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The Effects of Innovation on the Entrepreneurial Performance of Family Businesses with Special Reference to Nyaradzo Group, Zimbabwe

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ABSTRACT

Family businesses are fast growing in earning consideration as key drivers of socio-economic development and entrepreneurial performance due to their multifaceted contributions to the economy. Despite the crucial role they play in the economy, family businesses face various challenges that stifle their potential and contribution to socio-economic development. In order to effectively contribute to economic development, family businesses need to establish and maintain their competitiveness. Innovation is widely acknowledged as one of the key factors in family businesses' entrepreneurial performance. This study therefore sought to establish the effects of innovation on firm's entrepreneurial performance focusing on family businesses. The main objective of the study is to investigate the effect of innovation on entrepreneurial performance of family businesses. The study is anchored on Schumpeter's theory of entrepreneurship and innovation; the theory of the innovative firm; and the resource-based theory. To realise the research objectives, a descriptive – explanatory research design with a survey strategy was employed. The target population for the study was the entire 850 members of the Nyaradzo Group including the organisation's management. A stratified probability sampling technique was used, and a sample size of 250 was adopted, this constituted at least 30% of the population. The main instrument for data collection was a semi-structured questionnaire administered to the target respondents. The SPSS tool was used to analyse quantitative data, whilst thematic approach was used to analyse qualitative data. The findings reveal that firm size had significant moderating effect on the innovation and entrepreneurial performance of family businesses. The study recommends that family businesses' practitioners should consider implementing innovations to enhance their competitiveness, especially innovations with higher novelty that are new to the market, industry, country or the world. To achieve this, family businesses need to form linkages and cooperate in innovation with knowledge generating institutions that provide new knowledge.

Key words: family businesses; entrepreneurial performance; innovation; economic development.

INTRODUCTION AND BACKGROUND

Innovation is seen as a critical component of any company's long-term success (Groth, 2014). Its importance is emphasised in family businesses, where innovation increases the possibility of long-term survival (Ahmad & others, 2020). According to Cucculelli and Peruzzi (2020) family involvement in ownership, management and governance may influence family business innovation. However, how this influence occurs and how family factors can affect the innovation process and its outcomes is still unclear, as investigations on this subject are not unanimous and have sometimes produced contradictory results. Norek (2014) posits that innovation is a process by which a domain, a product, or a service is renewed and brought up to date by applying new processes, introducing new techniques, or establishing successful ideas to create new value. On the other hand, Bernard (2013) asserts that family-owned businesses generate about 79% jobs and account for two-third of GDP in India.

Many authors (Rondi & others, 2019; Diaz-Moriana & others, 2020) have used a broad and inclusive definition of innovation (Calabro & others, 2018) in his research on family firms and innovation, considering that it can take many forms, all marked by an element of novelty (Koc & Bozdag, 2017), and is not limited to research and development and technological innovation. As a result, we define innovation as all actions that enable a firm to conceive, develop, produce, and introduce new goods, services, processes, or business models, in accordance with this viewpoint (Freeman, 2016 & Rondi, 2019). Despite family businesses being acknowledged as being potentially more innovative and better placed to innovate, most of these enterprises remain underperforming as compared to their larger counterparts. Whereas there is a lot of emphasis on firm innovation as a strategy for entrepreneurial performance based on the view that innovation positively impacts competitiveness, empirical studies linking innovation and entrepreneurial performance are very limited. Of the few available studies, the majority are based on firms in developed countries (Belderbos, Duvivier & Wynen, 2010; Garcia & Barcenas, 2012; Muathe & Dushime, 2021). Studies linking entrepreneurial performance to innovation in Zimbabwe are very scanty (Gotora, 2017). The few studies carried out are not conclusive enough and are limited in terms of scope. Gakure, Chemengich, Gichui and Katuse (2013) investigated the role of innovation in determining the competitiveness of family businesses in Zimbabwe. Njogu (2014) examined the effect of innovation on financial performance of family businesses in Nairobi, Kenya and this study only considered financial performance and considered all family businesses. Besides, despite low competitiveness of the families' business fraternity, there is evidence of some innovation taking place in the sector. All these studies do not relate with the situation in Zimbabwean services or tertiary industry. Hence, this study seeks to make a contribution to the knowledge gap by providing some empirical evidence on the relationship between innovation and entrepreneurial performance among family businesses.

This study focuses on the effects of innovation on the entrepreneurial performance of family businesses and presents a case study involving a family firm that has experienced a remarkable growth since its emergency. Nyaradzo group has grown significantly in the 22 years that it has been in operation and is now a large organisation that includes Nyaradzo Funeral Assurance, Calundike Exports, Eureka Insurance Brokers, and Sahwira Events. Nyaradzo's competitive advantage has proven to be the interactions between these distinct enterprises. Calundike produces coffins for the funeral assurance industry, while Eureka Insurance specialises in insurance. The company is rumoured to be planning a tourism enterprise, with boats reportedly already in place in Kariba. The company is also expanding internationally, with operations in South Africa. Therefore, the study endeavours to investigate the effects of innovation in family businesses by considering four types of innovation practiced in family businesses that include product, process, marketing and organisational, using the case of Nyaradzo group.

RESEARCH QUESTIONS

Based on the research problem the following fundamental research questions should be addressed:

1. What is the relationship between innovation and family businesses' performance?
2. How do the various forms of innovation affect entrepreneurial performance of family businesses?
3. What factors affect the implementation of innovation processes in family businesses?

LITERATURE REVIEW

The concept of innovation

"Innovation is the practical application of ideas that result in different new types of new offerings, like products, services, processes and business models, intending to improve or disrupt existing applications or creating new solutions" (Talin, 2023). For something to be understood as an innovation, it requires novelty;

tangible qualities; must be the result of a deliberate action and not a coincidence; should aim to produce benefit; and be recognisable as something other than just a change to the typical routines (King and Anderson, 2012). Innovations are the expression of entrepreneurial activity and may contribute to the long-term survival of a (family) business (Leenen, 2015). Thus, in line with this view, innovation can be referred to as all activities enabling the firm to conceive, develop, produce and introduce new products, services, processes or business models (Rondi & others, 2019).

The concept of entrepreneurship

Dyer (2014) submits that entrepreneurship is the ability and readiness to develop, organise and run a business enterprise, along with any of its uncertainties in order to make a profit. The concept of entrepreneurship in a family business is not new. Successful family businesses are often inherently entrepreneurial, as most act and think innovatively to establish and maintain their place in their respective industries (Reggets de Vries, 2017). On the other hand, McCollom, (2018) posits that the line between entrepreneur and family business is often blurred and advance that they are two sides of the same coin. Indeed, there may be no line at all – there is no inconsistency with being a family business and being entrepreneurial, and a family business owner being an entrepreneur.

The concept of family business

Family firms are defined as companies in which ownership belongs to one family or is distributed among several families and their members, and in which (apart from the entrepreneur) at least one supplemental family member actively participates in the company through his or her collaboration (Covin, 2009; Carsrud & Brannback, 2016; Rutherford & others, 2016). Family firms are the backbone of most national economies, consisting of very diverse, heterogeneous groups of business firms. The share of family firms within the total number of enterprises oscillates between 20 to 70 percent across the EU countries and about 70 percent in the Hungarian economy. According to estimates, these firms are responsible for more than half of the GDP and employment in Hungary (Noszkay, 2017). The relevance of family firms motivated researchers to make classifications for better understanding of this complex system. This ambition resulted in a wide variety of understandings of family firms in the literature. Some research articles understand family business run by the nucleus family of founders, while some others also include the extended family, that is, cousins and uncles as second and multiple generations of heirs or successors (Gersick & others, 2017; Williams & others, 2019).

Handler (2019) made one of the first classifications of definitions of family businesses by using the following four factors: i) ownership-management, ii) definitions building on subsystems, iii) definitions highlighting generation succession, and iv) concepts based on multiple criteria. Notwithstanding, researchers seem to agree that ownership, rather than governance or management, is the key differentiating factor between family and nonfamily firms (Klein, 2010). We can see a general tendency in literature that family business definitions move toward multiple criteria, because these extended interpretations, including family businesses owned and run by the founder, multi-generation family businesses, business owned by several families, family business run by external managers, and so on, provide more research opportunities and possibilities for comparisons. In line with this understanding, Poza (2017) provides with the following definition of family businesses:

1. Ownership control (15 percent or higher) by two or more members of a family or a partnership of families,
2. Strategic influence by family members on the management of the firm, whether by being active in management, by continuing to shape the culture, by serving as advisors or board members, or by beingactive shareholders,

3. Concern for family relationships, and
4. The dream (or possibility) of continuity across generations.

Poza (2017) concludes by positing that one would want to define family business as a business entity that contains the following characteristics:

1. One or more family owns at least 50% of the properties of the business,
2. A group of family members exercises the control over the firm,
3. At least one family member takes part in the management of the company and has a leadership role, and finally
4. At least two family members take part in the operation of the company as manager, consultant or employee.

At least two of the above characteristics should be fulfilled.

Innovation and family businesses

Innovation usually starts with an idea or invention, and it is a first attempt to carry it out in practice. In order to turn an invention into innovation, individuals and companies need to combine different types of knowledge, skills and resources. This process is highly complex and it has the following main aspects: i) the fundamental uncertainty inherent in all innovation projects, ii) the speed of the process, because innovators should move quickly and iii) the prevalence of resistance to new ways at all levels of society, which threatened to destroy all new initiatives and urge entrepreneurs to fight hard to succeed in their projects (Fagerberg, 2015).Innovation and entrepreneurship are closely related terms, and innovation is often understood as the heart of entrepreneurship. According to Burns (2013) the most frequent forms of innovation in corporate entrepreneurship are: – product innovations – improvements in the design and/or functional qualities of a product or service, – process innovation – revisions to how a product or service is produced so that it is better and cheaper, and – marketing innovation – improvements in the marketing of an existing product or service, or even a better way of distributing or supporting an existing product or service. De Massis (2015) investigated how family business managers can resolve this paradox and unlock the innovation potential of the organisations in which they work. They came up with the model of Family-Driven Innovation, which is a fit between the characteristics of a given family business and the components of its innovation strategy. The Family-Driven Innovation framework builds on contingency theory that indicates that there is no best way to organise innovation activities, because those processes are contingent. De Massis (2015) defines Family-Driven Innovation model as an internally consistent set of strategic innovation decisions that allow family businesses to resolve their innovation paradox by ensuring a close fit between these decisions and the characteristics of the family business. According to this model, three contingency factors describe the characteristics of family firms and capture their heterogeneity. These factors are the where, how, and what of family firms which could lead to heterogeneous innovation decisions. Finally, it should be stressed that if innovation decisions match the characteristics of the family business, then Foreign Direct Investment (FDI) is possible and can lead to the creation of competitive advantage through innovation (De Massis, 2015).

Forms of innovation and their impact on organisational performance

Product innovation and entrepreneurial performance

On one hand, Schumpeter (1934 cited in Nafula, 2018) defines product innovation as “the introduction of a new good; one which consumers are not yet familiar with, such a good has new/improved quality”. He underscores the role of product innovation in spurring organisational growth. He further argues that competition resulting from new products far outweigh marginal variations in the price of existing products

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(Nafula, 2018). OECD (2015) argues that design changes in products that do not involve a significant change in its functional characteristics or intended uses does not comprise product innovations (OECD, 2015). Belderbos, Duvivier and Wynen (2010) carried out a study on innovation and Export competitiveness in Flemish firms by examining the effect of innovation on export intensity and growth using both cross-sectional and panel data of 733 firms. They concluded that the implementation of innovations especially product innovations had a robust positive correlation with export intensity of firms. Ar and Baki (2011) carried out a study on the "Antecedents and performance impacts of product versus process innovation in SMEs in Tanzanian Science and Technology parks" This study confirmed a positive and significant influence of product and process innovation on firm performance. Research findings indicate that product innovation influenced firm performance positively. In general, the studies show that product innovation is an integral component for entrepreneurial performance of family businesses.

Process innovation and entrepreneurial performance

According to Schumpeter (1934 cited in Nafula, 2018) process innovation is the introduction of a new method of production, not yet tested in the Industry. Thus, process innovation can be understood as a process of reengineering and enhancing the internal operation and capabilities of business process (Sidek & Rosli, 2013). Such processes involve manufacturing, technical design, management and commercial activities. It includes new procedures, policies, organisational forms and knowledge embodied in products, distribution channels, applications as well as customer expectations, preferences and needs (Sidek & Rosli, 2013). According to Oslo OECD Innovation Manual (OECD, 2015), a process innovation involves "the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software". Process innovations are intended to decrease unit costs of production or delivery, to increase quality, or to produce or deliver new or significantly improved products (OECD, 2015). ONeira (2019) argues that Process innovation is very pertinent to firms facing a lot of competition as it enhances productivity. Oke, (2013) reiterates that process innovation should be emphasized in manufacturing enterprises as a primary distinctive competence. Research findings indicate that process innovation influenced entrepreneurial performance positively.

Marketing innovation and entrepreneurial performance

According to OECD (2015) marketing innovation is the implementation of a new marketing method that involves significant changes in product design or packaging, product placement, product promotion or pricing. Marketing innovations include significant changes in product design that are part of a new marketing concept; changes in the packaging of products, product placement primarily involve the introduction of new sales channels (OECD, 2015). According to Johne (2019), marketing innovations involve the marketing mix and market offerings that are made to satisfy customer's needs. Rodriquez and Cano (2014) assert that marketing innovation aims at fulfilling market needs while responding to market opportunities. Hence any marketing innovation need to focus on meeting customer needs (Sidek & Rosli, 2013). Marketing innovations focus on better addressing customer needs, opening up new markets and positioning a firm's product in the market, with the objective of increasing the firm's sales (OECD, 2015).

Organisational innovation and entrepreneurial performance

Nafula (2018) posits that organisational innovation involves the implementation of new organisational methods in the firm's business practices, workplace organisation or external relations. These include the "implementation of new methods for organising procedures and routines for the conduct of work, introduction of management systems, business re-engineering, lean production, and quality-management system, implementation of new methods for allocating responsibilities and implementation of new ways of organising relations with external firms /institutions" (OECD, 2015). On one hand, organisational methods

are intended to improve a firm's performance by reducing administrative/transaction costs, improving workplace satisfaction, gaining access to non-tradable assets (such as non-codified external knowledge) or reducing costs of supplies (OECD, 2015). On the other hand, Lin and Chen (2017) argued that organisational innovations as opposed to technological innovations are most crucial for total sales.

Firm size, innovation and entrepreneurial performance

Firm size is an important internal factor affecting both the innovation capacity and firm competitiveness. Firm size has been defined as organisation's resources, turnover, or workforce size (Zhang, 2013). Firm size is indicated by several factors that include total number of permanent employees, turnover and capital employed. Larger firms are also thought to engage more in internal Research and Development (R & D) which results in innovation a precursor for entrepreneurial performance (Selcuk, 2013). Covin (2016) posits that larger firms were more innovative due to their ability to access to funds and spread R & D risk. Acs and Audretsch (2017) argue that small firms are more innovative in competitive markets while large firms do better in more monopolistic markets. Firm size is also thought to have a positive correlation with innovation. Based on the resource-based theory, firm level entrepreneurial performance can be viewed as competencies based on available physical and human resources and networks that allow a firm to compete effectively in its market (Szerb & Ulbert, 2019). However, the empirical evidence is mixed as other scholars have observed that SMEs are more innovative than larger firms due to their flexibility and speed of response (Acs & Audretch, 2010; Afuah, 2018). Research findings showed that leverage, firm size, export activity and management competence had a significant effect on firm competitiveness indicated by return on sales and return on assets.

Factors affecting the implementation of innovations in family businesses

Firstly, the degree to which a family business is innovative may be determined by its typology, of which there are several of them. Thus, Pittino and Visintin (2009) and McCann, (2011) analysed and obtained four typologies of family businesses distinguished by their different innovation strategies. The typologies are:

1. the defenders, who place an emphasis on innovation in processes in order to strengthen a dominant position in their sector of activity;
2. the prospectors, who are oriented towards innovation in products and the exploration of new areas of business;
3. the analysers, with an intermediate profile between innovation in products and processes, balanced between exploitation of the current business model and exploration of future business methods; and
4. the reactors, who do not have a clear orientation towards innovation, possibly due to lack of a clear strategy, which may result in poor innovation outcomes.

The second aspect that can affect the approach family businesses take to innovation is the generation to which the family business management team belongs (Beck, Janssens, Debruyne and Lommelen, 2011), which conditions the company's culture of innovation. A third factor influencing innovation is family culture. The authors concluded that innovation was present in the family businesses studied, identified as "prudent innovation processes" that maintained the distinct characteristics which differentiated family from non-family businesses.

Resources, capabilities and dynamic capabilities approaches

The Resource-Based View (RBV) of companies is increasingly being used as a theoretical framework for both family business research (Cabrera, De Saa and Garcia, 2011; Sirmon and Hitt, 2013) and the analysis of aspects related to innovation. The resources and capabilities of a family business provide a unique

potential that, when exploited appropriately, may report competitive advantages based on its family-owned nature (Habbershon, 2013; Habbershon and Williams, 2019). However, the mere possession of resources which are valuable, uncommon, difficult to imitate and integrated into the organisation (Barney and Griffin, 2012) does not automatically imply a competitive advantage (Sirmon and Hitt, 2013). Such forms of management combined with the organisation's ability to continually reconfigure resources, capabilities and skills are known as the dynamic capabilities (Teece, Pisano and Shuen, 2017) that inform the organisation's approach to change management, facilitate greater innovative and entrepreneurial impetus and allow family businesses to create value over time (Chirico and Nordqvist, 2010). Innovation is rooted in this reconfiguration of resources and capabilities (Rumelt, 2017). This enables a business to accumulate specific and unique knowledge over time, enhanced by its family-owned nature (Nunz-Cacho and Grande, 2013). However, in addition to these positive aspects of the family's influence on the business, there are others that imply additional costs for the organisation (Dyer, 2016), thus representing an impediment or hindrance to the implementation of innovation processes in family businesses. The analysis and identification of those factors that negatively affect innovation in family businesses will enable corrective measures to be taken to ensure that their family-owned nature is not detrimental to their capacity for innovation. This will improve the capacity to transmit knowledge within these organisations and, will facilitate the creation of a sustainable competitive advantage.

Theoretical Framework

The study leans on three theories, which are:

- Schumpeterian Theory of Innovation and Entrepreneurship
- Theory of the Innovative Firm
- The Resource Based Theory

Schumpeterian Theory of Innovation and Entrepreneurship

The theory is part of the innovation based endogenous growth models put forward by Joseph Schumpeter a renowned economist of the twentieth century (Schumpeter, 1911 cited in Nafula, 2018). The theory outlines the role of Entrepreneurship and Innovation in economic growth as it posits that there is a continuous process of change in economies and markets. According to the theory, in such a dynamic economy, there is a force within the economy that accounts for change and growth personified in the entrepreneur. Schumpeter describes the entrepreneur as an agent of innovation and pivot of change (Nafula, 2018). According Schumpeter, in a dynamic world innovation and entrepreneurship are important elements for economic growth and entrepreneurship is all about innovation. The function of entrepreneurs is to carry out new combinations of factors of production leading to discontinuous and radical change which forms the basis of economic development. As cited in Nafula (2018), Schumpeter attributes economic development to innovation which may include; the launch of a new product or modification of an already existing product; the application of new methods of production, opening of a new market; use of new sources of supply or raw material and the creation of a new industry structure.

According to the theory, innovations lead to economic growth and the entrepreneur is the one who innovates. According to Namusonge, Kiveu and Muathe (2019) Schumpeter views entrepreneurship as one of the unique factors of production that contribute to economic change. Namusonge et al (2019) posit that the theory entails that entrepreneurs change or transform the mode of production by exploiting an invention or open up a new source of supply of materials or a new outlet for products, by reorganizing an industry. This theory supposes that the aim of innovation is to create new processes or products which give the entrepreneur a competitive edge against competitors. Schumpeter submits that innovation does not necessarily mean inventing new products that have never existed. Rather, innovation also entails new methods of doing things, combining methods or processes in order to make different products and services,

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making use of existing resources/materials to make new products and adapting to new technology (Nafula, 2018). Schumpeter's theory of innovation and entrepreneurship informs this study of the key role of entrepreneurship and innovation in entrepreneurial performance which in turn leads to economic development.

Theory of the Innovative Firm

This theory was put forward by Lazonick (1999) an economist to help explain superior entrepreneurial performance in the wake of imperfect markets. According to the theory the function of a firm is to transform productive resources into goods and services that can be commercialised. Innovative firms have the ability to transform productive resources into higher quality, lower cost goods and services translating to a gain for the customers and other participants in the economy (Lazonick, 2016). An innovative firm may also innovate to retain its market share against an innovative competitor or to gain a strategic market position in the market (Porter, 1990). This theory becomes relevant even as innovation economics posits that continual increase of inputs in the production process is no longer sufficient to explain the increase of output hence can be credited to a firm's innovation activities (Lazonick & O'Sullivan, 2010; Lazonick, 2016). Continuous improvement of products, processes and methods leads to differentiation which results in increased firm competitiveness in innovative firms (Lazonick, 2016). The theory affirms the role of innovation in firm competitiveness.

The Resource Based Theory (RBV)

According to Namusonge, Kiveu and Muathe (2019) an outstanding theory in innovation and competitiveness studies is the Resource Based theory originally put forward Penrose (Penrose, 1959), but developed by others (Wernerfelt, 1984, Barney, 2002; Teece, 2007). The theory argues that firms own resources which they can employ to become more effective in entrepreneurial performance. Proponents of this view argue that organisations need to utilise internal sources of competitiveness as opposed to external sources (Barney, 2002; Barney 2005; Teece, 2007). According to RBV proponents, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. A resource is an asset, competency, organisational process, information, knowledge or capability and is considered to be unique if it is valuable, rare, difficult to imitate and has no close substitute (Barney, 2002). It is the distinctive resources that lead to sustained competitiveness and superior returns in firms (Wernerfelt, 1984; Barney, 2002; Teece, 2007). Organisational resources positively affect the innovation process by providing the inputs that are combined and transformed to produce innovations which lead to firm competitiveness (Trott, 2008). Innovation provides means to competitive advantage of the firm by providing outputs that are valuable, rare, and hard to imitate (Organisation for Economic Cooperation and Development – OECD, 2019).

Financial resources are among the most important bundle of resources for a firm that can be used to support innovative activities especially research and development (R & D). Likewise, human capital is a key determinant of firm performance and competitiveness. Another key resource for firm's entrepreneurial performance is the knowledge-based resources. Knowledge facilitates the discovery of ideas and exploitation of opportunities for innovation. It is therefore useful for the manipulation, transformation and the development of the other resources for competitiveness (Wiklund & Shepherd, 2013; Lee & Sukuco, 2017; Wang, He, & Mahoney, 2019). The resources that the theory argues create competitive advantage for a firm are also responsible for making the firm innovative.

RESEARCH METHODOLOGY

Research philosophy

The research philosophy adopted for the study was pragmatism. Pragmatism involves research designs that

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incorporate operational decisions based on 'what will work best' in finding answers for the questions under investigation and this enables pragmatic researchers to conduct research in innovative and dynamic ways to find solutions to research problems (https://www.nottingham.ac.uk).

Research approach

This study adopted a mixed methods approach. Mixed methods research combines elements of quantitative research and qualitative research in order to answer one's research question (George, 2023). The use of mixed methods research in this study survey enabled the researchers to mix both qualitative and quantitative research. This enabled the researchers to benefit from the strengths of the two methods whilst offsetting the weaknesses that exist when using one approach (Creswell, 2021).

Research Design

According to Creswell and Clark (2007 cited in Boru, 2018) a research design is the procedures for collecting, analysing, interpreting and reporting data in research studies. It is the overall plan for connecting the conceptual research problems with the pertinent (and achievable) empirical research. The researchers adopted the case study method or approach because it enabled the research to be conducted in the natural setup. The case study used questionnaires and interviews drafted to probe the effects of innovation on the entrepreneurial performance of family businesses, a case study of Nyaradzo Group, Zimbabwe. The target population of the study was 850 members of the management personnel at Nyaradzo Group. A sample design was used and in the study the researchers used stratified probability sampling, targeting first line managers, the supervisory professionals and senior managerial staff in the Marketing department, the Information Technology & Maintenance department and the Front Office department. A sample size of 250 was adopted, this constitutes at least 30% of the population. The researchers used the Statistical Package for Social Sciences (SPSS) for the analysis of quantitative data and content analysis for analysing qualitative data.

DATA PRESENTATION AND ANALYSIS

Response Rate

A total of 250 questionnaires were distributed to the participants out of whom 209 were returned dully filled translating to a response rate of 73.6 %. According to Mugenda and Mugenda (2003) response rate for statistical analysis of 50% is considered adequate. Babbie (2010) considers a response of rate of 50% to be adequate for analysis and reporting, whereas 60% is considered good and 70% and above is deemed very good. Hence 73.6 % response rate was considered very good for statistical analysis.

Innovation and Family Business

Whether the firm introduced/implemented any of the identified forms of innovation

The respondents were asked to indicate the extent to which they perceive innovation and family business to be useful. Table 1 below presents the results.

Table 1: Innovation and family businesses

Perceived usefulness	Mean	Standard Deviation
New or significantly improved marketing methods	4.2	0.89274
New or significantly improved organisational methods/systems	3.5	0.79152
New or significantly improved Product	4.4	0.8932

New or significantly improved Process	2.0	0.79203
Average Means	3.0	

Source: Primary Data (2023)

The results from Table 1 indicated that the respondents agreed to large extent that there have been some new or significantly improved marketing methods at the Nyaradzo Group (Mean of 4.2, SD.89174). With Nyaradzo, the company started off with choosing a relevant name, 'Nyaradzo' which means a comforter in your time of bereavement, sending a message of being a friend in a time you need it most, easy to pronounce even to foreigners and definitely left room for expansion. Nyaradzo went more than just choosing a great name, but went also for a motto that completed its marketing strategy. It came as a comforter "Sahwira Mukuru or Umngane Omkhulu" both which could easily be understood by both the Shona and Ndebele Community. This agrees with literature which emphasises that branding is a thing that a company cannot afford to compromise especially in the infiltration phase (Varis & Littunen, 2013). Respondents were also moderate to large extent that Nyaradzo Group introduced new or significantly improved organisational methods/systems (Mean of 3.5, SD .89274). This also goes in line with literature which stresses that offering quality services and fostering brand visibility is something a company should invest in, towards building a great brand (Sidek & Rosli, 2013). The findings of the study also reveal that to a large extent the respondents agree that the company had introduced new or significantly improved product (Mean of 4.4, SD 0.89152). John and Davis (2010) posit that once you offer the customer what he or she needs and you will never go wrong. Nyaradzo Group offers its customers in diaspora a package whereby they can come home to pay last respect to their loved ones, give them accommodation and a vehicle to use during their stay home. That is a kind of convenience any other competitor of Nyaradzo has not managed to offer. The company has also introduced a package that can accommodate a couple and both the mother and father in-law of both parties on a one policy. The Nyaradzo Group has also introduced a package that offers a fleet of vehicles, mobile toilets, tents and wide range of packages that accommodates clients from different financial backgrounds, which represents a world class market segmentation.

Forms of Innovation in Family Businesses

Nature or form of Innovation

The study sought to establish from the respondents the nature or form of the innovation that the Nyaradzo Group has instituted by either rating them as significantly improved, new to the firm, new to the market, new to the country and new to the world. Therefore, respondents were asked to indicate for every innovation developed whether it was significantly improved, New to the firm, New to the Industry, New to the country and New to the world. The study findings are shown in Table 4.2. Novelty refers to the newness of an innovation and is positively related to the impact of an innovation (Keijl, 2013). Four broad levels of novelty of innovation are defined in relation. Product to the firm and the market in which the firm operates; Significantly improved, new to the firm, new to the market of the firm in Zimbabwe (and to its competitors) and new to the world. In terms of innovation novelty, findings indicate at least 50% of the respondents indicated that the organisation had introduced innovations that were only significantly improved, while 44 out of 209 respondents (21%) suggested that the organisation had implemented innovations that were new to the firm. This also agrees with Schumpeter (2017) who posit that a significantly improved innovation involves an improvement in the existing product, process, marketing methods and organisational to a great extent or significantly.

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Table 2: Degree of Newness of Innovation/ Nature of Novelty

Type of Innovation	Degree of Innovation/Nature of Novelty				
	Significantly Improved	New			
		New to the Firm	New to the Market	New to the country	New to the World
Product	61	44	32	2	
Process	56	49	19	5	
Marketing	58	33	10		
Organisational	34	22	7	2	

Source: Primary Data (2023)

The study findings gathered that Nyaradzo is one of the most marketed brands in Zimbabwe having a lot of marketing channels than the largest corporates, it has got some agents in the streets, it has a strong social media presence and even a WhatsApp group for enquiries. The company is also seen sponsoring a number of social enterprises and events such as Friends of the Environment, Virtual Marathons, Arts Events and Awards, Soccer Teams and the recent Soul Jah Love's Farewell Musical concert. On the other hand, Noteboom, (2012) advance that new to the market and new to the world concern whether or not a certain innovation has already been implemented by other firms, or whether the firm is the first in the Zimbabwean market or industry or worldwide to have implemented it. In line with this assertion, the study findings also revealed that at least 15% of the respondents (31 out of 209 respondents) indicated that the Nyaradzo Group had introduced innovations that were new to the Zimbabwean market. Nyaradzo has continuously innovated bringing world class infrastructure for the convenience of its customers as well as utilising technology to remove any possible barriers between the clients and the service provider. Through Synchronous Serial Data Adapter (SSDA), the company has churned out ICT innovations that connect its strategic business units; automate policy creation, premium payment, policy servicing and client servicing processes. The company's customers are now able to access services through gadgets such as smartphones, tablets, laptops and personal computers. Through the company's partnership with ZB Bank, it now has the Sahwira Connect Card which enables its clients to access their grocery allowances without delay. The Nyaradzo Group's clients can also now make payment of premiums through cash points in OK Zimbabwe, OK Mart and Bon Marche' outlets, while also purchasing their groceries.

Noteboom, (2012) also states that innovations are new to the world when the firm is the first to introduce the innovation for all markets and industries, both domestic and international. This implies a qualitatively greater degree of novelty than new to the market, and is the desired level to ensure competitiveness and sustainable economic growth. However, the study findings indicate that none of the respondents were of the view that the Nyaradzo Group has introduced innovations that are totally new to the world.

Factors Affecting the Implementation of Innovation in Family Businesses

The study sought to determine the factors that affect the implementation of innovation in your organisation. The respondents were asked to indicate their opinion regarding how the identified factors do affect the implementation of innovation in family businesses.

Table 3: Factors affecting the implementation of innovation

Factors affecting the implementation of innovation	Mean	Standard Deviation
Inertia (a tendency to do nothing or to remain unchanged)	4.2	0.89153
Resources and capabilities	4.0	0.89174

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Family culture	3.0	0.79203
Generation to which the family business management team belongs	2.0	1.8932
Average Means	**2.04**	

Source: Primary Data (2023)

The findings of this study from Table 3 revealed the respondents' view is to a very less extent (Mean of 2.2, SD .89153) in agreement with the notion that inertia (a tendency to do nothing or to remain unchanged) affects the implementation of innovation in family businesses. This is primarily based on the observation of the number of innovative initiatives that the Nyaradzo Group have implemented regardless of the harshness of the Zimbabwean economic climate. In addition, the respondents indicate that to a large extent (Mean of 4.0 SD .89174) that resources and capabilities affect the implementation of innovation in family businesses. Further, the respondents indicated that to a moderate extent (Mean of 3.0, 0.79203) that family culture affects the implementation of innovation in family businesses. Only to a less extent (Mean of 2.0, SD 1.8932) did the respondents agree revealed that the generation to which the family business management team belongs may have an effect on the implementation of innovation in family businesses.

Effects of Innovation in Entrepreneurial Performance of Family Businesses

The following Regression results for regressing Innovation entrepreneurial performance of family businesses with firm resources as control variables were obtained as presented in Table 4

Table 4: Regression Coefficients – Innovation Variables and entrepreneurial performance of family businesses

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	2.342	.297		7.892	.000
	Finance	.330	.051	.543	6.431	.000
	HR	-.176	.153	-.098	-1.156	.250
2	(Constant)	.902	.368		2.453	.016
	Finance	.218	.051	.359	4.243	.000
	HR	-.151	.136	-.084	-1.111	.269
	Product	.018	.083	.019	.211	.834
	Process	.353	.098	.306	3.598	.001
	Marketing	.252	.107	.205	2.356	.021
	Organisational	.225	.104	.194	2.161	.033

Dependent Variable: entrepreneurial performance of family businesses

Source: Primary Data (2023)

Financial resources (β= 0.543, p=0.000< 0.05) indicating a statistically significant relationship between financial resources and competitiveness. HR (β= -0.98, p=0.250 >0.05) indicating a statistically insignificant relationship between human resources and entrepreneurial performance of family businesses. Product innovation (β= 0.19, p=0.834 >0.05) indicate a statistically insignificant relationship between product innovation and entrepreneurial performance of family businesses. Process innovation (β= 0.306, p=0.001 <

0.05) indicating a statistically significant relationship between process innovation and entrepreneurial performance of family businesses. Marketing innovation (β= 0.205, p=0.021< 0.05) indicating a statistically significant relationship between Marketing innovation and entrepreneurial performance of family businesses. Organisational innovation (β= 0.194, p=0.033 < 0.05) indicating a statistically significant relationship between Organisational innovation and entrepreneurial performance of family businesses. Financial Resources, Process, Marketing and Organisational Innovation have positive significant effects on Firm competitiveness while human resources and product innovation have insignificant effects on entrepreneurial performance of family businesses. Of the variables with significant effect, Financial Resources has more impact with β=0.359, followed by Process Innovation (β =0.306), Marketing Innovation (β= 0.205) and lastly Organisational Innovation with a coefficient (β= 0.194)

Based on the regression analysis results in Table 4.14, the following model was formulated Competitiveness = 0. 902 + 0.330 Finance + e………………………………… Model 1 Competitiveness = 0. 902 + 0.359 Finance +0.306 Process Innovation + 0.205 Marketing Innovation + 0.194 Organisational Innovation + e.……………………………………Model 2 The findings in model 2 show that an increase in one unit of financial resources will result in an increase of 0.359 entrepreneurial performance of family businesses; a unit increase in process innovation will result in 0.306 increase in entrepreneurial performance of family businesses, a unit increase in marketing innovation results in an increase of 0.205 in entrepreneurial performance of family businesses and lastly a unit increase in organisational innovation results in 0.194 increase in competitiveness.

The Effect of Product Innovation on entrepreneurial performance of family businesses

Hypothesis 1, $H0_1$: Product Innovation has no significant effect on the entrepreneurial performance of family businesses in Zimbabwe. To test this hypothesis, multiple linear regression was carried out with Firm resources (Control variable) and product innovation as independent variable against firm entrepreneurial performance of family businesses as the dependent variable. Regression coefficient results presented in Table 4 for product innovation (β = 0.19, p=0.834 >0.05) indicate a statistically insignificant relationship between product innovation and entrepreneurial performance of family businesses. Hence $H0_1$ was accepted and the study concluded that Product innovation has a non-significant effect on the entrepreneurial performance of family businesses in Zimbabwe. Hence an increase in product innovation will result in increased entrepreneurial performance of family businesses though not significant. The Findings differ with some previous study findings that concluded that there was a significant positive relationship between product innovation and firm performances (Atalay, 2013; Sidek & Rosli, 2013). Lin and Chen (2007) found a weak relationship between product innovation and firm sales. Gunday, (2015), found that product innovation was linked to an increase in sales and market share; hence innovative firms had higher sales than non- innovative firms. However, these findings are consistent with Acquah and Mensah (2015) studies that found that product innovation has a non-significant effect on firm performance.

The Effect of Process Innovation on entrepreneurial performance of family businesses

Hypothesis 2, $H0_2$: Process Innovation has no significant effect on entrepreneurial performance of family businesses in Zimbabwe

Regression Coefficient results in Table 4 where Process innovation (β= 0. 306, p=0.001 < 0.05) indicate a statistically significant relationship between process innovation and entrepreneurial performance of family businesses. A unit increase in Process innovation will result in 0.306 increase in entrepreneurial performance of family businesses. Thus, enterprises implementing process innovation are likely to be more competitive than those that are not. $H0_2$ was rejected at α = 0.05 and the study concluded that Processinnovation has positive significant effect on entrepreneurial performance of family businesses in Zimbabwe.

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Overall, regression results in Tables 4.14 reveal that process innovation had the highest effect on entrepreneurial performance of family businesses compared to the other types of innovation. These findings are in agreement with the findings of Pratali (2013) who found in his study that process innovations improved a firm's entrepreneurial performance of family businesses. Other studies have also found a positive correlation between process innovation and firm performance (Mensah & Acquah, 2015; Njogu, 2014). Neira (2019) argues that process innovation is very relevant especially to businesses facing stiff competition as it has a direct and immediate impact on productivity performance of family businesses. Oke, (2013) emphasised the importance of process innovation in the manufacturing firms based on its distinctive competence for competitive advantage hence should be emphasised as a primary competitive factor.

The Effect of Marketing Innovation on entrepreneurial performance of family businesses

The study tested the following null hypothesis to determine the effect of innovation on firm entrepreneurial performance of family businesses;

Hypothesis 3, H03: Marketing Innovation has no significant effect on entrepreneurial performance of family businesses in Zimbabwe. Regression coefficient results shown in Table 4.4 show marketing innovation ($\beta = 0.205$, $p = 0.021 < 0.05$) indicating a statistically significant relationship between marketing innovation and entrepreneurial performance of family businesses. The regression coefficient of 0.205 implies that a unit increase in marketing innovation would lead to 0.205 increase in entrepreneurial performance of family businesses. Hence H03 was rejected at $\alpha = 0.05$ and the study concluded that Marketing innovation has positive significant effect on entrepreneurial performance of family businesses in Zimbabwe. Hence family businesses can implement marketing innovation to enhance their entrepreneurial performance in terms of profit and sales. These findings are consistent with the findings of earlier studies that concluded that marketing innovation had significant positive effect on entrepreneurial performance of family businesses (Acquah & Mensah, 2015; Varis & Littunen, 2013). John and Davis (2010) also concluded that marketing innovations increased sales by increasing the demand for the product leading to increased profits. Marketing innovation helps to improve customer satisfaction leading to increased sales and profit (Sidek & Rosli,2013).

The Effect of Organisational Innovation on entrepreneurial performance of family businesses

The study tested the following null hypothesis to determine the effect of innovation on firm entrepreneurial performance of family businesses;

Hypothesis 4, H04: Organisational Innovation has no significant effect on entrepreneurial performance of family businesses. Regression coefficient results presented in Table 4.4 show Organisational innovation ($\beta = 0.194$, $p = 0.033 < 0.05$) indicating a statistically significant relationship between organisational innovation and entrepreneurial performance of family businesses. The regression coefficient of 0.194 implies a unit increase in organisational innovation would lead to 0.194 increase in entrepreneurial performance of family businesses. Hence H04 was rejected $\alpha = 0.05$ and the study concluded that organisational innovation has positive significant effect on entrepreneurial performance of family businesses in Zimbabwe. This implies that Firms that implement Organisational innovation will enhance their entrepreneurial performance.

These findings are consistent with those of earlier studies (Mensah & Acquah, 2015; Bessant & Tidd, 2017). Firms engaged in Organisational innovation will have an enhancement in their entrepreneurial performance. This is supported by Lin and Chen (2017) arguments that organisational innovations rather than technical innovations were vital for increased sales. Bessant and Tidd (2017) argue that family businesses need to be involved in organisational innovation by formalising their structures and systems to become more effective and state that large manufacturing firms have become more competitive by focusing on process innovation. According to Teece (2019), organisational innovation is not only an important form of creating value in

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enterprises but also an important form of capturing value, hence important for firm performance and competitiveness. Organisational innovation increases a firm's performance by reducing administrative/transaction costs (OECD, 2015). However, Atalay (2013) found no evidence of a positive significant relationship between organisational innovation and firm performance.

Conclusions

Based on the findings, the study concludes that implementation of process, marketing and organisational innovations results in an increase in entrepreneurial performance of family businesses. Family businesses can therefore improve their entrepreneurial performance by implementing the different types of innovations. Even though process, marketing and organisational innovation had positive significant effect on entrepreneurial performance of the family businesses, their explanatory power (contribution) was low to moderate. This is an indication that even though innovation is a significant factor in entrepreneurial performance of family businesses other factors also contribute to entrepreneurial performance of family businesses. From literature reviewed, such factors include firm resources; physical, human, intellectual and capital resources, R&D activities of the firm, firm competences and other external factors. Based on literature reviewed, the external environment including market conditions, economic conditions and legal environment also influence a firm's ability to compete. Hence for entrepreneurial performance of family businesses, innovation should be coupled with a conducive, supporting internal and external environment.

Study findings also revealed that financial resources had a positive significant effect of firm competitiveness whereas human resources had an insignificant effect on the entrepreneurial performance of family businesses. The study showed that firm size has significant moderating effect on the innovation entrepreneurial performance relationship. Innovation effect on entrepreneurial performance of family businesses is amplified with the introduction of the interaction of the moderating variable firm size with innovation.

RECOMMENDATIONS

While Nyaradzo Group has done very well as a family business, recommendations are directed to other family businesses to take leaf from Nyaradzo. From the conclusions made above the following recommendations are made:

- Family businesses should develop and implement innovations to improve entrepreneurial performance of their businesses. The family business owners/managers should consider pursuing innovation strategies to improve entrepreneurial performance of their businesses. This should involve significantly improving their products, processes, marketing and organisational methods and coming up with completely new products and processes.
- Family businesses should improve their current products in terms of technical specifications, materials used, user friendliness, functionality, in terms of shape, weight and design. They can also improve on the technology used in their processes, improve on process efficiency in production and delivery and consider use of better production techniques. In addition, they may consider implementing significant changes in product design, packaging, placement (explore new markets) promotion, pricing and marketing methods.
- Family businesses should develop or improve organising procedures for their firms, work routines, introduce better systems that may include management systems, quality management systems and business reengineering. These will result in cost reductions, customer satisfaction, penetration of new markets, increase in sales and improved quality products in the market.
- To fully benefit from innovations, family businesses need to improve the internal environment of the firms including firm resources, and other competences. From literature review it was argued that innovations with high novelty, that is, those that are new in the market, in the country or world have a

higher level of impact on entrepreneurial performance of family businesses. This study recommends that family businesses not only carry out incremental innovations that are new to the firm but also engage in innovations with a higher level of novelty that are new in the market, industry, country and even the world. This will lead to a higher level of impact on the entrepreneurial performance of family businesses. To be able to develop and implement such innovations, the study recommends that the family businesses engage in internal R&D, and/or collaborative research with research institutions.

CONCLUSION

Innovation plays a crucial role in the entrepreneurial performance of family businesses. Process innovation has got the highest effect among the innovation dimensions on entrepreneurial performance of the family businesses. It has been emphasised that process innovation is very important in the family businesses based on its distinctive competence for competitive advantage. The study made several recommendations to family businesses.

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