

# Driving Organizational Performance through Innovation and Entrepreneurship

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## Abstract

*This study examines the role of innovation and entrepreneurship as catalysts for improved organizational performance, with a focus on selected firms in Anambra State, Nigeria. The research was motivated by the growing need for organizations to adopt innovative strategies and entrepreneurial practices to remain competitive in a dynamic business environment. Using a survey research design, data were collected from 230 respondents drawn from selected firms across different sectors in Anambra State. The study employed descriptive statistics and regression analysis to test the hypotheses. Findings revealed a significant positive relationship between innovation, entrepreneurship, and organizational performance. The study concludes that organizations that embrace entrepreneurial orientation and innovative practices achieve superior performance outcomes. Recommendations include fostering a culture of creativity, investing in research and development, and enhancing managerial capabilities to sustain competitive advantage.*

**Key words:** *Innovation, entrepreneurship, Organisational performance, business growth*

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## 1. INTRODUCTION

### Background of the Study

Business environment of today is rapidly changing, every organisation are under intense pressure to adopt innovative practices and entrepreneurial strategies for growth sustainability while remaining competitive. Innovation- the ability to create, adopt and implement new ideas, processes and technologies has been recognized as major driver of business success (Tidd, J., & Bessant, J. 2021). Relatively, entrepreneurship involves identifying opportunities, taking calculated risk and raising funds, equips firms with a dynamic capability to adapt to market demand (Lumpkin, G.T., & Dess, G.G 1996). In Nigeria, particularly in Anambra State, firms operate in a perplexing economic environment surrounded by fluctuating policies, infrastructural deficits, and stiff competition (Financial Times 2025). Consequent upon this, discovering the synergy between innovation, entrepreneurship and organisational performance has become dynamic for organisational growth and survival (Teece, D.J.2018)

In emerging and developed economies, various firms that adopt innovation and entrepreneurship have a tendency to outperform and overtake those that solely rely on traditional approaches. For instance, multinational organisations like Apple, Microsoft, and Tesla have unrelentingly maintained their competitive edge through continuous innovation and entrepreneurial thinking (Gautam, 2023; OECD, 2022). Similarly, in countries like Nigeria, innovation and entrepreneurship are becoming progressively more important as firms navigate economic instability, infrastructural struggles and inconsistency in policies (Ozor., Udeh, S., & Ibeh, K (2022); UNCTAD, 2023).

Anambra State as a major commercial hub in Southeast Nigeria firms operates in a highly competitive environment enveloped by intense competition, limited access to fund and fluctuation in consumer demand (Okeke & Eze, 2023). This makes embracing of innovative and entrepreneurial strategies not only desired but also necessary for survival and growth.

Business environment is complex and very dynamic. Regular changes in government policies, fluctuating exchange rates, limited access to credit facilities, and infrastructural challenges have forced firms to embrace more flexible and creative approaches to remain viable (Financial Times, 2025; Nwosu & Orji, 2022). Firms in Anambra State are not excluded from these realities. Since the state is home to many small and medium enterprises (SMEs), manufacturing firms, and trading companies that contribute immensely to the regional and national economy. However, these firms are constantly faced with severe competition from both local and foreign companies, making innovation and entrepreneurship very important for enhancing their competitiveness and general performance (Nnamdi Azikiwe University, 2024; World Bank, 2022).

Different authors have emphasized the important of innovation in organisational performance and development. Tidd & Bessant (2021) argue that innovation is not only about generating new ideas but also about inserting a culture that supports creativity, experimentation, and continuous improvement. In the same vein, Lumpkin and Dess, (1996) emphasized that entrepreneurial orientation- characterized by proactiveness, innovativeness, and risk-taking-enables firms to explore market opportunities and achieve high performance. This entails that innovation and entrepreneurship are interdependent forces that if effectively harnessed, can significantly improves organisational performance such as profitability, customer satisfaction, market share and sustainability.

This study seeks to examine the role innovation and entrepreneurship plays in driving organisational performance focusing on selected firms in Anambra State Nigeria. By examining the extent to which these concepts influence performance, the study aims to provide valuable insights for managers, policy makers and scholars. It will also add to the growing body of literature on organisational performance in developing economies, where the challenges and opportunities facing innovation and entrepreneurship are exclusively shaped by the local socio-economic environment.

### **Statement of the Problem**

Notwithstanding the importance of innovation and entrepreneurship in driving organisational performance and growth, many firms in Anambra State struggle to incorporate these concepts into their operations. Many firms display resistance to change, underinvest in research and development, and insufficient entrepreneurial orientation. This has resulted in unproductivity, low competitiveness, and business failure. Furthermore, empirical evidence on the extent to which innovation and entrepreneurship drives firm performance and growth in the Nigeria context remains narrow. Hence, there is a need to examine how these constructs influence organisational performance among firms in Anambra State.

While some studies attest to the importance of entrepreneurial orientation and innovation in increasing firm performance, there is shortage of localized research geared to specific regional dynamics, remarkably in sectors like manufacturing and services in Anambra State (Eze, U.S, Nwankwo C.A, and Kanyangale M.I. 2022). Many firms struggle with inadequacies in infrastructure, inconsistent power supply, poor ICT infrastructure, and bureaucratic bottlenecks-factors that hinders the circulation of innovation and entrepreneurial behaviour despite supportive institution like the Anambra State ICT Agency. Small enterprises lacks financial, managerial and technological abilities required to participate in innovation or nurture entrepreneurial culture. Studies have shown that few agro-processing SMEs in Anambra State must overcome such constraints to gain the benefits of entrepreneurial orientation. Although there are emerging institutional efforts, such as technological awards, digital governance reforms there's still remain disconnect between policy pronouncement and firm-level adoption of innovative and entrepreneurial practices.

Organisational performance is also measured with different metrics ranging from financial performance to customer satisfaction and growth-which leads to inconsistencies in assessing the actual impact of innovation and entrepreneurship (Anoke, A.F., Ikharo, A.O, Nzewi, and H.N. 2023).

By addressing these gaps, this study will provide context specific evidence and practical recommendations to support firm competitiveness and sustainable economic development in Anambra Region.

### **Objectives of the Study**

The broad objective of this study is to examine the impact of innovation and entrepreneurship on driving organisational performance in selected firms in Anambra Nigeria

Specific objectives are to:

1. Ascertain the relationship between innovation and organizational performance.
2. Determine the extent to which entrepreneurial orientation can influence organizational performance

3. Examine the combined effect of innovation and entrepreneurship on the performance of selected firms.

### **Research Questions**

1. What is the relationship between innovation and organizational performance in selected firms in Anambra State?
2. To what degree does entrepreneurial orientation influence organizational performance?
3. To what level can innovation and entrepreneurship jointly drive organizational performance?

### **Research Hypotheses**

- H01: There is no significant relationship between innovation and organizational performance.  
H02: Entrepreneurial orientation does not influence organizational performance.  
H03: Innovation and entrepreneurship cannot jointly affect organizational performance.

## **2. REVIEW OF RELATED LITERATURE**

### **Conceptual Reviews**

#### **Innovation**

Innovation is regarded as the process of introducing new ideas, processes, products, or services that improve value creation and competitive advantage. Schumpeter (1934) opined that innovation is the engine of economic growth, covering product innovation, process innovation, and organisational innovation. In the business context, product innovation includes new idea development or improved products to meet the needs of the consumers; process innovation involves adopting improved methods of production or delivery; while organisational innovation comprises restructuring business models, decision-making, and culture. Innovation in Nigeria firms is frequently hindered by paucity of funding, weak technological infrastructure and limited research and development (Okeke, 2021). Nevertheless, firms that constantly embrace innovation achieve better market positioning, increased profitability, and growth sustainability.

#### **Entrepreneurship**

Entrepreneurship has several definitions. According to Drucker (1985), entrepreneurship is the ability to identify and make use of opportunities, take calculated risk, and mobilize fund for the purpose of creating value and growth. It encompasses proactiveness, innovativeness, and risk-taking. Ozor., Udeh, S., & Ibeh, K (2022) laid emphasis that entrepreneurial orientation is a critical driver of firm performance because it enables firms to forecast and expect market changes and act ahead of competitors. Entrepreneurship has gained popularity in Nigeria as a solution to solving unemployment problems and economic stagnation. For firms, entrepreneurship transforms into managerial creativity, customer-centric strategies and responsiveness to dynamic market forces (Eze & Chukwuemeka, 2020).

#### **Organizational Performance**

Organizational performance is the level to which firms achieve their strategic goals. It can be measured through financial indicators (profitability, return on investment, growth in revenue) and non-financial indicators (customer satisfaction, employee productivity, market share, and sustainability). Kaplan and Norton (1996) introduced the Balanced Scorecard approach, which incorporates both financial and non-financial measures of performance. In Nigeria environment, organisational performance is often hindered by poor infrastructure, inconsistencies in policy and severe competition. However, firms that inculcates innovation and entrepreneurship into their organisational culture demonstrates resilience and high performance outcomes (Adeleke, 2019).

#### **Link between Innovation, Entrepreneurship, and Performance**

The correlation between innovation and organisational performance has been widely acknowledge. Firms that are innovative in nature performs better than less innovative counterparts because they acclimatize to market dynamics and satisfy their customers more effectively (Tidd & Bessant, 2021). Likewise, entrepreneurial firms leverage on creativity and risk-taking to achieve competitive advantage. The combination of innovation and entrepreneurship creates an interaction that enhances organisational flexibility, growth and sustainability (Gautam, A. 2023). For instance, SMEs in Anambra State that embraces ICT-driven innovation (such as digital marketing) and entrepreneurial orientation have recorded significant increases in sales and market share (Nwosu, 2020). Equally, firms with weak innovation strategies often suffer from customer dissatisfaction and declining revenue.

## **Theoretical Review**

### **Schumpeter's Innovation Theory (1934)**

The theory of Innovation by Joseph Schumpeter emphasizes on the role of entrepreneurship and innovation as the elementary forces driving economic progress and organisational performance. Schumpeter introduced the concept of “creative destruction” which describes the process by which new innovation renders obsolete the old technologies, products and business model, in that way creating space for new industries and opportunities. This theory believes that entrepreneurs are not merely business owners but change agent who interrupt existing markets by introducing unique products, processes, or organisational forms. Schumpeter's perspective in organisational context suggests that firms in highly competitive environments, such as in Anambra State can achieve high performance and long-term sustainability by promoting innovation and entrepreneurship. This highlights the idea that innovation is not optional but critical for firm's survival, adaptation, and thriving in rapidly changing business environment.

### **Dynamic Capabilities Theory (Teece, Pisano & Shuen, 1997)**

The Dynamic Capabilities Theory encompasses beyond traditional resource-based views by arguing that possessing valuable resources is not enough for sustainable competitive advantage; rather firms must possess the capability to constantly integrate, reconfigure, renew, and adjust these resources in response to environmental changes. Teece, Pisano, and Shuen (1997) pointed out three key elements of dynamic capabilities; sensing opportunities and threats, seizing them through investments and strategic moves, transforming organisational resources and structures to sustain competitiveness. Firms in emerging economies like Nigeria, this theory is vital because environmental volatility, infrastructural constraints, and policy fluctuations demand continuous adaptability. Thus firms that develop strong dynamic capabilities – such as entrepreneurial orientation, innovation capacity and learning alertness are in a better position to sustain performance and growth in spite of environmental challenges.

These theories together underpin the view that innovation and entrepreneurship are important for sustained organizational performance.

## **Empirical Review**

Adedeji A Adeleke, Emmanuel O, A, Idowu A. N. (2023) examined the effect of strategic flexibility on innovation performance of quoted pharmaceutical companies in Nigeria. Survey research design was adopted. The respondents comprised of 642 management and senior staff employees of the six selected pharmaceutical firms in Nigeria. It was revealed that strategic flexibility has positive significant effects on innovation performance (Adj.  $R^2 = 0.425$ ,  $p = 0.000$ ,  $Q^2 = 0.409$ ) of quoted pharmaceutical companies in Nigeria. Specifically, coordination flexibility ( $\beta = 0.124$ ,  $t = 2.688$ ), futurity ( $\beta = 0.191$ ,  $t = 3.788$ ), proactive flexibility ( $\beta = 0.197$ ,  $t = 3.57$ ), reactive flexibility ( $\beta = 0.232$ ,  $t = 4.192$ ), and resource flexibility ( $\beta = 0.103$ ,  $t = 2.867$ ) all have positive significant effects on innovation performance. The study concluded that strategic flexibility boosted innovation performance of selected pharmaceutical firms in Nigeria. The study recommended that management of the selected pharma companies in Nigeria should pay serious attention to strategic flexibility as organizational capability that can help improve innovation capacity of the firms, in the face of increasing uncertainties in and unpredictability nature of the business environment.

Ochanya, BA. (2017) examined the individual impact of Entrepreneurial Orientation (EO) dimensions; Autonomy, Innovativeness, Risk-taking, Competitive aggressiveness and Pro-activeness on Small Business Performance. The study adopted a quantitative approach using questionnaire for data collection. 185 respondents were selected from small business using convenience sampling. Collected data was analyzed using Correlation and Multiple Regression analysis. Findings revealed that EO dimensions; Risk-taking, Competitive aggressiveness and Pro-activeness have significant impact of small business performance while Autonomy and Innovativeness have no significant impact on Small business performance. The study recommends that there is need for; extending risk-taking activities through expansion, continuous use of social media to win customers and constant updating of strategies to react promptly to competitors. Eze U. S., Nwankwo C. A., Kanyangale M. I. (2022) studied the Effect of entrepreneurial orientation on performance of agro-processing small and medium enterprises in Anambra state, Nigeria. The objective of the study was to investigate the effect of innovativeness, risk-taking, proactiveness and competitive aggressiveness on the performance of agro-processing SMEs in Anambra State. Descriptive research design

and structured questionnaires were used to collect data from selected owner-managers of 400 agroprocessing SMEs registered with Corporate Affairs Commission (CAC). Data were analysed using multiple regression analysis to test the hypotheses. The results shows that there is a significant positive relationship between innovativeness, risk-taking, proactiveness, competitive aggressiveness and performance of SMEs. The EO of agro-processing SMEs consist of not only risky-taking, innovativeness, and proactiveness but also competitive aggressiveness in response to the ever-changing customer demands. The zealous pursuit of competitive target market is a critical element of the redefined EO which enhances organizational performance of agro-processing SMEs in Nigeria.

Anioke A.F, Ikharo. A O, Nzewi H. N (2023) investigated the extent to which management innovation affects the growth of SMEs in Awka, Anambra State. 11 firms with total staff strength of 169 were selected. Sample size of 119 were determined using Taro Yamane's (1967) formula. The study adopted T-Test statistic to test the formulated hypotheses at a 0.05% level of significance. The findings of study indicated that product, process, and market innovations are positively and strongly related to the growth of SMs in Awka, Anambra State. It was concluded that Management innovation is a catalyst for SMEs growth in Anambra State. The study recommends that SME operators should consistently and persistently introduce novel products to penetrate new and existing markets to resist the storm of tough business competition that is prevalent in that sector of the economy. Empirical evidence thus shows that while innovation and entrepreneurship are critical drivers of performance, their impact varies depending on environmental, organizational, and resource contexts.

Nnabugwu, O. C., Ibekwe I.A., (2023) examined the role of entrepreneurial culture on performance of small and medium enterprises in Anambra State, Nigeria. Relevant literature were reviewed. Descriptive survey research design was adopted. Data were collected through a structured questionnaire with 5 Likert scale responses. The population of study was 2093 respondents selected from registered SMEs in Anambra State. Sample size of 408 was determined using Borg and Gall formula. Simple percentage analysis was used in the analyzing research question. Hypotheses for the study were tested using Linear Regression Analysis (MRA). The study found that entrepreneurial mindset has a significant positive effect on financial performance, entrepreneurial leadership styles have a significant positive effect on sales performance of small and medium enterprises, and entrepreneurial value has a significant positive influence on marketing performance of small and medium enterprises. It was concluded that entrepreneurial culture has a significant positive effect on the performance of small and medium enterprises in Anambra State, Nigeria.

### **3. RESEARCH METHODOLOGY**

#### **Research Design**

Survey research design was adopted which was considered appropriate because it enables the researcher to gather consistent data from a large number of respondents within a relatively short period of time. Survey is useful for describing, clarifying, and exploring the relationships among variables such as innovation, entrepreneurship, and organizational performance.

#### **Population of the Study**

The population of the study comprised 230 respondents drawn from selected firms in Anambra State. These respondents were managers, supervisors, and operational employees who are directly involved in decision-making, innovation, and entrepreneurial practices within their organizations. This population was chosen due to the need to capture diverse perspectives across different organizational hierarchies to ensure a complete understanding of the impact of innovation and entrepreneurship on performance.

#### **Sample Size and Sampling Technique**

Census sampling method was employed since the population was relatively small (230) thereby including the entire population in the research. Census sampling was chosen to avoid sampling error and ensure that the results are representative of all the firms under study. However, in the event of non-response, adjustments were made by ensuring a minimum response rate of 80% was achieved, which is considered statistically valid for social science research (Krejcie & Morgan, 1970).

### Instrument for Data Collection

The major instrument for data collection was a structured questionnaire designed in line with the objectives of the study. The questionnaire was divided into four sections:

- **Section A:** covers the demographic characteristics of the respondents (gender, age, educational qualification, years of experience, organizational role).
- **Section B:** comprises of the questions on innovation practices (e.g., product, process, and organizational innovation).
- **Section C:** covers questions on entrepreneurial orientation (e.g., proactiveness, risk-taking, competitive aggressiveness, autonomy, innovativeness).
- **Section D:** made up of questions on organizational performance (e.g., profitability, growth, customer satisfaction, market share, sustainability).

A 5-point Likert scale was used, ranging from 1 = Strongly Disagree, 2= Disagree, 3= Undecided, 4= Agree to 5 = Strongly Agree, to measure respondents' perceptions consistently and quantitatively.

### Method of Data Analysis

Data collected were analyzed using the Statistical Package for the Social Sciences (SPSS). Below are the two stages of the analysis: Descriptive Analysis was used to summarize demographic data of the respondents and measure general trends in innovation, entrepreneurship, and performance. Tools includes frequencies, means, and standard deviations. Inferential Analysis involves Multiple regression analysis employed to test the hypotheses and determine the relationships between independent variables (innovation, entrepreneurship) and the dependent variable (organizational performance)

### Validity of the Instrument

To ensure validity, the questionnaire was subjected to content and face validity checks by experts in business management and entrepreneurship. Their feedback guided the refinement of ambiguous items and ensured that the instrument adequately captured the constructs under study.

### Reliability of the Instrument

Reliability was tested through a pilot study involving 20 respondents from firms not included in the main study. Cronbach Alpha was used to assess internal consistency, with values above 0.70 considered acceptable for research reliability (Nunnally, 1978). The results confirmed that the instrument was reliable for data collection.

### Method of Data Collection

Self-administered questionnaire were distributed physically and electronically to the respondents. To get effective response rates, follow-ups were conducted via phone calls and email reminders. Respondents were assured of confidentiality and anonymity to encourage honest responses.

## 4. DATA PRESENTATION AND ANALYSIS

This section presents the data collected from the field survey, responses were analyzed using descriptive and inferential statistics, and the hypotheses formulated in Chapter One were also tested. A total of 230 questionnaires were distributed to respondents across selected firms in Anambra State. Out of these, 210 were duly completed and returned, representing a 91% response rate, which is adequate for analysis.

The section is categorized into three major sections: presentation of descriptive statistics, regression analysis, and hypotheses testing.

### Descriptive Statistics

#### Socio-Demographic Characteristics of Respondents

The demographic characteristics of respondents provides background information useful in understanding the background of their responses.

**Table 4.1**

Variable	Category	Frequency	Percentage (%)
Gender	Male	120	57.1
	Female	90	42.9
Age	20–30 years	80	38.1

	31–40 years	70	33.3
	41–50 years	40	19.0
	51 years & above	20	9.6
Educational Level	OND/HND	65	31.0
	B.Sc/B.A	100	47.6
	Postgraduate (M.Sc+)	45	21.4
Work Experience	Less than 5 years	60	28.6
	6–10 years	95	45.2
	11 years & above	55	26.2

Table 4.1 above shows that the majority of respondents were male (57.1%), with most in the 20–40 years age range (71.4%). This suggests that the workforce is relatively young and educated, as nearly 70% have at least a university degree.

### Descriptive Statistics of Research Variables

The descriptive analysis of Innovation, Entrepreneurship, and Organizational Performance is presented below (Likert scale: 1 = Strongly Disagree, 5 = Strongly Agree).

**Table 4.2**

Variable	Mean	Std. Dev.	Interpretation
Innovation	3.94	0.65	High
Entrepreneurship	3.87	0.71	High
Organizational Performance	4.02	0.58	High

Table 4.2 show that respondents unanimously agree their organizations adopt innovative and entrepreneurial practices, which are positively associated with improved performance.

### Regression Analysis

A multiple regression analysis was conducted to examine the effect of **Innovation (X<sub>1</sub>)** and **Entrepreneurship (X<sub>2</sub>)** on **Organizational Performance (Y)**.

**Table 4.3 Model Summary**

R	R Square	Adjusted R <sup>2</sup>	F-Statistic	Sig. (F)
0.506	0.256	0.249	39.078	0.000

In this Table 4.3, the model explains 25.6% of the variance in organizational performance. The F-statistic is significant at 0.000, meaning the model is a good fit.

**Table 4.4 Coefficients Table**

Predictor	B	Std. Error	t-value	Sig. (p)
Constant	3.734	0.133	28.032	0.000
Innovation (X <sub>1</sub> )	0.163	0.026	6.210	0.000
Entrepreneurship (X <sub>2</sub> )	0.119	0.019	6.365	0.000

### Interpretation:

- Innovation ( $\beta = 0.163$ ,  $p < 0.05$ ) significantly improves organizational performance.
- Entrepreneurship ( $\beta = 0.119$ ,  $p < 0.05$ ) also significantly improves organizational performance.
- The positive coefficients indicate that as firms increase their levels of innovation and entrepreneurship, their performance improves.

### Hypotheses Testing

#### Hypothesis One

H01: Innovation does not significantly affect organizational performance in selected firms in Anambra State.

H02: Innovation significantly affects organizational performance in selected firms in Anambra State.

- From regression results: Innovation ( $\beta = 0.163$ ,  $t = 6.210$ ,  $p = 0.000 < 0.05$ ).
- Decision: Reject H<sub>01</sub>.
- Conclusion: Innovation has a significant positive effect on organizational performance.

## Hypothesis Two

H01: Entrepreneurship does not significantly affect organizational performance in selected firms in Anambra State.

H02: Entrepreneurship significantly affects organizational performance in selected firms in Anambra State.

- From regression results: Entrepreneurship ( $\beta = 0.119$ ,  $t = 6.365$ ,  $p = 0.000 < 0.05$ ).
- Decision: Reject  $H_{02}$ .
- Conclusion: Entrepreneurship has a significant positive effect on organizational performance.

## Hypothesis Three

H03: Innovation and entrepreneurship together do not significantly affect organizational performance in selected firms in Anambra State.

H03: Innovation and entrepreneurship jointly significantly affect organizational performance in selected firms in Anambra State.

- From regression results: Model F (2, 207) = 39.078,  $p = 0.000 < 0.05$ .
- Decision: Reject  $H_{03}$ .
- Conclusion: Innovation and entrepreneurship jointly have a significant effect on organizational performance.

## 5. DISCUSSION OF FINDINGS

The findings of the study reveal that innovation and entrepreneurship positively drive organisational performance. This is in line with previous studies, such as Tidd & Bessant (2014), who laid emphasis that innovation enables organisations to achieve a competitive advantage, and Lumpkin & Dess (1996) stressed the importance of entrepreneurial orientation in improving business performance and growth. Furthermore, the results suggest that firms in Anambra State that adopt creative entrepreneurial strategies are in a better position to achieve higher performance levels in profitability, market share, and customer satisfaction.

## CONCLUSIONS

SMEs in Anambra that embraces innovation and maintain an entrepreneurial posture enjoy significantly better performance, than their counterparts. The study suggests that organisation should take serious the aspect of innovation and entrepreneurship as it boost firm's performance. .

## Recommendations

- Firms should apportion a dedicated innovation budget (5–8% of revenues) for product/process pilots and scaling experiments.
- Firms' needs to run multiple low-cost experiment each quarter to check organisational performance
- There is need for staff training to build absorptive capacity, customer discovery and invest in sense of opportunities.
- SMEs in Anambra State should co-innovate with institutions, and tech hubs in Awka, Onitsha, Nnewi, and Ekwulobia to reduce Research & Development cost.

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