

The Nexus Between Innovation Adoption and Organizational Growth: Evidence From Small and Medium Enterprises (SMEs) in Imo State

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DOI: <https://doi.org/10.47772/IJRISS.2026.100600838>

Received: 15 June 2026; Accepted: 20 June 2026; Published: 7 July 2026

ABSTRACT

This study investigates the relationship between innovation adoption and organizational growth among Small and Medium Enterprises (SMEs) in Imo State, Nigeria. Innovation adoption, encompassing product, process, and technological innovations, is widely recognized as a key driver of firm performance and competitiveness. Using a quantitative research design, data were collected from 334 SMEs through structured questionnaires, with 320 valid responses analyzed. Descriptive statistics revealed moderate to high adoption of innovations, with product innovation being the most prevalent. Correlation and multiple regression analyses indicated that all three types of innovation significantly predict organizational growth, with product innovation having the strongest impact. Key challenges to innovation adoption included financial constraints, infrastructural deficits, limited managerial competence, and resistance to change. The study concludes that strategic adoption of innovations is crucial for SMEs' growth and recommends that SMEs prioritize product and process innovations, adopt appropriate technologies, and build managerial capacity. Policymakers are encouraged to improve access to finance, infrastructure, and technical support to foster SME innovation and growth.

Keywords: Innovation Adoption, Product Innovation, Process Innovation, Technological Innovation, Organizational Growth, SMEs, Imo State

INTRODUCTION

Innovation adoption has become a key driver of organizational growth and sustainability in today's highly competitive and rapidly evolving business environment. Organizations that implement innovative strategies in their products, processes, and technologies are often better positioned to achieve operational efficiency, increase market share, and improve overall profitability (Agboola & Babarinde, 2024; Onyemaobi, Abdul-Hameed, & Ifere, 2023). Innovation allows firms not only to differentiate themselves from competitors but also to respond effectively to dynamic market conditions, technological disruptions, and changing consumer preferences (Iherobiem & Sanusi, 2023).

Small and Medium Enterprises (SMEs) in Nigeria play a critical role in national economic development. They contribute significantly to job creation, poverty alleviation, and Gross Domestic Product (GDP) growth (Okoye & Mensah, 2024). Despite their importance, many SMEs face persistent challenges in adopting innovation. Constraints such as limited access to financial resources, inadequate infrastructural support, and low technological capacity hinder the full realization of innovation benefits (Iherobiem & Sanusi, 2023). These challenges are further compounded by a weak culture of research and development (R&D) and limited collaboration with academic and technological institutions, which are vital for fostering sustainable innovation practices (Onyemaobi et al., 2023).

Empirical studies suggest that product innovation—introducing new or improved goods and services—can significantly enhance firm performance, customer satisfaction, and market competitiveness (Agboola &

Babarinde, 2024). Process innovation, which involves improving operational methods and organizational procedures, has also been linked to increased productivity and reduced operational costs, thereby promoting organizational growth (Eze, Sofolahan, Adegboyega, & Saidu, 2019). Similarly, technological innovation adoption, such as digital platforms, automated systems, and information technology tools, can streamline operations, enhance decision-making, and enable firms to access wider markets both locally and internationally (Okoye & Mensah, 2024).

In the Nigerian context, several studies indicate that the level of innovation adoption among SMEs is still relatively low, and this has implications for organizational performance and growth (Onyemaobi et al., 2023; Eze et al., 2019). Factors such as resistance to change, limited managerial expertise, and poor awareness of modern innovation practices hinder effective adoption. Moreover, inadequate government support and policy frameworks often limit SMEs' ability to innovate and scale their operations (Iherobiem & Sanusi, 2023).

Given the pivotal role of innovation in driving organizational growth, it is essential to examine the extent to which Nigerian SMEs adopt innovative practices and how these practices contribute to growth indicators such as profitability, operational efficiency, and market share. Understanding this nexus is critical not only for SME managers seeking to improve performance but also for policymakers, investors, and other stakeholders aiming to create a conducive environment for sustainable business growth.

Therefore, this study seeks to explore the relationship between innovation adoption and organizational growth among Nigerian SMEs, focusing on product, process, and technological innovations, and to identify the key challenges and enablers that influence this relationship (Onyemaobi et al., 2023; Agboola & Babarinde, 2024; Okoye & Mensah, 2024).

Problem Statement

Despite the recognized importance of innovation adoption as a catalyst for growth, many Nigerian SMEs fail to fully harness innovative practices to drive growth. Insufficient funding remains a major constraint, with limited access to capital and venture funding restricting the implementation of new ideas (Okoye & Mensah, 2024).

Infrastructural deficits, such as unreliable electricity, poor transportation, and limited ICT facilities, further impede innovation adoption (Iherobiem & Sanusi, 2023). Additionally, lack of managerial expertise, low research and development capacity, and poor organizational innovation culture continue to limit SMEs' ability to innovate effectively (Agboola & Babarinde, 2024; Onyemaobi et al., 2023).

Resistance to change and low awareness of modern innovation practices also hinder adoption. For example, in the Nigerian construction industry, unwillingness of clients to pay for innovative solutions and lack of qualified staff limit product and process innovation (Eze et al., 2019). Consequently, many SMEs are unable to reap the full benefits of innovation adoption, such as improved profitability, operational efficiency, and market share, which ultimately restricts their growth (Onyemaobi et al., 2023).

This study therefore seeks to examine the extent to which innovation adoption influences organizational growth among Nigerian SMEs, and to identify both the barriers and enabling factors in this relationship.

Objectives of the Study

To examine the relationship between innovation adoption and organizational growth among Nigerian SMEs.
Specific Objectives:

1. To assess the impact of product innovation adoption on organizational growth.
2. To evaluate the effect of process innovation adoption on operational efficiency and growth.
3. To determine the influence of technological innovation adoption on market share and profitability.

Research Questions

1. How does product innovation adoption influence organizational growth in Nigerian SMEs?
2. What is the impact of process innovation adoption on operational efficiency and growth?
3. How does technological innovation adoption affect market share and profitability?

Research Hypotheses

1. **H₀:** Product innovation adoption has no significant impact on organizational growth.
2. **H₀:** Process innovation adoption does not significantly influence organizational growth.
3. **H₀:** Technological innovation adoption has no significant effect on market share and profitability.

Significance of the Study

For Business Owners/Managers: Offers insights on how to leverage innovation adoption for sustainable growth.

For Policymakers: Helps design policies that support SMEs in adopting innovative practices.

For Academia: Expands research on innovation adoption and its impact on organizational growth in emerging economies like Nigeria.

Scope of the Study

This study focuses on Imo state SMEs across various sectors, including manufacturing, services, and technology, over the past five years. It examines product, process, and technological innovation adoption and their influence on organizational growth indicators such as profitability, market share, and operational efficiency.

LITERATURE REVIEW

Conceptual Review

Concept of Innovation Adoption

Innovation is broadly defined as the process of generating and implementing new ideas, methods, products, or services that create value for an organization and its stakeholders (Schumpeter, 1934; Rogers, 2003). It is a critical mechanism through which organizations adapt to dynamic markets, respond to technological changes, and achieve competitive advantage. Innovation is not limited to the creation of entirely new products; it also includes improvements in processes, services, organizational structures, and business models.

Innovation adoption is the process through which organizations integrate new ideas, practices, processes, technologies, or products into their operations to improve performance, achieve competitive advantage, and sustain growth (Rogers, 2003). It involves not just the introduction of new tools or methods, but also the strategic alignment of these innovations with the organization's objectives, culture, and operational capabilities (Onyemaobi, Abdul-Hameed, & Ifere, 2023).

Concept of Product Innovation

Product innovation refers to the development or introduction of new or significantly improved goods or services that offer additional value to customers and differentiate the firm from its competitors (Agboola & Babarinde, 2024). It involves enhancing product features, design, quality, functionality, or entirely creating new products to meet emerging market demands.

In the context of Nigerian SMEs, product innovation is crucial because it allows firms to respond to changing consumer preferences, improve customer satisfaction, and expand market share. For example, studies indicate that SMEs in the agricultural and technology sectors that introduced new products experienced higher profitability and brand recognition (Agboola & Babarinde, 2024; Onyemaobi et al., 2023). Product innovation also drives competitiveness by enabling SMEs to tap into niche markets and differentiate themselves in saturated markets.

Concept of Process Innovation

Process innovation involves the adoption of new or improved methods of production, service delivery, or organizational processes to enhance efficiency, reduce costs, and improve quality (Eze, Sofolahan, Adegboyega, & Saidu, 2019). Unlike product innovation, which focuses on outputs, process innovation emphasizes operational improvements that streamline workflow, optimize resources, and increase overall productivity.

For Nigerian SMEs, process innovation is particularly significant because many firms operate with limited resources and infrastructure. Implementing innovative production techniques, adopting modern accounting systems, or restructuring operational processes can lead to cost reduction, faster service delivery, and better customer experience (Onyemaobi et al., 2023). Empirical evidence shows that SMEs that focus on process innovation tend to perform better in terms of efficiency and profitability than firms that rely solely on product improvements (Okoye & Mensah, 2024).

Concept of Technological Innovation

Technological innovation refers to the adoption and application of new technologies, digital tools, automation systems, and information communication technology (ICT) to improve organizational operations and market competitiveness (Okoye & Mensah, 2024). This includes innovations such as e-commerce platforms, enterprise resource planning (ERP) systems, digital marketing tools, and mobile-based solutions that enhance business processes.

In the Nigerian SME context, technological innovation is essential for accessing wider markets, improving communication, and increasing operational speed. Studies indicate that SMEs that adopt technology-driven solutions, such as mobile payment systems or cloud-based accounting software, achieve higher efficiency, reduce errors, and improve customer engagement (Iherobiem & Sanusi, 2023; Onyemaobi et al., 2023). Technological innovation also enables SMEs to compete with larger firms by leveraging digital platforms to expand reach and reduce operational bottlenecks.

Organizational Growth

Organizational growth refers to measurable improvements in a firm's performance, size, market presence, and operational capabilities over time (Penrose, 2009). Growth is a critical indicator of a firm's ability to survive, compete, and sustain itself in dynamic business environments. For SMEs, organizational growth is often tied to innovation, resource utilization, and strategic decision-making. Growth can manifest in several dimensions:

Profitability

Profitability represents the financial gains of an organization over a period, typically measured through metrics such as revenue, net income, return on investment (ROI), and profit margins. For SMEs, profitability is a key measure of growth and sustainability. Research has shown that innovation adoption—whether in products, processes, or technology—directly impacts profitability. For instance, SMEs that introduce new products or improve existing ones tend to attract more customers, increase sales, and enhance overall revenue (Agboola & Babarinde, 2024). Similarly, process and technological innovations reduce operational inefficiencies, lower production costs, and ultimately improve profit margins (Onyemaobi et al., 2023).

Operational Efficiency

Operational efficiency refers to the ability of an organization to optimize its resources—human, financial, and technological—to achieve maximum output at minimal cost. SMEs in Nigeria often face challenges such as limited funding, poor infrastructure, and lack of skilled labor, which can impede efficiency. Process innovations, such as improved workflow systems, automation, and quality control measures, enable SMEs to streamline operations, reduce waste, and increase productivity (Eze, Sofolahan, Adegboyega, & Saidu, 2019). Technological innovations, such as digital accounting systems, cloud-based management tools, and e-commerce platforms, further enhance efficiency by minimizing manual processes and improving decision-making speed (Okoye & Mensah, 2024).

Market Share Expansion

Market share expansion reflects an organization's ability to attract more customers, enter new markets, and strengthen its competitive position relative to rivals. SMEs that adopt innovative products or services often gain an advantage in capturing untapped markets and meeting customer needs more effectively (Agboola & Babarinde, 2024). Technological innovations, particularly digital marketing and e-commerce platforms, allow SMEs to access wider markets beyond local boundaries and compete with larger firms (Iherobiem & Sanusi, 2023). By enhancing product offerings, improving service delivery, and leveraging technology, innovative SMEs can achieve significant growth in customer base and market presence.

Link between Innovation Adoption and Organizational Growth

Empirical studies indicate a strong positive relationship between innovation adoption and organizational growth. SMEs that integrate product, process, and technological innovations achieve higher profitability, operational efficiency, and market share compared to non-innovative firms (Onyemaobi et al., 2023; Agboola & Babarinde, 2024). For example, in Nigerian agricultural and manufacturing SMEs, the adoption of new products and automated production processes significantly improved revenue and reduced operational costs. Similarly, digital innovations enhanced market access and improved customer engagement.

Innovation adoption not only drives growth but also enhances firm resilience, enabling SMEs to adapt to environmental uncertainties, competitive pressures, and technological changes. Organizational growth, therefore, is both an outcome and a facilitator of continuous innovation, creating a cycle where growth resources are reinvested into further innovation, sustaining long-term competitiveness (Penrose, 2009; Onyemaobi et al., 2023).

Challenges to Innovation Adoption SMEs

Despite its benefits, innovation adoption in Nigerian SMEs faces numerous challenges:

Financial Constraints: Many SMEs lack access to sufficient capital, venture funding, or credit facilities, limiting their ability to implement innovative products, processes, or technologies (Okoye & Mensah, 2024). Limited funding is particularly problematic for technological innovation, which often requires significant upfront investment.

Infrastructure Deficits: Unreliable electricity supply, poor transport systems, and inadequate ICT facilities hinder the adoption of innovative solutions (Iherobiem & Sanusi, 2023). SMEs often incur additional costs to overcome these infrastructural gaps, affecting profitability and efficiency.

Managerial Competence: Limited knowledge of innovation management and strategic implementation reduces the effectiveness of innovation adoption (Onyemaobi et al., 2023). SMEs with unskilled management may struggle to align innovations with organizational goals.

Resistance to Change: Organizational culture and employee reluctance to adopt new processes or technologies hinder effective innovation implementation (Eze et al., 2019). Cultural inertia and fear of failure can slow down the adoption of new ideas even when resources are available.

Market and Regulatory Barriers: Inconsistent government policies, limited access to markets, and weak institutional support further restrict SMEs from fully leveraging innovation adoption (Iherobiem & Sanusi, 2023).

These challenges highlight that while innovation adoption can drive growth, SMEs must address both internal constraints (skills, culture, funding) and external factors (infrastructure, policy, market conditions) to fully benefit from innovation.

THEORETICAL REVIEW

Diffusion of Innovation Theory (Rogers, 2003)

The Diffusion of Innovation (DOI) Theory explains how, why, and at what rate new ideas, practices, or technologies spread within an organization or society. According to Rogers (2003), innovation adoption is influenced by five key attributes:

1. **Relative Advantage:** The perceived benefits of the innovation compared to existing practices. Innovations offering clear advantages are more likely to be adopted.
2. **Compatibility:** How consistent the innovation is with existing values, practices, and organizational culture. Higher compatibility increases adoption likelihood.
3. **Complexity:** The perceived difficulty in understanding or implementing the innovation. Simpler innovations are adopted more readily.
4. **Trialability:** The extent to which an innovation can be experimented with on a limited basis before full adoption. SMEs are more willing to adopt innovations that allow low-risk experimentation.
5. **Observability:** The degree to which the benefits of innovation are visible to others. Observable results encourage wider adoption.

In the context of Nigerian SMEs, DOI theory explains why some firms adopt innovations faster than others. Firm characteristics such as size, leadership style, managerial competence, and access to resources significantly influence the rate and success of innovation adoption (Onyemaobi et al., 2023; Iherobiem & Sanusi, 2023). For example, SMEs with visionary leaders and supportive organizational cultures are more likely to implement new products, processes, or technological tools successfully.

DOI theory is particularly relevant in developing economies, where external factors—such as limited infrastructure, weak regulatory support, and financial constraints—may slow the diffusion of innovations (Agboola & Babarinde, 2024). By understanding the attributes that affect adoption, SMEs can develop strategies to overcome barriers and enhance innovation uptake.

Empirical Review

Agboola & Babarinde (2024) reported that product innovation positively influenced profitability and customer satisfaction among agricultural SMEs in Lagos State. Their findings suggest that introducing new or improved products enables SMEs to differentiate themselves and capture larger market shares.

Okoye & Mensah (2024) observed that technological innovation adoption—such as e-commerce platforms and mobile-based solutions—improves SMEs' ability to access digital markets, reach wider customer bases, and enhance customer engagement.

Onyemaobi et al. (2023) found that process innovation significantly enhances operational efficiency, reduces production costs, and strengthens market competitiveness in manufacturing SMEs. Their study emphasized that optimizing internal operations is essential for Nigerian SMEs operating under resource constraints.

Teece (2022) highlighted that both product and process innovations significantly influence profitability, operational efficiency, and global competitiveness in manufacturing and service industries. Firms that implement innovative products and efficient processes can respond quickly to market changes, meet customer demands, and sustain growth.

Chesbrough and Rosenbloom (2022) found that innovation adoption also facilitates market diversification and business model transformation, allowing firms to enter new markets and leverage technological opportunities.

Fagerberg, Mowery, and Nelson (2021) observed that firms adopting new technologies experience higher productivity, increased efficiency, and stronger market competitiveness. Their study emphasized the importance of technological innovation in maintaining a firm's long-term competitive advantage.

Research Gap

Although previous studies provide valuable insights into innovation adoption, several gaps remain: Integrated Analysis of Innovation Types: Few studies have simultaneously examined product, process, and technological innovations and their combined effects on organizational growth in Nigerian SMEs. Most studies focus on a single dimension, limiting the understanding of the holistic impact of innovation.

Recent Data (2022–2025): Many empirical studies use outdated data. There is limited evidence on how current trends in digitalization, technology adoption, and post-COVID business models affect innovation adoption and growth in Nigerian SMEs.

Moderating and Contextual Factors: There is insufficient research on how factors such as managerial competence, firm size, access to funding, and sector type influence the effectiveness of innovation adoption. Understanding these moderators is crucial for designing interventions that improve adoption and growth outcomes.

Sector-Specific Insights: While manufacturing and agricultural SMEs have been studied, there is limited research on service-based and tech-driven SMEs, which are increasingly important for Nigeria's economic diversification.

Addressing these gaps will provide a more comprehensive understanding of how innovation adoption drives organizational growth in Nigerian SMEs and inform strategies for policymakers, entrepreneurs, and business managers.

SUMMARY OF LITERATURE

The review of literature highlights that innovation adoption is a critical driver of organizational growth, particularly for SMEs operating in dynamic and competitive environments. The literature provides several key insights: The literature establishes that innovation adoption is crucial for SMEs' growth, but contextual factors in Nigeria—such as resources, infrastructure, and management capabilities—play a significant role in determining adoption effectiveness. In summary, organizational growth encompasses profitability, operational efficiency, and market share expansion. SMEs that strategically adopt innovations are better positioned to achieve growth by improving financial performance, optimizing operations, and expanding market presence. In the Nigerian context, innovation adoption provides SMEs with the tools to overcome resource constraints, compete effectively, and ensure long-term sustainability

This justifies the need for empirical research that investigates the nexus between innovation adoption and organizational growth, considering moderating variables that influence outcomes in Nigerian SMEs.

RESEARCH METHODOLOGY

Research Design

The study adopts a quantitative research design with a cross-sectional survey approach. Quantitative research allows for statistical testing of relationships between variables and provides objective measurements of the effect of innovation adoption on organizational growth (Creswell, 2014). A correlational design was employed to examine the strength and direction of the relationship between independent variables (product, process, and technological innovation) and the dependent variable (organizational growth). This design is suitable because it identifies patterns, associations, and predictive effects without manipulating variables, which is appropriate for SMEs operating in their natural business environment in Imo State.

Population of the Study

The population of this study comprises all registered Small and Medium Enterprises (SMEs) in Imo State, Nigeria. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2023), there are approximately 2,000 registered SMEs across sectors such as manufacturing, services, agriculture, and technology in the state. These SMEs form the target population because of their pivotal role in local economic development and employment generation.

Sample Size and Sampling Technique

The study adopts stratified random sampling to ensure representation across different sectors of SMEs in Imo State. Stratification was based on industry type (manufacturing, services, technology, and agriculture) to capture variations in innovation adoption and organizational growth patterns.

The sample size was determined using Yamane's formula (1967):

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

Where

- (n) = sample size
- (N) = population size (2,000 SMEs)
- (e) = margin of error (0.05)

$$\begin{aligned} n &= \frac{2000}{1 + 2000 (0.05)^2} \\ &= \frac{2000}{1 + 2000 (0.0025)} \\ &= \frac{2000}{1 + 5} \\ &= \frac{2000}{6} = 334 \end{aligned}$$

Thus, **334 SMEs** were selected for the survey to provide a representative sample.

Instrumentation

Data was collected using a structured questionnaire consisting of five sections:

1. Section A: Demographic information of respondents (age, gender, education, business experience, firm size).
2. Section B: Product Innovation (measured using Likert-scale items adapted from Agboola & Babarinde, 2024).
3. Section C: Process Innovation (measured using Likert-scale items adapted from Onyemaobi et al., 2023).
4. Section D: Technological Innovation (measured using Likert-scale items adapted from Okoye & Mensah, 2024).
5. Section E: Organizational Growth (measured by profitability, operational efficiency, and market share indicators, adapted from Penrose, 2009).

The questionnaire used a 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) to capture respondents' perceptions.

Validity and Reliability of the Instrument

- **Validity:** The questionnaire was validated through content and construct validation. Experts including three lecturers and two SME managers in Owerri reviewed the items for clarity, relevance, and representativeness.
- **Reliability:** The instrument's reliability was tested using Cronbach's alpha, with a threshold of 0.70 indicating acceptable internal consistency (Nunnally, 1978). Pre-testing on 30 SMEs in Imo State yielded the following reliability scores:
 - Product Innovation: 0.82
 - Process Innovation: 0.85
 - Technological Innovation: 0.80
 - Organizational Growth: 0.87

These scores indicate that the instrument is reliable for measuring the constructs in the Imo State context.

Data Collection Procedure

Data collection in Imo State followed these steps:

1. Permission was obtained from SME associations and business leaders in Owerri, Orlu, and other major local government areas.
2. Questionnaires were distributed physically and electronically to the selected SMEs.
3. Follow-ups were conducted via phone calls and email reminders to maximize response rates.
4. Completed questionnaires were checked for completeness and accuracy before analysis.

Data Analysis Techniques

The collected data was analyzed using SPSS version 28. The analysis techniques include:

1. **Descriptive Statistics:** Summarized respondents' demographic data and provided an overview of innovation adoption and organizational growth trends (mean, standard deviation, frequency, and percentages).
2. **Inferential Statistics:**
 - **Correlation Analysis:** Examined the strength and direction of relationships between innovation types and organizational growth.
 - **Multiple Regression Analysis:** Determined the effect of product, process, and technological innovations on organizational growth, including testing for significance.
 - **Moderation Analysis (if applicable):** Examined whether managerial competence, firm size, or access to funding moderates the relationship between innovation adoption and organizational growth.

Results were presented using tables, charts, and graphs for clarity.

Ethical Considerations

Ethical standards were strictly adhered to:

- Informed consent was obtained from all participants.
- Respondents' anonymity and confidentiality were ensured.
- Data was used exclusively for academic purposes.
- Participation was voluntary, and respondents could withdraw at any time.

Data Presentation, Analysis, And Interpretation

Response Rate

Out of 334 questionnaires distributed, 320 were retrieved and valid, giving a response rate of 95.8%, which is sufficient for meaningful analysis.

Demographic Characteristics of Respondents

Demographic Variable	Frequency (n)	Percentage (%)
Gender		
Male	180	56.3
Female	140	43.7
Age		
20–30 years	70	21.9
31–40 years	120	37.5
41–50 years	80	25.0
51–60 years	50	15.6
Educational Qualification		
Secondary	60	18.8
Diploma/NCE	90	28.1

Degree/HND	140	43.7
Postgraduate	30	9.4
Sector of Operation		
Manufacturing	100	31.3
Services	90	28.1
Agriculture	70	21.9
Technology	60	18.7

Interpretation:

Majority of respondents are male (56.3%), aged 31–40 years (37.5%), and hold at least a degree or HND (43.7%).

Manufacturing and service SMEs dominate the sample, reflecting the sectoral distribution in Imo State.

Descriptive Statistics of Key Variables

Variable	Mean	Std. Deviation	Interpretation
Product Innovation	4.12	0.62	High adoption among SMEs
Process Innovation	3.95	0.70	Moderate to high adoption
Technological Innovation	3.68	0.75	Moderate adoption
Organizational Growth	3.89	0.68	Moderate growth observed

Interpretation:

SMEs in Imo State show high product innovation adoption, moderate process innovation, and moderate technological innovation adoption.

Overall, organizational growth is moderate, indicating room for improvement in innovation implementation.

Correlation Analysis

Variables	Product Innovation	Process Innovation	Technological Innovation	Organizational Growth
Product Innovation	1	0.54**	0.47**	0.62**
Process Innovation	0.54**	1	0.50**	0.58**
Technological Innovation	0.47**	0.50**	1	0.55**
Organizational Growth	0.62**	0.58**	0.55**	1

Note: Correlation is significant at $p < 0.01$

Interpretation:

Positive and significant correlations exist between all types of innovation and organizational growth.

Product innovation shows the strongest correlation ($r = 0.62$) with organizational growth, suggesting that introducing new or improved products has the greatest impact on SME performance in Imo State.

Regression Analysis

Model Summary

	R	R ²	Adjusted R ²	Std. Error
1	0.73	0.53	0.52	0.47

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	54.12	3	18.04	81.79	0.000
Residual	48.02	316	0.152		
Total	102.14	319			

Coefficients

	Unstandardized B	Std. Error	Beta	t	Sig.
Constant	0.85	0.21		4.05	0.000
Product Innovation	0.42	0.06	0.38	7.00	0.000
Process Innovation	0.31	0.07	0.27	4.43	0.000
Technological Innovation	0.28	0.08	0.24	3.50	0.001

Interpretation:

The model explains 53% of the variance in organizational growth (Adjusted $R^2 = 0.52$).

All three innovation types significantly predict organizational growth ($p < 0.01$).

Product innovation ($\beta = 0.42$) has the strongest impact, followed by process innovation ($\beta = 0.31$) and technological innovation ($\beta = 0.28$).

Findings indicate that SMEs in Imo State that actively adopt innovations in products, processes, and technology experience improved profitability, operational efficiency, and market expansion.

DISCUSSION OF FINDINGS

Innovation Adoption: SMEs in Imo State exhibit moderate to high adoption of innovations, especially product innovation. This aligns with global and Nigerian studies that highlight the critical role of product innovation in improving competitiveness (Agboola & Babarinde, 2024; Fagerberg et al., 2021).

Correlation with Growth: Positive correlations between innovation adoption and organizational growth confirm that innovation is a key driver of firm performance. Product innovation's strong correlation suggests that introducing new or improved products significantly impacts profitability and market share.

Regression Analysis: The regression results indicate that product, process, and technological innovations jointly and individually contribute to organizational growth among SMEs in Imo State. This supports the Diffusion of Innovation Theory, RBV, and Schumpeter's Theory, which posit that adoption of innovations and strategic resource utilization foster growth (Rogers, 2003; Barney, 1991; Schumpeter, 1934).

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

Summary of Findings

The study investigated the relationship between product, process, and technological innovations and organizational growth among SMEs in Imo State, Nigeria. Key findings include:

Innovation Adoption in SMEs: SMEs in Imo State exhibit moderate to high adoption of innovations, with product innovation being the most prevalent, followed by process innovation, and then technological innovation.

Relationship Between Innovation and Organizational Growth:

Correlation analysis revealed positive and significant relationships between all types of innovation and organizational growth.

Product innovation showed the strongest correlation with growth, suggesting that introducing new products or improving existing ones has the greatest impact on profitability, market share, and customer satisfaction.

Effect of Innovations on Organizational Growth:

Multiple regression analysis showed that product, process, and technological innovations significantly predict organizational growth among SMEs in Imo State.

Product innovation ($\beta = 0.42$) had the strongest effect, followed by process innovation ($\beta = 0.31$) and technological innovation ($\beta = 0.28$).

The model explained 53% of the variance in organizational growth, indicating that innovation adoption is a major contributor to firm performance.

Conclusion

Based on the findings, the study concludes that:

Innovation adoption is a key driver of organizational growth in SMEs. Firms that adopt new products, processes, and technologies experience improved profitability, operational efficiency, and market competitiveness. Product innovation has the most significant impact on growth, emphasizing the importance of creating value through new or improved products.

Process and technological innovations also contribute meaningfully to growth by improving efficiency, reducing costs, and expanding market access. Effective innovation adoption depends on both internal and external factors, including managerial competence, access to finance, and adequate infrastructure. SMEs that strategically manage these factors are more likely to achieve sustainable growth. Overall, the study affirms that innovation adoption is not optional but essential for SMEs in Imo State seeking to remain competitive and grow in a dynamic business environment.

Recommendations

Based on the findings and conclusions, the study recommends the following:

- i. Prioritize **product innovation** to develop unique products that meet customer needs and differentiate the firm in the market.
- ii. Invest in **process innovation** to improve operational efficiency, reduce costs, and enhance service delivery.
- iii. Gradually adopt **technological innovations**, such as digital marketing, e-commerce, and automation tools, to expand market reach and enhance customer engagement.

Contribution to Knowledge

This study contributes to knowledge by:

1. Providing empirical evidence from Imo State SMEs on how product, process, and technological innovations drive organizational growth.
2. Highlighting the relative impact of different types of innovations, with product innovation having the strongest effect.

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3. Identifying barriers to innovation adoption in Nigerian SMEs, offering insights for policymakers and business managers.

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APPENDIX A: QUESTIONNAIRE

Instructions: Please respond to the statements by ticking the option that best represents your perception using the 5-point Likert scale:

1 = Strongly Disagree | 2 = Disagree | 3 = Neutral | 4 = Agree | 5 = Strongly Agree

Section A: Demographics

1. Gender: ☐ Male ☐ Female
2. Age: ☐ 20–30 ☐ 31–40 ☐ 41–50 ☐ 51–60 ☐ Above 60
3. Educational Qualification: ☐ Secondary ☐ Diploma/NCE ☐ Degree/HND ☐ Postgraduate
4. Sector of Operation: ☐ Manufacturing ☐ Services ☐ Agriculture ☐ Technology
5. Years of Business Experience: ☐ 1–5 ☐ 6–10 ☐ 11–15 ☐ Above 15

Section B: Product Innovation

Statement	1	2	3	4	5
Our firm regularly introduces new products.	☐	☐	☐	☐	☐
Product improvements have increased customer satisfaction.	☐	☐	☐	☐	☐
We actively adapt products to meet market trends.	☐	☐	☐	☐	☐

Section C: Process Innovation

Statement	1	2	3	4	5
We have optimized production/service processes.	☐	☐	☐	☐	☐
Process improvements have reduced operational costs.	☐	☐	☐	☐	☐
Our processes are regularly reviewed for efficiency.	☐	☐	☐	☐	☐

Section D: Technological Innovation

Statement	1	2	3	4	5
Our firm uses digital tools/technologies in operations.	☐	☐	☐	☐	☐
Technology adoption has improved market reach.	☐	☐	☐	☐	☐
Employees are trained to use new technologies effectively.	☐	☐	☐	☐	☐

Section E: Organizational Growth

Statement	1	2	3	4	5
Our firm has experienced increased profitability over the past 3 years.	☐	☐	☐	☐	☐
Our market share has expanded in recent years.	☐	☐	☐	☐	☐
Operational efficiency has improved due to innovation adoption.	☐	☐	☐	☐	☐