

INNOVATIVE CAPACITY AND PERFORMANCE OF SMALL AND MEDIUM SIZED ENTERPRISES IN NIGERIA: THE MODERATING ROLE OF ENTREPRENEURIAL TRAITS.

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Abstract

The small and medium enterprise (SME) sector is a critical sector of the Nigerian economy. However, very little is known on the maximization of SME performance in Nigeria's emerging market. This work examines the moderating effect of entrepreneurial trait on the influence of innovative capacity on the performance of SMEs in Nigeria. Adopting a mixed-method approach to enquiry, this study investigated experienced SMEs to determine how their innovative capacities effects performance in other to help improve their performance. The study was anchored on resource-based view and the dynamic capability theory. The study adopted sequential explanatory research study where a sample of 1,035 respondents was selected from a target population of SME owners and managers in Nigeria. Questionnaire and in-depth interview guide were used to collect quantitative and qualitative data respectively. Also, the quantitative data was analyzed using hierarchical multiple regression model, while the qualitative data was analysis using thematic analysis. Results from the study showed a positive relationship between product innovative capacity, organizational innovative capacity and SME performance. However, the positive moderating effect of entrepreneurial traits was insignificant on the influence of innovative capacity on the performance of SMEs in Nigeria. Findings can help SME owners and managers to better understand and use innovative capacities to boot their performance.

Keywords: Small and Medium Scale enterprises, Innovative capacities, entrepreneurial traits, SME performance, product innovative capacity, organizational innovative capacity.