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**Innovation Practices: Catalyst for SMEs Performance in Anambra State, Nigeria**

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**Abstract**

**Purpose:** The shortfall of innovation practices among SMEs in Anambra State necessitated this study. The study aimed to investigate the influence of innovation practices on the performance of Small and Medium Scale Enterprises in the selected SMEs from different sectors in Anambra State.

**Methodology:** Cross-sectional research design was adopted by the study. The population of the study consisted of 15 selected SMEs from different sectors totaling one thousand eight hundred and sixty (1860) management and workers of the selected SMEs in Anambra State. A sample size of 300 was determined using Krejcie and Morgan (1970) formula. For the purpose of this study, the primary source of data (questionnaire), which was subjected to both validity and reliability was utilized. Both descriptive and inferential statistics were adopted in data analysis and the hypotheses were tested at a 5% level of significance.

**Findings:** The study revealed from the analysis that product innovation has a statistically positive relationship with customer satisfaction ( $r = .847$ ;  $P\text{-value} < 0.05$ ) and between process innovation and customer retention ( $r = .813$ ;  $P\text{-value} < 0.05$ ). Also revealed was technological innovation has a statistically significant influence on competitive advantage ( $r = .769$ ;  $P\text{-value} < 0.05$ ) and that marketing innovation has a statistically significant influence on brand awareness ( $r = .790$ ;  $P\text{-value} < 0.05$ ). It was concluded that innovation practices have a significant relationship with performance of SMEs.

**Unique Contribution to Theory, Practice and Policy:** The study advocated that creative and quality on product innovations need to be maintained continuously to develop appropriate product continually and increase the customer satisfaction. SMEs need to be passionate about incorporating technological innovation qualities that will assist employee performance to delivers satisfaction to their customers through technological innovation that will keep attracting new customers and retaining customers through employee performance. Also, more investment need to be made in research and development to be able to innovate more and adopt more innovative strategies to improve their market innovation.

**Keywords:** *Innovation, Performance, Brand Awareness, Customer Satisfaction, Competitive Advantage*

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## INTRODUCTION

Small and Medium Scale Enterprises (SMEs) have contributed to the growth and development of the industrialised economies of the world and over time has proven to be one of the most potent forces for the emancipation and growth of any economy (Lawal, Worlu, Ayoade, 2016). The survival of SMEs in any economy is dependent on the extent to which the economy maximizes them. Their inputs depend on the enabling environment provided through the availability of necessary infrastructural facilities, tax incentives, business friendly regulatory measures and essential structural services such as the provisions of the legal system (Okeke, Ezenwafor, Femiwole 2013; Schlaeppli, 2014) and with over 800 registered SMEs in Anambra state and more springing up almost every day, SMEs stand as one of the major sources of the wealth Anambra state generates (Anekwe & Nwokediba, 2019). In Nigeria, SMEs constitute majority of the business sector, and contribute greatly and if allowed and supported will contribute far better to the economic growth of the country. Small and medium-sized enterprises (SMEs) are advocates of growth and public profitable development because they play a critical role in reducing poverty, increasing gross domestic product (GDP), diversifying, and creating jobs in both developed and developing countries (Okoli & Anugwu, 2022; Okoli, Nwakoby & Adani, 2023).

There are more than 39.65 million registered SMEs in Nigeria, which account for about 87.9% of the total workforce, 46.31% of national GDP growth and 6.2% for international gross exports (National Bureau of Statistics, 2021). Despite the economic importance of SMEs, research revealed that nearly four out of every five Nigerian SMEs do not survive beyond five years of inception because of inexperience and other wrong business practices. (Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS), (2021) realized that SMEs in Nigeria continue to face numerous challenges making them perform below expectation. Infrastructure deficit and frequent changes in public policy are among the top list. In this regard, (Adebiyi & Amole, 2017) believe that innovation is a strategic issue as this will assist in reducing internal inefficiencies, improve process and enhance decision-making process positively.

The fact that Small and Medium Enterprises (SMEs) constitute around 99.7 percent of enterprises globally (Martin & Namusonge, 2014) proves their significance in contributing to the economic and industrial development in most countries. To remain competitive, grow faster and function effectively and efficiently, SMEs need to utilize knowledge and technology efficiently. Employing advanced process technology, for example, generally leads to better product quality and durability. Moreover, adopting a new technology result in reduced costs by saving materials, energy or through replacement of conventional materials with cheaper alternative materials (Abdilahi, Abdikarim & Muhumed, 2017). However, SMEs are of critical importance to the Nigerian economy. Moreover, 63.9% of SMEs are uninsured, nearly two third (65%) have no business plan, about 92% access credit from commercial banks, and three-quarter of SMEs have less than N10 million start-up capital (Kale, 2019). These statistics imply that for SMEs firm to survive and perform impressively, it has to be innovative.

Innovation in business means novelty, new things being done, or old things being done in new ways to increase the performance in terms of sales, profitability and market shares in an organization. It is an application of technological, institutional, human resources and discoveries of productive processes, resulting in new practices, products, markets, institutions and organizations that need organizational improvement or performance in terms of sales, profitability and market shares (Abdilahi, Hassan, & Muhumed, 2017). Innovation in SMEs

can be a product, process or marketing innovation adopted in order to increase performance of enterprises in terms of sales volume or otherwise. Innovation practices represent the provision of solutions to market threats and opportunities, thus creating the basis for the survival and success of the firm into the future (Rick, Andy & Jacob, 2015; Mikel, 2014). Several scholars (Liang, Su, and Liu, 2010; Dobni, Mark and Nelson, 2015) mentioned that innovation practices enable a company to gain competitive advantage, establish a leadership position in the market, develop entry barriers, formulate new distribution channels and gain new customers to advance market position.

The reality is that SMEs face many barriers to innovation, which prevent them from realizing the full potential of innovation. For example, SMEs may lack the knowledge, skills, and resources to develop and implement innovative ideas. They may also face internal barriers to innovation, such as fear of failure, resistance to change, and lack of incentives and rewards. External barriers to innovation, such as limited access to finance, lack of market demand, and intense competition, also hinder SMEs' innovation efforts. As a result, SMEs may miss out on the benefits of innovation, struggle to compete in the marketplace, and fail to survive in the long run. Studies on the relationship between innovation and performance have attracted interest among academics who understand innovation as a factor that will contribute to the creation of competitive advantages for firms and new models for business management (Ruiz-Jimenez & Fuentes 2013). Previous study by Najib and Kiminami (2013) have found that there is a significant relationship between innovation and business performance in sales, profitability and market dominance in their study of SME firms. It is found innovation has been positively related to profitability, sales growth, market dominance, return on investment and assets. Wahab, Yusuff & Musa (2020) also found that innovation had a positive effect and was able to expand market share leading to profitability growth and strengthening overall SMEs performance. Therefore, the study is aimed at investigating innovation practices as a catalyst for SMEs performance in Anambra State, Nigeria.

## **LITERATURE REVIEW**

### **Theoretical Underpinning**

This study is anchored on Diffusion of Innovation Theory. The Diffusion of Innovation theory, developed by sociologist Everett Rogers in 1962, seeks to explain how, why, and at what rate new ideas and technologies spread through organizations. The theory is particularly relevant in the context of the adoption and acceptance of innovations, which can range from new technologies and products to ideas, practices, and behaviours. The adoption and diffusion of innovative practices among Small and Medium Enterprises (SMEs) involve a complex interplay of factors that influence how these businesses incorporate new ideas, technologies, and processes into their operations. Understanding this process can provide valuable insights for policymakers, researchers, and business leaders.

Key factors and stages in the adoption and diffusion of innovative practices among SMEs may involve SMEs relying on various channels for information, such as industry conferences, trade associations, online forums, and networking events. Workshops, seminars, and training programs play a crucial role in familiarizing SMEs with innovative practices. Similarly, SMEs may start with small-scale implementations or pilot projects to test the feasibility and effectiveness of the innovative practices. Direct experience often fosters a better understanding of how innovations can be integrated into daily operations. SMEs are more likely to adopt innovations that complement their existing workflows rather than requiring a complete



overhaul at certain stage. Flexible and customizable solutions are preferred, as they allow SMEs to tailor innovations to their unique needs.

One criticism of the theory is that it tends to oversimplify the diffusion process by focusing primarily on the characteristics of the innovation and the adopters while overlooking the broader social, economic, and cultural factors that influence adoption. In addition, the theory assumes a linear and homogeneous diffusion process, whereas, in reality, diffusion can be nonlinear and controlled by complex interactions among various factors. Another critique is that the theory needs to adequately address the role of power dynamics and inequalities in the diffusion process. For example, it overlooks that certain groups or individuals may have more resources, access to information, and influence, allowing them to adopt and diffuse innovations more quickly than others. This can result in the exclusion or marginalization of specific segments of society from benefiting from innovations.

The diffusion process impacts SMEs' performance in area of communication channels, social networks, resources availability, government policies. However, the adoption and diffusion of innovative practices among SMEs are multifaceted processes influenced by a combination of internal and external factors. Successful initiatives often involve a strategic approach that addresses the specific needs, constraints, and motivations of SMEs in various industries. Continuous support, education, and collaboration between policymakers, industry stakeholders, and SMEs can contribute to a more dynamic and innovative small business ecosystem.

### **Innovative Practices**

Innovation practices referred to the introduction to the market of a new product/service that was new or significantly improved with respect to its characteristics or intended uses (Moses, Cheryl & Sithole 2012). This included activities such as technical design, Research and Development (R&D) and commercial activities involved in the making of a new or improved product (Atalay, Anafarta & Sarvan 2013). Innovation practices is a continuous and cross-functional process involving and encompassing a growing number of various competences inside and outside the organizational boundaries. There was strong empirical evidence that successful entrepreneurs were more innovative than non-innovative entrepreneurs. Lack of innovation in SMEs lead to stagnation in growth, irrelevancy and eventually call for forced exit of an enterprise (Freeman & Soete, 2011; Atalay, Anafarta, & Sarvan 2013).

Innovation includes the formation of an idea as well as the adoption and execution of new ideas in processes, products and services. Innovation has become more important after shortening the lifecycle of products and technologies used in them (Castellacci, & Natera, 2011). However, innovation is no longer done in an organization in today's dynamic and sophisticated world, and it is beyond the organizational boundaries. Therefore, organizations are seeking knowledge, information and external partners as the valuable innovation sources (Ghosh, Kato, & Morita, 2017). This has changed organizational approach from closed innovation to open innovation. Innovation in product presentation results in the preservation and growth of manufacturing companies, something which finally lead to the social and economic growth and development of developing countries (Zubizarreta, Cuadrado, Iradi, García, & Orbe, 2017).

### **Product Innovation and Customer Satisfaction**

Product Innovation is a key element in the success of SMEs in a competitive environment (Wang, Zhao, & Voss, 2016). Product innovation refers to the launch of new products or services into the market, or the modification of existing ones so as to add value in order to

satisfy new market needs and introduce new intended uses (Waliuddin & Umar 2021). Customers are regarded as the most important source of innovative ideas in the process of a new product. SMEs can take advantage of them. Product innovation maintains and expands the position of a company in the market (Baldassarre Calabretta, Bocken, & Jaskiewicz, 2017). Product innovation not only improves customers selecting the products, but also increases product acceptability, if properly communicated (Szekely & Strebels, 2013). Customer satisfaction is often used as a predictor for the future purchase of technology. Customer satisfaction is an effective way to differentiate a firm from its competitors and gain loyalty. Satisfied customers are less price-sensitive and are less often influenced by rivals. They also remain loyal to the company for a long time (Daragahi & Gholamreza 2017).

When a SME makes innovative product, customer satisfaction is achieved and the loyalty of the customers also increases towards their product. After introduction of an innovative product, it increases its features, the customer achieves these characteristics, and value of the customer maximizes. Customers expect higher quality in services and products as much as they spend more time and money (Iberahim, Taufik, Adzmir, & Saharuddin, 2016). In fact, satisfaction results from customer judgement on how much the features of a product or service can meet customer expectations favourably (Ling, Fern, Boon, & Huat 2016). The customer satisfaction about the product and dissatisfaction can be measured on the basis of how much he or she uses the product. Their experience with the product tells that how much they are satisfied and dissatisfied that leads to loyalty or to switch (Goode, Davies, Moutinho & Jamaal, 2005). Most studies have established that product innovation positively affected performance of SMEs (Wang, Voss, & Zhao, 2016; Baldassarre Calabretta, Bocken, & Jaskiewicz, 2017; Maulana & Alisha, 2020; Daragahi, 2017; Navimipour & Soltani, 2016). Based on the above discussions, the following hypothesis was developed:

H<sub>01</sub>: There is no significant relationship between product innovation practices and customer satisfaction on SMEs.

### **Process Innovation and Customer Retention**

Process innovation represents changes in the way firms produce the end product for the benefit of its customers (Seng, 2011). A process innovation entails the implementation of a new or enhanced manufacturing or distribution process, or a new course of social service. Process innovation is concerned with reengineering, adding value to internal operation and capabilities of business process. Makinde, Akinlabi & Olujobi (2021) identifies that process innovation had a moderate positive and significant effect on customer retention of SMEs indicating that an increase in process innovation will increase customer retention of SMEs. Rather, Raouf, Tehseen, Itoo & Hussain, (2019) reiterated that customer retention signifies customer's inclinations, identification, commitment, trust and willingness to stick with a brand. Customer retention marketing is a tactically driven approach based on customer behaviour. Customers are loyal because of their attitude or behaviour, and they can be affected through quality products, reputation in the market, and location of the store and price levels (Xhema, Groumpos, & Metin 2018).

Process innovations primarily involve more tacit knowledge due to the fact that the latter is connected to products and thus easy to observe (Cohen and Klepper 2016). Process innovations generally rely on systemic knowledge, signifying that they are drawn from a lot of knowledge areas within a firm that are intricately connected to one another such as social systems, processes, or intra-organizational structures (Tonatzky, Fleischer, & Chakrabarti 2016). Adepoju, Olomu, and Akinwale, (2017) reported a positive relationship between process

innovation and customer retention especially in manufacturing companies. They discovered that process innovation through the use of technology resulted in a significant impact on performance of manufacturing firms in Nigeria. Similarly, reported in their study that a positive relationship exists between process innovation and customer retention, according to them, process innovation coupled with service and marketing innovation were key determinants to retaining new customers and gaining new ones (Kyei and Bayoh, 2017). Baber (2020) in his study on the FinTech sector, discovered that adding different process innovation techniques such as online payments, advisory and compliance section has significant effect on customer retention while recommending joining relevant association in order to add value to their performance. This result compliments previous study of Olomu (2019) who revealed a positive relationship between process innovation and customer retention. The study further noted that the choice of automation technologies, investment level and firm size are crucial in determining the customer retention performance of the industry. Numerous studies have established that process innovation had significant effect on firm's competitiveness and performance (Adepoju, Olomu, & Akinwale, 2017; Kyei & Bayoh, 2017; Baber, 2020; Olomu, 2019). Based on the above discussions, the following hypothesis was developed:

H<sub>02</sub>: Process innovation does not statistically relate to customer retention on SMEs.

### **Technological Innovation and Competitive Advantage**

Technological Innovation implies developing new thoughts, items, administrations, and procedures that will improve technology solutions has provided a better lifestyle by improving the standard of living in the area of production (Wansawa, et. al., 2021). The ability of an organization to innovate is a pre-condition for the successful utilization of innovative resources and new technologies (Musa, Fuad, & Dayang, 2021). Technological innovation is an important source of growth and a key determination of competitive advantage for many organizations. Competitive advantage refers to the degree to which a firm creates more economic value than rival firms in a given product or service market, noting that economic value is the difference between the value perceived by the firm's customers, measured by their willingness to pay, and the firm's cost (Maritan & Peteraf, 2016). To gain and maintain competitive advantage, an organisation must be able to show a greater comparative and differential value than its competitors and convey that information to its desired target market. Technological innovation is a strategy that companies use to create a competitive advantage, producing things that nobody else can, doing things better than everyone else, or introducing superior, cheaper, and faster services with advanced technology (Aziz & Samad, 2016).

In an attempt to boost innovative activity of production enterprises, specifically technological innovation, there exist an increase in awareness worldwide so as to maintain or enhance the competitiveness. The emergence of new methods in technology innovation has contributed immensely to its benefits (Goi, 2017). This is in agreement with the study carried out by Abdi and Ali (2013) that examined the association between technical innovation and business performance in Sub-Sahara Africa with reference to the telecommunication industry in Somalia and found that administrative innovation and technical innovation significantly and positively influence business performance. Letangule and Letting (2012) explored how the performance of companies in the information technology in Kenya were affected by innovation strategies and found that the adoption of innovation strategies had significant and positive influence on the performance of telecommunication firms. Several researches have fund that technological innovation capabilities have a positive impact on the performance (Aziz & Samad, 2016;

Wanaswa, Awino, Ogutu & Owino, 2021; Nafula, 2017; Wanyoike, 2016; Abdi & Ali, 2013). Based on the above discussions, the following hypothesis was developed:

H<sub>03</sub>: Technological innovation does not significantly influence competitive advantage on SMEs.

### **Marketing Innovation and Brand Awareness**

Marketing innovation is the search of creative solutions to business problems by introducing new market-based ideas, products, services or technologies while taking into account customer needs (Ungerma, Dedkova, & Gurinova 2018). Such innovations aim at increasing customers' satisfaction by meeting their needs, creating new market segments or/and improve products' positioning as to as increase sales. Marketing innovations may take various forms, such as personal, environmental, buzz, guerrilla, viral, mobile and word-of-mouth marketing. In addition, it may serve different marketing functions, such as product design, packaging, placement, promotion, pricing, delivery and channel communication (Campos, 2019). Examples of marketing innovation include the introduction of new promotion techniques or distribution channels, logistics modifications, the adoption of innovative pricing methods or the implementation of relevant cutting-edge marketing activities. Thus, Wong & Merrilees (2008) the success of a product in the market is reflected in the market innovativeness of the brand.

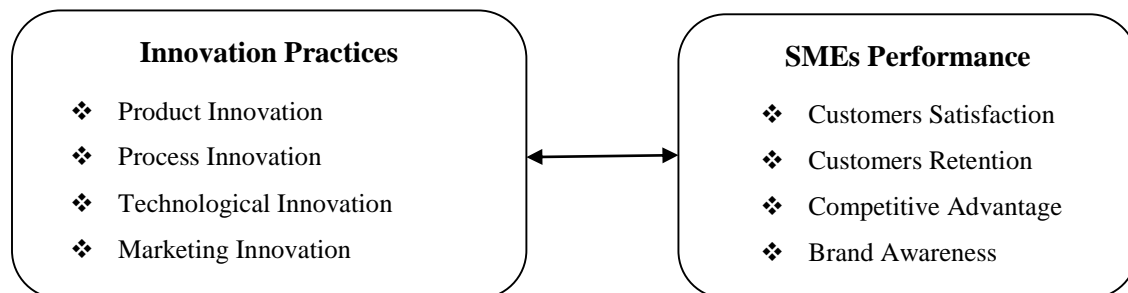
Brand awareness is the probability that consumers will easily recognise the existence and availability of a company's product or service (Mowen & Minor 2011). Strong brand awareness is critical as its perceptions affect both financial and non-financial performance of an organization (Shamma & Hassan, 2011), resulting in positive market performance reflected in market share and leadership. SMEs develop brands with the prime intention of attracting and retaining consumers. At the centre of branding strategy is enhancing brand awareness, whose special role in driving brand equity in business markets has been recognized (Davis, Golicic, & Marquardt, 2008). It is argued that effective brand awareness campaigns tend to attract consumers' attention and convince consumers to venture out to use the service repetitively, leading to increased sales for the company (MacDonald & Sharp, 2011). Research shows that brand awareness influences brand equity through creating a node for initial attachment of the customer to the brand. Companies developing high-quality goods can invest in brand awareness (Erdem, Swait, & Valenzuela 2006). The study of numerous scholars revealed that marketing innovation has a relationship firms' performance (Bogetić, Đorđević, Čočkalo & Vorkapić, 2018; Đuričin, Kaličanin, Lončar, & Vuksanović-Herceg, 2018; Wong & Merrilees, 2008; Shamma & Hassan, 2011). Based on the above discussions, the following hypothesis was developed:

H<sub>04</sub>: There is no statistical relationship between marketing innovation and brand awareness on SMEs.

### **Conceptual Framework**

The framework for this study is presented in Figure 1 below that shows the relationship between dependent variable SMEs performance and innovation practices as independent variables.





*Figure 1: Conceptual Framework between Innovation Practices and SMEs Performance*

### Gap in Literature

Previous studies have introduced different views on innovation practices and how it affects the performance of SMEs in different regions. Most studies have been focusing on developed countries where the idea of innovation practices and measuring SMEs performance is completely different from that of the developing and under developed countries. There is very little study on how innovation practices affect the overall SMEs performance in Nigeria in general and Anambra State in particular. The SMEs environment in Anambra State has experienced other forms of business practices take place like skill empowerment; however, there is still a question on the influence of innovation practices has on the existing firms especially on SMEs in Anambra State. This research aimed at filling the gaps by examining four specific innovation practices variables (product innovation, process innovation, technological innovation and marketing innovation) and four non-financial performance variables (customer satisfaction, customer retention, competitive advantage and brand awareness) for SMEs.

### METHODOLOGY

In this study, the researcher made used the cross-sectional survey design to gather the research data. This study was carried out among selected SMEs in Anambra State. The target population in this study is one thousand eight hundred and sixty (1860) management and workers of the selected SMEs in Anambra State. The sample size of three hundred (300) management and workers of the selected SMEs was determined using Krejcie and Morgan formula. Questionnaire was used for data collection. Majority of the questions used were adopted from a questionnaire on innovation by Begonja, Filip, Balboni & Ani (2016) and questionnaires on SMEs performance by Hakeem (2011) with modifications to fit the research context. The questionnaire which was tagged 'Innovation Practices and SMEs and it constituted of closed-ended questions. The instrument that was used to collect data for the study were subjected to content and face validity. To determine the reliability of the instruments, the study conducted a pilot study and analysed data using test re-test and Cronbach alpha which is a coefficient of reliability. This was done by administering 20 copies of the questionnaire to 20 respondents. Thereafter, the responses were collated and recorded. After two weeks the researchers administered 20 copies of the questionnaire to the same 20 respondents and achieved the same result. It was observed that the degree of correlation and consistency was high. Reliability for dimensions of innovation practices and SMEs performance are in the 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

If the Cronbach's Alpha value goes beyond 0.7, it represents satisfactory internal consistency (Nunnally, 1978). Since the overall reliability of questionnaire is above 0.70, the questionnaires were administered and collected personally by the researcher to ensure better response rate. Quantitative analysis based on descriptive statistics analysis and inferential statistics were adopted for data analysis. All hypotheses were tested using Pearson Product Moment Correlation Coefficient at a 5% level of significance.

## RESULTS

### Hypotheses One

H<sub>01</sub>: 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**

Correlations			
		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

\*\* . Correlation is significant at the 0.05 level (2-tailed).

The correlation in Table 2 shows that there is a significant relationship between product innovation practices and customer satisfaction. The Pearson's product moment correlation coefficient values reveal a strong positive and significant correlation between product innovation practices and customer satisfaction ( $r = 0.847$ , at  $p < 0.05$ ). This implies that an increase in product innovation practices will increase customer satisfaction of SMEs in Anambra State. Based on this result, the null hypothesis ( $H_0$ ) was rejected; thus there is a significant relationship between product innovation practices and customer satisfaction.

This result agrees the finding of Wang, Voss, & Zhao (2016), & Baldassarre Calabretta, Bocken, & Jaskiewicz, (2017) that opined that there is a significant relationship between product innovation practices and customer satisfaction and product Innovation is a key element

in the success of SMEs in a competitive environment that lead to customer satisfaction. The finding also tallies with the outcome of the result of to be considered to make SMEs competitively superior and can attract significant attention (Maulana & Alisha, 2020; Daragahi, 2017; Navimipour & Soltani, 2016) which shows a significant relationship between product innovation practices and customer satisfaction.

### Hypotheses Two

H<sub>02</sub>: Process innovation does not statistically relate to customer retention on SMEs.

**Table 3: Result of Pearson Product-Moment Correlation Analysis between Process Innovation and Customer Retention**

		Correlations	
		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

\*\* . Correlation is significant at the 0.05 level (2-tailed).

The correlation in Table 3 shows that process innovation statistically relate to customer satisfaction of SMEs in Anambra State. The Pearson's product moment correlation coefficient values reveal a strong significant correlation between process innovation and customer satisfaction ( $r = 0.813$ , at  $p < 0.05$ ). This implies that an increase in process innovation will increase customer satisfaction of SMEs. Based on the findings, the study therefore rejects the null hypothesis two (H<sub>0</sub>) and accepts the alternative hypotheses which state that process innovation statistically relate to customer satisfaction of SMEs.

This result is in congruence with other studies based on the same construct. In agreement with this finding, (Adepoju, Olomu, & Akinwale, 2017) reported a positive relationship between process innovation and customer retention especially in manufacturing companies. (Kyei & Bayoh, 2017) reported in their study that a positive relationship exists between process innovation and customer retention, according to them, process innovation coupled with service and marketing innovation were key determinants to retaining new customers and gaining new ones. Baber (2020), Olomu (2019) in result compliments previous study of who revealed a positive relationship between process innovation and customer retention. The study further noted that the choice of automation technologies, investment level and firm size are crucial in determining the customer retention performance of the industry.

### Hypotheses Three

H<sub>03</sub>: Technological innovation does not have a significant relationship competitive advantage on SMEs.

**Table 4: Result of Pearson Product-Moment Correlation Analysis between Technological Innovation and Competitive Advantage**

		<b>Correlations</b>	
		Technological innovation	Competitive Advantage
Technological innovation	Pearson Correlation	1	.769**
	Sig. (2-tailed)		.000
	N	300	300
Competitive Advantage	Pearson Correlation	.769**	1
	Sig. (2-tailed)	.000	
	N	300	300

\*\* . Correlation is significant at the 0.05 level (2-tailed).

The correlation Table 4 revealed that there is a strong and significant positive relationship between technological innovation and competitive advantage ( $r = 0.769$ ,  $p < 0.05$ ). This implies that technological innovation increases competitive advantage of SMEs in Anambra State. Therefore, the finding indicates that technological innovation has a significantly influence competitive advantage of SMEs in Anambra State. Based on this result, the null hypothesis three ( $H_0$ ) which states that technological innovation does not significantly influence competitive advantage of SMEs in Anambra State is hereby rejected and the alternative hypothesis which state that technological innovation significantly influence competitive advantage of SMEs in Anambra State was accepted.

Aziz & Samad (2016); Wanaswa, Awino, Ogutu & Owino, (2021); Nafula, (2017); and Wanyoike, (2016) result indicated technological innovation has a significantly relationship competitive advantage of SMEs. They opined that technological innovation is a strategy that companies use to create a competitive advantage, producing things that nobody else can, doing things better than everyone else, or introducing superior, cheaper, and faster services with advanced technology. Abdi and Ali (2013) also supported the finding by examined the association between technical innovation and business performance in Sub-Sahara Africa and found out that administrative innovation and technical innovation significantly and positively influence business performance.

#### **Hypotheses Four**

$H_{04}$ : There is no statistical relationship between marketing innovation and brand awareness on SMEs.

**Table 5: Result of Pearson Product-Moment Correlation Analysis between Marketing Innovation and Brand Awareness**

		<b>Correlations</b>	
		Marketing Innovation	Brand Awareness
Marketing Innovation	Pearson Correlation	1	.790**
	Sig. (2-tailed)		.000
	N	300	300
Brand Awareness	Pearson Correlation	.790**	1
	Sig. (2-tailed)	.000	
	N	300	300

\*\* . Correlation is significant at the 0.05 level (2-tailed).



The correlation in Table 5 shows that there is a significant relationship between marketing innovation and brand awareness. The Pearson's product moment correlation coefficient values reveal a strong positive and significant correlation between marketing innovation and customer satisfaction ( $r = .790$ , at  $p < 0.05$ ). This implies that an increase in marketing innovation will brand awareness of SMEs in Anambra State. Based on the findings, the study therefore rejects the null hypothesis four ( $H_0$ ) which states that there is no statistical relationship between marketing innovation and brand awareness of SMEs in Anambra State. Therefore, we can state that there is a statistical relationship between marketing innovation and brand awareness of SMEs in Anambra State.

This finding was supported by Bogetić, Đorđević, Čočalo & Vorkapić (2018); and Đuričin, Kaličanin, Lončar, & Vuksanović-Herceg (2018) who result showed that there is a significant relationship between marketing innovation and brand awareness of SMEs. The result also is in line with Wong & Merrilees, (2008) and Shamma & Hassan, (2011), resulting in positive market performance reflected in market share and leadership.

### **CONCLUSION AND RECOMMENDATIONS**

The study investigates innovation practices and SMEs performance in Anambra State. Data were generated through primary sources and hypotheses were tested using Pearson's product moment correlation coefficient. Therefore, the study concluded that innovation practices had a positive significant relationship with SMEs performance in Anambra State.

Sequel to the findings and conclusion, the study advocates as follow:

1. Creative and quality on product innovations need to be maintained continuously to develop appropriate product continually and increase the customer satisfaction.
2. SMEs need to be passionate about incorporating technological innovation qualities that will assist employee performance to delivers satisfaction to their customers through technological innovation that will keep attracting new customers and retaining customers through employee performance.
3. SMEs need to invest more in research and development to be able to innovate more and adopt more innovative strategies to improve their market innovation
4. SMEs need to be innovative technologically to be competitive in the market and SMEs should train their employee for better efficiency and effectiveness.

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