



The Strategic
JOURNAL of Business & Change
MANAGEMENT

ISSN 2312-9492 (Online), ISSN 2414-8970 (Print)



www.strategicjournals.com

Volume 6, Issue 2, Article 64

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DO THEY INFLUENCE BUSINESS INDUSTRY PRACTICES?**

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Accepted: March 21, 2019

ABSTRACT

This paper adopted an exploratory study design to ascertain the state of innovativeness awareness of the leadership of Kenyan business schools and assess the level of influence on industry practices. A questionnaire was distributed electronically to all top leadership of these business schools. The biographical characteristics of respondents were analyzed to develop an innovativeness awareness score for each respondent. This score was used to determine whether respondents' innovativeness awareness was above average and whether the business schools were able to influence industry practices through innovation. The results indicated that the leadership of Kenyan business schools seemed not to be sufficiently innovatively aware for their business schools to contribute to improved business innovation education, influence development of innovation policies and innovation business practices. The researchers recommend development of harmonized innovation policies by the government and universities especially in the areas of improving the innovation culture and university business collaborations more so for small and micro enterprises.

Keywords; *Business Innovation, Innovation Practices, Innovation Awareness, Business Schools, Innovation Policy*

CITATION: Ndolo, J. (2019). The state of innovativeness awareness of the leadership of Kenyan business schools: do they influence business industry practices?. *The Strategic Journal of Business & Change Management*, 6 (2), 1006 –1011.

INTRODUCTION

The promotion of innovation in Low Income Countries (LICs) has gained a lot of interest recently from governments, policy-makers and international development agencies. Many agree that innovation is crucial in these countries, because it is fundamental for growth in order to catch up with middle and high income economies (Chaminade et al., 2010). The Kenya Vision 2030 is the national long term development blueprint that aims to transform Kenya into a newly industrializing middle income country, providing a high quality of life to all its citizens by the year 2030. The Economic Pillar aims to achieve an average economic growth rate of 10% per annum and to sustain this until 2030. The Kenya Vision 2030 envisages a knowledge-based economy which has the capacity to compete in the global market. Therefore, it recognizes Science, Technology and Innovation (STI) as essential ingredients for the industrialization and economic diversification of the country. Small and Micro Enterprises (SMEs) are expected to drive these to a great extent.

The current constitution provides a new window of opportunity to address SME-related issues through a regulatory and institutional framework under the devolved government system, as well as the new SME Act, 2012. The role of micro and small enterprises sector in the development process has been at the center of development debate for the last three decades in Kenya and elsewhere in the developing world (Naituli, Wegulo & Kimenyi, 2008). According to the Economic Survey (ROK, 2009), the SMEs Sector contributed 79.8% of new jobs created in that year in Kenya. Consequently, the Kenya's development plans for the 1989-1993, 1994-1996 and 1997-2001 periods put special emphasis on the contribution of small and medium size enterprises in the creation of employment in the country and recently Vision 2030 (ROK, 2007).

Several Kenyan ministries too are actively establishing STI policies and setting up innovation system

structures for example Ministry of Higher Education, Science and Technology in their policy document; "A policy framework for Science, Technology and Innovation - revitalizing and harnessing science, technology and innovation in Kenya". The Kenyan universities, research organizations and tertiary colleges are supposed to drive this agenda by influencing innovations in SMEs and the business industry in general as well as informing the key government policy directions on innovation and business growth through research. Innovation is widely recognized as an important variable to create competitive advantage and drive economic growth. Innovation is also a relatively vague concept, but the absence of it results in stagnation and loss of competitive behaviors. Innovation capability is the ability to be innovative, and is a characteristic of individuals as well as organizations. The issue with learning and executing "innovation" is that it is often removed from actual situations, too theoretical, not time-ordered, and not holistic (Ikhlaq Sidhu et al, 2016). According to Rogers (2003), innovation is "an idea, practice, or object that is perceived as new by an individual or other unit of adoption". This "newness" need not necessarily be advancement or modification of existing knowledge involves "new" knowledge thereby effectively implying that the "newness" may also concern. Innovations usually do not take place in a given, static environment. They are rather a result of a dynamic process in an organization that involves interplay of several internal and external factors. For the purpose of this paper, we may regard innovation as innovation in its original sense; innovativeness can be defined as the degree to which an individual or other entity is relatively earlier in adopting new ideas than the other members of a system (Rogers, 2003, Oscar, and Hassan, 2013). Similarly it is the tendency to support new ideas, experimentation and creative processes (Lumpkin and Dess, 1996). According to Oscar and Mashood (2013) they also associate innovation closely with creativity; however they suggest that it must be

linked to entrepreneurship if the innovation is to become a commercial opportunity to be exploited.

Despite the interest innovation is receiving in the global, regional and national arena, much has not been done to tap into the potential of business schools as knowledge generators for sustainable industry practices through business innovation research as well as influencing development of innovation friendly policies. Notably in Kenya, all universities both public and private have innovation centers though the participation of business schools in the center's innovation activities is minimal. No wonder employers have complaint of getting half-baked graduates from Kenyan universities. This is a clear indication of the disconnection between industry and Kenyan universities. It is on the backdrop of this the study seeks to ascertain whether the business school leaders are innovative enough to influence innovation policies and business industry practices. In particular the study seeks to (i) to determine the innovation awareness score of business school leaders and (ii) to establish whether the business schools influence business practices

Relationship between Universities and Innovation

Empirical review suggests important and pervasive effects of university research on industry Research & Development and innovation (Jaffe, 1989; Adams, 1990; Mansfield, 1991, 1998; Nelson and Rosenberg, 1993; Cohen, Nelson, and Walsh, 2002). While the diffusion of technology from the academic to the industrial sector is thought to be important, little is known about the influence of the business school on university innovation and industry practices. The universities are often seen as a source of new knowledge (Feldman 1994; Saxenian 1994; Anselin et al. 1997) and hence there exists the potential for knowledge spillovers. A number of studies (Cohen et al. 1998; Cohen, Nelson and Walsh 2002; Agrawal and Henderson 2002; Colyvas et al. 2002; Shane 2002) attempted at analyzing the channels through which knowledge flow from University to industry. These

channels include, but not limited to, personal networks of academic and industrial researchers (Liebeskind et al. 1996; MacPherson 1998), spin-offs of new firms from universities (Stuart and Shane 2002), participation in conferences and presentations, and flows of fresh graduates to industry (Varga 2000). Cohen, Nelson, and Walsh (2002) find that the channels of open science, especially publications, public meetings and conferences and also informal information exchange and consulting, are the most important. Nowadays universities are becoming more and more entrepreneurial themselves and the relationships with industry and university are more direct and interactive (Etzkowitz, 2001).

Joseph and Abraham (2016) in their study titled University-Industry Interactions and Innovation in India found out that there are several reasons that make firms interact or to interact with universities. The study found out that firms would interact with universities so as to help in quality control, performance of tests necessary for your products/processes, use resources available at universities, contract research helpful to the firm's innovative activities, to complement research by universities, technology transfer from the university and to contract research that the firm cannot perform (substitutive research by universities). The reasons why firms will not interact with universities included; Our firm's R&D is enough to innovate, Universities have no understanding of our line of business, Cultural Public research institutes have no understanding of our line of business, Cultural Contractual agreements are difficult, transaction costs, lack of trust, Quality of research is low and difficulties in dialogue.

A study in Chile and Colombia shows that collaboration with universities substantially increased the propensity of firms to introduce new products and to patent (Marotta, Blom, and Thorn 2007). Firms and universities are increasingly finding it mutually

beneficial to collaborate. On one hand, private firms are progressively adopting open innovation strategies to better access and integrate external sources of knowledge, leading to a stronger interest in collaboration with universities. On the other hand, since the 1990s, the strategic mission of universities has moved beyond the tradition of teaching and research toward a “third mission” related to better addressing the needs of industry and contributing directly to economic growth and development. The governments, universities, and industry are interested in good and effective collaboration which would be beneficial for all parties. To foster university-industry cooperation, and hence the knowledge and technology transfer between these two parties, academics, politicians and companies are paying attention to science and technology policies more than ever (Marge Seppo and Alo Lilles, 2011)

METHODOLOGY

The study adopted an exploratory research design since there existed no materials on Kenya universities and innovation. A structured questionnaire was emailed to all 71 business school deans and in some cases associate deans in all the universities both public and private. A follow up through phone calls was done to ensure participation by respondents. Data was analyzed through means, standard deviations and represented through use of tables. Respondents were assured of confidentiality and hence anonymity of the participating institutions and individuals was protected. Therefore, institutions and individuals were not referred to by name in the discussion and interpretation of responses.

RESULTS AND DISCUSSIONS

The number of structured questionnaires that were administered electronically through email was 71. A total of 28 questionnaires were properly filled and returned hence found to be responsive which represented a response rate of 39.4% for the study.

The response rate for electronically administered voluntary surveys was generally low (Sheehan 2001; University of Texas at Austin, 2012). Therefore a response rate of 39.4% is acceptable for an exploratory study involving university business school leaders they may have busy schedules.

The biographical profile of respondents indicated that they were well qualified and very experienced as far as both business innovation and industry practices was concerned: 78.6% (22 respondents 28) of respondents had at least a doctoral qualification; 64.3% (18 out of 28) had been involved in business innovation for more than ten years and 92.85% (26 out of 28 respondents) had worked in the university for more than five years. The results can thus be viewed as the opinion of experienced and well-educated respondents.

Analysis of Innovation Awareness Score of Respondents

The biographical characteristics of respondents were analyzed further to develop a fifth biographical attribute, namely the level of innovation thinking or innovation awareness of respondents. For this purpose, an innovation awareness score was developed for each respondent. This score reflected the number of positive responses (‘yes’) to ten questions on innovation awareness; university innovation policies, innovation centers, linkages with innovation organizations, membership to professional bodies, innovativeness of their school, their qualification and experience.

Respondents could score a maximum awareness score of 10 points (1 per question) and a minimum awareness score of 0. This awareness score was used in subsequent analyses to determine, whether respondents’ innovation awareness was above average (more than 5 out of 10) and whether innovation awareness was affected by level of qualification or teaching experience (*to be done in the next phase of this research*)

Table 1: Distribution of Innovation Awareness Scores of Business School Leaders

Innovation Awareness Score	Frequency	Percentage
1-5	25	89.3
6-10	3	10.7
N=28, Mean=3.32, Std deviation=1.975		

The average innovation awareness score of business school respondents was calculated as 3.36 (standard deviation of 1.975). A score of 6 was deemed to be above average since scores could range from 0 to 10. A score of above 6 was deemed to be an indication of an innovative aware business school leader who could influence innovation within and beyond the school.

The results in table 1 above indicated only 10.7% of the respondents had high innovative awareness scores which corresponds to the results when business school leaders were asked whether the schools had any linkages with innovation organizations, 80% replied no with only 20% attesting to having linkages. This concurred with Buse (2000) findings that an important tool to improve the firm's knowledge base and therefore its innovativeness is to enter into cooperation with partners like other companies and/or universities and specialized research institutions (here jointly referred to as universities) at home or abroad. This is a clear indication that there is minimum university business school interaction with industry.

Despite 60% of respondents attesting to discussing business innovation issues at management level in their business schools and 100% of the respondents claiming that the needs of the industry influence their school curriculums there was not even a single business school that could lay any claim to any industry practice currently in use. This was in line with Jaap (2015) findings that the contemporary reality of SMEs attests to having no support of formal innovation systems institutions in their efforts to innovate. SMEs owners reported that they were not aware of innovation policies, nor did they benefit

from or participate in innovation support programs. The innovation systems theory involving formal and (semi-) governmental support institutions, such as research development centers and universities, did not apply for SMEs, most SMEs owners attested to government making their business environment even more challenging. This is a clear indication that there is a disconnection between business innovation in business schools and industry practices.

CONCLUSIONS AND RECOMMENDATIONS

It was clear from the literature that it is the responsibility of business schools to produce innovative minded graduates and also innovations that influence government policies and business practices (Jaap, 2015; Buse, 2000; Stuart and Shane 2002, Marotta, Blom, and Thorn 2007) . Most of the business schools leaders claim that their business schools are very innovative yet the results of this study indicate that the leadership of Kenyan business schools appears not to be sufficiently innovatively aware to ensure that their management team sets the tone for good business industry practice and contribute to business innovation education and hence sustainable innovation practices in general. These findings concur with Feldman (1994; Saxenian 1994; Anselin et al. 1997) findings that universities are often seen as a source of new knowledge many SMEs rarely cooperate with universities since the universities have no understanding of their line of business (Joseph and Abraham, 2016). This is an opportunity for business schools to engage in research and innovations that are geared towards solving existing business challenges among SMEs. The research findings should also seek to influence the policy on innovation and SMEs growth among government ministries and department notably;

Ministry of Education, Science and Technology, Ministry of Devolution and Planning, Ministry of Industrialization and Enterprise Development and Ministry of EAC Affairs, Commerce and Tourism. Business schools and government department can undertake joint projects, student internships as well as organizing seminars and conferences where dissemination of business research information can take place.

The low innovation awareness of the leadership of business schools despite their qualifications and experience raises questions about the ability of business school leaders to influence and improve the innovation capacity of students, development of sustainable innovation policies and the industry practices at large. Given their low innovation

awareness scores, it can be asserted that Kenyan business school managers seem not to have the innovation awareness or capacity to instil a climate of innovation in their business schools that will allow such schools to produce innovative minded graduates. There is need for universities to put in mechanisms that build the innovativeness of their business school leaders through inclusion of an innovation policy framework on staff training. Innovativeness awareness score may also be used in identification and promotion of business school leaders. Lastly the policies for university-industry collaboration should pay attention not only to the input and output measures as they mostly do today, but look also into the future and measure the possible effects of the created policies.

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