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Innovation As A Catalyst For The Survival Of Small And Medium Enterprises: Empirical Evidence From Sokoto And Zamfara States, Nigeria

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ABSTRACT
This study examines the effect of innovation drive on the performance of small and medium enterprises (SMEs) in Sokoto and Zamfara States, Nigeria. The study uses a cross-sectional survey research design with a total population of 22,473 registered SMEs across Sokoto and Zamfara States. A sample size of 450 SMEs was drawn using the Taro Yamane formula. Primary data was used for the study with questionnaire serving as the main instrument of data collection. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to analyse data and the study's hypothesis tested at 5% level of significance. Findings from the analysis revealed that innovation drive showed a significant positive effect on SME performance. The study recommends that the Owners/Managers of SMEs in collaboration with government, development partners and relevant stakeholders should strengthen collaborations on digital economic policies that support SMEs' innovative capacity to scale up performance optimally.
Keywords: Innovation, Small and medium enterprises, SMEs performance, Innovation drive.

1. INTRODUCTION

Small and Medium Enterprises (SMEs) are widely recognized as vital engines of economic growth, job creation, and innovation in both developed and developing economies (OECD, 2018). In Nigeria, SMEs contribute significantly to socioeconomic development, employment generation, poverty alleviation and Gross Domestic Product growth yet their performance has persistently lagged behind expectations due to structural and operational challenges.

Innovation is the introduction of new or significantly improved products, processes, marketing methods, or organizational practices with a view to enhancing performance outcomes. Innovation is increasingly considered a key driver of firm's performance and competitiveness. According to innovation theory and firm-growth scholarship, innovation capability enables enterprises to adapt to dynamic markets, improve productivity, and maintain long-term sustainability (OECD, 2018; Schumpeter, 1934).

Empirical studies across different regions of Nigeria show that innovative practices such as product and process innovation, marketing innovation, and the adoption of new technologies positively influence SMEs' performance outcomes, including profitability, operational efficiency, and market expansion. For example, studies in the Federal Capital Territory (FCT) demonstrate significant positive effects of both product and process innovation on annual sales and profitability among SMEs.

Similarly, studies indicate that innovation, when aligned with strategic entrepreneurial behaviours enhances competitiveness and performance. Despite the documented importance of innovation, the actual capacity of SMEs to pursue and institutionalize innovation remains constrained by limited access to finance, inadequate infrastructure, weak technological infrastructure, and scarcity of formal support systems.

Although innovation has been widely acknowledged as a catalyst for growth and competitiveness, SMEs in Sokoto and Zamfara States continue to exhibit sub-optimal performance levels. Many firms struggle with limited uptake of innovative practices, resulting in low productivity, constrained market access, and weak financial returns. This disconnects between the theoretical benefits of innovation and its practical realization at the firm level represents a significant problem that requires systematic investigation. Without a clear understanding of how innovation drive affects performance outcomes in these states, stakeholders including entrepreneurs, policymakers and development agencies lack evidence-based guidance to support targeted interventions. Also, the extent to which innovation drive translates into measurable performance improvements among SMEs in Sokoto and Zamfara States remains under-explored in scholarly literature. This gap underscores the need for research that situates both conceptual and empirical inquiry within the unique socio-economic contexts of these states.

2. LITERATURE REVIEW

According to Beck and Demirguc-Kunt (2006), SMEs are vital drivers of economic growth and innovation, defined conceptually as entities that combine operational flexibility, innovation potential and community-level economic integration. They foster local economic development by providing goods and services, stimulating competition, and driving innovation. Furthermore, SMEs are more adaptable and responsive to market changes compared to larger corporations, enabling them to meet the specific needs of local communities.

A closer perspective is equally shared by Ayyagari et al. (2007) who described SMEs as firms with modest resource bases, strong local market share, and the ability to foster innovation despite structural constraints. They are organisations whose sizes allow for closer management-employee relationships and adaptability, easier feedback mechanism due to closer owner/manager-customer relationships allowing for niche market participation. Their flexibility, customer closeness, and ability to adapt to market changes make them vital in introducing new products, services and technologies.

SMEs are businesses with revenues, assets or number of employees below a certain threshold which vary by country and institution but generally distinguished from large corporations by their relatively small size and market reach. According to El-Madani (2018), there is no single global definition of SME; however, most nations rely on quantitative benchmarks like number of employees or annual turnover which are usually shaped by regional or national policy objectives. SMEDAN (2021) classified Small Enterprise as those with between 10 to 49 employees and N5million to N50million in assets; and Medium Enterprises as those with between 50 to 199 employees and N50million to N500million in assets. They are predominantly owner-managed, informal in structure, local focus, flexible and have limited access to capital. These enterprises play a vital role in economic development, contributing to job creation and innovation. SMEs are often seen as the backbone of many economies, particularly in developing regions,

where they account for a large percentage of employment and entrepreneurial activities. However, SMEs are defined not only by size but also by their organisational characteristics such as owner-manager, lack of formalization, and limited market reach. These firms typically operate in local markets, have limited access to credit, and are more vulnerable to economic fluctuations (Ayyagari et al., 2007).

Innovation has increasingly become a central determinant of the growth, survival, and competitiveness of small and medium enterprises (SMEs) across both emerging and developed economies. Conceptually, innovation refers to the development or adoption of new products, processes, technologies, marketing mechanisms, or business models that enhance customer value and firm effectiveness (Mulolli, 2024). Scholars generally categorize innovation into four interrelated dimensions; product, process, marketing, and organisational or business-model innovation (Yahaya, 2023). Product and process innovations support differentiation and efficiency enhancement; marketing innovation improves customer attraction and brand positioning; while organisational innovation restructures how firms create and capture value. These dimensions collectively enhance how SMEs adapt to market pressures and pursue competitive advantage.

From a theoretical standpoint, the Resource-Based View (RBV) frames innovation capabilities as unique internal resources that are valuable, rare, inimitable, and organisationally embedded, therefore producing superior performance outcomes when effectively leveraged. Complementing this, Dynamic Capabilities Theory asserts that SMEs must continuously sense opportunities, seize them through innovation, and transform internal arrangements in order to remain competitive under technological and market turbulence (Garrido-Prada et al., 2024). Thus, innovation is not only an outcome but a strategic capability that determines whether firms can reconfigure processes and business models in response to external change.

Contemporary empirical evidences strongly support the performance-enhancing role of innovation. For instance, Mulolli (2024) demonstrated that both process and product innovations significantly improve operational efficiency, revenue streams, and sustainable competitiveness among manufacturing SMEs. Similarly, Yahaya (2023) established that SMEs engaged in continuous innovation activities outperform their counterparts in customer satisfaction, loyalty, and market retention. Keelson (2024) further argued that under conditions of intense market competition, process innovation becomes even more essential, moderating the potentially negative effects of competitive pressure on performance. Overall, these findings reiterate that innovative SMEs tend to grow faster, remain more resilient, and experience better customer outcomes.

However, emerging research cautions against overestimating innovation's direct effect. Recent work shows that innovation produces measurable performance impact only when complemented by internal capabilities such as employee knowledge, managerial skills, digital readiness, and strategic alignment (Journal of Business Research, 2024). For example, business-model innovation is increasingly identified not just as a form of innovation but as a mediating mechanism through which digital transformation, networking, and capability investment translate into superior performance outcomes. Put differently, SMEs that innovate without capability development frequently experience limited returns because they lack the absorptive capacity to apply, commercialize, or scale their innovations (Garrido-Prada et al., 2024).

In addition, innovation-driven performance outcomes are context-sensitive. SMEs operating in environments with poor technological infrastructure, weak access to finance, or low market dynamism may struggle to convert innovation into competitive advantage (Mulolli, 2024). Likewise, empirical sector studies suggest that innovation in manufacturing may yield larger productivity gains than in retail or informal sectors. These contextual findings reflect a gradual shift in literature from simplistic linear innovation, performance assumptions to more explanations emphasizing mediation, moderation, and industry conditions. To this end, innovation contributes substantially to SMEs profitability, sales growth, market share, customer satisfaction, and operational efficiency, which this explores by their complementary capabilities and enabling environments. The reason for exploring both financial and non-

financial performance is to strike a balance between the performance metrics, to examine their significant effect on the overall SMEs performance.

Measuring SMEs performance is challenging due to the diversity of business goals, differences in industry characteristics and limited data availability (Kaplan & Norton, 1996). Performance is a multifaceted concept but generally refers to the ability of an organization to achieve its objectives and goals effectively and efficiently. In a business context, performance encompasses various dimensions, including financial outcomes or profitability (ROA, ROE, NPM, ROCE), operational efficiency (efficiency ratio; Investment Turnover, Asset Utilization), customer satisfaction (Survey, customer retention rate), and market share (Percentage of total sales in the market). For SMEs, performance is particularly crucial as it directly influences their sustainability, growth, and contributions to the economy and often measured through several key indicators. However, profitability is a primary measure of financial performance and reflects the ability of an SME to generate income relative to its expenses. According to Afriyie et al. (2019), SMEs' performance refers to the firm's output, measured through key indicators such as technological innovation to drive growth, new product development to improve profitability, research and development to stimulate innovation, and market expansion. These metrics collectively reflect an SME's ability to achieve its objectives, sustain operations, and adapt to changing market conditions, thereby contributing to overall economic development. The capacity for innovation, including the introduction of new products or improvement of existing services is critical for SMEs' survival and growth.

Furthermore, innovation can differentiate an SME from its competitors and enable it respond effectively to changing consumer demands. In a nut shell, SME performance means the output measured in terms of growth, profitability, innovation, and market expansion. Indeed, profitability is essential for survival and growth, enabling SMEs to reinvest in their operations and innovate. Another important aspect is business growth, which can be quantified in terms of revenue increases, expansion into new areas/markets, or the development of new products and services. Business growth indicates the enterprise's capacity to scale its operations and adapt to changing market conditions.

Accordingly, Wiklund and Shepherd (2005), SME performance refers to the ability of small and medium enterprises to achieve desired outcomes in areas such as profitability, growth, market share, customer satisfaction, and operational efficiency. Additionally, SME performance can be defined in terms of its ability to penetrate new areas/markets and increase its market share, enhancing competitiveness leading to increased sales and brand recognition (Oladotun et al., 2024). SME performance can also be viewed from the lenses of operational efficiency in order to assess how well an SME utilizes its resources: human, financial, and technological to optimize processes and minimize costs. Enhanced operational efficiency contributes to better profitability and competitiveness. It simply means the increase in an enterprise's income over a given period of time expressed as a percentage over a base period. It is the percentage increase in revenue (or sales) from one period to the other. Revenue growth is also one of the key indicators of SME performance as seen in the works of earlier scholars in the SME literature. Empirical studies Okoroafor (2023), Ojochide and Oluwaseyi (2024), Oladotun et al. (2023) show that revenue growth is often used as the dependent variable or major component in measuring SME performance.

3. METHODOLOGY

This study adopts a descriptive survey research design due to its suitability for collecting and analyzing data from respondents relevant to the research phenomenon. The population of the study is made up of 22,473 registered SMEs operating across Sokoto and Zamfara States (Sokoto State Small and Medium Enterprises Development Agency, 2025; Zamfara State Ministry of Commerce and Industry, 2005). Sample size was determined to be 450 using Yamane formula (1967). This study focuses on SMEs operating within the manufacturing/processing, trade/agribusiness and services sectors in Sokoto and Zamfara States. The study employed a cross-sectional time horizon, which involves collecting data at a single point in time. This design is appropriate for getting a snapshot of the existing conditions within SMEs to establish the extent of relationships between the variables and SME performance.

The study made use of descriptive statistics (such as mean, median, standard deviation, minimum, maximum and total count values) to ascertain the general characteristics of data collected for the study. The study also adopted regression analysis using Partial Least Squares-Structural Equation Modeling (PLS-SEM) due to its appropriateness and ability to handle multiple variable relationship testing.

The study employed both cluster and simple random sampling. Simple random sampling is a probability sampling method where each member of a population has an equal and independent chance of being selected for the sample and it is mostly used when there is need for wider generalizability.

The questionnaire was administered to SME Owners/Managers, who served as the primary respondents due to their direct involvements in the operational and strategic activities of the enterprises. The instrument consists of two sections: Section 'A' and Section 'B'. Section 'A' gathered demographic information which include business name, gender, marital status, location, years of business experience, and educational qualifications. Section 'B' was developed to measure the key constructs of the study: innovation drive and SME performance.

To ensure the validity of the instruments, content validity was assessed through a validation test involving a panel of experts. This panel comprised distinguished academics with expertise in Business Administration and related fields. Their primary role was to evaluate the items in the questionnaire to confirm their alignment with the study's objectives. Based on their feedback, adjustments were made to the questionnaire's structure and language to enhance clarity, relevance and internal consistency. The questionnaire underwent content validity testing using factor analysis to confirm that the items effectively measure the intended constructs. To ensure reliability, a test-retest method was also employed using a randomly selected group of respondents from the registered SMEs in Sokoto and Zamfara States who were given the questionnaire initially, and then the same group ware asked to complete it again after a designated period. This approach allows for the evaluation of the stability of responses over time, further ensuring the reliability of the instrument. Also, Cronbach's alpha was used to ensure that the items on the instrument are consistent with each other and measure the same underlying constructs. By implementing these comprehensive validation and reliability measures, the study provides robust and credible findings regarding the extent of relationships of the constructs and SME performance in Sokoto and Zamfara States.

Table 3.1: Variables Definition and Measurement

Variable	Definition	Indicators/Items	Measurement Scale	Source
Innovation Drive	New product development	Novel ides	1 Item	Mohemmed 2022
SME Performance	The extent to which SMEs achieve business goals and growth.	Profitability, sales growth, operational efficiency, market share, &customer satisfaction	5 items	Eniola & Ektebang, 2014; Ogundare, 2019; Olayemi, 2021; Adewole &Umoru, 2021

4. RESULTS AND DISCUSSION

In this section, a PLS-SEM approach was used to test the measurement model including the analysis of discriminant validity, convergent validity, internal consistent reliability, and indicator reliability. The hypothesis of the study is also tested using the structural model.

4.1 Demographic Profile of the Respondents

This section presents the frequency distribution of participants based on their demographic characteristics. The demographic variables examined in this study include gender, age, position, business type, qualifications, and years of experience. The frequencies and percentages of respondents based on these characteristics are summarized in Table 4.1.

Table 4.1: Demographic Profile of the Respondents

GENDER	**Frequency**	**Percent**
MALE	389	87.1
FEMALE	21	12.9
Total	447	100
AGE	**Frequency**	**Percent**
25-30	121	27.1
31-36	68	15.2
37-41	189	42.3
>41	69	14.9
Total	445	99.4
Missing	2	0.6
Total	447	100
POSITION	**Frequency**	**Percent**
OWNER	245	54.8
MANAGER	202	45.2
Total	447	100
BUSINESSTYPE	**Frequency**	**Percent**
SMALL	254	54.8
MEDIUM	146	43.2
Total	446	99.7
Missing	1	0.3
Total	447	100
QUALIFICATION	**Frequency**	**Percent**
FIRST SCHOOL LEAVING CERT	23	5.1
SENIOR SECONDARY SCH. CERT	27	6.1
HND/BA, B.Ed, BSc.	144	32.2
HIGHER DEGREES	253	56.6
Total	447	100
YEARS	**Frequency**	**Percent**
5-10	159	35.6
11-16	153	34.2
17-21	98	21.9
>21	41	8.1
Total	446	99.7
Missing	1	0.3
Total	447	100

Source: Field Survey, 2026

Table 4.1 provides a detailed demographic breakdown of the respondents across various categories, including gender, age, position, business type, qualifications, and years of experience. This demographic profile offers valuable insights into the characteristics of SMEs in Sokoto and Zamfara States, which can help explain their performance and the broader economic implications. In terms of gender, the vast

majority of respondents were male, accounting for 87.1% of the total sample. Female respondents constituted only 21.9%, indicating a significant gender disparity in the SME sector, with men overwhelmingly dominating the respondent pool. It also implies that there were more male SME Owners/Managers than their female counterpart.

The age distribution reveals a more balanced representation across different age groups. The largest group consisted of individuals aged 37 to 41 years, representing 42.3% of respondents. The second-largest group (27.1%), included those aged 25 to 30.While respondents over 41 years represents14.9% of the total respondents. The smallest group comprised individuals aged 31 to 36 (15.2%). Notably, two respondents did not report their ages, representing 0.6% of missing data. The concentration of respondents in the 37-41 age group suggests that middle-aged individuals, who may possess more experience and stability, dominate the SME sector. The presence of younger entrepreneurs (25-30 years) is also significant, indicating potential for innovation and fresh ideas. Regarding positions occupied by the respondents, 54.8% of respondents were identified as business owners, while 45.2% were managers. This relatively even split indicates balanced representation in leadership roles, suggesting that many respondents are directly involved in decision-making processes. This involvement may influence their perceptions of the effect of innovative practices on SME performance in Sokoto and Zamfara States.

In terms of business type, most respondents (57.3%) reported being involved in small businesses. while medium-sized businesses accounted for 41.4%. One respondent did not specify the business type, leading to a 0.3% missing data rate. The predominance of small businesses reflects the typical structure of the SMEs landscape in Sokoto and Zamfara States, where small and medium enterprises are the backbone of the economy. When examining qualifications of the respondents, a significant portion (56.6%) held qualifications classified as "Higher Degrees i.e. Masters, MPhil and PhD," while 32.2% had HND/BA, B.Ed, BSc. A smaller percentage held either primary or secondary school certificates, indicating that the respondent pool was highly educated, with many possessing higher degrees. This high level of education may correlate with better management practices and a deeper understanding of how innovation potentially affects SME performance.

Finally, the years of experience of the respondents were distributed across various categories. The largest group (35.6%) had between 5 and 10 years of experience, followed closely by those with 11 to 16 years (34.2%). Respondents with 17 to 21 years of experience comprised 21.9%, while those with over 21 years accounted for 11.8%. Only one respondent did not provide information about his/her years of experience, resulting in a negligible amount of missing data (0.3%). The data indicate that a substantial number of respondents have been in business for 5-10 years (35.6%) and 11-16 years (34.2%), respectively. This stability suggests a resilient SME sector where many businesses have successfully navigated beyond the initial startup phase, contributing to economic resilience. The notable presence of young entrepreneurs presents an opportunity to foster innovation and entrepreneurship through mentorship programmes, access to funding, and business training. The high educational qualifications among respondents suggest potential for leveraging this knowledge to improve business practices. Given that the majority of businesses are small, targeted support programmes addressing the unique challenges faced by small enterprises such as access to finance, training, and market access can significantly enhance their performance and sustainability. The experience levels of respondents, particularly those with 5-16 years in business, indicate a stable SME sector in Sokoto and Zamfara States.

Table 4. 2: Results of the Convergent Validity Test

Constructs	**Indicators**	**Outer Loadings**	**Cronbach's Alpha**	**Composite Reliability**	**Average Variance Extracted (AVE)**
SMEs Performance	SP	0.78	0.82	0.88	0.59
Innovation Drive	ID	0.60	0.78	0.81	0.51

Source: Smart-PLS 4 Output

Table 4.2 presents the findings from the convergent validity assessment. The results indicate that convergent validity is established, as the average factor loading for the constructs exceeds 0.5. Convergent validity is used to determine whether the indicators of a construct are well-correlated and collectively measure the underlying construct. The Average Variance Extracted (AVE) is used to assess convergent validity, with a threshold of 0.50 or higher indicating that at least 50% of the variance in the items is explained by the construct (Fornell & Larcker, 1981). All constructs listed in Table 4.2 have AVE values exceeding the 0.50 threshold, confirming adequate convergent validity, for example, innovation drive, with an AVE of 0.51, confirms strong convergent validity. This indicates that the overall construct explains 51% of the variance in its indicators, above acceptable level of 50%, indicating that the construct as a whole explains a sufficient amount of variance in the items, confirming convergent validity.

Similarly, SME Performance demonstrates good reliability and validity across its measures. The outer loadings for SME performance item range from 0.71 to 0.81, all exceeding the 0.70 threshold, ensuring strong individual item reliability. Its Cronbach's Alpha is 0.82, and Composite Reliability is 0.88, reflecting strong internal consistency among the performance indicators. The AVE for SME Performance is 0.58, indicating that 58% of the variance in the indicators is explained by the construct, confirming that the items are well-correlated and adequately measure SME performance.

Hence, the variables (innovation drive and SME performance) show consistently strong reliability and validity across all measures, confirming their suitability for representing the underlying constructs.

Table 4.3: Measures and Threshold Values for Assessment of Inner Model

Assessment Measure	**Measure**	**Threshold value**
Path Coefficient	T-value	1.96 ($p < 0.05$)
Coefficient of Determination	R^2	0.19 (weak), 0.33 (mediocre), 0.67 (good)
Effect Size	F^2	0.02(weak), 0.15(moderate) and 0.35(strong)
Predictive Relevance	Q^2	0.02 (small), 0.15 (medium), 0.35 (strong)

Hair et al., (2014).

Table 4.3 displays the results of the measures and threshold values for assessing the inner model regarding the determinants of SME performance in Sokoto and Zamfara States, Nigeria. The key considerations for this assessment include path coefficient estimates, coefficient of determination (R^2 values), effect sizes (F^2), and predictive relevance (Q^2) (Hair et al., 2014). The evaluation of the inner model provides valuable insights into the relationships and effect of innovative drive on SME performance in Sokoto and Zamfara States. These are:

Path Coefficient (T-value): A T-value exceeding 1.96 indicates a significant relationship between innovation drive and SME performance. This suggests that it significantly influence performance outcomes for SMEs. Coefficient of Determination (R^2): R^2 values indicate the proportion of variance in SME performance explained by innovative practices. An R^2 of 0.19 (weak) implies that only a small portion of performance can be accounted for by these factors, highlighting the importance of considering additional variable that may also play crucial roles. Higher R^2 values (0.33 and 0.67) would suggest stronger explanatory power.

Effect Size (F^2): The effect size provides insight into the practical significance of the relationships. Weak, moderate, or strong effect sizes indicate varying levels of effect that innovative drive has on SME performance. A strong effect size suggests that changes in innovative drive could lead to substantial changes in performance outcomes. Predictive Relevance (Q^2): A Q^2 value greater than 0 indicates that the model possesses predictive relevance for the data. This measure assesses the model's ability to predict real-world outcomes. A low Q^2 value might signal limited predictive capability, suggesting the need for more robust modeling

4.2 Structural Model

The structural model is assessed once the requirements of the measurement model are met.

Analyzing theoretical relationships is the first step in assessing structural models. More specifically, the significance of path coefficients for the correlations was ascertained using a standard bootstrap on a sampled instance of 330 (Hair et al. 2017).

Table 4.4: Hypothesis test for direct relationship

Relationship	Beta Values	Standard Deviation	T-Statistics	P Values
Innovation drive> SMEs Performance	1.11	0.07	16.97	0.00

Analysis in Table 4.4 indicates Innovation drive have a significant positive effect on SME performance, represented by a Beta value of 1.11. The T-statistic of 16.97 and a P-value of 0.00 affirm the statistical significance of this relationship. This finding underscores the importance of having skilled and capable human resources within SMEs, while product and management innovation were positive. To this end, though the strong sample size and clear quantitative analysis are strengths, similarly, the results from this study may easily be generalized to bigger commercial states with similar or different infrastructure and market dynamics.

4.3 DISCUSSION OF FINDINGS

This section discusses the findings regarding the effect of innovation drive on SME performance in Sokoto and Zamfara States as the key objective of this study.

The findings indicate a positive and significant relationship between innovation drive and the performance of SMEs in Sokoto and Zamfara States. This relationship highlights the importance of entrepreneurship innovation drive for providing an enabling conducive environment for small and medium enterprises to expand market share.

Effective entrepreneurship innovation drive can stimulate overall economic growth, improve livelihoods, and strengthen the local economy. The result implies that creativity and effective innovation drive framework significantly enhance SME performance. The findings is consistent with a study by Akpa et al. (2024) which found process innovation and market innovation to have statistically significant positive effects on profitability, while product and management innovation were positive but not statistically significant. Similarly, it is also consistent with the study of Ukoha et al. (2025) which found adoption of specific technological tools (mobile payments, social media, data analytics) was positively and significantly associated with improved operational efficiency, brand awareness, employee productivity, customer satisfaction and decision-making.

5.1 CONCLUSION

This study concludes that SMEs that actively engage in innovative practices such as adopting new technologies, improving processes, enhancing marketing strategies and encouraging creativity tend to experience improved market share, profitability and operational efficiency. It further established that effective innovation drive creates an enabling business environment that enhances ease of doing business, promotes entrepreneurial growth, and strengthens the local economy. The evidence suggests that innovation does not only improve firm-level outcomes but also contributes to broader economic development by stimulating productivity, job creation, and income generation.

Additionally, the study highlighted the role of human resource capacity in supporting innovation outcomes. SMEs with better-trained, motivated, and adaptable employees were found to be more resilient, customer-focused, and operationally efficient. However, challenges such as limited access to skilled manpower, weak human resource policies, and inadequate training opportunities continue to constrain the full realization of innovation benefits among many SMEs.

Hence, innovation drive is a critical determinant of SME performance in the study area. Strengthening innovation frameworks, technological adoption, and human capital development will significantly enhance the sustainability and growth of SMEs in Sokoto and Zamfara States.

5.2 RECOMMENDATIONS

Government agencies and relevant stakeholders should design and implement policies that encourage innovation among SMEs, including incentives for technology adoption, product development, and creative business models. Furthermore, SME Owners/Managers and employees should be exposed to regular training and workshops on innovation, change management, digital skills, process improvement, and market strategies. Also, business development support services for SMEs and innovation hubs should be established or strengthened to offer technical support, mentorship, and advisory services.

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