

Innovation Management and Organisation Development. Empirical Study of Nigeria Banking System

B. O. Babatunde

Osun State University, Okuku. Dept of Business Administration, Osun State.
Email-bayoogoga@yahoo.com

Y. S. Adebisi

University of Ado Ekiti, Dept of Business Administration, Ekiti State.
Email-yommysun@yahoo.com

Abstract

Innovation management is a new concept that every companies and countries all over the world are now giving strong consideration and priority. But it took longer than expected for the developing countries especially in Africa, to acknowledge the importance of innovation to the growth of a company and the development of an economy. It has been argued that innovation is the engine room of all economies, and this had propelled the researcher to look at the importance of innovation by taking a research study on “innovation management and organizational development”, using United Bank for African Plc as a case study. The researcher had selected and tested two(2) hypotheses using chi-square method. The study revealed that for any organization to achieve the purpose of its establishment of profit maximization and going concern, and to increase its level of productivity, service delivery and sales turnover and remain in the market as leader such company must be able to introduce new innovation and manage effectively changes that occur in their industry and environment. The findings of this research study has propelled the researcher to recommend that banking industries should maintain a continuous and effective R and D department and should allow all its staff to act as agents of change by giving them equal and free hands to operate. This will increase the level of innovativeness and productivity.

Keywords: Innovation Management, Development, Modern technology and Chi-Square analysis.

1. Introduction

In the present day environment, there is the added pressure to be more socially and environmentally responsible and there are risks which need to be mitigated and managed before an organization can be succeeded and remain market leader in their operations. The survival of any organisation depends on the ability of such organisation to manage and build in the concept of innovations. Many firms had, in the past, done exploits but, out of their negligence to change that occurred in their environment make them existence no more.

Companies that have established themselves as technical and market leaders and shown ability to develop successful new product and properly manage change.(Oloyede,B.2002).In virtually every industry from aerospace to pharmaceutical and from banking to computer, the dominant companies had demonstrated an ability to innovate.

Even, a brief analysis of economic history, especially in Nigeria, will show that industrial technology innovation has led to substantial economic benefit for the innovating company and the innovating country. Indeed, the industrial revolution of the nineteenth century was fuelled by technology innovation. Technological innovation has also be an important component in the progress of human societies.

The ability of a firm to manage innovation and absorb change will determine the extent such firm will go in the industry and an economy. Innovation to be managed include: organisation innovation, management innovation, commercial/marketing innovation and service innovation. (Pearson, A.1991).

Any organization that will successfully manage its innovations and change, satisfy the demand of its customers, want to achieve survival and, set itself as a leader of its industry must have its management skills and horizons broadened.

In order to shed more light and proper solution to problems associate with the management of innovation and change.

2. Literature Review

There are many argument and debates in virtually all field of management, it seems that this is particular the case in innovative management. Very often these centre on semantic. Innovation itself has a broad concept that can be understood in a variety of ways.

“Innovation is the management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of new (or improved) product or manufacturing process or equipment” (Trott 1998). He furthered his explanation with simple equation that shows the relationship between the two terms: $\text{Innovation} = \text{theoretical conception} + \text{technical invention} + \text{commercial exploitation}$

3. Models of innovation

Traditional argument about innovation have centered on two schools of thought. On the one hand. The social deterministic school argued that innovation were the result of a combination of external social factors and influences, such as demographic change, economic influences and cultural changes. The argument was that when the conditions were right innovations would occur. On the other hand the individualistic school argued that innovations were the result of unique individual talents and such innovators are born, closely linked to the individualistic theory is the important role, played by serendipity.

3.1. Linear Model.

The recognition that innovation occurs through the interaction of the science base (dominated by industry) and the need of the market was a significant step forward. The explanation of the interaction of these activities from the basis of models of innovation today.

There is a great deal of debate and disagreement about precisely what activities influence innovation and more importantly, the internal processes that affect a company's ability to innovate.

There are two basic variations of this model for product innovation. First and most crudely, there is the technology driven model (often referred to as 'technology push') where it is assumed that scientists make unexpected discoveries, technologist apply them to develop product idea and engineers and designers turn them to prototype for testing. It is left for manufacturing to devise way of producing the product efficiently. And also, marketing and sales will promote the product to the potential consumer.

3.2. Simultaneous Coupling Model

Whether innovations are stimulated by technology, customer need, manufacturing or a host of other factors, including competition, misses the point. The model above concentrate on

what is driving the down stream effort rather than on how innovation occur (Galbraith, 1982). The simultaneous coupling model suggests that it is the result of the knowledge within all three functions that will foster innovation.

3.3. Interaction Model

The interactive model further idea by linking together technology – push and market – pull models. It emphasizes that innovations occur as the result of the interaction of the market place, the science base and the organisation’s capabilities. Like the coupling model, there is no explicit starting point. The use of information flows is used to explain how innovation transpires and that they can arise from a wide variety of points.

This model is a more comprehensive representation of the innovation process. It can be regarded as logically sequential, though not necessary continuous, process that can be divided into a series of functionally distinct but interacting and inter-dependent stages according to Rothwell and Zegveld (1985).

3.4. A framework for the management of innovation.

Industrial innovation and organisation development have to be taken seriously, for it determines the growth and future of an organisation. Innovation is extremely complex and involves the effective management of a variety of different activities. It is precisely how the process is managed that need to be examined.

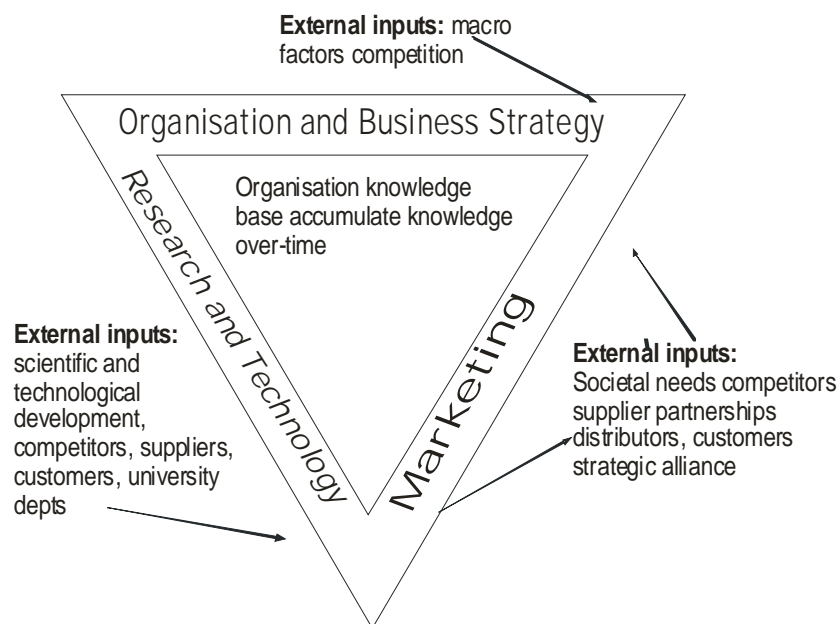


Figure 1. Innovation management framework diagram

Source: Trott, P. (1998) Innovation Management and new product development.

ORGANISATIONAL CHARACTERISTICS THAT

- Organisational requirement
 (i) Growth orientation
 (ii) Vigilance

FACILITATE THE INNOVATION PROCESS

Characterised by
 A commitment to long – term growth rather than short-term profit.
 The ability of the organisation to be aware of its threats and opportunities.

- | | |
|---------------------------------|--|
| (iii) Commitment to technology | The wiliness to invest in the long-term development of technology. |
| (iv) Acceptance of risks | The willingness to include risky opportunity in a balanced portfolio. |
| (v) Gross function co-operation | Mutual respect among individual and willingness to work together across functions. |
| (vi) Receptivity | The ability to be aware of to identify of external development technology. |
| (vii) Slack | An ability to manage the innovation dilemma and provide room for creativity. |
| (viii) Adaptability | A readiness to accept change |
| (ix) Diverse range of skills | A combination of specialization and diversity of knowledge and skills. |

4. Methodology

Primary source of data collection was adopted, one hundred questionnaires were distributed but only eighty were successfully returned. Chi-square was used to test the hypotheses.

5. Results from testing of hypotheses

Decision Rule

- At 5% level of significance, reject H_0 if $X^2_c > x^2_t$
 - At 5% level of significance, accept H_0 if $x^2_C < x^2_t$
- Where x^2_c = table calculated
 X^2_t = table tabulated

H_0 : Organisation with innovation management policy will not outplay other competitors in the industry.

H_1 : Organisation with innovation management policy will outplay other competitors in the industry.

Note: Sd=Stronglydisagreed, D=Disagreed, A=Stronglyagreed, A=Agreed, U=Undecided, Df=Degree of freedom, X^2_{cal} =Chis-Square Calculated, X^2_{tab} = Chis-Square table.

| Questions | Sd | D | U | A | SA | df | X^2_{cal} | X^2_{tab} |
|---|----|----|---|----|----|----|-------------|-------------|
| Organization with innovation management policy will outplay other competitors in the industry | - | - | 4 | 40 | 36 | 2 | 29.200 | 5.99 |
| Innovativeness of an organisation has nothing to do with its sales turn over | 30 | 34 | 5 | 8 | 3 | 4 | 54.625 | 9.49 |
| Customers will appreciate innovative and quality services | - | - | 3 | 16 | 61 | 2 | 69.125 | 5.99 |
| A company profitability is a product of its innovativeness | | | | | | | | |
| | | | | | | | 246.425 | 30.96 |

Source: Computer iteration process 2010.

$X^2_{cal} = 246.425$

$X^2_{tab} = 30.96$

Therefore, reject H_0 since the table calculated is greater than the table tabulated at 5% level of significance. H_1 is accepted. This indicate that “Organisation with innovation management policy will outplay other competitors in the industry.

H_0 : Organisation that is able to introduce new innovation and manage change will not retain market share and gain customers’ trust

H_1 : Organisation that is able to introduce new innovation and manage change will retain market share and gain customers’ trust.

| Questions | SD | D | U | A | SA | df | X^2_{cal} | X^2_{tab} |
|--|----|---|---|----|----|----|-------------|-------------|
| Organisation that is able to introduce new innovation and manage change will retain market share | 1 | 3 | 1 | 42 | 33 | 4 | 99.000 | 9.49 |
| Average customer will want to bank with innovative bank | - | 2 | 8 | 31 | 39 | 3 | 47.500 | 7.81 |
| Product development has a positive effect on a firm’s ability to retain market share | - | 2 | 7 | 38 | 33 | 3 | 49.300 | 7.81 |
| Innovation and acquisition of modern technology will bring and increase confidence in a particular company | - | - | 3 | 47 | 30 | 2 | 36.925 | 5.99 |
| | | | | | | | 232.725 | 31.10 |

Source: Computer iteration 2010.
 $X^2_{cal} = 232.725$
 $X^2_{tab} = 31.10$

Therefore, reject H_0 since the table calculated is greater than the table tabulated at 5% level of significance, H_1 is accepted. This indicates that “organisation that is able to introduce new innovation and manage change will retain market share and gain customers trust”.

6. Findings

The finding revealed that change is inevitable then any organisation that has profit maximization and going concern as its primary objectives must have ability to innovate and adapt quickly to change that occurs in its industry and environment. Ability to innovate and manage the existing products and services will improve and build the image of a company, not only improving the image of the company but it will also enhance healthy competition amongst the firms in the industry.

The research study has revealed the existing relationship between innovation and sales turnover to be positive, because average customer will appreciate innovative and quality products and services. The more innovative a company is the more sales turnover realized. Also, innovation and acquisition of modern technology will not only reduce stress but will bring and increase confidence in a particular company.

In testing hypothesis 1, where we have the calculated value of chi-square 246.425 greater than the table value of 30.96 to accept that organisation with innovation management policy will outplay other competitors in the industry. Also, testing hypothesis II, the calculated value of chi-square 232.725 is greater than the table value of 31.10 to conclude that organisation that is able to introduce new innovation and manage change will retain market share and gain customers’ trust”.

7. Conclusion

It can be deduced that innovation management is very important for organization development. For any industries to achieve the objectives of its establishment, such organisation must be able to imbibe with concept of innovation. It is true that acquisition of modern technology will help an organisation to boost its productivity and hence help in retaining its market share. Also, any organization that desire to mount or maintain leadership position in the industry must be able to respond and adapt to change that occur in the industry and the market environment.

8. Recommendations

Having critically looked at the findings, these set of recommendations will be useful for service and manufacturing companies.

- (1) They should maintain a continuous and effective research and development, and allow all its staff to act as agents of change by giving them equal and free hands to operate. This will increase the level of innovativeness and productivity.
- (2) Organisation should be strictly adherence to innovation management policy to achieve their vision. Since it has been revealed that a company's profitability is a measure of its innovativeness.
- (3) Organisation should create conducive environment and social responsibilities as one their objectives.
- (4) The researcher recommends that all firms in the industry should give acquisition of modern technology a priority so as to improve their operation. It is revealed that an average customer will like to bank with innovative banks. If any company wants to achieve the purpose of its establishment it must be updated on technology and innovation.
- (5) The researcher recommends that all firms in the industry should form alliance and embark on R and D that will help improve and widen their operation in the industry.
- (6) The researcher recommends that all firms in all industries should improve the level of their innovativeness so as to improve operation and efficiency and thereby improve the economy.
- (7) Finally, government should provide conducive and enabling environment for these organizations by providing them with basic amenities and infrastructural facilities that will support their operation and enhance high productivity.

References

1. Abosede et. al (2000) Research methodology, 1st Ed. Lagos, Mixon Publishers Ltd.
2. Brassington and Pettitt (1997) Principles of Marketing, Financial Times, London Pitman Publishing,
3. Crowford, M. (1997) New Product Management, 5th ed., Irwin, Chicago.
4. Fakokunde T. (2006) Basic Research method in Business and Management, Osogbo, chinard dimension.
5. Faloye, D. (2004) "Statistic for Business and the Social Sciences", Akure, Millennium Publisher.
6. Galbraith, J . (1982) 'Designing the innovation organisation', organisation dynamics, winter 3 – 24.
7. Hippel, E (1988) The source of innovation, New York Oxford University Press,.

8. Myers, S and Marquis, D. (1969) 'Successful industrial innovation: a study of factors underlying innovation in selected firm' National Science Foundation, NFS 69 – 17, Washington.
9. Oloyede, B. (2002) Research Method in Finance. Yaba. Forth Right Education
10. Pearson, A. (1991) 'Managing uncertainty: an uncertainty reduction process' in managing innovation, Sage/Ou Press, Chapter 2, 18 – 19.
11. Philip, K. (1997) Marketing Management, Prentice – Hall, England Cliff, N.J.
12. Rothwell and Zegveld (1985) Reindustrialization and Technology, London Longman, . .
13. Trott, P. (1990) Innovation Management and New Product Development, Great Britain, Ashford colour press.