

Exploring the Role of Innovation on Economic Performance of Manufacturing Firm in Nigeria



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ABSTRACT: The survival of any business in the current competitive state of industries worldwide directly affects its competitiveness, which is linked with innovativeness in the previous literature. Despite its significance, numerous manufacturing firms face challenges such as limited technological progress, insufficient R&D efforts, and a strategic management shortage that encourages creativity and innovation. As a result, this study aims to explore the role of the resultant influence of innovativeness on the economic performance of manufacturing firms in Southwest Nigeria. The study was anchored on the Resource-Based View (RBV) theory. A descriptive research design was adopted for the study. The study's population comprised all the manufacturing firms in Southwest Nigeria, totalling 10,807. The study sample consisted of three hundred eighty-five (385) respondents using Yamane's (1973) sample size formula. A multi-stage sampling technique was adopted in the study. The data collected were analysed using descriptive and inferential statistics. It was found that the introduction of new internal processes has a significant effect on the increase in revenue of manufacturing businesses (R-value=0.563; $P<0.05$). Also, the introduction of new or substantially improved products or services has a significant impact on the enhancement of the productivity of manufacturing businesses (R-value of 0.327; $P<0.05$). Lastly, introducing new internal processes significantly influences the increase in the market share of manufacturing businesses (R-value=0.481; $P<0.05$). It was concluded that innovativeness plays a crucial role in internal processes and product offerings in driving the growth and competitive edge of manufacturing enterprises in the region. Consequently, promoting an environment that encourages continuous improvement and innovation is essential for sustained economic success and market leadership in the manufacturing sector of Southwest Nigeria. Therefore, manufacturers should be more proactive in introducing new products and services; they should always embark on product research and produce new and innovative products and services to promote their business productivity and performance.

KEYWORDS: Innovativeness, Economic Performance, Market Share, Productivity, Revenue

INTRODUCTION

The survival of any business in the current competitive state of industries worldwide directly affects its competitiveness, which is linked with innovativeness (Alam et al., 2024; Ladele & Yusuf, 2019). This has been proven by Aldrich and Martinez (2021) that the disruptive nature of Industry 4.0 has forced companies out of their comfort zones to adopt or modify their old ways of doing things. However, with the help of digital technologies (Oyenuga et al., 2023), businesses' entrepreneurial orientation has increased through digital devices that have gotten a deep root in our day-to-day activities (Nduji et al., 2023; Coriat & Weinstein, 2022). For example, new products and services are being introduced into the markets, firms engage in re-branding and packaging to ensure they maintain their feet, if not improve in the market (Ibrahim et al., 2020). This implies that innovativeness is the ability of a firm to adopt or create new methods of operation; it is the act of introducing new products or services into the business to improve its customers' value delivery services. Indeed, it may not be out of place to point out that failure of any firm to innovate might lead to loss of customers cum market share, reduction in the profit and the long run, face extinction in the industry (Ibrahim et al., 2020). Meanwhile, the manufacturing industry in Nigeria is of paramount importance to the nation's economy as it contributed 30.78% to Nigeria's gross domestic product (GDP) in 2022, but it encounters substantial obstacles that affect its

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performance and long-term viability (Olowookere, et al., 2016; Oladimeji & Akinwale, 2020,). Although the significance of innovation in promoting competitiveness and growth is widely acknowledged, numerous manufacturing firms face challenges such as limited technological progress, insufficient research and development (R&D) efforts, and a shortage of strategic management that encourages creativity and innovation (Oyewole & Fashina, 2015). Therefore, it is crucial to comprehend these firms' present level of innovativeness, recognise the challenges they encounter, and investigate the possible remedies that might improve their ability to innovate towards economic performance.

Meanwhile, a firm's economic performance is directly related to its financial performance, which can be measured in terms of its return on investment (ROI), return on asset (ROA), profitability, productivity, sales turnover, and others. This means the higher the indicator's index, the higher the economic performance and vice versa (Solomon et al., 2024,). Unfortunately, Nigeria's current financial situation, which is nothing compared to its counterpart countries (Oladimeji & Akinwale, 2020; Solomon et al., 2024; Oyenuga & Omale, 2024), has prompted this study. Despite the emergence of digital technology (Oyedele et al., 2024), the local industries, expected to have assisted in their operations, seem not to be thriving as the nation's economy is struggling, and the nation's currency, the Naira (₦), has been battling for its feet against the US Dollars (USD), linked to a higher import rate than the export, indicating a low gross domestic product (GDP) (Solomon et al., 2024).

However, in Southwest Nigeria, precisely, the firms' economic performance is variable and often falls short of its maximum potential, mostly because of the insufficient incorporation of new methods (Kareem & Adeoye, 2019). This shows that a vacuum in the previous studies on how creative activities, such as developing new products, improving processes, and implementing organisational innovations, contribute to economic performance remain unabated in Southwest Nigeria. To fill this essential gap, the present study will analyse the external and internal elements that impact the innovativeness of these firms in terms of (the introduction of new internal processes, the introduction of new or substantially improved products or services) and economic performance indicators of (revenue generation, productivity and market share). Therefore, the following research questions will be answered to address these important gaps in the previous studies:

1. To what extent does introducing new internal processes influence the revenue generation of manufacturing businesses in Southwest Nigeria?
2. To what extent does introducing new or substantially improved products or services influence the Productivity of manufacturing businesses in Southwest Nigeria?
3. To what extent does introducing new internal processes influence the market share of manufacturing businesses in Southwest Nigeria?

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Background of Southwest Nigeria

The South-West geopolitical zone of Nigeria is made up of six (6) states, namely, Ondo, Osun, Oyo, Ekiti, Lagos and Ogun States with one hundred and thirty-seven (137) Local Government Areas (LGAs). Ondo state has eighteen (18) LGAs, Osun state with thirty (30) LGAs, Oyo has thirty-three (33) LGAs, Ekiti state with sixteen (16) LGAs, Lagos state with twenty (20) LGAs and Ogun state with twenty (20) LGAs respectively. The population of the entire region according to the 2006 population census is about thirty-eight (38) million people. Apart from agriculture as the mainstay of economic activities for the majority in the rural communities, the zone is also known for its commerce and trading activities with a preponderance of micro, small and medium indigenous industries that are into manufacturing, fabrication and agro-allied produce. Agriculture thrives very well in the area because the zone is endowed with fertile land. The main food crops grown in the zone include yam, cassava, cocoyam and maize while the cash crops include, rubber, cocoa, banana and various types of fruits. The zone is blessed with solid minerals and natural resources in rich deposits such as granite, crude oil, sandstone, lignite, kaoline, clay, coal, tin, etc. The zone has a high potential to attract investments in the following areas: i. Agro-allied industries (cocoa, Cassava starch and flour; yam as well as fruits and vegetable canning); Textiles (Cotton Socks, Fishing nets and Mosquito nets); iii. Industrial Minerals/Quarrying (Glass industry, Tableware, Aggregate plant including stone crushing plants); iv. Plastics Industry (Plastics manufacture, Bottles, flasks, cans, tubes and bags tiles); and v. Chemical Industry (Polyethylene, Explosives, Self-Adhesive Tape, Pulp and paper).

Innovativeness Conceptualisation

The concept of innovation has been widely debated in the academic literature as a unique motivating factor for competition among the business class and adopting innovativeness as a means of business distinction and a necessity for survival (Oyenuga et al., 2019; Rubera & Kirca, 2012; Figueroa & Conceição, 2020,). This is in line with Schumpeter's (1942) theory of development, which states that innovation brings about creative destruction in the economy, leading to monopoly until other businesses that imitate them can develop better innovation, and that continuous innovation process births the market leadership. It was based

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on this that more previous studies have reported firm innovativeness to several factors: the innovation funnel, stage-gate, and product innovation (Tang, 1998, p. 300); broader models (Coriat & Weinstein, 2022; Hobday, 2015) while Terziovski and Morgan's (2016) model for the biomedical industry or Figueroa and Conceição's (2020) system at 3M, are tailored to specific sectors or companies. This suggests that managing firm innovation is very risky due to the complexity and interrelatedness of the enterprise's internal and external resources.

To bolster the above illustration, Adegboye et al., (2023) describe innovativeness as introducing new products or services, improved production methods, navigation of new markets, new means of getting supplies, and overall restructuring of the business system. This definition aligns with many other scholars who aired their views on the description of innovativeness (Crossan & Apaydin, 2019). They believe that innovation is the act of an organisation making an effort to adopt new ideas to make a profit successfully. This involves conceiving, absorbing and leveraging on the value added. Tidd et al, (2018) further clarified innovativeness as a process and outcome, identifying three premises: process versus product, radical versus incremental, and technical versus managerial. These scholars based their arguments on propounding the "4Ps". According to Tidd et al. (2018), product innovativeness relates to novel/original or reformed products/services; changes in the method of producing these goods and services are known as process innovation; alteration of the framework on which the products are presented to the market is the position innovation while paradigm innovation involves shifts in the basic ideas that guides the operation of the business.

Antecedently, Rothwell (1994) proposed a generational categorisation of innovation management models comprising five distinct phases. The initial phase, from the mid-1950s to the mid-1960s, labelled the Technology Push era, characterised innovation management systems based on straightforward linear processes stemming from R&D. Subsequently, during the Market Pull phase, from the mid-1960s to the early 1970s, linear processes also prevailed, but they typically originated from market demands directing R&D endeavours. The third phase, emerging in the late 1970s, centred on coupling models integrating sequential innovation processes incorporating feedback and alignment between marketing and R&D. The fourth phase, prominent in the 1980s, featured integrated innovation systems characterised by parallel and coordinated development teams and robust collaboration with external stakeholders. Finally, the fifth phase, commencing in the 1990s, introduced the concept of integrated innovation networks, leveraging information technology to comprehensively integrate all involved parties, with clients assuming particular significance.

Innovativeness Dimensions

Prior literature has shown that adopting new internal processes for innovative techniques within an organisation is premised on enhancing efficiency, productivity, quality, or other performance indicators such as market share (Adebayo et al., 2023). For example, a study by Windrum and Goni (2018) shows that they effectively implemented new internal processes, showcasing exemplary methods, encountered difficulties, and attained results. This implies that effective adoption of new internal processes can result in expanded productivity, reduced expenses, improved product/service quality, and increased alignment with strategic objectives (Adebayo et al., 2023).

Similarly, the introduction of new or substantially improved products or services pertains to the creation and launch of goods or services that are either completely novel or much improved in terms of functionality, performance, or user experience (Eze & Nwosu, 2021; Bello et al., 2022). Balogun and Adeola (2022) affirmed this and adopted proxies such as market research, consumer feedback, and strategic planning to substantially improve products/services. This implies that introducing new products/services may result in higher market share and more revenue, among other economic performance indicators.

Economic Performance of Manufacturing Firms

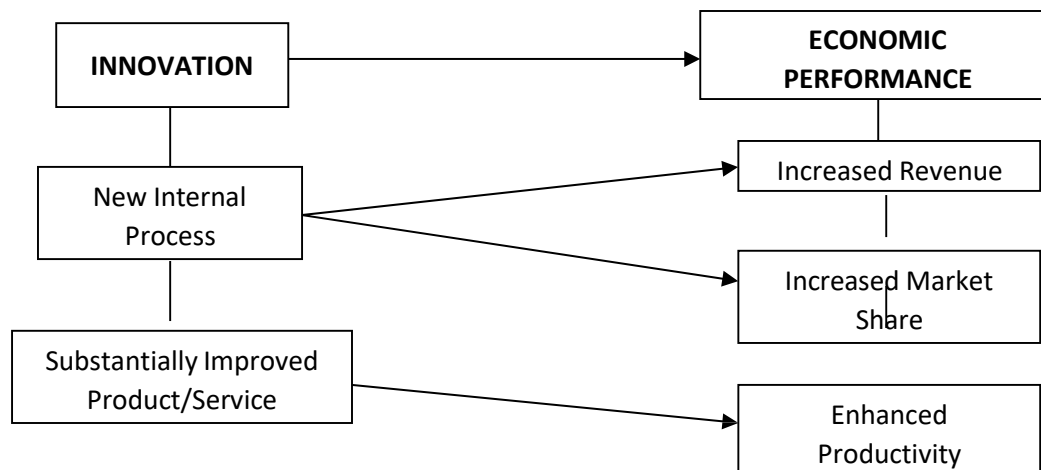
The performance of a business can be described as the output or outcome of the enterprise's activities over a while. Kaplan and Norton (1992) in their report argued that the achievement of an enterprise's objective can be used to determine the performance of an enterprise based on their financial and non-financial indicators. Karim (2018) believed in the importance of measuring an enterprise's performance to measure its business success. Aldrich and Matinez (2021) also stated that a company's performance is one of the superior measurements indicating an enterprise's financial and non-financial success. Ajayi et al., (2023); Oyenuga et al., (2023) and Omale et al (2023) defined performance as comparing an institution or enterprise's pre-stated objective or expected output against the actual result or output. Aldrich and Matinez (2021) also stated that a company's performance is one of the superior measurements indicating an enterprise's financial and non-financial success. Fadeyi and Adeyemi (2021) defined performance as comparing an institution or enterprise's pre-stated objective or expected output against the actual result or output.

Also, Sousa & Rocha (2019) see an enterprise's management process to manage its resources to achieve its pre-stated objectives as performance. These resources are material, financial, and human resources, among others (Oyetunde et al., 2023; Oyenuga & Labiyi, 2024). Murphy et al., (1996) asserted that market share, growth, profitability, size/liquidity and efficiency are

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ways of measuring business performance. However, many studies have been found to have investigated studies that are close to this current study. Still, it was found that they were inadequate because some have either examined firm innovativeness against performance generally on business and not on the manufacturing concern (Kennerley & Neely, 2013). Some examined firm innovation in small businesses without using the study's specific variables, such as introducing new internal processes and substantially improved products or services (Jimoh & Musa, 2020).

Conceptual Framework



Source: Authors' Conceptualisation, 2024

Theoretical Framing

Resource-Based View, Barney, 2001

To achieve the study's objective, it adopts the Resource-Based View (RBV) theory. This theory believes that a firm's ability to innovate and operate economically is influenced by its distinctive resources and capabilities, which are essential for gaining and maintaining a competitive edge (Barney, 2001). This is the reason why the theory highlights that firms with valuable, uncommon, inimitable, and non-substitutable (VRIN) resources may create and execute novel strategies that are difficult for rivals to imitate by emphasising internal strengths (Madu & Okafor, 2018). Based on this, firms can take advantage of market possibilities more successfully to set up special resources, which enhances their performance.

Furthermore, the theory contends that long-term financial success depends on smartly managing these internal and external resources. This was proven by D'Alvino and Hidalgo (2012) that RBV-driven innovation is not just about having resources but also about using them and incorporating them into business operations. With this development, the dynamic capabilities can be established via efficient administration and development of these resources, allowing firms to adjust to changing market circumstances and hold onto their competitive advantage over time (Onyekach & Nwankwo, 2024). However, this theory has been proven effective because it emphasises how crucial strategic vision and internal resource development are to long-term financial success for firms' innovativeness.

The current study's objective is to explore the ability of firms to invent a new internal process that may lead to increased revenue coupled with increased market share and understand how the introduction of substantially improved product/service would increase the organisation's overall productivity therefore, resourced-based view theory would underpin the study going by the theory's assumptions.

Hypotheses Development

Previous studies have worked on the innovativeness of the firms and how it influences their economic and non-economic performance (Jimoh & Musa, 2020; Kareem & Adeoye, 2019; Solomon, et. al, 2024). For example, Jimoh and Musa (2020) utilised a quantitative approach collected from 150 manufacturing firms across various states, employing regression analysis to establish the relationship between innovation and economic performance in Nigerian manufacturing firms. It was found that innovation significantly improves economic performance in Nigerian manufacturing firms. Another similar survey of 200 SMEs in the manufacturing sector by Kareem & Adeoye (2019) on innovative capacity and firm performance reported that innovative capacity, defined as the ability to develop new products and processes, is crucial for the performance of SMEs in Nigeria. The study found a strong correlation between innovative capacity and overall firm performance, including profitability and market share.

Furthermore, Oluwadare and Adebisi (2018) on innovation and economic performance of manufacturing SMEs was based on secondary data from the Nigerian Bureau of Statistics and primary data from a survey of 180 firms. It was reported that

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productivity gains from innovation activities directly enhance economic performance.

Solomon, et. al (2024) in their R&D and economic performance of manufacturing firms. Gathered data from 120 manufacturing firms through questionnaires and financial records. The study found that firms with higher R&D spending had better financial outcomes and market competitiveness.

Adegboye et al. (2023, p. 120) also empirically analysed the innovativeness and economic performance of manufacturing firms in Southwest Nigeria. A cross-sectional design was used, with data collected from 130 manufacturing firms. The study emphasised the role of technological innovation and human capital in enhancing firm performance. A similar study of a mixed-method approach was conducted on the impact of innovation on economic growth in the Nigerian manufacturing sector by Adebayo et al. (2023). The study found that both technological and non-technological innovations contribute to sectoral growth.

Although the reviewed studies collectively underscore the crucial role of innovation in enhancing economic performance, there are some consistent results; for example, there is a consistent finding that innovation, in various forms (product, process, R&D, technological), positively impacts economic performance and growth. Also, most studies employ robust statistical methods, including regression analysis and structural equation modelling, to validate their findings but most of these studies have not delved into both the external and internal elements that impact the innovativeness of these firms in terms of (the introduction of new internal processes, the introduction of new or substantially improved products or services) and economic performance indicators of (revenue generation, productivity and market share); hence, this gap justifies the present study; thus, the following hypotheses are formulated in null forms to guide the study's findings:

H₀₁: Introduction of new internal processes has no significant effect on the increase in revenue of manufacturing businesses in Southwest Nigeria

H₀₂: Introduction of new or substantially improved products or services has no significant impact on the enhancement of the productivity of manufacturing businesses in Southwest Nigeria

H₀₃: The introduction of new internal processes has no significant influence on the increase in the market share of manufacturing businesses in Southwest Nigeria

METHODOLOGY

A descriptive (survey) research design was adopted for the study to gain an accurate snapshot of current conditions, attitudes, or behaviours within a specific population (Saunders, Lewis & Thornhill, 2016). The study population comprised all the manufacturing businesses in Southwest Nigeria, totalling 10,807 (National Survey of SMEDAN, 2022). The study sample consisted of four hundred (400) Managing Director/Chief Executive Officers (MD/ CEO) as the respondents using Taro Yamane's (1973) sample size formula, and subsequently, a multi-stage sampling technique was adopted in the study. The first stage involved using a simple random sampling technique to select three (3) out of the region's six (6) states. The selected states were Ekiti, Ondo and Osun States to ensure respondents with similar business characteristics were employed. A purposive sampling technique was used in the second stage to select two (2) most business-concentrated local government areas of the states, the third stage involved the use of a proportional stratified random sampling technique to select one hundred and three (103) respondents from Ekiti State, one hundred and sixty-one (161) were selected from Ondo State, and one hundred and thirty-six (136) from Osun State, while the last stage entails the adoption of snowballing sampling technique to select the respondents (Yamane, 1973). A questionnaire tagged 'Firm Innovativeness and Economic Performance of Manufacturing Businesses (FIMBP) using a five-point Likert scale structured (Strongly disagree (1) to Strongly agreed (5)). The instrument was subjected to face and content validity by some experts in the Entrepreneurial Studies Department. The instrument's reliability was estimated at 0.78 using Chronbach's Alpha reliability method. The data collected for this study were analysed using descriptive and inferential statistics; the hypotheses were tested using regression analysis at a 0.05 level of significance.

RESULTS AND DISCUSSION

This section presents the results obtained from the field across Southwest, Nigeria. The questionnaire was printed in excess to achieve the study's target. As a result, the returned copies of the questionnaire after cleaning and mining were 385, based on this study's analysis.

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Table 1: Respondents' Demographic Data

Demographic Data	Count	Frequency
Gender		
Female	252	58.3
Male	133	42.7
Age		
Within 30	82	19.0
31 – 40	195	45.1
41 – 50	97	22.5
51 and above	11	2.5
Marital Status		
Single	61	14.1
Married	316	73.1
Separated/Divorced/ Widowed	8	1.9
Education		
Bachelor's category	24	5.6
Bachelor with Master category	276	63.9
Bachelor, Master, and PhD category	64	14.8
Others (please specify).....	21	4.9
Experience		
Within 5	53	12.3
6 – 10	272	63.0
11 – 15	32	7.4
16 and above	28	6.5
Total	385	100

Table 1 presents the demographic information concerning the respondents' gender, it shows that 58.3% were female while 42.7% were male counterparts. Similarly, the respondents' age shows that most were within the age range of 31-40 with a 45.1% response rate, followed by 41-50 years with 22.5%, and those within 30 years with 19%. Further to this, the majority of the respondents were married with 73.1%, while 14.1% were single and 1.9% were separated. Their education proved that the majority had Bachelor's degrees with 63.9%, 14.8% had master's degrees and 5.6% had a low educational level. The table further reveals that most of them have a sector's experience. This justifies that respondents are good enough to comprehend the questionnaire's content and provide relevant information to achieve the study's objectives.

Descriptive Analysis

Table 2: The extent to which the introduction of new internal processes influences the revenue generation of manufacturing businesses in Southwest Nigeria

S/N	Items	SA	A	D	SD
1	An increase in the number of skilled employees involved in my business production process has affected the profit margin	192(49.9%)	97(25.2%)	0(0%)	96(24.9%)
2	The introduction of modern technology in my business operations has attracted more customers for me	193(50.1%)	48(12.5%)	96(24.9%)	48(12.5%)

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3	Improvement in the quality of raw materials use has helped my business to have more output in production	238(62.6%)	96(24.9%)	48(12.5%)	0(0.0%)
4	Changes in regulatory requirements or industry standards have helped my businesses win more market segments	96(24.9%)	193(50.1%)	48(12.5%)	48(12.5%)
5	Global trends in manufacturing practices, such as Industry 4.0 initiatives or sustainable manufacturing practices, have assisted my business in retaining customer loyalty	145(37.7%)	144(37.4%)	48(12.5%)	48(12.5%)

Source: Fieldwork (2024)

Table 2 revealed that 192(49.9%) of the respondents strongly agreed that the increase in the number of skilled employees involved in the production process has affected their profit margin, 193(50.1%) of the respondents strongly agreed that the introduction of modern technology in their business operations has attracted more customers for them, 238(62.6%) of the respondents strongly agreed that improvement in the quality of raw materials they use has helped their business to have more output in production. In comparison, 193(50.1%) of the respondents agreed that changes in regulatory requirements or industry standards have helped their businesses win more market segments. In addition, 145(37.7%) of the respondents strongly agreed that global trends in manufacturing practices, such as Industry 4.0 initiatives or sustainable manufacturing practices, have assisted their business to retain customer's loyalty. This indicates that introducing new internal processes influences manufacturing businesses' revenue generation in Southwest Nigeria.

Table 3: Extent to which the introduction of new or substantially improved products or services influences the productivity of manufacturing businesses in Southwest Nigeria

S/N	Items	SA	A	D	SD
1	Improvement in the quality of my products has enhanced increase in my production output	193(50.1%)	96(24.9%)	48(12.5%)	48(12.5%)
2	The introduction of new branding to my products has helped to increase my product's market demand	187(48.6%)	98(25.5%)	50(13.0%)	50(13.0%)
3	The introduction of a new product or service has fostered an increase in the size of my workstation	97(25.2%)	191(49.6%)	48(12.5%)	49(12.7%)
4	The addition of new production sizes to my product has helped to increase my customer retention rate	193(50.1%)	96(24.9%)	48(12.5%)	48(12.5%)
5	Improvement in the value delivery of my product has assisted me to have a larger input/output ratio	97(25.2%)	144(37.4%)	96(24.9%)	48(12.5%)

Source: Fieldwork (2024)

Table 3 revealed that 193(50.1%) of the respondents strongly agreed that improvement in the quality of their products has enhanced the increase in their production output, 187(48.6%) of the respondents strongly agreed that the introduction of new branding to their products has helped them to increase their product's market demand, 191(49.6%) of the respondents agreed that the introduction of a new product or service has fostered an increase in the size of their workstation, 193(50.1%) of the respondents strongly agreed that the addition of new production sizes to their product has helped to increase their customer retention rate. In comparison, 144(37.4%) of the respondents agreed that improved value delivery of their product has assisted them to have a larger input/output ratio. This depicts that introducing new or substantially improved products or services influences manufacturing businesses' productivity in Southwest Nigeria.

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Table 4: Extent to which the introduction of new internal processes influences the market share of manufacturing businesses in Southwest, Nigeria

S/N	Items	SA	A	D	SD
1	Improvement in the quality of my raw materials has enhanced increased sales turnover of my business	197(52.1%)	92(20.9%)	44(12.5%)	48(12.5%)
2	Increased rate of standard checks during production has helped to increase my product's market segment	180(48.6%)	105(25.5%)	57(13.0%)	43(13.0%)
3	The introduction of new production equipment has fostered an increase in customer's loyalty	92(25.2%)	196(49.6%)	49(12.5%)	48(12.7%)
4	The addition of new production sizes to my product has helped to increase my customer retention rate	190(50.1%)	99(24.9%)	50(12.5%)	46(12.5%)
5	Improvement in the value delivery of my product has assisted me in increasing customer's referral rate	95(25.2%)	146(37.4%)	99(24.9%)	45(12.5%)

Table 4 revealed that 197(52.1.9%) of the respondents strongly agreed that improvement in the quality of my raw materials has enhanced increase the sales turnover of their business, 180(48.6%) of the respondents strongly agreed that increased rate of standard checks during production has helped to increase their product's market segment, 92(25.2%) of the respondents strongly agreed that introduction of new production equipment has fostered an increase in their customer's loyalty, 190(50.1%) of the respondents agreed that addition of new production sizes to their product has helped to increase their customer's retention rate also, 95(25.2%) of the respondents strongly agreed that improvement in value delivery of their product had assisted them to have increasing customer referral rate. This indicates that introducing new internal processes influences the market share of manufacturing businesses in Southwest Nigeria.

Test of Hypotheses

H01: Introduction of new internal processes has no significant effect on the increase in revenue of manufacturing businesses in Southwest Nigeria

Table 5: Contributions of the introduction of new internal processes on the increase in revenue of manufacturing businesses in Southwest Nigeria

Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.563	.316	.732	.682

a. Predictors: (Constant), introduction of new internal processes

b. Dependent Variable: increase in revenue of manufacturing businesses in Southwest, Nigeria

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ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	222.142	1	23.623	38.237	.0000
	Residual	128.838	1,025	.368		
	Total	351.311	1,026			

a. Dependent Variable: increase in revenue of manufacturing businesses in Southwest, Nigeria

b. Predictors: (Constant), introduction of new internal processes

Source: Field Survey (2024)

Table 5 presents the R-value of 0.563, representing an association between the observed value and the predicted value of the dependent variable, which gives 56%. This shows a high level of relationship between introducing new internal processes and increasing manufacturing businesses' revenue. The R^2 value, which indicates the coefficient of determination from the model is 0.316, indicating that the increase in revenue of manufacturing businesses stimulated 31.6%. The F-statistic value from the analysis was 38.237 with a p-value of 0.000, less than the alpha value of 0.05. This implies that the introduction of new internal processes has a significant effect on the increase in revenue of manufacturing businesses in Southwest Nigeria.

Hypothesis Two

H₀₂: Introduction of new or substantially improved products or services has no significant impact on the enhancement of the productivity of manufacturing businesses in Southwest Nigeria

Table 6: Contributions of the introduction of new or substantially improved products or services on the productivity of manufacturing businesses in Southwest Nigeria

Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of The Estimate
1	.327	.451	.327	.824

a. Predictors: (Constant), substantially improved product or services

b. Dependent Variable: enhancement of Productivity of manufacturing businesses in Southwest, Nigeria

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	127.473	1	15.303	65.101	.0001
	Residual	268.488	1,025	.314		
	Total	441.311	1,026			

a. Dependent Variable: enhancement of Productivity of manufacturing businesses in Southwest, Nigeria

b. Predictors: (Constant), substantially improved product or services

Source: Field Survey (2024)

Table 6 presents the R-value of 0.327, representing an association between the observed value and the dependent variable's predicted value, which gives 33%. This shows a high level of relationship between introducing new or substantially improved products or services and enhancing the productivity of manufacturing businesses. The R^2 value, which indicates the coefficient of determination from the model, is 0.451, indicating that the increase in revenue of manufacturing businesses

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stimulated 45.1%. The F-statistic value from the analysis was 65.101 with a p-value of 0.001, less than the alpha value of 0.05. This implies that the introduction of new or substantially improved products or services has a significant impact on the enhancement of the productivity of manufacturing businesses in Southwest Nigeria.

Hypothesis Three

H03: The introduction of new internal processes has no significant influence on the increase in the market share of manufacturing businesses in Southwest Nigeria

Table 7: Contributions of the introduction of new internal processes and the increase in the market share of manufacturing businesses in Southwest, Nigeria

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.481	.569	.354	.355

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	213.261	1	3.812	20.747	.001
	Residual	218.834	1,025	.277		
	Total	432.095	1,026			

a. Predictors: (Constant), the introduction of new internal processes

b. Dependent Variable: increase in market share of manufacturing businesses in Southwest Nigeria

Source: Field Survey (2024)

Table 7 presents the R-value of 0.481, representing an association between the observed value and the predicted value of the dependent variable, which is 48%. This shows a high level of relationship between introducing new internal processes and the increase in the market share of manufacturing businesses. The R^2 value, which indicates the coefficient of determination from the model is 0.569, indicating that the increase in revenue of manufacturing businesses stimulated 57%. The F-statistic value from the analysis was 20.747 with a p-value of 0.001, less than the alpha value of 0.05. This implies that introducing new internal processes significantly influences the increase in the market share of manufacturing businesses in Southwest Nigeria.

DISCUSSION OF FINDINGS

The first hypothesis found an R-value of 0.563 and an R^2 value of 0.316 with a p-value of 0.000. This implies that introducing new internal processes significantly affects the increase in revenue of manufacturing businesses in Southwest Nigeria. This finding aligns with Jimoh and Musa (2020), who found that innovation significantly improves economic performance in Nigerian manufacturing firms. The second hypothesis found an R-value of 0.327 and an R^2 value of 0.451 with a p-value of 0.001. This implies that the introduction of new or substantially improved products or services has a significant impact on the enhancement of the productivity of manufacturing businesses in Southwest Nigeria. This finding supports Kareem and Adeoye (2019), who found a strong correlation between innovative capacity and overall firm performance, including profitability and market share. The final hypothesis found an R-value of 0.481 and an R^2 value of 0.569 with a p-value of 0.001. This implies that introducing new internal processes has no significant influence on the increase in the market share of manufacturing businesses in Southwest Nigeria. This finding also supports the findings of Adegboye et al. (2023,) and Oyedele et al. (2024), who found that both technological and non-technological innovations contribute to sectoral growth.

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CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study, it was concluded that firm innovativeness significantly influences the performance of manufacturing businesses in Southwest Nigeria. The findings indicate that introducing new internal processes significantly correlates with increased revenue and market share for manufacturing businesses in Southwest Nigeria. Additionally, introducing new or substantially improved products or services is significantly associated with enhanced productivity in these businesses. These results underscore the critical role of innovation in internal processes and product offerings in driving the growth and competitive edge of manufacturing enterprises in the region. Consequently, promoting an environment that encourages continuous improvement and innovation is essential for sustained economic success and market leadership in the manufacturing sector of Southwest Nigeria. It was recommended, based on the findings of the study, that:

- i. Manufacturers should be more proactive by allocating more funds to the R&D department of the organisation with the view to introducing new products and services; they should always embark on product research and produce new and innovative products and services to promote their business productivity and performance;
- ii. Manufacturers should strive to modify their operation methods and processes and adopt modern and innovative operation modules to boost their revenue, market share, and business performance.
- iii. Manufacturers should allocate resources to R&D to facilitate the creation of new or substantially improved products and services, essential for enhancing productivity and meeting market demands.

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