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Influence of Entrepreneurship Eco-System on Innovation of Selected Restaurants at Ilorin Metropolis

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Abstract

Building an entrepreneurial eco-system is considered an organized attempt to establish friendly environment capable of increasing the success rate of established ventures in the business environment. This research examined the relationship between entrepreneurship eco-system and Innovation of selected restaurants in Ilorin, Kwara State. This research determined whether finance and policy making influences process innovation and new product development of selected restaurants in Ilorin, Kwara State. Survey research design was utilized to perform this research. Simple random sampling techniques were utilized to select50restaurants out of the sixty (60) registered restaurants in Ilorin through a self-administered questionnaire. Two hypotheses were formulated and analyzed through Statistical Packages for Social Sciences (SPSS) software application version 23 and SmartPLS 3.3 (PLS-SEM) software applications. The outcomes from findings revealed that the present entrepreneurship eco-system in Nigeria and particularly in Kwara State is not at its peak due to absence or poor policy making that can promote sustainable business solution. The findings also showed that entrepreneurial activities in Nigeria is low due to poor funding and inability to access loan for restaurants operators in Ilorin ,Kwara State, Nigeria. Thus, this research recommends that entrepreneurship eco-system in Nigeria and most especially in Kwara State should be promoted through policy making to enhance Business Innovation among SME's in Kwara State and Nigeria in general.

Key words: *Entrepreneurship, Eco-System, Innovation and Restaurant*

1.0 *INTRODUCTION*

Captain in organizations are concerned with the quantity and quality of entrepreneurial activity in the business environment. For instance, organizations managers involved in the Global Entrepreneurship Monitor have documented the prevalence of various forms of entrepreneurial activity across countries and regions (Reynolds et al. 2005; Stam et al. 2011). In addition, policymakers concerned with economic development have sought to identify policy 'levers' with which to encourage higher levels of entrepreneurial activity resulting in economic growth and job creation (Audretsch& Link, 2012). Borrowing from biology, the metaphor of an entrepreneurial 'ecosystem' is increasingly used by scholars (Acs et al. 2017; Spigel 2017; Stam 2015) and practitioners (Feld 2012; Isenberg 2010) for understanding the context for entrepreneurship in particular territories (countries, regions, cities). The entrepreneurial ecosystem comprises a set of interdependent actors and factors that are governed in such a way that they enable productive entrepreneurship (Stam, 2015). As applied to entrepreneurship in a region, the metaphor is loosely defined, highly under-theorized and not adequately measured (Stam, 2015). Entrepreneurs and new venture startups are increasing at an exponential rate across the globe. In light of this dramatic increase, there has been a surge in attempts to find greater ways to understand how to best assist these emergent ventures (Kuratko, 2017). Thus, the rise of "entrepreneurial ecosystems" as organized attempts to establish environments that are conducive to increasing the success for established ventures. In-spite of popularity gained by this concept, there is a persistent question of what is and what comprises an entrepreneurial ecosystem.

The concept of 'ecosystem' has enjoyed increased popularity in academia, industry, policy, and management as a vehicle to describe, explain, advertise, and convey thoughts, frameworks, and opinions on how economic agents interact with their environment (Acs et al. 2017b; Colombo et al. 2017). The major challenges that the study attempts to address are insufficient finance and inadequate policy and its effects on innovation of selected restaurant. Therefore, this research seeks to provide explanation to the relationship between entrepreneurship eco-system and innovation of selected restaurants in Ilorin, Kwara State.

Objectives of the study

1. To investigate the relationship between entrepreneurship eco-system and innovation of selected restaurants in Ilorin, Kwara State.
2. To explore the influence of finance on process innovation of selected restaurants in Ilorin, Kwara State
3. To examine whether policy making have direct influence on new product development of selected restaurants in Ilorin, Kwara State.

2.1 REVIEW OF RELATED LITERATURE

The concept of entrepreneurship eco-systems has gained popularity in recent years due to mainstream business books such as Feld's (2012) Startup Communities and work by Isenberg (2010) in the Harvard Business Review. These works have popularized the idea amongst entrepreneurial leaders and policymakers that a place's community and culture can have a significant impact on the entrepreneurship process. Despite its popularity, there is no generally acceptable definition of entrepreneurship ecosystems amongst researchers or practitioners. The first component of the term is entrepreneurial. The term is described as a process in which opportunities for creating new goods and services are explored, evaluated and exploited (Schumpeter, 1934; Shane &Venkatamaran, 2000). The entrepreneurship ecosystem approach often narrows this entrepreneurship down to 'high-growth start-ups' or 'scale ups', claiming that this type of entrepreneurship is an important source of innovation, productivity growth, and employment (Mason& Brown, 2014; World Economic Forum, 2013). Empirically, this claim seems too exclusive: networks of innovative start-ups or entrepreneurial employees can also be forms of productive entrepreneurship (Baumol, 1990) and in that way

the source of earlier mentioned welfare outcomes. But it is clear that the entrepreneurial ecosystem approach does not by definition include the traditional statistical indicators of entrepreneurship, such as 'self-employment' or 'small businesses' into entrepreneurship. This distinction between the traditional measures of entrepreneurship and the conceptually more adequate measures of entrepreneurship such as innovative and growth-oriented entrepreneurship, is increasingly emphasized in the entrepreneurship literature (Henrekson & Sanandaji, 2014; Mason & Brown, 2013;Shane, 2009; Stam et al., 2012). Numerous insights on the ecosystem exist. The ecosystem can be described as a system that support and manage entrepreneurship (Isenberg, 2010). It features interconnections and exercises among a variety of stakeholders in an entrepreneurial society and the significance of the motivating forces encounter as they behave towards an entrepreneurship-friendly environment (Rodriguez-Pose, 2013). The author specially discusses the fostering synergies between different stakeholders, building new institutional capabilities or stimulation of innovation. Similar topic in relation to the entrepreneurial ecosystem was also mentioned by (Carlson et. al., 2002).

The concept of entrepreneurship eco-systems is an intrinsically powerful one that acknowledges the significance of entrepreneurial tactics and intellectual conviction frameworks which support cooperation inside an economy. Just as there may be an evolutionary common sense to cluster formation (Feldman&Braunerhjelm, 2006) observe that ecosystems are ‘‘an obviously evolving mechanism that drives and sustain business in the operating environment’ (Isenberg, 2010). The essential element of eco-systems are the actors, procedures and institutions which are not at once associated with start-ups, such as massive companies, universities, public bodies, health care structures, banks and stock markets (Mason& Brown, 2014). Entrepreneurship universities specially are broadly seen as vital entrepreneurial actors even as others take the view that their position has been over-said (Brown, 2016). The function of big present organizations, in evaluation, is regularly downplayed with the entrepreneurial environment literature. However, there's tremendous evidence which suggests that big incumbent groups regularly play a critical function in configuring a few ecosystems, as attractors of skilled labour.The incubation of marketers, the spill-over of records and as crucial initial (Eliasson, 2000). In some regions, big exogenous defense organizations play a principal position in shaping entrepreneurial ecosystem (Adams, 2011). Those roles are pivotal in configuring the person in a nearby entrepreneurial context and will be predisposed to the entrepreneurial atmosphere. (Spigel, 2015; WEF, 2014).

Innovation

Innovation is widely acknowledged as key to economic development, since it potentially leads to productivity and competitive gains (Abrunhosa & Esa, 2008).There are several definitions of innovation. According to Schumpeter (1983) “innovation is the commercial or industrial application of something new-a new product, process or method of production; a new market or sources of supply; a new form of commercial business or financial organization.

The European Commission defines innovation as the renewal and enlargement of the range of products and services and the associated markets; the establishment of new methods of production, supply and distribution; the introduction of changes in management, work organization, and the working conditions and skills of the work force (CEC, 1995). Different definitions of innovation included in the literature. “Innovation has been consistently defined as the adoption of idea or behavior that is new to the organization (Bon & Mustafa, 2013).

Also, innovation does not exclusively result from R&D; it is a multidimensional process, with multiple sources, most of the time coming from complex interactions among individuals, organization and the institutional setting. The method of innovation is to develop ideas, refine them into a useful form, and bring them to fruition in the market where they will achieve increased efficiencies (Morris, 2008).

Innovation definitely creates business value. The value manifest itself in different form, e.g., there could be value from radical innovation leading to entirely new products as well as from incremental innovation leading

to improvement in existing products. Innovation is important because in this knowledge era, many companies see it as a strong contributor and means for generating business and profitable growth that will improve an organization's performance and competitiveness (Potters, 2009).
Sustainable and profitable growth in a company requires sustainable innovation activities (Gupta, 2007) From a micro point of view, innovation is management discipline: it focus on organization's mission, searches for unique opportunities, determines whether they fit the organizations strategic direction, defines the measures for success, and continually reassesses opportunities (Gaynor, 2002 in Lin & Chen 2007).

Product and Process Innovation

Most innovation studies are the distinction between product and process innovations. Product and process innovations are closely related to the concept of technological developments. Product innovation reflect change in end product or services, and process innovation represent change in the way an enterprise produces products and services (Dibrell et al, 2008 in Forsman & Temel, 2011).
A product innovation is the introduction of a good or service that is new or significantly improved regarding its characteristics or intended uses. Product innovations can utilize new knowledge or technologies, or can be based on new uses or combinations of existing knowledge or technologies. A process innovation is the implementation of new or significantly improved production or delivery method. Process innovations can be intended to decrease unit costs of production or delivery, to increase quality, or to produce or deliver new or significantly improved product (Gunday et al, 2011).
Both product innovation and process innovation are under technological innovation type. Product innovation is creating a new good or service or improved on existing gods or services. Process innovations, on the other hand, are focuses on improving the effectiveness and efficiencies of production.
Process innovation is a new or significantly improved production or delivery method. This includes significant change in techniques, equipment or software. Process innovations can be intended to decrease unit costs of production or delivery, to increase quality, or to produce or deliver new or significantly improved products. Product innovation can be used to strategically differentiate organizations product offerings in the marketplace, thereby satisfying market demands, building customer loyalty, and improving firm performance. Process innovation denotes a process of renewal within organizations (Huang and Rice, 2012).

2.2 *Theoretical Review*

The first systematic effort by an economist to analyze the process of innovation was undertaken by Joseph Schumpeter in the first half of the twentieth century. He identified three stages of the process: invention, innovation and diffusion. For Schumpeter, invention is the first demonstration of an idea; innovation is the first commercial application of an invention in the market; and diffusion is the spreading of the technology or process throughout the market. Typically, the diffusion process is represented by an S-shaped curve, in which the take-up of an innovative process or technology starts slowly with the focus on market positioning, then gathers momentum achieving rapid diffusion, before slowing down as saturation level is reached, with the focus shifting to incremental improvements and cost reductions (Schumpeter, (1911/1934)); (Stenzel, 2007). S-curves of technological improvement have been well documented in a range of technologies, including disk drives, cars, sailing ships, semiconductors, steam engines and many more (Schilling and Esmundo, 2009). This three-stage journey of slow start-up, gathering momentum, and finally diminishing returns underlies what is often referred to as the „linear model of innovation", a more-or-less continuous flow through the three stages, from basic research to applied research to technology development and diffusion. The model suggests that advances in scientific understanding determine the rate and direction of innovation and that the optimal way to increase the output of new technologies is to increase the input of new inventions by simply putting more resources into R&D (Nemet, 2007). This is the process of technology- or supply push. In his analysis of the drivers of innovation, Schumpeter"s early work stressed the importance of the individual entrepreneur (Xu, 2007). Later work gave more emphasis to the role of large firms with the resources to conduct extensive

R&D and support new technologies. Schumpeter"s concept of „creative destruction" which describes the replacement of old firms and old products by innovative new firms and products has been widely influential in inspiring more recent understandings of the innovation process. However, critics argue that Schumpeter was more interested in the consequences of innovation than its causes and that none of his works "contain anything that can be identified as a theory of innovation" (Ruttan, 2001).

2.2 *ELEMENTS OF ENTREPRENEURSHIP ECO-SYSTEM*

Formal institutions

Formal institutions reflect the rules of the game in society (North 1990). For entrepreneurship, the quality and efficiency of formal institutions matters. The level of perceived corruption and the general regulatory framework within countries in **providing a relatively predictable structure** for everyday social, economic and political life. Institutions shape people's incentives (or calculations of returns from their actions) and behavior. They establish a predictable, though not necessarily efficient or uncontested structure for human interaction (North, 1990: 6). Some argue institutions shape but do not necessarily always determine behaviour (Leftwich & Sen, 2010) but lead to enduring patterns of behaviour over time but they also change.
Institutions are constantly being reformed through people's actions (Giddens, 1984). Institutional change structures the way societies evolve (North, 1990). However, institutionalized behaviours can be hard to change because they produce positive or negative development outcomes. This depends on the kinds of relationship and behaviours that institutions enables and the outcomes for the enjoyment of rights and allocation of resources in society (Leftwich & Sen, 2010). This means entrepreneurship ecosystem will only thrive if the actor like government can formulate and implement policy that will enhance entrepreneurship ecosystem. For instance, entrepreneurship ecosystem might take a longer year to be effective considering the challenges of policy formulation and implementation in Nigeria for instance.

Entrepreneurship Culture

Entrepreneurship culture (as an informal institution) reflects the degree to which entrepreneurship is valued in society (Fritsch&Wyrwich, 2014).Lawal,& van der Westhuizen,&Awotunde,(2019) suggested that behavior and attitude of entrepreneurs are modified through norms, beliefs and ethical values in business mode of operation. Entrepreneurship culture in regions have frequently been measured in quantitative and qualitative ways (Credit et al. 2018). Entrepreneurship culture is measured indirectly with the prevalence of new firms, which indicates how 'common' starting up a business is in a particular region such as Kwara State in the Northern region. It is was observed that the culture in this region is low compared to other region(e.gWestern or Southern region) in the country.
Entrepreneurship culture could also be measured with the degree to which self-employment is seen as a viable career choice and the degree to which successful entrepreneurs are valued (both derived from the Global Entrepreneurship Monitor).Meanwhile, this measure is not readily available for regions within Nigeria. This makes it uneasy to measure entrepreneurship culture for this study, however from the perspectives of self-employment, the culture is seriously low and cannot be compared to other African countries like South Africa, Egypt, Tunisia, and nearby country like Ghana.

Networks

Networks of entrepreneurs and their businesses provide an information flow, enabling an effective distribution of knowledge, labour and capital (Malecki 1997). These networks can be measured in many ways

(Hoang&Antoncic 2003; Jack 2010). The analysis focuses on the network structure of businesses in regions. We use a measure of networks that indicates the connectedness of small businesses for new value creation.The percentage of businesses (with at least 5 employees) in a region that collaborate for innovation. Based on the data gathered for this research, it was observed that information flow between small businesses in northern region is considerably low compared to other region in Nigeria. This is one of the reason networks was not used as a tool of measurement in this study.

Physical Infrastructure

Physical infrastructure is a composite measure including indicators of motorway and railway potential accessibility and the number of passenger flights (Annoni& Dijkstra, 2013). Motorway accessibility includes the population living in surrounding regions weighted by travel time along motorways, while railway accessibility includes the population living in surrounding regions weighted by travel time along railways. Motorway and railway potential accessibility indicators take into account ferry networks allowing for correcting islands penalization. Potential accessibility is a construct of two functions, the activity function representing the activities or opportunities to be reached and the impedance function representing the effort, time, distance or cost needed to reach them (Spiekermann et al. 2002). For potential accessibility, the two functions are combined multiplicatively, i.e. they are weights to each other and both are necessary elements of accessibility. The interpretation is that the greater the number of attractive destinations, the greater the accessibility of area.

Demand

Demand is measured as a composite consisting of disposable income per capita and two measures of potential market demand. Disposable income is included as income per capita. The two indicators on potential market demand provide an estimate of the GDP and population available within a pre-defined neighbourhood. They are expressed respectively in purchasing power standards and population size (EU average set to 100)(Annoni and Kozovska, 2010).This indicator also could not be measured in this study because the region captured in this study and the per-capita income in kwara state is low compared to other states in the region.

Leadership

Leadership provides guidance for and direction of collective action. Conceptually and empirically rigorous studies on leadership in regions are still sparse (Sotarauta et al. 2017). Empirically, leadership can be measured with the presence of visible (singular) leaders, but also with more distributed forms of leadership, including the prevalence of privately organized interest groups and (public-private) partnerships for economic development (Olberding 2002a). Leadership is measured with the prevalence of innovation project leaders. Owing to this fact, the study discovered that in time past till date there haven't be innovative project in this region that we can owe to existence of good leadership, which is a major reason entrepreneurship ecosystem practice is below par in this region.

Talent

Human capital and more broadly talent for (productive) entrepreneurship are multifaceted and can be measured in many ways, entrepreneurship specific (Stam & Spigel 2018) and more generic (Unger et al. 2011). We take the best available generic measure of talent: the prevalence of individuals with high levels

of (generic) human capital. This is measured with the share of the population aged 15–65 years with a higher education degree. Talent could also be measured with the share of the labour force with at least secondary education, but we have chosen for the more general, population-based indicator, based on this indication talent was not used as a measure for this study because of the population of kwara state which is under 4million compared to other states of the region. And their level of education is cannot be seemingly compared to other states.

Finance

The supply and accessibility of finance for new and small firms are an important condition for their growth and survival. We use the amount of venture capital (start-up and growth) invested in the region as an indicator for the finance element. This measure is based on data of the National Association for Private Equity, which registers all private equity deals in Nigeria. We only use the data on the start-up and growth segments (and not on buy-outs, and management buy-ins), because these are most closely related to the envisaged output of the ecosystem: high-growth firms. Because the annual data on venture capital investments is highly volatile and for some regions based on a very small number of deals, we take a 3-year lagged average per year.

Finance can be traced in many other ways: for example with the ease of access to loans (see Stam 2018), the prevalence of informal investors (Global Entrepreneurship Monitor, 2018) because finance is crucial to both emerging and existing businesses, finance was used as a means of measurement in this study.

Knowledge

Investments in new knowledge are an important source of entrepreneurial opportunities, and if they lead to (better) solutions, they are also a source of prosperity. New knowledge is created in many ways, but probably the best measured activity is investments in (public and private) research and development. Our indicator for the knowledge element is the percentage of gross domestic product invested in R&D (by public and private organizations).

Intermediate services

The supply and accessibility of intermediate business services can substantially lower the barriers and increase the speed of new value creation. Our indicator for intermediate services is the percentage of business service firms in the business population, which is relatively low in Kwara State.

2.3 *Theoretical Review*

The first systematic effort by an economist to analyze the process of innovation was undertaken by Joseph Schumpeter in the first half of the twentieth century. He identified three stages of the process: invention, innovation and diffusion. For Schumpeter, invention is the first demonstration of an idea; innovation is the first commercial application of an invention in the market; and diffusion is the spreading of the technology or process throughout the market. Typically, the diffusion process is represented by an S-shaped curve, in which the take-up of an innovative process or technology starts slowly with the focus on market positioning, then gathers momentum achieving rapid diffusion, before slowing down as saturation level is reached, with the focus shifting to incremental improvements and cost reductions (Schumpeter, 1911; 1934; Stenzel, 2007). S-curves of technological improvement have been well documented in a range of technologies, including disk drives, cars, sailing ships, semiconductors, steam engines and many more (Schilling&Esmundo, 2009). This

three-stage journey of slow start-up, gathering momentum, and finally diminishing returns underlies what is often referred to as the linear model of innovation, a more-or-less continuous flow through the three stages, from basic research to applied research to technology development and diffusion. The model suggests that advances in scientific understanding determine the rate and direction of innovation and that the optimal way to increase the output of new technologies is to increase the input of new inventions by simply putting more resources into R&D (Nemet, 2007). This is the process of technology- or supply push. In his analysis of the drivers of innovation, Schumpeter's early work stressed the importance of the individual entrepreneur (Xu, 2007). Later work gave more emphasis to the role of large firms with the resources to conduct extensive R&D and support new technologies. Schumpeter's concept of „creative destruction" which describes the replacement of old firms and old products by innovative new firms and products has been widely influential in inspiring more recent understandings of the innovation process. However, critics argue that Schumpeter was more interested in the consequences of innovation than its causes and that none of his works "contain anything that can be identified as a theory of innovation" (Ruttan, 2001).

3.0 *METHODOLOGY*

This study investigates Influence of Ecosystem on Innovation of selectedrestaurants in Ilorin metropolis, Kwara State. Simple random sampling techniques was employed to select fifty (50) restaurants from sixty (60) registered restaurants in Kwara State (Kwara State CAC manuals, 2018). Convenient sampling techniques was used to self-administer questionnaires to gather respondents' opinion for the study. Convenient sampling, is a non-probability sampling utilized in researching element of the population that are easily available and accessible to the researcher (Saumure & Given, 2008).Descriptive and inferential statistics was employed using regression method in analyzing the data, through SPSS & PLS-SEM.

4. DATA ANALYSIS

In this section the data obtained from the survey conducted is analyzed. The analysis is based on the hypothesis raised to guide the study.

The model summary as indicated in table above shows that R Square is 0.53; this implies that 53% of

Table 1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.728[a]	.530	.521	1.18709	.530	54.200	1	48	.000	2.583

a. Predictors: (Constant), FPO

b. Dependent Variable: PPI

variation in the dependent variable (PPI) was explained by the constant variables (FPO) while the remaining 47% is due to other variables that are not included in the model. This means that the regression (model formulated) is useful for making predictions. The implication to the study is that finance and policy making is highly important factor in entrepreneurship ecosystem.

Table 1.1

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	76.379	1	76.379	54.200	.000[b]
	Residual	67.641	48	1.409		
	Total	144.020	49			

a. Dependent Variable: PPI
b. Predictors: (Constant), FPO

The table above summarized the results of an analysis of variation in the dependent variable with large value of regression sum of squares (76.379) in comparison to the residual sum of squares with value of (67.641). This value indicated that the model does not fail to explain a lot of the variation in the dependent variables. However, the estimated F-value (54.200) as given in the table above with significance value of 0.000; which is less than p-value of 0.05 ($p<0.05$) which means that the explanatory variable elements as a whole can jointly influence change in the dependent variable.

Table 1.2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.458	1.326		1.100	.277			
	FPO	1.076	.146	.728	7.362	.000	.728	.728	.728

a. Dependent Variable: PPI

The dependent variable as shown in the table explains the influence of Finance, Policy Making New ProductDevelopment & Process Innovation. This was used as a yardstick to examine the influence between the two variables. According to the result in the table above FPO-test coefficient is 7.362 and the P-value is 0.000 which is less than 0.05 (i.e. $P<0.05$). This means that this variable is statistically significant at 5% significant level. The overall summary of this regression outcome in relations to the coefficient of FPO have significant influence on PPI. This implies that the null hypothesis will reject while (i.e., Finance, Policy Making have significant influences on new product development and process innovation). Therefore, hypothesis $H_2$is supported

H_{O1}: there are no significant relationship between entrepreneurship ecosystem and innovation of SME's in kwara State Nigeria.

H_{O2}: there are significant relationship between entrepreneurship ecosystem and innovation of SME's in kwara State Nigeria.

This predicts the relationship between variables of entrepreneurship ecosystem innovative capacity. The result of hypothesis is as follows:

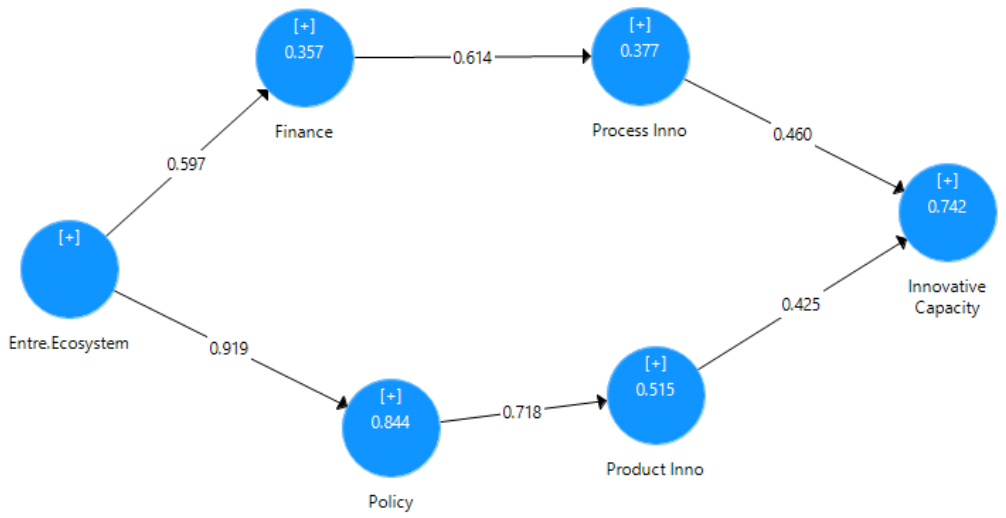


Figure 1 *Measurement Model (Algorithim testing)*

Source: Author's Field Survey (2020)

Figure 1 was fully explained in Table 1.2 which displays the path coefficients, t- values, and standard error at which the hypotheses were supported or not. The t-values in this study were calculated using a 5000 re sampling iterations in repetitive bootstrapping. The justification for the selection of 5000 samples is because it ensures that every model parameter has empirical sampling distribution and the standard deviation of the distribution served as proxy of the parameter's empirical standard error (Hair *et al.,* 2012).

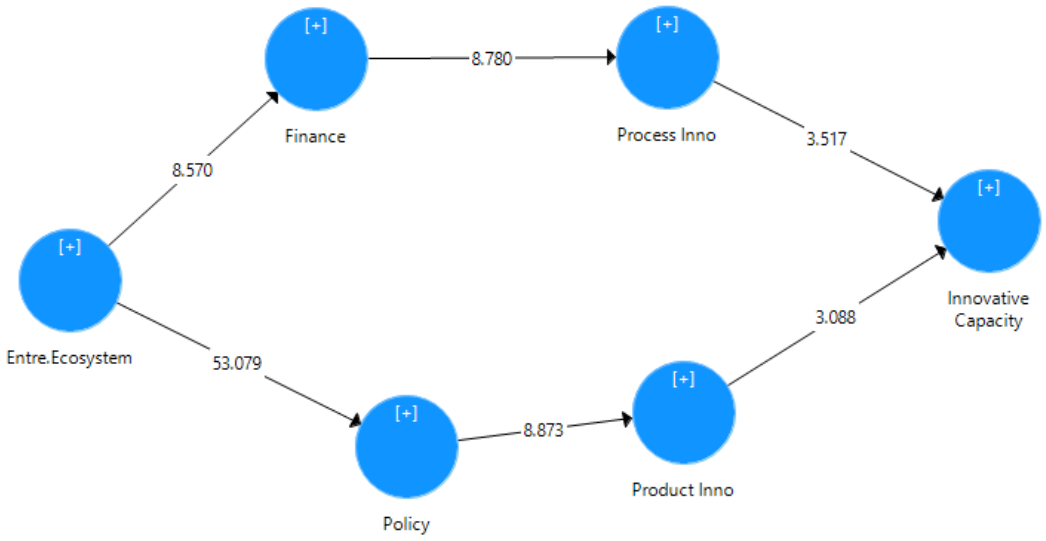


Figure 2 Structural Model (Bootstrapping @5000) Innovative Capacity

Source: Author's Field Survey (2020)

Table 2 Structural Model Result for the Innovations

Constructs	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Entre-Eco-system -> Finance	0.597	0.597	0.070	8.570	0.000
Entre-Eco-system -> Policy	0.919	0.919	0.017	53.079	0.000
Finance→Process Innovation	0.614	0.615	0.070	8.780	0.000
Policy→ Product Innovation	0.718	0.716	0.081	8.873	0.000
Process Inno→ Innovation	0.460	0.463	0.131	3.517	0.000
New Product Dev→Innovation	0.425	0.423	0.138	3.088	0.002

Source: Author's Field Survey (2020)

In Hypothesis one, the SEM result indicated that finance being a variable of the independent construct is positively related to process innovation. Result (Table 1.2, Figure 1) indicated that finance had a positive significant relationship with process innovation (β = 0.614, t = 8.780, p < 0.000), similarly, policy is positively related to product innovation. As shown in Table 2, a significant positive relationship between policy and product innovation (β = 0.718, t = 8.73, p < 0.000) was found, indicating support for the alternate Hypothesis.

Conclusion and Recommendations

The term entrepreneurship ecosystem gained more popularity recently. Small businesses are looking for avenue to promote and sustain their businesses which is the essence of ecosystem to promote entrepreneurial activities towards creation of a unique product or service. This study was conducted to investigate the influence of entrepreneurship ecosystem on innovations of small SME's. Findings revealed that entrepreneurship ecosystem in Ilorin metropolis Kwara State, is below par compared to some other countries in Africa for example, South-Africa and Egypt other western countries like America and United Kingdom. Findings also show that Policy making through governments agency and institution is relatively low, and if ecosystem will flourish, there must be leverage on policy and finance. This reflects that policy have a strong tie with entrepreneurship ecosystem. This study contributes to literature in terms of empirical findings as there is little empirical literature on entrepreneurship ecosystem in Nigeria.

This study recommends that the actors of the ecosystem most especially the government should formulate policy that will support and enhance entrepreneurship ecosystem in Nigeria, which influence will positively impact the Northern region. This study also, recommends that more funds should be made available through the financial institutions to enhance ecosystem, since the emphases of ecosystem is centered on entrepreneurial activities. It is highly evident from the study that if entrepreneurship ecosystem will thrive, effective policy formulation should be the pinnacle on which eco-system will be built.

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