and innovative culture of SMEs. This corroborated the findings of Terziowski (2003) who discovered that small manufacturing companies were more likely to improve their chances of achieving business excellence through resources mobilisation. This result corroborated the findings of Hemert (2012) who revealed that there was a causal connection between a firm’s resources and its innovation performance. This result also corroborated the assertion of Watjatrakul (2005) in Rajput and Kalhoro (2014) that resources both strategic and non strategic are important for the success of a firm as strategic resources enable organizations to sustain competitive advantage. If the resources are valuable, rare, imperfectly imitable and non-substitutable, its’ mobilisation would be considered strategic to the firm.

Research question four result revealed that there is significant difference in the score on resource mobilization of small and medium scale enterprises in South-West, Nigeria. This could be because of their size and few resource commitments are required for small size enterprises. Another possible reason why significant difference existed in their response could be because both small and medium-scale enterprises are conscious that the more the companies possess the desirable resources, the more it may innovate in product or service that will automatically turn into a culture. This result corroborated the findings of Nowacki and Staniewski (2012) that small enterprises have less access to resources than their medium enterprises counterparts. Ameyaw, Korang, Twum and Asante (2016) also discovered that Small scale enterprises require lower start-up capital and resources as compared to the larger companies.

Research question five result revealed that there is no significant difference in the score on innovative culture of small and medium scale enterprises in South-West, Nigeria. A cause for this result could be because SMEs were always interested in developing innovative and resourceful ideas that can make them contend and outperform their larger competitors. This lends support from the findings of Staniewski, Nowacki and Awruk (2016) which indicated that there was no dramatic difference between small and medium companies as far as innovativeness is concerned (there is no discrepancy between the quality and significance of the innovations they create). This result contradicted the findings of Gray, Densten and Sarros (2003) who revealed that small organisations were perceived to be significantly more supportive, competitive, innovative, and performance-oriented than medium-sized organisations. Reboud, Mazzarand Soutar (2014) findings also showed that the level of innovative activity amongst SMEs were not significantly different.

5 Conclusion and Recommendations

Based on the findings of this study, it can be concluded that SME owners possessed high level of resource mobilisation and innovative culture in South-West, Nigeria. Also, there was significant relationship between SME Owners' resource mobilisation and innovative culture in South-West, Nigeria. Furthermore, there was significant difference in the score on resource mobilisation of SME Owners while no significant difference existed in the score on innovative culture of SME Owners in South-West, Nigeria. Based on these findings, it was recommended among others that Government agencies should create strategies to improve resource mobilisation. This, in turn, will promote and boost innovation among SMEs. The government should discharge assets for the SME's or build up a bank for those engaged with SME's to depend on. It is suggested that the coverage and scope of the study should be expanded to include more states and respondents.

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