
**MODERATING EFFECT OF ORGANIZATIONAL INNOVATIVENESS ON THE
RELATIONSHIP BETWEEN SOCIAL MEDIA INNOVATIVENESS AND SMALL AND
MEDIUM ENTERPRISES PERFORMANCE IN NORTH WESTERN NIGERIA**

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Abstract

The study examine the relationship between social media innovativeness and SMEs performance and the moderating effect of organizational innovativeness in North Western Nigeria. Statistical analyses were based on the data collected, through survey questionnaire from 212 SMEs in North western Nigeria. Partial Least Square (PLS) method was used to investigate the relationship between the study variables. The study found that social media innovativeness has direct link with SME performance and that organizational innovativeness moderates the relationship between social media innovativeness and SME performance. The study concludes that there is positive and significant relationship between organizational innovativeness and performance, and there is positive but insignificant relationship between social media innovativeness and the performance. The study finally recommends that SMEs should ensure their innovativeness and exploit the innovativeness of the social media, to ensure their sustenance and enjoy competitive advantages.

Keywords: SME innovativeness, social media innovativeness, SME performance.

Introduction

Despite the role played by SMEs in Nigeria to the socioeconomic growth and development, as it is seen as veritable tools for developing entrepreneurial capabilities, technological innovation, and attainment of a sustained wealth creation (Haseeb et al, 2019), they face impediments that hinder their performance. Some of the constrains facing them are that the performance of SMEs in Nigeria is low and less competitive (CBN, 2021). However, ideally such poor performance should not happen because SMEs receive substantial government support and engage in collaboration

with the private sector through public-private partnership in terms of funding, training, grants, and the provision of consultative services (Rudenko et al, 2016). Since 1980s and especially the coming of the present administration, many programs were introduced to benefit the SMEs in Nigeria. Most of the programs were determined to tackle the challenges such as inadequate utilization of modern technology, low capacity utilization, inadequate business strategies, and stiff competition from larger companies thereby ensuring improved performance and the nation's growth and development (Onyeiwu et al, 2021).

Despite such support provided to strengthen the competitiveness and agility of SMEs, their performance is below expectation. However, even though employing less advanced marketing strategies than large firms (Spithoven et al, 2013), SMEs have the potential to develop their competitive niche.

All these issues indicate that SMEs suffered from inadequate utilization of modern technology infrastructure, inadequate capacity utilization and business strategies, lack of competitiveness and have a long way to being independent as they still rely much on the government support to cope with any possible contingencies in the future (Oboko& Goldman, 2016). To improve the performance of SMEs, understanding its drivers is crucial. NV 20:2020, has shown the need for the country's SMEs to have sets of intangible firm resources in order to perform effectively and efficiently. According to the plan, this could be achieved through encouraging the use of improved technology in the production of goods and services (CPED, 2014). To be competitive, SMEs have to shift towards higher value-added activities and adopt best organization's operation and marketing strategies (Ahmedova, 2015) that will help them prepare for any uncertainties which they are particularly vulnerable to. This transformation requires SMEs to develop their organizational resources and capabilities to make them more competitive, innovative, and technologically strong (Abiodun & Henry, 2014).

However, empirical studies on the impact of social media innovativeness and SMEs performance, particularly in North Western Nigerian context, have been less encouraging. Additionally, empirical studies on the relationship between the social media innovativeness-performance linkages have often presented inconclusive findings. There are studies that reported positive effects (Gongora, 2016; Dodokh& **Almaairah**, 2019; Kurtishi, 2018; Nuseir, 2018), negative effects (Oji et al, 2017; Akar & Topcu 2011) and no effects (Kumarasamy & Srinivasan, 2017; Alshamaila, 2018;). The inconsistent results in the social media innovativeness-performance studies suggest the existence of contextual moderators (Rosenbusch et al., 2013; Vincent et al., 2013). One of the potential moderators that may influence performance and its determinants is an organizational innovativeness that is embodied in the extent of improving current or developing new products/services, process or a system in an organization (Moen, 2018) and it is one of the leading factors of business success in

Nigerian SMEs (Odumeru, 2013).

Literatures indicate that the integrated approach has not been applied since most studies examined the factors that influence the performance of organization separately. Therefore, more researches are needed to analyze the integration of social media innovativeness and organizational performance and the moderating effect of organizational innovativeness in the same study.

Exploring the above gap, this study examines the relationship between innovativeness of social media and SME performance and to examine whether organizational innovativeness moderate the relationship between social media innovativeness and SME performance

Literature review

This section will review the conceptual review, theoretical (resource base view) and empirical review. In the conceptual the study review literature that relate to the variables of the study- the dependents, independent and the moderating variable.

SME performance

In Nigeria, Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) defined SMEs as businesses with 10 to less than 200 people as employees, 5, 000, 000 to less than 500,000, 000 annual turnovers and less than 1,000, 000, 000 as total assets excluding land and buildings (SMEDAN, 2017).

The term performance is defined differently depending on the user of the information about the performance. The current and potential investors perceive their performance in terms investment profitability, managers are oriented on the overall performance of the organization they lead, employees perceive performance through profitability and stability of their job and creditors manifest interest towards organization's stability (Pintea& Achim, 2018).

In an effort to come out with the general definition of performance, a number of ideas come from literature on organizational performance, namely: performance is in relation to the organization's objectives (Jenatabadi, 2015) – which reflect the mission of the organization, it is reflecting achievements in relation to resources used by the organization- which reflects how well the organization manages its resources, and it is taken into account the environment in which the organization operates- which reflects the adaptability of the organization on the context of external factors.

In this context, organizational performance can be defined as the ability of an organization to utilize their available resources efficiently and effectively in order to achieve the desired goals (Zakaria, 2016).

Organizational innovativeness

Innovativeness according to Alshamaila (2018) is when an organization's receptivity toward new ideas is a key factor in the adoption decision. It involves the extent of improving current products/services, the extent of developing new products/services, the extent of improving production processes (Moen, 2018), the extent of developing new ideas to help customers, fast tracking new offerings to customers, managing processes to keep costs down, and packaging a total solution to solve a customer problem (Tajvidi&Karami, 2017).

Social media Innovativeness

Social media innovativeness is the overall capability of introducing new products to the market or opening up new markets through combining strategic orientation with innovative behaviour and process (Zawawi et al, 2016). According to this study it involves the capability of the social media to offer its users the ability to improve current products/services, develop new products/services and improve production processes. In the context of this study.

Innovativeness and performance

Innovativeness in the context of this study relates to the firm's or technological tool's capacity to engage in innovation; that is, the introduction of new processes, products, services or ideas in the organization. Innovation according to this study may be of the social media or of the organization. Previous studies were conducted on the relationship between innovativeness and organizational performance. These studies include among others:

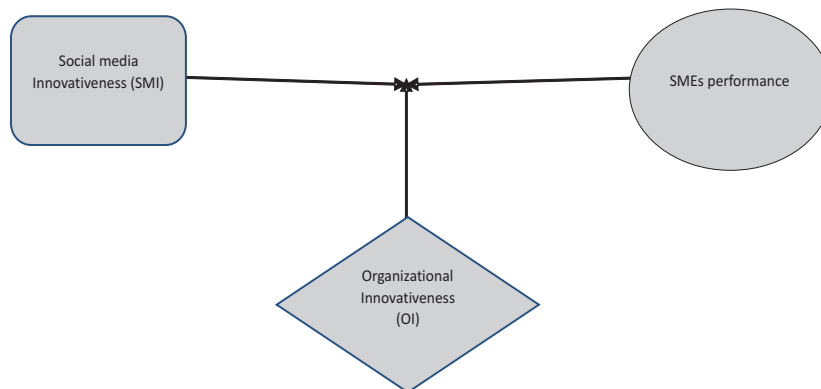
Saunila et al (2014) study on whether innovation capability matters for the profitability of SMEs. The study examines the relationship between innovation capability and firm profitability, using quantitative method, the study developed questionnaire with 29 items to measure innovation capability and 2 items to measure profitability. The study found some of the domains of innovative capability (external knowledge and participatory leadership culture) to have positive relationship with the organizational profitability. Though most of the domain shows the negative relationship between the two variables. But the findings indicated that the two determinants of innovation capability, external knowledge, and participatory leadership culture had a statistically significant effect on firm profitability. The study was conducted on finnish SME employing 10–249 people and having a revenue of 2–50 Meuro that the results are likely to reflect the population pretty well.

Obunike &Udu (2019), study on technological innovativeness and growth. According to them firm growth was operationalized into sales growth, employment growth, growth in firm size and market shares growth. In their effort to determine the extent of the relationship between technological innovativeness and firm growth using small scale manufacturing firms in Lagos State – Nigeria. The study used exploration

correlational research design, sample size of three hundred and eighty-six (386) and the data gathered was analysed using the Pearson's Product Moment Correlation analysis, simple linear regression analysis and statistical Package for Social Science (SPSS) version 2.3. the study shows there is a significant relationship between product-oriented innovativeness and small manufacturing firms' sales growth, there is a significant relationship between product-oriented innovativeness and small manufacturing employment generation and there is no significant relationship between process-oriented innovativeness and firm size growth of small manufacturing firms. this result is in line with Odumeru (2013) findings who concluded that innovation has been proven to strongly influence competitiveness, profitability, productivity and finally recommended that organisations are advised to innovate in order to achieve their organisational goals.

The results from the above studies reviewed, shows the need for further research using the same or different dimensions, domains and methodology with the one conducted. This study intends using social media innovativeness as the independent variable and organizational innovativeness as moderating variable to moderate between the social media and the organizational performance.

Conceptual model



The above conceptual framework shows the relationship between the independent variables and the dependent variables. It also shows the role of moderating variable in strengthening the relationship between independent and the dependent variable. The IV (Social media innovativeness) have direct link with the dependent variable with the proxy-financial performance. The model also depicts the position of organizational innovativeness (OI) in affecting the relationship between the social media and the performance

dimensions.

Theoretical Framework

Resource based view (RBV) has been used by many researchers as a foundation for the link between organizational resource and performance. The theory supports the assumption that the primary determinant of a firm competitive advantage and performance is the ability of the firm to use its internal resources and compete (Tajvidi & Karami, 2017).

According to the RBV, firm resources include all assets, capabilities, organizational processes, firm attributes, management competencies, technological competencies, information and knowledge controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Lazar, 2016; Ahmed et al, 2018). On the other hand, firm capabilities refer to the skills of a firm in taking advantage of its resources and assets (Tajvidi & Karami, 2017). Firm resources and capabilities that are valuable, rare, inimitable and distinctive are considered as an essential source of competitive advantage and superior performance (Tajvidi & Karami, 2017).

This study uses the social media innovativeness and the organisational innovativeness which are all embodied in organizational resources and examines their relationship with the organizational performance.

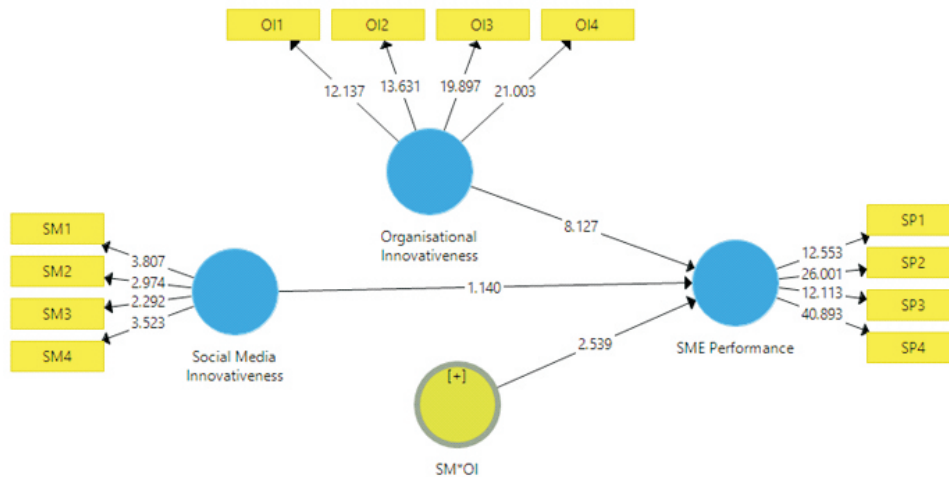
Methodology

The study conveniently collected data using 212 closed ended questionnaires (adopted from previous research) from SMEs owner/manager operating in North Western Nigerian states- Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara. Outlier, normality and multicollinearity were checked. The partial least squares (PLS) path modeling method was used to depict the relationship between the variables of the study. To validate and evaluate the research model, two stages of evaluation namely- measurement models (also called external models in PLS-SEM) and structural models (also called internal models in PLS-SEM) were used.

Analytical procedure

Prior to the main analysis, this study ensured assumptions about outlier check, normality and multicollinearity (Hair, Hult, Ringle & Sarstedt, 2017). After successfully satisfying all assumptions, we adopted the partial least squares (PLS) path modeling method. The research model depicted in figure 1 was tested using Partial Least Square (PLS) path modelling. The method is used because the study is aimed at predicting the dependent variable and PLS is also a non-parametric technique (Hair et al. 2017). In order to validate and evaluate the research model, Hair et al. (2017) suggested using two stages of evaluation. They are measurement models (also called external models in PLS-SEM) and structural models (also called internal models in PLS-SEM).

Measurement Model



In order to evaluate the measurement model of this study, the researchers evaluated the reliability of the individual items measuring each potential structure, the internal consistency reliability (i.e, the composite reliability), the discriminant validity, and the convergence validity of each reflective construct (Hair et al., 2017). Although, Hair et al. (2017) recommends using an outer loading of 0.60 as reliable and acceptable, they argued that an indicator should be deleted only if deleting the item increases the constructs AVE or Composite reliability.

Table 1: Construct Validity and Reliability

Constructs	Indicators	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Organisational Innovativeness	OI1	0.67	0.75	0.84	0.57
	OI2	0.72			
	OI3	0.82			
	OI4	0.80			
Social Media Innovativeness	SM1	0.86	0.82	0.86	0.60
	SM2	0.77			
	SM3	0.67			
	SM4	0.80			
SMEs Performance	SP1	0.73	0.81	0.87	0.63
	SP2	0.81			
	SP3	0.75			
	SP4	0.88			

In addition, the composite reliability and Cronbach's alpha value were evaluated to determine the internal consistency of the reflective structure (between 0 and 1), the higher values represent higher reliabilities. In conclusion, all of these constructs are reliable because their respective composite reliability and Cronbach alpha values are above the threshold of 0.60. Again, the convergent validity was also met as all the AVE values were all above 0.50.

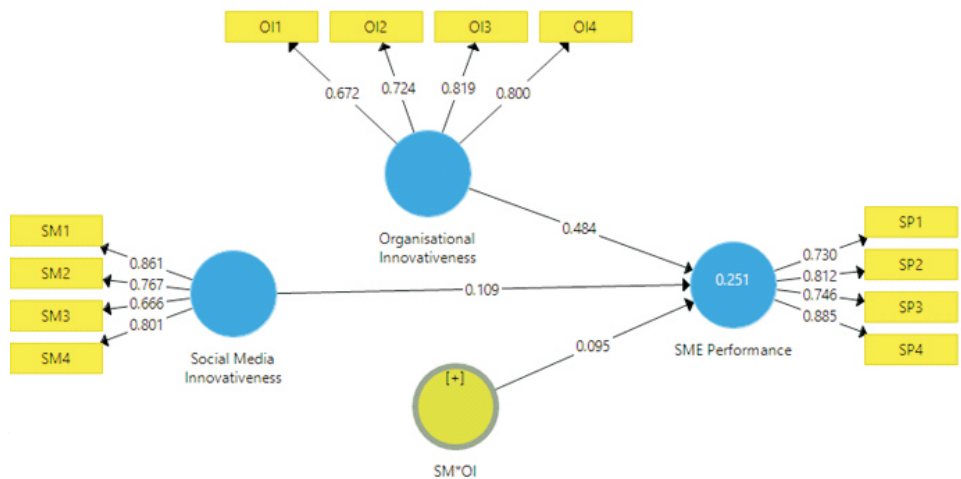
Furthermore, to ascertain the discriminant validity, **Duarte and Amaro (2018)** proposed the use of multitrait-multimethod (HTMT) matrix as a more adequate and sensitive approach to detecting discriminant validity.

Table 2: Heterotrait-Monotrait Ratio (HTMT)

Constructs	Organisational Innovativeness	SME Performance	Social Media Innovativeness
Organisational Innovativeness			
SME Performance	0.58		
Social Media Innovativeness	0.27	0.25	

As can be seen from Table 2 above, the HTMT statistics are given based on the correlation between their reflective construction items. Since the HTMT value is lower than the 0.85 threshold proposed by (Hair et al., 2017), the reflective latent variable of this study has discriminant validity.

Structural Model



theoretical relationships. Specifically, the direct and moderating effect was assessed on 212 cases using 5000 bootstrap samples (Hair et al. 2017).

Table 3: Structural Model

Relationship	Beta Values	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Organisational Innovativeness -> SME Performance	0.48	0.06	8.13	0.00
SM*OI -> SME Performance	0.09	0.04	2.54	0.01
Social Media Innovativeness -> SME Performance	0.12	0.10	1.14	0.25

The bootstrapping result presented in table 3 shows that organizational innovativeness has positive significant relationship with SMEs Performance while social media innovativeness has positive but insignificant relationship. All the hypotheses were assessed at 5% level of significance.

Effect size and Predictive Relevance

The effect size outlines the potential effects of specific exogenous latent variables on endogenous variables. The general criteria for evaluating f^2 includes the values of 0.02(small), 0.15(medium), and 0.35(large) (Cohen, 1988). The predictive

correlation of the variables was assessed using a cross-validated redundancy criterion (Q²) (Hair et al., 2017).

Table 4: f-Square, R-Square and Q-square

Constructs	SP	Effect Size
OI	0.28	Medium
SM	0.02	Small

R-Square		
Construct	R Square	R Square Adjusted
SP	0.251	0.240

Q-Square			
Construct	SSO	SSE	Q ² (=1 SSE/SSO)
SP	2,706.00	2,198.34	0.188

As can be seen from table 4 above, based on the standards highlighted by Cohen (1988), it can be seen that OI and SM have medium and small effect on SMEs performance respectively. It also shows that all the variables accounted for 25% variance in SMEs performance which is considered medium according to Chin (1998). Consequently, since the Q² is greater than zero, it is assumed to have predictive relevance because higher Q² represents greater predictive relevance (Duarte & Roposo, 2010).

Conclusion

Based on the analysis conducted for the study, all constructs are reliable because their respective composite reliability and Cronbach alpha values that □□ are above the threshold of 0.60. Again, the convergent validity was also met as all the AVE values were all above 0.50.

The study also concludes that organizational innovativeness has positive significant relationship with SMEs performance and the social media innovativeness has positive but insignificant relationship. Social media innovativeness and the organizational innovativeness is therefore very relevant in ensuring SMEs' survival and profitability.

Recommendations

Based on the analysis conducted and the findings presented in the study, here are some recommendations:

- i. SMEs should prioritize fostering a culture of innovation to enhance performance, as organizational innovativeness has a significant positive impact.
- ii. While social media innovativeness showed an insignificant relationship, SMEs should still leverage social media platforms for marketing and communication purposes.
- iii. Longitudinal studies should be conducted to understand the long-term dynamics between innovativeness and performance.
- iv. Further research should explore additional moderating factors and replicate the study to validate the findings in different contexts.

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