



## **The role of incremental innovation in micro and small businesses : qualitative study in Tetouan city of Morocco**

### **Le rôle de l'innovation incrémentale dans les micros et petites entreprises : étude qualitative dans la ville de Tétouan au Maroc**

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## Abstract

In a business world full of changes, several strategies have begun to be carried out by companies to remain competitive in the market, such as innovation, and to better manage innovation, it is important to distinguish innovation from minor changes in products, technologies and reorganizations. In this context, the division of innovations into incremental (incremental) and radical (basic) is important for projects. Incremental innovations sharpen already existing business areas and created by radical innovations through simple modifications of products, services or processes.

The aim of this article is to highlight the role of incremental innovation in micro and small businesses in a city in northern Morocco. We conducted an interview with twelve companies in this small city. The results showed us that incremental innovation plays a key role in increasing the turnover of these companies by improving their competitive position in the market. The results showed us that despite the small size of the companies, those that applied incremental innovation were able to achieve an increase in turnover and were able to satisfy their customers and attract more potential customers.

**Key words :** Innovation ; Incremental innovations ; Small businesses ; Companies ; Strategies

## Résumé

Dans un monde des affaires plein de mutations, plusieurs stratégies ont commencé à être menées par les entreprises pour rester compétitives sur le marché, comme l'innovation, et pour mieux gérer l'innovation, il est important de distinguer l'innovation des changements mineurs dans les produits, les technologies et les réorganisations. Dans ce contexte, la division des innovations en incrémentales (incrémentales) et radicales (de base) est importante pour les projets. Les innovations incrémentales aiguisent les domaines d'activité déjà existants et créés par des innovations radicales à travers de simples modifications de produits, de services ou de processus. L'objectif de cet article est de mettre en lumière le rôle de l'innovation incrémentale dans les micros et petites entreprises d'une ville du nord du Maroc. Nous avons réalisé un interview auprès de douze entreprises de cette petite ville. Les résultats nous ont montré que malgré la petite taille des entreprises, celles qui ont appliqué l'innovation incrémentale ont pu réaliser une augmentation du chiffre d'affaires et ont pu satisfaire leurs clients et attirer plus de clients potentiels.

**Mots clés :** Innovation ; Innovations incrémentales ; Petites entreprises ; Entreprises ; Stratégies



## Introduction

Today, businesses are faced with many challenges such as fierce competition, changes and turbulence in the economic environment as well as various market problems which push for sensitivity to the level of business performance especially among small businesses.

In the world of business, the best and fittest who wins and succeeds in taking advantage of opportunities and reducing the threats they will face.

Several strategies were put in place by management specialists which made it possible to improve and strengthen performance as innovation.

The current scientific literature addresses several facets of innovation according to each disciplinary field (Mzaiz 2018).

To this end, some authors distinguish several types of innovation such as incremental innovation which can also be characterized as imitative innovation (Nicole and al., 2024).

The two primary types of innovation are incremental and radical (Freixanet & Rialp 2022). Incremental innovation is a type of innovation which refers to the improvement of a product or service based on a product already existing on the market. Its particularity is that it does not modify the product or service in its entirety and it is a type of innovation that occurs gradually and does not serve to profoundly modify the way the product or service operates.

In fact, incremental innovation generally does not touch the heart of the product or service, it is content to make slight modifications in order to optimize the product or service, and it refers to innovation processes aimed at improving existing systems and products to make them better, cheaper or faster, it is a refinement of existing routines or products.

Incremental innovation was recognized firstly in research works by (Ettlie and al., 1984) as introducing relatively minor changes to existing products, it integrates product improvement into innovations towards the existing market. New product production activities according to (Ettlie and al., 1984), are carried out using existing technologies, resources, skills and prior knowledge.

Over the last thirty years, innovation has been considered by several authors as a driving force for the development of nations, technological progress and the engine of business and entrepreneurial projects success.

Incremental innovation is a strategic approach to business development characterized by the continuous refinement and improvement of existing products, processes or services.



Incremental innovation occurs when a company or team innovates a product, process, or technology in small steps. In the case of product improvements, these may include small new functions or features, or improved performance of existing ones.

Incremental innovation is the gradual design of and continuous improvement in an organization's existing concepts, products, or services (Zhang 2022).

Innovation these days no matter it's type is not just the creation of something new but also a panacea for the solution of the range of problems faced by entrepreneurs of which fierce competition may be at the the peak of these problems.

Business performance is the ability to achieve results using resources optimally.

The authors of this article were curious about the role that simple incremental innovation can play in developping performance in a product or service market.

The central research question is reflected as follows :

***What is the role of incremental innovation in micro and small businesses ?***

To answer our problem we were directed to a qualitative approach based on interviews with some companies in Tetouan.

We will try to shed some theoretical light on incremental innovation and small businesses before moving on to the qualitative empirical study.

## **1. Literature review**

### **1.1. Incremental innovation**

Incremental innovation is a strategic approach to business development characterized by the continuous refinement and improvement of existing products, processes or services. This iterative process involves making small, targeted improvements to increase performance, functionality, efficiency, and overall user experience.

Incremental innovation is typically driven by the desire to remain competitive in the marketplace, maintain customer satisfaction, and continually adapt to changing needs and preferences. This allows organizations to make steady progress and evolve their products or services over time, rather than attempting risky, large-scale transformations.

This type of innovation occurs when a company includes a novel feature in a product or introduces something completely new. In contrast to the radical model, companies that opt for incremental innovation do not seek to drastically transform market conditions. On the contrary, they tend to direct their efforts to improve products and customer experiences progressively, based on existing goods and services.



Incremental innovation is also called sustainable innovation (Keranen and al 2021). It is the most common micro innovation (Tavana and al 2020) and it is the progressive design of and continuous improvement in an organization's existing concepts, products, or service (Rampa & Aguogu  2021).

This model of innovation is much more cautious, as it requires continuous analysis of the market and only makes minor modifications to products to monitor their success and evaluate whether that is the best course of action. Among the advantages of this type of innovation we can talk about the customer retention capacity, since they will be waiting for new updates and improvements to the products. Likewise, this model is based on reinvention, so it does not imply a large monetary investment or the need to generate completely new ideas to be successful in the market.

Incremental innovation occurs when added value is given to a product that already exists in the market.

The incremental innovation strategy is more attractive than other types of innovation due to its long-term benefits (Zhang 2022).

Incremental innovation boils down to a kind of development, progress in terms of quality, performance and use of the version initially proposed. This may involve, for example, improving the design or functionality of a product, or diversifying or completing a service. Ergonomics, capacity, technicality, components, price reduction, customer service, but also communication on brand image, all elements on which incremental innovation can act to satisfy demand, broaden the core target, gain revenue. market share and position itself as a leader.

A good incremental innovation strategy is based on a detailed analysis of the company's current offering and a qualitative study of the market taking into account different industrial or technological developments, but also in terms of communication and modes of communication. consumption. Brainstorming, market research, competitive intelligence, satisfaction survey: the company will have to rely on concrete and relevant elements to find the right innovation and compete in ingenuity.

## **1.2. Micro and small businesses**

The term microbusiness and small business is increasingly common in the business ecosystem, because it is usually the first step for entrepreneurs to sell and commercialize their products or services. Furthermore, in developing countries, microenterprises or small businesses play a



fundamental role in the economy, covering market niches that large companies or medium-sized companies cannot satisfy.

One of the prominent channels through which such endeavours manifest is the establishment and operation of Micro, Small, and Medium Enterprises (MSMEs) (Sinaga & Sitorus 2023).

Microenterprise or small businesses according is a type of organization that has reduced dimensions compared to other types of companies. For this reason, they have a smaller number of employees and a lower turnover than medium and large companies, in Morocco the number of employees does not exceed 9 employees.

However, what can be said about micro-businesses is that they are usually managed by their own owners, they can be formed by a family group and their objective is the homogeneous growth of a company. And, finally, they do not require large capital for their establishment.

Micro-businesses can be classified by their type of activity, the most common are : Commercial, productive, services.

A small business is an organization with limited dimensions, characterized by having a low number of workers (less than 49 in Morocco) and modest annual income. It is below medium-sized companies, but above micro-enterprises.

The importance of small businesses lies in their economic contribution to the country, the generation of jobs they produce, the manufacturing of products they offer locally, and the auxiliary services they provide to large companies.

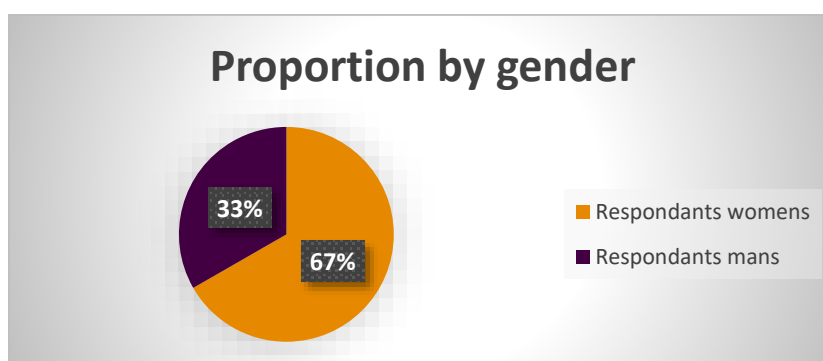
## **2. Research Methodology**

In order to better answer our research question, we were directed to conduct a survey among some micro and small businesses in Tetouan, a small Moroccan city known for a somewhat limited market for products and services. Using a qualitative approach that relies more on data collection methods that are more focused on communication than on logical or statistical procedures, we have carried out interviews with managers and executives in 12 micro and small companies in Tetouan. We targeted companies that are best known for their advertising and development in the market.

The sample chosen is based on the non-probabilistic method because we targeted the best-known companies in their field in this city

### 3. Descriptive results

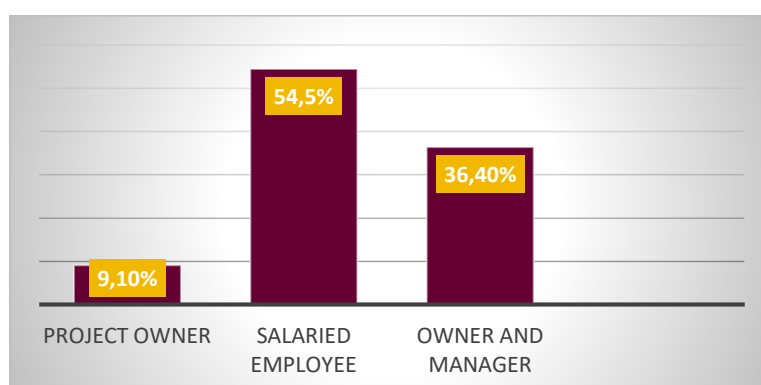
#### § Classification by gender



**Graph 1 : Classification by gender (Elaborated by us)**

In our interviews, women constitute the majority of respondents due to their status as creators and managers of projects, with a percentage of 67%, unlike a somewhat low number of male respondents who only make up 33%.

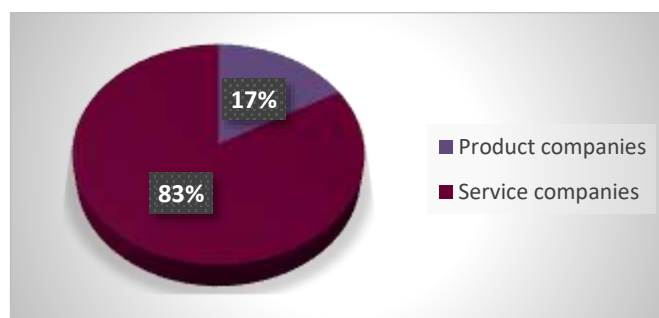
#### § Classification by the status of respondents



**Graph 2 : Classification by status (Elaborated by us)**

54.5% of our interviewees are salaried employees in the companies surveyed, and they constitute the majority of respondents. Then the project owners who in turn manage their project with a percentage of 36,4%. And finally the project owners who have appointed managers for their company with a percentage of 9,10%.

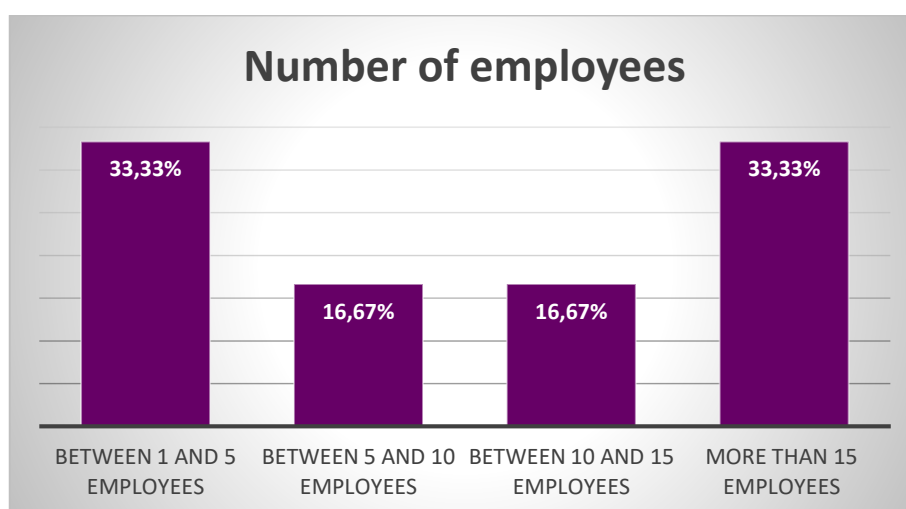
## § Classification by the type of the companies



**Graph 3 : Type of companies (Elaborated by us)**

Regarding the type of company, whether it offers goods or services, 83% of our interviewed companies were service companies since they constitute the majority in the entrepreneurial market of Tetouan, as well as the fact that they practice more development strategies at the level of their operating process and quality management. On the contrary, companies that offer goods only constitute 17% of our respondents.

## § Classification by the number of employees

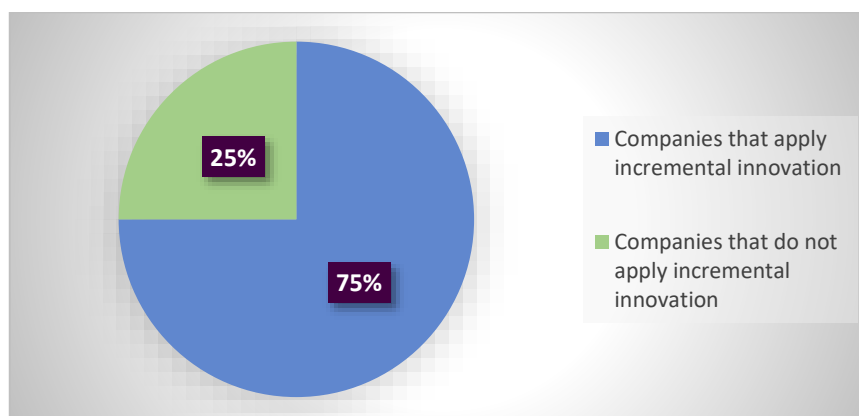


**Graph 4 : Number of employees in the companies interviewed (Elaborated by us)**

33,33% of our interviewers are integrated in companies with a number of employees between 1 and 5 employees, and 33,33% are integrated in companies with a number of employees between 5 and 15 employees, and the rest in the companies with more than 15 employees.



## § Classification by the degree of adoption of incremental innovation



**Graph 5 : Percentage of companies adopting incremental innovation strategies**

From our survey with the companies that agreed to answer our questions and that we targeted because of their position in the market, we deduced that 75% of respondents apply incremental innovation within their company, especially those in the service sector and those with a number of employees that exceed 5 employees. This application is carried out in various fields, but the majority are aesthetic and catering services as well as some technical and IT fields.

### 4. Discussion and research perspectives

In our survey conducted based on interviews with some micro and small enterprises in Tetouan, 88.89% of respondents who stated that their application of incremental innovation strategies has ensured an advantage for them that is strongly reflected in the increase in turnover, satisfaction of customer demand, and the increase in potential customers with an equal percentage of 77.78%.

Some of them also assured that this strategy has contributed to their company becoming a leader in the market and improving their competitive position.

11.11% of respondents who apply an incremental innovation strategy assured that this strategy has not influenced much more the operation of their company, and 11.11% who remain assured that incremental innovation has not played any role within their company.

Our research was articulated more specifically on incremental innovation in micro and small enterprises in a small town in Morocco, but other research can apply the idea of research in large companies and large industrial cities. Future researchers can also move towards doing a study on the role of the other type of innovation which is radical innovation in any type of companies through various methodological approaches.



## **Conclusion**

For productive management of innovation activities, it is important to distinguish innovations from minor modifications in products, technologies and reorganizations. The complex nature of innovations, their diversity and versatility require serious development and justified classification. In this case, the division of innovations into additional (incremental) and radical (basic) is one of the most important. Radical innovation is a fundamental technological innovation that creates new industries in the economy. Incremental innovations, for their part, hone existing areas of activity created by radical innovations. In this case, processes or products arise that are more advanced than their predecessors in terms of quality, reliability, application possibilities or efficiency of use.

This study allowed us to propose implications for companies that wish to develop their operations through incremental innovation, since our research assured us of the important role of this strategy for small companies.

The study we carried out showed us that the latter can play a very important role in the turnover and customer satisfaction of small businesses.

The limitations of this study are reflected by the fact that it targeted small businesses influenced by a single type of innovation.

We propose to future researchers in this context to carry out studies on this impact on medium-sized or large businesses, also specifying the role of radical innovation on their continuity.



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