

PRODUCT INNOVATION AND GROWTH OF SMALL SCALE BUSINESSES IN BENIN CITY, NIGERIA**Ofobruku Sylvester Abomeh and Oguh Festus A.**

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Correspondance: sofobruku@biu.edu.ng; <https://orcid.org/0000-0003-4707-8465>**Abstract**

This study investigates how product innovation drives the sales growth of small-scale businesses in Benin City, Nigeria. Framed by Diffusion of Innovations, Product Life Cycle, and Schumpeter's creative destruction theories, the research examines three dimensions of product innovation product improvement, new product development, and innovation rate. A descriptive correlational design was employed using structured questionnaires administered to a stratified random sample of 175 SMEs drawn from a population of 309 registered firms. Data were analyzed with descriptive statistics, Pearson correlations, and multiple regression, alongside standard diagnostics. Results show that product innovation significantly explains variations in SME sales growth ($R^2 = .536$; $F(3,171) = 75.56$, $p < .001$). All three innovation dimensions are positive and significant predictors: product improvement ($B = 0.268$, $\beta = .292$, $p < .001$), new product development ($B = 0.311$, $\beta = .335$, $p < .001$), and innovation rate ($B = 0.246$, $\beta = .261$, $p = .001$), with new product development exerting the strongest effect. The findings underscore that SMEs which continually enhance existing offerings, introduce new products, and sustain a high pace of innovation achieve superior sales performance. Practically, the study recommends structured innovation strategies balanced between incremental improvements and new product launches, regular market research, and dedicated resource allocation. Policy implications include targeted funding, incubation support, capacity-building, and infrastructure improvements to strengthen the local innovation ecosystem. The study contributes location-specific evidence on innovation–performance linkages and highlights innovation rate as a salient, yet under-measured, driver of sustained growth among SMEs in developing contexts.

Key words: Innovation Rate, New Product Development, Product Improvement, Sales Growth.**Introduction**

The importance of product innovation and the performance of small scale businesses has become increasingly important as firms in Benin City face market competition, changing consumer preferences, and pressure to grow sales (Abomeh, Gabriel, & Akhuemokhan, 2024). Product innovation encompassing product improvement, new product development, and innovation rate plays a central role in SMEs' sales growth and

survival, according to empirical studies in Nigeria and similar environments (Ofobruku, Nwakoby, Omale, & Okoye, 2019).

Small scale businesses are essential to economic development and employment generation, particularly in developing regions such as Benin City, Nigeria. These businesses operate in competitive and dynamic environments that demand continuous adaptation and innovation. Product innovation

the process by which small businesses improve existing products, develop new products, and increase their innovation rate is recognized as a key driver of performance and survival (Ofobruku, Okafor, Agbaeze, Obi-Anike, 2016). Studies show that innovations in product quality, design, and variety help SMEs to meet changing consumer needs, increase operational efficiency, and achieve sales growth. Given persistent challenges such as limited financing, infrastructure deficiencies, and fluctuating market conditions, product innovation has become paramount for SMEs wishing to remain competitive and thrive.

Statement of the Problem

Despite the apparent benefits of product innovation, many SMEs in Benin City struggle to effectively implement innovative strategies due to resource constraints, lack of managerial expertise, and inadequate access to technology (Nwakoby, Sidi, & Ofobruku, 2019; Okoh, 2020). These limitations often result in poor sales growth, stagnating market share, and reduced competitiveness. While previous research by Le, Le, Pham, Vo, (2023), Johnston, and Prokop, (2025) has established positive links between product innovation and SME performance in other regions, there is still insufficient empirical evidence specific to Benin City's small businesses. This knowledge gap raises critical questions about how various dimensions of product innovation specifically affect sales growth in the local context and what barriers SMEs encounter in their innovation efforts.

Objectives of the Study

The broad objective is to assess the influence of product innovation

(product improvement, new product development, and innovation rate) on the sales growth of small scale businesses in Benin City. The specific objectives are to:

- I. Examine the relationship between product improvement and SME performance measured by sales growth.
- II. Investigate how new product development contributes to sales growth among SMEs in Benin City.
- III. Analyze the effect of innovation rate on the sales growth of SMEs.

Research Questions

1. What is the relationship between product improvement and SME performance (sales growth)?
2. Does new product development significantly enhance sales growth for SMEs in Benin City?
3. What impact does the innovation rate have on the sales growth of small scale businesses?

Statement of Hypotheses

1. H01: Product improvement has no significant positive impact on the sales growth of small scale businesses in Benin City.
2. H02: New product development does not significantly enhance sales growth among small scale businesses in Benin City.
3. H03: Innovation rate has no significant positive impact on the sales growth of small scale businesses in Benin City.

This study focus on small scale businesses in Benin City, Nigeria, across various industry sectors registered with the

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). It will examine product innovation practices and their impact on sales growth over the past five years, using survey and interview methods to collect both quantitative and qualitative data from SME owners and managers. The scope covers product improvement, new product development, innovation rate, and factors influencing successful innovation adoption.

Conceptual Review

Product Innovation

Product innovation refers broadly to the introduction of new or significantly improved goods or services. It encompasses novel design, functionalities, or performance improvements that distinguish the product from existing offerings. Product innovation can be radical (completely new to the market) or incremental (improvements on existing product features). Key dimensions often include improved features, quality, design, packaging, performance or other attributes that provide value to customers (Santos, da Silva, Braga, Corrêa, & de Almeida, 2020). Product innovation refers to the introduction of new or significantly improved products or services by a firm to meet evolving customer needs and preferences (Mubarak, & Evans, 2025). This encompasses product improvement—enhancing existing products—and new product development, which involves creating entirely new products. The innovation rate is the pace at which these innovations occur within a firm or market. In small scale businesses, product innovation can differentiate firms from competitors, drive customer satisfaction, and increase sales growth. Product improvement focuses on incremental changes to existing products to

enhance quality or features, while new product development involves substantial inventive efforts that may disrupt or expand market offerings. The innovation rate measures how frequently such innovations are introduced, impacting the firm's capacity to sustain growth and competitiveness.

Product improvement is a subset of product innovation (Awwad, Anouze, & Elbanna, (2025). It involves modifying or enhancing an existing product to make it better in terms of quality, performance, appearance, or value. Improvements can be technical (durability, efficiency), aesthetic (design, packaging), functional (adding features), or simply marketing-oriented (rebrand, repackaging). The focus is on continuous or incremental changes rather than creating something totally new.

New product development (NPD) refers to the process by which firms conceive, design, develop, and bring new products to market (Aniceski, Canciglieri, Canciglieri Junior, Nara, & Benitez, (2025). It involves stages like idea generation, concept development, feasibility analysis, design, testing, launch, and often follow-up improvements. NPD is more resource intensive, riskier, but potentially more rewarding than product improvement because it can open new market opportunities, shape new demand, or redefine competition.

Innovation rate refers to how quickly innovations (new products or improvements) are introduced over time in a firm or industry (Lassen, & Larsen, 2025). It is a measure of tempo/frequency of innovation. A higher innovation rate may suggest that a firm is generating new or updated products regularly,

staying ahead of competitors, adapting to market changes, or constantly renewing its product line. Innovation rate can also relate to speed of adoption, speed of launching improvements, or R&D effort/output over time.

These concepts are related: product improvement and new product development are dimensions of product innovation; innovation rate reflects how often or how rapidly these are carried out. All these potentially influence sales growth through mechanisms like meeting changing customer needs, differentiating, capturing new markets, and keeping competitive advantage.

Theoretical Review

The following three theories are relevant and underpin how product innovation (in all of its forms) can influence sales growth in small scale businesses.

Diffusion of Innovations Theory (Everett M. Rogers)

The “Diffusion of Innovations Theory” by Rogers (2003) explains how, why, and at what rate new ideas or products spread through cultures or markets. Key elements include the innovation itself, communication channels, time, social system, and adopter categories (innovators, early adopters, early majority, late majority, laggards). In the context of product innovation, Rogers’ theory suggests that for new products (or improved ones) to contribute to sales growth, firms must ensure that the innovation is well communicated, fits customer needs, and reaches adopters in each category. The rate of diffusion influences how quickly sales grow.

Product Life Cycle Theory (Ray Vernon)

Vernon (1979) asserted that the product cycle emanated from the assumption that the inducement to innovation is arises from the perceive threat or potential to make gain in the market. The Product Life Cycle (PLC) theory posits that products go through stages: introduction, growth, maturity, and decline. Each stage has different implications for sales, competition, and innovation. Small businesses that continually innovate (via new product development or improvement) may prolong the growth or maturity stage of their offerings or launch products that start lower in the cycle, thereby sustaining sales growth. The innovation rate is tied to how firms manage transitions across PLC stages.

Schumpeter’s Theory of Innovation / Creative Destruction

Schumpeter’s framework holds that innovation is central to economic growth and that entrepreneurs introduce new combinations (new products, new methods, new markets) which disrupt existing equilibria. In small scale business settings, those who innovate (through new product development, product improvement, or frequently launching innovations) may outcompete less innovative competitors, gain market share, and grow sales. Innovation rate plays a role: more frequent innovation can lead to competitive advantage, though with risk and cost.

Empirical Review

While existing empirical studies affirm the positive influence of product innovation on sales growth, significant gaps persist. Studies like Abiola, (2024) and Baldin, (2023), emphasize urban centers like Abuja

and Lagos, with limited focus on Benin City's unique socio-economic dynamics that could affect innovation adoption and sales performance. Research often treats innovation dimensions—product improvement, new product development, innovation rate—in isolation rather than integrative, limiting holistic understanding. Additionally, there is a scarcity of recent studies combining the effect of innovation rate with specific sales growth metrics in small scale businesses. These gaps highlight the need for more localized, comprehensive empirical research addressing the impact of product innovation components collectively on small scale business sales growth in Benin City for actionable insights and tailored strategies.

Ehiaguina et al. (2025) conducted a cross-sectional survey of 347 SMEs in Abuja to examine the impact of product and service innovation, process innovation, and marketing innovation on market share. Using multiple regression analysis, they found product and service innovation to be the strongest driver, significantly boosting market share and sales. Their recommendations emphasized prioritizing product improvements and innovation in SME strategies to maintain competitiveness. However, their study focused on Abuja, leaving a geographic applicability gap to places like Benin City.

Kamran et al. (2023) highlighted that product innovation in SMEs is essential for addressing diverse consumer needs, especially in resource-constrained settings. Their empirical study underscored product innovation's role in enhancing revenue growth but noted that many firms neglect the innovation rate, which limits sustained sales

growth. They recommended continuous innovation efforts but did not explore specific impacts on small scale businesses in Benin City.

Isichei et al. (2021) examined marketing innovation's role in Nigerian SMEs and found that while innovative marketing boosts customer loyalty, its effect on sales growth is less direct than that of product innovation. Their quantitative study using surveys emphasized integrating product improvements with marketing to maximize growth, but their study largely considered medium and large enterprises.

Amadi, Lawrence & Thom-Otuya, Innocent (2025) – “Strategic Entrepreneurship and Sustainable Business Growth of SMEs in Food Products Sector in Nigeria” Methodology: Correlational design, descriptive survey. Population: registered SMEs in the food products sector in Rivers State. Sample: 400 SMEs, data collected via structured questionnaire. Statistical tools: Spearman Rank Order Correlation Coefficient alongside descriptive statistics. (bwjournal.org) Findings: Innovation (alongside entrepreneurial mindset and strategic resource management) has a significant relationship with sustainable business growth, including sales growth and profit growth. SMEs that apply innovation strategies show higher sales growth. (bwjournal.org) Recommendations: SMEs should strengthen innovation practices; policymakers should facilitate support (e.g., training, funding) for innovation in the food sector to enhance growth. (bwjournal.org) Gaps: While the study establishes correlation, it doesn't deeply differentiate types of product innovation (e.g., improvement vs totally new

product) or measure innovation rate. Also, it's in the food sector; generalizability to other small scale businesses (non-food) or to Benin City may be limited.

Amadi, Lawrence & Abule, Zebulon (2024) – “Digital Innovation and Sales Performance of Food Products Manufacturing SMEs in Nigeria” Methodology: Positivist, correlational research. Population: all food product manufacturing SMEs with e-commerce (2,763 SMEs). Sample: 349 SMEs (purposive sampling). Used structured questionnaire. Hypotheses tested via Spearman Rank Order Correlation. (bwjournal.org) Findings: Digital innovation dimensions (Artificial Intelligence, Internet of Things, Cloud Computing) each show significant relationships with both sales volume growth and sales revenue growth. (bwjournal.org) Recommendations: Food product SMEs should adopt digital innovation technologies to improve sales performance; invest in AI, IoT, cloud infrastructure; training and resources for these. (bwjournal.org) Gaps: Focus is on “digital innovation” broadly rather than explicit categories such as product improvement or new product development. Also “innovation rate” is not explicitly measured. Also limited to e-commerce-enabled SMEs; many SMEs may not have that capability.

The Effects of Product Innovation on the Performance of Small and Medium-Sized Enterprises in Tanzania (Kanire, Ngereza & Mdoe, 2022) Methodology: Sample of 400 owners/managers of manufacturing SMEs in the food processing industry in Mbeya, Tanzania. Ordered logistic regression, multi-dimensional analytical approach. (AJOL)

Findings: New product development, product improvement, and product line extension all have positive and significant impacts on SMEs’ performance in terms of sales growth ($\beta = 0.628$, $p < .05$), customer satisfaction, profitability, return on equity, quality, delivery speed etc. (AJOL) Recommendations: Firms should invest in both new product development and continuous product improvement; line extension can help in market penetration; policy should support R&D, access to tech, capacity building. (AJOL) Gaps: Though strong, the study is in Tanzania, so contextual differences may be relevant. Innovation rate (how frequent innovations are launched) is not deeply measured; also small N in some sub-groups possibly; and focused on food processing, may not generalize to all sectors or non-manufacturing SMEs.

Methodology

This research adopted the descriptive survey design and correlational analysis. The descriptive component described the status of product innovation and sales growth among small scale enterprises in Benin City; while the correlational component examined the predictive influence of product improvement, new product development, and innovation rate on sales growth. This design is suitable as the variables are not manipulated but observed as they naturally occur (Emerah, Oyedele, & Ofobruku, 2020).

A descriptive correlational design was employed using structured questionnaires administered to a stratified random sample of 175 SMEs drawn from a population of 309 registered firms using the Taro Yamane formula. For this study, a small scale business

is defined as one having, fewer than 50 employees and an annual turnover below the threshold set by the state commerce regulatory agencies. The Stratified random sampling was used to ensure representation across sectors (trading, manufacturing, services). This ensures both representativeness and reduction of sampling bias.

Method of Data Collection

Primary data was collected from owners or managers of sampled SMEs via structured questionnaires. The researcher distributed and collect questionnaires physically (face-to-face). Where literacy is limited, interviewer administered questionnaires was used. Measures to ensure good response rate include: follow-ups, assurances of confidentiality, small incentives or conveniences, and scheduling visits at convenient times.

DATA PRESENTATION

Descriptive Biodata Section (n = 175)

Table 4.3: Educational Qualification of Respondents

Education Level	Frequency	Percent
Secondary School	35	20.00%
OND/NCE	44	25.10%
HND/Bachelor’s Degree	70	40.00%
Postgraduate (PGD/M.Sc.)	26	14.90%
Total	175	100%

Source: Field Survey, 2025.

The results reveal that most SME operators had at least a Bachelor’s degree (40.0%). Meanwhile, 25.1% had OND/NCE, and 20.0% had only secondary school

education. This suggests that SMEs in Benin City are largely managed by individuals with tertiary education.

Table 4.4: Years in Business

Years of Operation	Frequency	Percent
Less than 2 years	26	14.90%
2–5 years	61	34.90%
6–10 years	53	30.30%
Above 10 years	35	20.00%
Total	175	100%

Source: Field Survey, 2025.

The findings show that most businesses had been operating between 2–5 years (34.9%), followed by 6–10 years (30.3%). About 20.0% had been in operation

for over 10 years, while 14.9% were new ventures operating for less than 2 years. This indicates that both emerging and established SMEs were represented in the study.

Table 4.5: Type of Business

Business Sector	Frequency	Percent
Retail/Trading	52	29.70%
Manufacturing	35	20.00%
Services (ICT, etc.)	61	34.90%
Agriculture/Food	27	15.40%
Total	175	100%

Source: Field Survey, 2025.

The analysis reveals that most respondents were engaged in service-oriented businesses (34.9%), followed by retail/trading (29.7%). Manufacturing accounted for 20.0%,

while agriculture/food-related enterprises made up 15.4%. This distribution reflects the dominant business sectors among SMEs in Benin City.

4.3 Descriptive Statistics for Study Constructs

Table 4.9: Descriptive Statistics

Variable	N	Mean	Std. Deviation
Sales Growth (DV)	175	3.72	0.81
Product Improvement	175	3.84	0.76
New Product Development	175	3.65	0.82
Innovation Rate	175	3.58	0.79

Source: Field Survey, 2025.

Descriptive statistics indicate that SMEs in Benin City generally reported moderate to high levels of innovation practices and sales growth. On a 5-point Likert scale, product improvement had the highest mean score (M = 3.84, SD = 0.76), suggesting that SMEs frequently engage in enhancing existing products. New product development (M = 3.65, SD = 0.82) and innovation rate (M = 3.58, SD = 0.79) were also moderately high, reflecting consistent

efforts toward innovation among SMEs. The dependent variable, sales growth, recorded a mean of 3.72 (SD = 0.81), indicating that most SMEs experienced relatively positive sales performance.

Hypotheses Testing

The hypotheses tested were:

1. H01: Product improvement has no significant positive impact on the sales

growth of small scale businesses in Benin City.

- H02: New product development does not significantly enhances sales growth

among small scale businesses in Benin City.

- H03: Innovation rate has no significant positive impact on the sales growth of small scale businesses in Benin City.

Table 4.10: Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.732	0.536	0.528	0.412

Table 4.11: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	38.452	3	12.817	75.56	.000***
Residual	33.3	171	0.195		
Total	71.752	174			

Table 4.12: Coefficients

Predictor	B	Std. Error	Beta (β)	T	Sig.
Constant	0.412	0.118	–	3.49	0.001
Product Improvement	0.268	0.067	0.292	3.99	.000***
New Product Development	0.311	0.072	0.335	4.32	.000***
Innovation Rate	0.246	0.07	0.261	3.51	.001**

The results of the multiple regression analysis revealed that product innovation significantly predicted sales growth among SMEs in Benin City, $R^2 = .536$, $F(3,171) = 75.56$, $p < .001$. This indicates that approximately 53.6% of the variance in sales growth is explained by product improvement, new product development, and innovation rate combined.

The regression model ($R^2 = .536$, $F(3, 171) = 75.56$, $p < .001$) explains 53.6% of the variance in SME sales growth, indicating a strong overall fit. However, Table 11 shows

that *product innovation* as a distinct construct was not directly estimated in the coefficient outputs, as the predictors entered were product improvement, new product development, and innovation rate. Given the significant overall model fit and the theoretical overlap of product innovation with the entered predictors, H1 is indirectly supported. The significant positive coefficients for product improvement ($\beta = .292$, $p < .001$), new product development ($\beta = .335$, $p < .001$), and innovation rate ($\beta = .261$, $p = .001$) collectively validate the premise that product

innovation significantly enhances SME sales growth in Benin City. Thus, H1 is **accepted**.

Hypothesis one

H1: Product improvement has no significant positive impact on the sales growth of small scale businesses in Benin City.

Results from the multiple regression analysis confirm that product improvement significantly predicts sales growth. Specifically, product improvement had a positive unstandardized coefficient ($B = 0.268$, $SE = 0.067$), with a standardized beta of $\beta = .292$, $t(171) = 3.99$, $p < .001$. This indicates that a one-unit increase in product improvement leads to an estimated 0.268 increase in SME sales growth, controlling for other factors. The significant p-value ($< .001$) strongly rejects the null hypothesis and supports the claim that product improvement positively contributes to sales growth among SMEs in Benin City. Therefore, H2 is **supported**.

Hypothesis two

H2: New product development does not significantly enhance sales growth among small scale businesses in Benin City.

The regression coefficients further reveal that new product development significantly influences SME sales growth. The predictor recorded $B = 0.311$, $SE = 0.072$, with a standardized coefficient $\beta = .335$, $t(171) = 4.32$, $p < .001$. This suggests that new product development has the largest effect size among the predictors, accounting for approximately 33.5% of the variance in SME sales growth. In practical terms, as SMEs introduce new products, their sales growth significantly increases. The highly significant

p-value reinforces this conclusion. Consequently, H3 is **accepted**.

Hypothesis three

H3: H03: Innovation rate has no significant positive impact on the sales growth of small scale businesses in Benin City.

Findings also demonstrate that the innovation rate significantly predicts SME sales growth. The coefficient values indicate $B = 0.246$, $SE = 0.070$, standardized $\beta = .261$, $t(171) = 3.51$, $p = .001$. This shows that SMEs with higher innovation rates experience higher levels of sales growth. Although its effect size is slightly smaller than new product development and product improvement, the relationship remains statistically robust and practically meaningful. Hence, H4 is **accepted**.

Discussion of Findings

H₁: Product improvement is positively related to SME sales growth. The regression results showed that product improvement significantly predicts SME sales growth ($\beta = .292$, $p < .001$), indicating that incremental changes to existing products play a vital role in enhancing customer satisfaction and repeat patronage. A one-unit improvement in products was found to increase SME sales growth by 0.268 units, demonstrating a strong practical effect. This finding aligns with Isichei et al. (2021), who noted that while marketing innovation has value, product improvements remain more directly tied to sales performance. Similarly, Ehiaguina et al. (2025) emphasized the importance of continuous product improvements in sustaining competitiveness. Theoretically, this result supports the Product Life Cycle (PLC) theory, which posits that product

improvements can extend the maturity stage of offerings, thereby sustaining growth. In line with Rogers' diffusion theory, incremental improvements can also encourage adoption among later adopter categories such as the late majority and laggards. Consequently, H2 is supported, confirming that product improvement remains a crucial lever for small businesses to grow and retain their market share.

H₂: New product development enhances sales growth among small-scale businesses in Benin City. New product development emerged as the strongest predictor of sales growth among the three innovation measures ($\beta = .335, p < .001$). This result implies that SMEs introducing new products experience greater growth than those merely improving existing ones. The practical implication is that SMEs need to balance incremental improvements with the launch of entirely new offerings to capture unmet customer needs. This finding is consistent with Kamran et al. (2023), who demonstrated that product innovation is essential for revenue growth and competitiveness. It also extends the work of Obembe et al. (2014), by offering quantitative evidence of how new product development translates into measurable growth in Nigerian SMEs. Theoretically, the result echoes Schumpeter's creative destruction framework, whereby entrepreneurs introduce new products that disrupt market equilibrium and create new sources of growth. Furthermore, the Product Life Cycle theory supports this view by suggesting that new product launches allow firms to restart the life cycle, ensuring continued growth. Hence, H3 is supported and underscores the centrality of new product

development to sustainable business performance in Benin City.

H₃: Innovation rate is positively associated with increased sales growth in SMEs.

The analysis also revealed a significant positive effect of innovation rate on SME sales growth ($\beta = .261, p = .001$). This finding suggests that the frequency with which SMEs introduce innovations matters: firms that innovate more frequently achieve better sales performance than those that innovate sporadically. While the effect size was smaller compared to product improvement and new product development, the significance of the relationship highlights the importance of sustained innovation efforts. This outcome resonates with Kamran et al. (2023), who cautioned that neglecting innovation rate limits long-term growth. It also aligns with Damanpour's (1991) earlier work, which stressed that aligning the pace of innovation with product cycles enhances competitiveness. Theoretically, the result reflects both Rogers' diffusion model, where continual innovation ensures adoption across successive waves of customers, and Schumpeter's theory, where repeated creative destruction keeps firms ahead of competition. Therefore, H4 is supported, indicating that SMEs in Benin City must prioritize not only the quality but also the frequency of their innovation activities to achieve sustained growth.

Conclusion

This study concludes that product innovation is a significant driver of sales growth among SMEs in Benin City. The three dimensions examined product improvement, new product development, and innovation rate each contributed positively and significantly

to growth, with new product development exerting the greatest effect. Theoretically, the study validates the applicability of Rogers' diffusion model, PLC theory, and Schumpeter's creative destruction to the Nigerian SME context. Empirically, it confirms that SMEs that innovate more frequently and strategically achieve superior performance outcomes. Overall, the study demonstrates that innovation is not optional but an essential strategy for SME survival and competitiveness in an increasingly dynamic business environment.

Recommendations

1. At the enterprise level, small and medium-scale businesses in Benin City should adopt structured innovation strategies that balance incremental product improvements with more radical forms of new product development. Business owners are encouraged to allocate dedicated resources financial, human, and technological specifically toward innovation-related activities. Furthermore, engaging in regular market research is essential, as it enables SMEs to identify evolving consumer needs and adjust their innovations to remain competitive and relevant in the marketplace.
2. At the policy level, the Edo State Ministry of Commerce and Industry should consider establishing innovation support programs such as

grants, low-interest loans, and incubation centers to nurture emerging businesses. Likewise, national and state governments should provide tax reliefs and incentives to SMEs that actively engage in research and development or commit to continuous product innovation.

3. Capacity building is another critical area requiring attention. SME operators should be exposed to training in innovation management, creative thinking, and the application of digital tools that enhance product design and development. In addition, business associations can create mentorship platforms that connect innovative SMEs with less experienced firms, thereby facilitating knowledge transfer and peer learning.
4. Finally, there is a strong need for market and infrastructure support to sustain SME innovation. Policymakers should prioritize improvements in infrastructure, such as electricity supply, internet connectivity, and logistics, to reduce systemic barriers that hinder innovation. The establishment of innovation clusters or hubs in Benin City would further encourage collaboration, resource sharing, and synergy among SMEs, thus fostering a more vibrant innovation ecosystem.

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