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INNOVATION AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN NIGERIA

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Abstract: The objective of this study was to establish the relationship between innovation and performance of SMEs in Nigeria. On average, the findings of the study revealed that majority of the respondents agreed with the statements on innovativeness as shown by a mean of 3.72. The responses given by the respondents were varied as shown by a standard deviation of 1.28. The study recommends the SMES in Nigeria should invest heavily in business innovation, research and development activities so as to enhance innovativeness. The study also recommends that the SMEs to view experimentation and introduction of new business products or services as a way to increasing value addition of their businesses. Moreover, the study recommends the SMEs to heavily invest in new business technology in order to improve production. There is also need for the SMEs to partner with research institutions in order to enhance their business innovation.

Key Words: *Innovation, Performance, SMEs, Nigeria*

Introduction

SMEs are known to improve the economic growth base on its importance on the economy across the globe, and this has properly been documented, and because of this, its performance is properly connected with the financial performance of these countries (Moses, 2015).The accountability of SMEs and its importance on economies across the globe cannot be overemphasized. Small and Medium Enterprises are seen as a means for economic growth in most the underdeveloped economies of the world. All this while, it has been noted by Muritala, Awolaja and Bako (2012) and were of the opinion that SMEs are known for better likelihood using labour intensive technologies as a result of reducing joblessness that is witnessed in most economies of the third world countries. From advanced countries of the world for instance, the SMEs in these developed economies have been in the knowing of encouraging job creation, promoting innovation and occupying and being in the front line in creating jobs in developing countries of the world. In advanced economies, many governments internationally, have come to the realization of establishing SMEs so that they can impact or influence the growth and development of their respective economies.

Statement of the Problem

It has been asserted that SMEs really promote growth and development in many societies of different economies of the world. In particular, in countries like Malaysia, Thailand, China, and India, SMEs have been accountable for over 70 percent of exports so this is the reason these economies, as noted by Duro (2013) have been growing in leaps and bounds. Coming back to the Nigerian scenario, SMEs are confronted with a lot of problems and challenges which are in no small measure affecting her growth and development. The most pronounced, however, is access to finances, and effective infrastructure to operate upon, especially electricity and other social amenities. As observed by Sacerdoti (2005), even banks with retained liquidity levels in excess of what is required by law have shown reluctance in extending loans to SMEs, especially on long term basis as they are considered highly susceptible with high credit risk. Small and medium Enterprises do not have the muscle to compete with foreign companies in terms of marketing because of what it takes in real terms to market a product. In addition, the amount one needs to produce in order to engage in profitable marketing to break even is not there for the local manufacturers and this has been a serious problem and challenge to small and medium enterprises in Nigeria.

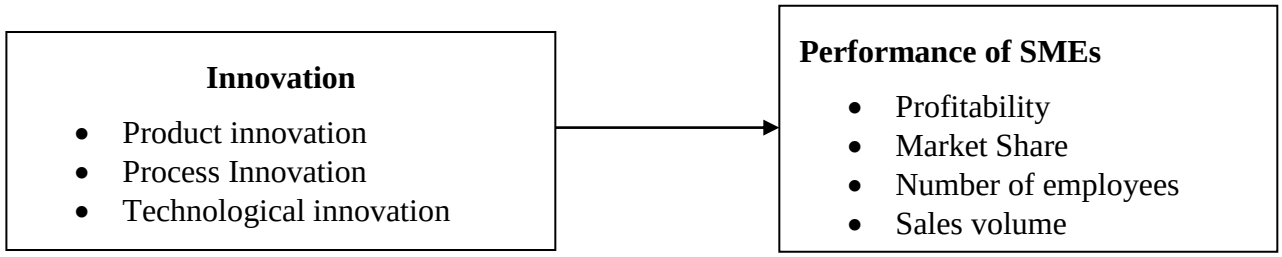
SMEs are supposedly seen as the foundation that led to the growth and development of the Nigerian economy but these SMEs have not really had a friendly environment to operate and thrive. At present, many small and enterprises hardly finance their activities, and the problem of accumulated or large scale production is out place. Some manufacturers have gone under due to unhealthy friendly business environment for them to operate occasioned by poor infrastructure, high cost of production, multiple levies and multiplicity of regulatory agencies. In terms of capacity building, very few SMEs can afford to attract and retain the right caliber of staff that will take charge of sensitive and high-tech positions in their companies. In view of the problems confronting SMEs in Nigeria alongside the efforts the government has put in to ensure their growth for them to perform effectively the roles expected of them, the study aimed to look at the relationship between innovation and the performance of Small and Medium Enterprises in Nigeria.

Theoretical Review

The study was hinged Schumpeterian and the theory was brought about by Schumpeter (1934) who chart the position of innovation the entrepreneurial point of view. Schumpeter came with an idea of creative destruction and said that creation of wealth happens in the course of interruption of existing market structures because of the

introduction of new goods and services that come up as a result of the resources moving away from existing firms to new ones consequently permitting the growth of new firms Consequently, Schumpeter referred to innovation as unique tool of entrepreneurs, and entrepreneurs exploit change as a chance for a diverse business or a dissimilar service. Schumpeter (1942) stressed the role of entrepreneurs as primary agents implementing creative destruction, and underscore that entrepreneurs are require to find out resolutely for the sources of innovation, the dynamics and their signs showed opportunities for victorious innovation; as well as their requirement in understanding and applying the philosophies of successful innovation. Currie *et al*. (2008) posited that in an outer setting that changes infinitely, innovation and entrepreneurial behaviour are procedures that are pure, vigorous and balancing foundation of organization's attainment and progress. Oslo (2005) opined that an organizational innovation is the completion of a new organizational technique in the firm's business practices, workplace organization or outer dealings. Innovations are grouped base on amount of originality. Innovation is known not to be a channel of introducing a radically new products and procedures. In monetary services, particularly in insurance industry, innovations are more often incremental in their nature. In this regard, hinging on the extent of radicalism, innovations can be divided into incremental, evolutionary and transformational.

Conceptual Framework



Independent variable **Dependent Variable**

Figure 1: Conceptual Framework

Research Methodology

The study adopted positivism research philosophy since it focused on empirically measuring facts using statistical analysis of data obtained from the study variables, after formulating hypotheses which were tested using quantitative techniques (Thorpe &Jackson, 2005; Stile, 2003). The study adopted a descriptive research design. The target population was 3,120 SMEs operating in Plateau state Nigeria. Yamane (1967) formula indicated below was used to determine a sample size of 354 SMEs. n = (N/ (1+N (e) ^2); Where: n = sample size, N = Population size, e = margin of error set at 5%, for this study: N=3120, (Total number of SMEs in Plateau State Nigeria) and e =5%. A structured questionnaire was used to collect quantitative data for the study. Before administering the questionnaire, a pilot study was conducted on 20 SMEs to establish reliability and validity of the research instrument. Descriptive and inferential analysis involving correlations and regressions were conducted to establish the relationship between the variables. Before analysis using an ordinary least square regression model, the study conducted diagnostic tests involving normality test, multicollinearity test, linearity test and test of homogeneity. The following regression model was used: $Y=\beta o+\beta_1 X_1 + \varepsilon$, Where : Y= Performance of SMEs, $\beta 0$= Constant, β_1 =regression coefficient, X1= Innovation and ε = error term.

Research Findings

The number of questionnaires that were administered was 354. A total of 325 questionnaires were filled and returned. This represented an overall successful response rate of 91.8%. This confirms an argument by Kothari (2004) that a response rate of 50% or more is adequate for a descriptive study. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions from renowned scholars 92.3% response rate is adequate for the study. The high response rate was achieved because of the personal introduction letter, an introduction letter obtained from Jomo Kenyatta University and persistent follow up by the researcher as well as the use of drop and pick methodology during data collection.

Reliability Test Results

The study conducted a pilot test on 20 SMES to test for the instrument reliability. The 20 participants in the pilot test were not included in the final study. The reliability of an instrument refers to its ability to produce consistent and stable measurements. Reliability of this instrument was evaluated through Cronbach Alpha which measures the internal consistency. Cronbach Alpha value is widely used to verify the reliability of the construct. The results are presented in Table 1.The findings in Table 1 indicate that Innovation and Performance had Cronbach's value above the set alpha coefficients cutoff point of 0.7 hence all the study variables were adopted. This represented high level of reliability and on this basis it was supposed that scales used in this study was reliable to capture the variables. Bagozzi (2004) explains that reliability can be seen from two sides: reliability (the extent of accuracy) and unreliability (the extent of inaccuracy). The most common reliability coefficient is Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test-internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00.

Table 1 Reliability Test Results

Variables	Number of Items	Cronbach's Alpha	Comment
Innovation	5	0.705	Accepted
Performance	5	0.919	Accepted

Sample Adequacy Test

The study sought to establish the construct validity of the data collected before using it for further analysis involving factor analysis. However, before conducting factor analysis, it was necessary to conduct sample adequacy test to determine whether the sample was adequate enough for factor analysis. To do that, the study adopted the Kaiser-Meyer-Olkin (KMO) test of sampling adequacy. The KMO statistic is a measure of the proportion of variance among variables that might be common variance. The lower the proportion, the more suited the data is to Factor Analysis. A value greater than 0.5 is recommended for factor analysis (Field, 2009) and this is the threshold adopted in this study. The findings are presented in Table 2. The findings indicate that Innovation had a KMO value of 0.675 and performance had a KMO value of 0.647. These values are greater than the threshold of 0.4 according to Field (2009). It was hence necessary to conduct factor analysis to establish whether the variables passed the construct validity threshold of 0.4.

Table 2 Kaiser-Meyer-Olkin (KMO) Test of Sample Adequacy

	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.715
Innovation	Approx. Chi-Square	596.445
	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.647
Performance	Approx. Chi-Square	645. 56

Factor Analysis of Innovation

The KMO test of sample adequacy revealed that factor analysis could be conducted since the sample was adequate. The study extracted only the items with Eigen values greater than 1.0 and loadings greater than 0.4 for the 5 items that measured innovation. A threshold of 0.4 was adopted. The findings in Table 3 indicate that all the 5 items which were used to measure innovation had a loading above 0.4 hence no item was removed from the main research instrument.

Table 3 Factor Analysis of Innovation

Communalities

Items	**Initial**	**Extraction**
The business has invested heavily in innovation	1.000	0.407
The business has invested heavily in research and development activities to enhance innovativeness	1.000	0.501
I generally view experimentation and introduction of new products or services as a way to increase value addition.	1.000	0.857
The business has invested heavily in new technology in order to improve production.	1.000	0.593
The business has partnered with research institutions in order to enhance innovation	1.000	0.602

Extraction Method: Principal Component Analysis.

Factor Analysis of Performance

The study extracted only the items with Eigen values greater than 1.0 and loadings greater than 0.4 for the 5 items that measured performance. A threshold of 0.4 was adopted. The findings in Table 4 indicate that all the 5 items which were used to measure performance had a loading above 0.4 hence no item was removed from the main research instrument.

Table 4 Factor Analysis of Performance

Communalities

Item	Initial	Extraction
The business has experienced an increase in the market share since its inception	1.000	0.823
The business has experienced an increase in revenue since its inception	1.000	0.817
The business has continued to experience a reliable cash flow	1.000	0.755
The business has continued to experience a high employee retention rate	1.000	0.927
The business's branches has increased over the years	1.000	0.84

Descriptive Results

The respondents were asked to point out their level of agreement or disagreement with statements on all the study variables. The results were rated on a five point Likert scale ranging from strongly disagrees to strongly agree. A mean response was used to establish the score. Standard deviation was also established to show the variation in the responses.

Innovation

The second objective of the study was to assess the relationship between innovation and performance of SMEs in Nigeria. The respondents were asked to indicate the extent to which they agree or disagree with the statements regarding innovativeness based on a Likert scale where 1=Strongly Disagree, 2= Disagree, 3= moderately agree, 4=Agree and 5=strongly agree. The results are as presented in table 5 below. The results of the study revealed that majority 38.2% of the respondents indicated that they strongly agreed with the statement that the business has invested heavily in innovation, 24.9% of them indicated agree, those who indicated moderately agree were 14.8% while those who indicated disagree were 12.9% and those who strongly disagree with the statement were only 9.2%. In summary, most of the respondents moderately agreed on the statement that the business has invested heavily in innovation (mean=38.2).

The findings of the study also showed that the majority 50.8% of the respondents strongly agreed that the business has invested heavily in research and development activities to enhance innovativeness, 20% of the respondents moderately agreed with the statement while 21.8% of them indicated disagree and only 7.4% of the respondents strongly disagreed with the statement. Overall, the respondents strongly agreed that the business has invested heavily in research and development activities to enhance innovativeness (mean=3.65).Moreover, the findings of the study revealed that majority 65.2% of the respondents strongly agreed that they generally view experimentation and introduction of new products or services as a way to increase value addition, 14.8% of the respondents indicated agree, those who moderately agreed were 5.5% while those who indicated disagree were 8.9% and only 5.5% of them indicated that they strongly disagree. Overall, the respondents agreed that they generally view experimentation and introduction of new products or services as a way to increase value addition (mean=4.25).

Besides, the findings of the study revealed that majority 32.6% of the respondents strongly agreed that the business has invested heavily in new technology in order to improve production, those who indicated agree were 14.5%, 27.1% of them moderately agreed with the statement while 16.6% of them indicated disagree and only 9.2% of the respondents strongly disagreed. In general, the respondents moderately agreed that the business has invested heavily in new technology in order to improve production (mean=3.45).Lastly, the finding of the study indicated that 14.5% of the respondents strongly agreed that the business has partnered with research institutions in order to enhance innovation, majority 47.4% of them indicated agree, those who moderately agreed were 27.45 while those indicated disagree were only 1.8% and those who strongly disagreed were 8.9%. In general, the respondents agreed that the business has partnered with research institutions in order to enhance innovation (mean=3.57).On average, the findings of the study revealed that majority of the respondents agreed with the statements on innovativeness as shown by a mean of 3.72. The responses given by the respondents were varied as shown by a standard deviation of 1.28. The results of the study are in accord with the findings of a study by Rosenbusch, Brinckmann, and Bausch (2011) which showed that the relationship of innovativeness and small business performance is highly dependent on the particular situation. Under conditions of resource scarcity, small companies benefit from the innovation. They found an association of small business innovation and performance is moderated by factors such as age of the firm, the type of innovation, and the influence of cultural context.

Table 5 Descriptive Statistics of Innovation

Statements	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean	Std Dev
The business has invested heavily in innovation	9.2	12.9	14.8	24.9	38.2	3.70	1.34
The business has invested heavily in research and development activities to enhance innovativeness	7.4	21.8	20.0	0.0	50.8	3.65	1.46
I generally view experimentation and introduction of new products or services as a way to increase value addition.	5.5	8.9	5.5	14.8	65.2	4.25	1.23
The business has invested heavily in new technology in order to improve production	9.2	16.6	27.1	14.5	32.6	3.45	1.34
The business has partnered with research institutions in order to enhance innovation	8.9	1.8	27.4	47.4	14.5	3.57	1.05
Average						**3.72**	**1.28**

Performance of SMEs

The study tried to find out the trends for the profitability of SMEs in Nigeria between the years 2012 to 2016. The trend results revealed an increasing trend for the profitability of SMEs in Nigeria. The trends showed an addition in profitability from 22 million Naira to 51 Million Naira in 2016.

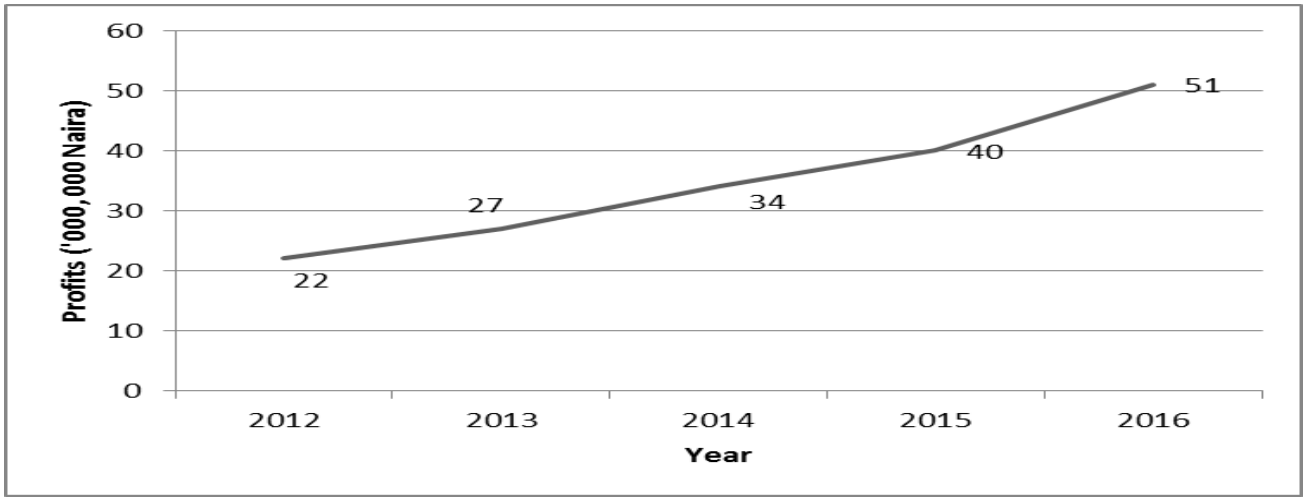


Figure 2 Trends for Profitability of SMEs

The study also tried to evaluate the number of employees for the SMEs in Nigeria between the years 2012 to 2016. The trend results revealed an increasing trend in vis -avis the number of workers for SMEs in Nigeria. The trends reveal an addition in the number of workers between the years 2012 from 127 employees to 249 employees in the year 2016. This implies an improvement in sustainability of the businesses in Plateau state over the years.

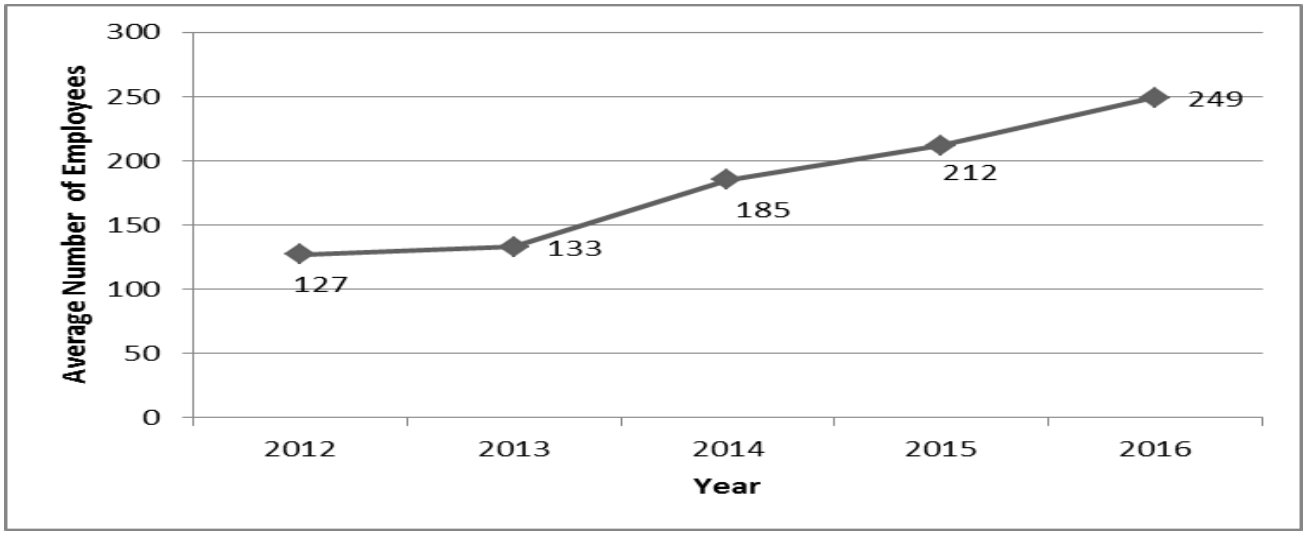


Figure 3 Number of Employees per SMEs

The study also sought to find out the sales volume for the SMEs in Nigeria between the years 2012 to 2016. The trend results revealed an increasing trend in sales for SMEs in Nigeria. The trends reveal an increase in the number of sales between the years 2012 from 127 Million Naira to 800Million Naira to1213 Million Naira in the year 2016. The findings confirm that the performance of SMEs in Plateau state in Nigeria is unsteady.

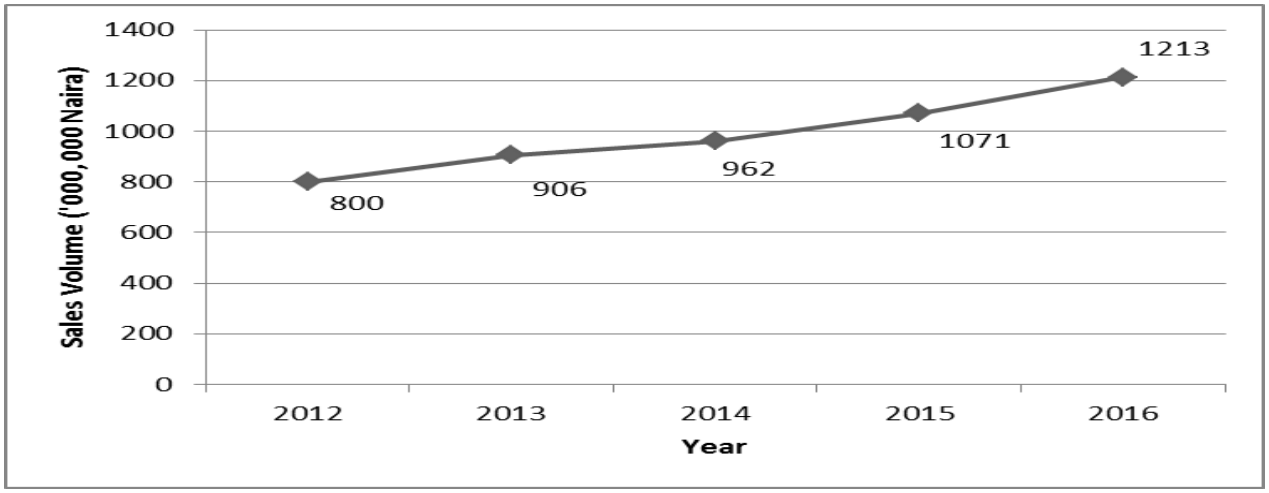


Figure 4 Sales Volume the SMEs

The study also sought to assess the market share for the SMEs in Nigeria between the years 2012 to 2016. The trend results revealed an increasing trend in market share for SMEs in Nigeria. The trends reveal an increase in the market share between the years 2012 from 31.2% employees to 52.7% in the year 2016.

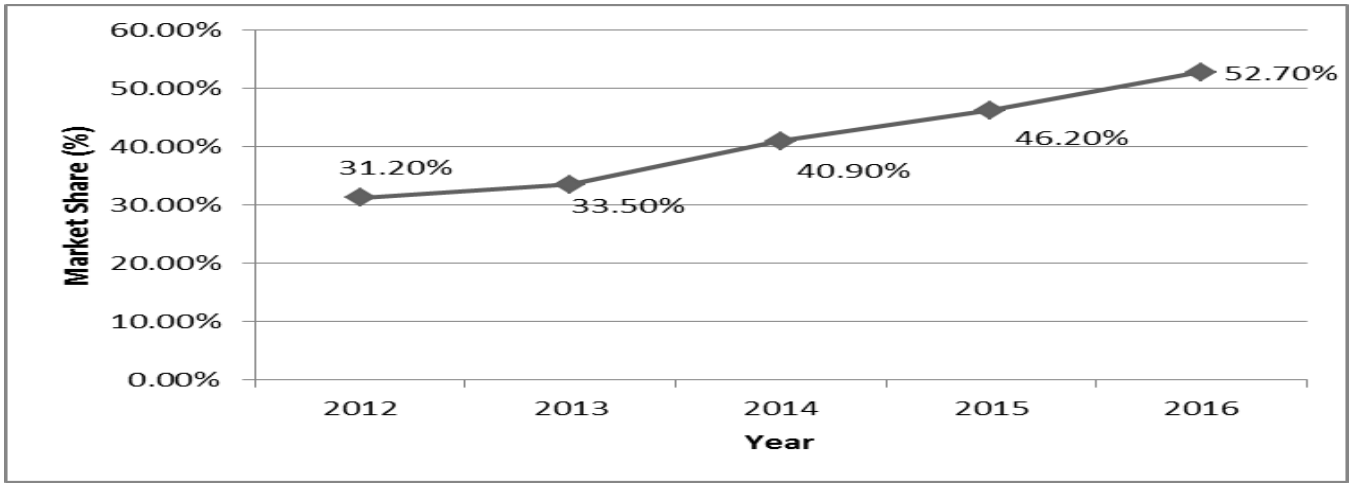


Figure 5 Market share of the SMEs

The study also sort to establish the rating on statements on the dependent variable on a likert scale from a range of strongly disagree to strongly agree. Please show the degree to which you concur or you do not concur with the statements regarding sustainable growth of SME. With regard to performance, majority of the respondents indicated an improvement in market share (79.5%). A further 82.1% of the respondents revealed an increase in revenue while 83.35% agreed that there is reliable cash flow. The findings also showed that 67.9% indicated an

increase in both employee retention rate and business branches. The findings are presented in Table 6.

Table 6 Descriptive Statistics of Performance of SME

Statements	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Mean	Std Dev
The business has experienced an increase in the market share since its inception	3.80	1.30	15.40	30.80	48.70	4.19	1.00
The business has experienced an increase in revenue since its inception	3.80	3.80	10.30	33.30	48.70	4.19	1.03
The business has continued to experience a reliable cash flow	0.00	3.80	12.80	24.40	59.00	4.38	0.85
The business has continued to experience a high employee retention rate	12.80	3.80	15.40	34.60	33.30	3.72	1.31
The business's branches has increased over the years	12.80	3.80	15.40	34.60	33.30	3.72	1.31
Average						**4.04**	**1.10**

Diagnostic Tests

The study conducted diagnostic tests to make sure that the supposition of classical linear regressions was not debased. Specifically, the diagnostic tests that were conducted included normality test, test of linearity, test of multicollinearity and test of Homogeneity Variance.

Normality Test

One-Sample Kolmogorov-Smirnov Test (KS) was carried out to assess the normality of the dependent variable. The Kolmogorov-Smirnov test is a non-parametric method that determines whether a sample of data comes from a precise distribution, such as normal, uniform, Poisson, or exponential distribution. The null and alternative hypotheses are stated below as follows:

Ho: The data is normally distributed (Not different from a normal distribution)

H_1: The data is not normally distributed (Different from a normal distribution)

The rule is that if the p-value is greater than 0.05 (Not significant), Ho is not rejected and H1 is rejected, if the p - value is less than 0.05 (Significant), Ho is rejected and H1 is not rejected. The study findings revealed in Table 4.8 revealed that the p value is greater than 0.05 and hence the null hypothesis is not rejected. It is hence concluded

that the dependent variable is normally distributed.

Table 7 Kolmogorov Smirnova Test of Normality

One-Sample Kolmogorov-Smirnov Test		
N		**325**
Normal Parameters a, b	Mean	4.368
	Std. Deviation	0.4198
Most Extreme Differences	Absolute	0.26
	Positive	0.166
	Negative	-0.26
Kolmogorov-Smirnov Z		4.68
Asymp. Sig. (2-tailed)		0.064
Test distribution is Normal.		
Calculated from data.		

In addition, a normal Quantile- Quantile (Q-Q) plots of performance was obtained showing that the line representing actual data for the dependent variable closely follows the diagonal representing normally distributed data suggesting a normal distribution as shown in Figure 6. The observed values were found to coalesce along the line of best fit, which implies that the data was normally distributed. Confirmation of normal distribution was a critical prerequisite for carrying out subsequent parametric statistical tests such as regression analysis.

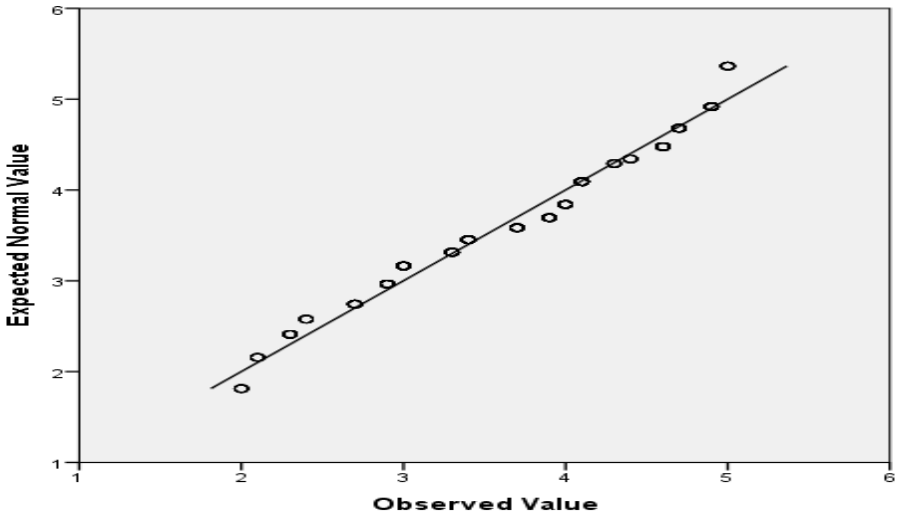


Figure 6 QQ plot for Normality

Test of Linearity

The study used a scatterplot for multiple regression computed using statistical package for social sciences version 21 to test for linearity and then examine the resulting plot for linearity. Linearity is shown by the data points being arranged along the fitted line to obtain the shape of an oval. The findings in Figure 7 reveal that the data was arranged along the fitted line in an oval shape and the R square of all the variables in explaining performance was

0.517 indicating that the variables are linear and predict 51.7% of performance of SMEs.

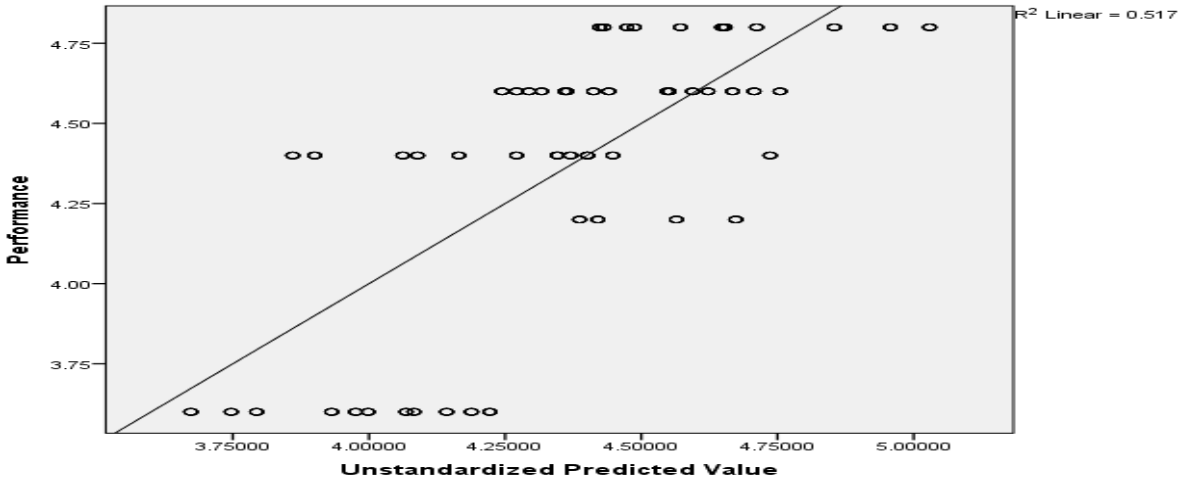


Figure 7 Scatter Plot for Linearity

Test of Multicollinearity

The study used Variance Inflation Factor (VIF) which was applied using the threshold of 10 for severe multicollinearity. In general, the typical acceptable values are VIF less than 10 and tolerance values (1 / VIF) values greater than 0.2. The findings in Table 8 reveals that the VIF values were less than 10 and tolerance vales were greater than 0.2 hence there was no problem of multicollinearity. The use of an ordinary least square was therefore encouraged.

Table 8 Variance Inflation Factor Test of Multicollinearity

	Collinearity Statistics	
Variable	**Tolerance**	**VIF**
Creativity	0.766	1.306
Innovativeness	0.903	1.107
Risk taking	0.208	4.814
Proactiveness	0.971	1.030
Vision	0.182	5.498
Dependent Variable: Performance		

Test of Homogeneity variance

Homogeneity variance of the study variables was tested using Levene tests. Levene's test is an inferential statistic used to evaluate the sameness of variances for a variable calculated for two or more groups. It tests the null hypothesis that the population variances are not equal. Levene tests results are shown in Table 9.The Levene statistics significance values are less than 0.05 when tested against the 5% level of significance hence the conclusion that there is no enough proof to claim that the variances are not equal.

Table 9 Levene's Test of Homogeneity

Test of Homogeneity of Variances				
	Levene Statistic	**df1**	**df2**	**Sig.**
Creativity	20.183	4	320	0.000
Innovativeness	6.378	4	320	0.000
Risk taking	6.431	4	320	0.000
Proactiveness	77.831	4	320	0.000
Vision	14.311	4	320	0.000

Correlation analysis

The study used a correlation analysis to find out the relationship connecting entrepreneurial determinants and the performance of SMEs in Nigeria. A Pearson correlation was used since the data was discrete. The correlation results were presented in Table 10 below.

Table 10 Correlation Analysis

Correlations		**Innovation**	**Performance**
Innovativeness	Pearson Correlation	1	
Performance	Pearson Correlation	.403**	1
	Sig. (2-tailed)	0.000	
	N	325	325

**** Correlation is significant at the 0.01 level (2-tailed).**

The results of the study also indicated that innovativeness had a positive and significant influence on the performance of SMEs in Nigeria as indicate by a Pearson coefficient of 0.403 and significance level of 0.000. This implies that investing heavily in business innovation and in research and development activities to enhance innovativeness, viewing experimentation and introduction of new products or services as a way to increase value addition, investing heavily in new business technology in order to improve production, partnering with research institutions in order to enhance business innovation leads to a positive and significant effect in the performance of SMEs in Nigeria. The study findings are consistent with the findings of a study by Cassia, De Massis and Pizzurno (2012) which found that family firms have a low level of propensity to innovation, while non-family firm has a high level of propensity to innovation, which proves that non-family firms are more successful than family firms in the development of new products.

Regression analysis

The study used a univariate linear regression model to examine the relationship between innovation and the performance of SMEs in Nigeria. The model summary results for the study variables are presented in Table 11. The results of the study indicated that innovation account for 16.3% of the variation in the performance of SMEs in Nigeria. This is indicated by an R-square value of 0.163.

Table 11 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.403	0.163	0.16	0.3848

Predictors: (Constant), Innovation

The ANOVA results of the study variables showed that the overall regression model linking innovation and the performance of SMEs in Nigeria was significant as indicated by F (1, 324) statistic at 0.000 level of significance which was less than 0.05 significance level. The results of the study are as shown in table 12.

Table 12 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	9.283	1	9.283	62.695	.000
Residual	47.824	323	0.148		
Total	57.107	324			

Dependent Variable: Performance

Predictors: (Constant), Innovation

To determine the association linking the independent variables and the dependent variable, regression coefficients were produced as shown in table 13. The findings of the study also indicated that innovativeness had a positive and significant impact on the performance of SMEs in Nigeria ($\beta = 0.179$, Sig = 0.000). This implies that investing heavily in business innovation and in research and development activities to enhance innovativeness, viewing experimentation and introduction of new products or services as a way to increase value addition, investing heavily in new business technology in order to improve production, partnering with research institutions in order to enhance business innovation leads to 0.179 unit effect on performance of SMEs in Nigeria. The findings agree with the findings of a study by Khan, and Muhammad (2012) which revealed that three predictors of innovativeness, entrepreneurial climate and learning orientation positively contribute to innovativeness and subsequently innovativeness has positive impact on firm performance. They therefore concluded that learning orientation and entrepreneurial climate can increase the small firms' capacity to innovate, which can increase firm performance.

Table 12 Regression Model

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	3.561	0.104		34.211	0.000
Innovation	0.217	0.027	0.403	7.918	0.000

Dependent Variable: Performance

Conclusion

The study established that innovativeness has a positive and significant effect on the performance of SMEs in Nigeria. The study concluded that investing heavily in business innovation and in research and development activities to enhance innovativeness, viewing experimentation and introduction of new products or services as a way to increase value addition, investing heavily in new business technology in order to improve production, partnering with research institutions in order to enhance business innovation positively and significantly influences the performance of SMEs in Nigeria.

Recommendations

The study recommends the SMES in Nigeria should invest heavily in business innovation, research and development activities so as to enhance innovativeness. The study also recommends that the SMEs to view experimentation and introduction of new business products or services as a way to increasing value addition of their businesses. Moreover, the study recommends the SMEs to heavily invest in new business technology in order to improve production. There is also need for the SMEs to partner with research institutions in order to enhance their business innovation.

Conflict of Interest

No potential conflict of interest was reported by the authors

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