

Innovation and Enterprise Performance: Evidence from selected SADC countries.

A paper submitted to the Economic Society of South Africa Conference, September 2019

By

Mccpowell Fombang¹

*University of Stellenbosch Business School,
Carl Cronje Drive Bellville 7535
Cape Town, South Africa.*

¹ All correspondence to fombang@sun.ac.za

Innovation and Enterprise Performance: Evidence from selected SADC countries.

Abstract

Innovation is a key component embedded within enterprise structure that foster competitiveness and contributes to improve firm performance. This paper examines the relationship between innovation and firm performance in selected countries within the Southern African Development Community (SADC).

Using data from the World Bank enterprise survey database (WBES) from 2003–2018, an innovation index was constructed using the multiple correspondent analysis. This paper examines the correlation between the created innovation index and innovative activities of firms vis-à-vis firm performances as measured by change in employment and change in sales.

Using the probit model and having controlled for firm age, management experience, finance and internationalization, preliminary results show a positive association between innovation and firm performance in Botswana, Malawi, Namibia, South Africa while negative in Zimbabwe. These findings are stronger among SMEs and have policy implications.

Keywords: Innovation, Enterprise performance, probit, SADC