

ENTREPRENEURIAL INNOVATION AND SURVIVAL OF SELECTED SMALL AND MEDIUM ENTERPRISES (SMES) IN KOGI STATE.

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DOI: <https://doi.org/10.70118/ajbam-01-2026-014>

Abstract

Despite the critical role of small and medium enterprises (SMEs) in Nigeria's economy contributing approximately 48% of GDP and over 80% of employment more than 60% fail within their first five years of operation. In Kogi State, this challenge is exacerbated by infrastructural deficits, limited access to finance, and intense competition, with innovation often underutilized as a strategic survival tool. Against this backdrop, this study examined the influence of entrepreneurial innovation on the survival of SMEs in Kogi State. The main objective was to assess how three dimensions of innovation new product/service development, product/service modification, and product/service differentiation affect SME survival. A survey research design was employed, targeting a population of 2,434 SMEs across the three senatorial districts of Kogi State. Using Yamane's formula (1967), a sample of 413 SME owners and managers was selected, and data were collected from 377 respondents (91% response rate) through structured questionnaires administered in person and electronically. The study adopted cluster sampling to ensure geographical representation, with data analysed using descriptive statistics and multiple regression analysis via SPSS version 27.0. The findings revealed that all three innovation dimensions significantly and positively influenced SME survival: new product/service development ($\beta = 0.708, p < 0.001$), product/service modification ($\beta = 0.610, p < 0.001$), and product/service differentiation ($\beta = 0.633, p < 0.001$), collectively explaining 63.4% of the variance in survival outcomes. The study concluded that entrepreneurial innovation is a vital driver of SME resilience and sustainability in Kogi State. It is therefore recommended that SMEs prioritize systematic innovation through new offerings, continuous improvement, and strategic differentiation while policymakers and support agencies strengthen ecosystem enablers such as innovation grants, capacity-building programs, and access to market intelligence to foster a more resilient entrepreneurial landscape in the state.

INTRODUCTION

Small and medium enterprises (SMEs) play a central role in the global economy by driving innovation, generating employment, and enhancing economic resilience. Recent international evidence indicates that SMEs that actively pursue entrepreneurial innovation, particularly in the development and enhancement of products and services, are

better equipped to respond to market volatility, manage disruptions, and sustain long-term operations (Organisation for Economic Co-operation and Development [OECD], 2021, 2023). Improvements in product quality, functionality, and performance tend to deepen customer loyalty and reduce firms' exposure to competitive pressures (Bogers et al., 2020). Similarly, differentiation strategies based on design, branding, packaging, and service

variety enable SMEs to establish distinct market identities and strengthen their competitive positioning (Chen & Chang, 2022). Collectively, these innovation-driven approaches have become critical mechanisms through which SMEs enhance their survival prospects in dynamic business environments.

Across Africa, the importance of innovation is even more pronounced, as SMEs operate within environments marked by infrastructural inadequacies, restricted access to finance, regulatory challenges, and fragmented markets (African Development Bank, 2022). In this context, innovation functions less as a strategic option and more as a necessity for business continuity. Entrepreneurs across the continent have adopted product and service innovations to overcome local constraints and satisfy context-specific demand. Evidence from countries such as Kenya and South Africa shows how SMEs have introduced mobile-based financial and service solutions to address financial exclusion, while agro-processing firms in Uganda and Tanzania have improved product durability and market appeal through better packaging and quality enhancement (Mugambi & Kibua, 2021; Nkomo & Mkhize, 2020). Even incremental adjustments to product features or service delivery processes have translated into improved customer retention and revenue stability, underscoring the strong link between innovation and SME survival in African economies.

Within West Africa, SMEs operate in an environment shaped by regional economic integration, cross-border trade, and shared socio-economic characteristics under the framework of the Economic Community of West African States (ECOWAS). To remain competitive, many firms have increasingly relied on innovation as a pathway to market access and differentiation. Empirical studies from Ghana and Côte d'Ivoire indicate that SMEs that adapt their products to regional tastes through localized branding, culturally relevant designs, and multilingual packaging are more successful in penetrating cross-border markets (Amankwah Amoah et al., 2023; Koffi & Adjovi, 2022). In addition, innovations in service delivery such as the adoption of mobile money systems and digital inventory management have improved

operational efficiency and reduced transaction costs, thereby supporting sustainable business growth across the region (Amankwah Amoah et al., 2023; Koffi & Adjovi, 2022).

In Nigeria, SMEs account for a substantial share of economic output and employment, contributing approximately 48 per cent of gross domestic product and over 80 per cent of total employment (National Bureau of Statistics [NBS], 2023; Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], 2022). Despite their economic significance, these enterprises face persistent challenges, including unreliable power supply, limited access to credit, and intense market competition. In response, many Nigerian SMEs have embraced entrepreneurial innovation as a survival strategy. Notable examples include the development of processed agricultural products, the use of environmentally friendly materials, and the deployment of digital platforms that reflect changing consumer preferences (Adeleye et al., 2020). Improvements in product quality within manufacturing and agro-processing sectors have also enhanced consumer confidence, while branding, packaging, and service customization have helped firms differentiate themselves in highly competitive markets, particularly in urban areas (Ogunnaike et al., 2023; Adeleye et al., 2020).

At the subnational level, SMEs constitute the backbone of economic activity in Kogi State, with strong representation in agriculture, trading, transport, and artisanal production. Although the state's strategic location at the confluence of the Niger and Benue Rivers presents significant opportunities for trade and logistics, SMEs continue to contend with infrastructural deficiencies and limited access to formal financing (Orugun et al., 2022; Abdullahi & Mohammed, 2025). Nonetheless, evidence of entrepreneurial innovation is increasingly visible. Cassava processors have diversified into value-added products such as fortified snacks, retailers have adopted mobile payment systems and improved packaging, and textile artisans have combined traditional designs with modern aesthetics to access broader markets (Nafiu et al., 2022, 2023). These practices reflect key dimensions of entrepreneurial innovation, including new product and service development, product and

service improvement, and differentiation, which enhance competitiveness and resilience in challenging environments.

Overall, existing literature consistently demonstrates a strong relationship between entrepreneurial innovation and the survival of SMEs at the global, continental, regional, and national levels (OECD, 2021, 2023; African Development Bank, 2022). In Kogi State, where entrepreneurial activity is expanding amid structural constraints, innovation-based strategies are emerging as essential tools for sustaining business operations. Against this backdrop, the present study investigates how new product and service development, product and service improvement, and product and service differentiation influence the survival of SMEs in Kogi State, thereby providing context-specific empirical evidence from a strategically important yet relatively underexplored region of Nigeria.

Statement of Problem

In Nigeria, small and medium enterprises (SMEs) occupy a critical position in socio-economic development, constituting the majority of business establishments and contributing substantially to national output and employment (National Bureau of Statistics [NBS], 2022; Small and Medium Enterprises Development Agency of Nigeria [SMEDAN], 2021). Despite their importance, the rate of SME failure remains persistently high, largely due to structural weaknesses and limited innovative capacity (Okpere, 2020; Sani, 2024). While some enterprises have adopted innovative practices in areas such as agro-processing and technology-driven services, a significant proportion continue to operate within low-value, traditional activities with minimal upgrading (Aikor, 2021; Olaore et al., 2021). Moreover, evidence on the effectiveness of innovation strategies is inconsistent; in some cases, product improvement and differentiation enhance competitiveness and job creation, whereas in others such strategies fail to deliver sustainable outcomes because of underlying resource and capability constraints, as highlighted by the resource-based view (Inegbedion et al., 2024; Kalathingal & Ambrammal, 2025; Lukovszki et al., 2020). This inconsistency raises critical questions regarding the mechanisms and conditions through which innovation

contributes to SME survival within Nigeria's volatile and resource-constrained business environment.

These challenges are even more pronounced at the sub-national level, particularly in Kogi State, where SMEs largely concentrated in agriculture, trade, and artisanal production face severe infrastructural deficiencies, limited access to finance, and weak policy implementation (Nafiu et al., 2020; Weinoh et al., 2025). Existing studies suggest that although innovation and competitive strategies can enhance competitive positioning, their direct impact on SME survival in the state appears limited or inconclusive (Nafiu et al., 2020). Isolated instances of value-added cassava processing and the adoption of digital technologies within local value chains point to untapped potential, yet these initiatives remain insufficiently scaled and empirically documented (Onuche et al., 2025; S. U. et al., 2025). More broadly, empirical research on Nigerian SMEs has tended to emphasize finance, infrastructure, and policy constraints, with comparatively less systematic attention paid to how specific dimensions of innovation such as new product or service development, improvement, and differentiation shape business survival outcomes (Okpere, 2020; Olaore et al., 2021; Weinoh et al., 2025).

From a theoretical standpoint, innovation-centred frameworks such as Schumpeterian creative destruction and the Resource-Based View (RBV), which emphasize firm-specific capabilities and innovation as foundations of competitive advantage, are only gradually being applied to the African and Nigerian SME context (Kalathingal & Ambrammal, 2025; Lukovszki et al., 2020). Emerging RBV-oriented studies indicate that internal capabilities related to management, research and development, marketing, and information utilization are essential for converting innovation efforts into sustainable performance and resilience (Inegbedion et al., 2024; Odo & Ebi, 2025; Valaei et al., 2021). However, the survival dynamics of innovation-oriented SMEs particularly why some firms endure while others exit the market remain insufficiently explored, especially in structurally disadvantaged regions such as Kogi State.

In light of Nigeria's persistent SME mortality, the acute structural constraints confronting enterprises in Kogi State, and the fragmented and weakly theorized empirical evidence on innovation survival relationships, a focused empirical investigation is necessary. Examining how entrepreneurial innovation, specifically through new product and service development, product and service modification, and product and service differentiation, influences the survival of SMEs in Kogi State will advance theory-driven understanding of innovation and the resource-based view in emerging economies, while also providing practical insights for strengthening SME support policies and local entrepreneurial ecosystems.

Research Objectives

The main objective of this study is to evaluate Entrepreneurial innovation and Survival of small and Medium Enterprises (SMEs) in Kogi State.

The specific objectives of the study were to:

- i. Examine the effect of new product/service development on the survival of SMEs in Kogi State.
- ii. Assess how product/service modification contributes to the survival of SMEs in Kogi State.
- iii. Determine the impact of product/service differentiation on the survival of SMEs in Kogi State.

LITERATURE REVIEW

Conceptual Framework

Concept of Entrepreneurial Innovation

Entrepreneurial innovation refers to the purposeful activities through which entrepreneurs identify opportunities, develop ideas, and implement new or improved solutions that generate value for customers, firms, and society. It extends beyond technological breakthroughs to include innovations in products, services, business models, processes, and organizational practices. Contemporary scholarship views innovation as the central mechanism through which entrepreneurial ventures respond to uncertainty, enhance productivity, and build long-term resilience, making it fundamental to

both new venture creation and the renewal of existing firms (Oluwadamilare et al., 2024; Sheibut et al., 2024). Through continuous environmental scanning, entrepreneurs recognize unmet needs, mobilize available resources, and transform ideas into viable market offerings that sustain competitiveness and growth (Masood et al., 2025; Joshi et al., 2025).

Dimensions of Entrepreneurial Innovation

New Product/Service Development New product or service development involves the systematic creation and introduction of entirely new offerings to the market. This process typically encompasses stages such as idea generation, concept evaluation, feasibility analysis, prototyping, market testing, and commercialization, balancing creativity with structured decision-making to enhance technical and commercial success (Yusof et al., 2025; Abdullahi & Mohammed, 2025). Effective new product or service development is supported by cross-functional collaboration, deep customer and market insights, and alignment with organizational strategy, all of which help reduce failure risks and shorten time-to-market (Raddats et al., 2019; Abdullahi & Mohammed, 2025).

Product/Service Modification Product or service modification refers to intentional improvements or adjustments made to existing offerings after market introduction. Such changes may include feature enhancements, quality upgrades, packaging redesigns, or repositioning strategies aimed at maintaining relevance over time. This dimension recognizes that products and services evolve throughout their life cycles and must be adapted to changing consumer preferences, competitive dynamics, and technological developments in order to prolong market presence and delay decline (Naveen, 2025). Modification enables firms to refresh their value propositions and sustain differentiation while leveraging existing resources, thereby minimizing the costs and risks associated with radical innovation (Mandal, 2021; Tojiri, 2023).

Product/Service Differentiation Product or service differentiation involves strategically distinguishing offerings from competitors in ways that customers perceive as valuable.

Differentiation may be achieved through superior design, functionality, quality, branding, or service experience, allowing firms to compete on value rather than price (Jerab & Mabrouk, 2023; Tojiri, 2023). Empirical evidence suggests that well-executed differentiation strategies, supported by continuous innovation and brand development, enhance competitive advantage and financial performance across industries (Hoetama & Tambunan, 2025; Wang, 2024; Mandal, 2021). For entrepreneurial ventures and SMEs in particular, differentiation is critical for establishing market presence and competing effectively against larger firms with superior resource endowments (Masood et al., 2025; Joshi et al., 2025).

Concept of Survival

In entrepreneurship and organizational research, survival refers to a firm's ability to continue operating beyond the high-risk early stages despite resource scarcity, environmental volatility, and competitive pressures. Survival entails more than mere avoidance of failure; it involves sustaining minimum levels of performance, revenue generation, and operational stability that enable progression from startup to growth phases (Fuentes Callén et al., 2020; Souissi, 2025). Achieving survival typically requires consistent cash flows, a stable customer base, and the continuous adaptation of business models, products, and processes to environmental change (Kato et al., 2021; Rico et al., 2020).

Survival is particularly critical in emerging and resource-constrained economies, where firms face infrastructure deficiencies, institutional weaknesses, and financing limitations that elevate early-stage mortality risks (Alshebami, 2025; Lopez et al., 2025; Souissi, 2025). In such contexts, entrepreneurial resilience the capacity to absorb shocks, reconfigure resources, and recover or advance following disruptions plays a decisive role in firm continuity (Anwar et al., 2021; Conz et al., 2023; Iyengar et al., 2021). Recent studies indicate that resilient SMEs rely on innovation, crisis preparedness, and adaptive capabilities to stabilize operations and sustain performance under turbulent conditions (Aldianto et al., 2021; Ooi & Memon, 2025; Alshebami, 2025).

Concept of Small and Medium Enterprises (SMEs)

Small and medium enterprises are commonly classified using thresholds related to employee numbers, annual turnover, and asset size, although these criteria differ across countries depending on income levels and policy objectives. International reviews suggest that employee headcount is the most frequently applied indicator, often supplemented by turnover or asset measures for greater precision (Adhikary & Ghosh, 2025). In the European Union, SMEs represent approximately 99 per cent of all enterprises, with the official definition of firms employing up to 250 workers serving as a benchmark for policy and research (Garcia Martinez et al., 2023; Pedraza, 2021). Developing economies typically apply lower thresholds to reflect structural conditions, while recognizing micro, small, and medium enterprises collectively as the backbone of private-sector activity (Adhikary & Ghosh, 2025; Pedraza, 2021).

Globally, SMEs account for the vast majority of enterprises, generate most private-sector employment, and make substantial contributions to gross domestic product and export activity (Gherghina et al., 2020; Garcia Martinez et al., 2023; Batrancea, 2022). Their role is especially pronounced in employment creation, poverty reduction, and local value-chain development, particularly in rural and agrarian economies (Endris & Kassegn, 2022; Imramziyeva et al., 2024; Manzoor et al., 2021). Owing to their relatively small scale, flexibility, and close proximity to local markets, SMEs are often better positioned to adjust rapidly to shifts in demand and economic shocks, thereby enhancing economic resilience and diversification (Varga, 2021; Abdul Azeez et al., 2024).

Theoretical Framework

This study is anchored on the Resource-Based View (RBV) Theory as its primary theoretical foundation. The RBV theory, originally advanced by Penrose and subsequently formalized by Barney, provides a robust framework for explaining how firms attain and sustain competitive advantage through the effective utilization of internal resources and capabilities (Penrose, 1959; Barney, 1991). The adoption of RBV is particularly suitable

for examining entrepreneurial innovation among small and medium enterprises (SMEs) in Kogi State because it emphasizes internal strengths rather than external market positioning, thereby offering valuable insights into how resource-constrained firms in developing economies can remain competitive in dynamic and uncertain business environments.

The Resource-Based View posits that sustained competitive advantage arises when a firm possesses and strategically deploys resources that are valuable, rare, difficult to imitate, and non-substitutable, commonly referred to as the VRIN criteria (Barney, 1991). The theory further assumes that firms differ in their resource endowments and that such heterogeneity persists over time due to limitations in resource mobility (Wernerfelt, 1984; Barney, 1991). In the context of SMEs in Kogi State, this perspective is highly relevant as it shifts analytical focus from external competitive forces to internal capability development and efficient resource utilization, which aligns with the operational realities of small businesses in Nigeria's emerging economy.

Within Kogi State, SMEs typically operate under conditions of limited access to finance, inadequate infrastructure, and constrained technological resources. The RBV framework therefore provides a useful lens for understanding how these enterprises can convert such constraints into strategic strengths by leveraging firm-specific resources and capabilities (Penrose, 1959; Barney, 1991). These resources may include indigenous knowledge, deep understanding of local markets, entrepreneurial orientation, managerial flexibility, informal networks, and strong community relationships. According to RBV, when such capabilities are effectively developed and aligned with innovation activities, they become difficult for competitors to replicate or substitute, thereby enhancing firm resilience and long-term survival. Consequently, the RBV theory offers a strong theoretical justification for examining how entrepreneurial innovation through new product or service development, modification, and differentiation contributes to the survival of SMEs in Kogi State.

Empirical Review

Abubakar (2020) examined the effect of differentiation strategies on the performance of WACOT Rice Milling Industry in Kebbi State, Nigeria, motivated by observed deviations between strategic implementation and expected outcomes. The study adopted a case study design and utilized census sampling to include all 120 employees of the company. Data were collected through structured instruments and analysed using descriptive and inferential statistics. Findings indicated that price-based and product-based differentiation strategies had the most significant positive impact on organizational performance, while specialty-based and customer service-based differentiation strategies showed relatively weaker contributions. The study concluded that aligning differentiation efforts with cost leadership and core product attributes was crucial for enhancing competitiveness in the rice milling sector. Nevertheless, the research was confined to a single firm, limiting its external validity and raising concerns about the transferability of findings to other agro-processing industries or regions.

Ehiaguina et al. (2025) investigated the impact of different types of innovation specifically product and service innovation (PSI), process innovation (PI), and marketing innovation (MI) on the market share of small and medium enterprises (SMEs) in Abuja, Nigeria. The study employed a cross-sectional survey design, collecting data from 347 SMEs and analysing it using multiple regression analysis. The findings revealed that both PSI and PI had statistically significant positive effects on market share, with PSI being the strongest predictor ($\beta = 0.637$), whereas MI showed no significant standalone impact, suggesting it functions more as a complementary strategy. However, the study did not explore how external environmental factors or firm-specific capabilities might moderate these relationships, leaving a contextual gap in understanding the boundary conditions under which marketing innovation could become more impactful.

Kombo and Nyangosi (2023) assessed the influence of product quality differentiation strategies on the performance of car hire businesses in Kisii Town, Kenya. The study adopted a descriptive survey design, targeting

38 employees from local car hire firms. Data were collected through questionnaires, interviews, observation, and document analysis, with reliability confirmed via Cronbach's alpha (≥ 0.7). Findings revealed that businesses emphasizing unique product features, reliability, and dependability achieved higher customer loyalty and performance. The study recommended investment in research and development to align new offerings with evolving customer needs. However, the small sample size and localized focus restricted the generalizability of findings, and the lack of financial performance metrics weakened the robustness of performance assessment, indicating a need for more comprehensive evaluation frameworks.

Osei et al. (2016) investigated the impact of product innovation categorized into new product development, introduction, and improvement of existing products on the performance of SMEs in Ghana's manufacturing sector. The objective was to determine how different forms of product innovation contribute to firm growth. Using firm-level data and structural equation modelling, the study analysed performance indicators such as employment growth and sales increases. Findings revealed a positive relationship between all three innovation types and firm performance, with the introduction of new products showing the highest impact. The study concluded that product innovation is a key driver of SME competitiveness and growth in developing economies. However, the research relied on self-reported data, which may introduce bias, and did not account for the role of external market conditions or competitive dynamics, leaving a gap in understanding contextual moderators.

Lizarelli et al. (2019) explored the relationship between continuous improvement programs and innovation performance in Brazilian manufacturing companies. The study sought to determine whether organizational efforts in quality management and incremental improvements fostered broader innovation outcomes. A quantitative approach was used, analysing survey data from 120 manufacturing firms using regression analysis. Results showed a positive and significant relationship between continuous improvement initiatives

and innovation performance, suggesting that a culture of ongoing refinement supports radical and incremental innovation. The study emphasized the complementary nature of quality management and innovation strategies. However, the research did not differentiate between types of innovation (e.g., product vs. process), nor did it account for external factors such as market competition or technological disruption, leaving a gap in understanding the boundary conditions of this relationship.

Lussak et al. (2020) examined the influence of financial performance, product innovation, and service innovation on the survival of small food and beverage businesses in Jakarta, Indonesia, with operational improvement serving as a mediating variable. The objective was to understand the mechanisms through which innovation and financial health contribute to business continuity in a competitive urban market. Using an explanatory research design, data were collected from 100 small businesses that had been operational for at least 3.5 years, and analysed using structural equation modelling. Results indicated that both product and service innovation positively influenced operational improvement and directly enhanced firm survival. Financial performance also had a significant positive effect on both operational improvement and survival. The study concluded that innovation and financial stability are key drivers of small business resilience. Nonetheless, the research focused exclusively on the food and beverage sector in a single city, limiting its generalizability to other industries or rural contexts, thus leaving a gap in cross-sectoral and regional applicability.

Literature Gap

Although prior empirical studies have established that innovation and differentiation strategies significantly influence firm performance, growth, and market outcomes (Abubakar, 2020; Osei et al., 2016; Ehiaguina et al., 2025; Lussak et al., 2020), notable gaps remain when these findings are viewed through the lens of entrepreneurial innovation and SME survival. Existing research has largely examined innovation in aggregated forms or focused on limited dimensions such as product or process innovation without disaggregating entrepreneurial innovation into

new product/service development, product/service modification, and product/service differentiation as distinct but interrelated drivers of SME survival (Osei et al., 2016; Lizarelli et al., 2019). Moreover, most studies are geographically concentrated outside Kogi State or confined to specific sectors or single organizations, thereby limiting the applicability of their conclusions to SMEs operating in diverse and resource-constrained environments within Nigeria (Abubakar, 2020; Lussak et al., 2020). In addition, while differentiation and innovation have been linked to performance indicators such as market share and growth, insufficient attention has been given to business survival as a critical outcome for SMEs, particularly in volatile subnational economies (Ehiaguina et al., 2025; Kombo & Nyangosi, 2023). Consequently, there is a clear empirical gap in systematically evaluating how entrepreneurial innovation specifically through new product/service development, product/service modification, and product/service differentiation affects the survival of SMEs in Kogi State, which this study seeks to address.

METHODOLOGY

This section presented the methodology adopted to examine the relationship between entrepreneurial innovation and the survival of small and medium enterprises (SMEs) in Kogi State, Nigeria, with emphasis on new product/service development, product/service modification, and product/service differentiation. The study covered the three senatorial districts of Kogi East, Kogi Central, and Kogi West in order to reflect the geographical and socio-economic diversity of SME activities in the state, which functions as a strategic commercial hub connecting northern and southern Nigeria and hosts a wide range of agricultural, trading, transport, and service-based enterprises. A survey research design was employed because it allowed for the efficient collection of data from a large population, facilitated hypothesis testing, and supported statistical generalization. The population of the study

comprised 2,434 SMEs operating within the state, with owners and managers constituting the unit of analysis due to their central role in innovation decisions and business survival strategies. Using Yamane's (1967) formula at a 5 per cent margin of error and 95 per cent confidence level, a sample size of 344 SMEs was determined and further increased to 413 to accommodate possible non-responses and incomplete questionnaires. Cluster sampling based on the three senatorial districts, followed by simple random sampling, was adopted to enhance representativeness and reduce sampling bias. Primary data were collected through structured questionnaires administered physically and electronically, with responses measured on a five-point Likert scale ranging from strongly disagree to strongly agree. Data analysis was conducted using SPSS version 27.0, employing descriptive statistics to profile the SMEs and inferential statistics, specifically multiple regression analysis, to determine the effect of entrepreneurial innovation on SME survival. The study model specified SME survival as a function of entrepreneurial innovation dimensions and was expressed theoretically as $Y = \alpha_0 + \beta_i X_i + \varepsilon$, where Y represents SME survival, α_0 is the intercept, β_i denotes the coefficients of the independent variables, X_i represents entrepreneurial innovation components, and ε is the error term. Empirically, the model was specified as $SSU = \alpha_0 + \beta_1 NPSD + \beta_2 PSM + \beta_3 PSD + \varepsilon$, where SSU denotes SME survival, $NPSD$ represents new product/service development, PSM denotes product/service modification, and PSD represents product/service differentiation. Instrument validity was established through a pilot study involving 30 SME owners and managers with characteristics similar to the study population, while reliability was assessed using Cronbach's alpha, with all constructs exceeding the 0.70 benchmark recommended in management research, thereby confirming satisfactory internal consistency and ensuring that the findings of the study were valid, reliable, and replicable.

RESULTS AND FINDINGS

Response Rate.

Questionnaire Distributed	413
Returned Questionnaire	377
Percentage of returned Questionnaire	91%
Unreturned Questionnaire	36
Percentage of not returned Questionnaire	9%

Source: field Survey, (2025)

The survey achieved a high response rate, with 377 out of 413 distributed questionnaires returned, representing a 91% return rate. This high level of participation enhances the reliability and representativeness of the data collected, suggesting strong engagement from respondents and minimizing potential non-response bias. Conversely, only 36 questionnaires (9%) were not returned, which

is a relatively small proportion and unlikely to significantly compromise the validity of the findings. Overall, the robust response rate supports the robustness of subsequent data analysis and strengthens the generalizability of the study's conclusions regarding the entrepreneurial innovation and SME survival in Kogi state.

Demographic Information

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	241	63.9%
	Female	136	36.1%
Age	< 25 years	45	11.9%
	25 - 34 years	128	34.0%
	35 - 44 years	113	30.0%
	45 - 54 years	64	17.0%
	55+ years	27	7.2%
Type of SME	Retail	132	35.0%
	Services	120	31.8%
	Manufacturing	58	15.4%
	Agribusiness	45	11.9%
	Others	22	5.8%
Years in Operation	< 2 years	68	18.0%
	2 - 5 years	151	40.1%
	6 - 10 years	98	26.0%

Demographic Variable	Category	Frequency	Percentage (%)
	11+ years	60	15.9%

Source: Field Survey, 2025

Based on the demographic analysis of 377 respondents, the survey captures a predominantly male (63.9%) entrepreneurial landscape, with the vast majority of SME owners (64%) being within the key productive ages of 25 to 44 years. The business environment is largely characterized by Retail (35.0%) and Services (31.8%), indicating a sectoral concentration typical of many regional

economies. Furthermore, the data on years in operation reveals a critical snapshot of the SME lifecycle, showing that a significant proportion of businesses (40.1%) are in the crucial 2-5 year establishment phase, while a smaller, more resilient segment (15.9%) has surpassed 11 years, underscoring both the challenges of early-stage survival and the presence of established firms in Kogi State.

Test of Hypotheses

Test of Hypothesis One

H₀₁: New product/service development has no significant effect on the survival of SMEs in Kogi State.

Model 1

$$SSU = \alpha_0 + \beta_1 NPSD + \beta_2 PSM + \beta_3 PSD + \epsilon \dots \dots \dots 3.2$$

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.634	.631	.56022

a. Predictors: (Constant), PSD, NPSD, PSM

Source: SPSS Output 27.0

The model summary indicates that the regression model, which includes Product/Service Differentiation (PSD), New Product/Service Development (NPSD), and Product/Service Modification (PSM) as predictors, explains a substantial proportion of the variance in SME survival. The multiple correlation coefficient (R = 0.796) suggests a strong linear relationship between the predictors and the survival outcome, while the R Square value of 0.634 implies that approximately 63.4% of the variability in SME survival is accounted for by these three innovation-related constructs. The Adjusted R Square (0.631) confirms that this explanatory

power remains robust after adjusting for the number of predictors in the model. Additionally, the relatively low Standard Error of the Estimate (0.560) indicates that the model's predictions are reasonably precise. Overall, the results underscore the significant collective influence of product and service innovation strategies—encompassing differentiation, new development, and modification on the survival prospects of SMEs in Kogi State, aligning with contemporary entrepreneurship literature that positions innovation as a cornerstone of SME resilienc.

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	202.564	3	67.521	215.142	.000 ^b
	Residual	117.064	373	.314		
	Total	319.629	376			

a. Dependent Variable: SSU

b. Predictors: (Constant), PSD, NPSD, PSM

Source: SPSS Output 27.0

The ANOVA results for the regression model assessing the influence of Product/Service Differentiation (PSD), New Product/Service Development (NPSD), and Product/Service Modification (PSM) on SME survival (SSU) reveal a statistically significant overall model fit. The F-statistic of 215.142 with 3 and 373 degrees of freedom yields a p-value of .000, which is well below the conventional alpha level of 0.05. Applying the decision rule reject the null hypothesis if $p < \alpha$ —we reject the null hypothesis that all regression coefficients are

simultaneously zero. This indicates that at least one of the predictors significantly contributes to explaining variance in SME survival. Given the highly significant F-value and the associated p-value, the model is deemed statistically reliable for predicting SME survival based on the included innovation constructs, supporting the theoretical proposition that strategic product and service innovation practices are collectively vital to SME sustainability in Kogi State.

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.541	.134		4.036	.000
	NPSD	.729	.046	.708	16.018	.000
	PSM	.612	.060	.610	10.155	.000
	PSD	.652	.058	.633	11.226	.000

a. Dependent Variable: SSU

Source: SPSS Output 27.0

Modification (PSM), and Product/Service Differentiation (PSD) are statistically significant positive predictors of SME survival (SSU) in Kogi State. Using the decision rule that a predictor is significant if its p-value is less than the alpha level of 0.05, each variable meets this criterion ($p = .000$ for all). Specifically, NPSD has the strongest effect ($\beta = 0.708$, $t = 16.018$), followed by PSD ($\beta = 0.633$, $t = 11.226$) and PSM ($\beta = 0.610$, $t = 10.155$), indicating that for every one-unit increase in these innovation constructs, SME survival increases by 0.729, 0.652, and 0.612 units, respectively, holding other variables constant. The constant term is also significant ($p = .000$), confirming a meaningful baseline level of survival even when predictors are zero. These findings empirically validate that distinct dimensions of innovation developing new offerings, modifying existing ones, and differentiating from competitors are independently and substantially associated

with enhanced SME survival prospects in the North-Central Nigerian context.

Discussion of Findings

From the regression analysis, it was revealed that new product/service development has a significant effect on the survival of SMEs in Kogi State. This implies that when small and medium enterprises invest in creating new products or services, they increase their ability to remain competitive and relevant in the marketplace. The introduction of new products or services helps businesses respond to changing consumer preferences, technological shifts, and emerging market opportunities findings that align with Osei et al. (2016), who reported that new product introduction significantly enhanced sales and employment growth among Ghanaian manufacturing SMEs, and with Ehiaguina et al. (2025), who identified product and service innovation as the strongest predictor of market share among Nigerian SMEs. From the perspective of the Resource-Based View (RBV) theory, such

innovation constitutes a valuable, rare, and difficult-to-imitate resource that enables firms to achieve sustained competitive advantage (Barney, 1991). In the context of Kogi State's resource-constrained environment, the capacity to generate novel offerings reflects an internal capability that enhances strategic flexibility and market responsiveness, thereby strengthening SME resilience and long-term survival.

The analysis also revealed that product/service modification has a significant effect on the survival of SMEs in Kogi State. This means that SMEs that regularly modify or improve their existing products and services are more likely to sustain their businesses over time. Product or service modification allows these firms to adjust to customer feedback, enhance product quality, and align with current market trends consistent with Lussak et al. (2020), who found that incremental innovation in Jakarta's food and beverage sector directly improved operational efficiency and firm survival, and with Lizarelli et al. (2019), who demonstrated that continuous improvement programs foster broader innovation performance in Brazilian manufacturing firms. Within the RBV framework, such iterative enhancements represent the dynamic reconfiguration of existing resources to meet evolving market demands. These modifications may not be radical, but they reflect organizational learning and absorptive capacity key intangible assets that are firm-specific and socially complex, thus difficult for competitors to replicate. Consequently, the ability to adapt offerings based on real-time market intelligence becomes a strategic resource that directly contributes to the continuity and sustainability of SMEs in Kogi State.

Furthermore, the regression result showed that product/service differentiation has a significant effect on the survival of SMEs in Kogi State. This suggests that businesses that distinguish their products or services from those of competitors tend to have better chances of survival. Differentiation helps SMEs create a unique identity in the market, making it easier for customers to recognize and prefer their offerings a finding corroborated by Abubakar (2020), who observed that product- and price-based differentiation significantly improved performance in Nigeria's rice milling sector, and by Kombo and Nyangosi (2023), who

linked reliability and unique features to higher customer loyalty in Kenya's car hire industry. According to RBV theory, differentiation strategies leverage heterogeneous internal resources such as brand reputation, service quality, or design capability to create customer-perceived value that competitors cannot easily duplicate. When SMEs in Kogi State embed distinctiveness into their value proposition through superior quality, localized branding, or tailored service experiences they transform ordinary resources into strategic assets. This not only reduces price-based competition but also fosters customer loyalty, thereby enhancing profitability and operational continuity in highly competitive and volatile markets.

CONCLUSION AND RECOMMENDATION

The study concluded that entrepreneurial innovation significantly enhances the survival of SMEs in Kogi State, as evidenced by the positive effects of new product/service development, product/service modification, and product/service differentiation. Specifically, the development of new products or services enables SMEs to respond effectively to changing consumer preferences, technological advancements, and emerging market opportunities, thereby strengthening their competitiveness and resilience. Likewise, continuous modification and improvement of existing products or services allow firms to adapt to customer feedback, improve quality, and align with prevailing market trends, which supports customer retention and long-term sustainability. In addition, product or service differentiation helps SMEs establish a unique market identity through distinctive features, superior quality, branding, or service excellence, fostering customer loyalty and enhancing profitability. Collectively, these innovation practices improve adaptability, market relevance, and operational continuity, thereby increasing the capacity of SMEs to survive and remain viable in a competitive and dynamic business environment.

Based on the findings and conclusions of this study, the following recommendations are proposed to enhance the survival of SMEs in Kogi State:

- i. SMEs in Kogi State should prioritize investment in the creation of new

products or services as a strategic response to dynamic market conditions. Policymakers and development agencies such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and state-level entrepreneurship boards should establish innovation grants, incubation hubs, and capacity-building programs that support ideation, prototyping, and market testing. Such initiatives will empower entrepreneurs to translate creative concepts into viable market offerings, thereby strengthening competitiveness and resilience.

- ii. SME owners should adopt a culture of continuous feedback and iterative improvement by regularly updating their existing products or services based on customer input, technological advancements, and market trends. Business development services and vocational training institutions should integrate modules on quality management, customer-centric design, and lean innovation into their curricula and outreach programs. This will equip entrepreneurs with practical tools to refine their offerings efficiently, even under resource constraints.
- iii. SMEs should deliberately differentiate their products or services through unique value propositions such as enhanced quality, localized branding, superior customer experience, or ethical sourcing. Support organizations should facilitate access to branding workshops, digital marketing training, and design-thinking resources to help SMEs articulate and communicate their distinctiveness. Differentiation not only reduces price-based competition but also fosters customer loyalty, which is critical for long-term survival in Kogi State's competitive and often informal business environment.

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