

**INNOVATION AND LEARNING BY FIRMS IN NIGERIA:
THE ROLE OF SIZE, SKILLS AND OWNERSHIP**

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I. INTRODUCTION

Market leadership and the scope of firms' activities depend on the human and financial resources the firm is able to mobilize. In particular, manufacturing skills, as proposed to general purpose capabilities and firm size, tend to be related to innovative capability, since internal assets limit the firms' capacity, (Penrose, 1987; Teece et al., 1994). Size is a particularly strong differentiating factor in an environment with weak institutions for technical and financial support. This is the case in most developing areas where there is considerable bias against small firms by financial institutions. Small firms also face severe legal and regulatory constraints and have little institutional support for innovation and very little export support (Levy, 1993; Liedholm, 1992).