

## ENTREPRENEURIAL INNOVATION AND COMPETITIVE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES: EVIDENCE FROM EMERGING ECONOMIES

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### ABSTRACT

*This study examines entrepreneurial innovation as a driving force towards competitive performance in SMEs. The objectives of the study were to determine the effect of product innovation on customer satisfaction, to ascertain the effect of process innovation on customer retention, to establish the effect of market innovation on brand awareness, and to determine the effect of technology innovation on competitive advantage. The population of the study is one hundred and fifty-two (152) registered SMEs of livestock farms in Ibadan, Oyo State, who deal with animal production, feed formulation and processing, distribution and retail of livestock products, and sales. Because of the extremely small population, the study used a census survey, with a sample size of one hundred and fifty-two (152). Primary data was collected using a questionnaire, and the Statistical Package for Social Sciences (SPSS) was used to perform regression analysis on the data. The findings showed that: market innovation has a significant impact on brand awareness ( $R^2 = 0.880, p < 0.005$ ); product innovation has a significant impact on customer satisfaction ( $R^2 = 0.768, p < 0.005$ ); process innovation has a significant impact on customer retention ( $R^2 = 0.453, p < 0.005$ ); and technology innovation has a significant impact on competitive advantage ( $R^2 = 0.823, p < 0.005$ ). The competitive performance of SMEs was shown to be significantly impacted by entrepreneurial innovativeness, and it is advised that business owners implement a management strategy that makes use of entrepreneurial innovativeness as a tool for boosting firm competitiveness.*

*Keywords: entrepreneurial innovation; SMEs performance; strategic management*

### INTRODUCTION

The performance of small and medium enterprises is of interest to numerous business stakeholders. Among these stakeholders are banks, governments, suppliers, investors, and customers. SMEs

make up the majority of firms, and they will significantly increase the nation's economic growth if they are permitted and assisted. Small and medium enterprises (SMEs) are proponents of growth and public profitable development because of their critical role in

reducing poverty, increasing GDP, diversifying, and creating jobs in both developed and developing countries (Okoli & Anugwu, 2022; Okoli et al., 2023). Small and medium-sized businesses are receiving more attention in the twenty-first century because of their vital role in the innovation-driven development of a country (Kassa & Kegne, 2025). Since SMEs make up the majority of business units in Nigeria, they play key roles in both employment and economic growth (Oyalakun et al., 2021). Over 39.65 million SMEs operate in Nigeria, accounting for 6.2% of all exports outside, 46.31% of GDP growth, and 87.9% of employment (National Bureau of Statistics, 2021). About 39.65 million SMEs are registered in Nigeria, according to the National Bureau of Statistics (2021). These businesses contribute approximately 87.9% of the nation's employment, 46.31% of its GDP growth, and 6.2% of its total exports abroad.

To be able to adjust to the global market, SMEs need to be creative. According to the changing nature of the environment, Kaur et al. (2025) provide creative insight that aids the corporation in updating strategies, upgrading technology, improving product design, and upgrading the business model. Although historians and economists have long acknowledged the importance of innovation in boosting

economic growth and productivity, there has been much debate regarding the precise definition of innovation and how to quantify it (Hussen & Çokgezen, 2019). Over 39.65 million SMEs operate in Nigeria, accounting for 6.2% of all exports outside, 46.31% of GDP growth, and 87.9% of employment (National Bureau of Statistics, 2021). About 39.65 million SMEs are registered in Nigeria. These businesses contribute approximately 87.9% of the nation's employment, 46.31% of its GDP growth, and 6.2% of its total exports abroad (National Bureau of Statistics 2021).

Therefore, SMEs' success or failure may depend on their capacity to take the initiative and generate new opportunities despite these outside challenges (Emmanuella, 2025). By introducing new goods, markets, and procedures, entrepreneurial innovativeness (EI) boosts performance (Rukenya et al., 2025).

Nigerian SMEs face several obstacles that limit their expansion. The issue is exacerbated by a lack of competition, a negative attitude toward innovation, and a lack of understanding about the individuals driving innovation (Oladele et al., 2019). This has resulted in a decrease in market share, worse profitability than anticipated, and challenges with cost control (Anoke et al.,

2022; Ojide et al., 2022). The problems have been made worse by the weak economy, which makes it much harder for SMEs to prosper (Idris et al., 2022).

Since innovation is essential for the creation of new products, which boost businesses' quick growth and profit margins, it has emerged as one of the biggest problems facing SMEs today (Bukki et al., 2019). In actuality, SMEs encounter numerous obstacles to innovation that keep them from reaching their greatest potential. For instance, SMEs might not have the tools, technology, expertise, or finances necessary to create and execute novel concepts. They might also encounter internal obstacles to innovation, like a lack of incentives and rewards, resistance to change, and a fear of failing. SMEs' efforts to grow are also hampered by external obstacles like fierce rivalry, a lack of market demand, and restricted access to capital (Okoli et al., 2024).

Nigerian SMEs can overcome these obstacles by focusing on boosting their competitiveness, fostering an innovative culture, and actively seeking collaborations and alliances with significant industry players (Odusote & Akpa, 2022). It has been noted in the past that these businesses encounter both internal and external difficulties; the former are under their

control, while the latter can only be managed by the business (Oyalakun et al., 2021). There is a dearth of studies on the factors influencing innovativeness among SMEs' performance in developing economies, although a few studies concentrate on factors influencing SMEs' performance among enterprises in developing and emerging markets.

## LITERATURE REVIEW

### Performance of Small and Medium Enterprises

Performance of SMEs is a statistic that describes the condition of a small and medium-sized firm and can be impacted by both its efficacy and efficiency as well as the market in which it works (Barde & Ogidi, 2022). Taouab and Issor (2019) define performance as an object's ability to produce results in a dimension that establishes priority with respect to an objective. SME performance is a metric that characterises the state of a small and medium-sized enterprise (SME) and may be influenced by both the market in which it operates and its efficacy and efficiency. According to Laitinen (2002), performance is the capacity of an object to generate outcomes in a dimension that is prioritised about a target.

Quantitative measures of SMEs' success include efficiency, financial results, production level, customers, market share,

profitability, productivity, revenue dynamics, costs, and liquidity (Anggadwita & Mustafid, 2014; Zimon, 2018). According to Anggadwita and Mustafid (2014), qualitative factors include goal achievement, management style, staff conduct, customer satisfaction (Alpkan et al., 2007), product and process innovation, organisational and marketing innovation (Sheehan, 2013), and more. Reputation, productivity, employee satisfaction, profits, sales, timely order delivery, adequate working capital, production operations effectiveness, product quality, target achievement, clientele, ease of supervision, lower product costs, and product diversification are some of the 14 indicators that Gopang et al. (2017) looked at to gauge the performance of SMEs.

Examining performance characteristics is important, but so is talking about studies that looked at the factors influencing the performance of SMEs. To prosper in a potentially hostile environment, businesses need to integrate and distribute their organisational, human, and physical resources effectively. They will thus acquire long-term competitive advantages that will improve output (Lonial & Carter, 2015). However, due to their limited resources, SMEs need to discover and implement a variety of ways to increase

their competitiveness and performance (Ciicea, 2019).

### **Entrepreneurial Innovation**

Thompson (1965) defined innovation as the development, adoption, and application of new ideas, practices, products, and services. According to Cegarra-Navarro et al. (2016), it is a crucial instrument that offers chances for new inventions and the creation of new markets. In other words, innovation is essential to preserving and enhancing organisational effectiveness. To draw in and keep consumers, SMEs either develop new products to enhance their current offers or figure out how to make them more valuable. Technical and administrative innovation are two approaches to characterise the distinctiveness that innovation exhibits in the enhancement of goods, services, or procedures (Barde & Ogidi, 2022).

By concentrating on research and development, entrepreneurial innovation is crucial for companies to maintain their competitiveness and develop a distinctive competence (Kassa & Kegne, 2025). Governmental and international strategic development initiatives have incorporated innovation (Kebede & Fikire, 2023). Furthermore, innovation has become crucial for businesses to be competitive in this quickly evolving environment. This

can be accomplished by raising quality standards, developing new technologies, or constructing infrastructure (Kaur et al., 2025).

In a similar vein, earlier research has limited innovation to the launch of a new product (product innovation). However, in 1992, the OECD produced the first Oslo Manual, which featured process innovation. According to Hussien and Çokgezen (2019), the term "innovation" was later defined broadly in its third iteration, which was released in 2005. Four areas were identified: product, process, marketing, and organisational approaches. This definition states that for a product, method, marketing strategy, or organisational approach to be deemed innovative, the company's efforts must be novel or substantially improved. This definition allows for the separation of innovations into four categories: (1) product innovation, (2) process innovation, (3) marketing innovation, and (4) organisational innovation. Hussien and Çokgezen (2019) claim that while the last two are not considered technological advancements, the first two are.

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

Product innovation is commonly recognised as a crucial strategy for companies seeking sustained expansion and

a competitive advantage. Product innovation is essential for SMEs to prosper in a competitive market (Wang et al., 2016). Product innovation, according to Waliuddin and Umar (2021), is the release of new products or services onto the market or the enhancement of pre-existing ones to provide value in order to satisfy changing customer demands and provide new intended uses. When creating new products, consumers are considered to be the most significant source of creative ideas. They can be exploited by SMEs. According to Baldassarre et al. (2017), product innovation aids a business in preserving and expanding its market position. When correctly conveyed, product innovation promotes consumer choice and acceptability (Szekely & Strebel, 2013).

Future technological purchases are frequently predicted by customer satisfaction. A company can effectively set itself apart from its rivals and attract customers by focusing on customer satisfaction. Customers who are happy are less vulnerable to price adjustments and are less likely to be swayed by competitors. Additionally, they stay with the company for a very long time (Daragahi & Gholamreza, 2017). Customer happiness and product loyalty both rise when an SME produces unique products. An innovative product's features are enlarged, the

consumer acquires these attributes, and the client's value is maximised. Customers want better products and services in addition to investing more time and money (Iberahim et al., 2016).

H<sub>01</sub>: Product innovation has no significant effect on customer satisfaction.

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

Changes in how companies produce their final product for the benefit of their customers are referred to as process innovation (Seng, 2011). Process innovations include things like introducing a new social service program, a better or new technique of production or distribution. The primary objective of process innovation is to improve and reengineer corporate process capabilities and internal operations. Makinde et al. (2021) found that process innovation had a moderately excellent and significant influence on SMEs' customer retention. This suggests that increasing process innovation will help SMEs retain customers. Rather, Raouf et al. (2019) underlined that a company's ability to retain clients reflects their preferences, identity, commitment, trust, and willingness to continue with it.

Based on consumer behaviour, customer retention marketing is a tactically focused strategy. Xhema et al. (2018) assert

that a customer's attitude or behaviour can be influenced by a store's pricing, location, reputation in the market, and product quality. Tonatzky et al. (2016) state that process innovations are usually based on systemic knowledge, which means that they come from a variety of closely connected knowledge areas within an organisation, like social systems, processes, or intra-organisational structures. They found a positive correlation between process innovation and client retention. They asserted that process innovation was essential to drawing in and retaining new customers, along with service and marketing innovation (Kyei and Bayoh, 2017).

H<sub>02</sub>: Process innovation has no significant effect on customer retention.

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

The process of introducing new market-based concepts, goods, services, or technology while taking customer wants into account in order to develop creative solutions to business problems is known as marketing innovation (Ungerma et al., 2018). These innovations aim to increase consumer satisfaction by solving customer needs, creating new market segments, and/or improving product positioning to increase sales. Marketing innovations include buzz, guerrilla, viral, mobile, word-

of-mouth, personal, environmental, and more. Numerous marketing goals, including channel communication, product design, packaging, positioning, promotion, price, and delivery, could also benefit from its application (Campos, 2019).

Adopting creative pricing methods, putting into practice pertinent cutting-edge marketing initiatives, developing new distribution channels or promotion plans, and making adjustments to logistics are a few instances of marketing innovation. Wong & Merrilees (2008) assert that a product's commercial success is based on the brand's level of innovation.

H<sub>03</sub>: Marketing innovation has no significant effect on brand awareness.

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

Wansawa et al. (2021) define technical innovation as the development of new concepts, goods, services, and procedures that will improve technological solutions that have raised living standards in the industrialised world. An organisation's ability to innovate determines how well it uses new technology and innovative resources (Musa et al., 2021). Technological innovation is a key component of many organisations' competitive advantage and a major driver of growth. Maritan and Peteraf (2016) define competitive advantage as the degree

to which a business creates more economic value than rivals in a certain market for goods or services.

Economic value is the difference between a company's costs and the value that its customers believe it is worth based on their willingness to pay. A business must be able to demonstrate to its target market that it is more valuable than its rivals to acquire and preserve a competitive advantage. Aziz and Samad (2016) define technological innovation as a tactic used by businesses to gain a competitive advantage by creating things that no one else can, doing things better than everyone else, or utilising cutting-edge technology to offer better, faster, and more affordable services. A key component of an organisation's success is its capacity to use technology to efficiently manage its information and knowledge resources. Small firms need technology to be able to develop and get a competitive edge (Kassa & Kegne, 2025).

H<sub>04</sub>: Technology innovation has no significant effect on the competitive advantage.

### **Theoretical review**

#### **Innovation Theory of Entrepreneurship**

Schumpeter (1934) was a strong advocate of the notion that innovation was necessary for profitable business. Entrepreneurs need to successfully pursue innovation to compete in a dynamic

economy. Crucially, the Schumpeterian channel of thinking about entrepreneurship has been developed and extended by other scholars (Drucker, 1985; Lumpkin & Dess, 2001), who emphasise that an entrepreneur is continuously seeking change, responding to it, and taking advantage of it, particularly through deliberate innovation. Schumpeter's theory states that when marginal revenue and marginal cost are equal, the economy is in equilibrium. He goes on to say that innovation, market forces, and entrepreneurial activity are the main drivers of economic revolution. Like earlier theories of entrepreneurship, Schumpeter's study was constrained by its focus on invention as the cornerstone of entrepreneurship. The premise states that when innovations are presented, the entrepreneur profits. The entrepreneur must continuously integrate innovation into the production process to sustain profitability since competitive advantage, which enables profits, is ephemeral due to imitation. Schumpeter (1949) asserts that the inventive and creative skills of entrepreneurs contribute to the expansion of an economy. He asserts that the essential element of economic progress is the occurrence of sudden and radical change, which drives the economy out of its stagnant state and puts it on a dynamic path of ups and downs. Since it affirms that

creativity or innovation is essential to any entrepreneur's area of expertise, the Innovation Theory of Entrepreneurship is pertinent to the study.

## **RESEARCH METHOD**

This study makes use of a cross-sectional approach and a survey design to characterise the fundamental characteristics of the data. Data gathering for the purpose of characterising and interpreting current circumstances, prevalent practices, beliefs, attitudes, ongoing processes, perceived effects, or emerging trends is the focus of this study. The chosen design offered comprehensive details on each pertinent variable and assisted in characterising the pertinent elements of the phenomena being examined. Employees, managers and owners of livestock farms in Ibadan, Oyo state, who deal with animal production, feed formulation and processing, distribution and retail of livestock products, and sales were examined. The farmers who are registered, operational, and active in animal/farm business were one hundred and fifty-two (152). However, due to the very tiny population, the researcher used a census survey in this study. The entire population served as the study's sample size. In this study, questionnaires served as the research instrument. The Statistical Package for the Social Sciences was used to

examine the data using both descriptive and inferential statistics.

## RESULTS AND DISCUSSION

### Presentation of Data

**Table 1: Analysis of Response Rate**

Questionnaires	Response	Total	(%)
Well Filled	134	134	88.2
Not returned	18	18	11.8
Total distributed	152	152	100

Years in Operations	Less than 3years	3-5years	6-10years	Above 10years	Total
	47	45	26	16	134
	35.1	33.6	19.4	11.9	100.0
Position in the Business	Owner	Manager	Employee	Total	
	33	23	78	134	
	24.6	17.2	52.8	100.0	

### Interpretation of Demographic Details of the Respondents

### Analysis of Questionnaire

One hundred and thirty-four (134) of the one hundred and fifty-two (152) structured questionnaires that were given to the respondents were correctly completed and returned. This suggests that about 88% of the surveys that were distributed were recovered and fit for analysis. The questionnaire analysis is presented in tabular form as above.

**Table 2: Demographic Details of the Respondents**

Characteristic	Respondents	Frequency	Percent age (%)
Gender	Male	76	56.7
	Female	58	43.3
	<b>Total</b>	<b>134</b>	<b>100.0</b>
Age	bellow 25yrs	25	18.7
	25-34yrs	45	33.6
	35-44yrs	23	17.2
	45-54yrs	13	9.7
	55yrs and above	28	20.9
	<b>Total</b>	<b>134</b>	<b>100.0</b>
Academic Qualifications	O'level	28	20.9
	ND/NCE	28	20.9
	HND/B.S	60	44.8
	c. M.Sc. and above	18	13.4
	<b>Total</b>	<b>134</b>	<b>100.0</b>

The table above reveals the demographic details of the respondents. It was revealed that 76 (56.7%) of the respondents were male, and 58 (43.3%) were female. Thus, the majority of the respondents were male. The age of the respondents shows that 25(18.7%) were below 25 years of age, 45(33.6%) of the respondents were 25-34 years of age, 23(17.2%) of the respondents were 35-44 years of age, 13(9.7%) of the respondents were 45-54years of age, 23(20.9%) of the respondents were 55years and above. Thus, the majority of the respondents were between 25 and 34 years of age. The academic qualifications of the respondents revealed that 28(20.9%) of the respondents had a O'level, 28(20.9%) of the respondents had an ND/NCE, 60(44.8%) of the respondents had an HND/B.Sc, and 18(13.4%) of the respondents had an MSc and above. Thus, the majority of respondents hold an HND/B.Sc. degree. The years of operation, the respondents

revealed that 47(35.1%) of the respondents are less than 3years, 45(33.6%) of the respondents are 3-5years, 26(19.4%) of the respondents are 6-10years, 16(11.9%) of the respondents are 10years and above. Thus, the majority of the respondents are within 3-5years in business operations. The position in the business of the respondents revealed that 33(24.6%) of the respondents are owners, 23(17.2%) of the respondents are managers, and 25(17.4%) of the respondents are employees. Thus, the majority of the respondents were owners.

**Ho:** Product innovation does not have a significant effect on customer satisfaction.

**Table 3 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876 <sup>a</sup>	.768	.766	1.36776
a. Predictors: (Constant), Product Innovation				

**Table 4 ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	817.388	1	817.388	436.928	.000 <sup>b</sup>
	Residual	246.941	132	1.871		
	Total	1064.328	133			
a. Dependent Variable: Customer Satisfaction						
b. Predictors: (Constant), Product Innovation						

**Table 5 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.357	.351		3.865	.000
	Product Innovation	.849	.041	.876	20.903	.000
a. Dependent Variable: Customer Satisfaction						

**Hypothesis One:**

### Interpretation

As the table above illustrates, the regression analysis found a strong and statistically significant positive link between product innovation and customer happiness. The model explained approximately 76.8% of the performance variance ( $R^2 = 0.768$ ), indicating that product innovation has a considerable impact on customer satisfaction results. The ANOVA result ( $F = 436.928$ ,  $p < 0.005$ ) confirmed the model's statistical significance. Furthermore, the regression coefficient ( $\beta = 0.849$ ,  $t = 20.903$ ,  $p < 0.005$ ) indicates that for every unit increase in product innovation, customer satisfaction increases by 0.849 units.

Together, these results show that a rise in product innovation significantly raises customer satisfaction. Kotler and Keller (2016) contend that product innovation is a crucial strategy used by businesses to increase consumer value and happiness in line with this finding. Businesses are better positioned to provide services that connect with customers and raise satisfaction levels when they use innovation to adapt to shifting client demands and preferences. As a result, this investigation supports the empirical data that is already available.

### Hypothesis Two

**Ho:** Process innovation does not have a significant effect on customer retention.

**Table 6 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.673 <sup>a</sup>	.453	.449	2.08292

a. Predictors: (Constant), Process Innovation

**Table 7 ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	475.051	1	475.051	109.496	.000 <sup>b</sup>
	Residual	572.688	132	4.339		
	Total	1047.739	133			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), Process Innovation

**Table 8 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	5.178	.415		12.463	.000
	Process Innovation	.439	.042	.673	10.464	.000

a. Dependent Variable: Customer Retention

### Interpretation

The table above illustrates the strong and statistically significant positive link that the regression analysis found between process innovation and customer retention. The model explains approximately 45.3% of the performance variance ( $R^2 = 0.453$ ), indicating that process innovation has a considerable impact on customer retention results. The ANOVA result ( $F = 109.496$ ,  $p < 0.005$ ) confirmed the model's statistical significance. Furthermore, the regression coefficient ( $\beta = 0.439$ ,  $t = 10.464$ ,  $p <$

$0.005$ ) indicates that for every unit increase in process innovation, customer retention increases by 0.439 units. Together, these results show that process innovation significantly increases customer retention. This result is consistent with an earlier study of Liao and Wu (2010), businesses that implement process innovation see an increase in customer retention as a result of enhanced operational flexibility and service responsiveness.

### Hypothesis Three

**Ho:** Market innovation does not have a significant effect on brand awareness.

**Table 9 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.938 <sup>a</sup>	.880	.879	1.07739

a. Predictors: (Constant), Marketing Innovation

**Table 10 ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1127.801	1	1127.801	971.598	.000 <sup>b</sup>
	Residual	153.222	132	1.161		
	Total	1281.022	133			

a. Dependent Variable: Brand Awareness

b. Predictors: (Constant), Marketing Innovation

**Table 11 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	1.099	.253		4.338	.000
	Marketing Innovation	.840	.027	.938	31.170	.000

a. Dependent Variable: Brand Awareness

### Interpretation

As the table above illustrates, the regression analysis found a strong and statistically significant positive link between brand awareness and marketing creativity. The model explains approximately 88.0% of the variance in performance ( $R^2 = 0.880$ ), indicating that marketing innovation has a considerable impact on brand awareness results. The ANOVA result ( $F = 971.598$ ,  $p < 0.005$ ) confirmed the model's statistical significance. Furthermore, the regression

coefficient ( $\beta = 0.840$ ,  $t = 31.170$ ,  $p < 0.005$ ) indicates that for each unit increase in marketing innovation, brand awareness increases by 0.840 units. Together, these results show that increasing marketing creativity significantly raises brand awareness. This result is consistent with an earlier study of Saputra et al. (2022), SMEs that reinvent their branding provide distinctive products that increase exposure and recognition, strengthening brand awareness.

### Hypothesis Four

**H<sub>0</sub>:** Technology innovation does not have a significant effect on competitive advantage.

**Table 12 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.907 <sup>a</sup>	.823	.821	1.07718

a. Predictors: (Constant), Technological Innovation

**Table 13 ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	710.039	1	710.039	611.933	.000 <sup>b</sup>
	Residual	153.162	132	1.160		
	Total	863.201	133			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Technological Innovation

**Table 14 Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	1.236	.340		3.637	.000
	Technological Innovation	.886	.036	.907	24.737	.000

a. Dependent Variable: Competitive Advantage

### Interpretation

As the table above illustrates, the regression analysis found a strong and statistically significant positive link between technical innovation and competitive advantage. The model explains approximately 82.3% of the performance variance ( $R^2 = 0.823$ ), indicating that technological innovation has a considerable impact on competitive advantage outcomes. The ANOVA result ( $F = 611.933$ ,  $p < 0.005$ ) confirmed the model's statistical significance. Furthermore, the regression coefficient ( $\beta = 0.886$ ,  $t = 24.737$ ,  $p < 0.005$ ) indicates that for every unit increase in technical innovation, competitive advantage increases by 0.886 units. Together, these results show that a rise in technical innovation significantly enhances

competitive advantage. This result is consistent with that of Agazu and Kero (2024), who show the significant positive effect of technology innovation on competitive advantage, which is supported by contemporary research showing that innovation strategies broadly enhance firm competitiveness.

### CONCLUSION AND RECOMMENDATIONS

The study examined entrepreneurial innovation and the performance of SMEs. From the findings of this study, it was revealed that entrepreneurial innovation has a considerable impact on SMEs' performance. The study confirmed that the performance of SMEs was also influenced by the product, process, market and technology innovation. This demonstrates

that the respondents are more aware of these entrepreneurial innovation factors. The introduction of product, process, market and technology innovativeness should be given high preference in the process of achieving the SMEs' performance. Hence, the following are recommended: New and enhanced products should be frequently introduced in the company, and more so, changes to products should be in response to stakeholders' demand. Implementing better processes in operations helps employees to adjust to these operational methods by offering training. To keep up with the latest developments in the industry, we frequently change our marketing strategies and increase awareness. Moreover, the company should use eye-catching branding and packaging. Digital tools for inventory, sales, and supply chain management should be encouraged, which will also prompt responding quickly to customer requirements and changes in the market.

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