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# RELEVANCE OF EMPLOYEES' INNOVATION ON SELECTED SMEs' PERFORMANCE IN AKURE METROPOLIS, ONDO STATE, NIGERIA

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**Abstract:** This study investigates the relevance of employee innovation on the performance of Small and Medium-Sized Enterprises (SMEs) in Akure Metropolis, Ondo State, Nigeria. While the criticality of SMEs to economic growth is well-established, their performance in developing nations like Nigeria is often hindered by a lack of innovation. This study addresses a significant gap in the literature by focusing specifically on employee-driven innovation as a key determinant of firm performance. The research aims to empirically examine the effect of four distinct dimensions of employee innovation, creativity, collaboration, risk-taking, and intrapreneurship on SME performance. Adopting a quantitative cross-sectional survey design, data were collected from 384 respondents across 180 registered SMEs using a structured questionnaire. The relationships between the variables were analyzed using simple linear regression with SPSS version 26. The findings reveal that all four dimensions of employee innovation have a strong, positive, and statistically significant impact on SME performance. Employee risk-taking emerged as the most influential predictor ($R^2$=.678, $p < .001$), followed by employee intrapreneurship ($R^2$=.658, $p < .001$), employee collaboration ($R^2$=.637, $p < .001$), and employee creativity ($R^2$=.551, $p < .001$). Consequently, all four null hypotheses were rejected. The study concludes that fostering an environment that encourages and empowers employees to be creative, collaborative, risk-tolerant, and intrapreneurial is a critical driver of success for SMEs in Nigeria. This research contributes valuable empirical evidence to the entrepreneurship literature within a developing country context and offers practical recommendations for SME owners and policymakers to cultivate an innovative culture, thereby enhancing organizational performance and economic contribution.

**Keywords:** SMEs Performance, Employee Innovation, Intrapreneurship, Employee Creativity, Collaboration, Risk-Taking, Nigeria.

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## Introduction

Small and medium-sized enterprises (SMEs) are fundamental to economic growth and development across the globe. In the Asia-Pacific region, they account for 98% of enterprises and 69% of employment, contributing significantly to GDP 50% in India, 65.1% in Indonesia, and between 40% and50% in China, Thailand, Malaysia, Hong Kong, and Singapore (Asian Development Bank, 2022; Adamua etal., 2021; Gaskell, 2019; Abubakar, 2020; Faloye et al., 2018; OECD, 2023). In South Africa, SMEs comprise 58.6% of businesses, employ 49% of the labor force, and contribute 45% to GDP (OECD, 2023).SMEs also play a crucial role as suppliers and clients to larger enterprises, offering goods and services ranging from food vending and fabric design to shoe manufacturing and education (Ezeliora et al., 2020).In Nigeria, the Central Bank of Nigeria (CBN, 2022)defines SMEs as firms with an asset base of ₦5million to ₦500 million (excluding land) and employing between 10 and 300 workers. A central determinant of SME competitiveness is innovativeness, which is defined as a firm's openness to new ideas and ability to develop novel goods and services (Tsai & Yang, 2019). Innovation fosters revenue growth by reducing costs, enhancing efficiency, and improving product or service quality (Okoye, 2022). More broadly, organizational innovativeness involves launching new products, entering new markets, and aligning strategic direction with innovative processes. Firm performance, in turn, reflects the degree to which organizational activities achieve efficiency, effectiveness, and stakeholder value creation (Wu & Zhao, 2019).

Despite their importance, Nigerian SMEs have recorded lower economic growth than their counterparts in developed economies, limiting their ability to compete with foreign manufacturers who benefit from superior training and innovative workforce development strategies. While innovation has historically driven SME performance, employees in Nigeria's public and private sectors often lack access to intrapreneurship frameworks that encourage idea generation and creativity. Existing studies in Nigeria have examined innovation from various perspectives: Adamu et al. (2020) investigated marketing innovation and SME performance; Ayegba et al. (2019) examined e-commerce adoption and organizational innovation as mediators

in SME growth; Nwachukwu et al. (2018) analyzed the link between strategy formulation and innovation performance and Ngibe et al. (2019) studied innovative leadership in manufacturing SMEs in KwaZulu-Natal. However, there remains a significant research gap, as little attention has been paid to employees' innovative capacity as an independent variable influencing SME performance, particularly in sub-Saharan Africa and Nigerian contexts, such as Ondo State.

## Statement of the Problem

In many developed countries, employees are seen as an essential component for the organization's success. They are often supported through intrapreneurship-sponsored programs, which help develop new ideas and take ownership of organizational development (Kremer, Villamor, and Aguinis, 2019). In business, innovation has always been the backbone of development, and in the case of the small and medium-sized enterprises (SME's), it has always been critical to their success and competitiveness. More than the structural factors, Nigerian employees in both public and private sectors are at a disadvantage, as no intrapreneurship programs are available. A strict chain of command and administrative hurdles kill invention. They make the use of new ideas in the organization very difficult. Adeyemo et al. (2020) pointed out this lack of innovation as a significant reason for the lack of contribution of Small and Medium Enterprises (SMEs) to the nation's economic development. In Nigeria, innovation is stagnant and rests at a very low level compared to the rest of the world. The World Intellectual Property Organization (WIPO, 2023) has reported that Nigerian Small and Medium Enterprises (SMEs) have always been reluctant to prioritize innovation, which has seen Nigeria rank 109th out of 132 countries in the Global Innovation Index (Alli & Ganiyu, 2025) as the most innovative country. Apart from that, it will surprise you to note that there has been an increasing expectation that employees in Nigeria should be able to come up with new ideas that will improve the profitability of their organizations.

## Objectives of the study

1. To examine the effect of employee creativity on small and medium-sized enterprises' performance in Akure metropolis, Ondo State, Nigeria.
2. To determine the effect of employee collaboration on Small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria.
3. To investigate the effect of employee risk-taking on small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria
4. To assess the effect of employee intrapreneurship on small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria

### Hypotheses of the study

- Ho1 There is no significant relationship between employee creativity and the performance of small and medium-sized enterprises in Akure Metropolis, Ondo State, Nigeria.
- Ho2 There is no significant relationship between employee collaboration and the performance of small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria.
- Ho3 Employee risk-taking has no significant impact on the performance of small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria.
- Ho4 Employee intrapreneurship has no significant effect on the performance of small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria.

## Literature Review

### SMEs Performance

Small and Medium Enterprises' (SMEs) performance encompasses their overall effectiveness, efficiency, and success in meeting business objectives. Success is evaluated through objective and subjective indicators (Adamu, 2020). Objective indicators typically involve financial metrics, such as profit margins, revenue growth, and market share. Subjective indicators, on the other hand, include measures like customer satisfaction, managerial perceptions, and estimates of employee productivity. Competitiveness and adaptability in SMEs is crucial, especially in response to evolving market conditions, as these qualities are essential for their survival and success. Performance assessment often relies on SME owners' perceptions regarding their businesses' effectiveness, efficiency, and success.

Gilsing et al. (2021) emphasize the significance of linguistic summaries in defining performance indicators, particularly noting that non-financial metrics are especially pertinent in the early stages of a business. This dual approach to performance measurement allows for a more comprehensive understanding of an SME's operational health.

### Innovation in SMEs

Innovation in SMEs involves introducing new or significantly improved products or processes, novel marketing methods, and survival strategies toward business success in a dynamic business environment (Gault, 2018; Rena, 2023). According to Aires et al. (2022), innovation is closely associated with renewal, encompassing substantial improvements and reconfigurations in physical, relational, or virtual dimensions. It involves interactions at both individual and organizational levels, including the acquisition, sharing, or imitation of knowledge, all of which contribute to effective problem-solving and the fulfillment of consumer needs.

### Employee Creativity and SMEs' Performance

Employee creativity refers to the ability of individuals to generate new ideas and approaches in their work, often thriving in team environments. Creative employees exhibit strong understanding skills and adaptability, enabling them to learn and utilize new technologies quickly. This empowerment allows them to identify new opportunities, which is crucial in today's rapidly changing business landscape (Zhou & George, 2018).

Organizations recognize that employees are their most valuable asset, with their performance significantly influencing overall success. Many companies have faced challenges or failures due to an inability to meet performance expectations. Traditional motivational strategies, such as incentives, recognition, and seminars and activities, are commonly employed to enhance employee motivation (Kumar & Shukla, 2019).

Research indicates that fostering employee creativity is vital for improving organizational productivity and efficiency, especially in competitive environments (Laguia et al., 2018). Chia and Liang (2016) emphasize that creativity is an essential skill that can be cultivated through training, which enhances employees' intellectual capabilities. The successful operation of an organization relies on both human and material resources, but human resources often play a more critical role. Employees leverage these resources to achieve optimal results. Creativity is increasingly recognized as a key driver of success in the modern business landscape.

Rahim et al. (2018) argue that employees' unique perspectives and creative contributions are essential for organizational growth. Encouraging innovative ideas can significantly enhance productivity and ensure survival in a dynamic market. Babatimilehin et al. (2023) underscore the importance of employees, likening their role to essential building components, as progress is unattainable without their active involvement.

Bighard (2019) defines creativity as generating novel ideas and innovative solutions, which can lead to significant advancements within organizations. Odesola (2016), as cited in Epetimehin et al. (2021), highlights creativity as a key indicator of enterprise performance, essential for achieving long-term objectives and transforming unique ideas into profitable ventures.

**Employee Collaboration and SMEs' Performance**

Employee collaboration is a critical driver of organizational productivity and success, yet it is often overlooked in favor of simple communication tools (Lau, 2020). Collaboration involves structured teamwork where individuals combine their skills, creativity, and expertise to achieve shared goals. This process enhances problem-solving, fosters innovation, and strengthens workplace relationships, ultimately boosting productivity (Lau, 2020). Collaboration transcends industries and can be effectively applied in sectors such as customer service, education, government, nonprofits, and corporate organizations (Weller, 2016). Effective collaboration promotes open communication across departments and management levels, ensuring efficiency by evenly distributing tasks and preventing employee overload. It also supports knowledge sharing, helping team members better understand their roles (Kashyap, 2018). Leaders play a vital role by encouraging collaboration to drive engagement and performance. Without collaboration, organizations struggle to thrive, as teamwork is essential for addressing challenges across functions and levels of management (Yan, 2019). Ultimately, workplace collaboration creates inclusive and communicative environments that improve processes and outcomes, making it indispensable for organizational success.

**Employee Risk-Taking and SMEs' Performance**

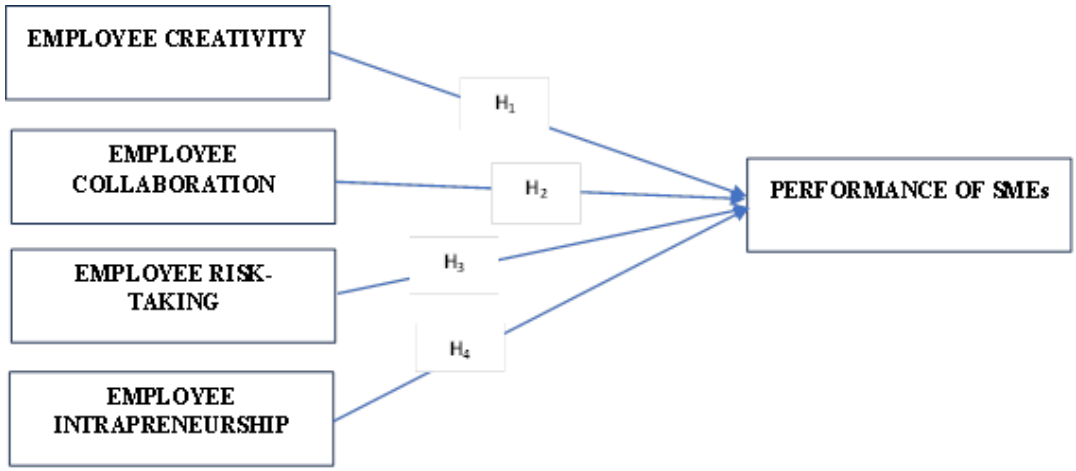
Risk is a multidimensional concept that includes tolerance, propensity, and behaviors, and it is closely linked to firm performance and organizational effectiveness (Chen et al., 2022). Risk-taking reflects the degree of uncertainty that organizations are willing to embrace and how managers encourage initiative despite the possibility of failure (Frese et al., 2021). High risk tolerance fosters innovation, creativity, and adaptability, making it critical for SMEs in dynamic environments (Mthanti et al., 2024; Poudel et al., 2025). Cultures that reward experimentation, normalize mistakes, and support employee initiative enhance performance, especially under volatile conditions (Chatman et al., 2014). Moreover, risk-taking drives organizational learning, divergent thinking, and long-term sustainability, enabling firms to pursue new opportunities (Wiklund & Shepherd, 2025). Finally, environments that promote psychological safety empower employees, reduce decision-making anxiety, and strengthen inclusive, growth-oriented cultures (Edmondson, 1999)

**Empirical Review**

Research consistently highlights the interplay between innovation, risk-taking, employee creativity, and organizational performance. Yamin (2020) found that organizational innovation, extrinsic rewards, and intrinsic motivation jointly predict employee creativity ($R^2$ = 66.5%), which in turn drives firm performance ($R^2$ = 60.5%), with knowledge sharing strengthening the creativity–performance link. Similarly, Gong, Zhou, and Chang (2013) showed that the effect of employee creativity on firm performance depends on contextual factors: it is negative under high riskiness orientation, but positive when absorptive capacity is strong or in smaller firms. In the services sector, Melton and Hartline (2013) demonstrated that cross-functional teams (CFTs), frontline employees (FLEs), and learning orientation enhance new service development through service marketability and launch effectiveness.

Beyond creativity, collaboration and digital platforms are crucial for performance. Dittes and Smolnik (2019) found that enterprise social media fosters cooperation and networking, which increases efficiency and innovativeness, with networking having the more potent effect. Studies on risk-taking provide further insights: Naldi et al. (2007) reported that in Swedish family firms, risk-taking is positively linked to proactiveness and innovation but negatively related to performance, while Mollah et al. (2017) showed that Islamic banks' governance structures encourage higher risk-taking and stronger performance compared to conventional banks. At the employee level, intrapreneurship plays a dual role. Gawke, Gorgievski, and Bakker (2018) found that intrapreneurial behavior enhances engagement and performance among reward-sensitive employees but may lead to exhaustion and avoidance in those sensitive to punishment. Likewise, Augusto, Rodrigues, and Caldeirinha (2012) confirmed that intrapreneurship through innovation, proactivity, and autonomy positively influences corporate growth, improvement, and productivity. Collectively, these studies underline that innovation, risk-taking, and intrapreneurship foster performance, though their effects are shaped by organizational culture, governance, and individual differences.

**Fig. 1 - Conceptual Framework**




***Source: Author 2025 Conceptual Framework***

## Methodology

This study adopted a quantitative cross-sectional survey design to examine the effect of employees' innovation on the performance of SMEs in Akure Metropolis, Ondo State, Nigeria. The target population comprised 180 registered SMEs sourced from the Ondo State Ministry of Commerce and Industry, from which a sample of 384 respondents was determined using Taro Yamane's (1967) formula at a 95% confidence level and 5% margin of error, n=N/(1+N(e)2). Simple random sampling was employed to ensure representativeness, and data were collected using a structured questionnaire organized into three sections: demographic information, employee innovation dimensions (creativity, collaboration, risk-taking, and intrapreneurship), and SME performance.

Items were adapted from established scales, including Zhou and George (2001) for creativity, Kashyap (2018) for collaboration, Frese et al. (2021) for risk-taking, and Gawke et al. (2018) for intrapreneurship, with performance measures adapted from Yıldız and Karakaş (2012). Responses were captured on a five-point Likert scale ranging from strongly disagree to agree strongly. Content validity was assured through expert review, construct validity was confirmed via exploratory factor analysis, and reliability was established using Cronbach's alpha, adopting the 0.70 threshold recommended by Nunnally (1978).

Data were collected through self-administered surveys with support from trained research assistants, and ethical standards such as informed consent, confidentiality, and voluntary participation were strictly upheld (Creswell & Creswell, 2018). Data analysis was conducted with SPSS version 26, using descriptive statistics for demographic profiling and simple linear regression analysis to test hypotheses on the relationship between employees' innovation and SME performance.

## Results and Discussion

**Demographic Profile**

| Demographic Variable | Category | Frequency | Percent |
|---|---|---|---|
| Gender | Female | 166 | 50.0% |
| | Male | 153 | 46.1% |
| | Prefer not to say | 13 | 3.9% |
| Age Groups | 35-39 years | 81 | 24.4% |
| | 30-34 years | 78 | 23.5% |
| | 25-29 years | 58 | 17.5% |
| | 40-44 years | 49 | 14.8% |
| | 20-24 years | 32 | 9.6% |
| | 45-49 years | 23 | 6.9% |
| | 50+ years | 11 | 3.3% |
| Education Level | Bachelor's degree | 153 | 46.1% |
| | Master's degree | 92 | 27.7% |
| | High school | 51 | 15.4% |
| | Doctoral degree | 25 | 7.5% |
| | Others | 11 | 3.3% |
| Job Role | Engineer | 41 | 12.3% |
| | Analyst | 37 | 11.1% |
| | HR | 36 | 10.8% |
| | IT | 36 | 10.8% |
| | Others | 34 | 10.2% |
| | Marketing | 33 | 9.9% |
| | Manager | 32 | 9.6% |

| | | | |
|---|---|---|---|
| | Technician | 31 | 9.3% |
| | Sales | 27 | 8.1% |
| | Finance | 25 | 7.5% |
| Years of Service | 6-10 years | 85 | 25.6% |
| | 0-2 years | 82 | 24.7% |
| | 3-5 years | 80 | 24.1% |
| | >15 years | 43 | 13.0% |
| | 11-15 years | 42 | 12.7% |
| Company Sector | Healthcare | 51 | 15.4% |
| | Other | 47 | 14.2% |
| | Technology | 43 | 13.0% |
| | Education | 42 | 12.7% |
| | Services | 40 | 12.0% |
| | Manufacturing | 38 | 11.4% |
| | Finance | 37 | 11.1% |
| | Retail | 34 | 10.2% |

The sample demonstrates a well-balanced gender distribution, with females representing slightly more than half of the respondents (50.0%, n=166) compared to males (46.1%, n=153). A small percentage of participants preferred not to disclose their gender (3.9%).

The age distribution reveals a workforce primarily concentrated in the mid-career stages, with the largest groups falling within the 35-39 years (24.4%) and 30-34 years (23.5%) age ranges. These two age groups represent nearly half of the sample (47.9%), suggesting a mature workforce with substantial professional experience. The 25-29 age group accounts for 17.5% of respondents, while older employees (40+ years) comprise approximately 25% of the sample. Notably, younger employees aged 20-24 represent only 9.6% of the workforce, which may indicate either recruitment patterns favoring experienced professionals or retention challenges among younger employees.

Educational attainment indicates a highly qualified workforce, with the vast majority holding post-secondary credentials. Bachelor's degree holders constitute the largest segment (46.1%), followed by those with Master's degrees (27.7%). 73.8% of respondents possess at least a bachelor's degree, with an additional 7.5% holding doctoral qualifications. Only 15.4% of the sample completed high school as their highest level of education, while 3.3% reported other educational backgrounds. This academic profile suggests a knowledge-intensive work environment that values higher education credentials.

The occupational distribution reveals a diverse professional landscape with relatively even representation across different roles. Engineering positions are most prevalent (12.3%), followed closely by analyst roles (11.1%). Human resources and information technology functions each account for 10.8% of the sample, while other unspecified roles represent 10.2%. Traditional business functions are also well-represented, including marketing (9.9%), management (9.6%), technical roles (9.3%), sales (8.1%), and finance (7.5%). This distribution suggests a comprehensive organizational structure with balanced representation across various functional areas.

Tenure patterns indicate a stable workforce with varied experience levels. The sample shows remarkable balance across different service periods, with 6-10 years of service being most common (25.6%), closely followed by newer employees with 0-2 years (24.7%) and those with 3-5 years of experience (24.1%). Collectively, these three groups represent nearly three-quarters of the workforce. Long-term employees with over 15 years of service account for 13.0%, while those with 11-15 years represent 12.7%. This distribution suggests effective talent retention across career stages and ongoing recruitment efforts.

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .742[a] | .551 | .549 | 3.089 |

a. Predictors: (Constant), Employee Creativity

b. Dependent Variable: SME Performance

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 3854.236 | 1 | 3854.236 | 403.6812 | .000[b] |
| | Residual | 3143.439 | 330 | 9.525 | | |
| | Total | 6997.675 | 331 | | | |

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Employee Creativity

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 2.145 | 2.463 | | .871 | .384 |
| | Employee Creativity | 1.669 | .083 | .742 | 20.095 | .000 |

a. Dependent Variable: SME Performance

A simple linear regression analysis investigated the relationship between Employee Creativity (the predictor) and SME Performance (the dependent variable). The Model Summary table indicates that the model fits the data well. The correlation coefficient, R, is 0.742, suggesting a strong positive relationship between the two variables. The R2 value is 0.551, which indicates that Employee Creativity can explain 55.1% of the variance in SME Performance. The adjusted R2 of 0.549 further supports the model's explanatory power, accounting for the number of predictors.

The ANOVA table confirms the statistical significance of the regression model. The Sig indicated that the model produced a significant F-statistic of 403.6812 with a significance level of $p<0.001$. Value of .000. This result shows that the model is a statistically significant predictor of SME Performance.

The Coefficients table provides further insight into the relationship between the variables. The unstandardized coefficient, B, for Employee Creativity is 1.669. This suggests that for every one-unit increase in Employee Creativity, SME Performance is expected to increase by 1.669 units. The t-statistic for Employee Creativity is 20.095 with a significance level of $p<0.001$, confirming that Employee Creativity is a statistically significant predictor of SME Performance.

**Hypothesis Two:** There is no significant relationship between employee collaboration and the performance of small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .798[a] | .637 | .636 | 2.772 |

a. Predictors: (Constant), Employee Collaboration

b. Dependent Variable: SME Performance

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 4458.061 | 1 | 4458.061 | 580.442 | .000[b] |
| | Residual | 2539.614 | 330 | 7.696 | | |
| | Total | 6997.675 | 331 | | | |

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Employee Collaboration

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.892 | 2.067 | | .915 | .361 |
| | Employee Collaboration | 1.724 | .072 | .798 | 24.092 | .000 |

a. Dependent Variable: SME Performance

The regression model was assessed for its overall fit and significance. The Model Summary indicates a strong linear relationship between the predictor, Employee Collaboration, and the dependent variable, SME Performance. The R value is 0.798, signifying a strong positive correlation. The R-squared value of 0.637 indicates that the variation in Employee Collaboration can explain approximately 63.7% of the variance in SME Performance. The Adjusted R-squared value of 0.636 further confirms this, accounting for the number of predictors in the model.

The ANOVA table was used to assess the statistical significance of the overall regression model. The results show that the model is statistically significant ($F(1,330)=580.442, p<.001$). The large F-statistic and the p-value of 0.000 strongly suggest that the model's ability to predict SME Performance is not due to random chance.

The Coefficients table provides the specific details of the relationship. The unstandardized coefficient (β) for Employee Collaboration is 1.724, which means that for every one-unit increase in Employee Collaboration, SME Performance is expected to increase by 1.724 units. This relationship is highly statistically significant ($t=24.092, p<.001$). The standardized coefficient (β) for Employee Collaboration is 0.798, confirming its substantial contribution to the model's predictive power.

**Hypothesis Three:** Employee risk-taking has no significant impact on the performance of small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria.

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .823[a] | .678 | .677 | 2.612 |

a. Predictors: (Constant), Employee Risk-Taking

b. Dependent Variable: SME Performance

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 4744.724 | 1 | 4744.724 | 695.692 | .000[b] |
| | Residual | 2252.951 | 330 | 6.988 | | |
| | Total | 6997.675 | 331 | | | |

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Employee Risk-Taking

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.234 | 1.923 | | .642 | .521 |
| | Employee Risk-Taking | 1.868 | .071 | .823 | 26.378 | .000 |

a. Dependent Variable: SME Performance

The regression model was assessed for its overall fit and significance. The Model Summary indicates a strong linear relationship between the predictor, Employee Risk-Taking, and the dependent variable, SME Performance. The R value is 0.823, signifying a strong positive correlation. The R-squared value of 0.678 indicates that the variation in Employee Risk-Taking can explain approximately 67.8% of the variance in SME Performance. The Adjusted R-squared value of 0.677 further confirms this, accounting for the number of predictors in the model.

The ANOVA table was used to assess the statistical significance of the overall regression model. The results show that the model is statistically significant ($F(1,330)=695.692, p<.001$). The large F-statistic and the p-value of 0.000 strongly suggest that the model's ability to predict SME Performance is not due to random chance.

The Coefficients table provides the specific details of the relationship. The unstandardized coefficient (β) for Employee Risk-Taking is 1.868, which means that for every one-unit increase in Employee Risk-Taking, SME Performance is expected to increase by 1.868 units. This relationship is highly statistically significant ($t=26.378, p<.001$). The standardized coefficient (β) for Employee Risk-Taking is 0.823, confirming its substantial contribution to the model's predictive power.

Hypothesis Four: Employee intrapreneurship has a significant effect on the performance of small and medium-sized enterprises in Akure metropolis, Ondo State, Nigeria

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .811[a] | .658 | .657 | 2.694 |

a. Predictors: (Constant), Employee Intrapreneurship

b. Dependent Variable: SME Performance

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 4606.233 | 1 | 4606.233 | 634.735 | .000[b] |
| | Residual | 2391.442 | 330 | 7.247 | | |
| | Total | 6997.675 | 331 | | | |

a. Dependent Variable: SME Performance

b. Predictors: (Constant), Employee Intrapreneurship

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .987 | 1.978 | | .499 | .618 |
| | Employee Intrapreneurship | 1.772 | .070 | .811 | 25.193 | .000 |

a. Dependent Variable: SME Performance

The regression model was assessed for its overall fit and significance. The Model Summary indicates a strong linear relationship between the predictor, Employee Intrapreneurship, and the dependent variable, SME Performance. The R value is 0.811, signifying a strong positive correlation. The R-squared value of 0.658 indicates that the variation in Employee Intrapreneurship can

explain approximately 65.8% of the variance in SME Performance. The Adjusted R-squared value of 0.657 further confirms this, accounting for the number of predictors in the model.

The ANOVA table was used to assess the statistical significance of the overall regression model. The results show that the model is statistically significant ($F(1, 330) = 634.735$, $p < .001$). The large F-statistic and the p-value of 0.000 strongly suggest that the model's ability to predict SME Performance is not due to random chance.

The Coefficients table provides the specific details of the relationship. The unstandardized coefficient (\beta) for Employee Intrapreneurship is 1.772, meaning that SME Performance is expected to increase by 1.772 units for every one-unit increase in Employee Intrapreneurship. This relationship is highly statistically significant ($t = 25.193$, $p < .001$). The standardized coefficient (\beta) for Employee Intrapreneurship is 0.811, confirming its substantial contribution to the model's predictive power.

## Discussion of Findings

This study investigated the relationship between employee factors—creativity, collaboration, risk-taking, and intrapreneurship- and SMEs' performance in Akure Metropolis.

The first hypothesis (Ho1) tested the effect of employee creativity on SME performance. Regression analysis revealed a strong, positive, and statistically significant relationship ($R = .742$, $R^2 = .551$, $F(1, 330) = 403.681$, $p < .001$), with creativity explaining 55.1% of performance variance. This finding affirms earlier studies emphasizing creativity as a critical driver of organizational performance (Yamin, 2020; Zhou & Hoever, 2018; Muhammad et al., 2019; Babatimilehin et al., 2023), though it contrasts with Gong, Zhou, & Chang (2013), who found the effect contingent on firm size and risk orientation.

The second hypothesis (Ho2) assessed the role of employee collaboration. Results showed a powerful positive effect ($R = .798$, $R^2 = .637$, $F(1, 330) = 580.442$, $p < .001$), with collaboration explaining 63.7% of the variance. This aligns with prior research highlighting collaboration as a determinant of productivity and innovation (Lau, 2020; Yan, 2019; Dittes & Smolnik, 2019; Melton & Hartline, 2013).

The third hypothesis (Ho3) examined employee risk-taking and found it to be the strongest predictor of SME performance ($R = .823$, $R^2 = .678$, $F(1, 330) = 695.692$, $p < .001$). Risk-taking explained 67.8% of performance variance, consistent with studies linking it to innovation and effectiveness (Chen et al., 2022; Frese et al., 2021; Mthanti et al., 2024; Poudel et al., 2025). However, it diverges from Naldi et al. (2007), who reported a negative association in Swedish family firms, suggesting contextual influences. The fourth hypothesis (Ho4) tested employee intrapreneurship, which was also strongly significant ($R = .811$, $R^2 = .658$, $F(1, 330) = 634.735$, $p < .001$), explaining 65.8% of the variance in performance. This result supports evidence that intrapreneurship enhances growth, autonomy, and innovativeness (Augusto, Rodrigues, & Caldeirinha, 2012; Gawke, Gorgievski, & Bakker, 2018). The study demonstrates that fostering creativity, collaboration, risk-taking, and intrapreneurship significantly improves SME performance in Akure. These results underscore the importance of employee-driven innovation and provide empirical justification for integrating intrapreneurship frameworks within Nigerian SMEs

## Conclusion

This study examined the relevance of employee innovation, conceptualized through the dimensions of creativity, collaboration, risk-taking, and intrapreneurship, on the performance of SMEs in Akure metropolis, Nigeria. The findings reveal that all four dimensions of employee innovation have a strong, positive, and statistically significant impact on SME performance. Specifically, employee risk-taking emerged as the most influential factor, followed by intrapreneurship, collaboration, and creativity. The results demonstrate that fostering a supportive work environment that encourages creativity, promotes effective collaboration, supports calculated risk-taking, and empowers employees to act as intrapreneurs significantly enhances SMEs' effectiveness, efficiency, and overall success. Significantly, this study contributes to the literature by providing empirical evidence from a developing country context, thereby bridging a knowledge gap on the direct impact of employee-centric innovative behaviors on firm performance (Amabile, 1996; Lumpkin & Dess, 1996; De Jong & Den Hartog, 2010; Lau, 2020; Nwachukwu et al., 2021).

### Recommendations

Based on the findings, several recommendations are proposed for SME owners, managers, and policymakers to enhance performance through employee innovation. First, cultivating a culture of creativity should be a strategic priority, as creativity explains a substantial proportion of performance variance. This can be achieved by encouraging idea-sharing, reducing fear of criticism, and investing in creative problem-solving training (Amabile, 1996; Shalley & Gilson, 2017). Second, investment in collaborative tools and practices is essential since collaboration significantly enhances performance. SMEs should leverage communication technologies, foster cross-functional teamwork, and create spaces that support interaction, with leaders modeling collaborative behavior (Lau, 2020; Mesmer-Magnus & DeChurch, 2009). Third, SMEs should promote and reward calculated risk-taking, recognizing its strong influence on performance. Establishing psychological safety, adopting a "fail forward" mindset, and rewarding initiative will encourage employees to embrace experimentation (Edmondson, 1999; Lumpkin & Dess, 1996). Finally, developing formal intrapreneurship programs can institutionalize innovation. By dedicating resources, mentorship, and structured platforms for idea development, SMEs can harness intrapreneurship for business growth and sustainability (Antoncic & Hisrich, 2001; Kuratko et al., 2015). Collectively, these recommendations highlight the need for employee-centered strategies that empower innovative behaviors as a driver of SME competitiveness and long-term success

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