INNOVATION MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE OF DEPOSIT MONEY BANKS IN DELTA STATE

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ABSTRACT

The study focuses on effect of innovation management practices on organizational performance of deposit money banks in Delta State. The population of the study consists customers and employees of Zenith Bank and Polaris Bank, Delta State. The total population is 122 which consist customers and employees. The study revealed that technology innovation practice and collaborative networks strategy have a significant effect on organizational performance. The study concludes that innovation management practices have significant positive impact on organizational performance of deposit money banks in Delta State. By embracing innovation, banks can gain a competitive advantage, improve efficiency, enhance the customer experience, mitigate risks, generate additional revenue streams, and promote employee engagement. The study recommends that managers should provide employees with training opportunities to enhance their innovation skills and knowledge.
Keywords: innovation, Technology innovation practice, innovation practice, collaborative networks

INTRODUCTION

The complex and competitive environment wherein present firms work combined with technological advancement and globalization requires businesses to devise strategies to empower them gain upper hand over rivals. To achieve this, there is need for management to determine the necessary competences (Mwangi, 2021). Innovation is one the various competences firms develop to enable them outsmart competitors. Kombo and Letting (2019) aver that innovation is linked to business performance and has emerged as a major source of competitive advantage.

Firms operate in an environment that is turbulent and constantly changing, due to shifting customer preferences, globalization, investor demands, market deregulation, and increased competition. Nonetheless, the climate presents difficulties that won't be quickly settled, because of their intricacies. This has made organisations to create and embrace vital methodologies to manage evolving needs (Bragg, 2015). The fundamental tool for expanding and entering new markets is innovation management; and firms develop different techniques to manage innovation, and in order to gain competitive advantage (Fouad et al., 2018).

Nowadays, the future of organizations is determined by the introduction of new and improved products. The application of novel ideas to products, procedures, management practices, and marketing, or any other aspect of the organization's activities that leads to improved value, is referred to as Innovation management practices (Cascio, 2014). However, unless managed with precision, the revenue generated by innovation is insufficient, and the role that innovation plays in assisting businesses to achieve growth objectives is frequently unclear.

Organizational performance is a subjective measure of an institution's ability to use assets from its business model to generate revenue (Sufian & Chong, 2016). It is a general measure of overall financial capacity over a specified time period and can also be used to compare organizations in the same industry, such as banking, communication, and insurance, among others (Al-Tamini, 2014). Organizational performance can be estimated in various ways and the unit of estimation utilized ought to be taken in conglomeration. Measurements include the institution's liquidity, solvency, and financial efficiency as well as revenue from operations, operating income, total unit sales, profitability, and capacity to repay debt.

In spite of the fact that there has been research on how innovation management practices affect organizational performance in a number of countries; no study has been done on how innovation management practices affect deposit money banks in Delta State, Nigeria. Thus this study is designed to analyze effect of Innovation management practices on organizational performance of deposit money banks in Delta State. The specific objectives of the study are to:

i) Ascertain the influence of technology innovation practice on organizational performance.
ii) Determine the effect of collaborative networks on organizational performance.

The study is thus guided by the following null hypotheses:
Ho_1: Technology innovation practice has no significant influence on organizational performance.
Ho_2: Collaborative networks has no significant influence on organizational performance.

LITERATURE REVIEW

Innovation Management Practices
Technology play significant roles in the innovation process in every industry (Sirirak et al., 2011). Every innovative product begins as an idea, and winds up in another item or administration so it is totally not quite the same as creation. Fischer (2001, as cited in Nishat & Mohammad, 2022) developed technological and market-based theoretical models of innovation. According to Nishat and Mohammad (2022), innovative product boosts the company's profit, which has an effect on the national economy and generates new employment opportunities. According to Nishat and Mohammad (2022), innovation technology, the market, organization character, and the economy are all interconnected. The innovation process is heavily reliant on every aspect.

Recent information technology advancements have ramifications on the activity, design and system of organisations. Mwangi (2021) states that competitiveness of future economies will largely depend on the creation and application of these technologies. The expansion of the Internet constrained most associations to re-examine the manner in which they carry on with work and how they can re-engineer their business processes. Competent businesses become digital and networked as a result of increased efficiency with which they can communicate with one another (Mwangi, 2021).

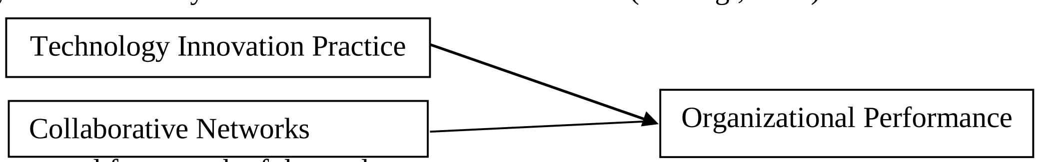

Fig.1: Conceptual framework of the study

Organizational Performance

Organizational performance is the achievement of objectives by an association. Organizational performance is an aggregate exertion by every one of the assets inside the firm. The performance will be determined by how these resources are utilized. Organizations foster performance by paying attention to how resources are gathered and utilized. Firm performance is a multifaceted concept. Kaplan and Norton developed the balanced scorecard as a model that incorporates monetary and non-monetary metrics of performance (Ogundare et al., 2023). The balanced scorecard has four components that can be used to evaluate an organization's performance: financials, client care, inside business cycles and learning and development.

Technology innovation practice and Organizational Performance

Khalil (2000), innovation is the result of man's learned and protected knowledge or specific abilities regarding how to do things. Technology advancement drives financial transactions. A tool for financial development may be the application of mechanical advancements to meet emerging trade opportunities, social needs, and natural challenges. Innovation and creativity are essential for any business that wants to compete.

Adeyeyetolulope (2014) as saying that central competitiveness and innovative advancement have a positive relationship. Technology Innovative Capability is an essential component of the middle seriousness of the manufacturing industry, and focus intensity influences creative development. Innovation ought to be planned so that it can organize the organization's promoting abilities and be viewed as mirroring the organization's major design and by and large achievement (Knies et al., 2016; Richard et al., 2009; Hubbard, 2009).

With the help of internal and external assessments and a cascading system of goals, strategies, and plans, organizations can find that their strategic planning is more effective at meeting these goals. Richard et al. (2009) have added that professionals must provide a solid justification for comprehending what performance entails and the metrics that will be utilized to measure it. Directors ought to think about all partners, the level of climate heterogeneity, assets, key decisions, and the time period while characterizing execution.

Collaborative Networks and Organizational Performance

Through relationships with customers, suppliers, competitors, and research organizations, collaborative networks with business partners will make it simpler for them to share knowledge and information in order to enhance innovation capabilities (Tsai, 2009). Cooperative organizations can be grown upward through clients, providers, and contenders and evenly through research foundations, colleges, and government support (Zeng et al., 2010).

Collaborative awareness is expected to make more agreeable participation with colleagues (Barnes and Liao, 2012) and organizing created among pioneers, clients and the public authority can drive business execution improvement (Panda, 2014). Similarly, SMEs that can assemble organizing with the right accomplices will impact the development of the organization (Širec and Bradač, 2009), while the client joint effort created by SMEs can further develop promoting execution (Fidel et al., 2015). In this manner, great cooperative organizations with accomplices will make data and information sharing. What's, areas of strength for more can energize deals, benefit, and chance sharing, subsequently possibly expanding business execution.

Empirical Review

Fouad et al. (2018) looked into how innovation process affects performance of new products in the fishing industry in Morocco; and reported a favourable results of the effect of innovation process on performance. Sawng et al. (2018) examined technology adoption and company performance a correlation analysis with evidence of Korean export companies. The study found that the effects of technology on the performance of export companies were still unsatisfactory, and organizational performance was found to be a top priority. The study also found that strategic decision-making is needed for the adoption of smart technology in the context of technology convergence in order to improve the performance of heterogeneous companies.

Zhu et al. (2018) examined effects of various factors on firm technological innovation performance in various high-tech organizations. The findings shows that innovative work consumption decidedly affect hierarchical mechanical development execution, venture and government sponsorships emphatically affect an association's mechanical advancement execution in information situated businesses. Organizational innovation performance is significantly enhanced by technology diversity (Zhu, Wang, & Wang, 2018).

Huesig and Endres (2018) investigated the role that functionality plays in the adoption of innovation management software by innovation managers during the digital innovation process. The study showed that adoption of innovation management software has decidedly impacted the advancement the executives and that product apparatuses give support usefulness for suggestions and portfolio the board however diminished for thought age and situation the board. According to the findings of the study, the more logical approach to digitalizing the innovation process that is frequently advocated in the digital context and proposed in the study of innovation management software is less effective.

Theoretical review: **Theory of the Innovative Firm**

This theory was advanced by Lazonick (2014) to assist with making sense of unrivaled execution right after defective business sectors. As indicated by the theory the capability of a firm is to change useful assets into labor and products that can be marketed. This can be accomplished by an organization through innovation. Appropriately, prevalent financial execution result from imaginative endeavors makes results of more excellent at lower cost (Lazonick, 2014).

According to Lazonick, (2014a), innovative businesses can turn productive resources into higher-quality, lower-priced goods and services that benefit customers and other economic participants. As per the theory, a firm can acquire and support its seriousness to contend really in its industry through development. These businesses are innovative, which helps them become or stay competitive.

By investing in productive resources of both high quality and quantity, innovative businesses can compete. This empowers the organizations to foster prevalent items, administrations and more proficient strategies for example creation, hierarchical and promoting techniques (Lazonick, 2014a). According to Lazonick, (2014a), an innovative company's short-term success is determined not by an increase in costs but rather by the production of high-quality goods that result in a decrease in unit costs and an increase in market share.

The innovating company is able to gradually penetrate various market segments based on the different economic power of the buyers thanks to innovation. The innovative company is also able to use innovation to achieve differentiation by offering distinct products and services to customers that are one-of-a-kind (Lazonick, 2014a). This provides the firms with a foundation upon which they can develop capabilities to access other market segments. In this manner development methodology empowers firms to contend. As in innovation, constant improvement of products, procedures, and methods results in differentiation, which makes innovative businesses more competitive (Lazonick, 2014a).

METHODOLOGY

The descriptive survey design was used for this study. The population of the study consists customers and employees of Zenith Bank and Polaris Bank, Delta State. The research population comprise lower, middle and the senior management of employees and customers. Therefore, the total population is 122 which consist of the customers and the employees. Questionnaire was to collect data from respondents. The Cronbach's Alpha test was used to test for the reliability coefficient. A reliability coefficient of 0.7 and above, are high and is acceptable while a reliability coefficient 0.6 and below shows poor reliability (Sekaran, 2003). The instrument used in this study scored 0.871 in the Cronbach's Alpha test.

RESULTS AND DISCUSSION

Table 1: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.736[a]	.542	.534	2.6247

a. Predictors: (Constant), collaborative networks, Technology innovation practice
Source: Researcher Statistical Computation (2023).

Table 1 report that change in organizational performance is brought about by Innovation management practices by 53.4% (.534) as indicated by the adjusted R^2 value. The independent variables explain 53.4% of the variability of the dependent variable.

Table 2: Fitness of the Model

ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	970.318	2	485.159	70.423	.000[b]
	Residual	819.814	119	6.889		
	Total	1790.131	121			

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), collaborative networks, Technology innovation practice
Source: Researcher Statistical Computation (2023).

The *F*-ratio in table 2 shows that the variables of Innovation management practices statistically significantly predict organizational performance, $F(2, 119) = 70.423$, $p < .005$ (this means that the regression model is a good fit of the data).

Table 3: Regression Analysis of Innovation management practices and organizational performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.220	1.352		2.382	.019
	Technology Innovation Practice	.621	.097	.590	6.387	.000
	Collaborative Networks	.212	.107	.183	1.976	.050

a. Dependent Variable: Organizational Performance
Source: Researcher Statistical Computation (2023).

Table 3 above reported the regression analysis result for innovation management practices and organizational performance. The Table exhibited that Technology innovation practice has positive effect on organizational performance (ß = .590, P<0.01). It was also reported that collaborative networks strategy which is the last variable has positive effect on organizational performance (ß = .183, P<0.01).

Table 4: Correlation matrix of the studied variables

Correlations

		Technology Innovation Practices	Collaborative Networks	Organizational Performance
Technology Innovation Practices	Pearson Correlation	1	.741**	.726**
	Sig. (2-tailed)		.000	.000
	N	122	122	122
Collaborative Networks	Pearson Correlation	.741**	1	.621**
	Sig. (2-tailed)	.000		.000
	N	122	122	122
Organizational Performance	Pearson Correlation	.726**	.621**	1
	Sig. (2-tailed)	.000	.000	
	N	122	122	122

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

Table 4 indicates positive correlation between innovation management practices and organizational performance. Table 4 indicates that technology innovation practice correlated positively with organizational performance (r= .726**, 0.01); and that collaborative networks correlated positively with organizational performance (r= .621**, 0.01). Since the P value calculated in Table 4 is greater than the critical level of significance (.000<0.05), the null hypotheses are rejected.

DISCUSSION OF FINDINGS

This study focused assessing the influence of innovation management practices on organizational performance. The results obtained from the statistical analyses show that innovation management practices (technology innovation practice and collaborative networks) influence organizational performance. This results is in consonance with the findings of Adeyeyetolulope (2014), that technological innovation is the lifeblood of financial activities. The application of mechanical advancements to meet emerging trade opportunities, social needs, and natural challenges may be a tool for financial development. Any business that wants to compete must be creative and innovative. Imaginative progression and focus intensity value beneficial relationship. Our findings also cohere with the view that interactions with suppliers, customers, rivals, and research organizations that are intended for the development of new products are referred to as collaborative innovation networks (Najafi-Tavani et al., 2018).

CONCLUSION AND RECOMMENDATIONS

Innovation management practices have significant positive impact on organizational performance of deposit money banks in Delta State. By embracing innovation, banks can gain a competitive advantage, improve efficiency, enhance the customer experience, mitigate risks, generate additional revenue streams, and promote employee engagement. These effects collectively contribute to the overall success and growth of the banks in the dynamic and competitive banking industry. Therefore, it is crucial for deposit money banks in Delta State to prioritize and invest in effective innovation management strategies to stay ahead in the market and meet the evolving needs of customers. In view of the results obtained from the study, the following recommendations are made:

1. Deposit money banks should promote a culture that values and encourages innovation. This can be achieved by creating an environment where employees are empowered to share their ideas, experiment with new approaches, and take calculated risks.
2. Managers of deposit money banks should provide employees with training opportunities to enhance their innovation skills and knowledge. This can include workshops, seminars, and online courses on innovation management, design thinking, and creativity.
3. Deposit money banks seek feedback from customers and use it to drive innovation. Conduct surveys, hold focus groups, and gather insights from customer interactions to understand their pain points, expectations, and preferences. This feedback can guide the development of new products and services that align with customer needs.

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