Informal Knowledge Institutions and Market Innovation by Knowledge-Intensive Businesses

Adeyeye, Mercy¹, Yazid Abubakar¹ and Jay Mitra.*

¹Department of Entrepreneurship and Business Studies, School of Management and Entrepreneurship, Federal University of Technology, PMB 65, Minna, Niger State, Nigeria; *Kingston Business School, University of Kingston, United Kingdom; * Essex Business School, University of Essex, United Kingdom.

Abstract

This study investigates the influence of informal knowledge institutions on new market innovation in a developing economy. A framework is built in which small firms develop new market innovations through the utilization of knowledge acquired from informal (e.g. personal contact, network of friends, families etc.) institutions. Data was collected through a survey of 510 small and medium sized enterprises (SMEs) in knowledge intensive business (KIBS) sector of Lagos, Nigeria at firm level. The findings suggest that informal sources is more accommodating to the needs of small firms in a developing economy and serve as the primary source of knowledge resources for new market innovation. Thus, the informal system should be recognized as an important part of the institutional system influencing innovation in developing economies. We recommend the need to revise the policy to provide direction by providing necessary structure should be given to the informal institutions as they are becoming a focal point in the developing economies.

Keywords: Developing Economies, Informal, Knowledge-Intensive Business Services (KIBS), New Market Innovation.

Email: memoade4real@yahoo.com

Received: 2015/06/28

Accepted: 2015/11/25

DOI: http://dx.doi.org/10.4314/njtr.v10i2.8