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Strategic Innovation and Sustainable Economic Performance of the Manufacturing Sector in Rivers State

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Abstract: The study investigated strategic innovation and sustainable economic performance of manufacturing sector in Rivers State. It adopted the correlational research design and operationalized the innovation into the variables of product innovation, technological innovation, and social innovation with sustainable economic performance as the dependent variable. The population of the study was 150 which consisted of staff of manufacturing companies operating in Rivers State. The sample size of 150 was used adopting the census sampling technique in which the entire population was used. A questionnaire instrument tagged, Strategic Innovation and Sustainable Economic Performance (SISEP) was used and calibrated into modified Likert scale of Very High Extent (4), High Extent (3), Low Extent (2), Very Low Extent (1). The three research questions were answered using Mean and Standard Deviation at mean criterion of 2.5, while the null hypotheses were tested using Pearson Product Correlation Coefficient (PPMC) at .05 significance level. The findings of the study showed that the variables of strategic innovation significantly relate to sustainable economic performance in manufacturing companies in Rivers State. The study concluded that if marketing innovative measures of product design or innovation, appropriate technology and social innovation are applied sustainably, will lead to improved economic performance of manufacturing companies in Rivers State. It recommended among others that, manufacturing companies in Rivers State should from time-to-time train and retrain their staff on modern technological innovations to improve on their economic performance.

Keywords: *Sustainable, Innovation, Strategy, Economic performance, Manufacturing Sector.*

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Introduction

To remain competitive and afloat in the business world today, companies must adopt innovative techniques in all their business processes as to have an edge over the competitors and stay relevant in the market place (Ukata, Kalagbor & Ochie, 2017) .The most successful businesses are those that aimed at building strong and uniquely distinctive competencies in one or more areas crucial to strategic success and then using them as basis for gaining competencies that relate to leading competitive edge over rivals. Distinctive competencies relate to leading-edge products or service, innovation, better mastery of a technological process, expertise in defect-free manufacturing or service delivery, specialized marketing and merchandise know-how, potent global and sales distribution capabilities, better customer services that create valuable strength in producing, distributing or marketing of the company's product or service (Interobservers, 2021)

Strategic innovation is an organization's process of reinventing or redesigning its corporate strategy to drive business growth, generate value for the company and its customers and create competitive advantage. This type of innovation is essential for organizations to adapt the speed of technological change (Jain, 2023). Strategic innovation is a means by which organizations innovates in their value chain, establish new operating models, alter the rules of competition in the business environment and increase their competitive advantage as to obtain fresh benefits and edge in a chosen target market. Strategic innovation aims at addressing products availability, affordability, usability and creating of awareness. Company can strategically redefine its business and catch its major competitors off guard by breaking the rules and thinking of new ways to compete as to be relevant in the business arena. Strategic innovation is an imperative element of strategic management for achieving competitive advantage (International Institute for Management Development, 2025).

Strategic innovation is about competing within an existing industry in a fundamentally different way that re-defines and enhances customer value and satisfaction. In the traditional method, different way of competing in the marketplace does not entail innovation as such rather, superior value for customers is derived from innovation in the organization. Such innovation may

relate to the product concept, production, service provision or the marketing of the respective products or services. For strategic innovation to take place, activities and capabilities are leveraged in such a way as to offer customer value that leads to established industry practice and recipes (Debruyne and Schoovaerts, 2016).

Gap

There have been studies around innovations and product innovation but there has not been any study that combined technological and product innovation, which is what the present study seeks to achieve.

Statement of the Problem

Most manufacturing companies in Nigeria are experiencing low – consumer demand except for certain products which demands is quite inelastic. Most companies in Nigeria strive hard to improve on their marketing activities as demanded by environment and at the same time, remain in business. The effect of low-consumer demand may result in low sales performance, shortfall in profit and low consumer patronage, which all have great implications on the attainment of the organizational objective.

In order to actualize the organizational objectives, the manufacturing companies (Furniture) in Rivers State may need strategic plan for improving and developing new products to remedy the challenges. Companies competing in the manufacturing sector may be expected to effectively manage innovation to ensure growth, unfortunately, they may be faced with notable challenges in their business such as product design, production, processes, product quality and regulatory requirement. Therefore, the reason for this study, "strategic innovation and sustainable economic performance of the manufacturing sector in Rivers state." This is to prefer the needed solution and recommendations to the companies that will enable them remain relevant in the business world.

Objectives of the Study

The main objective of this study is to examine the relationship between strategic innovation and sustainable economic performance of manufacturing sector in Rivers State. The specific objectives are to:

Identify the relationship between product innovation on the economic performance of manufacturing sector in Rivers State.

Determine the relationship between technological innovation and economic performance of manufacturing sector in Rivers State.

Research Questions

Based on the research objectives the following questions were raised:

- How does product innovation relate with economic performance of manufacturing sector in Rivers State?
- How does technological innovation relate with economic performance of manufacturing sector in Rivers State?

Research Hypotheses

The following hypotheses are formulated to guide the study:

- There is no significant relationship between product innovation and economic performance of manufacturing sector in Rivers State.
- There is no significant relationship between technological innovation and economic performance of manufacturing sector in Rivers State.

Literature Review

Strategic Innovation

Strategic innovation refers to the method of competing within an existing industry in a fundamentally different way that redefine and enhances customer value. It means rethinking the target market, customer needs and wants, and the entire value creation and delivering process. Today, success in business belong to the companies who did not innovate in the traditional sense by investing in research and development and then launching next-generation products, but instead challenged conventional thinking. Innovative companies reshape the way business is done, by focusing on creating and delivering customer with superior value that meet and match their expectation than the competitors (The Strategy Story, 2025).

Unlike traditional innovation, the different ways of competing do not entail product or service innovation but rather superior customer value is derived from innovation in organization, such innovation may relate to the product concept, production, service, provision, or the marketing of the respective product or service. For strategic innovation to occur, activities and capabilities are lever aged in such a way as to offer customers value that breaks industry recipes (Debruyne, 2016). Depending on the customers' requirements, the buyers seek the best solution in terms of the warehouse location, quality, price, adequate value proposition and a streamline of logistics. Company then develops resource and capabilities needed to produce such superior value than other providers. Strategic innovation brings about the creation of a unique market space that leads to first mover advantage, temporary monopoly, switching cost, customer loyalty, satisfaction and potentially helps to develop unique capabilities. Strategic innovators can compete on different levels, they can also employ different resource as means of attracting different customer segments to their business thereby increasing their business performances, than those of traditional rivals. Strategic innovators experience less competition for resources on both the input and output angles.

Product Innovation and Economic Performance

Innovativeness is one of the fundamental instruments of growth strategies to enter new markets. To perform better in the current market as to increase the market share and provide the company with a competitive edge, the company must innovate. It is motivated by the increasing competition in the global markets, and as a result of this, companies have begun to grasp its importance with the swift changes in technologies and stiff global competition rapidly eroding the value added of existing products and services, innovation has become an indispensable component of co-operate strategies for several reasons, such as to apply more productive manufacturing processes, to perform more better in the market place, to seek positive reputation in customers' perception and as a result gain sustainable competitive advantage (Ukata & Nmehielle, 2020; Ukata, 2019; Ukata & Adejola; 2018; Abubakar, 2014).

Product innovation is the process of introducing a new product service that is new or substantially improved. Successful new products command substantially high profit margin than

mature or declining products. Successful new products are profitable at least for a while before competitors roll out their own products to the market and eventually compete on price basis. Most companies face the inevitable choice of product innovation on gradually fading products for the market. However, it should be noted that product innovation is not only carried out at the declining stage of a product, it can also be done to a totally novel product at the introductory stage. Throughout modern history, most product innovation receives increasing support and attention because it helps the product to withstand strong competition from competing products and to suit the changing tastes and desires of the customers. As it is widely recognized, needs change over time and companies must reject these changes in their products and services if they are to achieve the economic objective increase in turnover, product maximization and customer satisfaction. Product innovation is very important for the sustainability of the company, because a product that was successful and profitable yesterday may not be profitable tomorrow (Monja, 2025).

Technological Innovation and Economic Performance

Technological innovation is a key factor in a firms that wants to develop and maintain competitive advantage or gain entry into new markets. Manufacturing companies are generally more flexible, they can adapt themselves better to technological innovation, and are better placed to develop and implement new ideas. These qualities along with their simple organizational structure, low risk and receptivity are essential features that facilitate their innovativeness (Jain, 2023). Technological innovation is well established within the manufacturing sector and that it has much influence on their firm's performances. Innovation measurement globally started and has developed using the manufacturing sector. Measuring innovation and its role on firm's performance in the manufacturing sector has reached advanced stage in some developed countries of the world. One major characteristics of technological innovation in the manufacturing sector is product packaging/branding. Manufacturing firms in Nigeria innovate for several reasons. The ultimate objective is to increase the quality of products, meet customers expectation and satisfy needs, and profitability through efficient utilization of resources and reduction in cost of production.

Economic Performance

The economic perspective of sustainable performance is concerned with the maximization of financial benefits for stakeholder and the performance measurement recognizes the metrics effectively measuring relations with customers and suppliers that results in achieving financial goals, value added, contribution to GDP, ethical investments etc. The measures for economic performance are: manufacturing cost, quality, responsiveness and flexibility (Singh et al, 2016). Economist look at the world in terms of stock and flows of capital. This covers not only monetary or economic capital but also "capital" of other types, including natural, human and social capital. According to Azapadi & Perday (2016), there are two types of capital related indicators, they include: financial and human, natural and social factors. Value added represents the contribution of a business to the Gross Domestic Product (GDP). GDP is one of the indicators most often used to measure economic performance of a country. Despite its limited and often criticized usefulness, it is an easily available indicator and in combination with other indicators can provide an indication of the level of sustainability, a part of the bigger picture.

Social Performance

Social performance is the outcome of a company's engagement, activities and commitments that can directly and indirectly impact on stakeholders or affect the quality of its relationship with them. Critical to a manufacturing industry's social performance is how well it fulfils its commitments, interactions and activities as they relate to local communities where their organization is located for the operation of their business activities. Singh et al (2016), asserts that, social performance can be assessed by looking at how well an organization has translated its social goals into practice. According to them, social performance can be evaluated in terms of the impact of organization's decisions and activities on society that contribute towards sustainable development including health and welfare of society, stakeholders' expectations, compliance with applicable laws and integration throughout the organization (Singh, et al., 2016; Jaca, et al., 2018).

Methodology

The study design adopted a correlational. The population of the study was 150 staff of manufacturing companies operating in Rivers State (Indorama Eleme Petrochemicals Limited 90 and Pipe Coaters Nigeria Limited 60), and adopted the census sampling technique with questionnaire instrument tagged 'Strategic Innovation and Sustainable Economic Performance (SISEP). The modified Likert scale of Strongly Agreed (4), Agree (3), Disagree (2) and Strongly Agreed (1). Out of the 150 copies of questionnaires distributed, 130 were duly returned and completed which the study used for its analysis. The three research questions were answered using mean and standard deviation to measure the spread in respondents' opinions, while the null hypotheses were tested using Pearson Product Correlation Coefficient (PPMC) at .05 significance level.

Results

Research Question 1: How does product innovation relate with economic performance of manufacturing sector in Rivers State?

Table 1: Mean and standard deviation of product innovation and economic performance of manufacturing sector in Rivers State

Descriptive Statistics

S/N	N=130	Mean	Std. Deviation	Remark
1. Demand and supply forces leads to product innovation		3.68	.67	Agreed

2. Staff understanding of the market environment leads to innovation	2.72	1.22	Agreed
3. Business and environmental factors result to innovation	1.76	1.06	Disagreed
4. Drive for profitability encourages innovation.	2.83	.64	Agreed
Grand Mean	**2.75**	**.90**	

Table 1 above showed in item 1 mean score of 3.68 and SD .67 which implied that respondents agreed that Demand and supply forces leads to product innovation. Item 2 showed that with mean score of 2.72 and SD 1.22 showing that respondents equally agreed that Staff understanding of the market environment leads to innovation. In item 3 mean score of 1.76 and SD 1.06 which showed that respondents disagreed that Business and environmental factors result to innovation. Item 4 with mean score of 2.83 and SD .64 showed that respondents agreed that drive for profitability encourages innovation.

Thus, aggregate mean score of 2.75>2.5 showed that respondents agreed that there are factors are responsible for product innovation in the manufacturing sector

Research Question 2: How does technological innovation relate with economic performance of manufacturing sector in Rivers State?

Table 2: Mean and standard deviation of technological innovation and economic performance of manufacturing sector in Rivers State

S/N Items N=130	Mean	Std. Deviation	Remark
5. Tech innovation increases profitability for diversification	2.85	1.20	Agreed
6. Staff get motivated when engaged in innovation strategies	2.60	.41	Agreed
7. Tech innovation makes the work easier to facilitate goal attainment	2.76	1.24	Agreed
Grand Mean	**2.74**	**.95**	**Agreed**

Table 2 above showed in item 5 showed mean score of 2.85 and SD 1.20 implied that respondents agreed that Tech innovation increases profitability for diversification. In item 6 mean score of 2.61 and SD .40 which showed that respondents agreed that Staff get motivated when engaged in innovation strategies. In item 7 of the above showed that respondents agreed that Tech innovation makes the work easier to facilitate goal attainment with mean score of 2.76 and SD 1.24. Thus, aggregate mean score of 2.74>.95 showed that respondents agreed that technological innovation contribute to the organization performance.

Test of Null Hypotheses

- $H0_1$:There is no significant relationship between product innovation and economic performance of manufacturing sector in Rivers State.

Table 3: PPMC test of product innovation impact on the performance of the manufacturing sector

Variables		Product Innovation			
Performance of Manufacturing Companies	Pearson Correlation	1	.083**	-.151**	.544**
	Sig. (2-tailed)		.002	.000	.000
	N	130	130	130	130
	Pearson Correlation	.083**	1	.600**	.475**
	Sig. (2-tailed)	.002		.000	.000
	N	130	130	130	130
	Pearson Correlation	-.151**	.600**	1	.039
	Sig. (2-tailed)	.000	.000		.150
	N	130	130	130	130
	Pearson Correlation	.544**	.475**	.039	1
	Sig. (2-tailed)	.000	.000	.000	
	N	130	130	130	130

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 above showed N-value of 130, correlation coefficient (Spearman rho) value of .039, p-value of .002<.05 which showed that there is Product innovation has no impact on the performance of the manufacturing sector. The null hypothesis is therefore rejected.

- **$H0_2$:**Technological innovation has no effect on social performance of the manufacturing sector

Table 4: PPMC test of technological innovation effect on social performance of the manufacturing sector

Variables		Technological Innovation			
Social Performance of Manufacturing Sector	Correlation Coefficient	1.000	.048	.613**	.805**
	Sig. (2-tailed)	.	.001	.000	.000
	N	130	130	130	130
	Correlation Coefficient	.048	1.000	.576**	.113**
	Sig. (2-tailed)	.001	.	.000	.000
	N	130	130	130	130
	Correlation Coefficient	.613**	.576**	1.000	.540**
	Sig. (2-tailed)	.000	.000	.	.000
	N	130	130	130	130
	Correlation Coefficient	.805**	.113**	.540**	1.000
	Sig. (2-tailed)	.000	.000	.000	.
	N	130	130	130	130

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4 above showed N-value of 130, coefficient value of .805, p-value of .001<.05 which showed that technological innovation has no effect on social performance of the manufacturing sector. The null hypothesis is therefore rejected.

Summary of Findings

The findings of the study are hereunder discussed:

- Product innovation relates with economic performance of manufacturing sector in Rivers State.
- Technological innovation relates with economic performance of manufacturing sector in Rivers State.
- There is a significant relationship between product innovation and economic performance of manufacturing sector in Rivers State.
- There is a significant relationship between technological innovation and economic performance of manufacturing sector in Rivers State.

Discussion of Findings

The findings of the study are hereunder discussed:

Product innovation and economic performance

The findings of the study showed that Product innovation has impact on the performance of the manufacturing sector. Thus, in support of the findings of the present study, Abubakar, (2014) stated that innovativeness is one of the fundamental instruments of growth strategies to enter new markets. To perform better in the current market as to increase the market share and provide the company with a competitive edge, the company must innovate. It is motivated by the increasing competition in the global markets, and as a result of this, companies have begun to grasp its importance with the swift changes in technologies and stiff global competition rapidly eroding the value added of existing products and services, innovation has become an indispensable component of co-operate strategies for several reasons, such as to apply more productive manufacturing processes, to perform more better in the market place, to seek positive reputation in customers' perception and as a result gain sustainable competitive advantage.

Technological innovation and economic performance

The findings of the study showed that technological innovation has effect on social performance of the manufacturing sector. Technological innovation are necessary prerequisites for a knowledge-oriented business which promote not only the economic competitiveness of the whole country, but also the business (Jain, 2023). Technological innovation is a key factor in a firms that wants to develop and maintain competitive advantage or gain entry into new markets.

Manufacturing companies are generally more flexible, they can adapt themselves better to technological innovation, and are better placed to develop and implement new ideas. These qualities along with their simple organizational structure, low risk and receptivity are essential features that facilitate their innovativeness.

Conclusion

The study investigated strategic innovation and sustainable economic performance of manufacturing sector in Rivers State. It found that Product innovation has no impact on the performance of the manufacturing sector. Technological innovation has effect on social performance of the manufacturing sector. Strategic innovation significantly impacts on sustainable economic performance of the manufacturing sector in Rivers State.

Recommendations

Based on the findings and conclusion of the study, the following recommendations have been made:

- Product innovation has should be encourage in the performance of the manufacturing sector in Rivers State.
- Technological innovation should be encouraged through training and retraining of staff of manufacturing sector in Rivers State.

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