current perspective on business operations

E-ISSN: XXXX-XXXX

ARTICLE

Leveraging Innovation for SME Growth in Anambra State

Refius Pradipta Setyanto[1*], Agus Suroso [2]

[1] Economics and Business Faculty Universitas Jenderal Soedirman, Purwokerto, Indonesia; refius.setyanto@unsoed.ac.id
[2] Economics and Business Faculty Universitas Jenderal Soedirman, Purwokerto, Indonesia; roso.fe2014@gmail.com

* Correspondence: refius.setyanto@unsoed.ac.id

Abstract
The lack of innovation practices among SMEs in Anambra State prompted this study. This study investigates the impact of innovation practices on the performance of Small and Medium Scale Enterprises in various sectors within Anambra State.The study employed a cross-sectional research design. The study population comprised 15 selected SMEs from various sectors, totaling 1,860 management and workers from these SMEs in Anambra State. A sample size of 300 was calculated utilizing the formula established by Krejcie and Morgan (1970). This study utilized a primary data source, specifically a questionnaire, which underwent assessments for both validity and reliability. Descriptive and inferential statistics were utilized in data analysis, with hypotheses tested at a 5% significance level.The analysis indicated that product innovation is positively correlated with customer satisfaction ($r = .847$; P-value < 0.05) and that process innovation is positively correlated with customer retention ($r = .813$; P-value < 0.05). Technological innovation significantly influences competitive advantage ($r = .769$; P-value < 0.05), while marketing innovation significantly affects brand awareness ($r = .790$; P-value < 0.05). The study concluded that there is a significant relationship between innovation practices and the performance of SMEs.

Keywords: Innovation; Performance; Brand Awareness;Customer Satisfaction; Competitive Advantage

Academic Editor: Daniel Wang

Received: September 9,2025 | Revised: September 29,2025 | Accepted: October 5,2025 | Published: October 10,2025

Citation: Setyanto, R. P., & Suroso, A. (2025). Leveraging innovation for SME growth in Anambra State. Current Perspective on Business Operations, 1(2), 16–28. https://doi.org/10.3390/xxxxx

1. Introduction

Small and Medium Scale Enterprises (SMEs) have significantly contributed to the growth and development of industrialized economies globally, demonstrating their role as a vital force for economic emancipation and advancement (Lawal, Worlu, Ayoade, 2016). The survival of small and medium-sized enterprises (SMEs) in any economy is contingent upon the degree to which the economy optimizes their potential. The inputs of SMEs are influenced by the enabling environment, which includes the availability of

essential infrastructural facilities, tax incentives, business-friendly regulatory measures, and critical structural services such as the legal system (Okeke, Ezenwafor, Femiwole 2013; Schlaeppi, 2014). With over 800 registered SMEs in Anambra State and new ones emerging daily, SMEs represent a significant source of wealth generation for the state (Anekwe & Nwokediba, 2019). In Nigeria, small and medium-sized enterprises (SMEs) represent a significant portion of the business sector and make substantial contributions. With appropriate support, their impact on the country's economic growth could be greatly enhanced. Small and medium-sized enterprises (SMEs) significantly contribute to economic growth and public development by reducing poverty, enhancing gross domestic product (GDP), diversifying economies, and generating employment in both developed and developing nations (Okoli & Anugwu, 2022; Okoli, Nwakoby & Adani, 2023).

In Nigeria, over 39.65 million registered SMEs represent approximately 87.9% of the total workforce, contribute 46.31% to national GDP growth, and account for 6.2% of international gross exports (National Bureau of Statistics, 2021). Research indicates that approximately 80% of Nigerian SMEs fail to survive beyond five years due to inexperience and various detrimental business practices, highlighting their economic significance. The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the National Bureau of Statistics (NBS) (2021) identified that SMEs in Nigeria encounter various challenges, resulting in suboptimal performance. The infrastructure deficit and frequent changes in public policy rank among the most significant issues. Adebiyi and Amole (2017) assert that innovation is a strategic concern, as it aids in minimizing internal inefficiencies, improving processes, and positively enhancing decision-making.

Small and Medium Enterprises (SMEs) represent approximately 99.7 percent of enterprises worldwide (Martin & Namusonge, 2014), highlighting their critical role in economic and industrial development across various nations. To maintain competitiveness, accelerate growth, and operate effectively and efficiently, SMEs must leverage knowledge and technology optimally. The use of advanced process technology typically results in improved product quality and durability. Furthermore, the adoption of new technology leads to cost reductions by conserving materials and energy or by substituting conventional materials with less expensive alternatives (Abdilahi, Abdikarim & Muhumed, 2017). SMEs play a crucial role in the Nigerian economy. Additionally, 63.9% of SMEs lack insurance, nearly two-thirds (65%) do not possess a business plan, approximately 92% obtain credit from commercial banks, and three-quarters of SMEs have start-up capital of less than N10 million (Kale, 2019). The statistics indicate that for SMEs to survive and achieve strong performance, innovation is essential.

Innovation in business refers to the introduction of novel concepts or the reimplementation of existing practices in a manner that enhances organizational performance, specifically in sales, profitability, and market share. This involves the application of technology, institutional frameworks, human resources, and advancements in productive processes, leading to the emergence of new practices, products, markets, institutions, and organizations that require enhancements in organizational performance, particularly regarding sales, profitability, and market share (Abdilahi, Hassan, & Muhumed, 2017). Innovation within small and medium-sized enterprises (SMEs).

It may involve a product, process, or marketing innovation implemented to enhance enterprise performance, particularly in sales volume or other metrics. Innovation practices provide solutions to market threats and opportunities, establishing the foundation for a firm's future survival and success (Rick, Andy & Jacob, 2015; Mikel, 2014). Multiple studies (Liang, Su, and Liu, 2010; Dobni, Mark, and Nelson, 2015) indicate that innovation practices facilitate competitive advantage, market leadership, the creation of entry barriers, the development of new distribution channels, and the acquisition of new customers, thereby enhancing market position.

SMEs encounter numerous barriers to innovation that hinder their ability to fully leverage its potential. Small and medium-sized enterprises (SMEs) often exhibit deficiencies in knowledge, skills, and resources necessary for the development and implementation of innovative ideas. Internal barriers to innovation may include fear of failure, resistance to change, and insufficient incentives and rewards. External barriers to innovation, including restricted access to finance, insufficient market demand, and heightened competition, impede the innovation efforts of SMEs. Consequently, SMEs may forfeit the advantages of innovation, encounter difficulties in market competition, and ultimately jeopardize their long-term viability. Research examining the link between innovation and performance has garnered attention from scholars who recognize innovation as a key element in generating competitive advantages for firms and developing new business management models (Ruiz-Jimenez & Fuentes 2013). Najib and Kiminami (2013) found a significant relationship between innovation and business performance, specifically in sales, profitability, and market dominance, in their study of SME firms. Innovation has been positively correlated with profitability, sales growth, market dominance, and return on investment and assets. Wahab, Yusuff, and Musa (2020) found that innovation positively influenced market share, resulting in profitability growth and enhancing overall performance of SMEs. This study aims to investigate the role of innovation practices as a catalyst for the performance of SMEs in Anambra State, Nigeria.

2. Materials and Methods

This research is based on the Diffusion of Innovation Theory. The Diffusion of Innovation theory, formulated by sociologist Everett Rogers in 1962, aims to elucidate the mechanisms, motivations, and pace at which novel ideas and technologies disseminate within organizations. The theory is especially pertinent to the adoption and acceptance of innovations, encompassing new technologies, products, ideas, practices, and behaviors. The adoption and diffusion of innovative practices within Small and Medium Enterprises (SMEs) entail a complex interaction of factors that affect the integration of new ideas, technologies, and processes into their operations. Comprehending this process offers significant insights for policymakers, researchers, and business leaders.

The adoption and diffusion of innovative practices among SMEs involve several key factors and stages, including the reliance on various information channels such as industry conferences, trade associations, online forums, and networking events. Workshops, seminars, and training programs are essential for acquainting SMEs with innovative practices. SMEs may initiate small-scale implementations or pilot projects to evaluate the feasibility and effectiveness of innovative practices. Direct experience enhances comprehension of the integration of innovations into daily operations. Small and medium-sized enterprises (SMEs) tend to adopt innovations that enhance their current workflows instead of necessitating a complete overhaul restructuring at a specific phase. Flexible and customizable solutions are favored, enabling SMEs to adapt innovations to their specific requirements.

A criticism of the theory is its tendency to oversimplify the diffusion process by concentrating mainly on the characteristics of the innovation and the adopters, while neglecting the wider social, economic, and cultural factors that affect adoption. The theory posits a linear and homogeneous diffusion process; however, actual diffusion may exhibit nonlinearity and be influenced by intricate interactions among multiple factors. A further critique is that the theory must sufficiently consider the influence of power dynamics and inequalities in the diffusion process. This perspective neglects the fact that specific groups or individuals may possess greater resources, access to information, and influence, enabling them to adopt and disseminate innovations more rapidly than others. This may lead to the exclusion or marginalization of certain societal segments from accessing innovations.

The diffusion process influences the performance of SMEs in terms of communication channels, social networks, resource availability, and government policies. The adoption and diffusion of innovative practices among SMEs involve complex processes shaped by various internal and external factors. Successful initiatives typically employ a strategic approach that considers the distinct needs, limitations, and motivations of SMEs across different industries. Ongoing support, education, and collaboration among policymakers, industry stakeholders, and SMEs can enhance the dynamism and innovation of the small business ecosystem.

Innovation practices involve the market introduction of a new product or service that is either novel or significantly enhanced in terms of its characteristics or intended applications (Moses, Cheryl & Sithole 2012). This encompassed activities including technical design, research and development (R&D), and commercial efforts related to the creation of a new or enhanced product (Atalay, Anafarta & Sarvan 2013). Innovation practices represent an ongoing, cross-functional process that integrates an expanding array of competencies both within and beyond organizational boundaries. Empirical evidence indicates that successful entrepreneurs exhibit greater innovation compared to their non-innovative counterparts. The absence of innovation in small and medium-sized enterprises (SMEs) results in growth stagnation, irrelevance, and ultimately necessitates the forced exit of the enterprise (Freeman & Soete, 2011; Atalay, Anafarta, & Sarvan 2013).

Innovation encompasses the generation of ideas alongside the adoption and implementation of novel concepts in processes, products, and services. Innovation has gained significance due to the reduced lifecycle of products and the technologies associated with them (Castellacci & Natera, 2011). Innovation is no longer confined to organizations in today's dynamic and complex environment; it transcends organizational boundaries. Consequently, organizations are pursuing knowledge, information, and external partners as valuable sources of innovation (Ghosh, Kato, & Morita, 2017). This has transformed the organizational approach from closed innovation to open innovation. Innovative product presentation contributes to the sustainability and expansion of manufacturing firms, ultimately fostering social and economic advancement in developing nations (Zubizarreta, Cuadrado, Iradi, García, & Orbe, 2017).

Product innovation is essential for the success of SMEs within a competitive landscape (Wang, Zhao, & Voss, 2016). Product innovation entails the introduction of new products or services to the market, or the alteration of existing offerings to enhance value.

Address emerging market demands and present novel applications (Waliuddin & Umar 2021). Customers are considered the primary source of innovative ideas in the new product development process. Small and medium-sized enterprises can leverage these opportunities. Product innovation sustains and enhances a company's market position (Baldassarre Calabretta, Bocken, & Jaskiewicz, 2017). Product innovation enhances customer selection and increases product acceptability when effectively communicated (Szekely & Strebel, 2013). Customer satisfaction frequently serves as an indicator of future technology purchases. Customer satisfaction serves as a significant differentiator for firms, fostering loyalty and distinguishing them from competitors. Customers who are satisfied exhibit reduced sensitivity to price and are less frequently swayed by competitors. Employees exhibit long-term loyalty to the company (Daragahi & Gholamreza 2017).

Innovative products developed by SMEs lead to enhanced customer satisfaction and increased customer loyalty. Following the introduction of an innovative product, its features are enhanced, enabling the customer to attain these characteristics, thereby maximizing customer value. Customers anticipate an increase in the quality of services and products corresponding to their investment of time and money (Iberahim, Taufik, Adzmir, & Saharuddin, 2016). Satisfaction arises from customer evaluations of the extent to which a product or service's features align positively with their expectations (Ling,

Fern, Boon, & Huat 2016). Customer satisfaction and dissatisfaction regarding the product can be assessed based on the frequency of product usage. Their experience with the product indicates the levels of satisfaction and dissatisfaction, which influence loyalty or the decision to switch (Goode, Davies, Moutinho & Jamaal, 2005). Numerous studies indicate that product innovation has a positive impact on the performance of SMEs (Wang, Voss, & Zhao, 2016; Baldassarre Calabretta, Bocken, & Jaskiewicz, 2017; Maulana & Alisha, 2020; Daragahi, 2017; Navimipour & Soltani, 2016). From the preceding discussions, the subsequent hypothesis was formulated:

H01: There exists no significant relationship between product innovation practices and customer satisfaction in SMEs.

Process innovation entails modifications in the production methods employed by firms to enhance the value delivered to customers (Seng, 2011). A process innovation involves the introduction of a novel or improved manufacturing or distribution method, or a new approach to social service delivery. Process innovation involves reengineering and enhancing the internal operations and capabilities of business processes. Makinde, Akinlabi, and Olujobi (2021) identify that process innovation has a moderate positive and significant effect on the customer retention of SMEs, suggesting that an increase in process innovation correlates with enhanced customer retention in these enterprises. Raouf, Tehseen, Itoo, and Hussain (2019) emphasized that customer retention reflects customers' preferences, identification, commitment, trust, and readiness to remain loyal to a brand. Customer retention marketing is a strategy informed by customer behavior. Customer loyalty is influenced by attitudes and behaviors, which can be shaped by factors such as product quality, market reputation, store location, and pricing strategies (Xhema, Groumpos, & Metin 2018).

Process innovations predominantly entail tacit knowledge, as this type of knowledge is associated with products and is therefore readily observable (Cohen and Klepper 2016). Process innovations typically depend on systemic knowledge, indicating that they are derived from multiple interconnected knowledge domains within a firm, including social systems, processes, and intra-organizational structures (Tonatzky, Fleischer, & Chakrabarti 2016). Adepoju, Olomu, and Akinwale (2017) reported a positive relationship between processes.

Innovation and customer retention are particularly significant in manufacturing companies. The study found that technological process innovation significantly affects the performance of manufacturing firms in Nigeria. In their study, Kyei and Bayoh (2017) reported a positive relationship between process innovation and customer retention. They identified that process innovation, in conjunction with service and marketing innovation, serves as a key determinant for retaining existing customers and acquiring new ones. Baber (2020) examined the FinTech sector and found that the implementation of various process innovation techniques, including online payments and advisory and compliance services, significantly impacts customer retention. He also recommended joining relevant associations to enhance performance. This result supports the findings of Olomu (2019), which indicated a positive relationship between process innovation and customer retention. The research indicated that the selection of automation technologies, the level of investment, and the size of the firm are critical factors influencing customer retention performance within the industry. Multiple studies indicate that process innovation significantly impacts a firm's competitiveness and performance (Adepoju, Olomu, & Akinwale, 2017; Kyei & Bayoh, 2017; Baber, 2020; Olomu, 2019). From the preceding discussions, the subsequent hypothesis was formulated:

H02: There is no statistically significant relationship between process innovation and customer retention in SMEs.

Technological innovation involves the creation of new ideas, products, services, and processes that enhance technology solutions, thereby improving living standards in the production sector (Wansawa et al., 2021). An organization's capacity for innovation is essential for the effective use of innovative resources and new technologies (Musa, Fuad, & Dayang, 2021). Technological innovation serves as a significant driver of growth and a critical factor in establishing competitive advantage for numerous organizations. Competitive advantage denotes the extent to which a firm generates greater economic value compared to its rivals within a specific product or service market. Economic value is defined as the disparity between the value perceived by customers, indicated by their willingness to pay, and the firm's costs (Maritan & Peteraf, 2016). To achieve and sustain competitive advantage, an organization must demonstrate superior comparative and differential value relative to its competitors and effectively communicate this information to its target market. Technological innovation serves as a strategy for companies to establish a competitive advantage by producing unique offerings, enhancing operational efficiency, or delivering superior, cost-effective, and expedited services through advanced technology (Aziz & Samad, 2016).

To enhance the innovative activity of production enterprises, particularly in technological innovation, there is a global increase in awareness aimed at maintaining or improving competitiveness. The introduction of novel approaches in technological innovation has significantly enhanced its advantages (Goi, 2017). The findings align with the research conducted by Abdi and Ali (2013), which investigated the relationship between technical innovation and business performance in Sub-Saharan Africa, specifically within Somalia's telecommunication sector. The study concluded that both administrative and technical innovations have a significant positive impact on business performance. Letangule and Letting (2012) examined the impact of innovation strategies on the performance of information technology companies in Kenya, concluding that the adoption of such strategies significantly and positively influenced the performance of telecommunication firms. Several studies have found that technological innovation capabilities positively influence performance (Aziz & Samad, 2016). Wanaswa, Awino, Ogutu, and Owino (2021); Nafula (2017); Wanyoike (2016); Abdi and Ali (2013). From the preceding discussions, the subsequent hypothesis was formulated:

H03: Technological innovation has no significant impact on the competitive advantage of SMEs.

Marketing innovation involves the pursuit of creative solutions to business challenges through the introduction of novel market-oriented ideas, products, services, or technologies, while considering customer needs (Ungerman, Dedkova, & Gurinova 2018). These innovations seek to enhance customer satisfaction by addressing their needs, creating new market segments, and improving product positioning to increase sales. Marketing innovations can manifest in several forms, including personal, environmental, buzz, guerrilla, viral, mobile, and word-of-mouth marketing. Furthermore, it can fulfill various marketing functions, including product design, packaging, placement, promotion, pricing, delivery, and channel communication (Campos, 2019). Marketing innovation encompasses the introduction of novel promotional techniques, the development of new distribution channels, modifications in logistics, the adoption of innovative pricing strategies, and the execution of advanced marketing activities. Wong and Merrilees (2008) assert that a product's market success is indicative of the brand's market innovativeness.

Brand awareness refers to the likelihood that consumers can readily identify the existence and availability of a company's product or service (Mowen & Minor 2011). Brand awareness is essential, as its perceptions influence both financial and non-financial performance of an organization (Shamma & Hassan, 2011), leading to favorable market outcomes evidenced by market share and leadership. Small and medium-sized

enterprises (SMEs) establish brands primarily to attract and retain consumers. The core of branding strategy involves the enhancement of brand awareness, which plays a crucial role in driving brand equity within business markets (Davis, Golicic, & Marquardt, 2008). Effective brand awareness campaigns are posited to capture consumer attention and encourage repeated use of services, resulting in heightened sales for the company (MacDonald & Sharp, 2011). Research indicates that brand awareness affects brand equity by establishing a connection for the customer's initial attachment to the brand. Firms producing high-quality products may allocate resources towards enhancing brand awareness (Erdem, Swait, & Valenzuela 2006). Research conducted by various scholars indicates a correlation between marketing innovation and firm performance (Bogetić, Đorđević, Ćoćkalo & Vorkapić, 2018; Đuričin, Kaličanin, Lončar, & Vuksanović-Herceg, 2018; Wong & Merrilees, 2008; Shamma & Hassan, 2011). From the preceding discussions, the subsequent hypothesis was formulated:

H04: There is no statistically significant relationship between marketing innovation and brand awareness in small and medium-sized enterprises (SMEs).

Figure 1 below illustrates the framework for this study, depicting the relationship between the dependent variable, SMEs performance, and the independent variables, innovation practices.

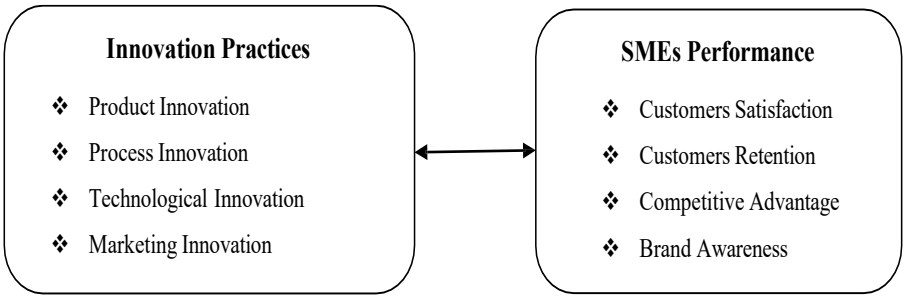

Figure 1. Conceptual Framework between Innovation Practices and SMEs Performance

Prior research has presented various perspectives on innovation practices and their impact on the performance of SMEs across different regions. Most studies have concentrated on developed countries, where the concepts of innovation practices and the measurement of SME performance differ significantly from those in developing and underdeveloped countries. Research on the impact of innovation practices on the performance of SMEs in Nigeria, specifically in Anambra State, is limited. The environment for SMEs in Anambra State has seen various business practices, including skill empowerment. However, the impact of innovation practices on existing firms, particularly SMEs, remains a subject of inquiry. This research sought to address existing gaps by analyzing four specific variables related to innovation practices (product innovation, process innovation, technological innovation, and marketing innovation) alongside four non-financial performance variables (customer satisfaction, customer retention, competitive advantage, and brand awareness) within SMEs.

This study employed a cross-sectional survey design to collect research data. This research was conducted among specific SMEs in Anambra State. The target population for this study comprises 1,860 management personnel and workers from the selected SMEs in Anambra State. The sample size of three hundred (300) management and workers from the selected SMEs was calculated using the Krejcie and Morgan formula. A questionnaire was employed for data collection. The majority of the questions utilized were derived from a questionnaire on innovation developed by Begonja, Filip, Balboni, and Ani (2016), as well as questionnaires assessing SMEs performance by Hakeem (2011), with modifications made to align with the research context. The questionnaire,

titled 'Innovation Practices and SMEs,' consisted of closed-ended questions. The instruments utilized for data collection in the study underwent assessments for content and face validity.

3. Results and Discussion

The study assessed the reliability of the instruments through a pilot study and analyzed the data using test-retest methods and Cronbach's alpha, a coefficient of reliability. The administration involved distributing 20 copies of the questionnaire to 20 respondents. The responses were subsequently collated and documented. Following a two-week period, the researchers distributed 20 copies of the questionnaire to the same 20 respondents, obtaining identical results. The correlation and consistency were found to be high. The reliability of the dimensions related to innovation practices and the performance of SMEs is presented in Table 1 below:

Table 1. Summary of Cronbach Alpha Result

S/No	Variables	No items	Cronbach's Alpha
1	Product Innovation Practices	5	0.87
2	Process Innovation	5	0.88
3	Technological innovation	5	0.74
4	Marketing Innovation	5	0.76
5	Customer Satisfaction	5	0.90
6	Customer Retention	5	0.79
7	Competitive Advantage	5	0. 72
8	Brand Awareness	5	0.88

A Cronbach's Alpha value exceeding 0.7 indicates satisfactory internal consistency (Nunnally, 1978). The overall reliability of the questionnaire exceeds 0.70; therefore, the researcher administered and collected the questionnaires personally to enhance the response rate. Data analysis employed quantitative methods, specifically descriptive and inferential statistics. All hypotheses were evaluated utilizing the Pearson Product Moment Correlation Coefficient at a significance level of 5%..

Hypotheses One

H01: There is no significant relationship between product innovation practices and customer satisfaction on SMEs.

Table 2. Result of Pearson Product-Moment Correlation Analysis between Product Innovation Practices and Customer Satisfaction of SMEs

		Product Innovation Practices	Customer Satisfaction
Product Innovation Practices	Pearson Correlation	1	.847**
	Sig. (2-tailed)		.000
	N	300	300
Customer Satisfaction	Pearson Correlation	.847 **	1
	Sig. (2-tailed)	.000	
	N	300	300

Table 2 indicates a significant relationship between product innovation practices and customer satisfaction. The Pearson product-moment correlation coefficient indicates a strong positive and significant correlation between product innovation practices and customer satisfaction ($r = 0.847$, $p < 0.05$). An increase in product innovation practices is

likely to enhance customer satisfaction among SMEs in Anambra State. The null hypothesis (H0) was rejected, indicating a significant relationship between product innovation practices and customer satisfaction.

This result aligns with the findings of Wang, Voss, and Zhao (2016), as well as Baldassarre Calabretta, Bocken, and Jaskiewicz (2017), which suggest a significant relationship between product innovation practices and customer satisfaction.

Furthermore, product innovation is identified as a crucial factor for the success of SMEs in a competitive landscape, contributing to customer satisfaction. The findings align with the results indicating that SMEs can achieve competitive superiority and attract considerable attention (Maulana & Alisha, 2020; Daragahi, 2017; Navimipour & Soltani, 2016), demonstrating a significant relationship between product innovation practices and customer satisfaction.

Hypothesis 02: There is no statistically significant relationship between process innovation and customer retention in small and medium-sized enterprises (SMEs).

Table 3. Results of Pearson Product-Moment Correlation Analysis between Process Innovation and Customer Retention

		Process Innovation	Customer retention
Process Innovation	Pearson Correlation	1	.813**
	Sig. (2-tailed)		.000
	N	300	300
Customer Satisfaction	Pearson Correlation	.813 **	1
	Sig. (2-tailed)	.000	
	N	300	300

The correlation presented in Table 3 indicates a statistical relationship between process innovation and customer satisfaction among SMEs in Anambra State. The Pearson product-moment correlation coefficient indicates a strong significant correlation between process innovation and customer satisfaction ($r = 0.813$, $p < 0.05$). An increase in process innovation is associated with enhanced customer satisfaction in SMEs. The study rejects null hypothesis two (H0) and accepts the alternative hypothesis, indicating a statistical relationship between process innovation and customer satisfaction in SMEs.

This result aligns with findings from other studies utilizing the same construct. Adepoju, Olomu, and Akinwale (2017) reported a positive relationship between process innovation and customer retention, particularly in manufacturing companies. Kyei and Bayoh (2017) found a positive relationship between process innovation and customer retention. They identified that process innovation, in conjunction with service and marketing innovation, serves as a key determinant for retaining existing customers and acquiring new ones. Baber (2020) and Olomu (2019) corroborate previous research indicating a positive relationship between process innovation and customer retention. The research indicated that the selection of automation technologies, the level of investment, and the size of the firm are critical factors influencing customer retention performance within the industry.

Proposed Explanations H03: Technological innovation does not significantly relate to competitive advantage in SMEs.

Table 4. Results of Pearson Product-Moment Correlation Analysis between Technological Innovation and Competitive Advantage

		Technological innovation	Competitive Advantage
Technological	Pearson Correlation	1	.769**

innovation	Sig. (2-tailed)		.000
	N	300	300
Competitive	Pearson Correlation	.769**	1
Advantage	Sig. (2-tailed)	.000	
	N	300	300

The relationship Table 4 indicates a strong and significant positive correlation between technological innovation and competitive advantage ($r = 0.769$, $p<0.05$). This indicates that technological innovation enhances the competitive advantage of SMEs in Anambra State. The findings indicate that technological innovation significantly influences the competitive advantage of SMEs in Anambra State. In light of these findings, null hypothesis three (H0), which posits that technological innovation does not significantly affect the competitive advantage of SMEs in Anambra State, is rejected. Conversely, the alternative hypothesis, which asserts that technological innovation significantly influences the competitive advantage of SMEs in Anambra State, is accepted.

Aziz and Samad (2016), Wanaswa et al. (2021), Nafula (2017), and Wanyoike (2016) found that technological innovation has a significant relationship with the competitive advantage of SMEs. The authors argued that technological innovation serves as a strategy for companies to establish a competitive advantage by producing unique products, enhancing operational efficiency, or offering superior, cost-effective, and expedited services through advanced technology. Abdi and Ali (2013) examined the relationship between technical innovation and business performance in Sub-Saharan Africa, finding that both administrative and technical innovations significantly and positively influence business performance.

Hypothesis Four H04: There is no statistical relationship between marketing innovation and brand awareness in SMEs.

Table 5. Outcomes of Pearson Product-Moment Correlation Analysis Regarding Marketing Innovation and Brand Awareness

		Marketing Innovation	Brand Awareness
Marketing	Pearson Correlation	1	.790**
Innovation	Sig. (2-tailed)		.000
	N	300	300
Brand Awareness	Pearson Correlation	.790**	1
	Sig. (2-tailed)	.000	
	N	300	300

Table 5 illustrates a significant relationship between marketing innovation and brand awareness. The Pearson product-moment correlation coefficient indicates a strong positive and significant correlation between marketing innovation and customer satisfaction ($r = .790$, $p < 0.05$). An increase in marketing innovation will enhance brand awareness among SMEs in Anambra State. The study rejects null hypothesis four (H0), which posits that there is no statistical relationship between marketing innovation and brand awareness of SMEs in Anambra State. Thus, a statistical relationship exists between marketing innovation and brand awareness among SMEs in Anambra State.This finding is corroborated by the research of Bogetić, Đorđević, Ćoćkalo, and Vorkapić (2018) as well as Đuričin, Kaličanin, Lončar, and Vuksanović-Herceg (2018), which indicates a significant relationship between marketing innovation and brand awareness in SMEs. The findings align with Wong and Merrilees (2008) and Shamma and Hassan (2011), indicating positive market performance as evidenced by market share and leadership.

4. Conclusion

This study examines the relationship between innovation practices and the performance of SMEs in Anambra State. Data were generated from primary sources, and hypotheses were evaluated using Pearson's product moment correlation coefficient. The study concluded that innovation practices positively and significantly relate to the performance of SMEs in Anambra State. Following the findings and conclusion, the study advocates the following:

Continuous maintenance of creativity and quality in product innovations is essential for the ongoing development of suitable products and the enhancement of customer satisfaction.

SMEs must prioritize the integration of technological innovation to enhance employee performance, thereby ensuring customer satisfaction. This approach will not only attract new customers but also aid in retaining existing ones through improved employee effectiveness.

Small and medium-sized enterprises must increase their investment in research and development to enhance innovation and implement more effective strategies for market advancement.

Small and medium-sized enterprises (SMEs) must adopt technological innovations to maintain competitiveness in the market. Additionally, training employees is essential for enhancing efficiency and effectiveness.

References

Abdi, A.M. & Ali, A.Y. (2013). Innovation And Business Performance In Telecommunication In Sub-Saharan African Context: Case Study On Somalia. Asian Journal Of Management And Education 2(4), 56-67.

Abdilahi, Abdikarim, Muhumed. (2017). The Impact Of Innovation On Small And Medium Enterprises Performance: Empirical Evidence From Hargeisa, Somaliland. International Journal Of Academic Research In Business And Social Sciences. (7)8, 2017. 2222-6990. 10.6007/IJARBSS/V7-I8/3202.

Adebiyi, S.O. & Amole, B.B. (2017). Entrepreneurial Innovation And Small And Medium Scale Enterprises Development. Northwest Business And Entrepreneurship Development Review. Zaria: Ahmadu Bello University Press.

Adepoju, A.O., Olomu, M.O., & Akinwale, Y.O. (2017). The Impact Of Technological Innovation On Smes Profitability In The Impact Of Technological Innovation On SME's Profitability In Nigeria. Https://Doi.Org/10.1504/IJRIC.2017.10003190.

Anekwe, R.I., & Nwokediba, C.C. (2019). E-Commerce And Performance Of Small And Medium Scale Enterprises In Awka, Anambra State, Nigeria. International Journal Of Academic Multidisciplinary Research, 3(12) 45-54.

Atalay, M., Anafarta, N. & Sarvan, F. (2013). The Relationship Between Innovation And Firm Performance: An Empirical Evidence From Turkish Automotive Supplier Industry. Procedia - Social And Behavioral Sciences.75. 226–235. Https://Doi.Org/10.1016/J.Sbspro.2013.04.026.

Aziz, N.N. & Samad, S. (2016). Innovation And Competitive Advantage: Moderating Effects Of Firm Age In Foods Manufacturing Smes In Malaysia. Procedia Economics And Finance, 35: 256–266.

Baber, H. (2020). Determinants Of Students' Perceived Learning Outcome And Satisfaction In Online Learning During The Pandemic Of COVID 19. Journal Of Education And E- Learning Research, 7 (3). Https://Doi.Org/10.20448/Journal.509.2020.73.285.292.

Baldassarre, B., Calabretta, G., Bocken, M, N., & Jaskiewicz, T. (2017). Bridging Sustainable Business Model Innovation And User-Driven Innovation: A Process For Sustainable Value Proposition Design, Journal Of Cleaner Production, 147, 175-186.

Begonja, Marta & Čićek, Filip & Balboni, Bernardo & Gerbin, Ani. (2016). Innovation And Business Performance Determinants Of Smes In The Adriatic Region That Introduced Social Innovation. Economic Research29. 1136-1149. Https://Doi.Org/10.1080/1331677X.2016.1213651.

Bogetić, S., Đorđević, D., Ćoćkalo, D., & Vorkapić, M. (2018). Corporate Social Responsibility As A Factor Of Global Competitiveness. Journal Of Engineering Management And Competitiveness, 8(1), 11-19.

Campos, D.R.C. (2019). Marketing Innovation And Relationship With Customers: How It Contributes To The Competitive Advantage Of A B2B Company. Open Repository Of The University Of Portio.

Castellacci, F. & Natera, J. M. (2013). The Dynamics Of National Innovation Systems: A Panel Co-Integration Analysis Of The Coevolution Between Innovative Capability And Absorptive Capacity. Research Policy. 42. Https://Doi.Org/10.1016/J.Respol.2012.10.006.

Cohen, W.M., & Klepper, S. (2016). A Reprise Of Size And R & D. The Economic Journal, 925- 951.

Daragahi, & Gholamreza. (2017). The Impact Of Innovation On Customer Satisfaction: A Study Of The Cosmetics Producer In Tehran. International Review. 121-132.

Davis, W.R., Golicic, G.A. & Marquardt, B. (2008). Two Rules Of Identification For Structural Equation Models. Structural Equation Modeling, 16, 523-536.

Dobni, C.B., Mark, K. & Nelson, W.T. (2015). Innovation Strategy In The US: Top Executives Offer Their Views. Journal Of Business Strategy, 36(1), 3 - 13.

Đuričin, D., Kaličanin, Đ., Lončar, D., & Vuksanović-Herceg, I. (2018). Management And Strategy, The Faculty Of Economics, University Of Belgrade.

Erdem, T., Swait, J., & Valenzuela, A. (2006). Brands As Signals: A Cross-Country Validation Study. Journal Of Marketing, 70(1), 34-49.

Freeman C. & Soete, L. (2011). The National System Of Innovation In Historical Perspective,Cambridge Journal Of Economics, 19 (1), 1, 5–24.

Ghosh, A., Kato, T., & Morita, H. (2017). Incremental Innovation And Competitive Pressure In The Presence Of Discrete Innovation, Journal Of Economic Behaviour & Organization, 135, 1-14.

Goi, Chai Lee. (2017). The Impact Of Technological Innovation On Building A Sustainable City. International Journal Of Quality Innovation. 3. Https://Doi.Org/10.1186/S40887-017- 0014-9.

Goode, Davies, Moutinho & Jamal. (2005) Determining Customer Satisfaction From Mobile Phones. Journal Of Marketing Management, 21: 755-778.

Hakeem O.A. (2011). Assessment Of The Problems And Prospects Of Small And Medium Enterprises (Smes) In Nigeria: A Study Of Some Selected Smes In Kaduna Metropolis. Https://Kubanni-Backend.Abu.Edu.Ng/Server/Api/Core/Bitstreams/9fe150a3-6055-44c0- 9a15-Ff2b4326a43d/Content

Iberahim, H., Taufik, M., Adzmir, M., & Saharuddin, H. (2016). Customer Satisfaction On Reliability And Responsiveness Of Self-Service Technology For Retail Banking Services, Economics And Finance, 37, 13-20.

Kale, Y. (2019). Micro, Small, And Medium Enterprises (MSME) National Survey 2017.Abuja, Nigeria: SMEDAN & NBS Publication.

Kyei, D.A., & Bayoh, A. (2017). Innovation And Customer Retention In The Ghanaian Telecommunication Industry. International Journal Of Innovation, 5. 171-183.

Lawal F.A., Worlu R.E., Ayoade O.E., (2016). Critical Success Factors For Sustainable Entrepreneurship In Smes: Nigerian Perspective. Mediterranean Journal Of Social Science, 7(3):338.

Letangule, S.L. & Letting, N.K. (2012). Effects Of Innovation Strategy On Performance Of Firms In The Telecommunication Sector Kenya. International Journal Of Management And Business Studies, 2(3); 75-78.

Liang, T., Su, Y.J., & Liu, C. (2010). A Resource-Based Perspective On Information Technology And Firm Performance: A Meta-Analysis. Industrial Management & Data Systems, 110(8), 1138-1158.

Ling, M.G., Fern, S.Y., Boon, K.L., & Huat, S.T. (2016). Understanding Customer Satisfaction Of Internet Banking: A Case Study In Malacca, Economics And Finance, 37, 80-85.

Macdonald, E.K., & Sharp, B.M. (2011). Brand Awareness Effects On Consumer Decision Making For A Common, Repeat Purchase Product: A Replication. Journal Of Business Research, 48(1), 5–15.

Makinde, O.G., Akinlabi, H.B., & Olujobi, I.O. (2021). Process Innovation And Customer Retention Of Smes In Selected Lgas In Oyo State, Nigeria. The Strategic Journal Of Business & Change Management, 8 (2), 588 – 598.

Maritan, C.A., & Peteraf, M. (2016). Competitive Advantage. In: Augier, M., Teece, D. (Eds) The Palgrave Encyclopedia Of Strategic Management. Palgrave Macmillan, London.

Martin, M.S., & Namusonge, M.J. (2014). Influence Of Innovation On Small And Medium Enterprises (SME) Growth. International Journal For Innovation Education And Research, 2(5), 31-41.

Maulana, Y.S. & Alisha. (2020) Product Innovation And Its Influence On Consumer Purchasing Interest, With A Case Study Conducted On Ichi Bento Restaurant Branch In Kota Banjar,(8) 86–91, 87–90.

Mikel, L. (2014). Guest Editorial On Research And Innovation Strategies For Smart Specialization In Europe. European Journal Of Innovation Management, 17(4), 378-389.

Moses, C., Sithole, M., Blankley, W., Labadarios, D., Makelane, H. & Nkobole, N. (2011). The State Of Innovation In South Africa: Findings From The South African National Innovation Survey. South African Journal Of Science. 108. 15-20. Https://Doi.Org/10.4102/Sajs.V108i7/8.1320.

Mowen, J. C. & Minor, M. S., (2011), Consumer Behaviour: A Framework. Prentice Hall, Upper Saddle River, NJ.

Musa, Syariff M.F., Dayang & Rafidah (2021). Innovation In Education. Retrieved From Https://Www.Researchgate.Net/Publication/352569560_Innovation_In_Education On 16th June 2023.

Nafula, K.M., (2017). Effect Of Innovation On Firm Competitiveness: A Study Of Small And Medium Enterprises In The Manufacturing Sector In Nairobi City County, Kenya. School Of Business, Kenyatta University.

Najib M., & Kiminami (2013). Internal Sources Of Competitiveness In Small And Medium Indonesian Food Processing Companies. ASEAN Journal Of Economics, Management And Accounting, 1 (1): 101-117.

National Bureau Statistics (NBS) (2021). Small And Medium Scale Enterprises Development Agency Of Nigeria (SMEDAN) And NBS Collaborative Survey: Selected Findings. Retrieved From Http://Nigeriastat.Gov.Ng/Download/290 On 23rd August, 2023.

Navimipour, J.N., & Soltani, Z. (2016). The Impact Of Cost, Technology Acceptance And Employees' Satisfaction On The Effectiveness Of The Electronic Customer Relationship Management Systems, Computers In Human Behavior, 55, 1052-1066.

Okeke A.U, Ezenwafor J.I, Femiwole R.M (2013) Entrepreneurs' Reported Challenges And Opportunities Of Global Financial Crisis On Small Business Operations In Anambra And Ekiti States, Nigeria. Paper Presented At Global Awareness Society International 22nd Annual Conference, Rome, Italy May 2013.

Okoli, I.E.N. & Anugwu, C.C. (2022). Uncovering The Relationship Between Entrepreneurship Training On Business Growth Among Smes In Southeast Nigeria. European Journal Of Business And Management Research, 7(1), 224-228. DOI: Http://Dx.Doi.Org/10.24018/Ejbmr.2022.7.1.1278. Www.Ejbmr.Org.

Okoli, I.E.N., Nwakoby, N.P. & Adani, N.I. (2023). Knowledge Management: Implications To Smes Performance In Nigeria. Nurture, 17(2), 103-111.Https://Doi:10.55951/Nurture.V17i2.213.

Olomu, M. (2019). Marketing Automation Innovation Practices And Customer Retention Performance: Evidence From The Nigerian Manufacturing Smes. International Journal Of Business Performance Management. 20. 212.

Rather, Raouf & Tehseen, Shehnaz & Itoo, Murtaza Hassan & Hussain, Shakir. (2019). Customer Brand Identification, Affective Commitment, Customer Satisfaction, And Brand Trust As Antecedents Of Customer Behavioral Intention Of Loyalty: An Empirical Study In The Hospitality Sector. 196-217. Https://Doi.Org/10.1080/21639159.2019.1577694.

Rick, E., Andy, N. & Eskildsen, J. (2015). Continuously Relevant And Responsible Organization Via Creativity, Innovation And Sustainability. International Journal Of Productivity And Performance Management, 64(3), 64-76.

Ruiz-Jimenez, J. M. & Mar Fuentes-Fuentes M. D. (2013). Knowledge Combination, Innovation, Organisational Performance In Technology Firms. Industrial Management & Data Systems, 13(4), 523-540.

Schlaeppi, F. (2014) 5 Reasons For Success And Failure Of Smes In Export Markets. Retrieved From Http://Therightsocialmedia.Novertur.Com/International-Trade-2/5-Reasons-Success- Export-Markets/ On 12th July, 2023.

Seng, L.K (2011). Types Of Innovation Implemented By Housing Developer In Developing Countries. International Journal Of Academic Research, (3), 614-618.

Shamma, H.M. & Hassan, S.S. (2011). Integrating Product And Corporate Brand Equity Into Total Brand Equity Measurement. International Journal Of Marketing Studies, 3(1)

Szekely, F., & Strebel, H. (2013). Incremental, Radical And Game-Changing: Strategic Innovation For Sustainability. Corporate Governance, 13(5), 467 – 481.

Tornatzky, L. G., Fleischer, M., & Chakrabarti, A. K. (2016). Processes Of Technological Innovation. Lexington Books.

Ungerman, O., Dedkova, J. & Gurinova, K. (2018). The Impact Of Marketing Innovation On The Competitiveness Of Enterprises In The Context Of Industry 4.0. Journal Of Competitiveness. Https://Doi.Org/10.132-148.10.7441/Joc.2018.02.09.

Wahab, N.Y.A, Yusuff, Z.Y, & Musa, R. (2020). The Influence Of Innovation On Smes Business Performance In The Manufacturing Sector. International Journal Of Supply Chain Management, 9(2) 263.

Wanaswa, P., & Awino, Z., Ogutu, M. & Owino, J. (2021). Technological Innovation And Competitive Advantage: Empirical Evidence From Large Telecommunication Firms. International Journal Of Business And Management, 16(21).

Wang, Q., Voss, C. A., & Zhao, X. (2016). Deployment Strategies For Service Innovation. Institute Of Electrical And Electronics Engineers, 0018-9391. Https://Doi.Org/10.1109/TEM.2018.2850452.

Wanyoike, M.P. (2016). Relationship Between Innovation Strategies And Competitive Advantage In The Logistics Firms In Mombasa County, Kenya.

Wong, H. Y. & Merrilees, B. (2008). The Performance Benefits Of Being Brand-Orientated. Journal Of Product And Brand Management. 17. Https://Doi.Org/10.1108/10610420810904112.

Xhema, J., Groumpos, P. P., & Metin, H. (2018). Switching-Costs, Corporate Image And Product Quality Effect On Customer Loyalty: Kosovo Retail Market Science Direct Image And IFAC-Papers Online, 51(30), 287–292. Https://Doi.Org/10.1016/J.Ifacol.2018.11.303.

Zubizarreta, M., Cuadrado, J., Iradi, J., García, H., & Orbe, A. (2017). Innovation Evaluation Model For Macro-Construction Sector Companies: A Study In Spain, Evaluation And Program Planning, 61, 22-37.