

Entrepreneur Innovativeness and Firm Performance

Prof. Janet Ambio Kutuso

Department of Entrepreneurship, Catholic University of Eastern Africa

Corresponding author's e-mail: jharper@edithcowanjournals.org

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ABSTRACT

Purpose: The purpose of the study is to investigate the influence of innovativeness of the entrepreneur and firm performance.

Design/ Methodology/Approach: This study adopted a descriptive design. This study's target population is 3rd party suppliers in Nairobi, Kenya. Primary data collection involved the development and administration of self-administered questionnaires. The analysis of the quantitative information was aided by SPSS software.

Findings: The findings indicated that innovativeness ($\beta=0.358$, $p=0.000$) has a positive and significant influence on firm performance.

Contribution to policy and practice: The study recommends that 3rd party suppliers need to adopt new technologies for cultivation of organizational capabilities. They also need to be proactive in their research and development departments by incorporating technological advancements in order to maximize the potential that is in innovation strategies.

Originality/Value: The adoption of better decisions to improve the implementation of other projects to help save on time and money. The results of this research are of value to the Kenyan government through the relevant Ministries to invest heavily in business education to enhance the populace's awareness of the part of innovativeness in fostering economic growth. Additionally, the outcomes will assist organizations that want to restructure their innovativeness in order to increase economic productivity.

Background

Entrepreneurial orientation is a concept that looks at entrepreneurship within businesses (Munene, 2017) and assesses the entrepreneurial behaviour in an organization. Entrepreneurial orientation is also a company's plan that showcases the organization's decisions making, processes, and behaviour that act in an entrepreneurial nature. Moreover, Entrepreneurial orientation is highly applied by corporates and organizations when venturing into new business opportunities. According to Mwangi & Ngugi (2014), Entrepreneurial orientation has five facets: competitive

aggressiveness, innovativeness, assumption of risk, autonomy, and proactiveness. These facets can be merged to create knowledge voids which are essential in the creation of economic value.

Furthermore, Morris (2015), looks at entrepreneurial orientation in terms of risk assumption, being innovative, re-activeness, acting autonomously, and competing aggressively (Ajagbe & Ismail, 2015). Entrepreneurial orientation strategically positions an organization, enabling it to easily adjust to the demands of the evolving business world and maintain a competitive edge over its rivals (Macharia, 2016). Entrepreneurial orientation entails the propensities and procedures that empower firms to enter new or existing markets with new or subsisting product or service offerings. These processes aid us in wealth creation and technological growth. It is noted that corporate that practice Entrepreneurial orientation can mitigate the barriers that affect innovation when a company wants to introduce novel products and services into the market (Martinez, Serna, & Guzman, 2018).

Therefore, based on the theoretical and practical approaches aforementioned, organizations have the primary role of ensuring the competitiveness in the market. In order to achieve such a milestone in sustainability, the entrepreneurs (managers and/or stakeholders) are necessitated to be oriented towards innovativeness and dynamism in order to successively and sustainably perform in the competitive market both in the present and future.

Research Problem

The financial fortunes of real estate firms have been fluctuating across time. While real estate firms have posted good financial performance in some years, poor performance has been witnessed in other years. Evidence of this is the decline in the profitability of well-known firms such as the Suraya and housing finance group (Syverson, 2017).

These firms have been forced to sell off properties at heavily discounted prices, due to low demand. Homeowners have sued Suraya and other firms due to the inability to meet contractual obligations. This has led to the auction of Sh384 million luxury residential houses (Hass property index, 2018). Some studies (Mwangi & Ngugi 2014; Kithaka, 2016 & Macharia, 2016) found a positive connection between EO and performance, whereas (Slater & Narver, 2016) found a negative association. This demonstrates a gap in terms of clarity of findings. Other studies (Osoro, 2012) have focused on manufacturing firms, while others (Okeyo, 2014) have looked at Small and Medium Enterprises (SMEs). However, none of the identified studies focused on real estate firms. Real estate firms are faced with a unique business environment; hence it would be important to put in a special focus on real estate firms.

Research gaps, such as methodological gaps abound in identified studies. For example, the studies by Adomako, Danso, Boso and Narteh (2018), Njeru, Bwisa and Kihoro (2012) and Patrick (2017) presented shortcomings in the generalizability of their findings due to their inadequacy of the instruments used for data collection thus, presenting a methodological gap.

Kovacs, Zulauf, Ürkmez, Brockhaus and Wagner (2016) link end entrepreneurial orientation with firm success in the post-socialist market context. Yañez Araque and Hernández (2015) have concentrated on the entrepreneurial perspective of hotels. Such studies pose a qualitative limitation in that the emphasis was neither on real estate productivity nor in Kenyan context.

Nonetheless, the results can be used as a benchmark to provide comparison. Locally scholars have also investigated how EO influences and performance. For instance, Osoro (2012) has only looked at the effects of EO in business performance within the manufacturing sector. However, none of the above scholars has considered how EO affects real estate firms in Kenya, which reveals a contextual gap. Therefore, this study seeks to evaluate the role of EO in the performance of real estate firms in Nairobi. EO is a fundamental element in a firm's prosperity. It is associated with business growth and excellent performance.

To safeguard against the harmful effects resulting from poor performance in the real estate business, the current study purposed investigating how EO can impact the performance of real estate firms. Hence, the overarching research question for this study is: What is the role of entrepreneurial orientation on the performance of real estate firms in Nairobi?

Objectives of the study

The study is therefore guided by the following objectives:

Main Objective

To establish the influence of marketing strategies on performance of oil & electric companies.

Theoretical Framework

Schumpeter's Innovation Theory of Entrepreneurship

Schumpeter (1942) was a strong supporter of the view that innovation was essential to gaining profit from entrepreneurship. Schumpeter argued that entrepreneurs needed to pursue innovation successfully to compete effectively in a dynamic economy. Crucially, the Schumpeterian channel of thinking about entrepreneurship has been developed and expanded upon by other scholars (Drucker, 1985; Lumpkin & Dess, 2001) who emphasized that an entrepreneur is always seeking change, reacting to it, and take advantage of it, particularly through purposeful innovation. Schumpeter's theory assumes that the economic system is in equilibrium, where the Marginal revenue is equal to the marginal cost. This theory also assumes that there is no involuntary unemployment. He further says that economic changes revolve around innovation, market forces, and the activities that the entrepreneur engages in. However, like other theories in entrepreneurship, Schumpeter's theory was limited by the emphasis on innovation as the centre of entrepreneurship. Apart from innovation, multiple reasons lead to economic fluctuations (Witt, 2016).

This theory presents a very instrumental and critical element that the current study finds relevant. The theory advises entrepreneurs to embrace the element of creativity and innovation in order to stand at a competitive platform in the market. For instant by use of new knowledge, processes, products, and/or technologies in the entrepreneurial process goes a long way in equipping the internal resources of a firm into becoming superior performers in the external market. In conjunction with the dynamic capability theory (Teece et al., 1997) as well as the resourced based view theory (Barney, 1991), Schumpeter's theory informs the current study to the point that real estate companies in Nairobi can manipulate their resource base, by combining them in a dynamic

way to help the firms to adopt effectively and more quickly to ever-changing business changing environment.

Methodology

This study adopted a descriptive design. This study's target population is 3rd party suppliers in Nairobi, Kenya. Primary data collection involved the development and administration of self-administered questionnaires. The analysis of the quantitative information was aided by SPSS software.

Findings

Innovativeness of the Entrepreneur

Table 1: Descriptive Statistics on Innovativeness

Statements	1	2	3	4	5	M	Std. D
We use information technologies to manage our business	2.6	7.9	13.2	35.5	40.8	4.0	1.1
Adding more features in our products have been emphasized	6.6	2.6	13.2	42.1	35.5	4.0	1.1
Quality of our products has improved	14.5	6.6	17.1	38.2	23.7	3.5	1.3
Our firm emphasizes research and development	11.8	11.8	15.8	26.3	34.2	3.6	1.4
When confronted with decisions involving uncertainty, our firm typically adopts a bold posture to maximize the probability of exploiting opportunities	13.2	13.2	15.8	21.1	36.8	3.6	1.4
We support new ideas from firm stakeholders	7.9	6.6	27.6	21.1	36.8	3.7	1.3
Average						3.7	1.3

The results in the table above revealed that majority of the respondents (76.3%) agreed that they use information technologies to manage their businesses. The results further show that, 77.6% of the respondents agreed that adding more features in their products have been emphasized.

Moreover, (61.9%) of the respondents also agreed that quality of their products has improved. In addition, (60.5%) of the respondents agreed that their firm emphasizes research and development. The results further show that, 57.9% of the respondents agreed that when confronted with decisions involving uncertainty, their firms typically adopt a bold posture to maximize the probability of exploiting opportunities. The results likewise, indicated that, 57.9% of the respondents agreed that they support new ideas from firm stakeholders.

The findings corroborate those of Kithaka (2016) who showed that innovativeness influenced firm performance positively. Likewise, according to Schumpeter (1942) innovation is essential to gaining profit from entrepreneurship. Schumpeter's theory assumes that the economic system is in equilibrium, where the Marginal revenue is equal to the marginal cost.

Correlation Analysis between innovativeness and firm performance

Table 2: Correlation Matrix

Correlations		Performance	Innovativeness
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Innovativeness	Pearson Correlation	.624**	1
	Sig. (2-tailed)	0.000	

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

The results in the table 2 revealed that there was a positive and significant association between innovativeness and firm performance ($r=0.624^{**}$, $p=0.000$). The findings corroborate those of Kithaka (2016) who showed that innovativeness influenced firm performance positively.

Conclusion

The findings revealed that there is a positive and significant association between innovativeness and firm performance ($r=0.624^{**}$, $p=0.000$). The study likewise, concludes that the firms can achieve good performance as a result of the firm managers making independent actions and decisions, the firms making room for decisive decision making as well as adoption of implementation of projects through individual implementers. In addition, these firms have greater access to capital markets, are averse to excessive rules and procedures and allow for the introduction of new ideas.

Recommendations

The 3rd party suppliers need to be proactive in their research and development departments by incorporating technological advancements in order to maximize the potential that is in innovation strategies. Restructuring of the internal organization is

necessary given a firm that requires efficiency and effective processes for better performance

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