

ENTREPRENEURSHIP INNOVATION AS A CATALYST FOR ENTREPRENEURIAL SUCCESS AMONG SMALL AND MEDIUM SCALE ENTERPRISES IN LAGOS ISLAND AREA OF LAGOS STATE

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Abstract

This study examined entrepreneurship innovation as a catalyst for entrepreneurial success among small and medium scale enterprises in Lagos Island Area of Lagos State. Survey research design was employed and questionnaire was used as the research instrument. Simple random sampling technique was used to select two hundred and one (201) respondents among Micro, Small and Medium Scale Enterprises (MSMEs) in Lagos Island Area of Lagos state while two hundred (200) copies of the questionnaire were fully completed and returned. Simple percentage was employed to analyze the responses of the questionnaire while Pearson Moment Correlation was used to test the hypotheses formulated. It was discovered incremental innovation have significant impact on entrepreneurial success, it was established that architectural innovation has significant relationship to entrepreneurial success, also that modular innovations significant relationship to entrepreneurial success and that process innovation has significant impact on entrepreneurial success. It is therefore recommended that government need to provide support for private initiatives through provision of funds either through grant or soft loans to empower MSMEs; also enact policy that provide conducive environment for MSMEs to thrive. There also need for government to upgrade amenities and infrastructures to will facilitate the smooth operations MSMEs.

Keywords: Entrepreneurship Innovation, Incremental Innovation, Architectural Innovation, Entrepreneurial Success

Section I: Background to the Study

1.1 Introduction

Entrepreneurship innovation is considered to be overlapping constructs between two stages of the creative process; both are necessary for successful enterprise (Martins & Terblanche, 2024). Innovation can be defined as “the production of novel and useful ideas, while innovation refers to the implementation or “transformation of a new idea into a new product or service, or an improvement in organization or process” (Heye, 2022). By definition, entrepreneurship innovation involve the creation of something new that’ is central to the entrepreneurial process” (Barringer & Ireland, 2022).

Entrepreneurship innovation is considered to be inseparable from entrepreneurship, which is in turn manifested in the act

of starting up and running an enterprise. Pretorius, Millard and Kruger (2020) maintain that “innovation is clearly part and parcel of the entrepreneurial skills required to successfully start a venture”. Entrepreneurs and their start-ups are considered to be “important agents of innovation” (Bosma & Harding, 2023), not simply in terms of the products and services they provide, but also in terms of the technologies and processes that they utilise (Bosma & Harding, 2023). Entrepreneurs could be argued to be, by their very nature, the essence of creativity and innovation.

It is argued that entrepreneurship innovation is not required solely in the domain of certain sectors or departments, or only in the development of new products or services, but is needed at every level of every type of organization. Innovation is seen as going beyond new products, new services and new and improved processes (Heye, 2022). Therefore if one can “better organize one’s day or write a report in a new or more effective way, then this is every bit a creative act” (Gurteen, 2024). Entrepreneurship has become a rubicon that is considered vital for the growth and sustenance of a nation’s economic development. According to Clow (2024) entrepreneurship is the process of mobilizing and risking resources (land, capital and human resources) to utilize a business opportunity or introduce an innovation in such a way that the needs of the society for products and services are satisfied, jobs are created, and the owner of the venture profit from it (Amabile, Conti, Coon, Lazenby & Herron, 2022).

This process includes new as well as existing ventures, but the emphasis is usually on new products or services and new businesses. This concept can further be linked to such as generating business ideas, identification of investment opportunities, making decisions towards exploiting such opportunities, formulating organizational objectives conducting market research and survey putting together resources (human, financial, and physical) establishing an enterprise, starting off the actual business operations, distributing and promoting an organization’s products and services, organizing and managing the human and material resources for the attainment of the objectives of the enterprise, bearing of risks and uncertainties, innovation and diversification (Udeh, 2023).

The term entrepreneurial success means increase in size, or an improvement in quality as a result of a process of development in which an interacting series of internal changes leads to increases in size accompanied by changes in the characteristics in the growing object” (Penrose 1959). Entrepreneurial success is the most frequently used corporate

strategy. It means increasing sales, assets, net profits and a chance to take advantage of the experience curve to reduce the per unit cost of products sold and thereby increase profits. The cost reduction is very crucial if a firm's industry is growing quickly and competitors are engaged in price wars in attempts to increase their market shares. Those firms which do not gain the necessary economy of large scale productions normally face large losses unless they can find and fill a small but profitable niche where higher prices can be offset by special product or service features. Not every growth strategy is appropriate for every business (Amabile, Conti, Coon, Lazenby, Herron, 2022). The key to finding the right growth strategy is properly matching it to your company and its specific marketplace. Since the wrong strategy can devastate your business, it's important to determine whether you are selling new or emerging products in a new or existing market.

1.2 Statement of the Problem

Micro, small, and medium-scale enterprises (MSMEs) play a vital role in the economic development of Nigeria, particularly in Lagos State where they constitute a large proportion of business activities and employment generation. Despite their significance, many MSMEs in Lagos Island struggle to achieve long-term entrepreneurial success due to challenges such as limited access to finance, poor managerial capacity, inadequate infrastructure, and intense competition. These challenges have resulted in high business mortality rates, reduced profitability, and limited scalability among MSMEs. Innovation has been widely recognized as a key driver of entrepreneurial success, yet many MSMEs in Lagos Island have not fully embraced innovative practices as part of their strategic operations. Incremental innovation, which could help firms improve their existing products and services, is often overlooked due to lack of awareness or resources. Similarly, process innovation that enhances efficiency and reduces costs is underutilized, leading to operational inefficiencies and waste. Modular innovation, which enables entrepreneurs to reconfigure business components for greater flexibility, is seldom explored, leaving many SMEs unable to adapt to changing market conditions. Furthermore, architectural innovation, which requires restructuring business models and systems for sustainability, is rarely implemented, thereby limiting the ability of MSMEs to achieve long-term competitiveness.

The persistence of these innovation gaps raises critical concerns about the sustainability and growth of MSMEs in Lagos Island. If innovation in its different forms—incremental, process, modular, and architectural—is not effectively adopted, MSMEs may continue to face challenges of poor performance, market irrelevance, and eventual business failure. This problem necessitates an investigation into how entrepreneurial innovation can serve as a catalyst for entrepreneurial success among MSMEs in Lagos Island, Lagos State

1.3 Objectives of the Study

The main purpose of the study is to ascertain entrepreneurship innovation as a catalyst for entrepreneurial success among small and medium scale enterprises in Lagos Island Area of Lagos state. The specific objectives were:

- i. To examine the impact of incremental innovation on entrepreneurial success in Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state
- ii. To ascertain the impact of process innovation on entrepreneurial success in Micro, Small and Medium

Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state.

- iii. To investigate the impact of architectural innovation on entrepreneurial success Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state.
- iv. To ascertain the impact of modular innovation on entrepreneurial success Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state

1.4 Research Hypotheses

H₀₁: Incremental innovation does not significant impact on entrepreneurial success in Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state

H₀₂: Process innovation does not significant impact on entrepreneurial success Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state

H₀₃: Architectural innovation does not significant impact on entrepreneurial success Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state

H₀₄: Modular innovation does not significant impact on entrepreneurial success Micro, Small and Medium Scale Enterprises (MSMSEs) in Lagos Island Area of Lagos state

Section II: Literature Review

2.1 Conceptual Review

2.1.1 Entrepreneurial Innovation

Innovation is described as a process of taking ideas to market. It describes the process of adding value to creative ideas. Blanchflower and Oswald (2024) defined innovation from the organization perspective as the successful introduction of a new thing or method. Innovation is the embodiment, combination or synthesis of knowledge in original, relevant, valued new products, process or services. Innovation is the process of turning new ideas into practical reality. The creation, evolution, exchange and application of new ideas into marketable goods and services resulting in the enterprise. Amabile (2022) defined innovation as the successful implementation of creative ideas with an organization. Cromie, (2020) defined innovation as putting into effect something that is new. Innovation generally is the term used for the process of developing new products or processes, improvements on products or processes or new ways of doing things. It can result in inventions or the ability to generate entirely new outcomes through refinement in products and processes: technology or administration in an organization either in each of these items separately or in all of them collectively (Chu, Benzing & McCree, 2023).

Innovation results from the desire for change in an enterprise. Change is synonymous with every dynamic organization and change in this respect is usually technological change. The change may be in areas of organizational development and characterized by new management. All these have an immense impact on the production process. Every technological change must be properly managed, if not it becomes obsolescent and inadequate (unfit) in meeting the socio-economic needs of the people (Morris & Lewis, 2020). Robichand, McGraw and Roger, (2021) opined that innovation is the process bringing the best ideas into reality with triggers a creative idea, which generates a series of innovative events. It is the creation of new value to customers. Innovation is the process of bringing the best ideas into reality, which triggers a creative idea, which generates a series of innovative events. Innovation is the creation of new value. Innovation is the process that transforms new ideas into new value- turning an idea into value. You cannot innovate without creativity. Innovation is

the process that combines ideas and knowledge into new value. Without innovation an enterprise and what it provides quickly become obsolete (Roy & Wheeler, 2022).

The National Innovation Initiative (NII) defines innovation as "the inter-section of invention and insight, leading to the creative of social and economic value" Innovation is "value" – the creation of value adding value to customer's satisfaction- "delighting the customers" (Steward & Roth, 2023). Innovation is the basis of all competition advantages, the means of anticipating and meeting customer's needs and the method of utilization of technology. Innovation is fostered by information gathered from new connections; from insights gained by journeys into other disciplines or places; from active, collegial networks and fluid open boundaries. Innovation arises from organizing circles of exchange, where information is not just accumulated or stored, but created. Knowledge is generated a new from connections that were not there before (Stevenson, 2024).

2.1.2 Entrepreneurial Success

According to Watson and Dafna (2024) entrepreneurial success is the achieving of set entrepreneurial goals. In addition, Perren (2009) argues entrepreneurial success utilizes the available opportunities to grow the business idea. However, entrepreneurial success can be measured subjectively and objectively; absolute performance is used to measure objective values using quantitative data while subjective values uses qualitative data by asking perceptive views about performance. Entrepreneurial performance can be seen from the level of sales, profitability, rate of return of capital, the rate of turnover and gained market share (Polder, 2020).

Dooley and O'Sullivan (2022) uses 3 indicators for measuring entrepreneurial success of efficiency, growth, and profit, the business performance is the phenomenon of multiple aspects that are difficult to quantify. A variety of the literature shows that both quantitative and qualitative indicators have limitations and are recommended to be used interchangeably. Measuring quantitatively such as ROI, profit, sales, and so on, while the qualitative measurements are often called as performance indicators, performance measurement is by using the approach a certain scale of performance variables such as knowledge and business experience, the ability to offer quality products and services, the capacity to develop new products and processes, the ability to manage and work in groups, labor productivity, and corporate responsibility to the environment. Performance can be characterized as the firm's ability to create acceptable outcomes and actions. In business studies, the concept of success is often used to refer to a firm's financial performance (Islam, Khan, Obaidullah & Alam, 2022). The success of entrepreneurship has also been reported to be largely dependent on individual and or situational variables (Owoseni & Akanbi, 2020). Success has been defined in various dimensions by different scholars. In most studies in Nigeria, entrepreneurial success was defined as surviving the first two or three years that the company was in business (Owoseni & Akanbi, 2020).

In Hornaday and Bunker (1970), the 'successful' entrepreneur was an individual who started a business, building it up where no previous business had been functioning, and continuing for a period of at least five years to the present profit-making structure. Also, Baker (2022) defined a successful organization as "the one which adapts more effectively and takes advantage of the opportunities offered by the business environment. In Ayobade (2024), entrepreneurial success was defined by both intrinsic criteria (including, freedom and independence, controlling a person's own future, and being

one's own boss) and extrinsic outcomes (including, increased financial returns, personal income, and wealth).

2.2 Theoretical Review

Discovery Theory of Entrepreneurship Innovation

Discovery Theory of Entrepreneurship Innovation was propounded by Kirzner, (1973) he assumed that competitive imperfections are assumed to arise exogenously, from changes in technology, consumer preferences, or some other attributes of the context within which an industry or market exists. The Discovery Theory of Entrepreneurship explains how entrepreneurs find opportunities that can lead to specific types of innovation namely; incremental, architectural, modular, and process, that can lead to these various forms of innovation. But Shane (2024) cites technological changes, political and regulatory changes, and social and demographic changes as examples of the kinds of events that can disrupt the competitive equilibrium that exists in a market or industry, thereby forming opportunities. This emphasis on exogenous shocks forming opportunities has several important implications for discovery theory. Although these innovation types are often attributed to the Henderson-Clark model, for classifying the nature of the change once an opportunity is exploited.

This theory was linked to Shane and Venkataraman (2000), they posit that entrepreneurial opportunities exist objectively and independently of the entrepreneur. The theory explains how entrepreneurs find opportunities that can lead to specific types of innovation namely; incremental, architectural, modular, and process, that can lead to these various forms of innovation. The theory assumed that;

- Entrepreneurs possess a unique alertness or prior knowledge that allows them to spot "gaps in the market, unmet needs, or emerging trends" that others miss.
- That the process involves recognizing and exploiting market imperfections or information asymmetries to create new economic activity.
- The entrepreneur is seen as an individual with specific traits (e.g., risk tolerance, need for achievement) who actively searches for opportunities and brings the necessary resources together to exploit them.

An entrepreneur, having discovered an opportunity, can apply it in different ways, leading to:

- **Incremental Innovation:** Involves minor improvements to existing products, services, or processes using existing technology and knowledge. In the context of discovery theory, this might be the result of spotting an opportunity for a small refinement or increased efficiency within an established market.
- **Modular Innovation:** Requires new knowledge for a component but the core design or architecture of the product remains the same. The entrepreneur discovers a better way to perform a specific function (a "module") that can be integrated into existing systems.
- **Architectural Innovation:** Involves reconfiguring existing components into a new design to create new markets or serve existing ones in a novel way. The discovery here relates to a new way of linking established components, not necessarily inventing new components themselves.

- **Process Innovation:** Focuses on developing new methods for producing or delivering products and services. A discovery-oriented entrepreneur might identify an inefficiency in a current process and introduce a new method, such as the assembly line or new automated systems.

In essence, the Discovery Theory helps explain why and how entrepreneurs come across the ideas in the first place, while the innovation types provide a framework for classifying the *scope and impact* of the resulting new product, service, or process on the market and technology base.

2.3 Empirical Review

Hashim, Wafa, and Suliman (2023) have proven empirically that entrepreneurial characteristic of the owner / managers are closely related to the success of the firm. A study specific in this industry is very important because the characteristics of the owner/manager have been shown to be influenced by industry practices. As Stainer and Solem (2022) indicate that organizational development depends on the characteristics of an entrepreneur, it is uncertain and possibly questionable the extent to which the Sri Lankan entrepreneurs inherently possess such qualities to have their organizational development. Being a high –achieving entrepreneur is not that easy. An entrepreneur should have several special characteristics that help them to become a successful businessman. An entrepreneur should be a risk taker; he/she should be innovative, self-confident, goal setter, hard worker, and accountable person.

Hitt,(2022) explored strategic entrepreneurship in several important organizational domains to include external networks and alliances, resources and organizational learning, innovation and internationalization. They examined both traditional (e.g., contingency theory, strategic fit) and new theory (e.g., cultural entrepreneurship, business model drivers). The research also considered creative destruction (discontinuities), resource-based view, organizational learning, network theory, transaction costs and institutional theory. Mehta, (2022) proposed the adoption and usage of customer relationship management (CRM) as an interactive entrepreneurial tool for strategic and successful relationship management at Indian SMEs, thus corroborating the yearnings for strategic entrepreneurship for small businesses in the Nigerian context.

But due to limited exposure the small organizations have less information about the market and suffer from lack of economies of scope.

Anyadike, Emeh and Ukah (2023), researched on entrepreneurship development and employment generation in Nigeria: problems and prospects, they found out that the major problems of entrepreneurship in generating employment in Nigeria include inadequate working capital, low standard of education and inadequate training among others. In a similar research by Oladele, Akeke and Oladunjoye (2022) on entrepreneurship development; a panacea for unemployment reduction in Nigeria, using the Ordinary Least Squares econometrics technique. The empirical result shows that variations in industrial production are caused by unemployment rate. Akpomi (2024) opined that no country can as a matter of truth, move forward technologically, industrially and economically without developing strong private partner initiate in the creation of wealth, poverty reduction and employment generation, with required skills. These skills include managerial, comparative, communication, technical, human and special skills to cope with the challenges of the future. More importantly, Ayobade, (2024) justified the need

for promoting entrepreneurship culture on the ground that youth in all societies have sterling qualities such as resourcefulness, initiative, drive, imagination, enthusiasm, zest, dash, ambition, energy, boldness, audacity and courage which are all valuable traits for entrepreneurship development. Benzing, Chu and Kara (2024) in their study of entrepreneurs and SMEs in Turkey reported on the earlier findings in Vietnam, that where entrepreneurs start SMEs in order to address the challenges of economic security for their families. On the other hand, Benzing, Chu and Szaba (2020) while studying SMEs in Romania, identified income and job security as the most critical motivators of entrepreneurs. In the case of India, they found the desire for autonomy and increased family income as key drives. Furthermore, Ozsoy, Okasoy and Kozan (2022) equally found security and increased income as why Turkey entrepreneurs venture into SMEs. Bewayo (2023) in a study of SME in Kenya and Ghana, found out that the strongest driver of entrepreneurship and SME venturing were to provide employment opportunities for increased family income.

Agbo, (2022) came up with the conclusion that microenterprise owners in most West African countries, Nigeria inclusive were motivated by the desire to satisfy basic psychological needs- food and shelter. Agomuo and Nzewi, (2024) while studying the reason for SME venturing in, the US found out that people that are self-employed reported higher levels of job and life satisfaction than those in well paid employments. Their conclusion therefore was that entrepreneurs are better positioned to contribute more to economic development than those in paid employment. Kelley, Bosma and Amorós, (2020) argued that core competence gives a company competitive capability and remains central to its strategy planning thus helps the company to establish in the market.

Rae, (2023) conducted research on the impact of entrepreneurs' personal characteristic on their firm's performance using data were collected through a national survey of owners and senior managers of small- to medium-sized Canadian manufacturing companies. Mediation relationships were tested with hierarchical regression analyses. It was found that entrepreneurs' personal characteristics, such as need for achievement, need for cognition, and internal locus of control, have positive influences on firm performance. Furthermore, it was demonstrated that their strategic orientations mediated these influences. The data indicate that entrepreneurs with higher levels of internal locus of control are more likely to adopt an entrepreneurial orientation than a market orientation. The study helps to better understand why entrepreneurs make different strategic decisions under seemingly similar competitive environments. The findings suggest that entrepreneurs do not simply react mechanically to external environmental changes. Instead, how they seek and interpret information and formulate organizational strategies is partially influenced by their personal characteristics. Entrepreneurs develop their own ways of utilizing the human capital that they bring to their firms.

Section III: Methodology

The research design adopted for this study is survey method, a non-experimental research design consisting of descriptive survey. The population of the study was owners of selected micro, small and medium scale enterprises (SMEs) in Lagos Island Area of Lagos state. The total population of the study according to SMEDAN (2024) was 4591. Thus, the sample size was two hundred and one was determined through the use

of popular technique Krejcie and Morgan, (1970) sample size technique. Questionnaire was adopted for collecting data from the respondents. The reliability of the research instrument was determined using the Cronbach's Alpha Coefficient Statistics and the instrument was determined reliable at the coefficient value of .782. In analyzing data, the descriptive statistics method was adopted and in testing the hypotheses formulated Pearson Product Moment Correlation statistics was adopted to determine the significant impact of the independent variable on the dependent variable.

3.2 Analyses of Data

The analyses is based on a total of copies of the questionnaire 201 copies which were administered and returned, further scrutiny show that 1 of the questionnaire was mutilated and one of the pages of the questionnaire was missing. Therefore 200 questionnaires were fully completed and used for the analyses.

3.3 Test of Hypotheses

Hypotheses I

There is no significant impact of incremental innovation on entrepreneurial success among small and medium scale enterprises

	N	Mean	Std. Dev.	Pearson Correlation	Sig. (2-tailed)	Remark
incremental innovation	200	17.49	2.38 0.000	0.533**		Significant
Entrepreneurial success of SMEs	200	17.90	2.97			

r -calculated =0.533, df= 198; r-critical= 0.195 ; r -calculated > r-critical; significant value (p) = 0.000<0.05
Source: Researchers (2025)

The table above reveals the average response to incremental innovation as 17.49 while entrepreneurial success among small medium scale enterprises is 17.90. Further statistics revealed that the calculated r of 0.533 is greater than critical r of 0.195 at a degree of freedom of 198. This implies that there is a significant relationship between incremental innovation on entrepreneurial success among small medium scale enterprises. The null hypothesis is therefore rejected.

Hypothesis II

There is no significant impact of process innovation on entrepreneurial success among small medium scale enterprises

	N	Mean	Std. Dev.	Pearson Correlation	Sig. (2-tailed)	Remark
process innovation	200	17.49	2.38	0.503**	0.000	Significant
entrepreneurial success among small medium scale enterprises	200	17.09	2.97			

r -calculated =0.506, df= 198 ; r-critical= 0.195 ; r -calculated > r-critical; significant value (p) = 0.000<0.05
Source: Researchers (2025)

The table above reveals the average response to process innovation as 17.49 while entrepreneurial success among small medium scale enterprises is 17.09. Further statistics revealed that the calculated r of 0.503 is greater than critical r of 0.195 at a degree of freedom of 198. This implies that

there is a significant relationship between process innovation and entrepreneurial success among small medium scale enterprises. The null hypothesis is therefore rejected.

Hypothesis III

There is no significant relationship between architectural innovation on entrepreneurial success among small medium scale enterprises

	N	Mean	Std. Dev.	Pearson Correlation	Sig. (2-tailed)	Remark
architectural innovation	200	17.89	3.78	0.634**	0.000	Significant
Entrepreneurial success of SMEs	200	17.09	2.97			

r -calculated =0.634, df= 198; r-critical= 0.19; r -calculated > r-critical; significant value (p) = 0.000<0.05
Source: Researchers (2025)

The table above reveals the average response to architectural innovation as 17.89 while entrepreneurial success among small medium scale enterprises is 17.09. Further statistics revealed that the calculated r of 0.634 is greater than critical r of 0.195 at a degree of freedom of 198. This implies that there is a significant relationship between architectural innovation and entrepreneurial success among small medium scale enterprises. The null hypothesis is therefore rejected.

Hypothesis IV

There is no significant relationship between modular innovations on entrepreneurial success among small medium scale enterprises

	N	Mean	Std. Dev.	Pearson Correlation	Sig. (2-tailed)	Remark
modular innovation	200	15.69	2.90	0.613**	0.000	Significant
entrepreneurial success among small medium scale enterprises	200	17.09	2.97			

r -calculated =0.613, df= 198 ; r-critical= 0.195 ; r -calculated > r-critical; significant value (p) = 0.000<0.05
Source: Researchers (2025)

The table above reveals the average response to modular innovation as 15.69 while entrepreneurial success among small medium scale enterprises is 17.09. Further statistics revealed that the calculated r of 0.613 is greater than critical r of 0.195 at a degree of freedom of 198. This implies that there is a significant relationship between modular innovation and entrepreneurial success among small medium scale enterprises. The null hypothesis is therefore rejected.

Section IV: Conclusion and Recommendations

This study has shown that entrepreneurship innovation is a fundamental driver of entrepreneurial success among Micro, Small, and Medium Scale enterprises (MSMESs) in Lagos Island, Lagos State. The findings highlighted that incremental innovation, which involves continuous improvement of existing products and services, enables MSMESs to remain competitive and relevant in a dynamic business environment. Similarly, process innovation was found to enhance efficiency, reduce costs, and improve productivity, thereby strengthening the operational capacity of MSMESs to withstand market challenges. Furthermore, modular

innovation—which focuses on reconfiguring components to create new value—was observed to significantly expand business opportunities and foster adaptability to customer demands. Finally, architectural innovation, which entails rethinking and restructuring business frameworks, emerged as a strategic tool for driving long-term sustainability and positioning MSMEs for scalable growth. Overall, the study concludes that entrepreneurial innovation, in its various forms, serves as a catalyst for achieving sustainable success, growth, and competitiveness among MSMEs in Lagos Island. By strategically embracing innovation, entrepreneurs can not only improve their internal operations but also strengthen their market presence, customer satisfaction, and long-term resilience.

Recommendations

Based on the present study, the following recommendations are made:

- MSME owners and managers in Lagos Island should be encouraged to continuously improve existing products, services, and customer experiences. Simple but consistent modifications can help SMEs remain competitive in their markets without requiring heavy financial investments.
- MSMEs should explore ways to reconfigure or combine existing business components to generate new value. This could include diversifying product offerings, repackaging services, or developing complementary products to satisfy dynamic customer demands. SME operators should strategically restructure their organizational frameworks, management systems, and value chains to ensure long-term growth and sustainability. This may involve rethinking business models, leveraging partnerships, or adopting scalable systems that can accommodate future expansion.
- Government agencies, private institutions, and non-governmental organizations should organize regular workshops and training sessions for entrepreneurs on innovation management, design thinking, and technology adoption to enhance the innovative capacity of MSMEs. Financial institutions and policymakers should design loan schemes, grants, and innovation funds that specifically support MSMEs engaging in innovative practices. Access to affordable credit will empower entrepreneurs to implement innovative ideas without being constrained by financial limitations.

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