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Innovation and Competitive Advantage in the Selected Manufacturing Firms in the South-East, Nigeria

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Abstract

The study examined the extent to which innovation influence competitive advantage in the selected manufacturing firms in the South-East, Nigeria. This study adopted descriptive survey research design. The target population in this study was two thousand and two (2002) staff in the selected manufacturing firms in Southeast, Nigeria. Random sampling was used to obtain a sample size of 322 respondents. Primary data were collected with the use of structured questionnaire. Pearson Product-moment Correlation was used to test the hypothesis, which revealed that: innovation exerts a moderate statistical influence on competitive advantage in selected manufacturing firms in Southeast, Nigeria ($r = 0.61$, $p < .01$). In conclusion, innovative firms are likely to enjoy competitive advantage more than those who maintain old ways of doing business. The study recommends that manufacturing firms should continuously review and improve their product offerings by introducing innovative features and attributes that set them apart in the industry.

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1. Introduction

Innovation has become a fundamental driver of economic development, business sustainability, and competitive positioning in today's rapidly evolving global economy. Over the years, organizations across different industries have embraced innovative strategies to remain relevant and thrive in highly competitive markets (Okoli, Nuel-Okoli & Ibekwere, 2024; Kiprotich, Gachunga & Bonke, 2023). Innovation, as a concept, encompasses a wide range of activities, including the development of new products, the adoption of advanced production processes, technological advancements, and improvements in business models. For manufacturing firms, innovation plays a critical role in enhancing productivity, increasing efficiency, and meeting dynamic customer demands (Yongue, van der Eng, Srisuphaolarn & Hunter, 2025). In Nigeria, particularly in the South-East region, the manufacturing sector remains a crucial contributor to economic growth. The sector provides employment opportunities, fosters industrialization, and enhances value addition to raw materials. However, manufacturing firms in this region face significant challenges such as infrastructural deficiencies, inadequate access to finance, high production costs, and global competition. Given these constraints, innovation emerges as a critical factor in improving the competitive advantage of manufacturing firms. Firms that fail to innovate may struggle to sustain their market relevance and risk being overtaken by more adaptive competitors (Abd Aziz & Samad, 2016).

In today's business environment, effective innovation is increasingly recognized as a key determinant of long-term success. AlQershi, Diah, Latiffi and Ahmad (2020) argued that companies that embrace innovation can differentiate themselves from competitors, enhance operational efficiency, and improve customer satisfaction. The competitive nature of global markets has heightened the need for continuous improvement and the introduction of novel solutions to business challenges. Organizations are no longer competing solely based on price but also on unique value propositions, product quality, and technological superiority (Yrjölä & Hokkanen, 2024). With rapid advancements in digital technologies, artificial intelligence,

automation, and smart manufacturing, firms that integrate innovative strategies gain a significant edge over their competitors. Furthermore, globalization has intensified competition, making it imperative for businesses to constantly evolve in response to market trends and consumer expectations. The ability to innovate is no longer a luxury but a necessity for firms seeking to enhance efficiency, optimize resource utilization, and achieve sustainable profitability.

Innovation suggestively influences competitive advantage by providing firms with the ability to outperform rivals through differentiation, cost leadership, and strategic agility (Kiprotich, Gachunga & Bonke, 2023). Competitive advantage refers to a firm's ability to deliver greater value to customers compared to its competitors. This advantage can stem from various sources, including superior product quality, advanced technology, efficient operations, brand reputation, and customer loyalty. Innovation enhances these aspects by enabling firms to develop cutting-edge products, streamline production processes, and adopt market-driven strategies (Distanont & Khongmalai, 2018). For instance, product innovation allows firms to introduce new or improved goods that attract and retain customers, while process innovation enhances efficiency and reduces production costs. Moreover, technological innovation drives automation (Mmadubuobi, Nworie & Aziekwe, 2024), improving productivity and ensuring consistent product quality. Innovation also plays a crucial role in enhancing organizational adaptability, allowing firms to anticipate and respond to changing market conditions. In the context of manufacturing firms in South-East Nigeria, innovation can provide a means to overcome local challenges such as erratic power supply, inefficient supply chains, and regulatory constraints. By leveraging innovation, firms can develop unique selling propositions that enable them to maintain a competitive edge in both domestic and international markets.

The current situation in South-East Nigeria's manufacturing sector presents both opportunities and challenges. While the region has a strong entrepreneurial culture and a growing industrial base, many firms struggle with operational inefficiencies, outdated production techniques, and limited access to innovative technologies. The consequences of this situation are far-reaching, as firms that fail to innovate may experience declining competitiveness, reduced profitability, and market share erosion (Okoli, Nuel-Okoli & Ibekwere, 2024). Additionally, reliance on traditional manufacturing methods makes it difficult for these firms to scale operations, meet international quality standards, and compete with imported goods. The lack of adequate investment in R&D further hampers the development of innovative solutions tailored to the local business environment. As a result, many manufacturing firms in South-East Nigeria face difficulties in sustaining long-term growth and achieving competitive advantage. Addressing these challenges requires a comprehensive understanding of how innovation can be harnessed to drive competitiveness, improve efficiency, and enhance business resilience in the region. This study, therefore, seeks to examine the effect of innovation on competitive advantage, providing hints that can guide manufacturing firms in adopting strategic innovation practices to improve their market positioning and long-term success.

1.1. Review of Related Literature

a. Innovation Strategy

Innovation has become one of the key strategies used in firms to achieve competitive advantage and improve performance (Nur, Yusrinadini, Rusnifaezah and Rushanim, 2020). Joseph Schumpeter, was one of the early thinkers who described innovation in a firm; thus he stated that firms need to implement innovations to renew the value of their assets (Dilek Ozdemir and Sitki, 2012). In fact, past studies have found that innovation is a valuable tool, enabling a firm to gain greater capabilities by responding and adapting to the changing environment. Thus, firms can seek new opportunities in the market and exploit the firm's capabilities to a greater extent than its competitors (Damanpour, Walker and Avellaneda, 2009). Innovation refers to a firm's ability to find new and better ways to identify, acquire and execute tasks within the organisation which is shown in the processes, products, services, management and administration systems, organisational structure and marketing methods.

Robbins and Coulter (2006) defined innovation as the process of taking creative ideas and turning them into useful products or work methods. Lim, Schultmann, and Ofori, (2010) defined innovation as a potential new combination that results in radical breaks with the past, making a substantial part of accumulated knowledge obsolete. They viewed innovation within the context of manufacturing industries as a means of developing and sustaining core competencies through development of internal capabilities, set ups of research and development R&D departments and strategised research scopes and investments. Innovation by a firm is targeted at improving customer satisfaction and reduction in cost of production. In his seminal work on entrepreneurship, Schumpeter theory in 1934 explains that innovation is all about bringing new products or changes in the existing ones, using new methods to decrease costs, developing a firm's system, recognising the role of market and increasing productivity (Ferreira, Reis, and Pinto, 2017).

Within the business context, innovation is often considered the basis of strategic change through which firms can gain and sustain competitive advantage (Lin and Chen, 2007). An essential tool of firm strategies, innovation can enable firms to differentiate their products, improve efficiency, penetrate new markets and raise market share to establish competitiveness (Gunday, Ulusoy, Kilic and Alpkan, 2008). Based on this notion, SMEs are increasingly turning to innovation to develop and sustain their competitiveness. Innovation is considered a dominant factor in firm competitiveness and the ability to innovate the single most important factor in enhancing and sustaining competitiveness. Lin and Chen (2007) states that innovation is increasingly becoming a vital competence factor and source of strategic change for sustained competitive advantage. As a result, pressure on all businesses to continually innovate by developing and launching new products and services is greater than ever; thus innovation is a key source of competitiveness in SMEs.

Innovation is a major practice underpinning the survival and competitiveness of firms in a competitive globalised environment. As an essential tool for firm strategies, innovation enable firms to achieve sustained profitability and growth, to access new markets, enhance their market share hence compete effectively (Gunday, Ulusoy, Kilic, and Alpkan, 2011). To survive and win, a firm has to gain an advantage over its competitors and earn a profit. The firm gains competitive advantage by being better than their competitors at doing valuable things for their customers (Bateman and Snell, 2007). Barney (1991) argued that firms that possessed resources that were valuable and rare would attain a competitive advantage and enjoy improved performance. Firms that are able to create innovative-resource are more likely to gain competitive advantage and achieve higher performance (Rosenbusch, Brinckmann and Bausch, 2011). The significance of innovation and its association with competitive advantage have been severally emphasised over time (Onileowo, Muharam, Ramily, Khatib, 2021).

b. Competitive Advantage

Competitive advantage is increasingly considered to be one of the key drivers of long-term success of an organisation in today's competitive markets (Potjanajaruwit, 2018). Competitive advantage is at the heart of firm's performance in a competitive market; thus a firm's advantage grows from the value or benefits that the firm can create for its buyers (Zhang, and Zhang, 2022). Competitive advantage is a term that refers to the ability gained through attributes and relevant resources to perform at a higher level than others in the same industry or market. Competitive advantage is the capacity to outperform competitors in the same sector or market by leveraging qualities and resources (Porter, 1985). This implies that failure depends on the courage of the company to compete, it is impossible to achieve success. A business is considered to possess a competitive edge when it is adopting a unique strategy that has not been adopted by any existing or future competitor at the same time.

Competitive advantage is the presentation of a firm's values to consumers so that these values outperform the price paid by the customer. Porter (1985) averred that competitive advantage stems essentially from the value a business can produce for its customers that surpasses the firm's cost of production. As a result the influence of competitive advantage on performance has attracted a number of empirical studies providing evidence of a positive effect. Therefore, given the importance of competitive advantage in relation to the competitive position

of the firm, a number of studies have tried to identify the main determinants and consequences of a firm's competitive advantage.

Potjanajaruwit (2018) posits that competitive advantage is the ability of the organisation to differentiate itself from other competitors. Meanwhile, Gassmann, and Keupp (2007) argues that the strategic options of the competitive advantage for SMEs and startups are considerably flexible, concerning the fact that they depend on market demand, business environment, and internal and external factors that facilitate the establishment of competitive advantage. With that regards, entrepreneurs have to dedicate their energy, resources, business capability, and collaborative network of suppliers and intermediaries in order to create the competitive advantage in all activities of the value chain (Pavic, Koh, Simpson, and Padmore, 2007). Such factors will lead to the success of the organisation in establishing a competitive advantage, which can be further utilised in devising a business strategy to achieve sustainable growth and survivability. Since the creation of competitive advantage varies with the business environment, whether in the aspects of the use of technology or inter-organisational collaboration, the ability of each organisation in establishing a competitive advantage will differ (Potjanajaruwit, 2018), agreeing with Zaridis (2009) who asserted that competitive advantage is a significant matter for startups.

1.2. Theoretical Framework

The Customer Value Based theory is rooted from the work of Slater (1997). Customer Value Based Theory focuses on creating and delivering value to customers as the central driver of a company's success. This theory posits that businesses should prioritise understanding and meeting the needs and preferences of their customers in order to achieve long-term success and profitability. The theory states that the organisation should strive to understand what the customer wants, provide it, surpass customer expectations and stand out in the market. The creation of customer value must be the ultimate justification for the firms' existence and success. The increasing complexity and competitive environment facing the manufacturing firms in Nigeria, requires owners to map out better strategies that will retain its customers, so as to increase performance in the long run. These performances can only be attained, if organisations are willing to create values in the products they sell or services rendered to customers.

Slater (1997) argues that when customers demand a product it depends on the service quality a firms provide for buyers. Customer satisfaction can be achieve when superior customer values is delivered by organisation. Slater further argues that greater performance of any business is the result of providing superior customer values; better performance enable firms possess competitive advantage. The strategies to be adopted by retail chain stores that will enhance better performance solidly rest on the perceived value customers attach to the products or services. The key aspects and principles of customer value based theory customer segmentation, value proposition, customer feedback, competitive advantage, pricing strategies, customer experience, continuous improvement and brand and reputation. Customer value-based theory underscores the importance of focusing on the customer as the primary source of value and revenue. By understanding customer needs and preferences, delivering superior value, and building lasting relationships, businesses can thrive in a competitive marketplace.

The implications of Customer Value-Based theory for top management and customers can vary depending on how effectively an organisation embraces and implements this approach. In the context of this study, a culture of innovation within the organisation be created, to able investment in research and development to create products and services that align with customer expectations and provide unique value. Customer value based theory emphasise monitoring firms to understand how they deliver value to customers and identify opportunities for differentiation, focusing on customer retention and loyalty as well as acquiring new customers. Customer lifetime value should be a central metric for decision-making. Overall, embracing Customer value-based theory can lead to win-win scenarios, where top management focuses on customer satisfaction and sustainable growth, while customers receive products and services that better meet their needs and expectations.

1.3. Empirical Review

Kiprotich, Gachunga and Bonke (2023) examined the relationship between customer focus strategy and performance of manufacturing firms in Kenya to achieve competitiveness. The objective was to establish the moderating effect of innovation on the relationship between customer focus strategy and performance of manufacturing. The study was anchored on Porter's competitive strategy typology. The study adopted the explanatory research design. The study targeted population of 766 procurement managers from manufacturing firms in Kenya. The Yamane's formula was used to compute a sample size of 264 procurement managers. Stratified, simple random and purposive sampling was used to select respondents. Questionnaire was used to collect primary data. The data was coded and entered in the computer for analysis using the Statistical Package for Social Sciences. Quantitative data was analysed using Process Macro. Results indicated that customer focus strategy (β=-.346, p=.000) had negative and significant relationship with performance of manufacturing firms. Innovation (β=.822, p=.000) were positively significantly related with performance of manufacturing firms. The interaction between customer focus strategy and innovation was significant (β=.373, p=.000), indicating that the effect of customer focus strategy on performance of manufacturing firms depended on innovation strategy. The study concluded that customer focus strategy had a negative significant relationship with performance of manufacturing firms. The study concluded that innovation moderate the relationship between customer focus strategy and performance of manufacturing firms in Kenya.

Thi, et al (2023) examined the impact of innovation at the strategy level on innovation at the process and system levels, which are considered to be forms of function-level innovation, based on the strategy implantation approach in Vietnam. The study reveals the effect of process and system innovation on the sustainable competitive advantage (SCA) of young firms in Vietnam. The research used primary data from a survey of 289 young firms' leaders in Vietnam. PLS-SEM using SmartPLS software was employed to assess the ability of the measurement model and structural model to test hypotheses. The findings indicated that the four hypotheses about the effects of strategy innovation on process and system innovation and the effects of process and system innovation on the SCA of young firms in Vietnam were all confirmed. These crucial results fill the research gap of innovation in young firms, especially the gap in the context of developing countries.

Ochola, Robert Ochieng, and Kihara, Allan (2024) assessed how strategic technological innovations have been embraced among small and micro enterprises and the role these innovations have played in enhancing the competitive advantage of the enterprises. Specifically, the study examined the influence of enterprises' IT capabilities, technological resources, adopted new technologies, and technological processes and products (TPP) on the competitive advantage of micro and small enterprises (MSEs) in Nairobi County, Kenya. The objectives were anchored on dynamic capabilities theory, Schumpeter's theory of innovation, technology acceptance model, and diffusion theory of innovation. Using a descriptive research approach, the study collected and analysed both qualitative and quantitative data from 386 MSEs in Nairobi's Central Business District, drawn from a population of 11,245 registered MSEs. A questionnaire was the primary instrument of data collection, which was pilot-tested for validity and reliability. The data was analysed using descriptive and inferential statistics, and findings were presented using frequency tables and graphs. The study emphasised the critical role of technology in driving market expansion, customer engagement, and operational efficiency, highlighting the need for strategic support to address technological adoption challenges and enhance MSEs' performance in the contemporary digital economy.

In a conceptual study by Amesho, Edoun, Naidoo and Pooe (2021) aimed at providing a framework for assessing the effect of managing competitive advantage through technology and innovation in Kaohsiung City Government Taiwan. This study also helped to provide an understanding of how technological innovation factors affected the performance of organisation effectiveness. The methodology used in this study was mainly the secondary data analysis. A complete and thoroughly secondary data analysis process has been utilised as a research design and approach to complete this research work. The study concludes that the importance of managing competitive advantage through technology and innovation, particularly as an essential

ingredient of competitive advantage for the local government authorities or metropolitans and municipalities.

Farida and Setiawan (2022) examined the effect of business strategies to improve the competitive advantages of small and medium enterprises (SMEs) in Java Island, Indonesia. Further, the study considers the importance of performance and innovation as mediating variables in the relationship between business strategies and competitive advantage. The sample of the study consists of 150 SMEs in the construction and real estate industry. Findings show that business strategies have a positive impact on competitive advantage. Better business strategies improve the competitive advantage of SMEs. Further, business performance and innovation also mediate the relationship between business strategies and competitive advantages. These results provide evidence of the importance of performance and innovation to improve the competitive advantage. It is suggested that SMEs improve their performance and innovation capability to strengthen their competitive advantages.

Ogala (2020) examined competitive advantage and organisational performance in, Delta State. A 12-item validated structured questionnaire served as the research instrument to 125 staff and customers of the selected firms in Delta State. Two objectives and hypotheses to examine the impact of resource availability on organisational performance and to determine the effect of research and development performance guided the study. The major analytical tools used were correlation and multiple regression analysis. Primary data was used on a sample of 125 members of staff. It was found that there is a strong relationship between resource availability, research and development, and firm performance. The researcher concludes that resource availability positively affects the firm strategic performance in the firms selected.

Distanont and Khongmalai (2018) examines the roles of innovation in creating a competitive advantage in the frozen food business in the context of small-sized and medium-sized enterprises (SMEs). The findings showed that innovation enhanced the advantages in competition via external factors. These external factors were divided into two groups: micro-oriented factors and macro-oriented factors. The external factors at the micro level had more influence on the innovation development of the frozen food businesses than those at the macro level. The results showed that entrepreneurs, especially SME entrepreneurs, need to adapt and readily prepare themselves to face upcoming economic changes, which are about to occur not only at the global level but also at the regional and the country levels.

Alharafsheh and Ezmigna (2023) examined the impact of business strategies on achieving competitive advantage and improved organisational performance in Jordan-based SMEs. This study made use of cross-sectional research design. For an empirical investigation, the study randomly selected a sample size of 300 employees currently working in Small and Medium Enterprises in Jordan. The Structural Equation Modelling technique was used to examine the extent to which, the data validates proposed relationships between study variables. Results indicated a strong significant relationship between business strategy and vision & objectives ($p \geq .000$), core values ($p \geq .000$), SWOT analysis, and resource allocation plan ($p \geq .000$). Besides these factors, findings also showed a positive correlation with sustained competitive advantage ($p \geq .000$), and improved performance ($p \geq .000$).

Agwu (2018) explored the extent to which the adoption of strategic management practices among SMEs in Nigeria has increased their transaction volumes, number of customers, market shares and consequently their business performances. Data were sourced through the use of questionnaires from 120 owners of SMEs in Lagos state, Nigeria. These were analysed using descriptive statistics and regression analysis. SME's competitive advantage and business strategies were found to contribute significantly to increase in their number of customers and market shares respectively. However, the result indicates that organisational structure has positive influence on SMEs' transaction volumes but not significant.

2.4 Gap in Literature

While existing studies have explored the relationship between innovation and competitive advantage in various contexts, there remains a significant gap in understanding how innovation specifically influences the competitive advantage of manufacturing firms in South-East Nigeria. While Kiprotich, Gachunga, and Bonke (2023) demonstrated that innovation moderates the relationship between customer focus strategy and performance in Kenyan manufacturing firms,

and Thi, et al. (2023) found that innovation contributes to sustainable competitive advantage in Vietnamese young firms, these studies do not focus on the unique challenges and opportunities within the Nigerian manufacturing sector. Additionally, the studies by Ochola, Robert Ochieng, and Kihara, Allan (2024) and Amesho, Edoun, Naidoo, and Pooe (2021) emphasize the role of technology and innovation in enhancing competitive advantage, but they are primarily centered on small and micro enterprises or governmental contexts, which may not fully reflect the dynamics of larger manufacturing firms in Nigeria. Further, research by Farida and Setiawan (2022) and Alharafsheh and Ezmigna (2023) touches on how business strategies and innovation mediate competitive advantage in SMEs but overlooks the specifics of industrial manufacturing in the Nigerian context. Therefore, there is a need for more focused research on how innovation directly impacts the competitive positioning of manufacturing firms in South-East Nigeria, considering the region's unique economic, cultural, and industrial characteristics.

2. Methods

This study adopted a descriptive survey research design. This design focuses on collecting data at a single point in time and sampling representatives of the population. The research design was structured to collect data from individuals through a questionnaire, ensuring a comprehensive understanding of the relationship between innovation and competitive advantage in selected manufacturing firms in Southeast Nigeria.

The target population for this study was 2,002 employees from selected manufacturing firms in Southeast Nigeria (State Chamber of Commerce, 2020). The study population includes supervisory-level employees who are more knowledgeable about innovation strategies and can provide relevant data for the study. The study specifically targeted the Research and Development (R&D), Production and Operations, Sales and Marketing, Quality and Inventory Control, and Finance and Accounting departments, as these play a critical role in innovation adoption and competitive strategy.

The sample size for this study was determined using Krejcie and Morgan's (1970) formula for sample size determination, which is given as:

$$s = \frac{x^2 NP(1-P)}{d^2(N-1) + x^2 P(1-P)}$$

Where

s = Sample size

x^2 = Table value for 1 degree of freedom at 0.05% confidence level (3.84)

N = population size

P = population proportion (assumed to be 0.5 since this would provide the maximum sample size)

d = Degree of accuracy expressed as a proportion

$$s = \frac{3.84 \times 2002 \times 0.5(1-0.5)}{0.05^2(2002-1) + 3.84 \times 0.5(1-0.5)}$$

$$S = \frac{1921.92}{5.9625}$$

$$S = 322.33$$

$$S \approx 322$$

This study employed a random sampling technique to ensure a fair and unbiased selection process. First, a complete list of 2,002 supervisory employees was compiled, categorized according to departments (R&D, Sales & Marketing, Production, Quality Control, Finance, and Accounting). Using a random number generator or a lottery method, 322 employees were randomly selected from this list.

To maintain sample integrity, if any selected employee was unavailable or unwilling to participate, another employee from the same department was randomly chosen. This process ensured that the sample was representative of the target population and free from bias.

A structured questionnaire was used as the primary instrument for data collection. Data were gathered through face-to-face administration and online surveys to enhance response rates. A five-point Likert scale was used, ranging from Strongly Agree (SA) to Strongly Disagree (SD), to capture respondents' perceptions. The questionnaire was structured to measure the effects of product innovation, process innovation, technological innovation, and business model innovation on different dimensions of competitive advantage, including market share, profitability, efficiency, and customer satisfaction.

The content validity of the instrument was assessed to ensure that it adequately captured the research variables. The questionnaire was reviewed by two lecturers from the Department of Business Administration, Nnamdi Azikiwe University, Awka, and one expert in measurement and evaluation from the Department of Educational Foundation. The final validation was carried out by the research supervisor, incorporating all suggested revisions.

To test for reliability, the instrument was subjected to Cronbach's Alpha test, where a coefficient of 0.7 and above was considered reliable. The reliability test results for key variables exceeded 0.7 and so implied that the instrument was reliable.

Data were analyzed using mean and standard deviation for descriptive statistics, such as respondents' characteristics and perceptions. For hypothesis testing, Pearson Product-Moment Correlation and linear regression analysis were employed to determine the nature, direction, and extent of the relationship between innovation and competitive advantage.

A significance level of 0.05 was adopted, meaning that:

If p-value < 0.05, the null hypothesis would be rejected, indicating a significant relationship.

If p-value > 0.05, the null hypothesis would not be rejected, indicating no significant relationship.

3. Results and Discussion

The questionnaire response rate of the participants, along with their demographic characteristics, was documented prior to analyzing the research questions and testing the associated hypotheses. The response rate of the participants is shown in Table 4.1 below.

Table 1. Percentage of Questionnaire Distributed & Returned

Copies of questionnaire administered	322
Copies of questionnaire returned	286
Response rate	89%

Source: Data Processed (2024)

Table 1 presents the distribution and return rate of the questionnaires used in the study. A total of 322 questionnaires were administered to the selected respondents, out of which 286 were successfully completed and returned. This represents a response rate of 89%, indicating a high level of participation and engagement from the respondents. The high response rate enhances the reliability and validity of the study's findings, as it suggests that the collected data is representative of the target population and minimizes the risk of non-response bias.

Test of Hypothesis

H_{01}: Innovation does not have significant influence on competitive advantage in the selected manufacturing firms in Southeast, Nigeria.

Table 2. The Extent to Which Innovation Influence Competitive Advantage of Manufacturing Firms in Southeast, Nigeria

Variable	Beta	t value	R Square	F value	Sig.
(Constant)		3.944			0.000
Innovation	0.610	12.973	0.372	168.290	0.000

Dependent Variable: Competitive Advantage

Source: Data Processed (2024)

The influence of innovation on competitive advantage was investigated using linear regression. The result found that innovation exerts a moderate statistical influence on competitive advantage in selected manufacturing firms in Southeast, Nigeria ($\beta = 0.61$, $t = 12.97$, $r^2 = .372$, $F = 168.290$, $p < .01$). Therefore, the null hypothesis was rejected. The research found that innovation was an important predictor of competitive advantage in selected manufacturing firms in Southeast, Nigeria. It is vital to note that 37% change in competitive advantage of manufacturing firms was associated with proportionate change in the firms' innovativeness.

The study determined the extent to which innovation influence competitive advantage in the selected manufacturing firms in the Southeast, Nigeria. The result found that innovation exerts a moderate statistical influence on competitive advantage in selected manufacturing firms in Southeast, Nigeria. Previous surveys reported related findings (Kiprotich, Gachunga and Bonke, 2023; Thi, *et. al.,* 2023; Amesho, Edoun, Naidoo and Pooe, 2021; Ogala, 2020). For instance, Kiprotich, Gachunga and Bonke (2023) revealed a positive, significant relationship between innovation and performance of manufacturing firms in Kenya. Thi, *et. al.* (2023) ascertained the effect of innovation strategy on the SCA of young firms in Vietnam. Amesho, Edoun, Naidoo and Pooe (2021) explained how technological innovation factors influenced the performance of organisation effectiveness. Ogala (2020) established a strong relationship between research and development, and firm performance in Delta State. Distanont and Khongmalai (2018) showed that innovation enhanced the advantages in competition via external factors. Alharafsheh and Ezmigna (2023) showed a positive correlation between sustained competitive advantage and improved performance of Jordan-based SMEs. Agwu (2018) argued that SME's competitive advantage and business strategies significantly increase the market share.

This study contributes to the existing body of knowledge by addressing a critical gap in understanding how innovation influences the competitive advantage of manufacturing firms in South-East Nigeria. While previous studies, such as those by Kiprotich, Gachunga, and Bonke (2023), and Thi et al. (2023), have examined the role of innovation in other regions and industries, they do not specifically consider the Nigerian manufacturing sector's distinct challenges and opportunities. Additionally, research by Ochola, Ochieng, and Kihara (2024), as well as Amesho et al. (2021), primarily focuses on small and micro enterprises or governmental contexts, which may not fully capture the dynamics of larger manufacturing firms. Similarly, studies by Farida and Setiawan (2022) and Alharafsheh and Ezmigna (2023) explore innovation's role in SMEs but overlook the industrial manufacturing sector in Nigeria. By providing empirical evidence on how innovation drives competitive advantage in Nigerian manufacturing firms, this study enhances the discourse on strategic innovation management in emerging economies, offering hints that can guide policymakers, business leaders, and researchers in fostering innovation-driven industrial growth.

4. Conclusion

The findings of the study indicate that innovation plays a crucial role in enhancing the competitive advantage of selected manufacturing firms in Southeast Nigeria. This implies that firms that invest in innovative practices, such as product development, process improvement, and technological advancements, are more likely to outperform competitors in terms of market positioning, customer satisfaction, and operational efficiency. The results suggest that to maintain long-term competitiveness, manufacturing firms should prioritize research and development, adopt emerging technologies, and foster a culture of continuous innovation. Additionally, policymakers and industry stakeholders should create an enabling environment that supports innovation through incentives, funding, and infrastructure development. Failure to embrace innovation could lead to stagnation, reduced market share, and vulnerability to external competitive pressures. In conclusion, innovative firms are likely to enjoy competitive advantage more than those who maintain old ways of doing business.

The study recommends that manufacturing firms should continuously review and improve their product offerings by introducing innovative features and attributes that set them apart in

the industry. Firms that prioritize innovation and regularly enhance their products are better positioned to maintain a competitive advantage.

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