



## **Product Innovations On Firm Competitiveness: Development Of Small And Medium Enterprises In The Manufacturing Sector In Nigeria.**

**Yakubu Yahaya; & Umar Ayuba Dutse**

Department of Business Administration and Management, School of Management Sciences, Abubakar Tatari Ali Polytechnic Bauchi, Bauchi state, Nigeria

### ***Abstract***

This paper examine the effect of product innovation on firm competitiveness. This study is to establish the strong positive correlation between product innovation and firm competitiveness in Nigeria. Also the study adopt a descriptive – explanatory research design with a survey strategy to achieve the research objectives. The research design for this study is descriptive, this allows a researcher to provide insights into the why and how of research. Therefore, this study reveals the product innovation is one of the tools used in attainment of organizational goals and objectives, therefore every organization should as issue of importance, ensure of getting the right product innovation that will manage the organization in order to achieve their set goals.

**Keywords:** Product Innovations, Firm, Competitiveness, Development, Small and Medium Enterprises.

## **Introduction**

### **Background to the Study**

Small and Medium Enterprises (SMEs) are globally recognised as catalysts for

global economic growth. SMEs are considered key drivers of socio-economic development and

competitiveness due to their multifaceted contributions to the economy. The sector generates significant income and employment, provides opportunities for developing and adopting appropriate technology, and is a major source for innovations (OECD, 2000; Shiu & Walker, 2007; Subrahmanya, Mathirajan & Krishnaswamy, 2010). SMEs also play a critical role in the penetration of new markets and stimulate growth and development of economies (UNDP, 2015).

SMEs being at the centre of innovation practices are considered key players in the competitiveness and growth of nations( UNCTAD, 2002). These enterprises dominate world businesses and are estimated to be more than 95% of all enterprises worldwide, providing over 60% employment in the private sector. In developed countries, SMEs contribute about 64 percent to the GDP and 62 percent of employment (Ayyagari et al., 2007). In Nigeria SMEs cut across all sectors of the economy, and are a major source of employment, income and is key in poverty reduction (GOK, 2005). Ninety eight percent (98 %) of all businesses in the country are SMEs which contribute about 25 % of GDP and 50% of formal employment giving an employment growth rate of 12-14% per annum (MOIED, 2015).

Nigeria`s Vision 2030 the national blueprint strategy for development and growth acknowledges the crucial role played by SMEs in the economy. SMEs are central in national development strategies aimed at stirring up economic activity and reducing unemployment and poverty. Hence a competitive SME sector is a must if the country is to and attain vision 2030.. The sector has over the years been recognized for its role in the provision of goods and services, in stirring competition, fostering innovation, generating employment and poverty alleviation. SMEs are important in national development as they form linkages between small-scale producers and local, national, or export markets; drive competition and innovation; introduce new business methods, products, and services, enhance the enterprise culture; drive industrialization and are a seedbed for entrepreneurial pursuits. SMEs stand out as the definite foundation of economic diversification and expansion, contributing enormously to socio-economic growth ( Kiraka, Kobia & Katwalo, 2013).

SMEs due to their contribution are thought to be the foundation of entrepreneurial development in economies and key in inculcating an entrepreneurial culture that drives industrial and economic development (OECD, 2004). Entrepreneurship on the other hand is an important lever for employment creation and economic development and is being fronted world wide as a model for socio-economic development. In Nigeria, entrepreneurship has almost become synonymous with the SME sector. SMEs are the seedbed of entrepreneurship owing to the fact that

entrepreneurship is majorly practiced and nurtured in the SMEs. Hence to promote entrepreneurship for development, the Government of Nigeria seeks to establish an enabling legal framework for the development of the SME Sector. Dennis (2003) and Sawang (2009) point out that innovation adopters often assume that investments in innovation will lead to productivity improvements. However, investments in innovation do not always guarantee successful results. Scholars of innovation have often been interested in understanding the relationship between innovation and improved firm outcomes such as performance, linked with growth. In literature the term innovation is defined as the process of adding value to new ideas, resulting in new or improved ideas. Successful innovations can only be attained within an organization which has inculcated an innovative culture. This can be achieved by systematically collecting impulses/ideas that can lead to innovations from employees, ability to evaluate the possibility of the innovative idea, good teamwork, cooperation with external experts, proper rate of risk taking, employee motivation and education and the ability to finance innovations (Surani, 2013). However, SMEs in Nigeria are considered key drivers of socio-economic development and competitiveness due to their multifaceted contributions to the economy. Despite the crucial role they play in the economy, SMEs face various challenges that stifle their potential and contribution to socio-economic development. Manufacturing SMEs are critical in Nigeria's development and yet remain uncompetitive, characterised by production of less diversified products, stagnated growth and contribution and low survival rates. To effectively contribute to economic development, the SMEs need to establish and maintain their competitiveness. Innovation is widely acknowledged as one of the key factors in SME competitiveness and has become prominent in SMEs strategies and government policy. In Nigeria, Vision 2030 seeks to intensify the application of Science, technology and innovation to improve productivity and competitiveness of the key sectors. Despite the ardent attention on innovation, empirical studies linking innovation and firm competitiveness are very limited in developing countries like Nigeria. This study therefore sought to establish the innovations on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria by focusing on manufacturing SMEs in Nigeria. The general objective of the study is to investigate the effect of innovations on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria. while the specific objectives of the study are; to establish the effect of product innovation on firm competitiveness, to analyse the effect of process innovation on firm competitiveness; to assess the effect of

marketing innovation on firm competitiveness; to determine the effect of organizational innovations on firm competitiveness;. The study is anchored in Schumpeter's theory of entrepreneurship and innovation; the theory of the innovative firm; the resource based theory and the dynamic capability theory.

### **Statement of the Problem**

Small and medium enterprises in Nigeria are faced with many challenges. A study by Tarus and Adeji (2013) revealed that small and medium manufacturing enterprises in Nigeria have been facing critical challenges of low performance, declining trend in innovative activities and a high level of attrition. This is despite the fact that they are an important factor in the attainment of the Nigeria vision 2030, which stipulates that the manufacturing sector should account for 20% of the GDP). Although Small and Medium Manufacturing Enterprises (SMMEs) accounted for 70% of Nigeria's manufacturing sector, their performance dropped from 5.6% in 2013 to 3.4% in 2014 (NAM, 2015).. If such failures are not checked, they may lead to lowering of GDP due to low productivity and consequently low sales turnover and profit margins for many firms thus resulting to poor performance.

The challenges facing SMEs may be partly be addressed by innovation practices as they are suggested as key drivers of economic performance and growth of small firms (Rosenbunch, Brinckman & Bauch, 2011; Chiara Daniela & Analisa, 2015). A study by Wanjiku (2011) on industrial innovation in the face of stiff competition from Chinese imports did not specifically focus on innovation practices. Ndalira (2013) studied Effects of the type of innovation on the growth of SMMEs in Kenya but did not specifically study innovation practices in the manufacturing sector. Khiu, Ahmad and Ramayah (2010) studied innovation among Information and Communication Technology techno-preneurs in Malaysia but used a small sample of five software firms and hence their results could not be generalized. Atalay (2013) studied the 12 relationship between innovation and firm performance in Turkey but did not specify the size of the firms and hence the results could not be generalized. This showed that limited attention has been paid to innovation practices-SMMEs performance model. This study addressed these gaps by undertaking an empirical study on the influence of innovation practices on the performance of SMMEs in Nigeria, Atalay (2013) also investigated the relationship between innovation and firm performance in Turkey but did not specify the size of the firms and hence the results could not be generalized. This showed that limited attention has been paid to innovations on firm competitiveness

SMEs performance. This study addressed these gaps by undertaking an empirical study on the effect of innovations on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria.

### **Research Question**

This project will make use of the following research questions;

1. What are effect of product innovation on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria?
2. Does process innovation have an effect on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria?
3. What is the effect of marketing innovation on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria?
4. How does organizational innovations affect firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria?

### **Objective of the Study.**

#### **General Objective**

The overall objective of this study aims to explore the effect of innovation on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria

#### **Specific Objectives of the study**

- i. To determine the effect of product innovation on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria
- ii. To establish the effect process innovation on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria
- iii. To analyze the effect of marketing innovation on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria
- iv. To investigate the effect of organizational innovations on firm competitiveness: development of small and medium enterprises in the manufacturing sector in Nigeria

### **Significance of the Study**

Firms such as manufacturing companies are an ideal example of a market which could benefit immensely from the implementation of market innovation. Further Justification of this study includes the following: Firstly to entrepreneurs because innovation is the specific tool through which they exploit change as an opportunity for a different product, service method of production, process, market, source of supply or a different organization and thus they need to employ the principles of successful innovation management. Secondly, the government, development partners, and other private operators can use the results of this study to come up with programmes', projects and policies that can help boost the sector. Other stakeholders such as financiers and learning institutions also stand to gain from and contribute to innovative success.

### **Literature Review**

Innovation practices are fundamental instruments of growth strategies to enter new markets, increase the existing market share and provide a company with a competitive edge (Walter 2015; Alex 2014). Innovation is the introduction to the market of a new product/service that is new or significantly improved with respect to its characteristics or intended uses (Moses *et al*, 2012). There are four broad levels of novelty of innovations that are defined in relation to the firm and the market levels: innovations that are new only to the firm; innovations that are new to the market of the firm and its competitors; innovations that are new to the country and innovations that are a world first (Moses *et al*, 2012). Several studies (Rosenbuch, Brinckmann & Bausch, 2011; Chiara *et al.*, 2015) suggested that innovation practices were key drivers of economic performance and growth of small firms. However many economies in the world reported a declining trend in innovative activities. In the United States (US) and the European Union (EU) member states there was a decline in innovations from 1,592,420 in 2008 to 1,152,211 in 2009, a decrease of 28 % (ICU, 2011).

The ability to pursue innovation practices is increasingly viewed as the single most important factor in developing and sustaining competitive advantage. It is no longer adequate to do things better, it is about doing new and better things (Dobin, Mark & Nelson, 2015). In China, every year organizations spend millions of dollars in research and development activities due to the fact that the reputation of those organizations is inexorably associated with innovation practices (Henard & Dacin, 2010). A study by Calvo, (2011) stated that more than half of product innovative firms in Spanish manufacturing firms did not expend in research and development.

A Survey by the Community Innovation Survey (CIS), covering European Union (EU) and European Free Trade Association (EFTA) member states, reported that, the share of innovative enterprises decreased by 3.9% during the period 2010-2012 among the EU member states. The highest shares of innovative enterprises during the period 2010-2012 was Germany (66.9%), Luxembourg (66.1%), Ireland (58.7%) and Italy (56.1%) and this was a decline from the previous period (CIS,2012). In Nigeria, only a few firms have introduced innovations that are new to the Nigeria market. In the Nigerian manufacturing sector only a third of firms have developed their own innovations (Gichana, Elegwa & Romanus, 2013; Mwangi & Namusonge, 2014).

Although there is availability of innovation literature, most innovation research ignores SMMEs and only focuses on large firms (Sung, Kim & Choi, 2015; Walter, 2015). Rosli (2015) one of the authorities in innovation research stated that —not to innovate is to die. On the downside, small firms have limited resources for innovation initiatives (Mohd, Zuhriah & Norsian, 2014; Alex, 2014). Lack of financial resources to cover the cost of innovation was identified as a key barrier in several studies (Suswatika, Ann & Southgate, 2014; Matanda, 2013; Maria, Mario & Fatima, 2014; Maleya & Muturi, 2013). These constraints exacerbate the risks of innovation for small firms, which cannot sustain many failures (Mark, 2014; Simiyu, 2013). Beside limited financial and other material resources, small firms may lack technological expertise of their large firms counterparts (Mary & Leslie, 2014; Ali, 2015) especially the R &D and marketing capabilities to exploit new products (Funda & Cihan, 2014; Jochen, 2014; Mikel, 2014). Firm's performance is generally defined as the firm's level of goal accomplishment (Miguel & Elena, 2009). The measurement of firm performance in different empirical researches vary as scholars select concepts of different levels of performance according to the objective in empirical study, including operating performance (Simiyu, 2013; Mikel, 2014; Chiara *et al*, 2015); financial performance, (Mary & Leslie, 2014; Vittoria *et al*, 2014; ), new product performance (Dobin *et al*, 2015; Bin & Wei-qiang, 2013) and innovation performance (Suwastika *et al*, 2014; Yan & McKern, 2013). Performance improvement is the primary goal of all entrepreneurial firms as it demonstrates the level of success of its business operations (Janine & Linderman, 2013; Ljiljana & Durdana, 2015; Marie & Alan, 2014). Various firm performance measurements have been applied in previous studies. However, majority of these studies did not provide any justification for the selection of measures used, and there was no

agreement among entrepreneurship scholars on the assignment of an appropriate set of measurements (Madsen, 2007).

You and Liu, (2010) stated that firm performance refers to an organizational effectiveness in terms of its financial and operational performance, and a number of indicators were used to measure it, including finance, efficiency, customer satisfaction, value addition, and market share. To capture different aspects of firm performance, multiple measures, that is, financial and non-financial were employed. However, most studies apply only financial measurement to assess performance, with firm performance being investigated as the dependent variable (Mohd & Syam, 2013). The three dimensions used in the financial measurement were efficiency, growth and profit. The Sung, Kim, and Choi (2015) model identified several performance measures including sales, growth, market share, profitability, overall performance and stakeholders' satisfaction. Financial measures of success include Return on Investment (ROI), Return on Equity (ROE), Return on Asset (ROA) or market share are used as measure of firm performance. This study adopted sales turnover, profitability and return on investment as performance measures.

Small and Medium Manufacturing Enterprises (SMMEs) play a crucial role in driving economic growth in both developing and developed economies (Asieh, 2015; Wanjau, 2010). Their importance is not limited to adding value but also creates jobs and drives the innovation for long-term sustainable growth. According to UNIDO (2013) the manufacturing SMEs were struggling to grow as a result of the global financial crisis of the year 2009 and this resulted in developing countries being the main engine in the growth of the global manufacturing. In the United States SMEs represent an overwhelming majority of businesses and account for almost half of the GDP (Kiprem, Peng & Pollard, 2011). The United States Small Business Administration (2012) reported that SMMEs created two-thirds of all new jobs and invested more than half of all technological and innovation products. Similarly in Thailand, the largest number of businesses was comprised of SMMEs. A study by Ahu (2015) suggested that the catalytic roles of SMMEs and cottage businesses had been displayed in many economies of the world such as Japan, South Korea, Malaysia, Zambia and India among others.

According to Klynveld Peat Goerelder (KPMG) International 2015, China's growth in its GDP slowed down from the year 2013-2014 to stand at 74% partly due to the challenging environment in the manufacturing sector. The manufacturing sector in South Africa contributed significantly to its economy but its importance declined from 19% in 1993 to 17% in 2012. The contribution to



GDP was 13.9% lower than that of the service sector which stood at 73% (Tarboda, 2015). The newly industrialized countries such as South Korea, Malaysia and Taiwan experienced development and economic growth because they accorded SMEs the right conditions to flourish (Nafukho, Machuma & Muyia, 2009). The East African Community (EAC) is one of the regional integration bodies which comprise of Kenya, Uganda, Tanzania, Rwanda and Burundi (EAC, 2010). It has led to the expansion of market for manufacturing firms, and also a moderating influence on performance of manufacturing firms. Regional integration presents a challenge to firms accustomed to operating within the domestic market. The challenges were in form of increased number of competing firms, lower production and marketing costs, larger market and greater pressure on firms to regionalize (Wiklund & Shepherd, 2005). Regionally, Tanzania's manufacturing SMEs continued to lag behind than those of the other countries in the region in terms of quantity and quality of the industrial goods that were produced and exported due to its reliance on agricultural sector. In Uganda SMMEs have been struggling and experienced a slow growth below the Sub-Saharan Average (ROU, 2010). The sector's contribution to the Uganda's GDP lagged behind than that of the other countries such as Kenya, Rwanda and Burundi (KIPPRA, 2014).

## **Theoretical Framework**

### **Theoretical Framework**

#### **Theory of Innovation Management**

The entrepreneur as an economic and a driving force for economic development was first emphasized by Joseph Alois Schumpeter an Austrian economist (1934). Schumpeter believed that innovation is an essential driver for competitiveness and economic dynamics (Block, 2016). Economic development takes place when a country's real national income increases over a period of time, wherein the role of entrepreneurship is an integral part. Schumpeter posits that entrepreneurs are a motivated intellectual class of people and the prime movers of economic development. To achieve this, entrepreneurs must be innovative. According to him innovation involves problem solving and the entrepreneur is a problem solver. Innovators must search constantly for yet further novel approaches so as to remain the envy of competitors. This way the flow of profits is held steady, thus the reason why they are forced to keep running in order to stand still. Entrepreneurship rests on the theory of economy and society, the theory sees change as normal and indeed as healthy. Doing something differently rather than doing better what has already

been done. The entrepreneur upsets and disorganizes. As Schumpeter formulated it, his task is creative destruction (Schumpeter 1934; Hamel 2006). According to Schumpeter, while the entrepreneur swims with the stream in a circular flow which is familiar to him, he swims against the stream if he wishes to change its channel. What was formerly a help becomes a hindrance. What was familiar becomes unknown. In his book *The Theory of Economic Dynamics* Schumpeter (1911), postulated that dynamic disequilibrium brought on by innovating entrepreneurs rather than equilibrium and optimization is the “norm” of a healthy economy and the central reality for economic theory and economic practice. Alvarez and Barney (2008) and Gruver, Allen and Rigby (2009) posit that, a post-colonial age with ever increasingly complex and turbulent environments needs increasing degrees of innovation and competitiveness to ensure survival and development. Innovation management they point out is a vaccine against market slowdowns.

In Schumpeter’s view, the concept of new combination leading to innovation covers five cases: The opening of a new market which looks at a market that had not been tapped before for instance a domestic or foreign market; the introduction of a new product which signifies invention and commercialization of entirely new products or services; introduction of a new process which deals with changing the production process of products through the adoption of new technology; introduction of new sources of supply whereby suppliers of the said company help them mobilize inputs and technology transfer; and the opening of a new organization which looks at change in the structure of the organization which may include new ways of distributing products and services. The ability to continuously transform knowledge into new products, processes and systems is undertaken with an aim to benefit the firm and stakeholders (Balan & Lindsay, 2010; Lawson & Samson, 2001).

Innovation management can create long lasting advantages and produce dramatic shifts in a company’s competitive position. In the past 100 years innovation management more than any other factor has allowed companies such as Apple, Google and Toyota to cross new performance thresholds (Hamel, 2006; Pofeld, 2013). Hotel entrepreneurs should borrow from said companies. They should take time to diagnose and assess their company’s innovation capabilities before initiating ideas.

### **Theories of Measures of Performance**

According to Srimai, Damsaman & Bangchokdee (2011), measures of performance are the most researched in entrepreneurship. Performance measures serve different purposes.

They enable entrepreneurs to evaluate, control, budget, motivate, promote, celebrate, learn and improve different aspects in an organization. Therefore no single measure is appropriate for all the right purposes (Namada, 2017). Performance theory helps develop hypothesis and support directions of discussions. Marchand and Raymond (2008) track changes and evolutions of the performance measures based on a four period chronological scale (before 1980; 1980-1989; 1989-1999 and 2000 to present). They state that performance models have developed from purely financial (goal approach) encompassing wider perspectives considering stakeholders and company strategic objectives.

Goal approach directs owners-managers to focus on financial measures which are quantitative in nature. These include profits, revenues, return on investments (ROI) and returns on sales.

Traditional financial indicators that are related to profitability are the most commonly used in the performance evaluation (Yalcin, Bayrakdaroglu, & Kahramans, 2012).

Financial measures are objective, simple, and easy to understand and compute but in most cases they suffer from being historical and are not readily available in public domain. Further profits are to subject to manipulations and interpretations. A possible way forward is to apply the non-financial measures though subjective in nature, as supplements of financial measures (Serrat, 2010). The combinations of these two measures help the owner-manager to gain a wider perspective on measuring and comparing their performance. The most commonly applied non-financial measure adapted by SMEs is number of employees (Marchand & Raymond, 2008). This theory supports the aspect that hotel entrepreneurs should have various systems of measuring the success of their organizations.

### **Proposed Methodology**

To realise the research objectives, a descriptive – explanatory research design with a survey strategy will be employed. The target population for the study will be all the listed manufacturing SMEs in Nigeria. A sample of 284 enterprises from three industrial Clusters; Industrial area, Lagos, Port Harcourt, Kano, Kaduna and Abba was drawn. The main instrument of data collection will be a semi-structured questionnaire administered to the owner/ manager of the enterprises. Descriptive and inferential statistics will be used to analyse data. Multiple Linear regression model will be used to analyse relationships and the effect of innovation on firm competitiveness.

**Research Design:** The study will adopt a descriptive research design. Descriptive research design will be employed because is an efficient way of gathering data to help address a research questions and one can collect unbiased data and develop sensible decision based on analyzed results (Van de van, 2007).

**Sampling Method and Sample Size:** Purposive random sampling technique will be used to select two management staff each from the sixty (120) selected SMEs in Nigeria totaling one hundred and twenty (300) respondents as a sample size for the study.

**Data Collection Instruments:** A structured questionnaire will be use to collect relevant information from the study's participants.

### **Data processing and analysis**

Data processing will involve translating the answers on a questionnaire into a form that can be manipulated to produce statistics. This will involve coding, editing, data entry, and monitoring the whole data processing procedure. Data collected will be analyze by editing, coding and categorizing through the use of statistical package for social sciences (SPSS) version 20.0 computer software.

**Validity and Reliability of Research Instruments:** The instruments that will be used in this study will be submitted to a panel of experts for validation. The panel will carry out a content analysis of each of the questionnaires and eliminated items found to be irrelevant to the research problem. After necessary modifications, the panel of experts will recommended the use of the instruments for the study.

### **Research Design**

The design for this study is Descriptive. In a descriptive composition, a researcher is solely interested in describing the situation or case under their research study. It is a theory-based design method created by gathering, analyzing, and presenting collected data. This allows a researcher to provide insights into the why and how of research. Descriptive design helps others better understand the need for the research.

The instrument used for the sample size is structured questionnaire and oral interview on selected Nos of SMEs.

**Validity and Reliability of Research Instruments:** The instruments used in this study were submitted to a panel of experts for validation. The panel carried out a content analysis of each of the questionnaires and eliminated items found to be irrelevant to the research problem. After necessary modifications, the panel of experts recommended the use of the instruments for the study. The scales were

subjected to further item analysis as to determine their psychometric soundness as indicated in Table1 below:

Table 1: Summary of Results of the Measurement Instruments Validation Product innovation

Scale	No of Items	Meaning of Bartlett	KMO	Eigenvalue of the principal Component	% of the Variance	$\alpha$ of Cronbach
Product innovation Questionnaire	7	p = .000 (significant)	0.155	3.456	88.55%	0.77

Source: Field Report, 2020

From Table 1 above, factor loads of all the indicators are higher than 0.5 which shows that the questions highly explain the variance of their variables so we can say that the measurement model has high factor validity.

**Method of Data Analysis:** Regression Analysis was use to test the hypotheses.

### Regression Model

$$OP = \alpha + \beta_1 X_1 + \mu$$

Where the variables are express as

OP- Firm competitiveness

$X_1$  – Product innovation

$\mu$  - Error term.

### Results and Discussion

Table 2: Effect of product innovation on firm competitiveness

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std error of the estimate	
1	0.864	0.749	0.397	1.538	
Explanatory variable	B	Std error	t – value	p-value	Remarks

Constant	33.322	0.652	11.607	0.000	
<b>Product innovation</b>	0.177	2.084	1.697	0.032	S

Table 2 revealed that Product innovation ( $\beta = 0.177$ ;  $t = 0.032$   $P < .05$ ) has positive and significant effect on firm competitiveness. Result also indicated that Product innovation has 33% effect on firm competitiveness. This implies that the higher the Product innovation the higher the firm competitiveness. The study is consistent with Cunha, Heckman and Schennach (2010), that Product innovation is a strong predictor of firm competitiveness Therefore, the null hypothesis which states that Product innovation has no effect on firm competitiveness is rejected, while the alternative is accepted.

## CONCLUSION AND RECOMMENDATIONS

This study examines the effect of product innovation on firm competitiveness. The study established that there is a strong positive correlation between product innovation and firm competitiveness in Nigeria. The study reveals that product innovation is one of the major factor in firm competitiveness. Therefore, the study recommends that product innovation is one of the tools used in attainment of organizational goals and objectives, therefore every organization should as issue of importance, ensure of getting the right product innovation that will manage the organization in order to achieve their set goals.

The study also recommends that SMEs should adopt product innovation strategies through taking calculated moves in their operations as well as carefully analysing the available options so as to increase the chances of landing into the best option. In general, therefore, the study recommends that entrepreneurs should have a template in dealing with product innovation this will give them advantage over a competitive environment. Therefore, committing business resources to venture in uncertain and unfamiliar environments could result in increased returns and market share for the business. The management of SMEs and other financial institutions could also assist the business owners and educate them on product innovation Finally, the study recommends that management of SMEs should adopt product innovation in order to be more effective in managing SMEs in Nigeria.

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