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ORGANIZATIONAL INNOVATION AND VENTURE PERFORMANCE OF SMALL AND MEDIUM-SCALE VENTURES IN SOUTH-SOUTH GEO-POLITICAL ZONE, NIGERIA

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ABSTRACT

This study explored the relationship between organizational innovation and the performance of small and medium-scale enterprises (SMEs) in the South-South Geo-political zone of Nigeria. The investigation was guided by the Resource-Based View (RBV) Theory, the Investment Theory of Creativity, and the Componential Theory of Creativity. The dimensions of organizational innovation examined included product innovation, process innovation, and marketing innovation, while the performance metrics considered were financial performance, market performance, and operational performance. A correlational research design was utilized, targeting a population of 2,223 registered food and beverage manufacturing SMEs in the South-South zone. A sample of 339 SMEs was selected through purposive sampling, as determined by the Taro-Yamane formula. Data were collected using structured questionnaires and analyzed with frequency tables, means, standard deviations, and Spearman Rank Correlation. The results indicated a significant positive relationship between organizational innovation and financial performance, market performance, and operational performance of SMEs in the region. Specifically, it was found that innovative practices significantly enhance profitability, market presence, and operational efficiency. The study concluded that embracing organizational innovation is crucial for the sustainable performance and competitiveness of SMEs. It recommended that SME owners and managers should actively pursue innovative strategies, including the adoption of new technologies, development of new products, and improvement of business processes to boost performance.

Key words: Organizational innovation, venture performance, financial performance, market performance, operational performance

INTRODUCTION

SMEs, world over have been found to provide jobs for about 75% of the workforce of any country. In periods of liberalization and privatization SMEs especially in emerging economics, has become vital economic tools and bedding seeds for entrepreneurship development and indigenous technology that create employment (Aremu, 2010; Hussien, 2010; Allocca *et al.,* 2016). and are better positioned over bigger firms in their capacity to be innovative (Salavou *et al.*, 2014). However, there are barriers to the activities of innovation in SMEs which according to (Hussien, 2010; OECD 2014). include a lack in capital investment, infrastructure, education and training systems, encumber regulations, and in general deficiencies in know-how and skills acquisition. Other barriers include constrained managerial capabilities, difficulty in utilizing technology which results in low productivity among others. Consequently, investing in innovative behaviours strengthens knowledge of employees and individuals that drive resilience of the organizations to create new products, processes, and new behaviour of working that generates improve competitiveness and achievement of necessary goals to shape performance.

Small and Medium Enterprises (SMEs) constitute around 99.7 percent of the enterprises globally (Martin & Namusonge, 2014). and this proves their significance in contributing to the economic and industrial development in most countries. In order 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 a better product quality and durability. Moreover, adopting a new technology results' in reduced costs by saving materials, energy or through replacement of conventional materials with cheaper alternative materials. SMEs play a major role in both developed and developing countries, encompassing more than 90 percent of business operations in Africa, and also contributing over 50 percent of GDP and employment of their economies (Martin & Namusonge, 2014).

With today's complexity in conducting business transactions, innovation can be regarded as a crucial factor to ensure the success of a business. Innovation refers to the state of mind that goes beyond just creating a business. It is a state of mind that will push an individual to find courage, use his resources and his full potential, implement all the necessary means to carry out the project he desires (Lurnpkin & Dess, 2016). It is a state of mind that will influence the way an individual will act and the quality of the product that will result. This innovation is characterized first and foremost by a dynamic approach. Innovation is a state of mind that is not fixed and rigid. It is a "state of mind of development": " The state of mind of development is based on the belief that your basic qualities are things that you can cultivate through your efforts, although people may be different from others. many ways - by their initial talents and abilities, their interests, or their temperament - everyone can change and develop through work and experience.

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. 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. Small and medium enterprises are considered as the machine of economic growth that

drives and promotes equitable development of nations, which is achieved by adopting innovation principles. The role of Small and Medium Enterprises in the economic and social development of countries is well established when the concept of innovation is applied on the SMEs, and as a result, performance will be improving substantially. The sector is a nursery of entrepreneurship, often motivated by innovation (Twaliwi & Isaac, 2017).

SMEs in Nigeria have not frequently applied the concept of innovation in their businesses. There are less new products in the market, less adoption of marketing innovation strategies and poor business innovation processes. As a result, these enterprises may not likely experience growing sales volume which in turn means poor performance. The market is full of old and previously existing products which the consumers already have knowledge about their quality. However, although SMEs in Nigeria do not adopt innovation (product, process, marketing or organizational) fully and frequently, this does not mean there is a complete absence of innovation. Though in different degrees, all these innovations are present in these SMEs, and hence, their performance effect needs to be examined. The importance of being innovative cannot be overemphasized, thus, (Vankessel *et al.*, 2014) states, "Innovation has become a mantra: Innovate or Die. A company cannot outgrow its competitors unless it can out-innovate them. Surely everyone knows that true corporate growth springs from innovation.

The success or otherwise of any discerning organization in this world of deregulated economies and competitive market depend largely on its ability to strategically outwit her competitors. Outwitting competitors is informed by ability to deliver offering better than competitors in the market and this also depend on the ability to continually improve on the quality of goods and services being offered. Many companies in Nigeria find it difficult to compete with their foreign counterparts, partly because of their inability to innovate. While the multinationals enjoy necessary incentives that would encourage all round business growth, most local industries lack necessary ingredients such as size of firm, resources (financial, human), legal protection, innovation efficiency in the area of diversification, flexibility to respond to market changes and incentives to use existing and new technology

Innovations in workplace organisation involve the implementation of new methods for distributing responsibilities and decision making among employees for the division of work within and between firm activities (and organisational units), as well as new concepts for the structuring of activities, such as the integration of different business activities. An example of an organisational innovation in workplace organisation is the first implementation of an organisational model that gives the firm's employees greater autonomy in decision making and encourages them to contribute their ideas.

Organizational innovation can also be described as the introduction of something new (an idea, product, service, technology, process, and strategy) to an organization. Lam, (2016). defines organizational innovation as "to the creation or adoption of an idea or behavior new to the organization. Organizational innovation emphasizes ideas that are knowledge-based and behavior, which are transformative. Hence innovation looks at how new ideas and behaviors are depicted in a given organization and they serve to positively affect the organization. organizational innovation implies the creation and adoption of a notion or behavior thus its effective implementation in the particular organization. They argue that the objective of innovation is to simply come up with business value through the development of worthwhile

ideas into a customer-centered market. The concept of organizational innovation refers to a mechanism utilized by organizations to adapt to dynamic conditions of technological advancement, competition, and market expansion by creating unique products, systems, and techniques (OECD, 2010). In essence, organizational innovation is the process by which an organization develops new advanced products or services and its success in introducing those commodities or services to the market. Therefore, it can be defined as an organization's ability to transform ideas and knowledge into new services, processes, or products regularly for the benefit of its stakeholders.

The increasingly competitive business environment has made it imperative for organisations to put in place systems and processes that will guarantee appreciable organisational performance in the interest of its stakeholders. To this end, SMEs have to develop several solutions to ensure that desired organisational outcomes are achieved despite the dynamics of competition. Today's SMEs are more concerned about their performance than ever, given that their survival not only depends on what they are currently offering but also on their willingness to innovate and improve on their current product and services. Motivated by the increasing competition in both the global and local markets, SMEs are now grasping the importance of innovation, due to the swift changes in technology and Spartan competition that is rapidly eroding the added value of existing products and services. Innovation constitutes a requisite element in the corporate strategies of SMEs given that it enables them to apply more productive processes in service rendering and maintaining its positive reputation in customers' perception and as a result gain sustainable competitive advantage.

Organizational performance can be strategically measured among several dimensions through marketing capability and strategic planning capability (Yan *et al.*, 2014). According to Yan *et al.*, (2014), marketing capability is a firm's ability to publicise and sell products on the basis of understanding customer needs, compensation situation, costs and benefits and the acceptance of innovation. Strategic planning capability on the other hand is the company's ability to identify internal strengths and weaknesses, and external opportunities and threats, formulate plans in accordance with corporate vision and mission and acclimatize the plan to implementation.

Organizational performance is the benchmark of measuring the success and progress of any organization (Sarminah, 2013). As innovation enhances the overall performance and competitiveness of the business, its effect can be probed from different angles. Some of them is to evaluate the financial performance, market performance and operational performance of the enterprise. Every organizational success is made possible by the efforts of its workforce. Measuring organizational performance is a vital part of monitoring an organization's progress (Maina & Onsongo, 2013). It comprises measuring the actual performance outcomes of results of an organization against its intended goals. Organizational performance outcomes in any successful organization have resulted to firm's portability, increase in shareholder base, as well as diversification into different areas of related businesses (Okpara, & Pamela, 2018). Olaniyan and Laing, (2018), posit that if the employees in an organization are to perform their duties and make meaningful contributions to the success of the organizational goals, they need to acquire the relevant skills and knowledge through training.

The subject of performance is greatly discussed in academics. The way performance is defined depends on the type of firm under consideration, whether it is production or service firm.

Performance measurement plays a key role in developing, implementing and monitoring a strategic plan. It enables managers to evaluate whether organizational objectives have been achieved, and is further used to develop and compensate managers. It helps managers monitor whether the company is moving in the direction they want it to go (Teeratansirikool *et al.*, 2013).

More so, the relationship between innovation and performance of SMEs has received scanty literature especially in developing countries like Nigeria. Hence, an initiative has been taken to examine the relationship between corporate innovativeness and performance in the SMEs in Rivers State. This study therefore filled the identified gap by empirically examining the relationship between innovation and organizational performance of SMEs in Rivers State

Statement of the Problem

Despite the economic importance of SMEs, (Franklin & Williams, 2013). revealed that nearly four out every five Nigerian SMEs do not survive beyond five years of inception because of inexperience and other wrong business practices. (Small and Medium Enterprise Development Agency of Nigeria, 2017), 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). believed that "…innovation is a strategic issue … as this will assist at reducing internal inefficiencies, improve process and enhances decision-making process positively".

Studies on innovations and SME performance have been conducted largely in developed countries (Otero-Neira *et al.*, 2019; Rosenbusch *et al.*, 2011; Terziovski 2010; Van *et al.*, 2018). Notwithstanding these studies, the subject matter is largely unexplored in developing nations such as Nigeria. However, SMEs are of critical importance to the Nigerian economy. Its size is about 73,000 and employs nearly 3 million people. However, 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). This statistic implies that for SME firm to survive and perform impressively, it has to be innovative. Therefore, the study aims to examine the effect of innovation on SME firm's performance in Nigeria.

Aim and Objectives of the Study

The aim of this study was to investigate the relationship between organizational innovation and venture performance of small and medium-scale ventures in South-South Geo-political zone, Nigeria. In specific terms, the study sought to:

1. find the relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.
2. determine the relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.
3. ascertain the relationship between organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Research Questions

The following research questions will guide this study:

1. What is the relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria?
2. What is the relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria?
3. What is the relationship between organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria?

Hypotheses

The following hypotheses will guide this study

Ho_1: There is no significant relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Ho_2: There is no significant relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Ho_3: There is no significant relationship between organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Conceptual Review

Innovation

Innovation has been widely defined as the creation of new idea and new behaviour to the organization (Damanpour & Gopalakrishnan, 2011). Creativity and innovation are closely related constructs that share significant overlap in characteristics (Angle, 2019). However, in essence, creativity is the generation of novel and useful ideas, primarily at the individual level. Innovation is the process by which these ideas are captured, filtered, funded, developed, modified, clarified, and eventually commercialized and/or implemented. It is creativity that fuels the innovation pipeline. In order for an organization to remain relevant and to compete in pursuit of its mission, management of organizations must pay attention to both ends of the process, generating creative ideas frequently and utilizing its innovation process to realize the potential value of those ideas.

Today, data and information can be transferred so swiftly that it seems impossible to prevent movement (should one want to). Since organizations cannot stop this phenomenon, they must learn to take advantage of it. Communities and networks of practice are fertile venues that provide intellectual challenge, allow people to pursue their passions, foster mutual trust, organize a setting for "noble" work, and gather appreciative audiences.

Innovation has been likened by one commentator to "the mating of pandas: infrequent, clumsy, and often inefficient." Just as the mating of Panda Bears is essential for the survival of that species, however, the survival of modern businesses will depend on their capacity to innovate. There are a variety of definitions of innovation. What accounts for this diversity could be a consequence of the fact that the concept is studied within different scholastic communities (Adams, et al, 2016; Damanpour & Scheneider, 2016; Garcia & Calantone, 2012). Therefore,

there is no unified definition of innovation (Cooper, 2018; Zairi, 2014). This infers that it could be defined to suite each of these various disciplines constituting a melting point engaged in innovation studies.

Dimensions of Innovation

Organizational Innovation

There are various concepts and different views on organizational innovation and its essence. There is no agreement on its definition due to the complexity of the organizational innovation phenomenon itself, and the multiple areas in which it spreads, resulting in a difference in the theoretical baselines of this subject. Moreover, researchers face another problem consisting in the multiplicity of synonymous terms such as: discovery, creativity and change to a degree that it is difficult to choose the appropriate definition. (Robbins, 2018) considers organizational innovation as "the processes that lead to create an idea and put it out through a product, a useful service or new methods". (Amabile, 2018) defines it as "diagnosing problems and finding appropriate solutions to overcome them in a new way, through arranging available ideas in a new form". According to Schermerhon, (2017), organizational innovation is "the process of creating new ideas and put them into practice, confirming that the best companies reach creative ideas then put them in practice". This is another development that makes organizational innovation an integrated process from idea to product (practice) then to the market (advantage). To affirm his view, Schermerhon put this equation: Organizational innovation = Competitive Advantage. (Sahni & Lau, 2014,) give another development of the definition; after distinguishing creativity (reaching the idea) and organizational innovation (application of new idea), they confirm that the new idea may be new technology, new product or new organizational or administrative process. Moreover, organizational innovation may be an imitation of a product, person, or idea used in another place and it becomes unique application when it is put in a new context. It should be noted that this expands organizational innovation in application; it does not limit it in technology or product, but it enlarges it to administrative and organizational organizational innovation, and, most importantly, it expands it to imitation to create something new from it in a new context. (Myers & Marquis, 2011) give one of the most comprehensive definitions of the concept of organizational innovation: "organizational innovation is not an independent individual event, a new concept, a new idea or an invention of something new, but it is a comprehensive and integrated process that includes an associated set of subsystems and sub-processes within the organization". Therefore, organizational innovation process is related to all activities, processes and events within the organization, and it interacts and occurs in an integrated manner.

Measures of Venture Performance

Financial Performance

The concept of performance and financial performance is a difficult concept, in terms of both definition and measurement. It is one of the most researched concepts in management as it has to do with organizational wellbeing. According to Tudose (2012) performance can be explored from two points of view financial and organizational (the two being interconnected); a company's performance can be measured based on variables that involve productivity, returns, growth or even customer satisfaction. A firm remains in operation because it is expected to make profit (financial performance). Thus, the excess of income generated over expenses incurred in a given period could be construed as financial performance (Sanni, 2016). Corporate financial

performance has long been sought for by managers as they device strategic plans to achieve this goal. Performance is the function of the ability of a venture to gain and manage the resources in several different ways to develop competitive advantage (Chen & Wong, 2014). Niculescu and Lavalette (2019) viewed performance as a state of competitiveness of the economic entity, reached by a level of efficiency and productivity that assures a sustainable presence on the market.

Market Performance

Firm performance is how well a firm can use its assets as a primary mode of business to generate revenue and profits (Samina *et al.,* 2013). Marketing professionals are under ever-increasing pressure to justify their firms' expenditure on marketing. Researchers in marketing have cautioned that the inability of marketing to demonstrate its contribution to firm performance has weakened its standing within firms (Ambler *et al.,* 2018). In order to save marketing from this crisis of confidence, there have been a number of significant calls for more research into the measurement of marketing performance. Rust *et al.* (2014), stated powerfully that: "The effective dissemination of new methods of assessing marketing productivity to the business community will be a major step toward raising marketing's vitality in the firm and, more importantly, toward raising the performance of the firm itself". Therefore, a better understanding of the assessment of marketing performance could help marketing practitioners to quantify their contribution to the financial performance of firms. The performance of a firm can be measured through sales revenue, market share, profitability, and market value.

Operational Performance

Operational performance refers to the measurable aspects of the outcomes of an organization's processes, such as reliability, production cycle time, and inventory turns. Operational performance in turn affects business performance measures such as market share and customer satisfaction (Voss et al., 2017). Performance measurement systems were developed as a means of monitoring and maintaining organizational control, which is the process of ensuring that an organization aims at strategies that lead to the achievement of its overall goals and objectives. Performance measures, the key tools for performance measurement systems, play a vital role in every organization as they are often viewed as forward- looking indicators that assist management to predict a company's economic performance and many times reveal the need for possible changes in operations (Nanni, et al., 2010)

Operational performance determines organizational performance. The operations in an organization should be efficient and effective in order to achieve organizational goals. Effectiveness is the expanse to which customers" needs are fulfilled whereas efficiency is a measure of economical the organizations resources are utilized. In order to enable the accurate assessment and evaluation operational performance, the correct measurement approaches must be designed, implemented and well maintained by the users of the particular process. They may identify necessity of measuring the processes" effectiveness, its efficiency, its quality impact and overall productivity (Oakland, 2010). A systematic performance measurement system should be in place in order to achieve operational excellence in the manufacturing industry.

Theoretical Framework

The Componential Theory of Creativity

The componential theory of creativity is developed by Amabile Teresa in the 2010s. (Amabile, 2012). The componential theory of creativity is a comprehensive model of the social and psychological components necessary for an individual to produce creative work. The theory is grounded in a definition of creativity as the production of ideas or outcomes that are both novel and appropriate to some goal. In this theory, four components are necessary for any creative response: three components within the individual--domain-relevant skills, creativity-relevant processes, and intrinsic task motivation--and one component outside the individual--the social environment in which the individual is working. Amabile (2016) cited in Amabile (2012) proposed a componential model of creativity to include the confluence of multiple variables. In this model, Amabile included three dominant components: domain-relevant skills, creativity-relevant skills, and task motivations. Within each component, specific factors are needed and they are dependent on other factors to be realized. For example, within the domain-relevant skills, individuals must have knowledge, technical skills, and special talents within the domain and these variables are contingent on innate cognitive, motor, and perceptual abilities in combination with formal and informal education. Creative-relevant skills include appropriate cognitive styles (divergent thinking, remembering accurately, perceiving novelty), implicit or explicit knowledge regarding idea generation, and effective work styles. These skill sets are dependent on past training and experience in generating new ideas coupled with personality traits that support creative exploration. Within task motivation, individuals must perceive that they are initiating the motivation to undertake the task and that the task is worth pursuing. Task motivation is dependent on intrinsic motivation, extrinsic constraints and rewards, and an ability to minimize the constraints. According to the component model of creativity, these three skill domains must be operationalized during the process of creating a new work. This process includes identifying a problem or task, preparing to solve the problem, generating response possibilities, evaluating the possibilities, and ultimately selecting responses to complete the task. When applying this to the creation of a new performance, the generator may engage in this process alone during the initial formation stage; however, the performers and the other creative interpreters will participate in the final creation of the product. All who are involved require domain-relevant skills, creativity-relevant skills, and task motivation to create the product. A confluence of these skills will inform the creative collaboration involved in realizing the performance. What is unique about this model is that it has an inherent set of feedback loops (Amabile, 2016) that support the recursive process of collaborative creation in the performing arts.

Empirical Review

Aswani (2010) studied the strategic innovations and performance of public sector institutions. He concluded that there is a positive relationship between strategic innovation and performance of public sector institutions. Kemoli, (2010) researched strategic innovations and performance of selected deposit money banks listed in Nigerian Stock Exchange. The conclusion of the study was that the listed deposit money banks had been deviating from the existing rules of the industry and got engaged in creation of a newer, significant customer value and the entrenchment of strategic innovation in their corporate strategy.

Damanpour (2019) examined the adoption of innovation types, the outcomes and found the positive impact of innovative tendencies on the performance of an organization. Finally, the cumulative adoption of the types of innovation over the years is positively related to the

performance of an organization. Bowen, (2010) has examined the relationship between innovativeness and future performance. Similarly, Subramanian and Nikalanta's (2016) efforts in the field have provided some additional evidence in support of the positive effect of innovation on organization performance. They went on to analyze the relationship between organizational innovation, characteristics of an organization and organizational performance. The researcher concluded that there is a direct link of centralization and formalization with administrative innovation and has a positive relation with organizational performance.

Wang, Yeung and Zhang's, (2011) study recently positively underscored the relationship between trust and innovation. Transparency is brought by trust in the relationship between manufacturer and supplier for collaborative innovation and environmental uncertainty helps strengthen this relationship. Lin, (2013) recently explored a different aspect of innovation strategies. He found that green product innovation has a substantial positive relation with bank performance and it helps to reduce the negative outcomes with a bad impact on environment and prevents waste (McAdam & McClelland, 2012). A successful strategy implementation depends on working through others, organizing, culture-building, motivating and creating strong links between strategy and how the organization handles things. Behavioral changes are difficult to attain merely because a novel approach has been proclaimed (Thompson & Strickland, 2013). Although formulation of a consistent strategy is a handful task for any team with the task of management, implementing that strategy and getting a positive and enhanced response rate even a much harder job to manage (Hrebiniak, 2016). A number of factors can potentially affect the process through which strategic plans are transformed into organizational action. Unlike strategy formulation, strategy implementation is often considered as somewhat a craft, rather than a science, and its research history has been described as fragmented and eclectic. (Noble, 2019). It is not surprising that, after a comprehensive strategy or a single strategic decision has been formulated; significant problems usually raise their heads during the subsequent process of their implementation. Noble (2019) further noted that even the strategies that seem very well formulated might fail to render a superior performance for the organization if they are not implemented successfully. Results from several surveys agree with this view: An Economist survey of 276 senior operating executives in 2014 found that a discouraging percentage of 57% from the organizations failed at a successful implementation and execution of strategic initiatives over a period of three years (Allio, 2015). According to the White Paper of Strategy Implementation of Chinese Corporations (2016) strategy implementation has become "the most significant management challenge which all kinds of corporations' face at the moment". The White paper indicates that 83 percent of the surveyed companies failed to implement their strategy smoothly, and only 17 percent felt that they had a consistent strategy implementation process. If not implemented, great strategies are worth nothing (Okumus & Roper, 2019). It is safe to say that it is much better to implement a second grade strategy effectively than to waste a first class strategy by ineffective implementation. In the final analysis, it would seem that less than 50% of formulated strategies get implemented (Mintzberg, 2014; Miller, 2012; Hambrick & Canella, 1989).

Every failure in implementation is a failure in effective formulation. It is thus very clear that strategy implementation is a major challenge for organizations of the present era. There are many soft, hard and mixed factors that may influence the successful implementation of strategy. These factors range from the people who communicate or implement the strategy to the full fledge

systems or mechanisms in place for co-ordination and control. The implementation of Strategy entails converting the strategic plan into action and then reaping the results of the hard work (Thompson & Strickland, 2013). If the company achieves its strategic objectives and targeted level of financial performance, it is considered to be successful. In order to implement the strategic plan, managers must have to determine what internal conditions are needed for successful execution. This process involves creating a series of tight fits between how things are to be managed internally and what is required for a plan strategy to get executed between strategy and organization structure, skills and competencies of the organization, the allocation of budget, internal policies, procedures and support systems, reward structure, strategy and the corporate structure. The tighter the fits the more likely it is that the targeted organizational performance can actually be achieved. While the details of strategy implementation are situation specific, certain operational and administrative bases have to be taken care of, no matter what the organization's situation is (Thompson & Strickland, 2013).

A study by Rukevwe and Olughor, (2015), examined a study on how innovation affects business performance in small and medium-sized enterprises (SMEs) in an up-and-coming market, like Nigeria. Data was collected from 201 respondents of six SMEs companies based in Nigeria. Innovation was measured using the OECD Oslo scale (2015). The study demonstrated that there is a high correlation among factors used to measure innovation. And secondly, innovation was found to influence business performance.

Gunday *et al.* (2011) explored the effects of product, process, organization and marketing innovations on different aspects of firm performance, including achievements in production, marketing and finance, through an empirical study covering Turkish manufacturing firms in different industries. Their study revealed that product, organization and marketing innovations have positive effects on firm performance in manufacturing industries.

A study by Bansah *et al.*, (2015) on "effect of branding on consumer buying behavior of Ghana textile fabric users in Ho Municipality of Ghana" concluded that branding positively affects sales of textiles in Ghana. They established that customers recommendation are geared towards their favorite textile brand to their families, relatives and friends and this will finally increase sales volumes of their favorite brand. The study further indicated that customers are loyal to their favorite brand and would continue to buy when there is slight rise in price of the brand.

Anabila and Awunyo-Vitor (2014) assessed the role of branding in marketing pharmaceutical products in Ghana. The study was done on three pharmaceutical companies in Accra, the capital of Ghana, targeting pharmaceutical companies within Greater Accra Region. The study found that branding improves sales of pharmaceutical products in Ghana. The study indicated that customers' perception of brand significantly influences their buying decision as well as sales of pharmaceutical products. Pharmaceutical firms used branding to communicate the value of their product and tangible differences to consumers.

Methodology

The study adopted a correlational research design. The population of this study consisted of all the registered food and beverage manufacturing small and medium-scale enterprises in South-South Nigeria. According to 2017 National Survey conducted jointly by Small and Medium

Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics (NBS), there are 2,223 food and beverage manufacturing small and medium-scale enterprises in the South-South Geopolitical Zone of Nigeria. This represents 23.4% of the 9,502 registered small and medium-scale enterprises in the South-South Zone. The 2,223 registered food and beverage manufacturing SMEs are spread across the six (6) states in the South-South Zone. The six (6) states in the South-South Zone include: Akwa Ibom State, Bayelsa State, Cross River State, Delta State Edo State and Rivers State. The unit of analysis consisted of entrepreneurs (owners/operators) of the registered food and beverage manufacturing SMEs in the South-South Zone. The population distribution is shown in table 3.1 below: The sample size was determined using the Taro Yamene's formula as shown below:
formula. The formula is given by;

$$n = \frac{N}{1 + N(e)^2}$$
$$= 339$$

This study used purposive sampling technique on all entrepreneurs of small and medium-scale enterprises in South-South Nigeria. The sources of data for the study were from both primary and secondary sources. A primary source provided direct or first-hand evidence about the research objectives. The instrument for data collection in this study was a questionnaire. To validate the instrument, the face and content validity was determined by the expert judgment of the researcher's supervisor and two other experts in the field of Measurement and Evaluation, Ignatius Ajuru University of Education. The suggestions in regards to the scope, comprehensive, face and logical validity was used to draw the final instrument. Test-retest method was adopted to establish the reliability of the instrument. The instrument was administered on ten (10) respondents who were not included in the sample size used for the study; after two weeks, the same instrument was re-administered to the same respondents. The first and second scores were correlated using the Cronbach Alpha coefficient to determine the reliability of the instrument. The result for the items gave 0.95. The entire construct falls within an acceptable range for a reliable research instrument of 0.70 which is the standard value. The data collected for the study were analysed using descriptive statistics and Spearman rank Correlation. The hypotheses will be tested using the Spearman rank Correlation at 0.05 significant level. The rule for acceptance or rejection of the hypotheses is given below;
Decision: if sig = p > 0.05 the hypothesis is rejected
If sig = p ≤ 0. 05 the hypothesis is accepted.

$$r_s = 1 - \frac{6\sum d^2}{n(n^2 - 1)}$$

DATA PRESENTATION AND DISCUSSION OF FINDINGS

Demographic Analysis

Table 1 Gender Distribution

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	181	60	60	40

	Male	121	40	40	100.0
	Total	**302**	**100**	**100**	

Source: SPSS Output, 2022.

The gender distribution presented above shows that 181 representing 60% of the total respondents are female employees, while 121 representing 40% of the total respondents are male employees in the understudied small and medium-scale ventures in South-South Geo-political zone, Nigeria.

Table. 2 Age Distribution

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-29	157	52	52	52
	30-45	103	34	34	86
	46 & Above	42	14	14	100
	Total	302	100.0	100.0	

Source: SPSS Output, 2022.

The age distribution data presented above shows that 157 representing 52% of the respondents fall under the age group of 18-29years. 103 representing 34% of the respondents fall under the age group of 30-45years, while 42 representing 14% of the respondents fall under the age group of 46years and above in the understudied small and medium-scale ventures in South-South Geo-political zone, Nigeria.

Table: 3 Marital Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	187	62	62	62
	Married	85	28	28	90
	Others	30	10	10	100.0
	Total	302	100.0	100.0	

Source: SPSS Output, 2022

The marital status distribution presented above shows that 187 respondents representing 62% are single; 85 representing 28% of the respondents are married. While 30 respondents representing 10% fall in others among small and medium-scale ventures in South-South Geo-political zone, Nigeria.

Table: 4 Educational Qualification Distributions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSCE	57	19	19	19
	OND/NCE	94	31	31	83
	B.SC/B.ED/B.TECH/B.A/HND	100	33	33	52
	M.SC/MBA/M.ED/M.A	36	12	12	95
	PHD/Others	15	5	5	100.0
	Total	302	100.0	100.0	

Source: SPSS Output, 2022.

The educational distribution presented above shows that 24 respondents representing 19% work with SSCE educational qualification, 41 respondents representing 33% work with OND/NCE educational qualification, 38 respondents representing 31% work with B.SC/B.ED/B.TECH/B.A/HND educational qualification, 15 respondents representing 12% work with M.SC/MBA/M.ED/M.A educational qualification, while 6 respondents representing 5% work with PHD/Others educational qualification in the understudied small and medium-scale ventures in South-South Geo-political zone, Nigeria.

Table: 5 Length of Service Distributions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-4years	82	27	27	27
	5-9years	136	45	45	72
	10-14years	51	17	17	89
	15years & Above	33	11	11	100.0
	Total	302	100.0	100.0	

Source: SPSS Output, 2022

The length of service distribution presented above shows that 82 respondents representing 27% have worked in commercial banks between 0-4years, 136 respondents representing 45% have worked for the understudied small and medium-scale ventures in South-South Geo-political zone, Nigeria between 5-9years, 51 respondents representing 17% have worked for the understudied small and medium-scale ventures in South-South Geo-political zone, Nigeria between 10-14yeas, while 33 respondents representing 11% have worked for the understudied small and medium-scale ventures in South-South Geo-political zone, Nigeria between 15years and above.

Univariate Analysis

Table 6: Items and Scores on Organizational Innovation

S/N	Items	SA 4	A 3	D 2	SD 1	TOTAL
1.	My organization, has standard procedures for most routine practices, and these standards are written.	128	74	39	61	302
2.	In my organization, there is a complete and refined set of rules and system	136	96	51	19	302
3.	Organizational innovations in general is responsible for the increase in customer base	82	74	73	73	302
4.	We focus on continuous improvement on how we provide innovative services to our customers	128	64	73	37	302
5	Our organization develops new operating techniques that focuses on reducing operating costs	117	84	40	61	302

Source: Fieldwork, 2022

Table 6 above shows the number of responses recorded in each of the response options. For instance, on measurement item 2, respondents were required to indicate their view in my organization, there is a complete and refined set of rules and system. Majority (136) of the respondent strongly agreed to it, 96 respondents agreed to it, 51 respondents disagreed to it, while 19 respondents strongly disagreed to it. This response shows that management of small and medium-scale ventures in South-South Geo-political zone, Nigeria adopt organizational innovation in their operations. The responses are summarized in the SPSS table shows below:

Table 7: Descriptive Statistics on Organizational Innovation

	N	Min.	Max.	Mean	Std. Deviation
OI 1	302	1.00	4.00	2.9112	1.3489
OI 2	302	1.00	4.00	3.1774	1.4956
OI 3	302	1.00	4.00	2.5483	1.1583
OI 4	302	1.00	4.00	3.0161	1.4362
OI 5	302	1.00	4.00	2.6106	1.3412
Valid N (likewise)	302				

Source: SPSS Output, 2022

Table 7 reveals mean scores above 2.5 and point across all the response items. However, item 1 with a mean score of 2.9112 indicates that respondents agreed to the fact that their organization, has standard procedures for most routine practices, and these standards are written. In item 2, respondents agreed (3.1774) that in their organization, there is a complete and refined set of rules and system. Respondents in item 3 with a mean score of 2.5483 agreed that organizational innovations in general is responsible for the increase in customer base. Also, respondents agreed (3.0161) they focus on continuous improvement on how we provide innovative services to our customers. Finally, respondents agreed that their organization develops new operating techniques that focuses on reducing operating costs (2.6106) in small and medium-scale ventures in South-South Geo-political zone, Nigeria.

Table 8: Items and Scores on Financial Performance

S/N	Items	SA 4	A 3	D 2	SD 1	TOTAL
1.	Our organization adopts new product and service innovation practices that will help to stimulate our profitability.	152	48	49	53	302
2.	My organization utilizes new technologies in her operations to increase liquidity in our firm	98	74	73	57	302
3.	Our organizations adopt standard procedure for operations that increases profitability	96	72	67	67	302
4.	Product innovations in general is responsible for the increase in our turn-over rate	190	50	39	23	302
5.	By focusing on meeting our customer needs, our organization hake been able to enhance financial performance	94	78	71	59	302

Source: Fieldwork, 2022

Table 10 above shows the number of responses recorded in each of the response options. For instance, on measurement item 1, respondents were required to indicate their view their organization adopts new product and service innovation practices that will help to stimulate our profitability. Majority (152) of the respondent strongly agreed to it, 48 respondents agreed to it, 49 respondents disagreed to it, while 53 respondents strongly disagreed to it. This response shows that employees of small and medium-scale ventures in South-South Geo-political zone, Nigeria consent that innovation enhances of organizational innovation. The responses are summarized in the SPSS table shows below:

Table 8: Descriptive Statistics on Financial Performance

	N	Min.	Max.	Mean	Std. Deviation
FP 1	302	1.00	4.00	3.0887	1.4039
FP 2	302	1.00	4.00	3.0377	1.3807
FP 3	302	1.00	4.00	2.6774	1.2170
FP 4	302	1.00	4.00	3.5241	1.7012
FP 5	302	1.00	4.00	2.5402	1.1101
Valid N (likewise)	302				

Source: SPSS Output, 2022

Table 11 above reveals mean score of above 2.6 cut across the items. However, item 1 with a mean score of 3.0887 indicates that respondents agreed that their organization adopts new product and service innovation practices that will help to stimulate our profitability. Item 2 with a mean score of 3.0377 indicates that respondents agreed that their organization utilizes new technologies in her operations to increase liquidity in our firm. Item 3 with a mean score of 2.6774 indicates that respondents agreed that their organizations adopt standard procedure for operations that increases profitability. Item 4 with a mean score of 3.5241 indicates that respondents agreed that product innovations in general is responsible for the increase in our turn-over rate. Finally, item 5 with a mean score of 2.5402 indicates that the respondents agreed that by focusing on meeting our customer needs, our organization hake been able to enhance financial performance.

Table 9: Items and Scores on Market Performance

S/N	Items	SA 4	A 3	D 2	SD 1	TOTAL
1.	Product innovations in general is responsible for the improvement in our sales growth	114	68	67	53	302
2.	My organization utilizes new technologies in her operations to enhance customer loyalty	40	74	73	115	302
3.	Our organizations adopt standard procedure for operations so as to increase our market share	148	72	51	31	302
4.	Our organization adopts new product and service innovation practices to stimulate our sales growth	114	68	67	53	302
5.	By focusing on meeting our customer needs, our organization have been able to enhance	148	72	51	31	302

customer loyalty

Source: Fieldwork, 2022

Table 9 above shows the number of responses recorded in each of the response options. For instance, on measurement item 1, respondents were required to indicate their view if their product innovations in general is responsible for the improvement in our sales growth. Majority (114) of the respondent strongly agreed to it, 68 respondents agreed to it, 67 respondents disagreed to it, while 53 respondents strongly disagreed to it. This response shows that employees accept that organizational innovation influence organizational performance of small and medium-scale ventures in South-South Geo-political zone, Nigeria. The responses are summarized in the SPSS table shows below:

Table 10: Descriptive Statistics on Market Performance

	N	Min.	Max.	Mean	Std. Deviation
MP 1	302	1.00	4.00	2.8629	1.3013
MP 2	302	1.00	4.00	2.0403	0.9274
MP 3	302	1.00	4.00	3.2419	1.4736
MP 4	302	1.00	4.00	2.7645	0.7450
MP 5	302	1.00	4.00	3.0919	1.0436
Valid N (likewise)	302				

Source: SPSS Output, 2022

Table 10 above reveals mean scores above 2.5 cut across all the items. However, item 1 with a mean score of 2.8629 indicates that respondents agreed that Product innovations in general is responsible for the improvement in our sales growth. Item 2 with a mean score of 2.0403 indicates that respondents disagreed that their organization utilizes new technologies in her operations to enhance customer loyalty. Item 3 with a mean score of 3.2419 indicates that respondents agreed that their organizations adopt standard procedure for operations so as to increase our market share. Item 4 with a mean score of 2.7645 indicates that respondents agreed that their organization adopts new product and service innovation practices to stimulate our sales growth and finally, item 5 with mean score of 3.0919 denotes that the respondents agreed that by focusing on meeting our customer needs, our organization have been able to enhance customer loyalty in small and medium-scale ventures in South-South Geo-political zone, Nigeria.

Table 11: Items and Scores on Operational Performance

S/N	Items	SA 4	A 3	D 2	SD 1	TOTAL
1.	We implement new product and service innovation practices in our organization to improve our product quality	88	80	67	67	302
2.	We utilize new technologies in our operations to increase product and service efficiency	94	64	73	71	302
3.	We adopt standard procedure for operations to increase our general operation efficiency	124	80	57	41	302
4.	Product innovations in general is responsible for the increase in our product availability	96	82	49	75	302
5.	Focusing on our product quality has made it possible for us to meet our customer needs.	124	80	57	41	302

Source: Fieldwork, 2022

Table 11 above shows the number of responses recorded in each of the response options. For instance, on measurement item 1, respondents were required to indicate their view if their organization implement new product and service innovation practices in our organization to improve our product quality. Majority (88) of the respondent strongly agreed to it, 80 respondents agreed to it, 67 respondents disagreed to it, while 67 respondents strongly disagreed to it. This response shows that the respondents agreed that operational performance influence organizational performance of small and medium-scale ventures in South-South Geo-political zone, Nigeria. The responses are summarized in the SPSS table shows below:

Table 12: Descriptive Statistics on Operational Performance

	N	Min.	Max.	Mean	Std. Deviation
OP 1	302	1.00	4.00	2.6451	1.2023
OP 2	302	1.00	4.00	2.6129	1.1876
OP 3	302	1.00	4.00	3.0403	1.3819
OP 4	302	1.00	4.00	2.5838	1.0675
OP 5	302	1.00	4.00	3.0403	1.3819
Valid N (likewise)	302				

Source: SPSS Output, 2022.

Table 12 above reveals mean scores 2.5 and above cut across all items. However, item 1 with a mean score of 2.6451indicates that respondents agreed that their organisation implement new product and service innovation practices in our organization to improve our product quality. Item 2 with a mean score of 2.6129 indicates that respondents agreed that their organisation utilize new technologies in our operations to increase product and service efficiency. Item 3 with a mean score of 3.0403 indicates that respondents agreed that their organization adopt standard procedure for operations to increase our general operation efficiency. Item 4 with a mean score of 2.5838 indicates that respondents agreed product innovations in general is responsible for the increase in our product availability. Finally, item 5 with a mean score of 3.0403 indicates that respondents agreed that focusing on our product quality has made it possible for us to meet our customer needs.

Bivariate Analysis

Decision Rule

Decision: If sig = p > 0.05 the hypothesis is rejected

If sig = p ≤ 0. 05 the hypothesis is accepted

Organizational Innovation and Venture Performance

Ho_7: There is no significant relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Ho_8: There is no significant relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Ho9: There is no significant relationship between organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Table 13: Relationship between Organizational Innovation and Venture Performance

			Organizational Innovation	Financial Performance	Market Performance	Operational Performance
Spearman's rho	Organizational Innovation	Correlation Coefficient	1.000	.531**	.338**	.731**
		Sig. (2-tailed)	.000	.000	.000	.000
		N	302	302	302	302
	Financial Performance	Correlation Coefficient	.531	1.000	.055**	.115**
		Sig. (2-tailed)	.000	.000	.000	.000
		N	302	302	302	302
	Market Performance	Correlation Coefficient	**.338****	.055**	1.000	.156**
		Sig. (2-tailed)	.000	.000	.000	.000
		N	302	302	302	302
	Operational Performance	Correlation Coefficient	**.731****	.115**	.156**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000
		N	302	302	302	302

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

Source: SPSS Output, 2022

Column two of table 4.26 above shows r value of 0.531 at a significance level of 0.00 which is less than the chosen alpha level of 0.05 for the hypothesis relating organizational innovation and financial performance. Since the level of significance is not above the alpha degree of 0.05, the null hypothesis (Ho7) which states that there is no significant relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria is rejected and the alternate hypothesis accepted. This suggests that there is a exist a strong relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Column three of table 4.26 above shows r value of 0.338 at a significance level of 0.00 which is less than the chosen alpha level of 0.05 for the hypothesis relating organizational innovation and market performance. Since the level of significance is not above the alpha degree of 0.05, the null hypothesis (Ho8) which states that there is no significant relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria is rejected and the alternate hypothesis accepted. This suggests that there is a exist a moderate relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Column four of table 4.26 above shows r value of 0.731 at a significance level of 0.00 which is less than the chosen alpha level of 0.05 for the hypothesis relating organizational innovation and operational performance. Since the level of significance is not above the alpha degree of 0.05, the null hypothesis (Ho9) which states that there is no significant relationship between in organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria is rejected and the alternate hypothesis accepted. This suggests that there is a exist a strong relationship between organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria.

Discussion of Findings

To find the relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria:

The findings of this study revealed that there is significant relationship between organizational innovation and financial performance of small and medium-scale ventures South-South Geo-political zone, Nigeria ($R = 0.531$, $P = 0.000 < 0.05$). The findings of this study are in tandem with the previous findings of Islam and Mohamed (2010), conducted a study to investigate the effect of organizational innovation on company performance. Findings from the study support both the hypothesis that organizational innovation has a significant influence on firm performance. Also, Carol and Mavis (2017) studied the relationship between innovation and organizational performance of Taiwanese SMEs in the manufacturing and services sector. Company performance was measured in terms of company sales. However, administrative innovation was found to be more important in explaining the company performance compared to technological innovation.

To determine the relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria:

The findings of this study revealed that there is significant relationship between organizational innovation and market performance of small and medium-scale ventures South-South Geo-political zone, Nigeria ($R = 0.338$, $P = 0.000 < 0.05$). The findings of this study are in congruence with the previous findings of Calantone, Cavusgil and Zhao (2012) who combined both qualitative and quantitative methodologies to study the relationship between learning orientation, firm innovation and firm performance in US firms measured as both objective (ROA, ROI and ROS) and subjective (profitability) measures. Results from their path analysis support the author's hypothesis that learning orientation is critical for innovation and performance. Also, Iraj and Nebojsa (2013) studied the impact of innovation on firm performance has been a matter of significant interest to economists and policy makers for decades. Their findings confirm the positive relationship between innovation activities and productivity at the firm level and provide further evidence on the relationship between size and innovation activities.

To ascertain the relationship between organizational innovation and operational performance of small and medium-scale ventures South-South Geo-political zone, Nigeria:

The findings of this study revealed that there is significant relationship between competence and organizational identification in commercial banks in Nigeria ($R = 0.731$, $P = 0.000 < 0.05$). The findings of this study agree with the previous works of Garrido and Camarero (2010) examined

the relationship between learning orientation, innovativeness and performance for the case of 386 British, French and Spanish museums. Findings of the study show that learning orientation significantly influences both innovativeness and performance. The study also provides evidence that technological and organizational innovations are related to economic performance while product innovations have a greater impact on social performance. Also, The findings of this study are in tandem with the previous findings of Islam and Mohamed (2010), conducted a study to investigate the effect of organizational innovation on company performance. Findings from the study support both the hypothesis that organizational innovation has a significant influence on firm performance.

Conclusion

This study investigated the relationship between organizational innovation and the performance of small and medium-scale ventures in the South-South Geo-political zone of Nigeria. The findings underscore the significant role of organizational innovation in enhancing the financial, market, and operational performance of SMEs. The data revealed that firms adopting innovative practices in their operations, products, and services experience notable improvements in profitability, market share, and overall operational efficiency.

Specifically, the study found a strong positive relationship between organizational innovation and financial performance, suggesting that innovative SMEs are better positioned to increase their profitability through new product and service innovations. Similarly, a moderate but significant relationship was observed between organizational innovation and market performance, indicating that innovation helps SMEs enhance their market presence and customer loyalty. Furthermore, the study highlighted a robust positive correlation between organizational innovation and operational performance, emphasizing that innovative processes and technologies significantly contribute to operational efficiency and product quality.

These findings align with previous research indicating that innovation is critical for the competitive advantage and sustainability of SMEs. By fostering an environment that encourages creativity and the adoption of new technologies, SMEs can achieve substantial improvements in performance metrics across various dimensions. Therefore, for SMEs in Nigeria to thrive in a competitive and dynamic market, continuous investment in innovative practices is imperative.

In conclusion, the study provides empirical evidence that organizational innovation is a vital driver of SME performance in the South-South Geo-political zone of Nigeria. Policymakers and business leaders should prioritize strategies that promote innovation to bolster the growth and competitiveness of SMEs in the region.

Recommendations

Based on the findings of this study, the following recommendations were made;

1. Government should also establish funds that can be accessed by these establishments so that the businesses can use it to buy the necessary innovative equipment needed to improve upon their performances.
2. Furthermore, the study recommends that government should provide enabling platforms to help sensitise manufacturing SMEs about the importance of using

innovation practices in their business operations. This is because innovation has been proven by this study to have a positive effect on performance.

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