



INNOVATIVE ENTREPRENEURSHIP AND FIRM SUCCESS: THE CRITICAL ROLE OF ENTREPRENEURIAL ATTITUDE AMONG MSMEs IN PLATEAU STATE.

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ABSTRACT

This study investigates the crucial role of entrepreneurial attitude in driving innovative entrepreneurship and achieving firm success among micro, small, and medium enterprises (MSMEs) in Plateau State, Nigeria. The research addresses a significant gap in understanding how entrepreneurial attitudes influence innovation practices in this context. Employing a quantitative design, the study surveyed 214 MSMEs selected through systematic random sampling across the manufacturing and services sectors in Jos North and Jos South. Data were collected using a structured questionnaire with a five-point Likert scale, assessing dimensions of entrepreneurial attitude, innovation (product, process, and marketing), and firm success. Analysis was conducted using SPSS and Structural Equation Modelling (SEM). The findings reveal significant positive relationships between entrepreneurial innovation and firm success, with entrepreneurial attitude serving as a critical mediator. These results underscore the need to foster an innovative mindset among MSME owners to enhance business success. Additionally, the study offers targeted policy recommendations to support Nigeria's entrepreneurial ecosystem, emphasising the importance of innovation for sustainable growth and competitiveness in the MSME sector. Limitations include the cross-sectional design and the specific focus on Plateau State, suggesting the need for future longitudinal studies and broader regional comparisons to deepen understanding in this vital area.

Keywords: Entrepreneurial innovation, entrepreneurial attitude, firm success, MSMEs, informal sector, Nigeria

1.0 INTRODUCTION

In an era characterized by rapid economic transformation and globalization, the role of Micro, Small, and Medium Enterprises (MSMEs) has emerged as a cornerstone of sustainable economic development. These enterprises not only drive innovation but also serve as vital engines for job creation and GDP growth across various economies. For instance, in the United States, MSMEs account for approximately 64% of new jobs created, contributing significantly to the nation's GDP (U.S. Small Business Administration, 2023). Similarly, in Germany, MSMEs represent 99% of all enterprises and contribute around 58% to the total GDP (Federal Ministry for Economic Affairs and Energy, 2024). South Korea's focus on small businesses has propelled its economy, with MSMEs generating about 70% of employment (Korea Small Business Institute, 2025). In Africa, countries like South Africa and Ghana recognize the strategic importance of MSMEs, as they contribute over 30% to GDP and employ millions (South African Department of Small



Business Development, 2024; Ghana National Board for Small Scale Industries, 2023). In Nigeria, particularly in Plateau State, MSMEs play a crucial role in the economy, representing over 90% of businesses and providing over 70% of employment (Nigerian Bureau of Statistics, 2025). However, despite their significance, the potential of MSMEs in these regions remains largely untapped, necessitating a deeper exploration of the factors that influence their success.

Despite the critical role of MSMEs, they face numerous challenges that hinder their success and sustainability. In Nigeria, particularly in Plateau State, MSMEs grapple with issues such as inadequate access to finance, poor infrastructure, and a lack of skilled labour, which are exacerbated by socio-economic instability (Ogunyemi et al., 2023). These challenges not only limit the growth potential of these enterprises but also adversely affect their contribution to the economy, leading to high failure rates and stunted job creation. According to recent studies, over 60% of MSMEs in Nigeria fail within their first five years due to these constraints (Abubakar & Adama, 2024). The persistent nature of these challenges underscores the need for innovative solutions to enhance firm success, particularly in Plateau State, where economic diversification is crucial for sustainable development.

Stakeholders have made concerted efforts to address the challenges faced by MSMEs in Nigeria. Initiatives such as the Nigerian Economic Recovery and Growth Plan (ERGP) and various state-level interventions aim to provide financial support and capacity-building programs for small businesses (National Planning Commission, 2024). However, despite these efforts, many MSMEs continue to struggle with access to capital and market opportunities, indicating that existing measures have not fully addressed the systemic issues at play (Ibrahim & Abubakar, 2025). This persistent gap highlights the necessity for innovative entrepreneurship as a strategic approach to enhance firm success and resilience among MSMEs in Plateau State.

Innovative entrepreneurship has emerged as a viable solution to the challenges faced by MSMEs, fostering creativity and adaptability in business practices. Studies indicate that innovative entrepreneurship can significantly improve firm success by introducing new products and services, optimizing processes, and enhancing customer engagement (Ojo & Adebayo, 2026). In Plateau State, the integration of innovative practices within MSMEs has shown promise in overcoming barriers to growth, yet further research is needed to understand the specific dynamics at play. Recent findings suggest that MSMEs that embrace innovative strategies can achieve higher levels of competitiveness and sustainability in the marketplace (Chukwu & Okwuosa, 2025).

The rationale for introducing a moderator to the relationship between innovative entrepreneurship and firm success is grounded in the understanding that entrepreneurial attitude plays a pivotal role in shaping the effectiveness of innovation initiatives. Entrepreneurial attitude, characterized by traits such as risk-taking, proactiveness, and resilience, can significantly influence how MSMEs leverage innovative practices to enhance success (Nwankwo et al., 2024). By examining how entrepreneurial attitude mediates this relationship, researchers can gain insights into the mechanisms that facilitate or hinder the success of innovative entrepreneurship in Plateau State,



thereby providing a more nuanced understanding of firm success dynamics. This study aims to explore the critical role of entrepreneurial attitude in moderating the relationship between innovative entrepreneurship and firm success among MSMEs in Plateau State. Understanding this relationship is essential for developing targeted interventions that can enhance the resilience and sustainability of these enterprises. By focusing on the interplay between innovative practices and entrepreneurial mindset, this research seeks to contribute to the broader discourse on MSME development and economic growth in Nigeria.

2.0 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The literature review covers the conceptual review, the theoretical review and the empirical review

2.1 Conceptual Review

2.1.1 Firm Success

The terms "Firm success," "business success," and "organizational success," are frequently used interchangeably to denote similar concepts (Mgeni, 2015). Firm success indicates that a firm is effectively achieving its objectives and performing well. Scholars have linked Firm success to the three E's: economy, efficiency, and effectiveness of activities (Padia & van Vuuren, 2012). The success of firms hinges on their proactive, innovative, and risk-taking strategies, which enable them to respond flexibly to market demands and gain a competitive advantage. Consequently, the study defines firm success as the ability to execute the right actions effectively while utilizing resources economically to achieve predetermined objectives within a given environment.

High-performing firms create customer value and satisfaction through the effective management of four key factors: stakeholders, processes, resources, and organization (Okoli, Ozuru, & Ademe, 2022). Achieving high success in start-up firms necessitates a conducive organizational structure, supportive policies, and a culture that fosters innovation and adaptability. According to Astuti et al. (2024), success is measured by companies' growth and profitability relative to their primary competitors, employing both subjective and objective criteria (Ismail, Mokhtar, & Ali, 2013). Objective success measures, such as profit and total sales, are widely utilized in Firm studies (Ismail et al., 2013). Profit, as the overriding objective of business, signifies that success is often gauged by profitability (Budiharjo, Hapsari, & Harianto, 2024), while total sales reflect overall success, particularly in homogeneous samples. The operationalization of Firm success has been captured through metrics like sales growth and profit growth (Bernhardt, Donthu, & Kennett, 2000; Ismail et al., 2013; Mokhtar & Wan-Ismail, 2012).

1. Sales Growth

Sales growth is defined by Okoli et al. (2022) as the extent to which a firm meets its sales targets, increases market share, and generates long-term profitable sales. Syarifudin and Najmudin (2024) describe sales growth as the increase in sales activity from one period to the next. It is recognized as a crucial indicator of a Firm's success (Andriani & Setyawati, 2023), achieved through market expansion and strategic marketing initiatives. High sales growth enhances the quality of profits generated over time, indicating that as sales grow, the quality of profits will also improve (Syarifudin & Najmudin, 2024). Sustained sales growth not only supports internal funding but also signals the overall health of a business. Given that sales represent the primary



source of income for Firm, it is imperative for these firms to focus on strategies that boost sales to enhance turnover.

2. Profit Growth

Profit growth is characterized by Budiharjo et al. (2024) as the percentage increase in profits earned by a company, reflecting its efforts to enhance net income relative to the previous year. Kanzunfuadi (2024) defines profit growth as the change in a company's net profit compared to prior periods. In the face of rapid changes in the business environment, firms continually seek new opportunities to increase profits by aligning their offerings with customer needs in a competitive landscape (Niyawanont, 2023). In today's market, firms aim to maximize returns on their investments; profits are essential for sustaining business operations (Andriani & Setyawati, 2023). Profit serves as a vital goal for every business, enhancing annual earnings and income (Gulo & Sembiring, 2024) while acting as a key metric for success evaluation and decision-making (Andriani & Setyawati, 2023). Ultimately, profit growth indicates effective resource management and the achievement of predetermined targets (Budiharjo et al., 2024).

Despite the potential of the firms, their success in Nigeria remains unsatisfactory, with many enterprises ceasing operations shortly after inception. For instance, a survey revealed that 80% of firms in Nigeria fail before reaching their fifth anniversary (Aminu, 2018). This alarming statistic underscores the necessity for firms and start-ups to adopt Entrepreneurial Orientation (EO) to enhance their success metrics, particularly in terms of sales and profit growth, within a highly competitive and volatile environment.

2.1.2 Innovative Entrepreneurship

Innovative entrepreneurship encompasses the processes through which entrepreneurs leverage creativity and technological advancements to introduce new products, services, or processes that meet unmet market needs (Schumpeter, 2023). This concept underscores the significance of innovation as a critical driver of competitive advantage and economic growth, particularly in dynamic industries (Drucker, 2024). Yonla, Mangai, Auta, Kumdi, Fakah, Itse, & Tata, (2024). The results indicate a positive and significant effect of personal initiative on SMEs performance. However, knowledge sharing does not have a positive and significant relationship with SME performance in Langtang North L.G.A., Plateau State. Innovative entrepreneurs harness various forms of innovation product, process, and market to create unique value propositions that enhance their business operations and contribute to broader economic development (Kelley et al., 2023). Thus, innovative entrepreneurship can be defined as the ability to transform innovative ideas into viable business ventures that generate economic value and social impact.

1. Product Innovation

Product innovation refers to the development and introduction of new or significantly improved goods or services that fulfil consumer demands and preferences (Tidd & Bessant, 2024). This dimension is vital for SMEs as it enables them to differentiate their offerings in a competitive market. For instance, firms that invest in research and development (R&D) to create innovative products are more likely to capture market share and enhance customer loyalty (Cohen & Levinthal, 2023). The introduction of novel products not only attracts new customers but also encourages repeat business, thus driving sales growth and profitability (Gonzalez et al., 2024). In



sectors such as technology and consumer goods, product innovation is essential for maintaining relevance and addressing rapidly changing consumer needs.

2. Process Innovation

Process innovation involves the implementation of new or significantly improved production or delivery methods that enhance efficiency and effectiveness (Damanpour, 2023). This dimension is particularly crucial for SMEs seeking to optimize their operations and reduce costs. By adopting innovative processes, firms can streamline their workflows, minimize waste, and improve product quality (Zhang et al., 2024). For example, the integration of automation and digital technologies in production processes can lead to significant cost savings and enhanced output. Research indicates that SMEs that embrace process innovation tend to experience higher levels of operational efficiency and competitiveness (Kuckertz et al., 2023). Consequently, process innovation not only contributes to firm success but also fosters a culture of continuous improvement within organizations.

3. Market Innovation

Market innovation refers to the development of new marketing strategies, distribution channels, or pricing structures that enhance a firm's ability to reach and serve customers (Baker & Sinkula, 2023). This dimension is essential for SMEs aiming to expand their market presence and improve customer engagement. By adopting innovative marketing practices, such as digital marketing and social media engagement, firms can effectively target and attract new customer segments (Kotler & Keller, 2024). Market innovation also encompasses the exploration of new geographical markets, enabling SMEs to diversify their revenue streams and reduce dependency on local markets. Research suggests that firms that invest in market innovation are better positioned to respond to changing consumer preferences and competitive pressures, ultimately leading to improved success (Hosseini et al., 2023).

The significance of innovative entrepreneurship in fostering firm success is underscored by its capacity to drive job creation and enhance productivity. According to the Global Entrepreneurship Monitor (2025), innovative firms are more likely to experience higher growth rates and increased profitability compared to their traditional counterparts. This is particularly evident in sectors such as technology, healthcare, and renewable energy, where innovation plays a pivotal role in meeting evolving consumer demands (OECD, 2024). Furthermore, innovative entrepreneurship contributes to the overall resilience of economies by promoting diversification and adaptability in the face of market fluctuations (Fagerberg, 2023). Therefore, fostering an environment conducive to innovative entrepreneurship is essential for unlocking the potential of small and medium enterprises (SMEs) and driving sustainable economic development.

Despite the benefits associated with innovative entrepreneurship, numerous challenges hinder its widespread adoption, particularly among MSMEs. Barriers such as limited access to funding, inadequate infrastructure, and the lack of supportive policies often stifle the entrepreneurial spirit (Rothwell, 2023). In many developing countries, including Nigeria, these challenges are exacerbated by economic instability and insufficient investment in research and development (Acs & Audretsch, 2024). Consequently, innovative entrepreneurs may struggle to secure the necessary resources to implement their ideas, leading to high failure rates among start-ups and



SMEs. This highlights the need for targeted interventions that address these barriers and support the growth of innovative entrepreneurship.

Stakeholders, including government agencies, financial institutions, and educational institutions, have recognized the importance of promoting innovative entrepreneurship and have implemented various initiatives to address the associated challenges. For example, the establishment of innovation hubs and incubators aims to provide entrepreneurs with the resources, mentorship, and networking opportunities needed to foster innovative ventures (European Commission, 2023). Additionally, policies that incentivize research and development investments have been introduced to stimulate innovation within MSMEs (World Bank, 2024). However, despite these efforts, many entrepreneurs still face significant obstacles, indicating that further action is required to create a more supportive ecosystem for innovative entrepreneurship. Innovative entrepreneurship has the potential to significantly enhance the success of MSMEs, particularly when integrated with entrepreneurial orientation (EO). Research indicates that MSMEs that adopt innovative practices tend to outperform their competitors in terms of growth and profitability (Bessant & Tidd, 2024). By embracing innovation, MSMEs can differentiate themselves in the marketplace, attract new customers, and increase their market share (Kuckertz et al., 2023). This underscores the importance of fostering a culture of innovation within MSMEs, as it not only drives firm success but also contributes to the overall vitality of the economy.

2.1.3 Entrepreneurial Attitude

Entrepreneurial attitude refers to the mindset and behavioural characteristics that influence an individual's approach to entrepreneurship and business management (Kirkley & McGowan, 2024). This concept encompasses a range of traits, including risk-taking, proactiveness, innovativeness, and resilience, which collectively shape an entrepreneur's ability to identify opportunities, overcome challenges, and achieve success in their ventures (Lichtenstein & Lyons, 2023). Entrepreneurial attitude is critical for fostering a culture of innovation and adaptability within firms, particularly in the context of small and medium enterprises (SMEs), where resource constraints often necessitate creative problem-solving and strategic thinking (Katz, 2024). Thus, entrepreneurial attitude can be defined as the set of cognitive and emotional dispositions that drive entrepreneurial behaviour and influence a firm's success.

1. Risk-Taking

Risk-taking is a fundamental dimension of entrepreneurial attitude that involves the willingness to engage in uncertain ventures and make decisions that could lead to significant rewards or losses (Stewart & Roth, 2023). Entrepreneurs with a strong risk-taking propensity are more likely to pursue innovative ideas and explore new market opportunities, which can lead to enhanced firm success (Zhao et al., 2023). Research indicates that risk-taking behaviour is positively correlated with entrepreneurial success, as it enables entrepreneurs to navigate challenges and capitalize on emerging trends (Morris et al., 2024). In the context of SMEs, where competition is fierce, the ability to take calculated risks can differentiate successful firms from those that stagnate (Frese & Gielnik, 2023).



2. Proactiveness

Proactiveness refers to the tendency to anticipate and act on future opportunities rather than merely reacting to events as they occur (Lumpkin & Dess, 2024). Entrepreneurs who exhibit proactivity are more likely to engage in strategic planning, market research, and innovation, positioning their firms for long-term success (Rauch & Frese, 2023). This forward-thinking approach allows SMEs to adapt to changing market conditions, respond to customer needs, and stay ahead of competitors (Kuckertz et al., 2023). Studies have shown that proactive entrepreneurs tend to achieve higher levels of growth and profitability, as they are better equipped to identify and exploit new business opportunities (Acs & Szerb, 2024).

3. Innovativeness

Innovativeness is another crucial aspect of entrepreneurial attitude, which is the capacity to generate and implement new ideas, products, or processes that create value for customers and the firm (Schilling, 2023). Entrepreneurs who embrace innovativeness are more likely to challenge the status quo, experiment with novel approaches, and drive continuous improvement within their organisations (Drucker, 2024). This dimension of entrepreneurial attitude fosters a culture of creativity and exploration, which is essential for SMEs seeking to differentiate themselves in competitive markets (Bessant & Tidd, 2024). Research has shown that firms led by innovative entrepreneurs tend to achieve superior outcomes, as they are adept at aligning their offerings with evolving consumer preferences (Zhang et al., 2024).

4. Resilience

Resilience, the ability to bounce back from setbacks and maintain a positive outlook in the face of adversity, is a critical trait for entrepreneurs (Lichtenstein & Lyons, 2023). Resilient entrepreneurs are more likely to persist in their efforts despite challenges, learning from failures and using those experiences to inform future decisions (Frese & Gielnik, 2023). This characteristic is particularly important for MSMEs, which often operate in volatile environments and face a higher risk of failure (Kirkley & McGowan, 2024). Studies indicate that resilience is positively associated with entrepreneurial success, as it enables entrepreneurs to navigate obstacles and sustain their commitment to their ventures (Morris et al., 2024).

The significance of entrepreneurial attitude in enhancing firm success is underscored by its ability to shape strategic decision-making and influence the adoption of innovative practices. Research has shown that entrepreneurs with a strong positive attitude are more likely to engage in behaviors that promote growth and adaptability, ultimately leading to improved firm outcomes (Rauch & Frese, 2023). Additionally, entrepreneurial attitude can serve as a moderating factor in the relationship between innovative entrepreneurship and firm success, providing insights into how mindset influences the effectiveness of innovation initiatives (Kuckertz et al., 2023).



Conceptual model of study variables.

Innovative Entrepreneurship

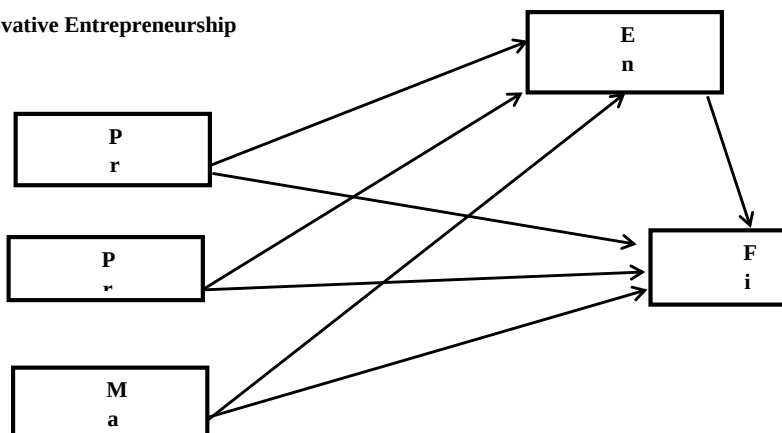


Fig 1. Conceptual Framework of the Relationship between Innovative Entrepreneurship and Firm Success. The role of Entrepreneurial Attitude

2.2 Hypotheses Development

The hypotheses of the study are the following:

H1: Product innovation is positively related to a firm's success.

H2: Process innovation is significantly related to a firm's success.

H3: Market innovation is significantly related to a firm's success.

H4: Entrepreneurial Attitude mediates the relationship between product innovation and a firm's success.

H5: Entrepreneurial Attitude mediates the relationship between process innovation and a firm's success.

H6: Entrepreneurial Attitude mediates the relationship between market innovation and a firm's success.

2.3 Theoretical Review

This theoretical review focuses on two primary theories relevant to understanding the relationship between innovative entrepreneurship and firm success, particularly emphasizing the role of entrepreneurial attitude among micro, small, and medium enterprises (MSMEs) in Plateau State. The Theory of Innovation serves as the underpinning theory for the direct relationship, while the Theory of Reasoned Action supports the mediating relationship.



2.4 Theory of Innovation

The Theory of Innovation was significantly developed by Joseph Schumpeter, who introduced the concept in the early 20th century through his seminal works, notably *The Theory of Economic Development* (1934) and *Capitalism, Socialism and Democracy* (1942). Schumpeter emphasized the role of innovation as a driving force in economic development and entrepreneurial activity. Schumpeter's theory posits that innovation is the primary driver of economic change and competitiveness. It is based on the assumption that entrepreneurs are pivotal in introducing new products, processes, and markets, thereby disrupting existing economic structures and creating new opportunities (Schumpeter, 1934). The theory categorizes innovation into five types: new products, new production methods, new markets, new sources of supply, and new industry structures.

While the Theory of Innovation has been foundational in understanding entrepreneurship, it has faced critiques for its linear perspective on innovation. Critics argue that it oversimplifies the complex, iterative nature of innovation processes, which often involve feedback loops and interactions among various stakeholders (Freeman, 1987). Furthermore, the theory does not adequately address the socio-cultural and institutional factors that influence innovation, particularly in developing economies. Despite its limitations, the Theory of Innovation serves as a robust framework for this study by highlighting the essential role of entrepreneurs in fostering innovation within MSMEs. It underscores that successful firms are those that actively engage in innovative practices, which can lead to enhanced success and competitiveness in the marketplace (Drucker, 2024). By focusing on innovative entrepreneurship, this theory provides a solid foundation for understanding how MSMEs can leverage innovation to achieve firm success. Due to its limitations in providing critical solutions for this study, there is a need to provide a supporting theory to address its limitations.

2.5 Theory of Reasoned Action

The Theory of Reasoned Action (TRA) was developed by Martin Fishbein and Icek Ajzen in the 1970s. It was first articulated in their work on attitudes and behaviours, which posits that an individual's behavioural intention is influenced by their attitude towards the behaviour and the subjective norms surrounding it (Ajzen & Fishbein, 1980). TRA assumes that individuals make rational decisions based on their beliefs about the outcomes of their actions. It suggests that attitudes towards behaviour are shaped by beliefs about the consequences of that behaviour, multiplied by the evaluation of those consequences. The theory emphasizes that behavioural intentions, influenced by attitudes and subjective norms, ultimately lead to actual behaviour (Fishbein & Ajzen, 1997).

One critique of TRA is its assumption of rationality in decision-making, which may not always hold in real-world scenarios where emotions and irrational factors play significant roles (Sheppard et al., 1988). Additionally, the theory may not account for external factors influencing behaviour, such as environmental constraints or unforeseen circumstances that affect decision-making. The Theory of Reasoned Action is particularly relevant to this study as it provides a framework for understanding how entrepreneurial attitudes influence the intention to engage in



innovative entrepreneurship. By examining the mediating role of entrepreneurial attitude in the relationship between innovative entrepreneurship and firm success, TRA helps elucidate the psychological mechanisms through which attitudes shape entrepreneurial behaviour and decision-making (Kirkley & McGowan, 2024). This understanding is critical for developing targeted interventions that can enhance the entrepreneurial mindset among MSMEs in Plateau State.

The integration of the Theory of Innovation and the Theory of Reasoned Action provide a comprehensive framework for understanding the dynamics of innovative entrepreneurship and its impact on firm success among MSMEs in Plateau State. Each theory contributes unique insights that collectively enhance the theoretical underpinnings of this study. The Theory of Innovation emphasizes the pivotal role of innovation in driving economic change and competitive advantage. By focusing on the entrepreneurial activities that lead to the introduction of new products, processes, and market strategies, this theory elucidates how MSMEs can leverage innovation to achieve superior success. It highlights that the success of firms is not solely contingent upon the resources they possess but rather on their ability to innovate and adapt to changing market conditions.

On the other hand, the Theory of Reasoned Action provides a psychological lens through which to examine the role of entrepreneurial attitude in influencing behaviour. This theory posits that an individual's intentions and subsequent actions are shaped by their attitudes and the perceived social norms surrounding those actions. By applying TRA, the study can explore how the entrepreneurial attitudes of MSME owners, characterized by traits such as risk-taking, proactiveness, and innovativeness, serve as mediators in the relationship between innovative entrepreneurship and firm success. This understanding is crucial for identifying the psychological barriers and facilitators that influence entrepreneurial behaviour and decision-making.

Together, these theories offer a robust framework for analyzing the interplay between innovative practices and entrepreneurial attitudes in driving firm success. The Theory of Innovation underscores the necessity of innovation as a pathway to competitive advantage, while the Theory of Reasoned Action highlights the importance of mindset and intention in fostering an entrepreneurial culture. This dual-theoretical approach not only enriches the academic discourse on entrepreneurship but also provides practical implications for policymakers and stakeholders seeking to enhance the success of MSMEs in Plateau State. The integration of the Theory of Innovation and the Theory of Reasoned Action is particularly well-suited for this study as it addresses both the operational and psychological dimensions of entrepreneurship. By examining how innovative entrepreneurship, mediated by entrepreneurial attitude, contributes to firm success, this research can offer valuable insights into the mechanisms that drive success in the MSME sector, ultimately contributing to economic growth and development in the region.

3.0 METHODOLOGY

3.1 Design, Population and Sample Size

The study adopted a positivist philosophical approach, aligning with a quantitative methodology to explore the relationships between innovative entrepreneurship, entrepreneurial attitude, and



firm success among micro, small, and medium enterprises (MSMEs) in Plateau State, Nigeria (Cyril, Samuel, Meshach, & Reuel, 2019). The study considered the informal business sector comprising of hairdressings', ICT, Leatherworks, fashion and design, fabrication, photography, catering, cosmetology's, paint making, agro-processing, and tailoring in Jos and Bukuru metropolis of Plateau state Nigeria as the unit of analysis. A cross-sectional quantitative research design was utilized, enabling the collection of data from the informal sector through structured questionnaires administered to a sample of 220 MSME owners, determined using the Krejcie and Morgan (1970) formula from a total population of 487 registered MSMEs in Jos North and Jos South Local Government Areas (SMEDAN 2022). Plateau State, located in the north-central region of Nigeria, is characterized by a diverse ethnic composition and significant agricultural potential, with farming, livestock rearing, and mining as key economic activities. However, the State faces challenges such as inadequate infrastructure, limited access to finance, and socio-economic instability, which hinder MSME success. According to the Nigerian Bureau of Statistics (2025), the region's high unemployment rate highlights the urgent need to foster entrepreneurship and innovation as pathways to economic development.

To ensure a representative sample, the study employed a stratified random sampling technique, focusing on various sectors of MSMEs, particularly manufacturing and services. Respondents were systematically selected from a list provided by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN 2022), which has been instrumental in training and advocating for MSME development in the area.

Measures

Data collection utilized a structured questionnaire that assessed dimensions of entrepreneurial attitude, innovative entrepreneurship, including product, process, and market innovation and firm success, employing a five-point Likert scale to gauge perceptions and experiences. Items measuring entrepreneurial attitude were adapted from Ma et al. (2020), while innovation-related items were sourced from Szymanski and Henard (2001) and Murjan (2012). The construct for firm success was based on Chandler and Hanks (1993). The collected data were analyzed using descriptive statistics, correlation analysis, and Structural Equation Modelling (SEM) to test the hypotheses and examine variable relationships, utilizing SPSS version 25 for descriptive and correlation analysis, and SPSS AMOS 23 for path analysis. Validity and reliability of the constructs were assessed through content validity indexes, Cronbach's alpha, and Average Variance Extracted (AVE). Ethical considerations were paramount, with informed consent obtained from all participants, ensuring that they understood the research purpose and their right to withdraw at any time, while confidentiality was maintained through anonymization and secure data storage.

4.0 RESULTS AND DISCUSSIONS

From the total of 220 respondents, 214 respondents' questionnaires were returned and analyzed in this study. The remaining 6 questionnaires were disqualified because of incompleteness after checking the quality of the collected data.



The data obtained were systematically arranged and analyzed based on the formulated hypotheses and research questions. The analysis was conducted using Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS version 4. Exploratory factor analysis was performed to determine the factor structure of the measurements. Cronbach's Alpha was used to assess the reliability of the scale and its items, with a cut-off point of 0.7 used as a guideline for acceptable reliability.

Table 1

Demographic Characteristics of Respondents (n=220)

Characteristics	Frequency	Percentage	Cumulative Percentage
Gender			
Male	120	54.5	54.5
Female	100	45.5	100.0
Age Distribution			
18 – 25	35	15.9	15.9
26 – 35	80	36.4	52.3
36 – 45	65	29.5	81.8
45 and Above	40	18.2	100.0
Year of Operation			
6 Month – 2 Years	65	29.5	29.5
3 Years – 5 Years	110	50.0	79.5
6 Years and Above	45	20.5	100.0

Table 1 presents the demographic distribution employed in the study. The gender distribution of the sampled respondents shows that 54.5% of the sampled respondents were males, which show that males were more sampled than females. As presented in the table, it can be deduced that most of the sampled respondents of this study are either between the ages of 26-35 and ages 36-45, with 36.4% and 29.5% respectively, therefore most of the respondents are between ages 26 to 45. The year of operation of sampled respondent's shows that majority of the respondents have been in operation between 3 years to 5 years which represent 50% of the total population, 29.5% are in operation from 6 month to 2 years and 20.5% are between 6 years and above.



4.1 Structural Analysis Results

Table 2. Path Analysis Results (Direct Effects)

Hypotheses	Relationships	Standardized Path	T. Values	P. Values	Accepted/Rejected
H1	PDI -> FMS	0.23	3.01	0.00	Accept the alternate hypothesis
H2	PRI -> FMS	0.29	3.05	0.00	Accept the alternate hypothesis
H3	MKI -> FMS	0.27	2.46	0.01	Accept the alternate hypothesis

Based on the results of the test hypotheses in *Table 2* above, the following are presented:
Concerning **H1**, the results of the hypothesis testing revealed that there is a positive relationship between product innovation (PDI) and firm success (FMS) ($\beta = 0.23$, $t = 3.01$, $P < 0.00$). We, therefore, accept the alternate hypothesis that "product innovation positively and significantly affects firm success."

With regards to **H2**, the results of the hypothesis testing also revealed that there is a positive relationship between process innovation (PRI) and firm success ($\beta = 0.29$, $t = 3.05$, $P < 0.00$). Thus, we accept the alternate hypothesis that "process innovation positively and significantly affects firm success."

For **H3**, market innovation (MKI) shows a significant positive relationship with firm success ($\beta = 0.27$, $t = 2.46$, $P < 0.01$), leading us to accept the alternate hypothesis that "market innovation positively and significantly affects firm success."

Table 3: Path Analysis Results (Specific Indirect Effects)

Hypotheses	Relationships	T. Values	P. Values	Accepted/Rejected
H4	PDI -> ETA -> FMS	3.120	0.002	Accept the alternate hypothesis
H5	PRI -> ETA -> FMS	6.564	0.000	Accept the alternate hypothesis
H6	MKI -> ETA -> FMS	2.457	0.014	Accept the alternate hypothesis

From the mediation results in *Table 3* above, concerning **H4**, the mediation results indicated that entrepreneurial attitude significantly mediates the relationship between product innovation and firm success ($t=3.120$, $P<0.002$). We, therefore, accept the alternate hypothesis that "entrepreneurial attitude mediates the relationship between product innovation and firm success."



Regarding **H5**, the results revealed that entrepreneurial attitude fully mediates the influence of process innovation on firm success ($t = 6.564$, $P < 0.000$). We accept the alternate hypothesis that "entrepreneurial attitude mediates the relationship between process innovation and firm success." For **H6**, the results indicated that entrepreneurial attitude also mediates the relationship between market innovation and firm success ($t = 2.457$, $P < 0.014$). Thus, we accept the alternate hypothesis that "entrepreneurial attitude mediates the relationship between market innovation and firm success."

4.2 Mediation Results

The mediation results confirm that entrepreneurial attitude fully mediates the relationships between product innovation, process innovation, and market innovation with firm success. This indicates that entrepreneurial attitude is a crucial factor influencing firm success.

Measurement Model

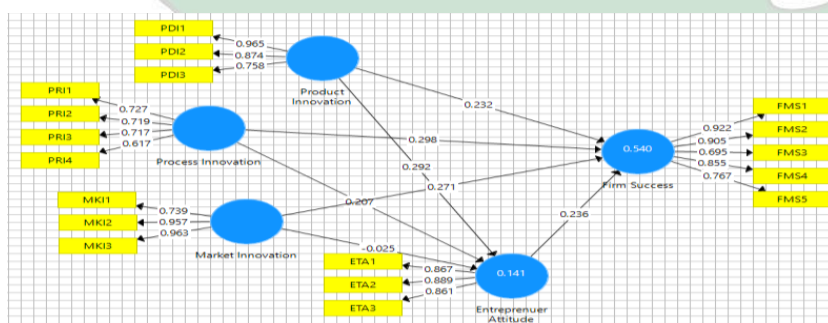


Fig 2: Measurement Model

Table 4

Discriminant Validity: Heterotrait-Monotrait Ratio of Correlations (HTMT)

Construct	Market Innovation	Firm Success	Product Innovation	Entrepreneur Attitude	Process Innovation
Market Innovation					
Firm Success	0.604				
Product Innovation	0.381	0.458			
Entrepreneur Attitude	0.225	0.499	0.332		
Process Innovation	0.714	0.656	0.234	0.358	

The discriminant validity of a factor is measured by the heterotrait-monotrait ratio of correlations (HTMT). Problems with discriminant validity exist when HTMT levels are high (Hair, et al.



2019). According to Henseler et al. (2015), structural models with constructs that are conceptually quite similar should have a threshold value of 0.90. A pair of constructs is more likely to be distinct if their HTMTs are smaller. HTMT levels ought to be under 0.9, or even better, under 0.85 (Henseler, 2017). Table 4 displays the HTMT report; all results are below the minimal cut-off of 0.85, indicating that the study's concept had discriminant validity.

Table 5

R Square

Variable	R Square
Entrepreneur Attitude	0.141
Firm Success	0.540

R² value above 0.33 is seen as moderate (Chin, 1998). Table 5 shows firm success to have an R² value of 0.54, while entrepreneur attitude has 0.14. This means product innovation, process innovation, and market innovation account for a 14% change in entrepreneur attitude, while entrepreneur attitude on the other hand accounts for a 54% change in firm success. 86% change in entrepreneur attitude is accounted for by variables other than product innovation, process innovation, and market innovation account, while 46% change in firm success is accounted for by variables other than entrepreneur attitude.

Structural Model

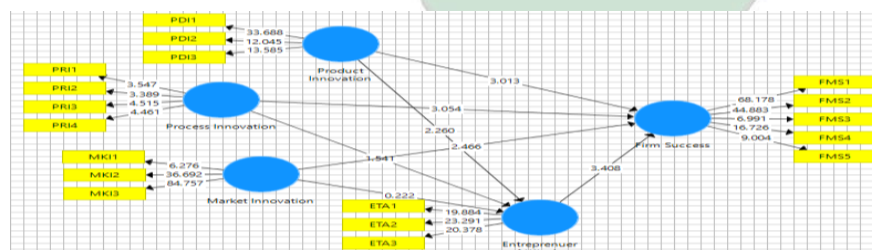


Fig 3: Structural Model

4.3 Discussion

H1: Product innovation is positively related to a firm's success.

The findings of this study affirm the significant positive relationship between product innovation and firm success, aligning with previous research that underscores the critical role of innovative practices in enhancing business performance (Kazemi et al., 2016; Mugewa, 2013; Sa'ari et al., 2013; Umar et al., 2018). Specifically, firms that actively engage in developing and introducing new products can better meet customer demands and differentiate themselves in competitive markets, thus leading to increased sales and profitability. However, it is essential to consider contrasting viewpoints, such as those presented by Agustia et al. (2022) and Ahmad (2007), who



argue that product innovation alone may not suffice for sustained success without accompanying strategic management practices. Similarly, the findings of Man (2001) suggest that while product innovation is beneficial, it must be integrated with effective marketing strategies to realize its potential fully. These nuances highlight the complexity of achieving firm success and suggest that a multifaceted approach, rather than a singular focus on product innovation, may be necessary.

H2: Process innovation is significantly related to a firm's success.

The results indicate a robust relationship between process innovation and firm success, reinforcing the notion that optimizing internal processes can lead to efficiency and effectiveness (Kazemi et al., 2016; Mugewa, 2013; Sa'ari et al., 2013; Umar et al., 2018). By implementing innovative processes, firms can reduce operational costs and improve product quality, which are critical factors in achieving a competitive advantage. This outcome is consistent with the findings of Darroch and McNaughton (2002), who emphasize that process innovation fosters a culture of continuous improvement within organizations. However, some studies present a different perspective, suggesting that excessive focus on process innovation can lead to rigidity and hinder responsiveness to market changes (Freeman, 1987; Kuckertz et al., 2023). Additionally, Lichtenstein and Lyons (2023) argue that while process innovation contributes to firm success, it must be balanced with other forms of innovation to maintain overall organizational agility. This highlights the importance of a holistic approach to innovation that encompasses both process and product dimensions.

H3: Market innovation is significantly related to a firm's success.

The positive correlation between market innovation and firm success found in this study aligns with previous literature that highlights the importance of innovative marketing strategies in enhancing customer engagement and expanding market reach (Kazemi et al., 2016; Mugewa, 2013; Sa'ari et al., 2013; Umar et al., 2018). Firms that adopt innovative approaches to marketing, such as leveraging digital channels and exploring new market segments, can significantly enhance their competitiveness and profitability. This finding is supported by Baker and Sinkula (2023), who assert that effective market innovation strategies lead to improved customer satisfaction and loyalty. However, conflicting evidence from Hosseini et al. (2023) suggests that market innovation may not always yield immediate financial returns and can require substantial investment without guaranteed outcomes. Furthermore, Zhao et al. (2023) contend that external factors, such as economic conditions and consumer preferences, can significantly influence the effectiveness of market innovation efforts. These considerations underscore the need for firms to adopt a comprehensive strategy that integrates market innovation with a keen understanding of the external environment.

H4: Entrepreneurial Attitude mediates the relationship between product innovation and a firm's success.

The study's findings confirm that entrepreneurial attitude serves as a significant mediator between product innovation and firm success, supporting the notion that a proactive and innovative mindset enhances the effectiveness of innovation initiatives (Kazemi et al., 2016; Mugewa, 2013; Sa'ari et al., 2013; Umar et al., 2018). Entrepreneurs with a strong positive attitude towards innovation are more likely to take calculated risks and invest in new product development, which can lead to improved firm performance. This aligns with the findings of Kirkley and McGowan (2024), who emphasize the importance of an entrepreneurial mindset in fostering innovation.



However, it is essential to recognize the contrasting views of Engelsberger and Halvorsen (2021), who argue that while entrepreneurial attitude is beneficial, it can also lead to overconfidence and poor decision-making if not balanced with critical analysis. Additionally, Lichtenstein and Lyons (2023) highlight that the impact of entrepreneurial attitude may vary across different contexts, suggesting that cultural and environmental factors should be considered when assessing its mediating role. These insights emphasize the complexity of the relationship between entrepreneurial attitude and innovation outcomes.

H5: Entrepreneurial Attitude mediates the relationship between process innovation and a firm's success.

The results indicate that entrepreneurial attitude significantly mediates the relationship between process innovation and firm success, reinforcing the idea that a positive entrepreneurial mindset enhances the implementation of innovative processes (Kazemi et al., 2016; Mugewa, 2013; Sa'ari et al., 2013; Umar et al., 2018). Entrepreneurs who exhibit resilience and proactivity are better positioned to adopt and adapt innovative processes, thereby improving operational efficiency and overall performance. This finding is consistent with the research of Morris et al. (2024), which highlights the role of entrepreneurial attitude in facilitating process innovation. However, it is important to consider the perspectives of Acs and Szerb (2024), who suggest that focusing solely on process innovation may lead to diminishing returns if the entrepreneurial attitude does not align with market demands. Moreover, the research of Kuckertz et al. (2023) indicates that while entrepreneurial attitude can enhance the effectiveness of process innovation, it must be complemented by adequate resources and support systems to yield optimal results. This highlights the need for a balanced approach that integrates an entrepreneurial mindset with resource allocation and strategic planning.

H6: Entrepreneurial Attitude mediates the relationship between market innovation and a firm's success.

The study confirms that entrepreneurial attitude mediates the relationship between market innovation and firm success, suggesting that an innovative mindset is crucial for effectively leveraging market opportunities (Kazemi et al., 2016; Mugewa, 2013; Sa'ari et al., 2013; Umar et al., 2018). Entrepreneurs with a strong positive attitude towards market innovation are more likely to engage in strategic planning and adapt their offerings to meet changing consumer preferences, leading to enhanced competitiveness. This finding aligns with the work of Baker and Sinkula (2023), which emphasizes the importance of entrepreneurial attitude in driving successful market innovation. However, contrasting views exist, as highlighted by Zhao et al. (2023), who argue that market innovation can sometimes lead to resource misallocation if not guided by a clear strategic vision. Additionally, the research of Kuckertz et al. (2023) suggests that while an entrepreneurial attitude is beneficial, it must be supported by a robust understanding of market dynamics and customer needs to maximize its impact. These considerations underscore the importance of integrating an entrepreneurial mindset with comprehensive market analysis to achieve sustainable success.

4.4 Summary of Findings

H1: Product innovation is positively related to a firm's success.



The study found a significant positive relationship between product innovation and firm success, indicating that firms that engage in product innovation tend to achieve higher levels of success.

H2: Process innovation is significantly related to a firm's success.

The results confirmed that process innovation significantly contributes to firm success, suggesting that optimizing internal processes leads to improved efficiency and effectiveness.

H3: Market innovation is significantly related to a firm's success. The findings demonstrated a positive relationship between market innovation and firm success, highlighting the importance of innovative marketing strategies in enhancing competitiveness and profitability.

H4: Entrepreneurial Attitude mediates the relationship between product innovation and a firm's success. The study established that entrepreneurial attitude serves as a significant mediator in the relationship between product innovation and firm success, emphasizing the role of a proactive mindset in enhancing innovation outcomes.

H5: Entrepreneurial Attitude mediates the relationship between process innovation and a firm's success. The results indicated that entrepreneurial attitude fully mediates the influence of process innovation on firm success, reinforcing the importance of a positive entrepreneurial mindset in implementing innovative processes.

H6: Entrepreneurial Attitude mediates the relationship between market innovation and a firm's success. The research confirmed that entrepreneurial attitude mediates the relationship between market innovation and firm success, suggesting that a strong entrepreneurial mindset is crucial for effectively leveraging market opportunities.

5.0 CONCLUSION

The study underscores the critical role of innovative entrepreneurship and entrepreneurial attitude in enhancing firm success among MSMEs in Plateau State. By establishing significant relationships between various forms of innovation and firm performance, along with the mediating role of entrepreneurial attitude, the findings suggest that fostering an innovative mindset is essential for MSMEs to thrive in a competitive environment.

5.1 Recommendations

Develop government-sponsored training programs that focus on product development skills for MSME owners and employees. Establish partnerships with educational institutions to create workshops and training sessions that enhance product innovation capabilities among MSMEs. Introduce incentives for MSMEs that adopt innovative processes, such as tax breaks or grants. The government should implement policies that provide financial support for technology adoption and process optimization initiatives in MSMEs. Facilitate access to market research resources and tools for MSMEs to enhance their marketing strategies. The establishment of a national database that provides MSMEs with market trends and consumer behavior insights can empower them to innovate their marketing approaches effectively. Promote entrepreneurial mindset training as part of the curriculum in schools and universities. Collaborate with educational institutions to integrate entrepreneurial attitude development programs that emphasize risk-taking, proactiveness, and resilience. Create innovation hubs and incubators that provide resources, mentorship, and



networking opportunities for MSMEs. The government should invest in establishing innovation centres that facilitate collaboration between MSMEs, researchers, and industry experts. Encourage continuous professional development through workshops and seminars focused on innovation and entrepreneurship. Implement policies that support ongoing training initiatives for MSME owners and employees to keep them updated on the latest trends and practices in entrepreneurship.

5.1.1 Contributions

Theoretical Contribution: This study contributes to the literature on innovative entrepreneurship by integrating the Theory of Innovation and the Theory of Reasoned Action, providing a comprehensive framework that highlights the interplay between entrepreneurial attitude and innovation in driving firm success among MSMEs.

Policy Contribution: The findings offer valuable insights for policymakers aiming to enhance the entrepreneurial ecosystem in Plateau State, emphasizing the need for targeted interventions that foster innovation and support MSME growth.

Practical Contribution: The research provides practical recommendations for MSME owners and managers, encouraging the adoption of innovative practices and the cultivation of a positive entrepreneurial attitude to achieve greater business success.

5.1.2 Limitations of the Study

Cross-sectional Design: The study's cross-sectional design limits the ability to draw causal inferences, as data were collected at a single point in time, which may not capture the dynamic nature of entrepreneurial attitudes and their impact on firm success over time. **Context Specific Findings:** The research was conducted exclusively in Plateau State, Nigeria, which may limit the generalizability of the findings to other regions or countries with different socioeconomic contexts and entrepreneurial ecosystems.

5.1.3 Future Research Areas

Longitudinal Studies on Entrepreneurial Attitude: Future research could explore the evolution of entrepreneurial attitudes over time and their long-term effects on firm success in various contexts, utilizing a longitudinal study design to capture changes and trends. **Comparative Studies Across Regions:** Investigating the impact of innovative entrepreneurship and entrepreneurial attitude on firm success in different regions of Nigeria or other countries could provide valuable insights into the contextual factors that influence these relationships.

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