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Impact of Innovation on the Entrepreneurial Family Business in Wukari Metropolis.

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Abstract

The study examined effect of innovation on the success of family business in Wukari. The method of data collection was through the use of questionnaires. The sample size for the study was 50 respondents which was the total population of management and staff of selected family businesses in Wukari. The analytical technique for the research was through the use of descriptive statistics and such as simple percentage to analyze the data Multiple regression was used. Findings from the study revealed that product quality innovation, adoption of technology and new product development all have a significant effect on success of family businesses. It was recommended that family businesses in Wukari should improve on the quality of their goods and services so as to enable them have a competitive advantage over another firm. Family businesses in Wukari should make use of modern innovation such as surveillance cameras and barcode scanners so to reduce losses, increase profits, present a reliable inventory, and sustain growth.

***Keywords**: Innovation, Family Business, Product Development, Product Quality.*

Introduction

Family businesses is necessary in the society, it builds and sustain relationship in the community that business in which two or more family members are involved and the ownership and controls lies within the family and are also committed to the continuation of the business. Family business is essential in our community for economic growth and development, it can be defined as that business whose ownership belongs to a nuclear family or is shared among extended family members (Carsrud& Brannback, 2016; Rutherford et al, 2016; Gersick et al 2017; Williams et al, 2019). Some researchers classify family business based on ownership, management and relationship (Handler, 2009) while others believed family business is based on ownership not management (Klein, 2010). Poza (2017) believes that family business is based on ownership

control strategic influence by family members on the management of the firm, Concern for family relationships and dream of continuity across generations.

The concept of family business in Nigeria has become significantly attractive, as it has it root in sole proprietorship form of business. Family business in most instances grows from a one-man business into a business controlled, managed and operated by two or more family members. Family business that engage in the innovative proactive and risk taking behaviours, that characterized firm level entrepreneurship and are major contributors to the growth of the economy (Zahra et al 2004). Family owned business, regardless of the size face significant challenges of continuity, longevity and success, with many of the family business failing to sustain their firms beyond the first generation (oketola et al 2011).

Innovation is paramount to the survival and growth of any business is a complex concept because of its multi-dimensionality. The Organization for Economic Cooperation and Development (OECD) (2009) describes innovation as restoration and widening of products and market portfolio, as a new designing, manufacturing and distributing methods, implementation of changes in work organization and labor force skills. Chesbrough (2013) argues that innovation is purposive inflows and outflows of knowledge to accelerate internal innovation and to expand markets for external use of innovations. Innovation changes the way companies conduct their businesses and the ways of satisfying the needs of customers. It covers a range issues necessary to provide value to customers and a good return to the organization (Aliyu & Julus, 2017). Davidsson (2016) notes that innovation is a fundamental element of entrepreneurship. The survival of companies; especially SMEs needs the simplest form of innovation.

Despite the importance of innovation in businesses, family business in Wukari are still being faced with the challenges of survival as most family own business hardly makes it down to the fourth – fifth generations. Furthermore, the failure rate of family owned businesses is stunningly higher compared to other SMEs whose 62% survive to the second generation; around 30% survive the third generation and 21% surviving to the fourth generation (Economic Survey, 2015). More so, interactions with most family owned business owners in Wukari revealed that family owned businesses are faced with unique challenges in terms of the use of innovation as majority of the family owned business in Wukari are being operated using traditional method. Therefore, there is

a need to ascertain the effect of innovation on the success of entrepreneurial family business, this study was carried out to ascertain the influence of product quality innovation on the success of entrepreneurial family business in Wukari, to determine the influence of adoption of new technology on the success of entrepreneurial family business in Wukari and to examine the influence of new product development on the success of entrepreneurial family business in Wukari metropolis.

LITERATURE REVIEW

Conceptual Framework

Family Business

Family business is a business in which members of a family have significant ownership interest and significant commitments towards the business' overall well-being. According t**o** Poutziouris, Smyrnios and Klein (2016), family businesses represent the oldest and most prevalent type of entities in the world, thus, it remains a cornerstone of overall socio-economic development regardless of scale of operation, legal form and industrial activity. According to International Finance Corporation in Odebiyi, Ijiwole and Adeola (2017), family businesses range from small and medium-sized companies to large conglomerates that operate in multiple industries and countries. Hisrich, Peters and Shepard (2018) also define family business as one family controls the ownership totally or mainly, but the family does not need to deal with the management issue directly.

literature has recorded family businesses as the most prevalent form of business enterprise in the world. They are found in almost every sector of the world's economies. The contribution of family firms to the economies of this country dates back centuries and they continue to serve as growth engines for these countries. Family business may enjoy greater loyalty from staff members, who are motivated to build up the reputation of the family brand name" (Yiu, 2017).

Innovation

The term innovation has always been interpreted differently by several experts. According to Suryani (2018), innovation is a broad concept that is not only limited to products. Innovation can

be in the form of ideas, methods, or objects that are perceived by someone as something new. Innovation is also often used to refer to changes that are perceived as new by the experiencing society. According to Edi, Bomer and Iwan (2020), the word innovation can be defined as a process or result of the development and or utilization or mobilization of knowledge, skills (including technological skills), and experience to create or improve products, processes that can provide more meaningful value. Rosenfeld in Sutarno (2021) asserted that innovation is the transformation of knowledge into new products, processes and services, the act of using something new. Meanwhile, according to Partners in the book and on the same page, innovation is the successful exploitation of a new idea or in other words the mobilization of knowledge, technological skills and experience to create new products, processes and services. However, according to Fontana in Edi et al., (2020), innovation is economic and social success thanks to the introduction of new ways or new combinations of old ways of transforming inputs into outputs that create major changes in the relationship between use-value and prices offered to consumers and/or users, communities, societies and the environment.

Product Quality Innovation

Product innovation remains one of the major roots of competitive advantage to firms Edeh (2023). This is because when firms engage in innovation, the quality of their goods and services is improved upon and this enhances the performance as well as the competitive advantage of the firm. (Edeh, 2023). As noted by Hult (2018), product innovation shields a firm from threats and competitors creates opportunity for the innovating firm to enjoy the ‘first mover’ advantage. According to Abdilahi (2017), product innovation can be considered as any good or service that is perceived by an individual or a firm as new. Also, it refers to the introduction of new products or services in order to create new markets or customers, or satisfy existing market or customers (Obunike and Udu, 2018). According to Edeh (2023), product innovation entails diverse organizational strategies as well as unique inputs which results in novel. Edeh (2023), further asserted that product innovation is usually the result of producing and commercialization of new goods (products or services) or with improved performance characteristics. Product innovations assist firms to distinguish themselves from their competitors, through proffering solutions to individual or national challenges.

Product innovation is the improvement of original goods, modify in design of recognized goods, or exercise of fresh supplies in the construct of recognized goods (Alegre et al., 2006). Product innovation which is latest and in the past, it was unfamiliar to the marketplace the business operate in (Edeh (2023).

Technological Innovation

Technological innovation is essentially critical and dominant factor for both short-term and long-term survival of businesses in today's dynamic environment (Sheu, 2017). According to Thong (2019), relative advantage of a particular technological innovation would serve as a strong motive for the adoption of such technological innovation. Compatibility is the ability of the particular technological innovation to suite the existing skills and infrastructures of the adopters' organization and subsequently lead to adoption of such technological innovation. Competitive pressure was also found to be a strong driver for technological innovation adoption by Small businesses (Huynh, 2018). The development of technology affects business activities, customers' attitudes, and productivity (Gimba, 2020). Bercu (2018) argued that technology innovation allows managers to have, inventories, sales, production costs and assess business activities in real-time and at a low cost. The results from interviews confirmed that technology innovation is strategic to sustain growth. Bercu (2018) findings which indicated that the use of innovative technology contributed to reduce production costs and increase profits

New Product Development

New product development (NPD) refers to the steps, activities, tasks, stages and decisions that involve the project of developing a new product/service or improvement on an existing one, since the initial idea to discontinue the product, in order to systematize this process (Eduardo, 2018). New product development identifies customer's wishes translated into specifications to be developed in products. It is important to mention that the NPD covers the instructions elaboration for supply, production, assembly, distribution logistics, use and recycling (Eduardo, 2018). In the same line of thought, Salgado, Salomon and Mello (2019) define as a new product the creation of a very different product from those existing on the market or the improvement on an existing one. Due to rapid technological changes, companies are operating in several markets that require more

frequent innovation, increased diversity and variety of products, shorter life cycles of products and a product with high quality and reliability (Eduardo, 2018).

According to Filippini, Salmaso, and Tessarolo in Eduardo (2018), developing new products quickly became a priority in many organizations, including manufacturers of electronic products. Jun and Suh (2018), asserted that new product development is complex and unstructured compared to the manufacturing processes, because it has iterative, evolutionary, cooperative and uncertain characteristics. In order to effectively control new product development, it is required to describe the activities of the stages and process logic (Jun and Suh, 2018).

Methodology

A descriptive research design was employed, and the study was carried out in Wukari metropolis, The population for this research work consist of the total population of both staff and management of selected family businesses operating in Wukari, The sample size for the research study is 51 respondents which is the entire population of staff and management working in the selected family businesses in Wukari. The instrument of data collection was a structured questionnaire and was analyzed using multiple regression

DATA ANALYSIS

Table 4:1: **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.795[a]	.632	.589	.42778

Source: Spss Output v 25

Result from table 21 reveal that the R-square is at .63. This shows that there is substantial evidence to conclude that the variables selected for the study are suitable for the study

Table 4.2: **ANOVA**[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.701	4	2.675	14.620	.000[b]
	Residual	6.222	34	.183		
	Total	16.923	38			

a. Dependent variable: success of family business

b. Independent variable: product quality innovation, adoption of new technology, new product development

Table 4.2 shows the significance of the model for measuring the dependent variable (employees' performance) and independent variable (product quality innovation, adoption of new technology and new product development). Result from the ANOVA table reveals that that the ANOVA table has an F score of 14.620 with .000[b] significant level which is less than the level of significance difference of 0.05. This shows that the model selected for the study, is significant enough for the study.

Table 4.3: **Coefficients**[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.432	.230		1.879	.000
	Product quality	.091	.075	.416	2.215	.002
	adoption of new technology	.574	.133	.496	4.306	.000
	new product development	.290	.090	.344	3.215	.003

a. Note p<0.05, product quality innovation (PQ), adoption of new technology (NT) and new product development (NPD)

Product quality innovation on the success of entrepreneurial family business in Wukari

Table 4.3 shows the coefficient table of product quality innovation on the success of entrepreneurial family business in Wukari. From the table above, product quality innovation has a coefficient of 0.416, a T-value of 2.215 and a P-value of 0.002 which is less than the 5% level of significant difference. From the coefficient table, it shows that product quality innovation has strong statistical influence on success of entrepreneurial family business in Wukari as it is contributing about 41% to high morale of workers. If family business should increase the level of product innovation, there will be an increase in the success level of family businesses and if banks should decrease their level of product innovation, there will be a decrease in the success of family business.

Adoption of New Technology And Success Of Entrepreneurial Family Business Wukari

Table 4.3 shows the coefficient table of adoption of new technology and success of entrepreneurial family business Wukari. From the table above, delegation of authority has a coefficient of 0.496, a T-value of 4.306 and a P-value of 0.000 which is less than the 5% level of significant difference. From the coefficient table, it shows that adoption of new technology have a strong statistical influence on success of entrepreneurial family business in Wukari as it is contributing about 49% to success of family business in Wukari. If family business should increase their level in the adoption of new technology, there will be an increase in the success of family business and if there is a decrease in the adoption of new technology, there will be a decrease in the success of family business.

New Product Development and The Success of Entrepreneurial Family Business Wukari

The table shows the coefficient table of new product development and the success of entrepreneurial family business in Wukari. From the table above, new product development has a coefficient of 0. 344, a T-value of 3.215 and a P-value of 0.003 which is less than the 5% level of significant difference. From the coefficient table, it shows that new product development has a strong statistical influence on success of entrepreneurial family business in Wukari as it is contributing to about 34% to service delivery and customers satisfaction. If there is an increase in

new product development, there will be an increase in the success of entrepreneurial family business in Wukari while if there is a decrease in new product development, there will be an increase in the success of entrepreneurial family business in Wukari.

Hypotheses Testing

This research study will be using null hypotheses which are as follows:

H_{O1}: Product quality innovation has no significant influence on the success of entrepreneurial family business in Wukari

Result in table 4.3 shows the regression coefficient of product quality innovation and success of family business in Wukari. From table above, product quality innovation has a T-value of 2.215 and a P-value of 0.002 which is less than the 5% level of significant difference. Therefore, the null hypothesis which states that product quality innovation has no significant influence on the success of entrepreneurial family business in Wukari is rejected and the alternate hypothesis which states that product quality innovation has no significant influence on the success of entrepreneurial family business in Wukari is accepted

H_{O2}: Adoption of new technology has no significant influence on the success of entrepreneurial family business Wukari

Result in Table 4.3 shows the regression coefficient of adoption of new technology has no significant influence on the success of entrepreneurial family business Wukari. From the table above, adoption of new technology has a T-value of 4.306 and a P-value of 0.000 which is less than the 5% level of significant difference. Therefore, the null hypothesis which states that adoption of new technology has no significant influence on the success of entrepreneurial family business Wukari is rejected and the alternate hypothesis accepted.

H_{O3}: **New product development has no significant influence on the success of entrepreneurial family business Wukari**

Result in table 4.3 shows the regression coefficient of new product development has no significant influence on the success of entrepreneurial family business Wukari. From the table above, new

product development has a T-value of 3.215 and a P-value of 0.003 which is less than the 5% level of significant difference. Therefore, the null hypothesis which states that new product development has no significant influence on the success of entrepreneurial family business Wukari is rejected and the alternate hypothesis accepted.

Discussion of Findings

Findings from the study reveal that product quality innovation has a significant influence on the success of entrepreneurial family business in Wukari. This finding is in line with Ekeh (2023) who carried out a study on the effect of product innovation on growth of medium enterprises in North Central Nigeria. Survey research design was adopted for this study with a study population of the study comprised of 243 medium enterprises in North Central Nigeria. Findings from the regression result revealed that product innovation had significant positive effect on the growth of medium enterprises in North-Central Nigeria. Hult (2018) also revealed that product innovation shields a firm from threats and competitors creates opportunity for the innovating firm to enjoy the 'first mover' advantage.

Findings from the study also revealed that adoption of new technology influences the success of entrepreneurial family business Wukari. This is in accordance with Gimba (2020) who noted that the development of technology affects business activities, customers' attitudes, and productivity. He further avers that using technology innovations like surveillance cameras and barcode scanners enabled the company to reduce losses, increase profits, present a reliable inventory, and sustain growth.

Findings from the study also revealed that New product development has a significant influence on the success of entrepreneurial family business. This is in collaboration with Christina, Damelina, Metta, Paskalis (2021) who analyzed the effect of entrepreneurial innovation towards the business success of second and third generation family businesses in Indonesia. The population of the study was 153 medium-scale family businesses that have run for 5 until 50 years and categorized as middle-scale business ran by the second and/or third generation family. The findings from the study showed that new product development have a significant and positive

effect, while risk-taking ability has a negative and insignificant effect on the success of family businesses in Indonesia.

Also, findings by Eduardo (2018) revealed that with the use of New product development, customer's wishes are translated into specifications to be developed in products.

Conclusion

The study examined the effect of innovation on the success of entrepreneurial family business in Wukari. Specific objectives of the study are to ascertain the influence of product quality innovation on the success of entrepreneurial family business in Wukari, to determine the influence of adoption of new technology on the success of entrepreneurial family business Wukari and to ascertain the influence of new product development on the success of entrepreneurial family business Wukari. Based on the result product innovation shields a firm from threats and competitor creates opportunity for the innovating firm to enjoy the 'first mover' advantage. It also proves that the use of technological innovations like surveillance cameras and barcode scanners family businesses can reduce losses, increase profits, present a reliable inventory, and sustain growth. And it was also discovered that new products are being developed and customer's wishes are being translated into specifications of the new products, it increases customers demand for family business goods and services.

Innovation is a complex concept because of its multi-dimensionality. This is because innovation is paramount to the survival and growth of any business the effect of innovation on the success of entrepreneurial family business in Wukari cannot be overemphasized. Findings from the study revealed that Innovation has an influence on the success of entrepreneurial family business in Wukari.

Recommendations

Based on the study findings, the following were recommended by the study;

i. Family businesses in Wukari should improve on the quality of their goods and services so as to enable them have a competitive advantage over other firm

ii. Family businesses in Wukari should make use of modern innovation such as surveillance cameras and barcode scanners so to reduce losses, increase profits, present a reliable inventory, and sustain growth

iii. Family businesses in Wukari should develop new products that are in line with customer's wishes and expectation

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