

# INTRAPRENEURSHIP AND INNOVATION PERFORMANCE: A CONCEPTUAL MODEL

Maxwell Olokundun, Covenant University  
Hezekiah Falola, Covenant University  
Stephen Ibidunni, Covenant University  
Olaleke Ogunnaike, Covenant University  
Fred Peter, Covenant University  
Oladele Kehinde, Covenant University

## ABSTRACT

*The motility rate of small and medium enterprises in Nigeria at present is a major source of concern. This is hinged on the prevailing economic recession leading to organizational stagnation and non-performance of these firms. However, the innovative activities of intrapreneurs can be effective at achieving innovative performance within an organization. This is based on the premise that intrapreneurs can identify and exploit new business opportunities within their organization or create new ventures under the auspices of their existing organization. Therefore the objective of this study is to show that the innovative activities of intrapreneurs can be effective at achieving innovative performance of SMEs in Nigeria. The article also proposed a conceptual model to illustrate the relationship between intrapreneurship and innovation performance in order to engender innovative performance of SMEs in Nigeria. The study concludes that promoting intrapreneurship in Nigerian firms will play a major role in motivating as well as creating a platform for employees to express their visionary and creative abilities aimed at improved innovation performance. This creates an effective organizational work environment that keeps businesses in Nigeria competitively well positioned.*

**Keywords:** Intrapreneurship, Innovation, Innovative Performance, Nigeria.

## INTRODUCTION

Technological changes and globalization result in persistent market competition putting immense pressure on small and medium scale enterprises in Nigeria (McDowell, 2017). The relentless pressure of market competition in Nigeria is increasingly making it more difficult for SMEs to maintain competitive advantage (Osibanjo, Adeniji, Salau & Falola, 2016). Small and medium scale enterprises are faced with the options of either becoming one of the market leaders or experience stagnation; hence this explains the recession and high mortality rate of small and medium scale enterprises experienced in Nigeria at present. One of the strategies small and medium scale enterprises in Nigeria can adopt as regards combating stagnation and the adverse effects of recession is to encourage the expression of entrepreneurial behavior by its employees (Ogbari, Oke, Ibukunoluwa, Ajagbe & Ologbo, 2016). This would result in employees mapping out new strategies, initiating new venture creation within their organizations and breaking new frontiers aimed at innovation performance. Intrapreneurship is a major driver of innovative performance particularly because it enhances employees to express behaviors aimed at

identifying and exploiting new ideas, new strategies for business growth and new ways of running an existing business (Lambert, 2016). This paper argues that organizational innovations are not necessarily as a result of established research processes but are the result of entrepreneurial employee behavior that disturbs traditional business practice. Therefore, the objective of this study is to show that the innovative activities of Intrapreneurs within SMEs in Nigeria can be effective at achieving innovation performance. This study was based on a conceptual approach geared towards the development of concepts, clarification of meanings as well as establishment of the linkages proposed. Thus the study proposed a conceptual model to illustrate the relationship between intrapreneurship and innovation performance as a basis for fostering innovation performance of SMEs in Nigeria.

### **Intrapreneurship and SMEs in Nigeria**

Intrapreneurship as a process engenders rejuvenation within an existing organization (McDowell, 2017). This is consequent upon the fact that intrapreneurship involves the process by which individuals in an organization identify and exploit new business opportunities within their organization or create new ventures under the auspices of their existing organization (Chrisman, 1999; Zgheib, 2017). Therefore, creating a platform for the expression of intrapreneurial behavior in small businesses in Nigeria could culminate into identification and exploitation of viable business opportunities that can stimulate productivity (Lambert, 2016). Intrapreneurs within an organization act instinctively aimed at identifying and exploiting new approaches for business growth and development (Daryani & Karimi, 2017). Therefore, small businesses in Nigeria can stimulate the emergence of intrapreneurs through innovation activism by fostering the expression of entrepreneurial behavior by independent intrapreneurs within the organization. Small businesses in Nigeria can also stimulate the emergence of intrapreneurs through innovative capabilities which will involve a conscious effort by SMEs owners to train employees for innovation (Aparicio, 2017). This will ascertain that conceived ideas are harnessed, experimented, assessed, re-structured and eventually brought to light (Olokundun et al., 2017).

### **Intrapreneurship and Innovation within SMEs in Nigeria**

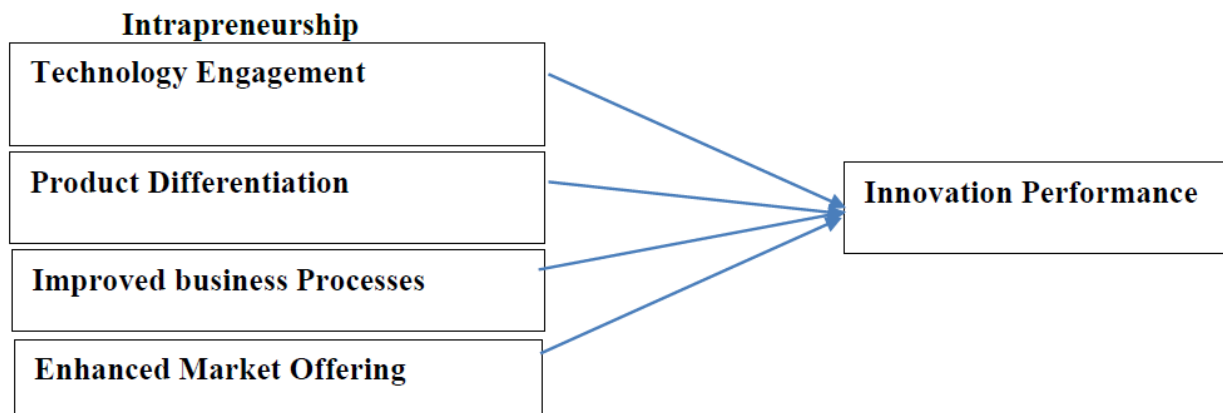
There is a strong linkage between innovation and entrepreneurial behavior of employees within an organization resulting in organizational growth and performance (McDowell, 2017). Intrapreneurs are regarded as innovators within an organization because Intrapreneurship enhances employees to express behaviors aimed at identifying and exploiting new ideas, new strategies for business growth and new ways of running an existing business (Rivera, 2017; Braunerhjelm, 2009). It is important to state that small businesses in Nigeria require new ideas and strategies to survive as well as maintain an acceptable growth and profitability level. Therefore, they have to come up with strategies to exploit the intrapreneurial and innovative potentials resident in their employees (Innovation Booster, 2017). To this end, small business owners in Nigeria are saddled with the responsibility to create an intrapreneurial and innovative culture that can motivate the expression of entrepreneurial behavior within an organization which engenders growth and appreciable profitability level.

## **Innovation Performance and SMEs in Nigeria**

From the perspective of the organization, innovation is considered an important factor for performance and growth via improvements in efficiency, productivity, quality, competitive positioning and growth of a firm. Innovation is substantiated in the introduction of new products, processes or services (Bagno et al., 2017). Innovation involves a management process that involves strategic approaches with a focus on process technology, market innovation, operation innovation and product differentiation (Emmanuel, 2008; Suhag et al., 2017). Therefore for SMEs in Nigeria to achieve innovation performance, the activities of the firms must emphasize the introduction of new and relevant ideas to the entirety of organizational processes and procedures for developing and acting on strategies aimed at significant organizational improvements reflected in improved or new business products, services or internal processes (Yang et al., 2017).

Specifically, the activities of intrapreneurs in SMEs in Nigeria can be evident in process technology which usually results in reduction of cost of production (Emmanuel, 2008; Kogabayev & Maziliauskas 2017). This facilitates reduction in product or service price which in turn increases the demand for the product or service of the firms. This can enhance innovation performance of small businesses in Nigeria in the sense that an increase in demand could suggest an increase in productive level that could enhance profitability of the businesses. Similarly, Intrapreneurs within small businesses in Nigeria could help carve a niche for their organization through the concept of product differentiation (Mukhopadhyay & Ye, 2017). The uniqueness of the product of the organization could attract new customers or segment of the market. This may bring about an increase in the demand for the product of the firms placing the organizations in a competitive position in the market.

In the same vein, innovation and intrapreneurship within an organization is targeted at improved customer satisfaction and reduction in cost of production (Lambert, 2016). Thus intrapreneurs within small businesses in Nigeria can reinvent the organizations and enhance efficiency by eliminating unnecessary bureaucratic processes, tapping into the gains of technology and adopt models of effective delegation of power and authority aimed at improved efficiency and effectiveness (Lambert, 2016). Intrapreneurs within SMEs in Nigeria can offer more value to customers by focusing intensely on customer satisfaction. This could be achieved by the development of innovative strategies of reducing inconveniences to the customers and enhancing the organization to adopt structure that makes its operations customer friendly. Intrapreneurs within SMEs in Nigeria can also enhance the market offerings of the organization by providing additional features to its market offerings or by adding extra value to the organization's product or service at the same selling price. This strategy of intrapreneurial innovation usually comes to bear especially as a survival strategy for the organization (Essegbey et al., 2017). Hence, this is salient to the Nigerian context considering the high mortality rate of SMEs in the country.



**FIGURE 1**  
**A CONCEPTUAL MODEL FOR INTRAPRENEURSHIP AND INNOVATION PERFORMANCE**

### CONCLUSION

Promoting innovative performance is a step in the right direction for SMEs in Nigeria that seek to combat organizational stagnation or decline particularly in today's very competitive and turbulent business world. Innovation performance must be an organizational culture in order to encourage the expression of entrepreneurial and innovative behavior by employees. This will enhance the exploitation of the valuable entrepreneurial talents in employees of SMEs in Nigeria. Knowledge is regarded as the source of power in these modern times, thus harnessing the potentials of employees is pivotal to innovative performance. Increase in profitability is a function of value creation strategy which is of utmost importance particularly in a knowledge driven world. Thus, encouraging innovative performance is vital for sustained profitability for SMEs in Nigeria. To this end, intrapreneurs play a major role in motivating employees as well as creating a platform for employees to express their visionary and creative abilities aimed at improved innovative performance. This will create an effective organizational work environment for SMEs in Nigeria keeping businesses competitively well positioned.

### ACKNOWLEDGEMENT

The authors wish to appreciate the management of Covenant University for offering full sponsorship for this research work.

### REFERENCES

- Aparicio, M.E. (2017). *Driving and inhibiting factors for intrapreneurship: A study of intrapreneurship teams*. Master's Thesis in Master of Technology Management, Norwegian University of Science and Technology Faculty of Social Sciences and Technology Management Department of Industrial Economics and Technology Management.
- Bagno, R.B., Salerno, M.S. & Dias, A.V.C. (2017). Innovation as a new organizational function: Evidence and characterization from large industrial companies in Brazil. *Production*, 27.
- Barker, V.L. & Duhaime, I.M. (1997). Strategic change in the turnaround process: Theory and empirical evidence. *Strategic Management Journal*, 18(1), 13-38.

- Braunerhjelm, A.Z. & Audretsch, C.B.D. (2009). The knowledge spillover theory of entrepreneurship. *Small Business Economics*, 32(1), 15-30.
- Connolly, P. & Klein, L.C. (1999). *The National Nonprofit Leadership and Management Journal*, 17(3).
- D'Aveni, R.A. (1989). The aftermath of organizational decline: A longitudinal study of the strategic and managerial characteristics of declining firms. *Academy of Management Journal*, 32(3), 577-608.
- Daryani, M.A. & Karimi, A. (2017). Effect of corporate entrepreneurship on firm performance in Iranian ASMEs: The mediation role of knowledge creation and learning orientation. *Journal of Agricultural Science and Technology*, 19(2), 261-277.
- Emmanuel, C.L. (2008). *Entrepreneurship a conceptual approach (2<sup>nd</sup> Edition)*. Pumark Nigeria Limited Education Publishers.
- Essegbey, G.O., Sakyi-Dawson, O., Kossou, D., Ouologuem, B., Dembele, F., Adu Acheampong, R. & Jiggins, J. (2017). External influences on agro-enterprise innovation platforms in Benin, Ghana and Mali-options for effective responses. *Cahiers Agriculture*, 26, 1-9.
- Gomes, G. & Wojahn, R.M. (2017). Organizational learning capability, innovation and performance: Study in Small and Medium-Sized Enterprises (SMES). *Re vista de Administração*, 52, 163-175.
- Rivera, M.J. (2017). Leveraging innovation & intrapreneurship as a source for organizational growth. *International Journal of Innovation Science*, 9(2), 137-152.
- Ibidunni, S., Osibanjo, O., Adeniji, A., Salau, O.P. & Falola, H. (2016). Talent retention and organizational performance: A competitive positioning in Nigerian banking sector. *Periodica Polytechnica Social and Management Sciences*, 24(1), 1-13.
- Innovation Booster (2017). *Intrapreneurs: The necessary employees for established organizations today*.
- Kogabayev, T. & Maziliauskas, A. (2017). The definition and classification of innovation. *Holistica*, 8(1), 59-72.
- Lambert, L. (2016). *Intrapreneurship: Adding entrepreneurial value and innovation within a corporation 50 billion dollar boss: African American women sharing stories of success in entrepreneurship and leadership*.
- Lorange, P. & Nelson, R.T. (1987). How to recognize and avoid-organizational decline. *Sloan Management Review*, 28(3), 41-46.
- Mcdowell, T.C. (2017). *A comprehensive study of intrapreneurship as a cultural form of innovation and sustainable competitive advantage*. A dissertation submitted to the Bisk College of business at Florida institute of technology in partial fulfillment of the requirements for the degree of doctor of business administration.
- Mukhopadhyay, S.K. & Ye, G. (2017). Effect of CSR on product differentiation in the presence of cost advantage. *Journal of Economic and Social Development*, 4(1), 15-26.
- Ogbari, M.E., Oke, A.O., Ibukunoluwa, A.A., Ajagbe, M.A. & Ologbo, A.C. (2016). Entrepreneurship and business ethics: Implications on corporate performance. *International Journal of Economics and Financial Issues*, 6(3), 50-58.
- Olokundun, M.A., Ibidunni, A.S., Peter, F., Amaihian, A.B., Moses, C.L. & Iyiola, O.O. (2017). Experiential pedagogy and shared vision: A focus on identification of business opportunities by Nigerian university students. *Journal of Entrepreneurship Education*, 20(2), 1-12.
- Pretorius, M. (2009). Defining business decline, failure and turnaround: A content analysis. *SAJESBMNS*, 2(1).
- Sharma, P. & Chrisman, J.J. (1999). "Toward a reconciliation of the definitional issues in the field of corporate entrepreneurship". *Entrepreneurship Theory and Practice*, 23(3), 11-17.
- Suhag, A., Solangi, S.R., Larik, R.S.A., Lakho, M.K. & Tagar, A.H. (2017). The relationship of innovation with organizational performance. *International Journal of Research: Granthaalayah*, 5(2), 292-306.
- Vargas-Halabí, T., Mora-Esquivel, R. & Siles, B. (2017). "Intrapreneurial competencies: Development and validation of a measurement scale". *European Journal of Management and Business Economics*, 26(1), 86-111.
- Weitzel, W.F. & Jonsson, E. (1991). Reversing the downward spiral: Lessons from W.T. Grant and Sears Roebuck. *Academy of Management Executive*, 5(3), 7-21.
- Yang, Z., Sun, J., Zhang, Y. & Wang, Y. (2017). Green, green, it's green: A triad model of technology, culture and innovation for corporate sustainability. *Sustainability*, 1-23.
- Zgheib, P.W. (2017). *Corporate innovation and intrapreneurship in the Middle East entrepreneurship and business innovation in the Middle East*.