

DOES INNOVATION MATTER IN GROWING COMPETITIVE SMALL-SCALE BAKERIES? EVIDENCE FROM ADO-ODO/OTA, OGUN STATE NIGERIA

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Abstract

Bakery businesses have made significant contributions to the daily family menu in recent times. However, despite the growing prospects in this business, a major cause of concern is the poor innovation drive among the operators. The study examined the nexus between innovation and the growth of small-scale bakeries in Ado-Ota, Ogun state. A survey design method was adopted with the population of study consisting of 34 registered bakery enterprises in the study area. The source of data was primary through structured questionnaire and 2 focused group discussions (2-FGDs). A total of 34 copies of questionnaire were administered of which 32 usable copies were analyzed using Smart PLS-Structural Equation Modelling (SEM) technique, while qualitative analysis was carried out using NVIVO 12.0 version. The findings of the hypothesis show that all the proxies for innovation drive – product, process, market and management have significant positive relationship with business growth at ($\beta=0.554$, $t=2.450$, $p<0.005$); ($\beta=0.561$, $t=5.462$, $p<0.000$); ($\beta=0.561$, $t=5.464$, $p<0.000$); and ($\beta=0.484$, $t=2.947$, $p<0.003$) respectively. The analysis of the qualitative data further supported the above position with a major emphasize of FGD 1&2 varieties of bread-products, production efficiency, and creation of new market. The study concludes that bakery business is changing quickly in response to shifting customer preferences for freshly baked, however, new opportunities abound only for operators who can explore innovation drives. The study therefore recommends among others, that for small-scale bakery enterprise to remain competitive, there is a need for product, process, market, and management innovation with easy access to external financing.

Keywords: Innovation, small-scale enterprises, bread bakery businesses, growth, competitiveness

JEL Code: 030, 039

1.0 Introduction

The increasing consumption rate of baked products has made bakery business one of the most lucrative businesses in Nigeria. Over time, bakery products like bread, snacks and small chops are widely demanded for everyday as they also serve as food. Bakery products, especially bread, are one of the quickest and cheapest foods to get when you are hungry. Bread is in fact the third most popular staple food in the world (Small Business Administration, 2020). It is widely consumed across the continents by almost all citizens, ethnic groups, and religion sets. Apart from producing one of Nigeria's staple foods, the

bread industry creates jobs - those directly employed by the industry, armies of bread distributors, street sellers, roadside hawkers amongst others (Nwewi, Onwuka, & Ogbotubo, 2017). Bearing the above in mind and coupled with ease of market entry, bakery business in Nigeria might be considered viable and lucrative. Regardless of the above position, the environment of contemporary business is difficult with intense competitiveness, and entrepreneurs in bakery business in particular struggle to obtain a larger share of the market and industry where their goods and services are well-liked. The intense level of competition in the business climate increases its

complexity and growth-dynamism among its operators. According to Rukevwe (2015), business movements in organizations are becoming more complex than straightforward, dynamic than steady, and aggressive than subdued. The persistent tendency toward healthier living and the strong desire for occasional comfort and indulgence are two competing headwinds that the bakery business is currently facing. The latter of these is being pushed by both government policies meant to improve public health and consumers' growing preference for healthier alternatives.

In most developing nations, small bakery firms are vulnerable to certain environmental shocks that hamper their growth potential. The growing complexities and uncertainties of the business environment have led to an increasingly dynamic, turbulent, and low-survival rate among small firms around the world (Tuffour, Amoako & Amartey, 2020). Due to the above, many small firms around the world are increasingly downsizing, restructuring, forming strategic partnerships and supply chains which add to more uncertainties and intense complexity of existing businesses regardless of huge prospects for opportunities as provided by globalization and advances in technology. The above has to a large extent undermined the enormous potential contributions of small bakery enterprises to economic growth in Nigeria. According to Rukevwe (2015), well-established businesses have had to identify themselves in comparison to both established rivals who introduced novel goods and services and small, innovative businesses. Every company strives to have a competitive benefit and edge over rivals, and this is the essence of the entire idea. The ability of the firm to maintain its competitive advantage is equal to its ability to maintain added value, and competitive advantage has thus been defined as superior value creation and delivery. Today's business environment is probably the most dynamic one that any business has faced (Nwewi, Onwuka & Ogbotubo, 2017). By implication, failure to innovate is likely to result in reduced competitiveness.

Innovation is a prime factor by which firms can achieve sustainable growth amidst today's competitive environment (Msomi & Olanrewaju, 2021). The role of innovation and its importance as a driver of competitiveness, profitability and productivity is well documented in the literature. The key issue facing many small-to medium-sized enterprises (SMEs) relates to how they can foster effective innovation using their small resources to compete favourably in the market. Innovation is currently one of the most significant systemic drivers of economic development, boosting the competitiveness of homegrown goods in bakery businesses. The most innovative firm realizes high turnover of product and service introduced within a period. For firms to grow, they must adopt innovative approaches that will enable them to gain a competitive edge in the prevailing volatile environment. Innovativeness is one of the fundamental instruments of growth strategies to enter new markets, to increase the existing market share and to provide the company with a competitive edge (Leboea, 2022).

This study examined the interplay between growing a competitive small-scale bakery enterprises and innovation in Ado-Odo/Ota area of Ogun State. Though innovation and SMEs performance has attracted lots of research interest in recent times, however, previous studies have not been able to provide adequate constructive explanations on the link between growing a competitive small-scale bakery and innovation especially in the study area. Hence, the gap this study intends to fill. It is expected that this study will contribute to knowledge on how innovation could potentially influence the growth competitiveness of bakery enterprises in the study area. This study is structured into four parts that would convey in depth knowledge of the subject matter and easy understanding vis-a-vis – the introductory, literature review, methodology and conclusion.

2.0 Literature Review

2.1 Small-scale Enterprises & Competition

Small and medium scale enterprises (SSEs) are the building blocks of any growing economy. The creation, growth, advancement as well as development of small-scale enterprise (SSEs) have provided evidence of spontaneous growth in the economy of the Asian Tigers. Globally, SSEs contribute over 50% to the total Gross Domestic Product in developed countries. In addition, SMEs also constitute 95% of registered business in the world leading to job creation, income redistribution, poverty reduction and innovation. To establish a universal definition of SMEs, attempts have been made, but "the heterogeneity of SMEs themselves and the nature of the economy they operate in might imply that establishing a global definition is not feasible" (Obieche & Ihejirika, 2021). On the premise of the above, there is no single, uniformly acceptable, definition of a small-scale enterprise as firms differs in their levels of capitalization, sales, and employment. Hence, definitions which employ measures of size (number of employees, turnover, profitability, new worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. This study adopts a comprehensive position on the definition of small-scale bakery enterprises credited to National Council of Industry, (NCI, 2006), as cited in Akabi (2021). A small-scale enterprise is one with fixed assets above ₦1million but not exceeding ₦10million, excluding land but including working capital of over ₦10million but not exceeding ₦40million. SSEs in Nigeria are seen as the backbone of the economy and a key source of economic growth, dynamism, and flexibility. SMEDAN (2020) shows that 97% of all businesses in Nigeria employs less than 100 employees, implying that 97% of all businesses in Nigeria are "small scale enterprises". The SSE sector provides, on average, 50% of Nigeria's employment and 50% of its industrial output. There appears to be an agreement that the development of SSEs in Nigeria is a step towards building a vibrant and

diversified economy (Akanbi, 2021). The role of SSEs sub-sector is recognized and credited for driving innovation of existing market, and creating new ones, developing new products, and acting as the nucleus for new businesses. Consequently, this is giving millions of Nigerians a means of livelihood by promoting demand for products, services, investments, innovation, technology, and trade, thus enabling wealth creation Bank of Industry (SMEDAN, 2018). It has been argued that venturing into SSEs is very risky and that the rate of small business failure in developing countries such as Nigeria is very high. In the business world, the role of sustainability is increasingly seen as important fact for success. Sustainability can be regarded as an ability or capacity of business to be maintained and be able to continue over a long period of time. The ability of businessmen to be creative and innovative plays an important role on the success of the business. For SSEs to be sustained in this challenging environment there is a need for managers to be innovative. This will help them to generate new ideas and significantly improve their products and services.

Small-scale Enterprises (SSEs) have been recognized as a major source of employment and income in many countries of the developing nations (Msomi & Odunayo, 2021; Iwedi, 2021). SSEs growth is essential being a fundamental part of the economic fabric in developing countries, and they play a crucial role in furthering growth, innovation, and prosperity hence they are part of industrial development agenda of most developing nation (World Bank, 2018). Detailed surveys in several countries suggest that as many as half of all people of working age are engaged in SSEs activities (Tuffour, Amoako & Amartey, 2020). Nevertheless, the growth dynamics of small firms is inconclusive. In this sense, what are the factors that cause an average growth rate among small firms? Similarly, why do some SSEs not growing, and yet seem to survive for many years? To date no theory specific to SSEs growth in developing countries has been developed.

Generally, the term "business growth or enterprise

growth” is used to refer to various increase or rise in various elements specified to be growth-indicators (Yeboah, 2015). Such indicators could include increase in total sales volume, increase in production capacity or output, increase in employment, increase in product quality, increase in the use of raw material and power. Accordingly, business growth is typically defined and measured using absolute or relative changes in sales, assets, employment, productivity, quality of product, profits, and profit margins (Yeboah, 2015). In literature, various indicators have been used to measure business growth such as assets, market share, physical output, product quality and profits by Delmar, Davidson, and Gartner (2003). While some scholars relate business growth to mean business performance Olubayo (2020) and Akanbi (2021), some others viewed business growth as measured by profitability and non-profitability parameters Ezeaku, Anidiobu & Okolie (2019). Other scholars such as (Yeboah, 2015; Kimanzi & Gamede, 2020) maintained that growth indicators though include sales volume, output, technology used, market share and profitability but not limited to them as the indicators vary based on industry of operation. As opined by Schumpeter (2001), every growth in business a partially a function of its innovation as growth is directly related to innovation drive.

2.2 Innovation Drive in Small-Scale Enterprises

In today’s world of rapid change, technology has changed the way companies conduct their businesses and satisfying the needs of target market. Innovation is therefore paramount in modern business landscape. Innovation is generic. It covers range of issues necessary to provide better value to customers and good returns to the organization. In line with the operations of SMEs, innovation is a meaningful and dynamic process which result in positive change orientation and improvement on the operations of an enterprises with the view of better satisfying customer’s needs (Obieche & Ihejirika, 2021). Innovation is successful production, assimilation, and exploitation of novelty in economic and social

spheres (OECD, 2018); Khan & Anuar, (2020). Drucker (2001) viewed innovation as the tool or instrument used by entrepreneurs to exploit change as an opportunity. From Drucker’s perspective, systematic (entrepreneurial) innovation consisted of the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation. He argued that innovation, as a core area of entrepreneurial activities, is capable of being learned, as well as practiced.

Innovation is the creation of new values i.e., the process of transforming new ideas into new value – goods and services. Hence, innovation occurs in several functional areas of an organization, including product, market, process, service, technological innovation (Maneesha, 2020; Kimanzi & Gamede, 2020). The Organization for Economic Cooperation and Development (OECD, 2018) 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 labour force skills. In other words, innovation is a means by which the entrepreneur creates wealth producing recourses or explores existing resources with enhanced potentials for wealth creation. In the views of Iwedi (2020), innovation is described as any idea, practice, or material artifact, perceived to be new by the relevant unit of adoption. In this view, innovation is conceived as a finished product of a process. Invention, in the words of Drucker (2001, cited in Leboa, 2020), is "the generation, development, and utilization of novel ideas on the parts of a firm to create and supply products that are novel to the market.". Unlike Iwedi (2020), Schumpeter considers innovation to the entire process of concept generation and the end products that novel and acceptable to the market. In general. and regardless of the definitions adopted, Akanbi (2021) states that innovation can be new products, new method of production, new source of supply, the exploitation of new market,

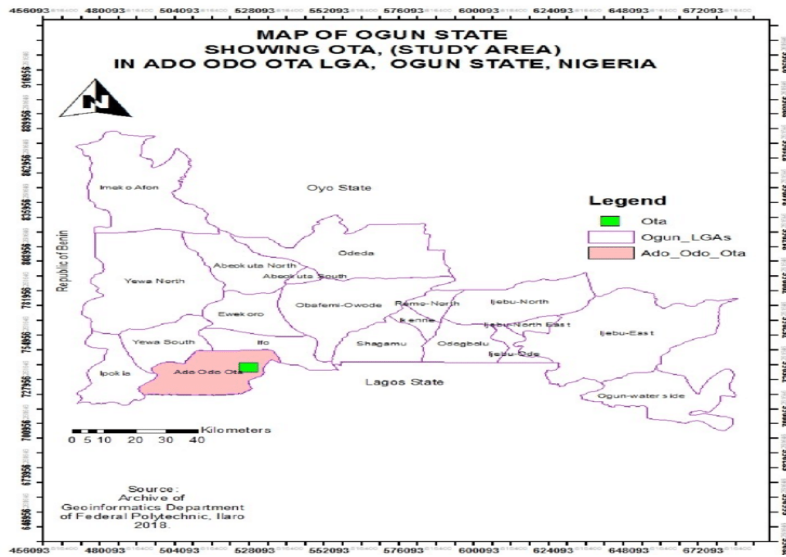
and new ways of organizing business which deliver maximum value to the customers and returns to the entrepreneurs.

Innovation drive is essential in the context of manufacturing small and medium scale enterprises in Nigeria. The Nigerian manufacturing small businesses generally employ simple skill, locally fabricated machinery, local raw materials and technology in the production and distribution of goods and services. More so, they assist at bringing about gradual socio-economic change through employment creation, use of local technology and raw materials, generation of income, employment creation, promoting local and indigenous entrepreneurship, technological innovation, and reduction in poverty level. In Nigeria, the traditional MSMEs manufacture products targeted at people at the lowest rung of the economic ladder, while the upper economic class relies mostly on imported goods (Kato and Tsoka, 2020). (Iwedi, 2011; Obieche & Ihejirika, 2021). Generally, innovations give businesses a strategic direction to deal with the issues they face as they work to gain a lasting competitive edge. Majority of current research on innovation in bakery firms focuses on factors that influence the creation of new products, new market, or new product process. Recently, the emphasis has been on the necessity of using flexible manufacturing systems to satisfy customer expectations in shorter product cycles. According to some empirical findings, commercializing disruptive technologies and creation of new market leading to discontinuous innovations are the major focus of small businesses around the world.

The small-scale bakery sub-industry is characterized by low innovation drive, intense use

of unskilled labour and produces mainly household products such as soap, detergent, toiletries, powder, juice, some staple foods, and drinks etc. As a result, the food-processing small scale enterprises are often confronted with challenges of limited financial, human, and material resources to acquire the best innovation (Nwewi, Onwuka, & Ogbotubo (2017). In current digital economic landscape, a major route by which small businesses can grow is by innovating. The basic trends in bread, bakery and pastry innovation are related to health, pleasure, and convenience. Therefore, innovation is regarded as a key factor for sustainable business growth and product expansion particularly to small-scale bakery businesses all around the world (Khan & Anura, 2020; 2019). According to Królak, et al (2022), driving innovation confectionary industry is a craft. It demands the entrepreneurs, managers, or business operator to shift between minds-sets, competences, and levels of abstraction. Innovation does not only improve the likelihoods of the business surviving but help it to thrive and drive increased profits. In practice, innovation begins with the entrepreneur creating and encouraging an innovative culture within his own bakery firm to allow employees to think up, generate amazing ideas to, and put innovative strategies into effect. For SSEs, innovation is a major force behind productivity and long-term development, and it can assist in finding the most affordable solutions to societal problems (Nwewi, Onwuka & Ogbotuba, 2017). To achieve inclusive development, small businesses must innovate, as productive and innovative businesses can generally afford to pay their employees higher wages and provide better working circumstances, thereby reducing inequality (Leboea, 2022).

Figure 1. Nature of the Study Area, Business Opportunities & Challenges



Source: Ogun State Profile, 2021

Ado-Odo Ota is a prominent area in Ogun State, with its headquarters in Ota. It is the second-largest municipality in the State. Ado-Odo/Ota is a truly industrial local government; it has the most industries and the biggest industrial area in the state. As a result, it produces the highest IGR for the state of Ogun. In 2006, the National Population Commission (NPC, 2006) reported the area had a population of 526,565 and an area of 878 km². The Local Government Area, which is mainly agricultural in nature, cultivates food and cash crops, particularly cocoa, kola nuts, palm oil, coffee, cassava, timber, maize, and vegetables. Glass sand, kaolin, silica sand, and gypsum are examples of mineral deposits. The Local Government Area is home to numerous historic, cultural, and traditional sites. The Oduduwa (Odu'a) celebration in Ado-Odo and the Egungun (Masquerade) festival in Ota are two of the most well-known. Additionally, there are temples like Ijamido and Ogbodo Shrines. The Vicarage of the St. James Anglican Church, constructed in 1842, is the second-oldest storey structure in West Africa. In Ado-Odo/Ota area of Ogun State, large numbers of business opportunities abound. The area is not only a lovely location; its constantly expanding population offers business and investment possibilities for those who are inventive and make the most of the resources at their disposal. The industrial growth in the area

offers an impressive opportunity for young people, despite some manageable challenges.

The bakery business is one of several business opportunities growing in Ado-Odo/Ota, Ogun state. Starting a bakery business in Ogun State is not sufficient; it also requires careful planning, the implementation of sound business strategies, and doing the right thing at the right moment. Starting a bakery is not particularly challenging, and the procedures required are simple and, if done correctly, less worrisome, and enjoyable. As reported by Premium Bread-makers Association of Nigeria (PBAN, 2020), bread bakery alone has over 700 thousand people who are gainfully employed in the premium bread sub-sector of the industry both directly and indirectly. The size of the market runs into billions of Naira every month, with an anticipated market growth as the population increases. Accordingly, a successful and reliable company that can quickly make one a millionaire in Nigeria is the bakery industry. Despite the enormous opportunities in the bakery businesses as mentioned above, several factors have threatened the industry's profitability, viability, and survival over time thereby creating huge competition among the players. The bread bakery industry faces lots of difficulties just like other types of businesses in other parts of Nigeria (Nwewi, et al, 2017). Therefore, it's crucial to understand the dangers and difficulties associated

with such businesses before starting one. In literature, one of the biggest challenges facing the bread industry is government policies regulating importation of materials needed to produce bread. For one, there is a dissonance tune between government policies for the industry and the realities that major stakeholders that comprise bakers face. For instance, the government charges 15 percent extra duty for wheat importation into Nigeria.

More so, the activities of unregistered, unlicensed, and undocumented producers of bread, who are not under any obligation to adhere to NAFDAC health and other safety standards (Nwewi, Et al, 2017). They pose a risk not just to regulated bakers but to the last consumer, as well. They produce cheap, but poor-quality bread with unwholesome baking material like potassium bromate which is injurious to health and cancerous, nonetheless, attract high patronage because of their low prices. Finally, unprofessionalism and incompetent owners of bakery firms also constitute a major challenge in the bread bakery industry. Currently, in order to ensure the smooth and continuous operation of businesses, which is crucial to the activation of innovation processes, as well as focusing on innovative development, they set themselves new challenges, the significance of which is associated with increased competitiveness; ensure that the value of products for consumers; and ensure that businesses uphold their social obligations, which include social responsibility before each citizen to the state.

2.3 Theoretical Underpinning - *Innovation Theory*

The theory of innovation as relevant to small business hangs on the ability of new or small firms to create innovation through introducing new products, creating new markets, devising new production processes, modifying the existing products, rebranding. The work of Schumpeter (1987) addresses not only the economic factors of entrepreneurship but other important aspects from

the viewpoint of an innovative, growth-oriented venture of small enterprises. However, on the contrary, Drucker (2001); Kirchoff (1991); and Hornaday and Aboud (2014) emphasized that not every new small business is entrepreneurial nor represent entrepreneurship; hence, the connection between a new and small business and entrepreneurship appears thin. Notwithstanding, a small business owner who is innovator is more than an inventor because he does not only originate as the inventor does but goes much farther in exploiting the invention in commercially ways. The theory of innovation is on the premise that innovation is an essential driver of competitiveness and growth dynamics innovate (Akanbi, 2021). Innovation theory posits that the main function of an entrepreneur is to introduce innovations and in return make profit in the form of reward that is given for his performance.

Accordingly, **innovation** refers to any new policy that an entrepreneur undertakes **to reduce the overall cost of production or increase the demand for his products**. According to literature, this study found that innovation drive can be classified into two categories for small bakery businesses: The **first category** includes all those activities which reduce the overall cost of production such as the introduction of a new technique of production, new machinery, reduction of wastage, etc. The **second category** of innovation includes all such activities which increase the demand for bakery products. In small businesses, this may include the introduction of a new commodity or better-quality goods, the emergence or opening of a new market, finding new sources of raw material, a new variety, or a design of the product, etc. The innovation theory of profit posits that the **entrepreneur gains profit** if his innovation is successful either in reducing the overall cost of production or increasing the demand for his product.

2.4 Empirical Review

Folajimi and Alawode (2020) innovation and performance of Small and small-scale businesses (SSEs) in Ogun State, Nigeria. For the study, a

population of 162 poultry farms registered with the Poultry Association of Nigeria-Ogun State was used. According to the study, the product, process, market innovations are the dormant forms of innovation most visible in poultry businesses. More so, yearly budgeting process, capital structure management, and working capital management are all financial management methods that have a considerable positive impact on the profitability of the poultry sector. However, process innovation coupled with financial management techniques were found to significantly improve the performance of the poultry sector in Ogun State, Nigeria.

Oluwatoyin, Ufua, Oshabohien, Olawande & Edafe (2021) examined the problem of unemployment in Nigeria through micro and small businesses. This study looked at how MSEs operate and what they can do to help the country deal with its unemployment problem. The Ado-Odo/Ota Local Government Area in Ogun State, Nigeria, served as the basis for the study. To estimate the data acquired, the study used descriptive analysis and the Ordinary Least Square (OLS) regression technique. According to the survey, micro and small businesses helped the economy grow by creating jobs because of their operational activity. To encourage ongoing engagement in job creation by Nigerian MSEs, it was also determined that financing organizations must consider the trends of operating MSEs toward tackling important economic and social challenges, such as job creation.

Nwokoch, Nwanko, Nwosu and Madu (2021) examined an appraisal of production subcontracting on the growth of small-scale bakery enterprises in Nigeria. The study aims to further the discussion on whether production is desirable, if SMEs should subcontract with one another, and how this relates to Nigeria's industrial development strategy. The study conducted a meta-analysis of 15 studies on production subcontracting and SMEs that were published in Nigeria between 2001 and 2019. This study

discovered that the production subcontracting approach, with its guarantees of lower operational costs, reduced risk, and resource accessibility, has been crucial to the survival of small-scale bakery enterprises in the study area. Given the important contributions that production subcontracting makes to the SMEs sector, the study emphasized the need for policy support.

Meressa, Orji and Akpa (2023) investigated factors that influence access to institutional credit and financing preferences for micro and small-scale firms in southeastern Nigeria. Primary data for the study came from 296 businesses (across bakery, agribusiness, packaged water, and hospitality businesses) participated in a cross-sectional survey, and data were analyzed using descriptive and logistic regression techniques. The findings showed that several factors, including business experience, size, industry involvement, collateral, interest rate, loan repayment length, creation of a business plan, financial reporting, location, and entrepreneur's educational background, had an impact on an enterprise's ability to obtain credit. The study recommended that determinant of institutional credit access cut across enterprise and credit institution factors, and the two must be well addressed by the appropriate authorities in southeastern Nigeria.

3.0 Materials and Methods

The study adopted a descriptive survey design. The population for this study comprised 34 bakery enterprises located in Ado-Odo/Ota, as contained in the registered list of Ogun state Chapter of Premium Bread-makers Association of Nigeria (PBAN, 2020). Ado-Odo/Ota, Ogun state was selected on the premise of the area being regarded as the most innovative and budding bakery outlet according to Bakers Gazzette (2023). The entire population was used for the study due to its small size. The questionnaire was designed using five points Likert scaling – 5 representing Strongly Agree, 4-Agree, 3-Disagree, 2-Strongly Disagree and 1-Undecided, while Open-ended Focused Group Discussants was used to generate data for

qualitative analysis. A total of 34 copies of structured questionnaire were used to elicit data from the respondents on the extent of relationship between innovation and the growth of small-scale bakery enterprises in Ado-Odo/Ota, Ogun state, between Novemb 2022 and June, 2023. A total of

34 copies of questionnaire was administered of which 32 usable copies analyzed using Smart PLS-Structural Equation Modelling (SEM) technique, while qualitative analyzed was carried out using NVIVO 12.0 version.

4.1 Data Presentation

Table 1 - Descriptive Characteristics of the Respondents

The table presented the respondents' gender, marital status, owner's experience, and the educational level of the respondents.

Table 1: Descriptive Characteristics of the Respondents

S/No	Item Description	Frequency	Percentage	Cumulative %
1.	Gender			
	Male	25	73.5	73.5
	Female	9	26.5	100.0
	Total	34	100.0	
2.	Marital Status			
	Single	10	29.4	29.4
	Married	24	70.6	100.0
	Divorce	0	0.0	
	Total	34	100.0	
4.	Years of Experience			
	5 – 10yrs	10	29.4	29.4
	11 – 15yrs	12	35.3	64.7
	16 – 20yrs	7	20.6	85.3
	21yrs above	5	14.7	100
	Total	34	100.0	
5.	Educational Level			
	Primary School Cert of less	5	14.7	14.7
	OND/NCE	10	29.4	44.1
	1 st Degree/HND	15	44.1	88.2
	1 st Degree+	4	11.8	100.
	Total	34	34	

Sources: Author's Fieldwork, 2023

The Table 4.1 above presented the respondents' gender, marital status, owner's experience, and the educational level of the respondents. Twenty-five

(25) of the respondents were male, making up 73.5% of the total, while seven (9) were female, making up 26.5%. This indicates that there were

significantly huge number of male operators than female. It is further revealed that ten (10) respondents representing 29.4% were single, twenty-four (24) respondents representing 70.6% were married while none was a divorcee. This indicates there were more married operators of bakery businesses in the study area than single. Furthermore, ten (10) respondents representing 29.4% had experience of between 5-10years, twelve (12) representing 25.3% respondents had experience of between 11-15years, seven (7) respondents representing 20.6% had experience between 16-20years, while five (5) representing 14.7% respondents had experience of over 21 years. This implies that a significant percentage of respondents were young people of fifteen or less years of experience. Finally, the table reveals educational level of the respondents. A total of five (5) representing 14.7% of the respondents had

primary school certificates or no formal education, a total of ten (10) representing 29.4% of the respondents had OND/NCE, a total of fifteen (15) representing 44.1% of the respondents had 1st Degree/HND, while a total of four (4) representing 11.8% of the respondents had above first degree. This indicates that majority of the respondents were literate of OND/NCE and First-Degree holders.

Table 2 - Response Rate of the Respondents

The table below represents the rate of response from the respondents. A total of 34 copies of the questionnaire were distributed among the respondents. A sum of 32 copies representing 94.2% of the questionnaires distributed were duly completed and returned; 1 copy representing 2.9% percent of the questionnaires was not returned; also, 1 copy representing 2.9% were returned but not duly completed (i.e., invalid).

Table 2: Response Rate

Item Description	Frequency	Valid Percentage	Cumulative Percentage
Returned and Duly Completed	32	94.2	94.2
Returned But not Duly Completed	1	2.9	97.1
Not Returned	1	2.9	100
Total	34	100	

Source: Field Survey, 2022

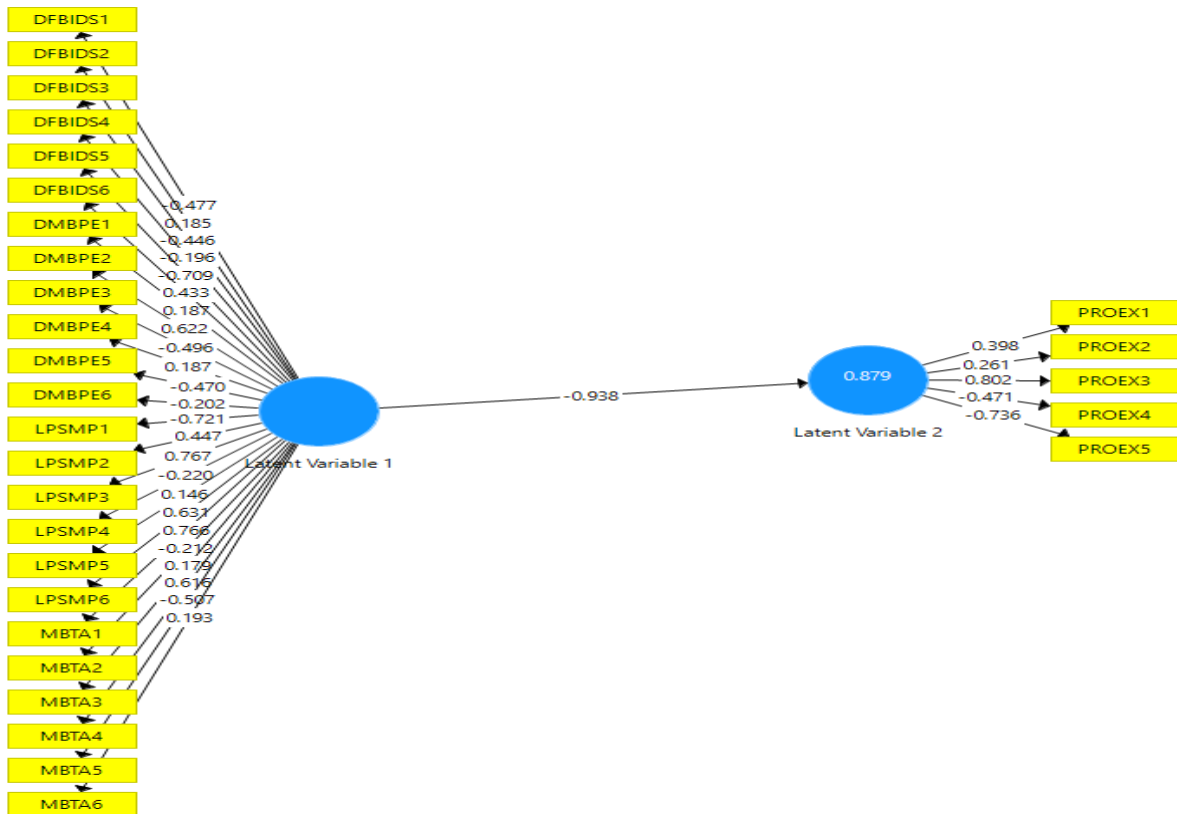
4.2 Test of Hypothesis

H₀: There is no significant relationship between innovation and the growth of small-scale bakery enterprises.

Correlation analyses were used to explore the relationship between innovation and the growth of small-scale bakery enterprises. innovation as measured by variables – product innovation, process innovation, market innovation, and management innovation. It shows that the structural equation model regression coefficient R² is 0.879 which indicates that there exists a

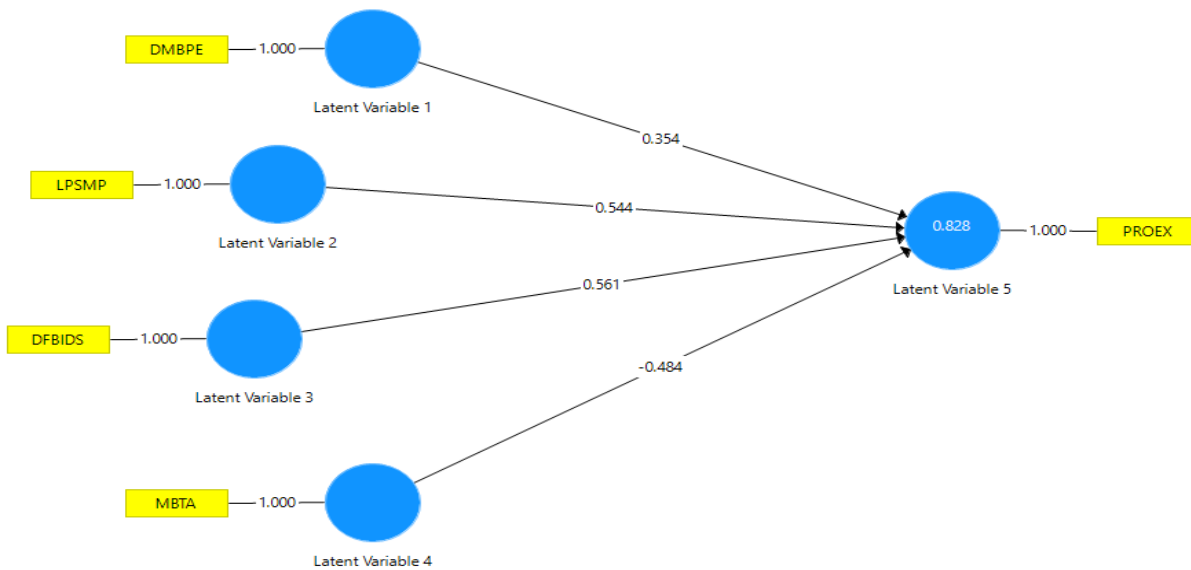
relationship between business growth (dependent variable i.e., the variable being predicted) and innovation which is the independent variable i.e., predictor. The model revealed that adjusted R² which is the coefficient of determination is 0.628 approximately 63%. This implies that 63% change in business growth can be explained by various forms of innovation practiced

Figure 1: Measurement of variables



Source: Author’s Computation, 2023

Figure 2: Measurement of variables

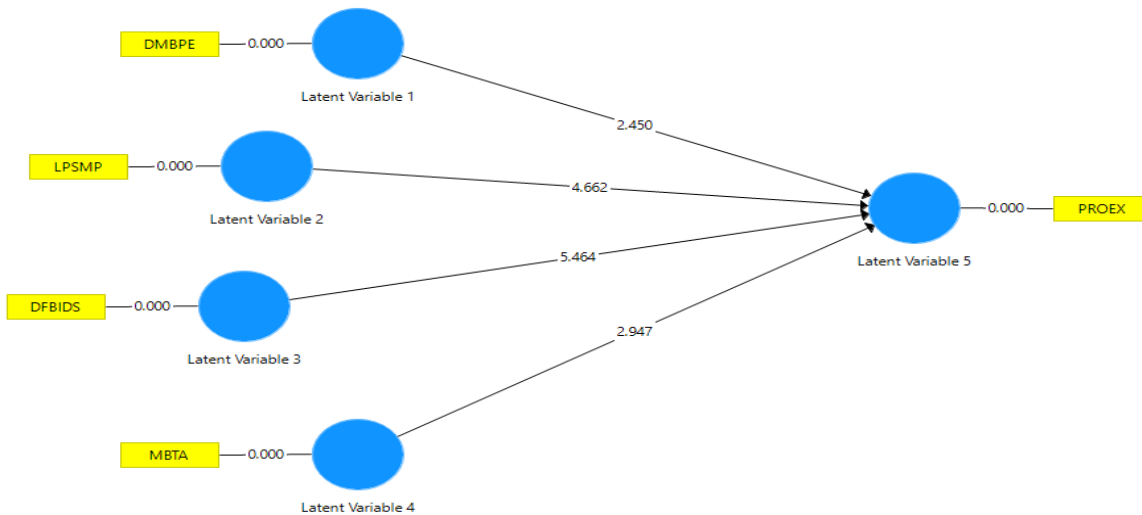


Source: Author’s Computation, 2023

Figure 1 Measurement Model (Algorithm testing)

Figure 1 was fully explained in Table 3 which displays the path coefficients, t- values, and standard error at which the hypotheses were supported or not. The t-values in this study were calculated using a 5000 re sampling iterations in

repetitive bootstrapping. The justification for the selection of 5000 samples is because it ensures that every model parameter has empirical sampling distribution and the standard deviation of the distribution served as proxy of the parameter ‘s empirical standard error (Hair *et al.*, 2012).



Source: Author’s Field Survey, 2021

Figure 4. 2 Structural Model (Bootstrapping @5000) DMBs Credit Supply

Table 3 Correlation Results

Structural model result for the business growth

Constructs	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Product innovation -> business growth	0.554	0.386	0.145	2.450	0.005
Process innovation -> business growth	0.544	0.568	0.117	4.662	0.000
Market innovation -> business growth	0.561	0.542	0.103	5.464	0.000
Management innovation -> business growth	0.484	-0.518	0.164	2.947	0.003

Source: Researcher’s Field Survey, 2021

In the Hypothesis, the SEM result indicated that product innovation being an independent variable is positively related to business growth. Result (Table 4.15, Figure 5) indicated that product innovation has a significant positive relationship with business growth ($\beta = 0.554$, $t = 2.450$, $p < 0.005$). Similarly, process innovation is positively related to business growth with ($\beta = 0.561$, $t = 5.462$, $p < 0.000$), indicating support for the Alternate Hypothesis. Furthermore, testing market innovation on business growth, the result of the Table, indicated that market innovation has significant relationship with business growth with

($\beta = 0.561$, $t = 5.464$, $p < 0.000$). Finally, regarding the influence of management innovation on business growth, result of the Table 4.15, indicated that management innovation has significant relationship with business growth at ($\beta = 0.484$, $t = 2.947$, $p < 0.003$). The implication of the result to the study is that all the variables jointly regressed against innovation has a positive impact on business growth.

4.3 Qualitative Analysis of Research Question

What is the effect of innovation on the growth of

small-scale bakery enterprises?

Based on the interview discussion with four Focused Group Discussant, the study information relating to innovation as way in small-scale bakery enterprises could drive growth and remain competitive in the market.

The current economic climate coupled with enormous potentials places a lot of emphasis on innovation, competitiveness, and efficiency. More so, the knowledge that neglecting innovation will hinder the company's growth, cause it to lag in production process, increase wastage, and weaken its position in the market serves as a continuous motivator for top management to perform effectively in this area (Adaobi, 2021). Accordingly, innovation is the engine that propels small businesses' steady growth and the secret to boosting its ability to compete in both domestic and international marketplaces. It should be noted that when examining the growth of industrial enterprises, competitiveness, and managing the internal and external business environment, the innovation drive of such enterprises must be considered.

According to interviewed FGD 1&2, various essential elements of innovation – product, process, market, management are essential components which aids small bakery enterprises growth. However, the dominance of product innovation and access to funding opportunities was supported by FGD1 & FGD2. Indicating that product innovation in terms of new product line, branding, labelling, and product modification are a key instrument in attaining business growth among the operators of small bakery businesses. Also, FGD2 opined that process and market innovation in terms of acquiring new technology, introducing shorter production timing, reduction in wastage, new methods, and access to bank credits among small scale bakery operator aids business growth and commercialization.

For instance, participant **FGD-1** expressed thus:

“Our business needs innovation at all stages of production and distribution. In the bread bakery business, there is a lot of competition in the market. The existing market is saturated and more operators are still entry. This means for one to remain in the market, one must continuously improve one’s business and maintain good customer relations. In a situation where several competitors are in the market chasing the same customers, any producer that wants to remain in the market must be wise by reducing costs and improving product quality. Customers are rational buyers that have varieties of products to choose from at lower cost. In such a marketplace, producers are at the mercy of the buyers and must have varieties of bread-products like butter-filled bread, coconut bread, chocolate bread, fruit-bread; all in different sizes and shapes. This will at least help one to retain loyal customers, thereby having a competitive edge over others. More so, continuous production and access to friendly-interest facilities goes along way to grow the business.”

The above position is in correlation with **FGD-2**:

“Doing business in Nigeria is an experience that worth sharing. For small businesses to survive in Nigerian environment, it requires critical innovations and lots of sacrifice. Innovation is key to business survival irrespective of the scale of its operation. To survive in the bread bakery business, one needs to think deeply about how to reduce costs, improve production efficiency, reduce wastage, reduce production-timing, create new market, retain the existing customers, and motivate workers. To grow your business in this industry, you must devote your time”

thinking on these key areas. If one does this, while every other thing remains equal, one's business will grow over time. Let me add that the opportunity to secure external finance is also an important factor in growing the business. Capital is the life-wire of any business and securing it at the right time under a fair condition is a major challenge to most of us in bread bakery. Small businesses generally need easy access to credit facilities for continuous production and expansion activities.

4.4 Discussion of Findings

The findings from the quantitative analyses reveal that each of the variables proxy to innovation – product, process, market, and management has significant relationship on business growth. Also, the views expressed by the participants in the qualitative analysis suggest that innovation has a strong relationship with the growth of small-scale bread bakery enterprises in the study area. As revealed, inadequate of product, process innovation and external credit supply has a major negative effect on their operations. This apparently coincide with the findings from the quantitative research and the findings of (Ayyagari, 2008), that innovation and availability of finance allows small and medium enterprises to perform effectively and efficiently. In another but related study by Maneesha (2020), it was found among others, that poor innovation drives among the operators of small businesses in Northern Ghana contribute significantly to the poor growth rate of same sector. The empirical evidence alludes to the fact that better innovation drive and more external finance-led growth for small businesses under a fair condition will increase competitive advantage thereby promoting their growth. The positions of participants did not differ in support of the prevalence of innovation drive and access to external credit as partial condition to

business growth among the operators of small-scale bakery enterprises in the study area.

5.0 Conclusion and Recommendation

The bakery business is changing quickly in response to shifting customer preferences for freshly baked breads, and new growth opportunities are opening for small-scale businesses. This finding is intriguing because it shows that consumers are increasingly placing more value on enriched nutritional benefits for healthy living which can essentially be attained through product and process innovation as the route to growth. Based on the findings of the study, it is recommended that for small-scale bakery enterprises to remain competitive in the market, there is a need for continuous innovation. Their innovative drive vis-a-vis product, process, market, and management innovation must be strengthened as this contributes significantly to competitive advantage and business growth.

5.1 Suggestions for Further Research

This study examined the innovation and growing competitive small-scale bakery enterprises paying a particular attention to selected bread-baking ventures in Ado-Odo/Ota, Ogun State. Though, several factors could potentially induce growth in business; however, growth was limited to innovation-induced factor. Other factors such as financial injection, policy change, business location, cultural orientation, management style among others were not covered in this study. hence, the following areas of research could be suggested:

- i. the impact of any of the above factors on growth competitiveness of Small-Scale Bakeries,
- ii. the impact of innovation on Growth and Competitiveness of Small-Scale Bakeries of other locations not covered in this study,
- iii. any related topic that would adopt a different research design or methodology.

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