

Innovative Capabilities And Performance Of Selected Small And Medium Scale Enterprise(Smes) In Ogun State, Nigeria: The Covid-19 Experience

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ABSTRACT

This paper investigated the effect of innovative capabilities on performance of selected SMEs in Ogun State, Nigeria. The study focused majorly on effect of Covid-19 on the performance of SMEs in Ogun state, Nigeria. The study adopted a survey research design. The total population of the study is two thousand, four hundred and twenty-five (2425) personnel of the selected SMEs in Ogun state, Nigeria. A sample size of 446 was determined using Taro Yamane formula. A well-structured and adapted questionnaire was used to collect data from the respondents. The data collected were analyzed using multiple regression analysis. Findings revealed that there was positive and significant effect of innovative capabilities on performance of SMEs in Ogun state, Nigeria ($df = 5, 598$) = 63.692, $p < 0.05$). Therefore, if SMEs' managers and/or owners want to significantly improve their level of business performance in the Covid-19 era, they must make the modifications or improvements to their products or services that their clients and final consumers demand by synchronizing the organizational culture of innovation with SMEs' general strategies.

Keywords: Covid-19 Era, Innovative Capabilities, Performance, SMEs.

(Abioye, Ogunniyi&Olagunju, 2021). The fast spread of the COVID-19 virus has resulted in a global health disaster. Aside from the human effect, there are significant economic, financial, and commercial consequences all over the world. Viruses have no boundaries, therefore their effects will continue to spread (KPMG, 2020). According to a survey performed by KPMG (2020), 94 percent of global and local firms in Nigeria have been impacted by COVID-19 and are already experiencing interruptions. There are 41, 543, 028 Micro, Small, and Medium Enterprises (MSMEs) in Nigeria, accounting for 99.8%, 0.17 percent, and 0.004 percent, respectively, with Lagos, Osun, and Oyo being the top three states with the most SMEs (NBS, 2017). Small and medium-sized companies (SMEs) account for 48 percent of national GDP, 96 percent of businesses, and 84 percent of employment (Abioye, Ogunniyi&Olagunju, 2021). Micro-enterprises are small businesses with less than 10 employees and have less than 5 million Naira in assets excluding lands and buildings.

However, since the world is presently being devastated by the COVID-19 epidemic, countries are wrestling with ways to stop the disease from spreading and limiting its impact within their borders (Obiakor, 2020). To combat the virus' spread, the government has implemented a variety of measures, including the shutdown of airports, schools, markets, and places of worship, among others. The Federal Government of Nigeria began the closure on March 30, 2020, with the Federal Capital Territory, Lagos, and Ogun States receiving the first share of the COVID-19 cases in the country (Presidential Task Force on COVID-19, 2020). While necessary, these closures are having a severe impact on all industries and parts of the country (Obiakor, 2020). Micro and small businesses experienced a larger decline in business

I. INTRODUCTION

The coronavirus outbreak is wreaking havoc on human health, causing thousands of people to lose their jobs, and wreaking havoc on the global economy (Craven, Liu, Mysore & Wilson, 2020). As of September 2020, confirmed cases of Covid-19, a new coronavirus initially detected in December 2019 in the Chinese province of Hubei and designated a pandemic by the WHO in March 2020, totaled over 28 million worldwide, 1, 344, 403 in Africa, and 55,829 in Nigeria

activity compared to medium and large firms (Lakuma, Sunday, Sserunjogi, Kahunde & Munyambonera, 2020). This may be because a number of the micro and small businesses in the country stopped operations for a while due to their helplessness to undertake preventive health measures like ensuring physical distancing, providing sanitizers, water, and soap for customers' use. (Lakuma et al., 2020).

However, the effect of Covid-19 in the business sector in Nigeria has made innovative capabilities a necessary tool capable of providing an edge to SMEs for increased sales growth and dominant market share. Furthermore, SMEs must explore innovation in order to remain competitive in today's modern world (Teece, 2007). In this environment, innovation is seen as vital to creating long-term competitive advantages and, as a result, solid success (Mbizi, Hove, Thondhlana, & Kakava, 2013). Williams and Hare (2013) suggest that the key determinant of SMEs to gain competitive advantage is the ability of SMEs to develop unique products, and their flexibility in adopting new technologies. It implies that SMEs should get involved in innovation by developing their innovative capabilities swiftly in order to gain competitive advantage in the Covid-19 era. Innovative firms are more flexible and can respond to change more quickly; they go the extra mile when it comes to creating new opportunities and exploiting existing ones (Naranjo-Valencia, Jiménez-Jiménez, & Sanz-Valle, 2016).

Nigeria is naturally endowed with entrepreneurship prospects, but SMEs' failure to embrace creative skills as a method of increasing performance has hampered their capacity to realize the full potential of these opportunities. Some of the goals of establishing SMEs in Nigeria are to support economic growth, create jobs, and generally improve the standard of living of the country's citizens; however, it has been documented that 70% of SMEs fail in their first three years of operation in Nigeria (Akingbolu, 2014) and are unable to achieve these objectives. Seth, Ganaie and Zafar (2020) opined that impact of the COVID-19 pandemic will have a likely severe impact on small and medium scale enterprise. The channels and to what extent it will be is not clear and not evidence in the literature. Therefore, it is necessary to investigate whether innovative capacities of these SMEs will enhance their performance in the Covid-19 era. Also, Segal and Gerstel, (2020) forecasted in their study and suggested that there will be a deceleration of economic growth starting from March 2020

onwards without a precise ending date and some countries entering a recession.

Similarly, Williams and Hare (2013) suggest that the key determinant of SMEs to gain competitive advantage is the ability of SMEs to develop unique products, and their flexibility in adopting new technologies. However, SMEs in Nigeria have not fully integrated innovation to enhance their performance (Ugwu & Akpojaro, 2015). While addressing this research gap, the study objectively analyzes existing information and scientific discoveries in the context of Nigeria's SMEs sector. As a result, this article was written to fill a need in the market and pave the way for new knowledge frontiers. Thus, this paper investigated the effect of innovative capabilities on performance of selected SMEs in Ogun State, Nigeria. The study focused majorly on effect of Covid-19 on the performance of SMEs in Ogun state, Nigeria.

II. LITERATURE REVIEW

Innovative Capabilities

According to Botsiou, Koutsou and Dagdilelis (2014), innovation is an applied use of knowledge in the production and marketing of new or improved products, processes and services that find immediate productive, utilitarian and commercial application. Innovation is also viewed as a multi-dimensional concept which includes various dimensions like product-process, market-organizational, incremental-radical; and technological-non technological innovations (Rajapathirana & Hui, 2017). Any shift in a production process can be viewed as an innovation. The antonym of innovation is archaism and routine, and that is why innovation is facing fierce resistance (Botsiou, Koutsou, & Dagdilelis, 2014). In addition, for Tidd and Bessant (2015), to talk about innovation is essentially to talk about change. Another interesting concept is presented by Perez, Popadiuk and Cesar (2017) which combines innovation with sustainable technologies, able to make a product or service which has a better performance than those already in the market, leading consumers to seek this differentiator.

Dynamic capabilities, as the concept that tries to explain sources of sustainable competitive advantage in terms of turbulent environment, although widely mentioned in strategic management literature, still remains not enough empirically tested (Talaja, 2013). Empirical studies of dynamic capabilities have mostly addressed firm- or industry-specific processes relevant to dynamic capabilities. Also, the largest part of research has been based on case studies. One of the basic elements of dynamic capabilities, innovative

capability is analysed and empirically tested. Innovative capability, through strategic innovative orientation, enables new products and markets development (Talaja, 2013). Capability of innovation is the most important for enterprises since it allows them to reply effectively and efficiently to both the needs of the market and the fluctuations of the business environment (Wadell, 2010).

Therefore, the capability that the enterprises have to generate and manage innovation activities is acknowledged in the current literature not only as one of the best business strategies but also the main core to obtain better results (Hilman&Kaliappen, 2015). Thus, innovation can be considered as a fundamental capability for every organisation, especially SMEs, which require an efficient and effective use of their existing resources as well as the different abilities of all their staff to add more value to their products (Maldonado-Guzmn, Garza-Reye, Pinzn-Castro & Kumar, 2018).

Performance

Performance is the outcome achieved in meeting the internal and external goals of a firm (Lin, Peng, & Kao, 2008) and serves as an indicator which measures how well they have achieved their objectives. Performance is a broad concept and its meaning changes in accordance with user's perspective and needs (Kabuoh, Ogbuanu&Chieze, 2016). As a multi-dimensional construct, performance has several names, including growth (Dobbs & Hamilton, 2006), survival, success and competitiveness. A firm's performance is complex and it is characterized by the firm's ability to create acceptable outcomes and actions (Koh&Petrovic, 2015). Performance is related to the ability of the firm to gain profit and growth in order to achieve its general strategic objectives. It is also seen to be effective if it attains its sales or market share goals which depends on efficiency and makes use of its resources to attain its set goals (Adeleke, Ogundele&Oyenuga, 2008). In addition, a firm's performance is dependent upon the resources and capabilities it has as a source of sustainable competitive advantages in the market (Uchegbulam, Akinyele,&Ibidunni, 2015). Adeoye and Elegunde (2012) view performance as real output as against expected output which they categorized into financial performance, product market performance and shareholders return.

Overview of SMEs in Nigeria

Nigeria is a developing country in sub Saharan Africa where SMEs account for 60 to 70 per cent in terms of employment according to Abeh (2017). He stated these SMEs currently represent

about 90 percent of the industrial sector in terms of number of enterprises. It is also noted that in Nigeria, SMEs cover the entire range of economic activity within all sectors (SMEDAN, 2013). A study conducted by the International Finance Corporation (IFC) in 2001, estimated that 96 per cent of all businesses in Nigeria are SMEs compared to 53 per cent in USA, 65 per cent in the EU (European Union) with SMEs in both places accounting for over 50 per cent of their respective country's Gross Domestic Product (GDP). Small and Medium Enterprises (SMEs) are important to any host economy, this was also confirmed by Nwokoma, Idoko and Eberé (2013), in their statement that Small and Medium Enterprises (SMEs) account for over 90% of business outfits in Nigeria with about a half of output and export shares of the country. Government involvement in small business development in Nigeria dates back to the late 1950s when the Nigerian Industrial Development Bank (NIBD) was established with the aim of assisting potential entrepreneurs to get involved in agriculture, exploration of natural resources, commerce and industrial production (Ayozie, Oboreh, Umukoro,&Ayozie, 2013). Successive administrations have adopted various policy measures aimed at stimulating, sustaining and supporting entrepreneurship development in small and medium enterprises.

Theoretical Framework

This study was anchored on dynamic capability theory and the Schumpeter's theory of innovation which satisfactorily dealt with the subject matter as regard innovative capabilities and SMEs performance. According to Teece, Pisano, and Shuen (1997), dynamic capability refers to company's ability to integrate, build and transform internal and external competencies. Eisenhardt and Martin (2000) define dynamic capabilities as business processes that use resources specifically the processes of integration, restructuring, acquisition and release resources - to adapt or create market changes. Wang and Ahmed (2007) identify three major components of dynamic capabilities that are common to all companies: adaptive, absorptive and innovative capability. Innovative capability which is the primarily focus of this study refers to the ability of new products and markets development. Innovative capability as one of the most important components of dynamic capabilities, because they support a company's ability to integrate, transform, renew and rebuild their competences and resources. From presented definitions it can be seen that innovative capability consists of several dimensions. Prior research has mainly investigated different combinations of

innovative capability dimensions (Capon et al., 1992; Miller & Friesen, 1983). Results of these studies emphasize the importance of innovative capabilities for firm's evolution and survival, especially with respect to dynamic environment attributed to the effect of Covid-19 on SMEs operation. In this study multidimensional construct of innovative capability is examined, and its connection to company's performance is empirically tested.

The theory of entrepreneurship innovation was propounded by Joseph Schumpeter (1939) who considered entrepreneurship as the catalyst that disrupts the stationary circular flow of the economy and thereby initiates and sustains the process of development. Schumpeter's theory posits that innovation in business is the major reason for increased investments and business fluctuations. Schumpeter (1949) defines entrepreneurship as a creative activity. An innovator who brings new products or services into economy is given the status of an entrepreneur. According to Schumpeter's theory, entrepreneurs accelerate the process of development in an economy. They are the people who are innovative, creative, and with foresight in their given industries. This theory is relevant and applicable to this particular research work that seeks to encourage innovation adoption amongst SMEs in Ogun State, Nigeria. Schumpeter also argued that anyone seeking profits must innovate. He believed that innovation is considered as an essential driver of competitiveness therefore, SMEs seeking to improve performance in their firms will find this theory of utmost importance.

Empirical Review and Hypothesis Development

Olise, Anigbogu, Edoko and Okoli (2014) in their study on the determinants of ICT adoption for improved SME's performance in Anambra State, Nigeria provided empirical evidence on levels of awareness and adoption patterns of ICT facilities among SMEs. The study looked at factors influencing ICT adoption in the SME sector; and also assessed the impact of ICT adoption on SMEs' performance. The simple percentage, mean, standard deviation, t-test statistics, and regression analysis were used to conduct the various analysis of this study. Findings revealed that there is significant difference in the levels of awareness and adoption patterns of ICT facilities among SMEs. Capital Base, Turn over, and asset value of the businesses investigated have significant influence on ICT adoption. With respect to SMEs output performance, SMEs owners' capital input, marital status and business experience of the owners of the SMEs have a positive and significant relationship with their output performance. The study generally

revealed that the adoption of ICT facilities by SMEs has a significant positive influence organizational performance.

Ghobakhloo et al. (2012) analyzed reasons that persuade small and medium enterprises (SMEs) to adopt information technology (IT), as well as which factor and how it affects the level of IT sophistication in SMEs entrepreneurial segment. Drawing on the technology-organization-environment view of the firm, the study hypothesizes that technological, organizational and environmental factors can be viewed as the reasons for IT sophistication within SMEs. Findings showed that external pressure, information processing needs, IT-enabled innovativeness and performance and competitive pressure are the key drivers of IT sophistication within SMEs.

Kunc & Bhandari (2011) and Singh et al. (2013) have considered important to analyse and develop, in a more detailed form, the different capabilities that enterprises have in order to improve their performance in turbulent economic and business environments. For this reason, Teece et al. (1997) concluded that the capabilities of enterprises allow a better integration and adaptation of organisations to their external environment. Similarly, Eisenhardt & Martin (2000) consider that capabilities can be regarded as an essential factor to obtain better results in products innovation. In the academic business and management sciences literature it is easy to distinguish different innovation capabilities that both researchers and scholars have classified in different ways (Jiménez-Jiménez & Sanz-Valle, 2011; Kim, Kumar & Kumar, 2012). Therefore, some studies have only paid attention to the analysis of a specific innovation capability, for example, the innovation of processes (Abrunhosa & Moura, 2008), the innovation of products (Prajogo & Sohal, 2004), the innovation of products and processes and the innovation of marketing and management systems (Chang et al., 2012). In this case, Avermaete et al. (2003) concluded that innovation in products, processes, marketing and management systems are the main innovation capabilities and activities of any organization. Hence, based on the discussion presented above, it is possible to establish the following research hypothesis:

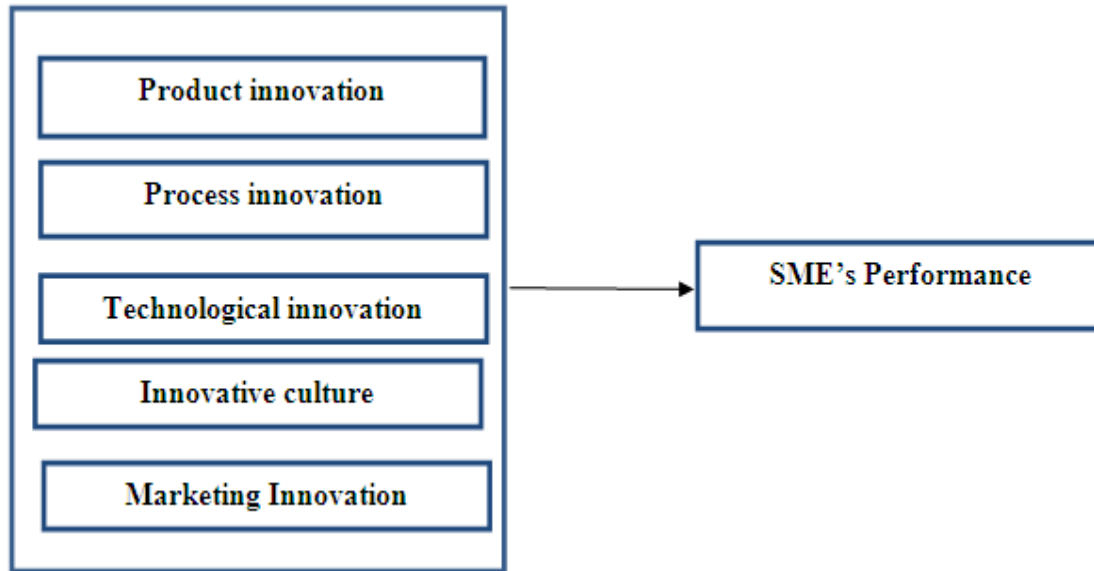
H₀: Innovative capabilities has no significant effect on performance of selected SMEs in Ogun State, Nigeria.

Conceptual Framework

The conceptual framework that was used in this research depicts the various variables under study. The study dependent variable was performance while independent variable was

innovative capabilities (product innovation, process innovation, technological innovation, innovative culture, marketing innovation). These variables led

to the conceptual framework of the study as illustrated in figure 1:



Source: Researcher's Model, (2021)

$$Y = f(x_1, x_2, x_3, x_4, x_5)$$

Where:

X = Independent Variable

Y = Dependent Variable

Y = SME's Performance

X = Innovative Capabilities

x₁ = Product innovation (PI)

x₂ = Process Innovation (PII)

x₃ = Technological innovation (TI)

x₄ = Innovative Culture (IC)

x₅ = Marketing Innovation (MI)

$$P = \beta_0 + \beta_1PI + \beta_2PII + \beta_3TI + \beta_4IC + \beta_5MI + e_i \dots\dots\dots (eq1)$$

III. METHODOLOGY

The design that was adopted for this study is the survey research design. It is a method of collecting information or data as reported by individuals. This type of research design is used to assess the thoughts, opinions and feelings of different groups of individual allowing them give more valid and honest feedbacks. The target population for this study are the management personnel as well as the supporting personnel working at the top and middle management level within the various SME firms in the Ota/Agbara Industrial Layout of Ogun State as this area has the

largest concentration of SMEs involved in activities across various industries from construction, production, manufacturing, agricultural and other sectors (SMEDAN, 2013). These SMEs are registered members of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and another reason for choosing these SMEs is because of their high rate of economic activities. Based on survey of the selected SMEs, the total estimated figure for the population arrived at is two thousand, four hundred and twenty-five (2425) personnel.

Table 1.1: Population Table of Personnel from Selected SMEs

S/N	Selected SMEs in Ota, Ogun State	Population
1	Fennikor Nig. Limited	464
2	Lombardy Plastic Limited	346
3	Pardee Food Limited	418
4	Abvee Industries Limited	473
5	Eagle Packaging Printing Limited	420
6	Zyaas Ventures	124
7	Moratadex Limited	180

Source: Research Data, 2021

The sample size derived for this study using Taro Yamane formula is four hundred and forty six (446) elements. However, the four hundred and forty six elements was chosen using stratified sampling technique and random sampling technique so as to increase the sampling precision for the study. A well-structured and adapted questionnaire was used to collect primary data, and this was found appropriate because the views of the respondents were obtained. The research instrument contains the items regarding the constructs of the subject matter; and this was based on a six-point Likert type scale (6 - Very High; 5 - High; 4 - Moderately High; 3 - Moderately Low; 2 - Low; 1 - Very Low). This modified scale increases the reliability of the responses and gained more effective result from the respondents. All the questions in the questionnaire are close ended. Inferential statistical technique was used to analyze the relationship between the variables using multiple regression analysis to evaluate the

adoption of innovation and the performance of SMEs.

IV. RESULTS AND DISCUSSIONS

A total of four hundred and forty-six (446) copies of the questionnaire were administered to respondents but a total of 344 copies are properly filled and retrieved representing 77% response rate.

Test of Hypothesis

H₀: Innovative capabilities has no significant effect on performance of selected SMEs in Ogun State, Nigeria.

To test the hypothesis, multiple regression analysis was used. Data for innovative capabilities components were created, while that of SMEs performance was created by adding responses of all items for the variable. The results are presented in Table 1.2.

Table 1.2: Regression Model Summary Results

Model	1
R	0.739
R square	0.546
Adjusted R square	0.539
Std. Error of the Estimate	1.80736

a. Predictors: (Constant), product innovation, process innovation, technological innovation, innovative culture, marketing innovation
Source: Researcher's Field Survey Result (2021)

Table 1.2 presents model summary of the regression analysis of innovative capabilities components and SMEs performance in Ogun State, Nigeria. The results for model summary revealed adjusted R-square of 0.546 which indicated that innovative capabilities components (product innovation, process innovation, technological

innovation, innovative culture, and marketing innovation) all jointly accounted 53.9 percent of the variation in SMEs performance in Ogun State, Nigeria. The remaining percentage (46.1%) can be explained by other factors that are not in the model. The results also show the coefficient of correlation R of 0.739 indicating the strength of relationship between the variables. This implies strong positive relationship between the innovative capabilities components and SMEs performance in Ogun State, Nigeria.

Table 1.3: ANOVA Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1326.876	5	265.375	81.240	0.000 ^b
	Residual	1104.098	338	3.267		
	Total	2430.974	343			
a. Dependent Variable: SME's Performance						
b. Predictors: (Constant), product innovation, process innovation, technological innovation, innovative culture, marketing innovation						

Source: Researcher's Field Survey Result (2021)

Table 1.3 shows ANOVA results of regression analysis on innovative capabilities components and SMEs performance in Ogun State, Nigeria. The ANOVA helps to assess the statistical significance of the overall regression models. The larger the ratio, the more the variance in the dependent variable is explained by the independent variables. The results showed that the F value is 81.240 with p value = 0.000 which was less than

conventional probability of 0.05 significance level. The results indicate that the overall model was statistically significant. Further, the results revealed product innovation, process innovation, technological innovation, innovative culture, marketing innovation are good predictors of SMEs performance in Ogun State, Nigeria. These findings confirm result of Pearson's correlation coefficient analysis.

Table 1.4: Regression Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.238	1.087		3.901	0.000
Product Innovation	0.126	0.031	0.206	4.013	0.000
Process Innovation	0.089	0.025	0.146	3.611	0.000
Technological innovation	0.106	0.042	0.120	2.545	0.011
Innovative culture	0.367	0.040	0.487	9.070	0.000

a. Dependent Variable: SME's Performance

Source: Researcher's Field Survey Result (2021)

Table 1.4 presents the Regression Coefficient Results on effect of innovative capabilities on performance of SMEs in Ogun state, Nigeria, where t ratio shows the acceptance region of the null hypothesis. If the T ratio is greater than + or - 1.96 then this implies a significant relationship between dependent and independent variable and then null hypothesis should be rejected. Alternatively, the p value can be used to test the acceptance of the null hypothesis and where the p value is less than 0.05 then we reject the null hypothesis otherwise we accept it. The B column (Unstandardized Coefficients) will be used to show the nature of the relationship and if it has a positive sign then there is a positive relationship if negative then there is a negative relationship. A multivariate regression model linked the independent variables to the dependent variable as follows:

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + e_i$$

Where: P= SME's Performance (P)

X = Independent Variable

Y = Dependent Variable

Y = SME's Performance

X = Innovative Capabilities

x₁ = Product innovation (PI)

x₂ = Process Innovation (PII)

x₃ = Technological innovation (TI)

x₄ = Innovative Culture (IC)

x₅ = Marketing Innovation (MI)

The resultant regression model was:

$$P = 4.238 + 0.126PI + 0.089PII + 0.106TI + 0.367IC$$

The results revealed that out of the five innovative capabilities components investigated in the model, marketing innovation was found to be statistically insignificant and so was removed from the model. According to the regression equation established, taking all innovative capabilities components (product innovation, process innovation, technological innovation, innovative culture, marketing innovation) into account constant at zero, SME's performance in Ogun state, Nigeria

will be 4.238. This implies that other factors can increase the SME's performance in Ogun, state but are not included in the model.

From the results, product innovation has a positive and significant effect on SME's performance in Ogun state, Nigeria ($\beta= 0.126$, $t=4.013$, $p<0.05$). This means that a unitary increase in product innovation will lead to increase in SME's performance by 0.126 units while holding other factors constant. The result also shows that process innovation has a positive and significant effect on SME's performance in Ogun state, Nigeria ($\beta= 0.089$, $t=3.611$, $p<0.05$). This implies that a unit change in process innovation will increase SME's performance in Ogun state, Nigeria by 0.089 units while holding other factors constant. Also, technological innovation has positive and significant effect on SME's performance in Ogun state, Nigeria ($\beta= 0.106$, $t=2.545$, $p<0.05$). This implies that a unit change in technological innovation increases SME's performance in Ogun state, Nigeria by 0.106 units while holding other factors constant.

The results also show that there was a positive and significant effect of innovative culture on SME's performance in Ogun state, Nigeria ($\beta= 0.367$, $t=9.070$, $p<0.05$). This implies that a unit change in innovative culture and adoption by SME's increases their performance by 0.367 units while holding other factors constant. The results infer that innovative capabilities components such as product innovation, process innovation, technological innovation and innovative culture contribute significantly to SME's performance in Ogun state, Nigeria. Based on the regression results, the null hypothesis (H_0) which states that innovative capabilities has no significant effect on performance of selected SMEs in Ogun State, Nigeria is hereby rejected.

The results of the multiple regression analysis of innovative capabilities and performance of selected SMEs in Ogun State, shows that each dimension of innovative capabilities has an effect on SME's performance in the Covid-19 era. This findings is in line with the findings of Abioye, Ogunniyi and Olagunju (2021) that partial lockdown positively and significantly influences the decision of the entrepreneurs to choose switching to online sales, picking a new product line and increase in marketing efficiency in most of the context. This show that SME's in Nigeria owing to the effect of Covid-19 are now considering innovation adoption as a major way of increasing performance and as well market survival. Also, several studies (Ogunniyi et al., 2018; Olagunju et al., 2019) have suggested that lack of required resources affects

innovation adoption, especially in developing countries. Therefore, in order to boost SME's performance, it is necessary for SME's to seek sustainable growth through innovation adoption in its operation.

V. CONCLUSION AND RECOMMENDATIONS

The study found out that innovative capabilities dimensions (product innovation, process innovation, technological innovation and innovative culture) had significant effect on performance of SME's in Ogun state, Nigeria. Therefore, if SMEs' managers and/or owners want to significantly improve their level of business performance in the Covid-19 era, they must make the modifications or improvements to their products or services that their clients and final consumers demand by synchronizing the organizational culture of innovation with SMEs' general strategies. At a time when there is an abundance of conceptual papers and opinion pieces on other aspects of the impact of COVID-19, but still scarce evidence on the impacts of the pandemic on Small and Medium Scale Enterprise, particularly in developing countries like Nigeria, this article contributes an important new empirical analysis of the pandemic's impacts on Small and Medium Scale Enterprise in Nigeria. One of the policy implications of our research is the need to address resources that might help to mitigate the impact of the pandemic on Nigeria's SME sector. The questionnaire was only sent to SMEs in Ogun State, Nigeria, which is a significant constraint. Future research might thus look at other Nigerian states or other developing countries to see whether the outcomes are comparable and do comparison studies.

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