
Barriers to innovation in Small and Medium Scale Enterprises in South Western part of Nigeria

Faloye Olaleye Dotun

Department of Business Administration,
Adekunle Ajasin University, Ondo State, Nigeria

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Abstract

Small and Medium Scale Enterprises (SMEs) are not yet sufficiently equipped to contribute significantly to economic development of developing countries particularly, Nigeria, when compared with their counterparts in developed and emerging economies. Many initiatives have been proposed to improve the competitiveness of developing countries' SMEs, among these, through the enhancement of the capabilities for innovation. This paper explores the barriers to innovation in the Nigeria SMEs. The data used in the research was derived from the study of 250 randomly selected manufacturing SMEs. The data were collected using questionnaire and face-to-face interviews with 25 SME Owners/Managers. The data collected were analyzed using appropriate descriptive statistics and inferential techniques. The study identified the major barriers to innovation in Nigeria SMEs to include inadequate financial means to conduct research on new innovation, lack of motivation for new innovation, inadequate research and development facilities within the firm, lack of government assistance, and lack of opportunities for cooperation with other firms and research institutions. The paper concluded that investments in research and development, the number of external partners for cooperation, the industry growth rate, the personality characteristics diversity of the management team, and type of education of the CEO are the major factors that may enhance and promote innovative capacity of SMEs in Nigeria.
