

Antecedents and outcome of innovative practices among small and medium enterprise service firms in Botswana

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ABSTRACT

This study investigates the antecedents and outcomes of innovative practices among small and medium enterprise (SME) service firms in Gaborone, Botswana. The study adopted a quantitative approach and descriptive research design. Data were collected from 77 SME service firms' owner managers and managers using convenience sampling strategy, since the sampling frame was unknown. Data were analysed using SPSS version 26.0. Correlation analysis was performed to test the hypotheses and the results indicated that strategy orientation is significantly and positively related to innovation practices, while organisational culture, management orientation, technology orientation, and market orientation are not significantly and positively related to innovation practices. Innovative practices are not significantly and positively related to the performance of SMEs. The study recommends that SME owner managers in service firms be trained on the

benefits of innovation in their firms. In addition, the SME service firms should replace the passive approach to innovation with more proactive approaches. The study is limited in terms of generalisability since the research was carried out in the SME service sector of Botswana and results may not be generalised to other sectors. Future research could consider other antecedents to innovation besides the five studied in this empirical study.

Keywords: Innovative practices, Innovative management, Small and Medium Enterprises, Organisational performance

INTRODUCTION

Innovation is the use of new solutions to satisfy current or new customers and markets (Wang, Zhao & Voss, 2016). As such, economic growth has been attributed largely to innovation, which provides solutions for fundamental socio-economic challenges bedeviling a country. The survival of an organisation and the creation of a competitive advantage hinges upon the development and sustenance of innovative practices in organisations (Al-Ansari, 2014). This is attained because innovation, a market-driven activity, attracts new customers and builds customer equity (Brem & Viardot, 2015). Furthermore, Ostrom, Parasuraman, Bowen, Patrício and Voss (2015) pointed to service innovation as a research priority in the field of services, which is why this study focuses on small and medium enterprise (SME) service firms. Benhayoun, Le Dain, Dominguez-Péry and Lyons (2020), among other researchers, have also identified that service innovations are required to fuel economic growth. Organisations that make innovation a part of their core strategy and corporate identity attain competitive advantage and increase the welfare levels of their stakeholders (Brem & Viardot, 2015). The last decades of the 20th century witnessed an increase in innovation and growth of the service sector compared to the manufacturing and agricultural sectors. The service sector has been confirmed as contributing 70-80% of the gross domestic product (GDP) in developed economies and a slightly lower contribution in emerging economies.

SMEs, on the other hand, have been researched as companies that continuously emerge with innovative products and services. Most of these companies, especially in developed economies, have survived and prospered through new product and service offerings because of innovation, confirming that SMEs coming up with innovative and new products/services are likely to extend their longevity in business. However, the implementation of innovations that become successful is a major constraint for SMEs in developing countries like Botswana, as most do not possess the means and knowledge to invest in research and development (R&D) activities. Moreover, many SMEs are limited in transforming R&D ideas into reality – that is, innovative products and services (Laforet, 2009). The risks, costs, and timescales of innovation often work against an organisation's financial objectives, managerial incentives, and operational routines. However, despite these difficulties, innovation is the most stimulating and rewarding of all organisational activities, as established in extant literature (Dodgson, Gann & Phillips, 2014).

Westland (2017:32) argued that “Innovations themselves are either products or services or mixes of the two”. He added that for these innovations to thrive and survive, it is important for organisations to understand their customers' demand, communication and distribution channels and capabilities. The kind of thinking involved in innovation requires organisations to develop unique ways of offering superior value to customers through the creation of successful brands

(Brem & Viardot, 2015). Furthermore, Moohammad, Aini and Kamal (2014) posited that SMEs “may become more innovative because of their greater flexibility and younger and more growth-oriented personnel”. However, the SMEs are not necessarily more innovative than other organisations and many, especially those in the conventional service sector, are not innovative. Manhães and Dávila (2016) echoed the same sentiment, arguing that innovation in SMEs is a huge challenge to implement due to the existence of numerous barriers, such as a lack of finance and in-house expertise.

Problem Investigated

The service sector has evolved rapidly into a major hub of economic activity and development in many countries, including Botswana, as services contribute to employment and economic growth. Innovation has been identified as one of the major drivers of development and growth. As such, innovation in service firms has received attention from policymakers in Botswana, as in many other countries. Botswana is one of the countries in Southern Africa that has recognised the importance of innovation to an organisation in confronting the contemporary problems associated with the turbulent global environments and the ever-changing technological and demographic variables, while offering superb services to different stakeholders. The creation of the Botswana Innovation Hub (BIH) in 2008 bears testimony to Botswana’s commitment to upholding innovative practices.

Limited research investigates and confirms the role of the antecedents of innovative practices among SME service firms mostly in developing economies like Botswana. As an African country, Botswana is affected further, as few African entrepreneurs are innovative. A lack of innovative practices has been confirmed in markets that are small and not fully functional or exhibit some operational weaknesses (Szirmai, Naudé & Goedhuys, 2014). As such, any organisation’s ability to succeed and survive relies on its capability of generating new knowledge that enhances innovation competencies (Gupta & Trusko, 2014).

Research Objectives

This study aimed to provide insights into innovation’s impact on the performance of SME service firms in Botswana. Specifically, the main question that the research sought to address was: *What is the impact of the antecedents of innovation on SME service firms’ innovative practices in Botswana?* In support of the main research question, the secondary research objectives for the study are:

- To examine the effect of SME service firms’ innovative practices on firm performance.

- To investigate the challenges associated with the implementation of the antecedents of innovative practices in SME service firms in Botswana in enhancing performance.

The study's literature regarding the antecedents of innovation in SME service firms is presented next, as well as the theories underpinning the study. Thereafter, the research methods for the study are dissected, followed by the discussion of findings, managerial implications, and limitations for the study, with concluding remarks then being made.

LITERATURE REVIEW

Organisations have no choice but to innovate and for this to succeed, management must create an environment that enhances innovation (De Jager, Muller & Roodt, 2013) and such creativity and innovation processes must result in commercialised, innovative products/services. De Jager et al. (2013) further postulated that innovation is a process with characteristics that allow individuals in any organisation to assume the role of entrepreneur who blend methodologies that bring about change that can be implemented for commercial gain or attempts to create wealth.

Theories underpinning the study

The innovation theory is associated mainly with Joseph Schumpeter (1934, 1939, 1943), who developed his theories during the economic depression of the 1930s and 1940s, when a tradition of innovation economics was initiated. Sundbo (1998) presented three basic innovation theories proposing different factors, referred to as determinants, that lead to innovation. The three theories are classified as: the technology-economics paradigm that proposes technological development is the determinant to innovations; the entrepreneur paradigm, which proposes that an individual entrepreneur is the determinant for innovations; and the strategic paradigm, proposing that an organisation's top management and their strategy are the innovation determinant.

The strategic paradigm includes factors or determinants from the other two theories as part of the top management's strategy. This strategic paradigm refers to strategic innovation and, as postulated by Afuah (2009), "a game-changing innovation in products/services, business models, business processes, and/or positioning vis-a-vis competitors to improve performance". This indicates that the strategic paradigm is at the centre of business development research. Furthermore, Afuah (2009) posited that strategic innovation became a major theme from the late 1990s. This is coupled with globalisation, the developments in information and communication technology, and how these aspects add value to organisational activities. The strategic paradigm is the soundest explanation of innovation in today's organisations because the conditions for organisational innovativeness support strategic innovation tendencies. To attain a competitive

advantage, an organisation should craft a strategy that is innovative in nature, resulting in change and the creation of value. Therefore, this study is built on the theoretical framework of the strategic paradigm. Sengupta (2014) supported the adoption of the strategic paradigm, arguing that the strategic paradigm, as with the other paradigms, establishes the commercial functions of innovation through value generation, which often results in low costs and an increase in the demand for the product.

This study is based on five of the determinants or antecedents of innovation capability that are also considered to be strategic in nature: strategy orientation, management orientation, organisational culture, technology orientation, and market orientation. Abidin, Mokhtar and Yusoff (2011) argued that these elements influence an organisation's innovation practices and consequently its performance. Therefore, the abovementioned elements should be reviewed critically, and their role assessed in successfully developing innovative capabilities among the SME service firms in enhancing firm success through the adoption of innovative practices in Botswana firms.

THEORETICAL MODEL DEVELOPMENT

Relationship between strategy orientation and innovation practices

Strategic orientations are defined as the actions that organisations undertake to satisfy the demands of the market, competition, and buyers. It involves an organisation responding with its resources and competitive capabilities to all opportunities for providing new processes and products/services (Neto, Muñoz-Gallego, Souza, Pedrinho, Favero & Von Mühlen, 2016). Consequently, strategic orientations are aspects of corporate culture that focus resources for innovative practices. These innovative practices lead to the development, production, and marketing and commercialisation of new or existing products and services that are valuable to customers and offer positive returns on investments for firms. (Moohammad *et al.*, 2014). Therefore, innovation works effectively with strategies and enables organisations to survive and grow in turbulent business environments and dynamic markets (Jiménez-Jiménez & Sanz-Valle, 2011). The strategic orientation allows for interventions in an organisation's management model, transforming the administration and management processes. This results in the reflection of the competitive and creative actions that the organisation undertakes to attain a prominent position in relation to competitors. These actions lead to the intentional establishment of new businesses (Neto *et al.*, 2016). Neto *et al.* (2016) argued that since the innovation process in SME service firms possesses challenges, the adoption of strategic orientation becomes vital for the development of capabilities for responding with agility and flexibility to these challenges. Therefore, strategic orientations play an important role in attaining good performance in a dynamic and competitive environment (Fernandes & Solimun,

2017). Strategies create a co-alignment with the external context within an organisation's area of operation, which has a great impact on the strategic behaviour of an organisation in terms of its innovative practices. Based on the discussion above, it can be hypothesised that:

H1: Strategy orientation is significantly and positively related to innovation practices.

Relationship between organisational culture and innovation practices

Organisational culture unifies an organisation's innovation capabilities into a cohesive whole (Grawe, Chen & Daugherty, 2009), with the relationship between innovation practices and organisational culture having been researched widely (Moohammad *et al.*, 2014). Empirical evidence shows that organisational culture is reinforced through the sharing of information and intelligence among employees, driven by the strategic orientation of the organisation. Therefore, organisational culture is one of the most important sources that can create and enhance the adoption of an innovative environment. Despite the importance of the culture-innovation relationship, there are limited studies on this area (Yesil & Kaya, 2012). Considering the above, it could be argued that organisational culture affects both individual- and organisational-related processes and outcomes, while it is impacted by leadership, sector, and technology.

Organisational culture influences different outcomes related to employees and organisations. Organisational culture affects employee behaviour, learning and development, knowledge management, creativity and innovation, and consequently organisational performance (Yesil & Kaya, 2012). In addition, Yesil and Kaya (2012) argued that culture acts as a primary antecedent of innovation. This means that organisational culture is at the heart of organisational innovation and, as such, successful organisations are those with the capacity to absorb innovation into the organisational culture and management processes (Nham, Pham & Nguyen, 2014). The discussion above leads to the following hypothesis:

H2: Organisational culture is significantly and positively related to innovation practices.

Relationship between management orientation and innovation practices

The top management of an organisation has the key role of encouraging innovation activities as a factor of competitiveness and differentiation and a survival mechanism. Top management needs to display commitment and support to overcome resistance from individuals challenging the innovation process (Mortara & Minshall, 2011). Researchers confirm that organisations, through top management support, can enhance their innovation capabilities in various ways (Wang & Dass, 2017). Furthermore, Wang and Dass (2017) posited that investing in R&D is fundamental to innovation. It has been suggested that firms should obtain knowledge from a variety of

stakeholders, while Arnett and Wittmann (2014) recommended that knowledge sharing within organisations be encouraged. Therefore, top management plays a significant and vital role in organisational innovation (O’Cass & Sok, 2013). In view of the preceding information, it is hypothesised that:

H3: Management orientation is significantly and positively related to innovation practices.

Relationship between technology orientation and innovation practices

New technologies give rise to the emergence of innovation, which is based on the firm’s investments in technology and the subsequent introduction of new products and services (Wang *et al.*, 2016). Technology endows organisations with capabilities, which are a vital asset embedded in an organisation’s product. Thus, technological orientation is a driving force of an organisation’s innovation and a source of its long-term competitive advantage (Wang *et al.*, 2016). To respond to changing customer needs and requirements, organisations need to use new technologies for their innovative practices to make improvements to existing products and to create new or superior products that satisfy unmet customer needs. As argued by Wang *et al.* (2016), this increases the value for customers and reduces the organisation’s cost structure. In view of the foregoing, organisations need environments without high technological turbulence for innovation to be successful. Based on empirical evidence, it is hypothesised that:

H4: Technology orientation is significantly and positively related to innovation practices.

Relationship between market orientation and innovation practices

Market orientation is a solid business strategy that aims to improve efficiency and effectiveness, as it explores how organisations can acquire, maintain, and sustain competitive advantages (Kumar, Jones, Venkatesan & Leone, 2011). Extant literature confirms the existence of a positive correlation between market orientation and improvement in the performance of a firm (Laforet, 2009). Although there are substantial studies on the positive relation between market orientation and organisational performance, other research suggests that the effect of market orientation on organisational performance is not direct, but instead mediated through innovation (Wang & Chung, 2013). Therefore, market orientation is a means to integrate an organisation’s strategy towards the innovations in their processes and products (Neto *et al.*, 2016).

Recently, researchers have examined the extent to which a firm’s innovation strategies are influenced by market orientation (Liu, 2013; Nasution, Mavondo, Matanda & Ndubisi, 2011). Liu (2013) further postulated that higher levels of innovation are experienced because of motivation orientation. This is attained by focusing on two key dimensions of market orientation, namely

customer and competitor orientation. Some researchers have even suggested that customer orientation plays a more significant role in the innovation activities of service organisations than of the tangible product firms (Wang *et al.*, 2016). Through customer and competitor orientation, organisations learn from their customers and competitors to engage in innovation processes that lead to the investment of new capabilities, enhanced by the norms created by market orientation (Newman, Prajogo & Atherton, 2016). Hence, market orientation influences the innovation strategies that organisations adopt and positively impacts innovation and performance measures (Newman *et al.*, 2016). In view of the above, the following is hypothesised:

H5: Market orientation is significantly and positively related to innovation practices.

Relationship between innovation practices and organisational performance

Organisations face multifaceted problems in their quest to come up with innovative strategies geared towards sustainable competitive advantage, while justifying the economic and financial pay-off from such strategies (Maletič, Maletič, Dahlgard, Dahlgard-Park & Gomišček, 2014). However, empirical evidence suggests that the development of competencies promoting innovative practices should be the basis of competitive advantage. Maletič *et al.* (2014) further posited that the development and nurturing of these competencies enable firms to offer services and products that are valuable to customers and adapt rapidly to the ever-changing business environment.

Innovative practices enable the crafting of a product development strategy that is sustainable for the firm (Hallstedt, Thompson & Lindahl, 2013) and can be linked to the improvement of the firm's performance. An organisation's performance can be based on both non-financial and financial measures/parameters. The aspects of performance include financial performance, business performance, and overall effectiveness of the organisation (Maletič *et al.*, 2014), which enable organisations to achieve competitive advantage. Therefore, innovation practices are necessary for organisations, as they respond to constantly changing consumer demands and fierce competition. The firm's competitive advantage can only be realised through the implementation of innovative practices, which results in the organisation achieving superior performance (Mothe, Nguyen-Thi & Nguyen-Van, 2015). Hence, it is critical to empirically observe the innovation practices that SMEs normally implement to attain superior organisational performance. These practices shape strategy and dynamic capabilities, which lead to the emergence of superior organisational performance. As such, the following hypothesis is proposed:

H6: Innovative practices are significantly and positively related to the performance of small firms.

The conceptual model for the study is shown in Figure 1.

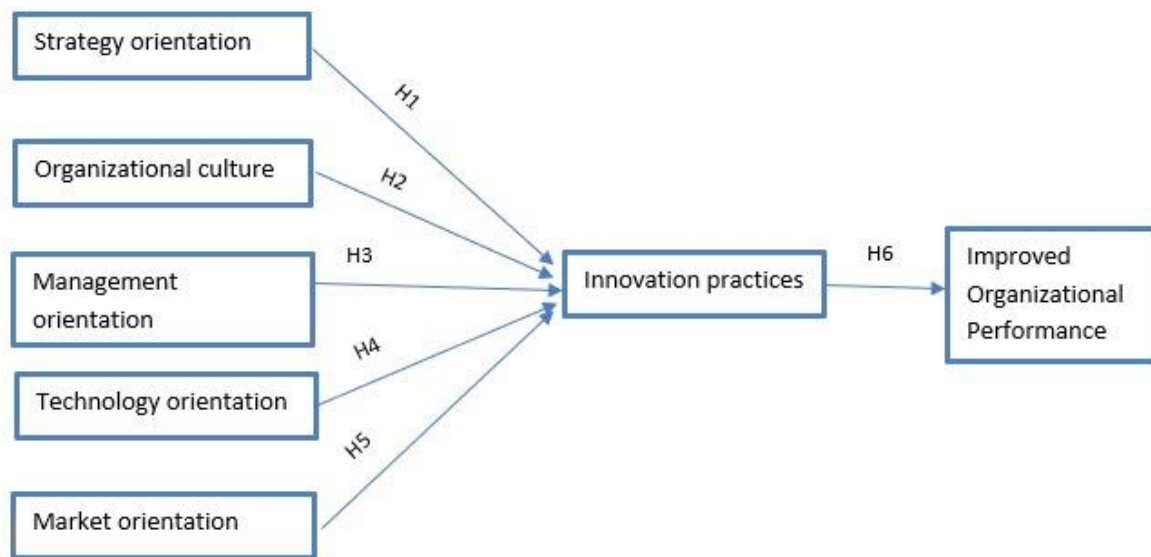


Figure 1: Antecedents and outcomes of innovation

Source: Researchers' construction

RESEARCH METHODOLOGY

This study adopted a quantitative approach and descriptive research design. Data were collected from 77 SME service firms' owner managers and managers in Gaborone, the capital city of Botswana, during a two-month period before the advent of COVID-19 in January 2020. The SME owner managers and managers were deemed suitable for data collection because they make critical decisions regarding strategy and innovations, since the study is also based on the strategic paradigm. Considering the sampling frame is unknown, a non-probability sampling technique, convenience sampling method was employed in the study. As part of the screening process, the questionnaire started with an introduction and a screening question to ensure that potential respondents were part of the selected target population. In this regard, the screening question required confirmation of whether the respondent was the owner manager or manager of the SME service firm. If the respondent was not part of the target population, his/her participation in the study was discontinued. The questionnaire comprised sections enquiring about respondents' demographics and the sub-constructs of strategy orientation, market orientation, technology orientation, organisational culture, and management orientation.

Furthermore, a five-point Likert scale response format was used in data gathering, based on the following scale: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. In addition, scale items were subjected to reliability and validity to explain the robustness of the

psychometric nomenclature of the scale items. The validity of the scale items was tested using Cronbach's alpha, Kaiser-Meyer-Olkin (KMO) and average variance estimates (AVE), which all meet the minimum threshold as established in extant literature. The coefficients for α for all seven constructs were greater than the recommended lowest level of 0.7 (Field, 2009; Nunnally, 1978), ranging between 0.734 and 0.876. The values of AVE were larger than the minimum recommended point of 0.5 (Fornell & Larcker, 1981). All the KMOs showed acceptable levels above 0.4, as provided by Hair, Black, Babin and Anderson (2010). Table 1 shows the results of reliability and validity of scale items. Data were cleaned and entered into SPSS version 26.0. Descriptive statistics were established to explore the antecedents and consequences of innovation practices on organisational performance in SME service firms.

Table 1: Reliability and validity scale items

	Cronbach's alpha	KMO	AVE	Mean values	Communalities
Strategy orientation	0.876	0.721	0.814	2.83-3.21	0.68-0.89
Organisational culture	0.745	0.657	0.816	2.65-3.41	0.72-0.86
Management orientation	0.865	0.763	0.678	2.67-3.52	0.73-0.84
Technology orientation	0.817	0.638	0.733	2.68-3.82	0.61-0.74
Market orientation	0.756	0.649	0.774	2.97-3.57	0.76-0.89
Innovative practices	0.734	0.723	0.731	2.94-3.26	0.68-0.83
Improved organisational performance	0.831	0.689	0.812	2.87-3.31	0.74-0.87

RESULTS AND FINDINGS

Demographic profile of respondents

Majority of the respondents (57.1%) were females occupying mostly the position of owner manager, which indicates that the SME service sector is dominated by women owner managers, while the remainder were males. In addition, 57.2% of the respondents had worked in the SMEs for five years, which is good enough to give their views and opinions on the antecedents and consequences of innovation practices in their respective firms. In terms of employee numbers, 55.7% of the SMEs had seven to 24 employees, confirming that the SME service sector in Botswana is dominated by small enterprises.

Discussion of Results

A Pearson correlation analysis was performed to test the six hypotheses. Table 2 presents the correlations between innovation or innovative practices (INNTT) and the factors of management and market orientation (MOTT), strategy orientation (SOTT), organisational culture (OCTT), and technology orientation (TOTT).

Table 2: Association between innovative practices and antecedents

		INNTT	MOTT	SOTT	OCTT	TOTT
INNOTT	Pearson correlation	1	-0.148	0.306**	0.133	0.054
	Sig. (2-tailed)		0.200	0.007	0.250	0.640
	N	77	77	77	77	77
MOTT	Pearson correlation	-0.148	1	0.034	-0.604**	0.000
	Sig. (2-tailed)	0.200		0.769	0.000	1.000
	N	77	77	77	77	77
SOTT	Pearson correlation	0.306**	0.034	1	0.550**	0.225*
	Sig. (2-tailed)	0.007	0.769		0.000	0.049
	N	77	77	77	77	77
OCTT	Pearson correlation	0.133	-0.604**	0.550**	1	-0.204
	Sig. (2-tailed)	0.250	0.000	0.000		0.075
	N	77	77	77	77	77
TOTT	Pearson correlation	0.054	0.000	0.225*	-0.204	1
	Sig. (2-tailed)	0.640	1.000	0.049	0.075	
	N	77	77	77	77	77

Note: **Correlation is significant at the 0.01 level (2-tailed).

Management orientation has no significant bearing on innovation as they are negatively associated ($r = -0.148$, $P < 0.01$). It was found that management in SME service firms does not consider innovation as part of their strategic goals in adopting new high-risk innovation initiatives, programmes, and opportunities. This prevailing situation works against the development of innovative capabilities among the SME service firms in Botswana, thereby negatively affecting their competitiveness and sustainability. This finding is in contrast with those of Song, Wei and Wang (2015), where the management of any organisation has the key role of encouraging innovation activities as a factor of competitiveness and differentiation as well as a survival mechanism. Furthermore, other researchers have found out that organisations, through top management support, can enhance their innovation capabilities in numerous ways (Wang & Dass, 2017). Therefore, the hypothesis suggesting that management orientation is significantly and positively related to innovation practices ($H3$) is rejected.

The correlation between innovation and market orientation could not be established, as SPSS did not pick the market orientation variable from the responses in the collected data. This indicates a

lack of market orientation or implementation of the market concept in the strategic approach of the SME service firms in Botswana, which negatively affects innovation practices. According to Neto *et al.* (2016), market orientation as a strategic process collects information on the interests, needs, and desires of existing and prospective customers. In view of this finding, the sampled organisations do not have proactive dialogues and mutual relationships with customers. This means that these organisations are not geared towards a quality customer service culture and, consequently, do not respond immediately to customer needs, in view of the competitive pressures. It must be stated that the lack of market orientation is detrimental to the SME service firms' ability to successfully implement innovative practices. As such, the hypothesis that market orientation is significantly and positively related to innovation practices (*H5*) is rejected.

Strategy orientation has a significantly positive bearing on innovation ($r = 0.306^{**}$, $P < 0.01$). The sampled SME service firms indicated that they consider different views and opinions within or outside the firm. Furthermore, they frequently and strategically improve internal processes, such as the speed of offering products and services and the management of information within their firms. This is possible because strategic orientation is an aspect of corporate culture that focuses resources for innovative practices. As per Moohammad *et al.* (2014), these innovative practices lead to the design, development, and production of new or improved products, processes, and services. According to Roxas, Battisti and Deakins (2014), this is the key to organisational sustainability. Consequently, the hypothesis that suggested that strategy orientation is significantly and positively related to innovation practices (*H1*) is accepted.

However, organisational culture has no bearing on innovation among SME service firms in Botswana ($r = 0.133$, $P < 0.01$). This finding indicates that due to inflexible organisational structures, employees in these organisations do not go the extra mile in knowledge acquisition. In line with the above, there is also no sharing of important information on the successes and failures as well as a lack of customer feedback with all employees, which can serve as a basis for learning in the organisation. Moreover, SME service firms do not have a culture that inculcates the idea of creativity, innovation, and risk-taking in coming up with new products and services in organisations. According to Yesil and Kaya (2012), organisational culture affects employee behaviour, learning and development, knowledge management, creativity and innovation, and organisational performance. Yesil and Kaya (2012) added that culture is a primary antecedent of innovation, implying that organisational culture is the core of organisational innovation. The fact that the organisation's culture has no bearing on Botswana's SME service firms renders the hypothesis that suggested that organisational culture is significantly and positively related to innovation practices (*H2*) null and void.

Technological orientation has no bearing on innovation among the SME service firms in Botswana ($r = 0.054$, $P < 0.01$). It was found that these firms' policies and strategies do not include the adoption of up-to-date technology to position themselves ahead of competitors. Innovation creates value for customers, which results in profit-driven organisations. This finding further indicates that SME service firms in Botswana are faced with challenges of responding to the dynamic technology environment due to insufficient budgets. As a result, the hypothesis that stated that technology orientation is significantly and positively related to innovation practices ($H4$) is rejected.

With respect to innovative practices and the business growth performance among SME service organisations in Botswana, Table 3 shows that innovative practices are significantly and negatively associated with the business growth performance (BPFTT) of these SME firms ($r = -0.532^{**}$, $P < 0.01$). This means that the innovative practices in the SME service firms have no bearing on the growth in business performance and, as such, the hypothesis suggesting that innovative practices are significantly and positively related to the performance of small firms ($H6$) is rejected. However, this finding disconfirms literature. Hallstedt *et al.* (2013) postulated that innovative practices should enable the management of product development in sustainable ways and can be linked to improved organisational performance. Mothe *et al.* (2015) concurred that the performance effects are created through the implementation of practices that are innovative and geared towards the attainment of sustainable competitive advantage.

Table 3: Association between innovative practices and organisational performance

		Correlations	
		BPFTT	INNOTT
BPFTT	Pearson correlation	1	-0.532**
	Sig. (2-tailed)		0.000
	N	77	77
INNOTT	Pearson correlation	-0.532**	1
	Sig. (2-tailed)	0.000	
	N	77	77

Note: **Correlation is significant at the 0.01 level (2-tailed).

Table 4 below shows the summary of hypotheses testing.

Table 4: Summary of hypotheses testing

Hypothesis	Supported/Rejected
H1: Strategy orientation is significantly and positively related to innovation practices.	<i>Supported</i>
H2: Organisational culture is significantly and positively related to innovation practices.	<i>Rejected</i>
H3: Management orientation is significantly and positively related to innovation practices.	<i>Rejected</i>
H4: Technology orientation is significantly and positively related to innovation practices.	<i>Rejected</i>
H5: Market orientation is significantly and positively related to innovation practices.	<i>Rejected</i>
H6: Innovative practices are significantly and positively related to the performance of small firms.	<i>Rejected</i>

MANAGERIAL IMPLICATIONS

The managerial implications discussed below are based on the findings of the study.

Firstly, SME owner managers should be trained on the benefits of innovation in their SME service firms. Botswana's government has demonstrated the need for innovation practices among organisations in Botswana by setting up the BIH in 2008. The Government of Botswana is diversifying from a mineral-led economy (mainly diamonds) to a knowledge-based economy by 2036, as guided by the country's Vision 2036. This can only happen through an educated workforce that continues to improve its skills. Secondly, SME service firms in Botswana need to replace the passive approach to innovation with more proactive approaches. This will enable the provision of more diverse and innovative services to replace the existing stable range of services. These firms must target organic growth and establish plans on how to sustain the increasing growth rate. Thirdly, government agencies, including the Citizen Entrepreneurship Development Agency and Local Enterprise Authority, must evaluate the current government support being offered to SME service firms to generate guidelines that will successfully create an enabling business environment that is imperative for innovative practices to ensure improved business performance among these firms. Furthermore, academic institutions, especially tertiary institutions, must endeavour to come up with more visible collaborations with the SME service sector. This will give the firms access to R&D intelligence they cannot afford on their budgets. Finally, SME owner managers and managers in the service firms must, through transparent dialogue with employees, review the organisation's innovation capabilities and map out improvement plans. Management must demonstrate commitment and create emotional involvement within the whole organisation

to implement the antecedents of innovation in a synergistic manner that will drive growth in business performance.

CONCLUSIONS

This study confirmed that strategy orientation is significantly and positively related to innovation practices, while organisational culture, management orientation, technology orientation, and market orientation are not significantly and positively related to innovation practices. Innovative practices are not significantly and positively related to the performance of small firms.

Based on the findings in this study, it could be concluded that management orientation has had no significant bearing on innovation. The management in the SME service firms do not consider innovation as part of their strategic goals in adopting new high-risk innovation initiatives. However, findings in this study disconfirm literature where researchers confirm that organisations, through top management support, can enhance their innovation capabilities in a variety of ways (Wang & Dass, 2017), hence investing in R&D is fundamental to innovation.

Regarding market orientation, it can be concluded that there is a lack of market orientation in the strategic approach of the SME service firms in Botswana, which negatively affects innovation practices. Contrary to this finding, literature confirms that motivation orientation influences the innovation strategies that firms adopt and positively impacts firms' innovation and performance measures (Neto *et al.*, 2016; Newman *et al.*, 2016).

Furthermore, strategy orientation in this study was found to have a significantly positive bearing on the SME service firms that indicated they are open to adopting new and external ideas. This finding corroborates previous research that innovation works effectively with strategies that enhance the survival of these firms to grow in dynamic and turbulent business environments (Jiménez-Jiménez & Sanz-Valle, 2011; Neto *et al.*, 2016).

Concerning organisational culture, it can be concluded that SME service firms do not have a culture that inculcates creativity, innovation, and risk-taking in coming up with new ideas, following up on those ideas, and learning through experience. However, this disconfirms previous research, such as that of Yesil and Kaya (2012), who supported the fact that culture acts as a primary antecedent of innovation, implying that organisational culture is at the heart of organisational innovation.

Regarding technological orientation, it can be concluded that technological orientation has no influence on innovation among the SME service firms in Botswana, as these firms' policies and strategies do not include the adoption of current and robust technologies. Nevertheless, this

contradicts previous research, such as Wang *et al.* (2016), who argued that technological orientation is a driving force of an organisation's innovation and a source of its long-term competitive advantage. Lastly, it can be concluded that innovative practices had no bearing on SME service firm's performance. However, this is not corroborated in literature, since Hallstedt *et al.* (2013) averred that innovative practices aid the management of product development in sustainable ways, which may be linked to improved organisational performance.

Further research is proposed in other SME sectors, as this research was done mainly in the SME services sector to find out if there could be variation in terms of the innovative practices of such firms. Moreover, mixed-methods approaches are suggested in future research to corroborate the quantitative research findings, since qualitative studies are associated with rich quality data, which are generated normally through semi-structured interviews.

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