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INNOVATIVENESS AND SALES PERFORMANCE OF SMALL AND MEDIUM SIZE EXPORTING FIRMS IN SOUTH-SOUTH, NIGERIA

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ABSTRACT:

The study investigated the relationship between innovativeness and sales performance of food and beverage exporting Small and Medium Enterprises (SMEs) firms sector in South-South, Nigeria.The study adopted descriptive survey research design, with the questionnaire as the instrument for primary data collection from a population involving 160 firms involved in exporting food and beverages. A copy of the questionnaire was administered to the sample made up of managers and owners of the firms. The questionnaire was validated by experts drawn from the marketing department of the University of Nigeria, Nsukka. The reliability test result using Cronbach Alpha produced a value of 0.844. Both descriptive and inferential statistical tools were employed to analyze the data with SPSS (version 21.0). The statistical result showed that, innovativeness had positive and significant relationship with sales performance. The study concluded that innovativeness plays critical role in enhancing sales performance of food and beverage exporting SMEs in South-South, Nigeria. Therefore, this study recommended food and beverage exporting firms should be innovative as a means towards improving sales performance.

Keywords: Innovativeness, Repeat Purchase, Exporting SMEs, South-South Nigeria.

INTRODUCTION:

The global hike in food prices since 2008 has made food issues to remain at the front burners of policy agenda of nations (Patel & D'Souza, 2009). The food and beverage export contributed greatly to the $2.97 billion Nigeria's non-oil export revenue in 2013 (Basher, 2013). It was gathered that the Nigerian food and beverage export sector grew to 12 percent in 2013, as against 7 percent recorded in 2012. Data from the Manufacturers Association of Nigeria (MAN) show that production output in the food and beverage sector rose to N83.72 billion in the second half of 2013, from N64.4 billion reported in the first half of the year (MAN Report, 2013).

Due to the increasing trend of globalization as well as apparent saturation of most domestic markets, some companies in nations that are at their developmental stage, as in the case of Nigeria, are adopting export operations in order to ensure growth and survival (Patel & D'Souza, 2009). Possibly, this could be informed by the fact that exporting tends to offer easy entry route to foreign markets unlike other forms of international engagement (Tesform & Lutz, 2006). Besides, the arenas of markets and competition have expanded from domestic markets to the international markets. Currently, the increasing demand for African food products such as garri, cassava flour, plantain flour, yam flour etc., in foreign markets like America due to increase in the number of Africans, particularly, Nigerians who live in such places, is boosting the export

involvement of SMEs in Nigerian food and beverage sector. Available records show that more than 20 million Nigerians live outside Nigeria (Federal Office of Statistics, 2013).

Arguably, exporting has become an important activity for many small and medium enterprises (SMEs) in recent years as a way of sustaining their businesses and ensuring growth and survival (Patel & D'Souza, 2009).Engaging in exporting avails business operators, especially SMEs, the opportunity to possibly acquire international experience, overcome impact of demand fluctuation as well as enhance performance (Lages & Montgomery, 2004). It is also an opportunity to increase sales turnover.

Previous studies submitted that three out of five businesses in SMEs sector fail within the first few months of their operation (National Bureau of Statistics, 2007). World Bank Survey (2014) reiterated that SMEs in developing economies rarely graduate into large enterprises. It is generally recognized that SMEs face peculiar problems, which affect their performance and hence, diminish their ability to contribute effectively to sustainable national development. The main objective of this current study was to ascertain the influence of innovativeness on sales performance of food and beverages exporting SMEs in Nigeria.

LITERATURE REVIEW

Conceptual Review

Innovativeness

Innovativeness is defined as the process of adding value to an existing product or coming up with new product to create value and meet the needs of the external user or the needs of the market (Damanpour & Gopala Krishnan, 2001). Product innovation is widely recognized as central to the success of most companies. New or improved products promote company growth, generate increased sales and profits, and constitute a crucial component in business planning. Successful product innovation depends on a variety of factors which include the nature and quality of information acquired or known, the proficiency of process activities, characteristics of the marketplace, the compatibility of the resource base of the firm with new product project requirements, the level and complexity of the technology used, organizational structures of the firm, and the innovativeness of the product itself (Cooper 2008).The concept of innovation implies the idea that something is added to something else that already exists, or that something that exists is given up to create a new one. The argument is that adding and/or taking away are ways to improve a situation. Innovation processes consist of, and require, action to be taken under conditions of uncertainty. Innovation is a process of muddling through (Rehn & Lindahl, 2011), where one steps into the unknown (Hurst 2013).

From the perspectives of Lumpkin and Dess (1996), to be innovative is the inclination of a firm to take part in new thoughts, which prompt the creation of new items or procedures. Being innovative which relates to ingenuity involves cultivating the spirit of innovativeness and coming up with new items and the likelihood of being a market pioneer (Lumpkin & Dess, 2001). Creative procedures give the benefit of minimal effort, fast revenue generation, and enhanced customer acquisition. Davis et al (1991) maintained that inventiveness assumes an essential part in product development, as well as in discovering imaginative ways for offering superior value to customers. Miles and Darroch (2006) confirmed this by submitting that business administrators must be imaginative scholars who distinguish creative business openings and have the capacity to adjust to changing situations.

SALES PERFORMANCE:

Sales performance is a measure of the number of sales in monetary terms that an organization makes in a specified period of time. Firms need to develop successful marketing strategies to enable them make reasonable amount of sales to enable them perform well in sales. As noted by Servais and Jensen (2012) Sales represents the process of transferring ownership of goods from sellers to consumers in exchange for money. In the same vein, Kotler and Armstrong (2004) described sales as an act of selling a product (goods and or service) in exchange for money. Sales performance is therefore the amount of goods sold in a given period of time as compared to the expected or budgeted figure set out by a firm. This implies that increased sales performance leads to improved firm growth in terms of revenue generation. Every organisation sets its own sales target for a specific period of time: monthly, quarterly or yearly. When a firm meets its monthly, quarterly or yearly sales quotas, it implies that the firm has a good sales performance. Sales performance defines a firm's sales growth, market share and profits (Okpara & Kumbiadis 2009). For this current study, the measure of sales performance is repeat purchase.

REPEAT PURCHASE:

Repeat purchase describes the strong desire of a customer to patronize a product brand or company service repeatedly. Servais and Jensen (2012) described repeat purchase as representing a behaviour of the customer whereby a he/she repeatedly buys a particular company's product or services. Put differently, repeat purchase describes the willingness of a customer to make repeat purchase from a particular organization. firm. In marketing including international trade, the need for repeat purchase from customers is very high. Benefits to the customers associated with repeat purchase include personal recognition, preferential treatment, special discount, time-saving and credit facilities (Chin, 2014; Garga & Bambale, 2016). Repeat purchase will enable a firm to achieve market share growth and increase its sales revenue (Sharp & Sharp, 2008).

THEORETICAL FOUNDATIONS:

This study is therefore underpinned by Resource-Advantage (R-A) theory which is discussed below.

RESOURCE-ADVANTAGE (R-A) THEORY:

This theory was advanced by Hunt (2000). It was first captured in the work of Hunt and Morgan (1995). Thereafter, it began to future in many scholarly works (Hunt, 2000; Hunt and Morgan 2005). R-A theory places great emphasis on innovation in handling competitive situations both in local and international markets. In the business world, competition among firms cannot be ruled out given their quest for survival. It is believed that success in business belongs to organizations that are committed to creating and offering things (goods and service) of great value for customers. This theory is gaining momentum in the world of business (Fahy, 2000) as it tends to provide insights into why performance differences exist (Fahy, 2002).

This theory holds the view that if the assets (resources) of a firm are properly mobilized and managed, they can build and sustain a firm's competitive advantage and improvement in performance.To a large extent, value creation relies on firm's key resources and the role of management in converting these resources into positions leading to success in the market place. It is pertinent to acknowledge that firm's resources need to be managed efficiently in order to obtain superior performance (Etemad, 1999). R-A supporters argue that resources at the disposal of

organizations can be a great source of superior performance and attainment of competitive position. According to Barney, (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, and knowledge etc that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness and at long run create value for customers.

EMPIRICAL REVIEW:

Innovativeness and Sales Performance

In their study, Lumpkin and Dess (1996) submitted that innovativeness relates to a firm's preference to engage in and support new ideas and creative processes that may result in something new such as new offerings. Increasing sales performance in export markets demands that firms involve in exporting should continually offer to their client's products that have unrivaled value. The study by Miles and Darroch (2006) discovered that ingenuity in coming up with novel ideas plays remarkable roles in offering unrivaled incentives for customers. Covin and Slevin (1991) contemplated in this direction when their work pointed out that been innovative is of extraordinary significance for achievement of outstanding breakthrough in business pursuit. It is imperative to note that ingenuity identifies with looking for innovative, irregular, or novel answers for issues and needs in business. It incorporates the improvement of new items and administrations, and also new procedures and advancements for performing business activities. Through advancement in terms of innovation, the firm leads clients as opposed to reacting to or following them. It follows that willingness to enter into new market (such as foreign markets) can be described as innovation.

Scholars like Zahra and Garvis (2000) acknowledged that innovation is the cornerstone for successful entrepreneurship. The findings of most research scholars such as Ibeh (2004); Zahra and Garvis (2000)maintain that innovation can encourage better export competitiveness in terms of better sales performance because innovative firms with their skills and knowledge will capitalize on emerging market opportunities and realize first mover advantages as to perform better in exporting activities. Therefore, exporting SMEs that are innovative will witness successful exporting and increase in sales performance than those that are not innovative. Being innovative is connected to inventiveness. Business administrators, particularly food and beverages manufacturing and exporting SMEs must be inventive scholars who recognize imaginative business openings and have the capacity to adjust to changes in their surroundings. In this manner, creativity is important for business owners (entrepreneurs) in their endeavors towards enhancing as well as improving sales performance. It could therefore be hypothesized that;

H1: There is significant relationship between innovativeness and sales performance of food and beverages exporting SMEs in Nigeria

RESEARCH METHODOLOGY:

A descriptive survey research design was adopted in order to establish the relationship between innovativeness and sales performance of food and beverages exporting SMEs in South-South Nigeria. The geographical area covered the South-South geopolitical zone of Nigeria which is made up of six (6) states: Rivers, Bayelsa, Akwa-Ibom, Cross River, Edo and Delta states. The study gathered information through primary source with the use of questionnaire. The questionnaire was pretested through a pilot study with 20 copies of the questionnaire. The population of this study consisted of Food and Beverages manufacturing and exporting SMEs made up of 160 firms in South-South Nigeria, registered with Nigerian Export

Promotions Council (NEPC). The study focuses on SMEs that manufacture and also export food and beverages and are based in South-South Nigeria. Considering that the researcher can reach the entire population, the entire population of 160 was considered in this study in three clusters as shown below:

Cluster A (RIVERS & BAYELSA)	= 92
Cluster B (AKWA IBOM & CROSS RIVER)	= 17
Cluster C (EDO & DELTA)	= 51
TOTAL	**= 160**

The well-structured questionnaire was divided into sections A and B. Section A dealt with the demographics of the respondents, while section B dealt with the study variables. The items were designed in a simple format to ease understanding. The questions in section B were structured using . Three (3) experts in marketing and the research supervisor certified the validity of the research instrument. On the other hand, a Cronbach's Alpha test performed on the measurement items confirmed the reliability of the study instrument with a value of 0.844. The study adopted a combination of descriptive and inferential statistical (Pearson Correlation) tools for data presentation and analysis. Statistical package for social sciences (SPSS) was employed to facilitate the analysis.

FINDINGS:

Questionnaire Administration and Responses

One hundred and sixty (160) copies of the questionnaire were distributed amongst owners/managers of Food and Beverages manufacturing/exporting SMEs in South-South Nigeria, registered with Nigerian Export Promotions Council (NEPC). One (1) questionnaire was administered to a representative (owner or manager) of each firm studied for administration convenience. Out of the 160 copies of questionnaire administered, only 143 copies returned were considered useful. This accounted for 89.37% response rate. Due to obvious mistakes and incomplete responses, 5 copies accounting for 3.13% were dropped, while 12 copies representing 7.50% could not be retrieved due to misplacement and other reasons given by the respondents. Therefore, the total response rate that formed the basis of our analysis was 143 representing 89.37%.

DEMOGRAPHIC PROFILE OF RESPONDENTS:

An abridged demographic profile of the sample showed that all respondents were all involved in exporting for the following number of years; less than one year 49(34.3%), for 1-3 years 38(26.6%), 4-6years 30(21.0%), above six years 26(18.2%). Owners were 102(71.3%), while managers were 27(18.9%) of them are managers while 14(9.8%).

INFERENTIAL STATISTICS:

This section adopted Pearson correlation analysis to determine the relationship between the study variables.

CORRELATION ANALYSIS:

In this section, bivariate and multivariate analyses were carried out to determine the relationship between the dimensions of the predictor variable (innovativeness) and the measures of the criterion variable (Sales performance) using the Pearson Correlation Coefficient.

RESEARCH HYPOTHESIS ONE:

H1: There is significant relationship between innovativeness and sales performance of food and beverages exporting SMEs in Nigeria.

Table 1 Statistical Analysis for Hypothesis One

		In no	Sales per
In no	Pearson Correlation	1	.910**
	Sig. (2-tailed)		.000
	N	143	143
Sales Pe	Pearson Correlation	.910**	1
	Sig. (2-tailed)	.000	
	N	143	143

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

From the statistical result Table 1 above, the correlation coefficient (r = 0.910) between innovativeness and Sales performance is very strong and positive. The coefficient of determination (r^2 = 0.828) indicated that 83% of changes in sales performance can be explained by innovativeness. The significant value of 0.000 ($p<0.01$) reveals a significant relationship. To this end, the hypothesis is supported. Therefore, there is a significant relationship between innovativeness and sales performance of food and beverages exporting SMEs in Nigeria.

DISCUSSION OF FINDINGS:

The finding of the study revealed that innovativeness has significant positive relationship with sales performance. This finding resulted from the tests of hypotheses H_2. In testing H_2, it was discovered that innovativeness attracted significant positive correlation coefficient (0.910; 0.000<0.01) implying strong positive relationship between innovativeness and sales performance. That is, increase in innovative approach commands increase in sales turnover and repeat patronage.

From the foregoing, it is evident that innovativeness has a significant positive relationship with sales performance. This implies that being innovative enables food and beverage exporting SMEs to enhance their sales performance in any competitive market. This finding agrees with the submission of Kim and Maudborgne (2005) who asserted that "in order to survive and thrive in increasingly competitive market, innovation is the only solution". Recall that no firm survives without generating sales. Some authors have acknowledged the fact that innovation has the capacity to promote stronger competitiveness which will lead to increase in sales volume because innovative firms will capitalize on emerging market opportunities to serve customers better than competitors that are not innovative (Mursali, 2007; Zahva and Garvis, 2000). This implies that it takes innovative firms to constantly offer to their customer goods and services that have superior value. Miles and Darroch (2006) further confirmed the relationship between innovativeness and sales performance when they observed that through innovativeness superior customer values are created which serve as inducement for patronage. It should be noted that superior customer value drives sales performance of organizations.

CONCLUSION:

Our study focused on the influence of value creation strategies on sales performance. The dimension of value creation adopted for this study is innovativeness, while the adopted measures of sales performance in terms of repeat patronage. From the study findings, it was revealed that innovativeness (0.910, P< 0.01), had very strong influence on sales performance thereby leading us to conclude that innovativeness influences sales performance of food and beverages exporting SMEs in South-South Nigeria.

RECOMMENDATIONS:

Based on the findings and the attendant conclusion, the following recommendations are made:

1. SMEs operators should adopt innovativeness as a tool to improve their sales performance. Management should ensure that their value creation programmes are innovative as

innovation will help them provide superior value to customers than competitors do.

2. Small business operators in Nigerian export sector should embrace the concept of value creation as it would enhance the sales performance of their firm.

SUGGESTIONS FOR FURTHER STUDIES:

The findings of this study are limited to food and beverages exporting SMEs operating in South-South Nigeria and therefore cannot be generalized in other sectors and regions. Therefore, there is need for further research in related area to be conducted in other regions in Nigeria.

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