EFFECT OF INNOVATION ON SMALL AND MEDIUM ENTERPRISES (SMEs) PERFORMANCE IN FCT, ABUJA STATE

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Abstract
SMEs are crucial for driving economic growth, employment, and innovation in many economies. Despite their importance, SMEs in Nigeria have underperformed, as evidenced by a drop in their contribution to GDP from 50% to 43.3% between 2021 and the last quarter of 2022, according to the National Bureau of Statistics (NBS, 2023). This study investigates the impact of innovation on SME performance in the Federal Capital Territory (FCT) using the Smart PLS-SEM method. A descriptive research design was employed, and structured questionnaires were administered to 265 SMEs in Nyanya, Kubwa, and Dei Dei satellite towns. The study measured SME performance through annual sales and profitability, with innovation categorized into product and process innovation. Findings indicate that both product and process innovation significantly influence SME performance in the FCT, Abuja. The study recommends that SMEs enhance performance by adopting strategies that promote innovation, foster creativity, engage employees, establish strategic partnerships, and leverage emerging technologies. Continuous learning, experimentation, and adaptability are crucial for driving innovation within SMEs. The study concludes that innovation is essential for SMEs to thrive in today's competitive business environment, unlocking new growth opportunities, improving operational efficiency, and gaining a sustainable competitive advantage.
Keywords: *Innovation, Product innovation, annual sales, profitability and SMEs performance.*

INTRODUCTION

Small and medium-sized enterprises (SMEs) play significant roles in the world economies and contribute substantially to income, output and employment. Henderson (2012) stated that SMEs connect the community to the larger global economy, and they are the vital link to the economic development of any nation. Indeed, they serve as a source of innovation, technological growth, and creation of new job (Wiklund, 2009). In the Nigerian environment, SMEs have compelling growth potential and like other emerging economies are likely to constitute a significant portion of GDP in the near future, (Oyelaran-Oyeyinka, 2017). According to Nwankwo (2012) SMEs sector provide, on average, 50% of Nigeria's employment, and 50% of its industrial output. Thus, SMEs are very important part of the Nigerian economy.

In order to continue in today's global market economy and achieve long-term success, firms have recognized the importance of being able to adapt through innovation. Small firm success and survival is often dependent on the degree to which they incorporate innovation into their strategies. Product innovation refers to the process of developing and introducing new or improved products or services to the market. It plays crucial role in the performance of SMEs. The ability of SMEs to innovate its products can have a significant impact on its growth and overall performances thereby achieving its financial and non-financials goals and objectives e.g. competitive advantage, market expansion, adaptation to changing, market shares, increase customers satisfaction and loyalty, cost efficiency and operation, increase in sales and profitability (Iherobiem2023)

Process innovation is the introduction of new or improved processes within an organization or industry that results in enhance efficiency, effectiveness, or productivity (Ekeh,2023). It refers to the implementation of new or improved methods, techniques, or systems in the production or delivery of goods and services. It also refers to making changes in the way task are performed, resources are utilised and workflow are structure to achieved better outcome. Process innovation is essential for organizations to stay competitive and adapt to changing market conditions. By optimizing processes, company can reduce cost, improve product quality. shorten lead time, increase customer's satisfactions and gain a competitive advantage. This can apply to various areas within an organization including manufacturing, operation, supply chain management, customer's services and administrative functions (Ekeh, 2023). SMEs can significantly benefit

from the process innovation as it can enhance their overall performance in achieving its business objectives thereby enhancing cost efficiency, quality improvement, speed and flexibility, innovation capacity, and resource optimization (Domnich, 2022)

SMEs performance refers to the measurement and evaluation of how well an organization, department, team or individual achieved their objectives and goals. Its involved accessing the effectiveness and efficiency of processes, activities and outcome to determine the level of success and identify areas of improvement. (Abdiweli et al.2022). Performance measurement include financial indicators such as sales. Revenue, profit, returns on investment etc. while non-financial indicators are productivity, employee satisfaction. Market shares, efficiency and quality, customers satisfaction, customers retentions, market shares etc.

The role of SMEs to every economy cannot be overemphasized in that, they augment governments' effort in unemployment reduction and economic stimulation. In recognition of this importance, successive governments in Nigeria have initiated deliberate actions towards enhancing SMEs growth and performance among which are exclusion of certain SMEs from tax, creation of an agency (SMEDAN) to stimulate and develop SMEs activities in the country among others. These actions are geared towards providing SMEs with the required enabling environment to thrive and improve their performance. However, despite these supports from government, a significant number of SMEs continue to record declining level of performance. This is visible in the sectoral report issued by National Bureau of Statistics (NBS, 2023) which indicated a drop in the overall sectoral contribution of SMEs to the nation's economy from 50% percent contribution to GDP in 2021 to 43.3 % in the last quarter of 2022. It becomes imperative on SMEs owners to review their immediate strategies and peculiarities with the view to harnessing them towards improving their performance and hence this study which seeks to examine the effect of innovation on SMEs performance in FCT, Abuja.

The main objective of the study is to examine the effect of innovation on small and medium scale enterprises in FCT, Abuja. While the specific objectives are

i. To examine the effect of product innovation on the performance of SMEs in FCT, Abuja.
ii. To evaluate the effect of process innovation on the performance of SMEs in FCT, Abuja.

LITERATURE REVIEW

Concept of Innovation

Mahmood and Hanafi (2021) state that innovation is the predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership via R & D in new processes. Lyon (2020) refers to innovation as the degree that an organization willing to innovate the processes of business operation. It is an organizational approach that refers to implementing new ideas that lead to product and service innovation. Innovativeness allows the firm to access new opportunities, fulfils consumers' needs through new products and services, and be the first mover in the industry. Kanu (2020) refer to innovation as the talent of exploiting new ideas for the purpose of gaining social or economic value. Innovation skills are usually a combination of one's ability to think creatively, problem-solving ability, as well as functional and/or technical abilities. Fairly speaking, innovation skills are basically one's ability to apply a blend of knowledge, skills and attributes in a specific context

Concept of Product Innovation

Product innovation means introducing the new products/services or bringing significant improvement in the existing products/services (Polder et al 2010). For product innovation, the product must either be a new product or significantly improved with respect to its features, intended use, software, user-friendly or components and material. The first digital camera and microprocessors are the examples of the product innovation. Change in design that brings significant change in the intended use or characteristics of the product is also considered as product innovation. This type of innovation involves the introduction of a goods or service that is new into the market, or a significant improvement on existing ones. The product innovation has many dimensions. First, from the perspective of the customer, product is new to the customers. Second, from the perspective of the firm, the product is new to the firm. Third, product modification means bringing product variation in the existing products of the firm (Atuahene-Gima 1996).

Firms bring product innovation to bring efficiency in the business (Polder et al, 2010). In highly competitive environment of today, firms have to develop new products according to customer's needs (Olson, et al., 1995). The aim of product innovation is to attract new customers. Firms introduce new products or modify the existing products according to needs of the customers (Adner & Levinthal, 2001). Shorter product life cycle of the products forces the firms to bring innovation in the products (Duranton & Puga, 2001). In the competitive environment firms bring product innovation to compete in the market. The product innovation faces the low competition at the time of introduction and that is why it earns high profit (Roberts, 1999). Ettlie and Reza (1992) as cited by Moshood (2013) which stated that firms bring product innovation to compete with other firms in the markets. Firms bring product innovation to satisfy their customers. Product innovation is reflected by the functional performance (Olson et al. 1995). Product innovation is one of the key factors that contribute to success of an organization. New product development and product innovation is an important strategy for increasing the annual sales and performance of business.

Product/service innovation refers to making positive changes to the physical attributes, and/or features of a business's product and services. Dirk (2014) adds that although innovation is new to the firm, it might not necessary be new to the market. A lot of attention is given to discontinuous innovation, i.e., the creation of completely new products or services that are totally different from the others, and the ability to bring those new offerings to the market before competitors (Jonash & Sommerlatte, 1999; cited in Baker, 2002), as has be seen in the Nigerian telecommunications industry. Baker (2002) observed that, due to the complexities of markets, product life-cycles continue to shorten, so that the survival of a business continues to depend on the development of new product, and the speed at which the new product developed reaches the market. An implication of this is that some older products may no longer be relevant, and the business will thus, also need to look out for those products to retire from the market.

Concept of Process Innovation

This type of innovation involves the application by the organization of changes that would bring about positive outcomes in the processes used in the production of its products and services. O'Sullivan and Dooley (2009) explain the concept of *process* as referring to operational activities in place with the ultimate goal of making sure the customer gets value. It could involve the improvement of reliability; reduction in costs, without a negative impact on products and services, and improvement in quality, and could be at various states of operation such as logistics, raw material acquisition, and after-sales services. Process innovation means improving the production and logistic methods significantly or bringing significant improvements in the supporting activities such as purchasing, accounting, maintenance and computing (Polder, 2010). Firms bring process innovation to produce innovative new products (Adner & Levinthal, 2001). To decrease the production cost, firms go for bringing process innovation. The process innovation is reflected by the cost of the product. (Olson, 1995). Firms adopt new process to compete with other firms; they have to bring the process innovation to satisfy their customers. The process innovation, especially in the manufacturing organizations, can have significant impact on the productivity of the firms. The historical case studies showed that bringing automation in the production methods has increased the efficiency and productivity of the organizations (Ettlie & Reza, 1992).

Process innovation has gained prominence with the growing recognition of the need for quality and continuous improvement, as well as with the development of organizational learning, change and knowledge management. Incorporating process innovation into operation allow organizations develop efficiencies that add value to their output. Organizations are therefore able to compete favourably by having a more efficient value chain than competitors (Baker, 2002; O'Sullivan & Dooley, 2009).

SMEs Performance

SMEs performance refers to the measurement and evaluation of how well an organization, department, team or individual achieved their objectives and goals. Its involved accessing the effectiveness and efficiency of processes, activities and outcome to determine the level of success and identify areas of improvement. (Abdiweli et al.2022). Performance measurement include financial indicators such as annual sales. Revenue, profit, returns on investment etc. while non-financial indicators are productivity, employee satisfaction.

Market shares, efficiency and quality, customers satisfaction, customers retentions, market shares etc. This study seeks to measure annual sales turn over and profitability as financial performance

EMPIRICAL REVIEW

Product Innovation and SMEs performance

Hadi, (2023) examined the direct effect of product innovation in SMEs performance in DKI Jakarta province, Indonesia. Quantitative method was use to conduct a survey of 170 SMEs owners who were selected using a purposive sampling technique. Primary data was collected through the administration of structured questionnaire. The data was analysed using structural equation model. The result of hypothesis testing shows that product innovation has a positive effect on the performances of SMEs. The study recommended that SMEs are encourage to apply innovation in their product to enable them grow and improved their performances

Mauricio et al., (2020) examined the impact of product innovation on SMEs Performance: A Case of Chile industrial SMEs. The population for the study was 139 Chilean industrials SMEs. The cross-sectional survey design was adopted for the study. Primary data was collected through the administration of questionnaires. Data was analysed using partial Least Square technique of regression analysis. The results of the study demonstrated that there is a positive and significant role of Innovation in SMEs performance. The study recommends that Innovation should be enhanced as a means of nurturing SMEs performance and long-term survival.

Ismanu et al. (2021) examined effect of product innovation on small medium enterprises (SMEs) performance in Indonesia: the population for the study was 100 managers selected from firms that produces clothes and t-shirt. A purposive sampling techniques method was adopted for the study. Primary data was collection through online questionnaire. The result was analysed using structural equation model. The study found that product innovation significantly and positively affects SMEs performance. The study recommends that government should enact laws and policy that will promote and strengthen innovation

Process innovation and SMEs Performance

Christopher et al (2021) investigated the effect of process innovation on SMEs Performance in Nairobi, Kenya. The research was conducted using a positivist approach and explanatory research design. Sample size of 254 managers or owners of from manufacturing SMEs registered with the Kenya association of Manufacturers was selected using stratified random sampling technique. Data was collected through structural questionnaire was used for data collection. Data was analyzed using descriptive and inferential statistics. The result shows that process innovation has a positive and significant impact on SMEs Performance. The study recommends that to improve their performance, management should place a greater emphasis on process innovation. They conclude that processes within these organization should be optimised to increase efficiency and effectiveness, which will result in increased market shares and decrease operational cost.

Ekeh, (2023) examined the effect of process innovation on small and medium enterprises performance in Ugbokolo: Benue state, Nigeria. The population of the study comprises of 243 SMEs in North Central, Nigeria. The study adopted survey research design and census approach where the entire 243 managers were served as sample size. Questionnaire were administered on the samples and 223 were useable for data analysis. The study adopted both descriptive and regression analyses to estimate the effect of process innovation on SMEs performances. The result of the study reveals that process innovation has significantly positive effects on the performance of SMEs in Ugbokolo. The study recommends that SMEs in North Central should developed unique innovation process through extensive research and development.

Theoretical Review

Innovation Theory of Entrepreneurship

The Innovation theory of entrepreneurship was propounded by Schumpeter (1934) and it is also called Schumpeterism (Wood, 2005). The theory focuses on the role of innovation in driving entrepreneurial activities and the subsequent impact on economic development. It emphasises the creation and

implementation of news ideas, technologies, product or processes as key drivers of entrepreneurial success. The theory highlights the importance of entrepreneurship in transforming innovative ideas into viable businesses. It also identifies economic growth, competitive advantage, new opportunities, technological advancement and job creation as the benefits of innovation (Zoltan, 2019)

The strength of the theory is in its ability to recognise the importance of creativity and the generation of novel ideas as the foundation for entrepreneurial success. The theory further acknowledges the dynamic nature of entrepreneurship and the need for entrepreneurs to continuously innovate and adapt to changing market condition, highlighting the potentials for entrepreneurs to create economic value through the introduction of new products, services or processes (Araujo 2020).

The theory was criticize for limited emphasis on other Characteristics: Nelson (2000) opined that the innovation theory primarily focuses on the role of innovation and may overlook other important entrepreneurial characteristics, such as business model innovation, risk taking propensity, passion as well as non-entrepreneurial factors such as market conditions, regulatory environment, access to resources He argues that innovation is a complex and path-dependent process that cannot be solely explained by individual entrepreneurial activities. The theory lack precision in defining and measuring Innovation: The theory does not provide a precise definition of innovation, making it challenging to measure and assess the extent of entrepreneurial innovation accurately. The theory is highly relevant to SMEs as they often operate in resource constrained environment and face intense competitions. For SMEs, innovations can be a powerful tool to differentiate themselves, and gain a competitive advantage, and achieved sustainable growth. By introducing innovative products, services or processes, SMEs can address unmet customer's needs, enter new markets, improve operational efficiency, and enhance their overall performances.

METHODOLOGY

The study used a descriptive research design because of the nature of the variables that were at hand, to produce data required for quantitative analysis and to allow simultaneous description of views, perceptions and beliefs at any single point in time (White, 2000). The population of the study consists of 786 SMEs selected from the (22,861) registered SMEs in FCT, Abuja according to National bureau of statistics (NBS,2023) and small and medium enterprise development agency of Nigeria (SMEDAN), (2021). The sampling methodology for enterprise surveys is simple random sampling. In a simple random sample, every SMEs operator has an equal probability of being chosen. The enterprise survey was conducted in selected centres which are intended to coincide with the location for the implementation of the main enterprise survey. The centres are Nyanya, Kubwa and Dei-Dei. Thus, the sample size was estimated from the Yamane (1974) sample size formula given as:

$$n = \frac{N}{1 + Ne^2}$$

Margin error = 5%
Where;

N = population size
3 = is constant
e = is Margin of error (5%)

$$n = \frac{786}{1 + 786(0.05)^2}$$

$$n = \frac{786}{1 + 786(0.0025)}$$

$$n = \frac{786}{2.965}$$

n = 265

The instrument employed for this study was structured questionnaire, 265 copies of the questionnaire were administered by the researcher to the owners of SMEs in the selected Urban areas. The responses were coded and analyzed using the partial least structural equation modelling (PLS-SEM) using the measurement and the structural model. The model of study is specified below: -

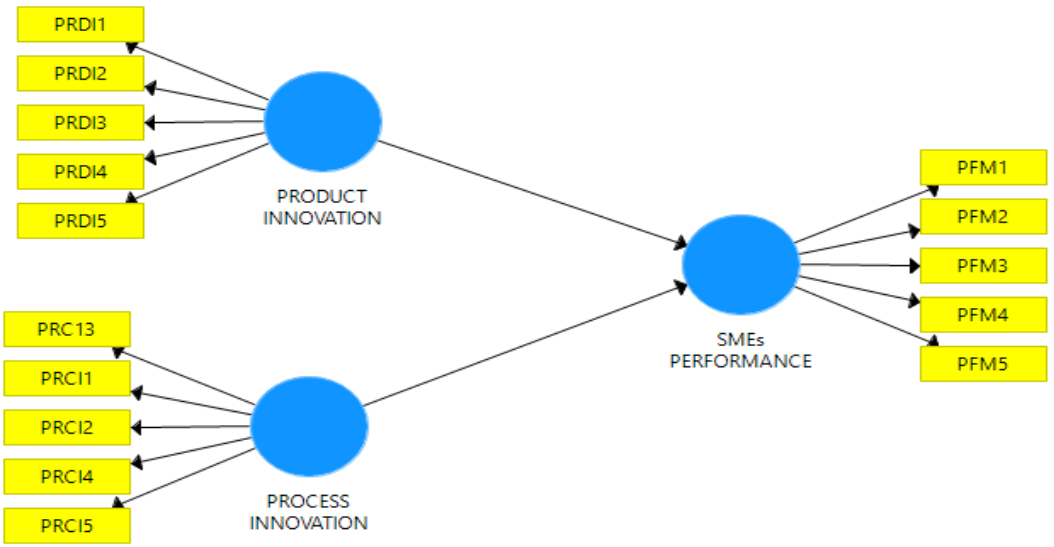

Figure 1: Model of study

Result and Discussion

The study administers 265 copies of questionnaire to the owners of SMEs in the selected Urban areas in Abuja, 263 were return correctly filled. To ensure data integrity, a preliminary assessment was performed to detect any potential issues such as missing values, outliers, or biased responses. The findings from the analysis indicated an absence of missing data, outliers, or biased responses within the collected information.

Table 1: Descriptive Statistics

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
PRDI	1.622	1.000	1.000	5.000	0.981	2.753	1.785
PRCI	1.730	2.000	1.000	5.000	0.890	2.655	1.532
PFM	1.819	2.000	1.000	5.000	0.986	1.907	1.430

Source: SmartPLS Output 2024

Table 1 presents the descriptive statistics for three variables: product innovation (PRDI), process innovation (PRCI), and SME performance (PFM). The means for PRDI, PRCI, and PFM are 1.622, 1.730, and 1.819, respectively, indicating that on average, SMEs rate slightly higher on process innovation and performance compared to product innovation. The median values for PRDI, PRCI, and PFM are 1.000, 2.000, and 2.000, respectively, suggesting that at least half of the SMEs rate their process innovation and performance at or above 2, while product innovation is generally rated at 1. The minimum values for all three variables are 1.000, and the maximum values are 5.000, showing a consistent range. The standard deviations, around 0.9-0.98, indicate moderate variability in the responses. The excess kurtosis values of 2.753 for PRDI, 2.655 for PRCI, and 1.907 for PFM suggest a leptokurtic distribution, indicating more frequent extreme values than a normal distribution. The skewness values of 1.785 (PRDI), 1.532 (PRCI), and 1.430 (PFM) reveal a positive skew, meaning that more SMEs report lower values with a long tail towards higher values.

The Measurement Model

In the assessment of a measurement model, the initial step involves evaluating the outer loadings of study items, which indicates the strength of the relationship between each item and its corresponding construct in a measurement model. As advocated by Hair et al. (2019), loadings exceeding 0.70 are generally considered acceptable as they signify a substantial contribution of the construct to the variation in the indicator. This benchmark is crucial as it demonstrates that more than 50% of the variance in the indicator

is explained by the construct, thereby ensuring a reliable measurement of the items. When loadings surpass this threshold, it implies a robust connection between the items and their underlying constructs, bolstering the confidence in the measurement model's accuracy and validity.

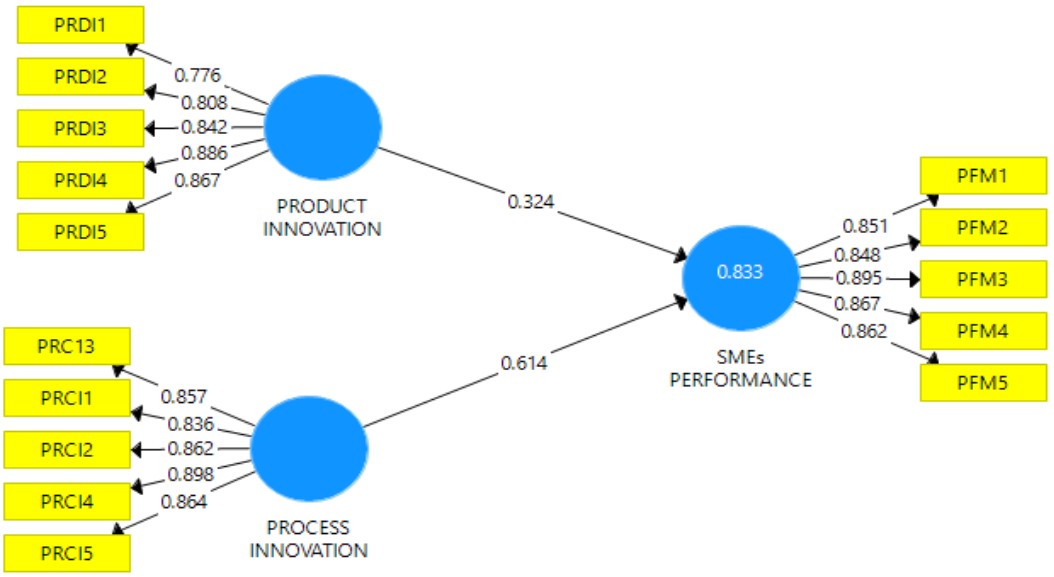

Figure 2: Indicator Outer Loading

Table 2 Result of Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Process Innovation	0.915	0.916	0.936	0.746
Product Innovation	0.892	0.898	0.921	0.700
SMEs Performance	0.916	0.916	0.937	0.748

Source: SmartPLS Output 2024

Table 2 presents the results of reliability tests for three constructs: process innovation, product innovation, and SMEs performance. Cronbach's Alpha values are 0.915 for process innovation, 0.892 for product innovation, and 0.916 for SMEs performance, all of which exceed the commonly accepted threshold of 0.70, indicating high internal consistency for each construct. The rho_A values, closely matching Cronbach's Alpha, further confirm this reliability. Composite Reliability scores are 0.936 for process innovation, 0.921 for product innovation, and 0.937 for SMEs performance, all of which are above the 0.70 threshold, suggesting that the constructs are measured reliably. The Average Variance Extracted (AVE) values are 0.746, 0.700, and 0.748 respectively, all exceeding the 0.50 threshold, indicating that a substantial amount of variance is captured by the constructs rather than by measurement error. Overall, the reliability and validity measures suggest that the constructs are consistently and accurately measured.

Table 3: Heterotrait-Monotrait Ratio (HTMT)

	Process Innovation	Product Innovation	SMEs Performance
Process Innovation			
Product Innovation	0.436		
SMEs Performance	0.772	0.537	

Source: SmartPLS Output 2024

Table 3 displays the Heterotrait-Monotrait Ratio (HTMT) values, which assess discriminant validity among the constructs: process innovation, product innovation, and SMEs performance. The HTMT value between process innovation and product innovation is 0.436, indicating a moderate relationship but sufficient discriminant validity as it is below the 0.85 threshold. The HTMT value between process innovation and

SMEs performance is 0.772, which, while higher, is still within acceptable limits, suggesting that the constructs are related but distinct. The HTMT value between product innovation and SMEs performance is 0.537, again showing a moderate relationship and adequate discriminant validity. These results indicate that each construct measures a distinct concept, with acceptable discriminant validity across all pairs of constructs.

The Structural Model

In assessing the structural model, the standard assessment criteria was consider which include the path coefficient, t-values, p-values and coefficient of determination(R^2). The bootstrapping procedure was conducted using a resample 5000.

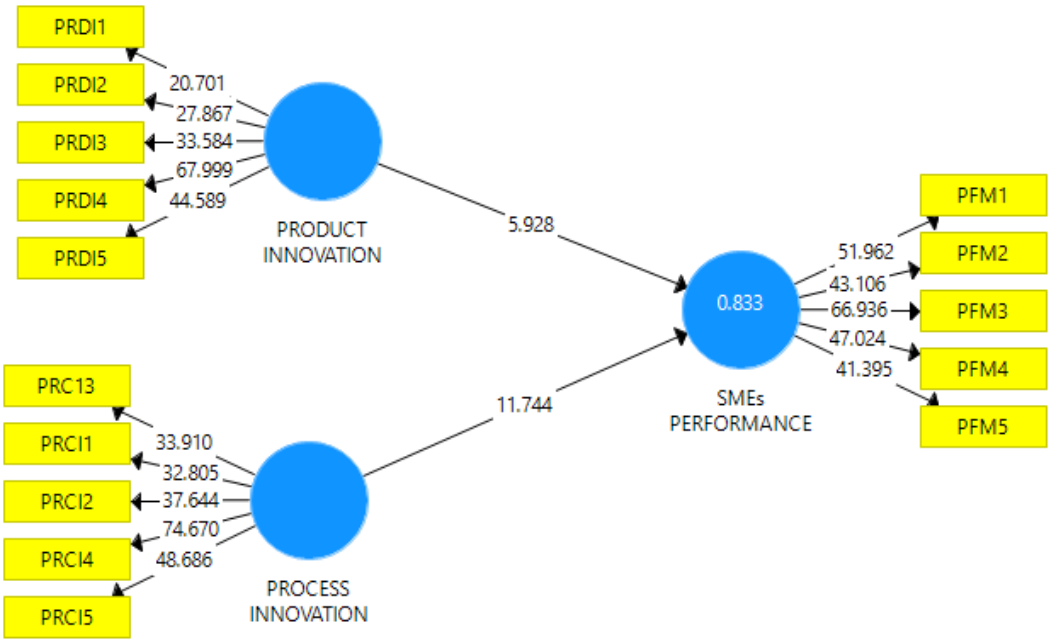

Figure 3: Path Coefficient of the regression model

Table 4 R^2 Summary

	R Square	R Square Adjusted
SMEs Performance	0.833	0.831

Source: SmartPLS Output 2023

The R-square value stood at 0.833 indicating that the variation in SMEs performance is explain by entrepreneurship financing dimensions of venture capital, angel investment and bank lending to the degree of 83%, the remaining 17% variation could be explained by other factors. The result of the path coefficient is presented in the table below:

Table 5: Path Coefficients

	Path Coefficients **(Beta)	T -values	P- Values	Decision
Process Innovation -> SMEs Performance	0.615	11.744	0.000	Rejected
Product Innovation -> SMEs Performance	0.324	5.928	0.011	Rejected

Source: Smart PLS Output 2024

Test of Hypotheses

In this section, the formulated null hypothesis for the study were tested. In testing the hypothesis which partly satisfies the objective of this study, the study adopts 5% level of significance and conclusion would

however be taken based on the probability values (PV). If the PV is less than 5% or 0.05 (that is PV < 0.05), it implies that the variable in question is statistically significant at 5% level; otherwise, it is not significant at that level.

Test of Hypotheses One:

H01: There is a significant relationship between Product Innovation and SME performance in FCT, Abuja. From regression result in Table 4, the t-value for the impact of Product Innovation on performance of SMEs in FCT, Abuja is 5.928; with an associated p-value of 0.0111. Since the p-value (of 0.0111) is less than 0.05 used as the level of significance, we reject the null hypothesis (H01) and conclude that there is a significant relationship between product innovation and SME performance in FCT, Abuja

Test of Hypotheses Two:

H02: There is no significant relationship between Process innovation and SME performances in FCT, Abuja Lastly, from the regression result presented above, the Process innovation t-value was found to be 11.744, with an associated Probability Value of 0.000. The Probability Value of 0.000 is less than the alpha value of 0.05 (under 5% confidence level), we thus reject the second null hypothesis and conclude that there is a significant relationship between Process innovation and SME performance in FCT, Abuja

Discussion of Findings

The study showed that Product Innovation has a significant relationship with SMEs performance. As constant changes are made on the product in-line with market trends, prompt provision of services and product to customers, been sensitive to innovation and inventions relevant to satisfy clients have all made the annual sale of the SMEs to be on a regular and consistent increase. The innovation in product is an important way in the economic efficiency of the high technology companies. This agrees with the results of Lehtimaki (2011) whose findings showed that on average, the contribution of innovated new products was more to total sales than to profits. More so, Lumiste (2014) found that innovation effects were felt in terms of both product-oriented results such as: improvement in quality of goods and services, and secondly, increased range on goods and services, and process-oriented results like increased production capacity and improved production flexibility. Miller and Floricel (2004) argue that a firm is able to achieve a high level of business performance by adapting capabilities and practices to the different requirements of value creation and innovation (i.e. competitive and technological contexts) in which it has selected to compete.

Secondly, it was observed from the analysis that process innovation has a significant relationship on SMEs performance. The available resource base of small firms such as management, funding, and technology, significantly enhances their ability to scan, analyze, and respond to major environmental challenges (Gill & Biger 2012). The result supports the findings of Cainelli (2014) and Regev (2008) whose study revealed that process innovation of small firms had higher labour productivity and sales growth and profit margin than non-innovating firms. Engel (2014), similarly found that annual sales turnover of process innovative firms grew faster than that of non-innovative firms. They detected a significant relationship in growth and increase in the annual sales of firms that engages in process innovation. Auken et al. (2008) findings further showed that process innovation which involves investments in technology that reduce fixed costs lead to higher profits and improve the productivity of the firm.

CONCLUSION AND RECOMMENDATIONS

The study has shown that innovation has a positive and significant effect or relationship with SMEs performance in FCT, Abuja. From the discussion, the study shows that innovation positively influences SMEs sales turn over and profitability. The review highlights that innovation enables SMEs to adapt to changing customers preference, meet market demand differentiate their products, process or services and enter new market.

The study thus recommends that

i. SMEs can achieve a higher performance by exploring strategies and best practices that will promote innovation, fostering creativity, promoting employee engagement, establishing strategic partnership, and leveraging emerging technologies, continuous learning, experimentation and adaptability in driving innovation within SMEs.

ii. The study further recommend that innovation is not an option but a necessity for SMEs to thrive in today's completive business environment, thereby unlocking new growth opportunities, improved their operational efficiency and gain a sustainable competitive advantage. Policies makers are encouraged to create enabling environment for businesses to function efficiently.

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