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The Impact of Organizational Innovation on the Performance of Small and Medium-Sized Enterprises (SMEs) in Ilorin Metropolis

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Abstract

This research paper explores the intricate relationship between organizational innovation and the performance of Small and Medium-sized Enterprises (SMEs). SMEs are critical contributors to economic growth and development, but they often face resource constraints and dynamic market pressures. Organizational innovation presents a strategic avenue for SMEs to thrive in such environments. This paper defines organizational innovation, discusses its various types, identifies drivers, and examines its benefits and challenges in the context of SMEs. Additionally, it delves into strategies for promoting organizational innovation and offers insights into performance measurement and continuous improvement. A questionnaire was used to collect primary data from 200 respondents aged 20 to 60 years above using a convenient sampling technique. Both descriptive and inferential statistics were used for data analysis. Result of the findings show that there is a significant relationship between Product Innovation and performance of SMEs (r = .344**, N= 200, P < .01); that there is a significant relationship between Process Innovation and performance of SMEs (r = .354**, N= 200, P < .01); that there is a significant relationship between Marketing Innovation and performance of SMEs (r = .354**, N= 200, P < .01). It was concluded that organizational innovation variables (Product innovation, process innovation and marketing innovation) will jointly and independently predict performance of SMEs and however recommends that SMEs must invest in gathering market demand, trends, competitors, and sources of innovation before making decisions.

Keywords: Innovation Leadership, Organizational Innovation, Product Innovation, Process Innovation, SMEs.

Introduction

In an era marked by rapid technological advancements, global market dynamism, and ever-evolving consumer preferences, the concept of organizational innovation has emerged as a linchpin for sustaining competitive advantage and ensuring long-term business success. (Sijin &Jianjun, 2022). Organizational innovation transcends mere product or service enhancements; it encompasses the holistic transformation of an organization's structure, processes, culture, and strategies to foster continuous adaptation and improvement. (Suryano et al., 2023)

At its core, organizational innovation represents the proactive pursuit of novel and creative approaches to conducting business. It is the capacity to envision and implement change

within an organization, not only in response to external pressures but as an intrinsic driver of growth, efficiency, and resilience. Organizational innovation is the strategic weapon that empowers enterprises to navigate uncertainty, seize opportunities, and delight customers in an ever-shifting landscape. (Liang & Li, 2023)

In this paper, we embark on a journey to explore the multifaceted facets of organizational innovation. We delve into its definition, highlighting its far-reaching implications for businesses of all sizes and industries. (Syamsul et al., 2023). By examining its various forms and manifestations, from process reengineering and product diversification to cultural transformation and business model reimagining, we seek to unravel the spectrum of possibilities that organizational innovation offers. (Wilert & Danupol, 2021)

Moreover, this exploration extends beyond theoretical realms. We venture into the practical dimensions, investigating the factors that propel organizations toward innovation and the barriers that impede progress. From understanding the role of leadership and employee engagement to navigating financial constraints and market uncertainties, we aim to provide a comprehensive view of the forces at play in the pursuit of organizational innovation. (Soomro et al., 2021)

As we progress through this journey, we will also discover how organizational innovation transcends mere survival tactics it becomes the blueprint for thriving in a world where change is the only constant. Through case studies, real-world examples, and practical insights, we will illuminate the transformative power of organizational innovation and its impact on organizations, industries, and societies at large.

Ultimately, this paper serves as an intellectual compass, guiding us through the terrain of organizational innovation. It is a testament to the imperative of innovation as a strategic imperative for organizations in the 21st century—an imperative that transcends the boundaries of industry, size, and geography. (Simon et al., 2021). Together, let us embark on this exploration of organizational innovation, unlocking its potential to shape the future of business. Entrepreneurship on the other hand is an important lever for employment creation and economic development and is being fronted worldwide as a model for socio-economic development. In Nigeria, entrepreneurship has almost become synonymous with the SME sector. SMEs are the seedbed of entrepreneurship since entrepreneurship is majorly practiced and nurtured in SMEs. Hence to promote entrepreneurship for development, the Federal Government of Nigeria seeks to establish an enabling legal framework for the development of the SME Sector in Nigeria (Daniel et al., 2020).

Statement of the Research Problem

Organizations face intense competition in various industries, necessitating the development of strategic plans to implement and provide innovations. Innovation is crucial for companies, especially in manufacturing and oriented industries (Angel et al., 2013) However, Nigeria's entrepreneurship opportunities have been hindered by inappropriate industrialization policies (Lourdes et al., 2022). Several policy interventions aimed at

promoting entrepreneurship through small and medium-scale enterprises (SMEs) have failed to achieve their goals. Entrepreneurial innovation (EO) is the process, practice, and decision-making activity leading to new entry, with five dimensions: innovativeness, risk-taking, pro-activeness, competitive aggressiveness, and autonomy (Mehrdad et al., 2011). The impact of EO on SMEs' performance depends on the degree of innovation pursued. Some argue that innovation negatively impacts SMEs' performance (Lourdes et al., 2022; Angel el al., 2013) while others (Anderson, et al.,2023) believe it is an important tool for a firm's performance. The inconclusive results in the literature put policymakers in a crossroad, the question, therefore, what is the impact of organizational innovation on the performance of SMEs Ilorin Metropolis.

Objectives of the Study

The main objective of the study is to examine the impact of Organizational innovation on the performance of SMEs. Specifically, this work is set to:

- Determine the relationship between product innovation and the performance of SMEs in Ilorin Metropolis
- Evaluate the relationship between process innovation and the performance of SMEs in Ilorin Metropolis
- Assess the relationship between marketing innovation and the performance of SMEs in Ilorin Metropolis
- Ascertain the combined effect of organizational innovation variables on the performance of SMEs in Ilorin Metropolis

Research Questions

The research questions for the study are as follows.

- What is the relationship between product innovation and the performance of SMEs in Ilorin Metropolis?
- Is there any relationship between process innovation and the performance of SMEs in Ilorin Metropolis?
- How is marketing innovation related to the performance of SMEs in Ilorin Metropolis
- What is the combined effect of organizational innovation variables on the performance of SMEs in Ilorin Metropolis?

Statement of Research Hypotheses

H_{o1}: There is no relationship between product innovation and the performance of SMEs in Ilorin Metropolis

H_{o2}: There is no relationship between process innovation and the performance of SMEs in Ilorin Metropolis

H_{o3}: There is no relationship between marketing innovation and the performance of SMEs in Ilorin Metropolis

H_{04}: Product innovation, process innovation and marketing innovation does not have a combined effect on performance of SMEs in Ilorin Metropolis

Literature Review

Organizational Innovation

Organizational innovation is a new organizational method in a firm's business practices, workplace organization, or external relations that can be intended to increase a firm's performance by reducing administrative costs, improving workplace satisfaction, gaining access to non-tradable assets, or reducing the cost of supplies. (Krzysztof et al., 2021) It can refer to either 'new-to-the-organization' or 'new-to-the-organization'. (Weeramanthri et al., 2022) Organizational innovations can be more or less complex and can affect a certain business process or every single part of an organization.

Organizational innovation creates long-term competitive advantages if it meets one or more conditions: it is based on a novel principle that challenges management orthodoxy, is systematic, encompassing a range of processes and methods, and is part of an ongoing program of invention, where progress compounds over time. This type of systematic organizational innovation is called Major Organizational Innovation. Organizational innovation is the tendency of the organization to develop new or improved products or services and bring them to the market. It is also defined as the organizational capacity to renovate ideas and knowledge into new products, services, or processes continuously for the benefit of its stakeholders. Organizational innovation encompasses product, process, marketing, technological, and administrative practices. (Andjar et al., 2022)

Organizational innovation encourages employees or organizational agents to think creatively about organizational challenges and strive for solutions that can be deemed as new to the organization and even new to the industry or business community at large. It is not confined to the dimensions of "new-to-the-organization" innovations but can also embrace innovations that are "new-to-the-state-of-the-art," pushing the boundaries of industry norms and expectations. In conclusion, organizational innovation is the lifeblood of contemporary enterprises, propelling them into uncharted territory while fortifying their foundations. (Eugenia, 2021)

Product Innovation

It is the creation and subsequent introduction of a goods or service that is either new, or an improved version of previous goods or services. This is broader than the normally accepted definition of innovation that includes the invention of new products which, in this context, are still considered innovative. (Dennis, 2021)

Process Innovation

Process innovation is the implementation of a new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software. (Moyano-Fuentes et al., 2018)

Marketing Innovation

Marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.

Innovation as Toolkit in Making Strategic Decision in an Organization

Innovation is crucial and sound aggressive for any organization booming in the fourth industrial revolution era (Brandín & Abrishami, 2021)The globalized era suggests the necessity of a new kind of leadership, dissimilar to that which prospered in controlled e environments (Fleuren et al., 2023), organizational burnout is a significant threat to the complex context of the new era unless leadership gets formulated in a design that permits the system to self-develop and continually regenerates within hyper-complexity and hyper-uncertainty contexts (Darawong, 2020). Innovative leadership refers to introducing a brand-new method, product, service, technique, or an idea to satisfy individuals' needs and find solutions to current and future problems (Demircioglu & Wal, 2021). Innovation leadership is a technique that combines leadership styles to motivate employees to generate products, services, and creative ideas. It promotes organizational development and aims to achieve the group's vision and mission, using leadership skills, talents, values, and knowledge. Innovative leaders are also committed and visionary to promoting people's social, political, and economic well-being (Brandín & Abrishami, 2021). Innovation leadership is crucial for organizations to stay competitive and succeed in a globalized world. Leaders play a significant role in shaping the success and nature of inventive efforts. In a globalized village, organizations must generate innovative business methods to succeed. Innovation leaders facilitate changes and reevaluate operations to adopt business-changing models. Research shows that 70% of organizations fail to achieve these goals, with bad leadership linked to failure.

Critical Factors for Successful Innovative Leadership

To be successful, a leader must possess knowledge, which is a crucial tool in the fifty-first industrial revolution. They must understand their people's problems and formulate new solutions, using methods, rules, processes, principles, and technologies within their organization. Successful innovative leaders must possess both the values and explicit knowledge (Wioleta, 2021) Values knowledge refers to knowing the social ideas, beliefs, intuitions, values, and imaginations (Martin, 2020). At the same time, explicit knowledge refers to technical knowledge.

Secondly, an innovative leader needs to possess various values, skills, and talents. Values offer means, beliefs, and reasons for establishing an organization's vision. It also motivates and guides leaders for successful vision achievement (Joana et al., 2023). Leadership decisions are influenced by values such as courage, trust, honesty, integrity, equality, morality, and human rights. Successful innovative leaders possess these values, which help

establish a close relationship and open communication environment. Skill development is crucial for achieving high-quality products and reducing risk. Talents, such as visionary and brilliant qualities, enable leaders to be ahead of competitors and develop better strategies. Willpower is also essential for innovative leaders, who are driven by their vision and desire to reshape society. Traditional leadership styles should be abandoned to create organizations that continue innovation and create creative teams. Innovative leaders can achieve their desired targets in terms of need and future.

Characteristics of Innovative Leadership

Innovative leadership involves risk tolerance, domain expertise, open-mindedness, low anxiety, emotional stability, confidence, action-oriented, serious play, collaboration, and attentiveness to details. These leaders must be open-minded, able to generate creative ideas, maintain a positive work environment, and maintain a positive mood. They should also be confident, action-oriented, serious play, collaboration, and attentive to details.

Steps for Becoming an Innovative Leader

Innovative leadership is crucial in today's market, as organizations need to adopt new methods and ways to stay competitive. Five steps leaders can follow to become innovative include removing the "best practice" notion, accelerating decision-making, allowing members to run initiatives, becoming failure-tolerant, and recognizing and rewarding innovative ideas.

By embracing creativity and risk-taking, innovative leaders encourage employees to develop new ways and solve problems. They should trust and confidence in their team members, making decisions quickly and without hesitation. They should also allow members to participate in problem-solving initiatives, allowing their innovative skills to be unleashed. Finally, leaders should recognize and reward innovative ideas, as it boosts job morale and encourages employees to think outside the box, generating more vital business ideas.

Conceptual Framework

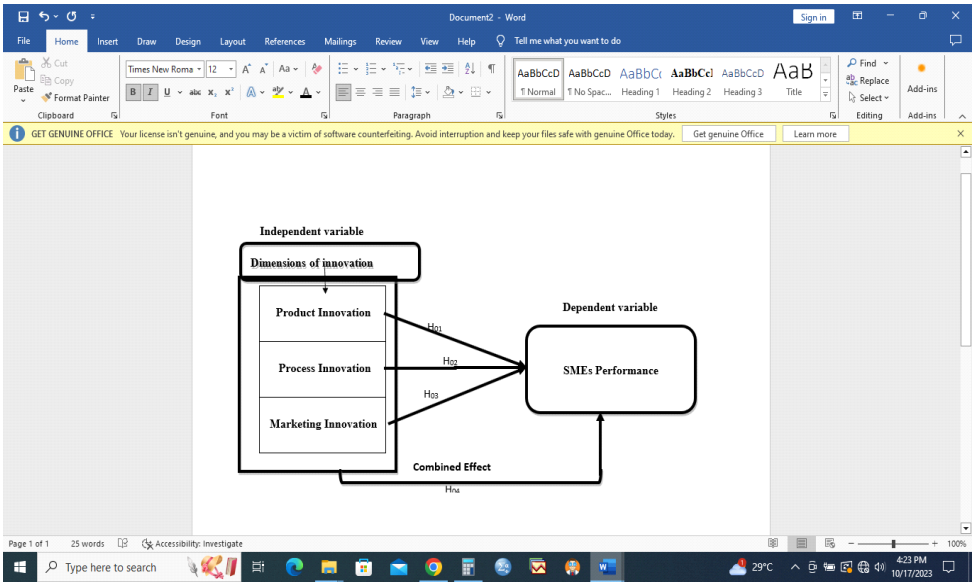

Figure 1: Conceptual Model of Organizational Innovation and SMEs Performance
Source: Author's Conceptualization (2023)

Theoretical Framework

Schumpeter's Theory of Innovation

This study was underpinned by Joseph Schumpeter (1949). According to him, the business organization helps the process of development in an economy; entrepreneurs are the people who set up a business or businesses, taking on financial risks in the hope of profit. The Schumpeter state further added that innovation occurs when the entrepreneur introduces a new product or a new production system, opens a new market, discovers a new source of raw materials, or introduces a new organization into the industry. He further stated that entrepreneurship is about combining resources in a new way such as introducing new products, a new method of production, identifying a new source or source(s) of raw materials/inputs, and setting a new standard either in the market or the industry that alters the equilibrium in the economic system.

Innovation is something of a catch-all term. It is sometimes differentiated from invention (defined by Schumpeter as the first discovery of new products or processes) but may be used interchangeably with technological change to describe the steps required to get a new product to market (Mwaka & Karugu, 2023) It may refer to a new product itself, to a stage in a product's lifecycle, or to an iterative process of invention and application that links technical, societal, and political change. Innovation may be classified as incremental, radical or disruptive depending upon whether it originates within, or outside, the mainstream, and whether it renders an incumbent technology (or process) obsolete.

Innovation theory is not rooted in a single discipline or school of thought (Bassis & Armellini, 2018). Rather, conceptual strands are drawn from a variety of academic disciplines and research areas including the economics of increasing returns; behavioral economics; business school analysis of competitive advantage; analysis of national systems; and socio-

technical regimes. Christopher (2023) notes that creativity as well as innovation is the key factor in any business's effectiveness and efficiency. However, Schumpeter viewed innovation along with knowledge as the main catalysts of a successful business. Creativity is necessary if an enterprise is determined to break even in a stiff competitive market.

Related Studies on Organization Innovation and Performance of SMEs

Stephen (2019) examined the impact of innovation types on SMES performance in the cape coast metropolis of Ghana using an equation model for 307 respondents. He found that product, process, organization, and marketing innovation positively impact SMEs' performance, but organizational innovation has the most considerable effect size.

Samuel et al. (2019) examined innovation and marketing performance or SME in an emerging economy using cross-sectional survey data collected from 437 SME service firms. The partial least square structural equation modeling along with the not strap procedure was adopted. Findings revealed that innovations stand as an important tool for SMEs' performance in the economy.

Olaniran et al. (2016) Examined the role of innovation on the performance of firms on the Nigeria Stock Exchange using 176 firms listed in the Nigeria Stock Exchange with financial Stock reform as of 2014. Mean standard deviation and pooled random and fixed regression was used. They concluded that innovation impacted negatively on the return of assets and reform of equity of the SMEs.

Abiodun et al. (2017) examined the impact of innovation in Nigeria's SMEs, the types, and the impact. The survey method was employed. Findings revealed that both product and process does not significantly determine the performance of the firm. However, incremental innovation was found to be very important for Nigerian SMEs and a significant predictor of product quality and not revenue.

Nguyen et al. (2019) assessed the impact of innovation on the firm's performance and corporate social responsibility of Vietnamese manufacturing firms' stakeholders' theory from 2011 to 2013. The research findings suggest that process and product innovation are beneficial to firm performance in terms of market share, but not return on total assets. They concluded that investment in innovation activities requires time to make positive changes potentially but it may help in with winning customers loyalty.

Methodology

This study conducted survey research to collect data from 230 Small and Medium-sized Enterprises (SMEs) in Ilorin Metropolis, using a convenient sampling technique. To collect data from respondents, a structured questionnaire with a five-point Likert scale was used. The survey is divided into two sections: A, which includes biographical information, and B, which includes questions about the study's topic. Cronbach's Alpha was used to validate the reliability of the variables utilized in the study. The data was analyzed using both descriptive and inferential statistics.

Model Specification

Y= f (x)

Y= Dependent variable

X= Independent variable

$Y= f (x_1, x_2)$

Y= SMEs Performance (SMEsPF)

X_1= Product Innovation (PDI)

X_2= Process Innovation (PRI)

X_3= Marketing Innovation (MKi)

Econometrically using a multiple regression model, we have;

$Y= a_1 + \beta x_1 + \beta x_2 + \beta x_3 + \varepsilon_{it}$..... (1)

$SMEsPF = a_1 + \beta (PDI) + \beta(PRI) + \beta(MKI) + \varepsilon_{it}$..... (2)

Results and Discussion

This section shows the outcomes of data analysis and interpretation of findings from a study that posed four research questions and four hypotheses. To assess the hypotheses inferential statistics (correlation and regression analyses) were used. The report was broken into three sections, each focused on a different demographic variable, hypothesis testing and discussion. The 200 questionnaires returned form the SMEs in Ilorin metropolis, represents an 87% response rate and was analyze as follows.

Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of Respondents (*n* = 200)

Characteristics	Classification	Frequency	Percentage
Gender	Male	93	46.5
	Female	107	54.5
Marital status	Single	100	50.0
	Married	194	47.0
	Divorced	6	3.0
Age (Years)	20-29	50	25.0
	30-39	56	28.0
	40-49	51	25.5
	50-59	30	15.0
	60 and above	13	6.5
Years of Business	Less than 5	95	47.5
	6-10	45	22.5
	11-15	25	12.5
	16-20	20	10.0
	Above 20	15	7.5

Source: Author's Computation (2023)

Test of Hypotheses

Hypothesis One

H_{01}: There is no relationship between product innovation and the performance of SMEs in Ilorin Metropolis

Table 2: Correlation analysis of product innovation and performance of SMEs

Variable	Mean	Std. Dev.	N	R	P	Remark
Product Innovation	4.538947	.6035876	200	.344**	.000	Significant
SMEs Performance	4.543590	.5439446				

Source: Author's Computation (2023)

It is shown in the above table 2 that there is a significant relationship between Product Innovation and performance of SMEs (r = .344**, N= 200, P < .01). The results also demonstrate that the mean value of 4.538947 for Product Innovation and 4.543590 for SMEs' performance falls within the minimum and maximum values, as well as having a low standard deviation of 0.6035876 and 0.5439446, respectively. However, the correlation table result reveals that correlation is significant at the 0.01 level with a 2 test. Because P = 0.01 this result indicates P0.01. As a result, it is substantial at 5%. As a result of the findings, we conclude that there is a considerable association between Product Innovation and SME performance. As a result, it is possible to conclude that Product Innovation influences the performance of SMEs in the study.

Hypothesis Two

H_{02}: There is no relationship between process innovation and the performance of SMEs in Ilorin Metropolis

Table 2: Correlation analysis of process innovation and performance of SMEs

Variable	Mean	Std. Dev.	N	R	P	Remark
Process Innovation	4.555947	.6045876	200	.354**	.000	Significant
SMEs Performance	4.543590	.5439446				

Source: Author's Computation (2023)

It is shown in the above table 3 that there is a significant relationship between Process Innovation and performance of SMEs (r = .354**, N= 200, P < .01). The results also demonstrate that the mean value of 4.555947 for Process Innovation and 4.543590 for SMEs' performance falls within the minimum and maximum values, as well as having a low standard deviation of 0.6045876 and 0.5439446, respectively. However, the correlation

table result reveals that correlation is significant at the 0.01 level with a 2 test. Because P = 0.01 this result indicates P0.01. As a result, it is substantial at 5%. As a result of the findings, we infer that there is a substantial association between Process Innovation and SMEs' performance. As a result, it is possible to conclude that Process Innovation influences the performance of SMEs in the study.

Hypothesis Three

H_{03}: There is no relationship between marketing innovation and the performance of SMEs in Ilorin Metropolis

Table 3: Correlation analysis of marketing innovation and performance of SMEs

Variable	Mean	Std. Dev.	N	R	P	Remark
Marketing Innovation SMEs Performance	4.538445 4.543590	.6035996 .5439446	200	.359**	.000	Significant

Source: Author's Computation (2023)

It is shown in the above table3 that there is a significant relationship between Marketing Innovation and performance of SMEs (r = .354**, N= 200, P < .01). The results also demonstrate that the mean value of 4.538445 for Marketing Innovation and 4.543590 for SMEs' performance falls within the minimum and maximum values, as well as a low standard deviation of.6035996 and 0.5439446, respectively. However, the correlation table result reveals that correlation is significant at the 0.01 level with a 2 test. Because P = 0.01 this result indicates P0.01. As a result, it is substantial at 5%. As a result of the findings, we conclude that there is a substantial association between Marketing Innovation and SME performance. As a result, it is possible to conclude that Marketing Innovation influences the performance of SMEs in the study.

Hypothesis Four

H_{04}: Product innovation, process innovation and marketing innovation does not have a combined effect on performance of SMEs in Ilorin Metropolis

Table 4: Regression analysis of organization innovations variables and SMEs performance

Variables	F-Ratio	Sig of P	R	R^2	Adj R^2	B	t	P
Product innovation	9.421	.000	.543	.295	.264	.205	3.036	.002
Process innovation						.351	2.834	.004
Marketing innovation						.292	4.435	.005

Source: Author's Computation (2023)

The table above demonstrated that the linear relationship between product innovation, process innovation, and marketing innovation and SMEs' performance was considerable. F = 9.421, R =.543, R2 =.295 Adj. R2 =.264, P =.01). The independent/predictor variables accounted for approximately 29.5% of the variation in SMEs' performance. The proportional contributions and levels of significance of the independent variables are as follows: product innovation (β=.205, P.01), process innovation (β=.351, P.01), and marketing innovation (β=.292, P.01). All independent variables (product innovation, process innovation, and marketing innovation) can be concluded to jointly and separately predict the performance of SMEs.

Discussions of Findings

This study examines the impact of organizational innovation on the performance of small and medium enterprises in Ilorin metropolis, highlighting the growing importance of innovation in SMEs to cope with competition dynamics post COVID-19. The result of the findings is discussed, based on the objectives, as follows;

Objective one was set to determine the relationship between product innovation and the performance of SMEs in Ilorin Metropolis. The result show that there is a significant relationship between product innovation and performance of SMEs in Ilorin Metropolis. This is in line with (Rosa & Marcos, 2023) that value capture innovation and value proposition innovation have substantial effect on the competitive advantage of SMEs and concluded that that SMEs need to possess innovation capabilities so as to enhance reasonable position in the competitive business environment.

Objective two aim to evaluate the relationship between process innovation and the performance of SMEs in Ilorin Metropolis. The findings reveal that there is a significant relationship between process innovation and performance of SMEs in Ilorin Metropolis. Hence, it could be deduced that market anticipation influence performance of SMEs in the study, this is in consonance with (Rosa & Marcos, 2023) that found a positive significant relationship between market innovation and the performance of SMEs. Just like the study of (Denlertchaikul et al.,2022) that the effects of product innovation, marketing innovation and organizational innovation are statistically significant among these SMEs

Objective three tries to assess the relationship between marketing innovation and the performance of SMEs in Ilorin Metropolis. The result further shows that the mean value of 4.600000 for marketing innovation and 4.543590 for performance of SMEs falls within the minimum and maximum values. Hence, it is concluded that there is a significant relationship between marketing innovation and performance of SMEs.

Objective five aims to ascertain the combined effect of organizational innovation variables on the performance of SMEs in Ilorin Metropolis. The finding reveals that Product innovation, process innovation and marketing innovation will jointly and independently predict performance of SMEs.

Conclusion

The study investigates the impact of organizational innovation on the performance of small and medium-sized businesses in Ilorin metropolis. It focuses on determining the relationship between product innovation, process innovation, marketing innovation, and the combined effect of organizational innovation variables. The findings confirm the importance of innovation in explaining variations in firm performance and inform SMEs and policymakers that it is a critical factor in entrepreneurial activities, especially in the post-COVID-19 era. However, the real impact of innovation management should be assessed by firms, considering the cost-benefit ratio and the risk associated with high costs and resource constraints. organisation has focused on employee motivations and reward system to improve employee morale and commitment towards innovations which continues to create a competitive advantage. SMEs has adopted the use of new technology and new system of operations that has increased effectiveness and efficiency in service delivery and general improvement of the organization.

Recommendation

Based on the finding the researcher recommended the need for further nationwide research on organizational innovation and SMEs Performance with the aim of capturing everyday geographies of businesses to inform future programs and policies that aims to address business activities within the business sector, and the law maker should conduct a monitoring and evaluation on SMEs to further inform policy and facilitates addressing the gaps in the small business sector in Ilorin metropolis. Therefore, through the collection of information, M&E will help in making the right decision and judging the worth of an organizational innovation before implementation which will further act as a guideline for other businesses.

Suggestion for Further Study

Future research should concentrate on the decision-making process for implementing innovation in organizations in terms of SMEs performance. This study makes no distinction between internal (in-house) and external (exogenous) sources of organizational innovation. Future research should look into the influence of these many sources of innovation, which may affect SMEs differently. This is an intriguing topic to investigate because it is uncertain if the SMEs under inquiry used internal or external resources to manage innovation. In other words, how SMEs innovate in terms of product, process, and market should be investigated so that other SMEs can incorporate the knowledge into their decision-making process for innovation. Both sources of invention have advantages and downsides and may provide different results. Additional research could strengthen the framework by examining differences between industries.

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