ORGANIZATIONAL INNOVATIVENESS AND PERFORMANCE OF SELECTED SMALL AND MEDIUM ENTERPRISES IN KWARA STATE

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Abstract

Organizational innovativeness is a critical index of growth in market share and product quality *in the context of small and medium enterprises (SMEs) in Kwara State and all over the world. However, SME owners in Nigeria find it difficult to better serve target audience and open ways for their offerings, owing to lack of innovative solutions to initiate changes in their product and process improvement to address customer needs and enhance market share and* product quality**.** *Hence, the study examined effect of product innovation on market share of SMEs and also determined the impact of process innovation on* product quality improvement of SMEs *within Kwara State. This study employed survey research design, where the population was 25,356 SMEs in Kwara State, Krejcie and Moran (1970) sample size determination formula gave a sample of 392, of which the study purposively selected 169 SMEs that are into manufacturing. Data were collected using structured questionnaire. Ordinary Least Square (OLS) regression method was employed to test hypotheses. Results showed that product innovation positively and significantly affect market share; t-value of 3.432, p<0.05 with product development (B = 4.262, p = 0.000)) and product improvement (B = 3.416, p = 0.000) as key predictors. However, process innovation also has significant effect on* product quality improvement*; t-value of 3.429, p<0.05 with cycle time (B = 5.431, p = 0.000 and resource utilization (B= 7.471, p = 0.000)) which are strong predictors. It was concluded that organizational innovativeness significantly influence performance of SMEs in Kwara State, Nigeria. The study recommended that SMEs in Kwara State have to develop new products, improve design of existing ones with the use of new materials to experience significant improvement on its market share. Also, enterprises in Kwara State should always ensure a resource efficient processes, manage cycle time of starting and completing production and cost reduction systems to positively improve on their* product quality improvement.

Keywords: Market Share, Organizational Innovativeness, Process Innovation, Product Innovation, Product Quality, Small and Medium Enterprises.

1. Introduction

Small and Medium Enterprises (SMEs) remain the simplest, earliest and most prevalent form of businesses globally and are seen to widely bridge the gap of unemployment, creating wealth for business-oriented individuals and enhance the survival rate of developed and emerging economies. Small and medium businesses around the world are said to make up of about 90% and generating well above 50% of employment to the growing world populace (Kanire, Msuya, & Alphonce, 2024; Mang'ama, Ndyetabula, & Hokororo, 2023; World Bank, 2022).

Governments are involved in encouraging new generations of business-minded individuals to be job providers so as to help in solving social challenges like unemployment, poverty, dependency rates and so on across the globe, particularly in emerging economies by encouraging the use of novel ideas, resources and knowledge. However, it is plausible that developing economies like Nigeria is focusing on SMEs growth. Opeyemi (2024), confirmed the growth of SMEs in both the United States and China. For instance, in the U.S.A, SMEs stands at about 90.7% of firms, 82% of enterprises exporting different products and also creates about 48.5% of job in the private sector. Meanwhile, in China, available it is shown that the growth of Small and Medium Enterprises from 1998 up till 2013 has increased the rate of employment creation to about 19 million government firm's disengaged workforce. SMEs become a key driver of job creation and employment by generating 82% of employment, contribute 40% share of exports that shows growth potentials for China's SMEs in world market (Histrich, 2020).

In Tanzania, the significance of SMEs is quite prevalent in that they play a domineering role in

poverty reduction, GDP growth and employment generation (Ezekiel et al, 2024). African SMEs make up to about 95% of businesses, generate up to 80% of employment, and contribute about 40% to national GDP. In this instance, innovation emerges as a key determinant of SME competitiveness and sustainability.

Specifically in Nigeria, experience is different, unemployment and wealth creation remains major challenges in spite of the fact that available current data shows that SMEs adds up to 48% to Gross Domestic Product (GDP) which implies that about 17.4 million firms account for about 50% of industrial jobs and nearly 85% of activities in the manufacturing sector (Nigerian Bureau of Statistics, 2021).

Entrepreneurs' ability to display their inherent potentials and competence through the adoption of requisite innovative solutions goes a long way to determine wealth creation possibilities which shows competitiveness of their firms. Through entrepreneurial orientations, novel business ideas are discovered and appropriate resources are provided to converting the ideas to physical products.

SMEs and entrepreneurship development have been widely acclaimed as the tools for achieving economic growth and development; judging from the contributions of SMEs to employment generation and Gross Domestic Products (GDP) which have resulted to attracting the focus of nations in an attempt to enhance national development (Dalberg, 2021).

Several studies such as Olawore et al, (2024) investigated entrepreneurial innovation and market share of SMEs in Lagos State, Nigeria, Ezekiel, (2024) examined these relationships between the independent and dependent variables on the topic impact of product innovation practices on SMEs' performance in manufacturing SMEs in Tanzania, Ekeh, (2023) assessed impact of product innovation on growth of medium enterprises in Nigeria, Ashraf and Asharul, (2023) assessed technology adoption as survival strategy for small and medium enterprises during COVID-19 pandemic. However, on the basis of the available literature and judging from the studies mentioned above, organizational innovativeness in the context of Kwara State has not been explored holistically.

Most especially, in Kwara State, metrics like product innovation, and process innovation, SMEs' performance have not been categorically viewed from organizational innovation perspective. Hence, the existence of a spatial gap where this study will be conducted from the perspective of organizational innovativeness and SMEs' performance in Kwara State. Hence, the need to examine the effect of organizational innovativeness on performance of selected SMEs in Kwara State.

2. Conceptual Clarifications

Organizational Innovativeness

Organizational Innovativeness is described as an organization's ability and willingness to develop processes, products or services and implement them effectively and efficiently. It shows how organizations are able to adapt to changes, embraces creativity and remain competitive in a highly volatile environment. Innovation, on the other hand, is described as the process of introducing novel ideas, products, services, concepts or practices that create meaningful values, address challenges and improve upon existing solutions (Kuckertz, 2021). In entrepreneurship, innovation is sacrosanct to facilitating growth while considering social, and economic dynamics. By integrating improved technologies and innovative practices, SMEs can optimize resources, improve efficiency, and enhance market competitiveness (Lundmark, Nelson, & Säfsten, 2021).

For SMEs, adopting new and innovative solutions is a key mover of competitiveness. Innovation advance a pivotal role in the success of entrepreneurship practice, especially for SMEs trying to compete in an increasingly unstable marketplace. By leveraging cutting-edge technologies and embracing innovative business models, SMEs can reduce costs, improve operational efficiency, attract new customers, and increase competitiveness (Chege, Wang & Suntu, 2020).

In this study, organizational innovativeness is seen as reflecting those activities SMEs put in place to introduce new technologies that are sustainability oriented (adopting energy efficient processes or eco-friendly production technologies). The successful deployment of innovative technologies enables SMEs to improve product quality, and differentiate themselves in the market, resulting in increased performance.

Metrics of organizational innovativeness according to Olawore et al, (2024) are:

Product Innovation, Process Innovation, and Marketing Innovation. For this study, product innovation and process innovation were adopted because the study focused on manufacturing SMEs.

Product Innovation

Product innovation is best described the development of new products. It involves developing entirely new offerings, updating existing ones, or finding innovative ways to deliver services. Innovation can be driven by technological advancements, shifts in customer needs, or new competitive pressures, and it plays a central role in determining the competitive advantage of SMEs (Ekeh, 2023). Product innovation directly impacts market share because it allows SMEs to uniquely place their offerings in the marketplace, attract new customers, and advance a competitive edge.

In the context of Organizational Innovativeness and SME Performance, product innovation can serve as a key index influencing various outcomes of performance, including market share which is a critical dependent index. This relationship is particularly relevant for Small and Medium Enterprises (SMEs) that are out to improve their position in competitive markets. Here, the study explores how product innovation impacts market share and the influence of innovative technology in this process (Ezekiel, 2024).

Ekeh, (2023) asserted that product innovation entails diverse organizational strategies as well as unique inputs which results in novel outputs. Also, that study referred to product innovation as the introduction of new products or services so as to carve new market or customers. That is, any product which is seen by an individual or firm as novel or unique in the market.

The above descriptions of product innovation by Ezekiel, (2024) and Ekeh, (2023) seem to complement each other but Ekeh, (2023) did not relate the assertion to its impact on market share in contrast to the submission of Ezekiel, (2024) on the subject matter. However, the dominant factor that seems to connect the two stand points is that they both described product innovation in clear terms.

This study is more in alignment with the submissions of Ezekiel, (2024) in the description of product innovation and the manner in which it connected it with dependent index (market share) and SME in general.

Product innovation remains a vital component of organizational innovativeness, among its key indicators are;

Product Development: development of new product is the whole process of introducing new offerings or improving upon the existing pones to satisfy the yearnings of customers. Kawira, (2021) asserted that product development comprises of the whole process of bringing a product from initial concept to commercialization. He further stated that following a standard process of capitalizing on customer needs, SMEs can brace up their chances of putting forth a successful product that meet market demand and pave way for business growth.

Product Improvement: may also be referred to as product modification. It is a systematic process of enhancing existing product's features, functionalities and performance so as to better meet customer needs and improve market share (Nnorom et al, 2023). It also has to do with modifying the product usually after collecting customer feedback, address salient issues, add new features and improve the overall usability and performance.

Process Innovation

Process innovation is an essential index that is capable of improving product quality of SMEs. The effectiveness of process innovation in enhancing quality is closely tied to the adoption of new technologies, which often serve as enablers for process improvements. By optimizing internal operations, SMEs can improve their overall efficiency, reduce costs, and deliver better value to customers, thereby increasing their competitiveness in the marketplace (Olawore, 2024). However, this study sees process innovation as the development or execution of unique or significantly improved manufacturing or delivery methods.

Process Innovation and Product Quality Improvement

The influence of process innovation on product quality is rooted in the fact that by improving internal operational procedures, SMEs can create more value, reduce costs, and enhance their responsiveness to market demands. This leads to improved performance through a higher product quality (Kawira, 2021).

Metrics that were used to measure process innovation in this study are cycle time and resource utilization as discussed below:

Cycle Time: in the perspective of process innovation, cycle time is described as the time it takes to execute a specified task or process from start to finish. It is a key performance indicator (KPI) employed to measure the efficiency and effectiveness of a process (Ajayi & Adeshina, 2023).

Resource Utilization: in process innovation, resource utilization is seen as the effective and efficient deployment of resources to implement new or improved processes within an enterprise. This includes deploying resources such as human capital, finance, machines, software and information to foster process innovation initiatives (Isichei, 2024).

SMEs' Performance

Sanusi (2018), asserted that managers are pre-occupied with **SMEs' performance noted as** the accumulated end result of all firm's work processes and activities. Nnorom, Ikponmuwomba, and Eyinanya, (2023) asserted that organizational performance encompasses the actual output or result of a firm in contrast to its expected results. It is a complex concept that make managers appreciate the circumstances that contribute to meeting targets and encourage their firms, departments, or work groups to reach a high level of **performance,** regardless of what mission, strategies, or goals are being targeted. Firm management coordinate their available assets – human capital, finances, time and energy etc by making decisions that they believe will keep their organizations on track to reach the stated goals. Because achieving expected results is imperative in both the short run and long run.

Metrics of SMEs' performance are as stated below in the course of this study:

Market share, product quality improvement, competitiveness, customer retention, employees'

satisfaction, business reputation. In this study, market share and product quality improvement are adopted.

Market Share

Market share stands as the percentage of an industry's total sales that is earned by a particular enterprise over a given period. It is calculated by taking the enterprise's sales for the period and dividing it by the total industry sales in the same period. This index serves to give a general idea of the size of an enterprise in relation to market circumstances and competitive strength. An enterprise's market share is its portion of total sales in relation to the market or industry that it operates within (Edeling, & Himme, 2018).

Daniel, (2018) opined that market share is the extent of customers' loyalty to a product as against other similar products. A significant market share may connote higher sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher marker share also means that if the market expands, the leader gains more than others. With a high market share, enterprises are put in competitive advantages, the firms often receive better prices from suppliers, as their larger order volumes increases their buying power, also increased market share and greater production go hand-in-hand, with the latter decreasing a firm's cost to produce an individual product due to economies of scale.

The assertions of both Will, (2018) and Joensu, (2023) actually pointed out that market share is a firm's total sales in an industry compared to competitors (sales) of similar products/services over a specified time period. SMEs increase their market share through, innovation, strengthening customer relationship, smart hiring practices etc. For example, if an industry has one hundred customers of a particular product in the market and a particular enterprise is being patronized by forty-two customers it means that the firm as 42% customer market share.
However, market share is seen as a financial index of SME performance, as it is often measured in terms of an enterprise sales volume relative to other firms offering similar products/services in the market.

Product Quality Improvement

Product quality improvement is described as the extent to which a product aligns with the pre-determined standards and satisfies customer expectations or requirements. This includes features like performance, durability, consistency, reliability and branding/packaging appeals. Nwosu, Onwuka and Adu, (2024) asserted that product quality is key driver of SMEs' performance, positively affecting their competitiveness, customer satisfaction and all-round business success. By embracing innovation, implementing standard quality control mechanism, SMEs can enhance their product quality in a manner that will lead them to improved competitiveness and business success. Ekong, (2023) opined that high product quality propels customer satisfaction, ensures brand loyalty/reputation and huge acceptance in the market. Process innovation stands as a key determinant to enhancing product quality.
However, this study viewed product quality improvement as a non-financial index of performance, since it is measured in terms of SME's that focus on enhancing product quality tend to experience a high level of performance.

Small and Medium Enterprises (SMEs)

The world over, small and medium enterprises (SMEs) are seen as vibrant movers of economic growth and development. Some studies like Ekeh, (2023) and Nwosu et al, (2024) have shown that in the late 1990s, SMEs in the manufacturing industry took charge of the European economy (Ajayi & Adeshina, 2023). The industrial revolution altered the old ways of doing things and brought about mass production in an environmentally friendly, economically vibrant, and socially responsible manners.

No doubt, SMEs have played a major role in the development of both economic and social well-being of any nation (Aina, 2024; Montanari & Kocollari, 2020). SMEs are traditionally seen as businesses meant to take care of varying household needs, create jobs in their environment which in turn, reduces unemployment, poverty, economic and social inequalities and lead to the overall growth and development of the nation (Olawore, 2024).

This study views SMEs as business concerns that have number of employees, capital/asset base and annual revenue base on the ground of their small and medium sizes just as the name suggests. It is a common knowledge that there are no appropriate or specific definitions of what an SME is about and that the definition depends on the country and industry.

European Union (2020), defined SMEs as businesses that have between 1 and 250 workers with an annual revenues of not more than 50 million euros and an annual balance sheet of not more than 43 million euros.

United States (2024) defined SMEs as businesses that have between 1 and 500 workers (for most industries) and an annual turnover of 7.500,000 Dollars.

Nigerian SMEs play a pivotal role in the economic growth and development. They are sacrosanct to job creation, poverty alleviation, and overall economic prosperity. Here's a detailed overview of the concept of SMEs within the Nigerian context;

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) 2021 described SMEs as below:

Small Enterprises: these category of SMEs are those that employ between 10 and 49 people with an asset base of five million naira to fifty million naira (N5,000,000 – N50,000,000).

In the same vain, medium enterprises are firms that employ between 50 and 199 people with an asset base of fifty million naira to five hundred million naira (N50,000,000 – N500,000,000).

However, SMEs combines the characteristics of both small enterprises and medium enterprises and are described as those that employ between 10 – 200 people and an asset base of five million to five hundred million naira (N5,000,000 – N500,000,000).

The Central Bank of Nigeria (2020) described SMEs as firms that have asset base (excluding land) ranging from five million naira (N5,000,000) and five hundred million naira (N500,000,000) with labour force of between one and two hundred and fifty.

Pricewaterhouse Coopers MSME Survey of (2020), defined SMEs as businesses that significantly contribute to Nigeria's economy, accounting for 91.9% of businesses and 87.9% of employment. That is, employ between 10 – 200 people and an asset base of five million to five hundred million naira (N5,000,000 – N500,000,000).

The study is anchored on the definition given in 2021 by the small and medium enterprise development agency of Nigeria (SMEDAN) because the agency carry out survey on SMEs every four years to ascertain the health and performance of enterprises in relation to their growth and death rates. From the SME reports, findings of the survey as having to do with SMEs has been separately drawn.

In Nigeria, SMEs are defined based on criteria such as employment, asset base, and annual turnover. The definitions can vary slightly depending on the organization, but generally, SMEs and entrepreneurial development have been widely acclaimed as the tools for achieving economic growth and development in view of their contributions to employment generation and gross domestic products (GDP) and have consequently attracted the focus of nations in a bid to improve national development (Omar & Sa'am, 2018).

Theoretical Review

Resource-Based View (RBV)

The first proponent of RBV was Barney in 1984 but in the 1990s – 2000s, other researchers such as Robert Grant, Kathleen Eisenhardt, and David Teece contributed to the refinement of RBV. The theory stood that a firm's competitive edge originates from its unique capabilities and bundle of resources. This theory posited that an enterprise's resources and capabilities are the critical determinants of its long-standing competitive edge. In spite of the extensive literature on RBV in business management, its application to technology adoption has not been thoroughly explored, particularly regarding how specific resources contribute to the realization of SMEs' objectives.

It emphasizes the essence of leveraging internal resources like human capital, knowledge, and innovative capabilities to develop sustainable business models. SMEs can achieve competitive advantage by investing in sustainable practices that utilize their specific resources effectively, such as adopting eco-friendly technologies or implementing socially responsible supply chain management.

The main critique against Resource-Based View (RBV) is that it focuses more on internal resources and less on dynamic capabilities and innovation. The implication of RBV to this study is that there can be variations in value of resources depending on the context in which they are deployed, even though it stands that resources and capabilities are generally sacrosanct.

Dynamic Capabilities Theory

This theory was put together by David Teece, Gary Pisano, and Amy Shuen in 1997 and it emphasizes a firm's ability to adapt and innovate in response to constantly changing market circumstances and environmental dynamics. Dynamic capabilities is described as the deliberate and sustained actions of configuration and reconfiguration of resources. Meanwhile, altering the abundance of resources is not a sufficient condition to increasing firm's performance, for this internal change to be translated in to performance, a firm needs to deploy valuable, rare, and inimitable resources and capabilities (Kurtmollaiev, 2020). This theory also emphasizes the importance of agility, flexibility, and learning capabilities in addressing sustainability challenges. SMEs with dynamic capabilities can identify emerging opportunities for sustainable innovation, introduce novel products or services that better satisfy emerging customer needs, and respond effectively to environmental and social risks. It also noted the essence of transforming and re-engineering the extant capabilities in response to the ever-vibrant market circumstances.

While this theory has a great influence in the understanding of enterprises to realize and keep competitive advantage, it neglects the role of politics and power a firm which can positively impact refinement and deployment of dynamic capabilities. The implication here is that the theory has been hugely influential in the knowledge and understanding of how firms realize and sustain competitive edge.

Innovation Theory

The proponent of this theory was Joseph Schumpeter in his 1934 book 'Capitalism, Socialism, and Democracy.' It holds that the very essence of innovation is creative destruction, and explained that creative destruction as the process of wealth creation through disruption of existing market structures due to development of new products that propelled resources to be in short supply to the existing firms

thus allowing the growth of the new enterprises. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. Schumpeter (1965) stressed the role of entrepreneurs as primary agents effecting creative destruction, and emphasized that entrepreneurs the need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation; as well as the need to know and apply the principles of successful innovation.

Schumpeter innovation theory emphasizes more on innovation function of entrepreneurs and ignores other important and equally critical aspects of entrepreneurship like organization management skills. Also, it ignores the concept of risk bearing as intensely as it emphasize the idea of innovation.

The implication of this theory is that it has to focus more on teams and groups in the innovation process rather than expending its efforts on individual entrepreneurs as mover of innovation process.

Finally, this study is anchored on innovation theory because innovation is the major driver of economic activities such as introduction of new products, implementation of new methods of production, discovery of new markets etc which are sacrosanct to this study.

Empirical Review

Olawore, Oyelade, Tairu, Oduwole, and Awofela, (2024) conducted a research titled Entrepreneurial Innovation and Market Share of SMEs in Lagos, Nigeria. The main objective of the study was to determine the effect of product innovation on market share of SMEs in Lagos State by capitalizing on modern technology and facilitating culture of continuous improvements. The study adopted cross-sectional survey research design with population of 42,067 SME owners in Lagos State, sample size of 495 was obtained using Cochran's sample size determination formula, and data were collected with survey questionnaire as the instrument. Analysis was done using multiple linear regression and hypotheses tested accordingly. The study revealed that entrepreneurial innovation positively and significantly affect market share. It was concluded that entrepreneurial innovation has positive and significant effect on market share of selected SMEs in Lagos State, Nigeria.

In contrast to the current study that considers Kwara State, the above work was conducted in Lagos State, Nigeria and also on market share alone and not holistically on performance of SMEs in Lagos. Hence, a geographical and conceptual gaps are noted.
Ezekiel, Caroline, and Christopher, (2024) in their study conducted in Tanzania titled Impact of Product Innovation Practices on Performance of SMEs with Tanzania Manufacturing SMEs in focus. The objective of the study was to investigate the Effect of Product Innovation Practice on Performance of Manufacturing SMEs in Food Processing Industry in Mbeya, Tanzania. The study adopted multi-dimensional analytical approach with STATA 17 software, population of the study not specified in the work but sample size was 400 owners of manufacturing SMEs. Ordered logistics regression analysis was adopted to analyze data collected and test the hypotheses formulated. Findings of the study revealed that new product development, product improvement and product line extension has significant effect on SMEs' performance in terms of sales growth and customer satisfaction. It was concluded that product innovation has positive influence on SMEs' performance in Tanzania.

Despite the relevance of this study to the current one, it was criticized for being carried out in Tanzania and not on organizational innovativeness as a whole but on product innovation practice alone. Also, it adopted ordered logistic regression analysis to test the hypotheses unlike ordinary least square regression method adopted in the current study. Meanwhile, geographical, conceptual and methodological gaps are noticed.

Ekeh, (2023) in his work conducted in Nigeria titled Effect of Product Innovation on Growth of Medium Enterprises in Nigeria. The study was carried out to investigate the impact of product innovation on growth of medium enterprises in North-Central Nigeria. The study employed survey research design and population was 243 medium enterprises in North-Central Nigeria, census approach was employed to gather data from the entire population of medium enterprises in the region, however, survey questionnaire was used as the instrument of data collection. Regression analysis was adopted to test the hypotheses. It was revealed that product innovation positively and significantly affect growth of medium enterprises in Nigeria. It was concluded that product innovation practice has significant strength on the growth of medium enterprises in the North-Central Nigeria. This study was carried to focus on the north-central region of Nigeria of which Kwara State is a component. However, the results of the current study were more specific compared to the results of the study above. Geographical gap exists here.

Ashraf and Asharul (2023) in their work conducted in the Sultanate of Oman titled technology adoption as survival strategy for small and medium enterprises during COVID-19 pandemic. Objective of the study was to assess the technological solutions and the challenges facing SMEs during COVID-19. It adopted both quantitative and qualitative primary data, instrument of data collection was the questionnaire, and hypotheses were tested using paired t-test and Pearson's correlation. The results shows strong and positive correlation between technology use before and during COVID-19 pandemic and in the future. It then concluded that the

executives of SMEs in Oman appreciate the requirements and benefits of adopting innovation and technology solutions to remain in business. Gaps noted in the above study are both of geographical and methodological.

Kawira, (2021) conducted a research titled Product and Service Innovation and Performance of Micro, Small and Medium Enterprises (MSMEs) in Kenya. The purpose of the study was to assess the impact of product and service innovation on entrepreneurial marketing strategy relative to the performance of micro, small and medium enterprises in Kenya. The study employed descriptive survey research design with a population of 8,526 MSMEs in Thraka-Nithi County, stratified and simple random sampling techniques gave a sample size of 368 MSME owners and data was collected with survey questionnaire as the instrument. Analysis was done using descriptive and inferential statistics. It was found that there is positive effect of product and service innovation on performance of MSMEs. The study then concluded that product/service innovation significantly enhance performance of MSMEs in Kenya. Conceptual and geographical gaps are seen in the above study because, the title is on product innovation alone as oppose to the current study that look at organizational innovativeness (in terms of product innovation and process innovation) and that it was carried out in Kenya and not in Nigeria.

Supriyo, Amit and Arabinda (2020) in their work conducted in India titled technology adaptation and survival of SMEs: A longitudinal study of developing countries. Purpose of the study was to determine the impact of technology development on SME competitiveness and growth. Factor analysis was employed where institutional and external capabilities were considered significant factors, regression analysis was used to check the sustainability of SMEs in the period under review. The results indicate that both institutional and external capabilities became significant when time is taken as a selection variable. The study then concluded that technological adaptation has a strong impact on business sustainability. Geographical and methodological gaps exist in comparing the above study with the current one.

Research Gap

From the reviewed literature, several gaps were identified that highlight the need for further research attention. A notable gap from the empirical studies like Olawore et al, (2024) and Ekeh, (2023), have shown that there has been some studies on organizational innovativeness conducted in Nigeria whereas others were conducted in countries like Kenya, Oman, and Tanzania with attendant differences in cultural, economic, regulatory and organizational characteristics.

Meanwhile, it was also shown that studies as those listed above have explored the influence of organizational innovativeness on performance of SMEs in Nigeria, but available literature indicates that there is dearth in studies specifically focusing on Kwara State. For instance, Olawore et al, (2024), investigated entrepreneurial innovation and market share of small and medium enterprises in Lagos State, Nigeria, Ezekiel, (2024), examined these relationships on the topic effect of product innovation practices on performance of SMEs in manufacturing SMEs in Tanzania, Ekeh, (2023), assessed effect of product innovation on growth of medium enterprises in Nigeria, Ashraf & Asharul, (2023), assessed technology adoption as survival strategy for small and medium enterprises during COVID-19 pandemic, and Kawira (2021), examined product and service innovation and performance of micro, small and medium enterprises (MSMEs) in Kenya.

Another critical gap is the conceptual gap, where process innovation is excluded from the metrics employed in the study, which restricts the generalizability of findings and ignores some important perspectives in organizational innovativeness. Regarding product innovation, there is a lack of standardized tools and metrics to measure product development and product improvement, making it difficult to benchmark contemporary adoption of technological solutions that will drive SMEs' novel ideas.

In addition, majority of the available literature for this work were conducted outside Nigeria and those carried out in Nigeria are away from Kwara State, except for the one conducted by Ekeh, (2023) which focused on North-Central region of Nigeria. However, there is an observable geographical gap.

Methodological gap also exist in the sense that majority of the studies reviewed like Ezekiel, (2024) adopted ordered logistics regression analysis to test the hypotheses, Ashraf and Asharul, (2023) conducted a paired t-test and Pearson's correlation, whereas, this current study adopted Ordinary Least Square [OLS] regression method with the aid of statistical package for social sciences (SPSS) software [Version 20] to analyze data and test hypotheses.

Lastly, these gaps point to the need for more refined, inclusive, multidisciplinary, and technologically aligned research to better inform policy and sustainable practice of SMEs in Nigeria.

3. Methodology

This study employed cross-sectional survey research design. The study population covered registered SMEs in Kwara State. The justification for selecting Kwara State emanates from the fact that the state has the highest number of SMEs in North-Central region of Nigeria which is twenty five thousand three hundred and fifty-six (25,356) according to the SMEDAN report of 2021, using Krejcie and Morgan (1970) sample size determination

formula, a sample size of 392 was obtained. Of 169 SMEs that are into manufacturing were purposively selected in the State. The primary data collection instrument that was used for this study was the questionnaire, which was administered to and collected from the respondents by the researcher with the help of two trained research assistants. The data collected were analyzed using Ordinary Least Square [OLS] method of regression with the aid of statistical package for social sciences (SPSS) software [Version 26]. A 5 point Likert rating scale was adopted to categorize responses ranging from 5 point – strongly agree, 4 point – Agree, 3 point – Undecided, 2 point Disagree, and 1 point – strongly disagree to bring about needed information from these respondents.

4. Data Presentation and Analyses

Hypothesis 1: Product innovation has no significant impact on market share

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784[a]	.615	.526	.51715

a. Predictors: (Constant), Product Development, Product Improvement
Source: SPSS Output, 2025.

Table 1 above indicates a strong positive influence (R = 0.784) of product development and product improvement on market share. With an R Square of 0.615, the model explains about 61.5% of the variation, while the Adjusted R Square (0.526) accounts for model complexity. The results revealed that product innovation significantly influences outcomes like market share of SMEs in Kwara State, emphasizing the need to enhance product development and improvement strategies.

Table 2: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	regression	262.428	3	87.476	245.031	.000[b]
	Residual	58.236	163	.357		
	Total	320.664	166			

a. Dependent Variable Market Share
b. Predictors: (Constant), Product Development, Product Improvement
Source: SPSS Output, 2025.

Table 2 above shows that the regression model is numerically sacrosanct, with an F-value of 245.031 and a p-value (Sig.) of 0.000. This shows that the independent sub-metrics (product development and product improvement) collectively significantly and positively impact the dependent variable, market share. The regression sum of squares (262.428) compared to the residual sum of squares (58.236) suggests that a large portion of the variation in market share is explained by the predictors. The low mean square of the residual 0.357 further reveals a good model fit. These findings show that product innovation significantly affect market share of SMEs in Kwara State. Thus, enhancing product development and product improvement mechanisms can improve market share of SMEs and contribute to higher organizational innovativeness.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.721	.169		3.432	.000
	Product Development	.269	.065	.289	4.262	.000
	Product Improvement	.199	.061	.247	3.416	.000

a. Dependent Variable: Market Share.
Source: SPSS Output, 2025.

The coefficients table reveals that both product development and product improvement significantly affect market share. The unstandardized coefficient (B) for product development is 0.269 with a t-value of 4.262 and a p-value of 0.000, showing a statistically positive impact. Similarly, product improvement has a B value of 0.199, a t-value of 3.416, and a p-value of 0.000, also revealing a significant influence. This indicates that when SMEs develop new products, change design of existing ones with the use of new materials, there will be 72.1% improvement on its market share. The standardized beta values of 0.289 for product development and 0.247 for product improvement suggest that product development has a considerable stronger influence on market share. Hence, the null hypothesis which stated that product innovation has no significant impact on market share is rejected, thus the alternative that product innovation has significant effect on market share is hereby, accepted. The constant value of 0.721 shows the expected level of market share when both predictors are held constant. These results imply that SMEs in Kwara State that are improving on product development and product improvement mechanisms can greatly enhance market share.

Hypothesis I1: Process innovation has no significant effect on product quality improvement.

Table 4: Model Summary

Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.776[a]	.602	.551	.37103

a. Predictors: (Constant), Cycle Time, Resource Utilization

Source: SPSS Printout, 2025.

The model summary above indicates a strong positive effect (R = 0.776) of cycle time and resource utilization on the outcome variable. With an R Square of 0.602, the model explains 60.2% of the variance, showing good predictive power. The adjusted R Square of 0.551 confirms this strength after accounting for predictors. The moderate standard error (.37103) suggests reasonable prediction accuracy. These findings highlight that process innovation significantly influences outcomes like performance or product quality of SMEs in Kwara State.

Table 5: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	regression	62.586	1	62.586	20.710	.000[b]
	Residual	498.637	165	3.022		
	Total	561.223	166			

a. Dependent Variable Product Quality Improvement

b. Predictors: (Constant), Cycle Time, Resource Utilization

Source: SPSS Printout, 2025.

The ANOVA table revealed that the regression model examining the effects of cycle time and resource utilization on product quality is statistically significant (F = 20.710, p = .000). This indicates that the independent sub-metrics jointly have a profound impact on the dependent variable. The regression sum of squares (62.586) compared to the residual (498.637) suggests that a notable portion of the total variance in product quality improvement is explained by the model. Given the significance level ($p < 0.05$), the results confirm that process innovation measured by cycle time and resource utilization plays a critical role in shaping product quality of SMEs. This indicates that attempts to efficiently utilize cycle time and resources can positively influence product quality improvement and over-all performance of SMEs in Kwara State.

Table 6: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std Error	Beta		
1	(Constant)	.523	.024		3.429	.000
	Cycle Time	.594	.068	.526	5.431	.000
	Resource Utilization	.763	.065	.667	7.471	.000
a. Dependent Variable: Product Quality Improvement						

Source: SPSS Printout, 2025.

The coefficients table shows the effect of predictors; cycle time and resource utilization on the dependent variable product quality improvement. The unstandardized coefficients for cycle time (B = 0.594) and resource utilization (B = 0.763) indicate that both have a positive impact on product quality, with resource utilization having a slightly stronger effect. The standardized beta values of 0.526 for cycle time and Beta = 0.667 for resource utilization further confirm the relative strength of these effects, with resource utilization being the stronger predictor. Both predictors are statistically sacrosanct, as shown by the t-values of 5.431 for cycle time and 7.471 for resource utilization with p-values of ($p < 0.05$). these outcomes warranted the rejection of the null hypothesis which stated that process innovation has no significant effect on product quality, however, the alternative is hereby, accepted. This suggests that improving cycle time and resource utilization can significantly and positively enhance product quality SMEs in Kwara State. The findings highlight the importance of efficiently utilizing cycle time and resources to boost product quality and better customer experience.

Discussion of Findings

The findings from the data analyses strongly supported the hypotheses that product innovation has positive impacts on market share and process innovation enhances product quality improvement of SMEs in Kwara State. The analysis of product innovation reveals a significantly positive impact on market share, with R value of 0.784 and R^2 of 0.615, indicating that about 61.5% of the variance in market share is explained by product development and product improvement (B = 0.269 and 0.199 respectively with p = 0.005). The model's strong predictive power is affirmed by the ANOVA results (F = 245.031, p = 0.000). This result supports the findings of Ezekiel, Caroline, and Christopher, (2024) who found that new product development, product improvement and product line extension has significant effect on SMEs' performance.

Regarding process innovation, the regression analysis shows a strong positive effect of cycle time and resource utilization (B = 0.594 and 0.763 respectively) on product quality explaining 52.3% of the variance (R = 0.776, R^2 = 0.602). Both predictors are statistically significant ($p < 0.05$), with cycle time and resource utilization having a stronger effect on product quality improvement, as indicated by the standardized beta values of 0.526 for cycle time and 0.667 for resource utilization.

These findings are in line with the empirical review, which noted the very essence of aligning organizational innovativeness with market share and product quality improvement, nurturing product innovation and building process innovation through strong technological solutions to enhance SMEs' performance and better meet customer requirements. The results from both the data analyses and the empirical review underline the need for SMEs to adopt a proactive approach to organizational innovativeness. Enhancing product innovation through development and improvement nexus is essential to improving market share, while developing process innovation through cycle time and resource utilization significantly boosts product quality and performance.

5. Conclusion and Recommendations

This study concluded that the two indices of organizational innovativeness have strong impacts on performance of SMEs in Kwara State. Improved product development and product improvement enhance market share, while efficient cycle time and resource utilization result in higher product quality of SMEs. These findings stresses the significance of incorporating product innovation and process innovation into organizational practices, especially among SMEs, where organizational innovativeness is prevalent. This study provides valuable insights into how organizational innovativeness, such as product innovation and process innovation can be used to enhance performance of SMEs in terms of market share and product quality improvement. From the findings and conclusion above, the following were recommended: SMEs in Kwara State should develop new products, change design of existing ones with the use of new materials to experience significant improvement on their market share. Enterprises in the State should always ensure a resource efficient processes, manage cycle time of starting and completing production and cost reduction systems so as to positively improve on their product quality improvement.

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