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Innovation and Performance of Small and Medium-sized Bakeries in Tanzania

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Abstract: Small and Medium-sized Enterprises in Tanzania are still facing numerous challenges that have been affecting their competitiveness. To a great extent, literature has confirmed that innovation is a major driver of their competitiveness. One of the major challenges facing the owners or managers of these enterprises is the failure to understand and employ the right innovation strategies that can drive their performance. The performance of SMEs has a significant contribution to the socioeconomic development of many economies such as Tanzania where agriculture is one of the leading sectors. Enabling direct or indirect players in the agriculture sector such as the food enterprises, impacts the economy. We therefore characterise innovation as enhanced innovation process, customer-focused innovation, and enhanced innovation environment, and find whether they influence sales, and output performance of small and medium-sized bakeries. Our study adopts a multi-stage sampling technique and received responses from 161 questionnaires, and 20 in-depth interviews from bakery owners/managers throughout Tanzania. Through a moderator analysis, we find that both human resource competency and the size of the bakery moderate the relationship between innovation strategies and bakery performance. We argue that SMEs need to enhance their innovation capabilities in order to compete. Nevertheless, such capabilities should be supported by the innovation commitment of SMEs, and the policy development practices in the internal and external business environments.

Keywords: Innovation; enhanced innovation process; customer-focused innovation; enhanced innovation environment; SME performance; bakeries; Tanzania

JEL Classification: O30

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1. Introduction

The contribution of SMEs to the economic development of many economies including developing nations is ernomous. Their presence in the global business environement including Sub-Saharan Africa is noticeable (Fjose, Grünfeld & Green, 2010). Their role in poverty reduction and employment creation is significant (Katua, 2014). Similar roles are also played by SMEs in Tanzania (URT, 2012). However, the economic growth can be driven by sustainable SMEs. Unless they attain positive performance, SMEs cannot influence their sustainability. SME performance can be achieved in the environment that embraces entrepreneurship. It can be attained if the capabilities that enable an organization to compete are developed (Hitt, Ireland & Hoskisson, 2007). In order to develop their capabilities, these organisations need to adopt effective entrepreneurial orientation and strategies (Gans, Stern & Wu, 2016). One of the dimensions of entrepreneurial orientation is innovation (Dai, Maksimov, Gilbert & Fernhaber, 2014). Through innovation practices, SME performance is likely to be achieved (Nicolescu & Nicolescu, 2012). Little is known as to whether innovation strategies foster SME performance in developing countries such as Tanzania, based on the operations and practices of small and medium-sized bakeries. Bakeries are involved due to the growing demand of their products in Tanzania (Bennett, Naziri, Mahende, & Towo, 2012). Additionally, bakeries operate in the Tanzanian food industry that has been regarded as one of the major sources of employment (URT & UNIDO, 2012). Nevertheless, the Tanzanian food industry has a direct link with agriculture; a sector that has a significant contribution to economic development (Chongela, 2015). In this regard, the study enlightens about the innovation strategies that can be adopted by small and medium-sized bakeries in driving their competitiveness and ultimately influencing economic growth through an impacted food industry, agriculture sector, and relevant supply chains. Specifically, this study seeks to determine the contribution of enhanced innovation process, customer-focused innovation, and enhanced innovation environment on both sales, and output performance of Tanzania-based small and medium-sized bakeries. We also intend to answer the following questions: do enhanced innovation process, customer-focused innovation, and enhanced innovation environment influence the output, and sales performance of Tanzania-based bakeries under the moderation of both human resource competency, and bakery size?

2. Literature Review

2.1. Innovation and Creativity in SMEs

Creativity is an integral part of an innovation process (Burbiel, 2009). Fresh and relevant ideas define creativity (Amabile, 1988). An innovation process involves effective execution of generated ideas. These ideas are those with an impact on

business development (Amabile, 1997). The generated ideas can be those related to products, practices and processes, policies and systems (Amabile, 1988). Creativity can be effective when supported by firm resources, and favourable working conditions (ElMelegy, Mohiuddin, Boronico & Maasher, 2016). These factors are likely to drive employee motivation. For example, this is why task motivation, one of the three major components in the componential theory of creativity (Amabile, 1996), drives both domain-relevant skills, and creativity relevant skills (Williams, 2013). In the componential theory of individual creativity, it is asserted that any normal person is able to create something in a particular field under the influence of a particular social environment. In this regard, creativity is characterised by expertise, creative-thinking skill, and intrinsic task motivation. Expertise involves problem solving capabilities embedded in relevant knowledge, and technical know-how. On the other hand, creative thinking involves problem solving capabilities that are supported by knowledge and practice (Amabile, 1997). Intrinsic task motivation tells that a person who is intrinsically motivated to execute particular tasks including challenging tasks is likely to reveal creativity (Zhang & Gheibi, 2015).

Innovation practices include creativity (Seo & Chae, 2016). Likewise, innovation in SMEs depends on creativity. In this regard, creativity can influence the development of innovative products (Poon, Mohamad & Yusoff, 2018). Ultimately, innovative products influence greater sales in SMEs (Andries & Czarnitzki, 2014). Innovative products reflect the needs of the markets, and customers (Klimczuk-Kochańska, 2017). Innovation practices and capabilities depend on the effectiveness of the SMEs' internal environments. Any effective innovation strategy is dependent upon decision making process, and SME's resources and structures (Bayarçelik, Taşel & Apak, 2014). Innovation practices and the management of innovation processes require the support of SME owners/managers (Bozkurt & Kalkan, 2014). Additionally, an effective innovation process requires the involvement of customer's interests (Bayarçelik, Taşel, & Apak, 2014). That is why there is evidence in which SMEs seek to manage their innovation initiatives in a participatory manner (Yanes-Estévez, García-Pérez & Oreja-Rodríguez, 2018). Innovations in SMEs can be influenced by knowledge sharing avenues such as brainstorming sessions (Klijn & Tomic, 2010). These sessions define the favourable working environments needed in enhancing innovations in SMEs (Doran & Ryan, 2017). Through such sessions, employees are likely to acquire knowledge and utilise it in the development of products (Andries & Czarnitzki, 2014). Owners/managers need to support these initiatives by providing strategic and operational solutions (Poon, Mohamad & Yusoff, 2018). The employees' commitments are influenced by supportive working climate (Dechamp & Szostak, 2016). In order to have an effective utilisation of resources, SME employees need to be empowered particularly through training (Poon, Mohamad & Yusoff, 2018) and rewards (Doran & Ryan, 2017). Trainings

stimulate innovations in SMEs (Doran & Ryan, 2017) and are the drivers of creativity-relevant skills in SMEs (Ismail, Abdelrahman & Majid, 2018).

2.2. Diffusion of Innovation in SMEs

The diffusion of innovation theory asserts that innovations should be compatible with the probable users' interests, needs, and background, and should be evaluated based on their complexity because users are interested with innovations that are simple (Rogers, 1995). The theory suggests that uncertainties regarding innovations should be dismissed and confusions resolved (Perkins, 2007). Nevertheless, innovation outcome should be easily observed, and be able to provide relative advantages (Lee, Hsieh & Hsu, 2011). In this regard, SMEs are likely to adopt innovations that will foster their performance. Adoption of innovations in SMEs depends on the available firm resources (Boonsiritomachai, McGrath, & Burgess, 2016), technical know-how (Sawang & Unsworth, 2011), willingness of the workforce (Peltier, Zhao & Schibrowsky, 2012), relative advantage (Chiu, Chen & Chen, 2017), capabilities in managing product development and innovation processes (Al Mamun, 2018), and the management support because to a great extent, they are the ones responsible for managing the innovation process in their SMEs (Klaas, Klimchak, Semadeni & Holmes, 2010). Additionally, their perception has an influence on the adoption of innovation (Peltier, Zhao & Schibrowsky, 2012). However, they need to adopt their employees' innovations in order to adapt to the changes in the business environments (Klaas, Klimchak, Semadeni & Holmes, 2010). The decision to adopt an innovation in SMEs should be made after testing the particular innovation. In this regard, capabilities to test innovations should be acquired by SMEs (Gazem & Rahman, 2013). Therefore, necessary employee trainings should be provided in SMEs. Trainings enable SMEs to adapt to the business environmental changes (Ben Youssef, Hadhri & M'Henni, 2011).

2.3. Innovation Practices in Bakeries

The food sector needs innovation for it to survive (Barcellos, Aguiar, Ferreira & Vieira, 2009). Innovation practices can be realised in the food sector (Sarkar & Costa, 2008). Organisations can increase their output if they adopt innovation strategies (Tavassoli & Karlsson, 2016). Food enterprises need capabilities in both technology and marketing in order to compete (Sarkar & Costa, 2008). Food enterprises should focus on innovations that advocate quality and safety (Brody, Bugusu, Han, Sand & Mchugh, 2008). This is why the interests of key business stakeholders need to be integrated in the innovation practices managed by food enterprises (Sarkar & Costa, 2008). The demand of bakery products has always been promising (Haiböck-Sinner, Ebner & Lettmayer, 2008). Bread is a famous bakery

product across cultures (Melini & Melini, 2018). Wheat bread is a famous bakery product (Giménez-Bastida, Piskuła & Zieliński, 2015). Other bread types such as probiotic breads have also been preferred by customers (Soukoulis, Yonekura, Gan, Behboudi-Jobbehdar, Parmenter & Fisk, 2014). Customers need sustainable products (Haiböck-Sinner, Ebner, & Lettmayer, 2008). Product developments in bakeries should reflect the interests of their customers such as taste and nutrients (Behera & Srivastav, 2018). The bakery markets demand improvements that offer nutrients, and health benefits (Giménez-Bastida, Piskuła & Zieliński, 2015) such as multigrain bakery products, and products with cereals and plant seeds, and bioactive compounds (Behera & Srivastav, 2018). Such products need to be preserved through innovative packaging (Melini & Melini, 2018). In order to manage the production of such products, effective and relevant innovation processes should be in place (Giménez-Bastida, Piskuła & Zieliński, 2015). Bakeries need to integrate knowledge and processes to realise quality improvements and efficiency (Ozor, Orji-Oko & Olua, 2015). Product innovation should be integrated with relevant technology (Sarkar & Costa, 2008).

Innovation drives SME performance particularly the product and process innovations (Rosli & Sidek, 2013). Most of the innovation practices in SMEs are on product development (Nicolescu & Nicolescu, 2012). To a great extent, food companies embrace product innovation and process innovation. This is why, their innovation can be revealed in their product development practices (Matopoulos & Vlachopoulou, 2008). Their efforts should be dedicated on product improvement (Martínez-Monzó, García-Segovia & Albors-Garrigos, 2013). This is because; product improvement is linked to SME competitiveness (Palmer, Wright & Powers, 2001). Product development practices can influence bakery performance (Sulistiyani, 2017). Therefore, bakeries have the responsibility of adopting production processes that generate customer satisfaction (Martínez-Monzó, García-Segovia & Albors-Garrigos, 2013). Bakery production processes can be enhanced through adoption of modern baking tools (Nwewi, Onwuka & Ogbotubo, 2017). This decision guarantees quality. An innovation process should consider the management of quality. Quality management contributes significantly to the development of innovative bakery products (White & Hall, 2013), and is an integral element of bakery performance (Kim, 2015). Bakeries can ensure quality management by controlling resources, and strategies, and by effectively managing the production process which ultimately influence the quality production of their products (Van Der Spiegel, Luning, De Boer, Ziggers & Jongen, 2006).

Innovations in bakeries need to create value (Nwewi, Onwuka & Ogbotubo, 2017). The product development in bakeries should seek to withstand pressures in the market (Jabłońska-Porzuczek & Smoluk-Sikorska, 2016). Bakeries can attain competitiveness if they strive to understand the interests of their customers, and the capabilities of their major competitors (Sulistiyani, 2017). The interests of their

customers may be in terms of taste, appearance (Rios, Pessanha, Almeida, Viana & Lannes, 2014), and health issues (Garzia, 2017) particularly the need to acquire nutrition value (Martínez-Monzó, García-Segovia & Albors-Garrigos, 2013). Therefore, the adoption of technology in food enterprises need to consider customer interests (Nguyen & Nguyen, 2013). All these initiatives need to be enhanced by favourable innovation environments. In order to enhance innovation environments, employees should be encouraged to generate innovative ideas (Stowe & Grider, 2014). Nevertheless, these environments can be enhanced in bakeries if employees receive appropriate trainings, and are rewarded accordingly (Nwewi, Onwuka & Ogbotubo, 2017). Innovation environments can be enhanced through firms' commitment in facilitating interaction between employees and other stakeholders in order to drive idea generation (Stowe & Grider, 2014).

2.4. Innovation and SME Performance

The contribution of innovation on SME performance is apparent (Olughor, 2015). Studies on the contribution of innovation on SME performance have been prevalent in literature. Innovation can be categorised in terms of products, processes, and management systems (van Auken, Madrid-Guijarro & García-Pérez-de-Lema, 2008). Such innovations can be used to influence sales performance (Zwingina & Opusunju, 2017). The same performance indicator has also been common in bakeries (Sulistiyani, 2017). Other major indicators include productivity (Valdez-Juárez, García-Pérez de Lema & Maldonado-Guzmán, 2016), efficiency (Neneh & van Zyl, 2013), product quality (Harif, Hoe, & Ahmad, 2013), and production levels (Olughor, 2015). Both the firm age (Valdez-Juárez, García-Pérez de Lema & Maldonado-Guzmán, 2016), and firm size (Dut, 2015) that is defined by the number of employees in a firm have been the prevalent control variables in most of the innovation-SME performance studies (Lee & Marvel, 2009). In these studies, a survey design can be adopted (Mbizi, Hove, Thondhlana & Kakava, 2013). A convenient sampling (Olughor, 2015), random selection, and stratification strategies with large sample sizes can also be adopted along with the use of questionnaires (van Auken, Madrid-Guijarro & García-Pérez-de-Lema, 2008). Nevertheless, both questionnaires and interviews can also be adopted during data collection (Mbizi, Hove, Thondhlana & Kakava, 2013) in which information is mainly sought from the top management (Zwingina & Opusunju, 2017). Additionally, the innovation-SME performance relationships can be established through hierarchical regression analysis (Rosli & Sidek, 2013), and multiple regression analysis (Zwingina & Opusunju, 2017).

3. Methodology

3.1. Research Design and Sampling

As argued by Almeida (2018), a concurrent nested design has been adopted in this study due to the predominance of one of the approaches. The study's predominant approach was quantitative. Nevertheless, as argued by Santos, Erdmann, Meirelles, Lanzoni, Cunha & Ross (2017), the collection of both quantitative and qualitative data was done concurrently. The population of the study was 359small and medium-sized bakeries. These were the only operating and registered small and medium-sized bakeries in Mainland Tanzania at the time of the study. In Mainland Tanzania where the study took place, the registration of bakeries is undertaken by the Tanzania Bureau of Standards (TBS) which took over this role from the then Tanzania Food and Drugs Authority (TFDA). The Tanzania's Finance Act of 2019 replaced TFDA with Tanzania Medicines and Medical Devices Authority (TMDA). Therefore, the study began when TFDA was still in existence. This is why the study relied on TFDA's zone classification that put all the 26 Mainland Tanzania's regions into 7 geographical zones. The adoption of a multi-stage sampling technique paved way for the relevant stratification, the probability proportional to size, and the simple random sampling technique to take place. In this regard, bakeries from each zone were identified as shown in Table 1.

Table 1. Number of Bakeries Used in the Study

Zone	Number of Bakeries
Central	21
Eastern	94
Lake	23
Northern	23
Southern	9
Southern Highlands	12
Western	4
Total	186

As shown in Table 1, the study determined its sample size of 186 bakeries based on the Krejcie & Morgan's (1970) table.

3.2 Data Collection and Analysis

The data from both questionnaires and in-depth interviews were collected from November 2018 to February 2019. Each owner/manager of a bakery received a questionnaire and 161 bakeries responded positively as shown in Table 2.

Table 2. Positive Questionnaire Response from Bakeries

Zone	Number of Responded Bakeries
Central	19
Eastern	78
Lake	19
Northern	22
Southern	7
Southern Highlands	12
Western	4
Total	161

The study also conducted in-depth interviews as shown in Table 3.

Table 3. In-depth Interviews Carried

Zone	Number of Interviewed Bakeries
Central	3
Eastern	10
Lake	3
Northern	3
Southern Highlands	1
Total	20

Both questionnaires and in-depth interviews sought data that relied on the operations and practices of bakeries for a three year period. The study validity was established by the Principal Component Analysis (PCA). The variables that explain innovation (enhanced innovation process, customer-focused innovation, and enhanced innovation environment) were also determined by PCA. The Qualitative Content Analysis (Manifest Analysis) supplemented the PCA. Nevertheless, the relationship between innovation strategies and bakery performance was analysed by the Moderator Analysis.

3.3. Variables and Measurements

The responses on independent variables (IV) and dependent variables (DV) were collected by using a seven-point Likert scale. The moderator variables (MV) were grouped to form dichotomous variables. They included bakery size (S), and bakery human resource competency (HRC). S is categorised as advanced size (AS), and basic size (BS). Based on URT (2003), AS is measured as $50 \leq S \leq 99$employees, while BS is measured as $S < 50$employees. HRC is categorised as advanced level of employee professional behaviour, training, and reward (AL), and low level of employee professional behaviour, training, and reward (LL). AL is measured as agreement level>50%, while LL is measured as agreement level<50%. Additionally,

the dependent variables are output level (OT), and sales level (SL). Table 4 shows the definitions of the IV.

Table 4. Independent Variables

Explained Variable	IV	Statement
Enhanced Innovation Process	EIP1	Encouragement of idea generation from employees
	EIP2	Analysis of the reasons for improvement made
	EIP3	Provision of knowledge and technical know-how to employees
	EIP4	Testing of the performance of improvement made
	EIP5	Evaluation of the performance of improvement made
Customer-Focused Innovation	CFI1	Consistency between improvement made and customers' preferences and interests
	CFI2	Improvement made is understood by customers
	CFI3	Improvement made benefits customers
	CFI4	Improvement made is explained by customers
	CFI5	Encouragement of improvement suggestions from customers
Enhanced Innovation Environment	EIE1	Operating environment facilitates innovation
	EIE2	Appealing and challenging tasks are performed by employees
	EIE3	Improvement tasks are assigned to motivated employees
	EIE4	Support for improvement ideas and initiatives from employees is given
	EIE5	Result's consequences, perseverance, and tolerance are embraced in the improvement process

3.4. Validity and Reliability

The PCA was run with all variables associated with innovation strategies and it was found that all variables had at least one correlation with another variable ($r \geq 0.3$). The overall KMO measure was 0.917, and the Bartlett's Test of Sphericity was statistically significant, $p = 0.000$ ($p<0.0005$). This is a confirmation of adequacy of sampling. Nevertheless, a simple structure as revealed by the rotated component matrix showed that each variable had only one component that loaded strongly on it. Furthermore, each component loaded strongly on at least three variables. Consequently, there was a confirmation of validity. The study also revealed that all the values of Cronbach's alpha were at least 0.700. These were 0.886 for enhanced innovation process, 0.865 for customer-focused innovation, and 0.809 for enhanced innovation environment. According to DeVellis (2003), these values signify that in all cases, the scale was found to have a good level of internal consistency.

3.5. Testing for Assumptions

The major assumptions tested were linearity, multicollinearity, unusual points, homoscedasticity, and normality. Linearity was established by visual inspection of a scatterplot between output level and innovation strategies, and between sales level and innovation strategies. The evidence of multicollinearity was not found (tolerance values>0.1 and VIF values<10). The outliers and influential case were not found (no any standard deviations>±3, no leverage value>0.04969, and no cook's distance>1). Additionally, the study revealed that there was homoscedasticity based on the visual inspection of the studentized residuals plotted against the predicted values for bakeries with AL and LL between: output level and innovation strategies. It also revealed that there was homoscedasticity based on the visual inspection of the studentized residuals plotted against the predicted values for bakeries with AS and BS between: sales level and innovation strategies. Nevertheless, based on the Normal Q-Q Plot of Studentized Residual that was used in all cases, the study revealed that studentized residuals were normally distributed.

4. Findings

As mentioned earlier, we employed the Principal Component Analysis (PCA) to confirm variables that explain the enhanced innovation process, customer-focused innovation, and enhanced innovation environment. The PCA was run with all variables associated with innovation strategies and the findings reveal that all variables had at least one correlation with another variable. The Bartlett's Test of Sphericity was statistically significant. The anti-image correlation matrix informed that all variables had KMO values greater than 0.860 (the lowest is 0.863), thus confirming adequacy of sampling. Initially, the decision was to retain two components based on their Eigenvalues being greater than 1. This decision was influenced by the fact that component 3 had an Eigenvalue of less than 1 (0.995) although the value was very close to 1. Also, the visual inspection of the Scree Plot suggested that two components should be retained. However, we decided to retain the first three components based on the lower criterion of 60%. This is because; the first three components explained 65.862% of the total variance. The decision to retain three components was also influenced by the fact that the Rotated Component Matrix appeared to be a simple structure, whereby each variable had only one component that loaded strongly on it. Furthermore, the structure revealed that each component loaded strongly on at least three variables. Additionally, as mentioned earlier, this study adopted the Qualitative Content Analysis (Manifest Analysis). From this analysis, in-depth interviews reveal that small and medium-sized bakeries in Tanzania have been encouraging their workforce to generate solutions that seek to improve their products. These bakeries have also been spending time in analysing the motive behind the improvement of their products before devising the relevant

strategies. Interviewed bakeries also confirmed that they were taking time to analyse the performance of their solutions before and after their improved products had been delivered in the market. However, the interviewed bakeries claimed that they lacked qualified bakery employees. Consequently, they were spending their financial resources in training their staff in order to build their capacity in managing their respective bakery operations. Furthermore, the interviewed bakeries confirmed that their customers had knowledge and were able to explain the improvements made on bakery products and they perceived these improvements being consistent with their preferences and interests. They also claimed that their customers were happy with the improvements made. This is because; before developing the relevant solutions, bakeries had a tendency of seeking the opinions of their customers. On the other hand, the interviewed bakeries confirmed that they were spending their financial resources to create favourable working environment. This is an environment that forges competition among staff, motivates those performing beyond expectations, and reveals the commitment of the bakeries in acquiring the appropriate appliances and other materials that support innovation at workplace. The interviewed bakeries also claimed that they were close to their employees, and they were supporting and utilising their ideas and the suggested solutions.

4.1. Enhanced Innovation Process and Bakery Performance

As shown in Table 5, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP1 and S to a main effects model. S moderates the effect of EIP1 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIP1 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIP1 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIP1. Again, as shown in Table 5, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP1 and HRC to a main effects model. HRC moderates the effect of EIP1 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIP1 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIP1 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIP1. On the other hand, as shown in Table 5, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP2 and S to a main effects model. S moderates the effect of EIP2 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIP2 in bakeries

with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIP2 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIP2. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP2 and HRC to a main effects model. HRC moderates the effect of EIP2 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIP2 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIP2 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIP2.

Again, as shown in Table 5, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP3 and S to a main effects model. S moderates the effect of EIP3 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIP3 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIP3 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIP3. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP3 and HRC to a main effects model. HRC moderates the effect of EIP3 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIP3 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIP3 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIP3. Similarly, as shown in Table 5, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP4 and S to a main effects model. S moderates the effect of EIP4 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIP4 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIP4 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIP4. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP4 and HRC to a main effects model. HRC moderates the effect of EIP4 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIP4 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear

relationship between OT and EIP4 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIP4. Again, as shown in Table 5, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP5 and S to a main effects model. S moderates the effect of EIP5 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIP5 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIP5 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIP5. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIP5 and HRC to a main effects model. HRC moderates the effect of EIP5 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIP5 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIP4 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIP5.

Table 5. Enhanced Innovation Process and Bakery Performance

IV	MV	DV	R Square Change	F Change	Sig. F Change	Simple slopes analysis		Coefficient of the interaction term
EIP1	S	SL	2.7%	*F*(1, 157) = 5.609	*p* = 0.019	AS (-0.081± 0.246), *p* = 0.743	BS (0.532 ± 0.080),*p* = 0.000 (*p* <0.0005)	(0.613 ± 0.259), *p* = 0.019
EIP1	HRC	OT	3.4%	*F*(1, 157) = 5.887	*p* = 0.016	AL (0.382 ± 0.109), *p* = 0.001.	LL (-0.184 ± 0.206), *p* = 0.373.	(0.566 ± 0.233), *p* = 0.016
EIP2	S	SL	4.1%	*F*(1, 157) = 7.464	*p* = 0.007	AS (-0.317 ± 0.230), *p* = 0.169	BS (0.347 ± 0.079), *p* = 0.000 (*p* <0.0005)	(0.664 ± 0.243), *p* = 0.007
EIP2	HRC	OT	4.9%	*F*(1, 157) = 10.275	*p* = 0.002	AL (0.395 ± 0.056), *p* = 0.000 (*p* <0.0005)	LL (0.034 ± 0.098), *p* = 0.732	(0.362 ± 0.113), *p* = 0.002
EIP3	S	SL	3.1%	*F*(1, 157) = 5.449	*p* = 0.021	AS (-0.101 ± 0.221), *p* = 0.649	BS (0.470 ± 0.106), *p* = 0.000 (*p* <0.0005)	(0.571 ± 0.245), *p* = 0.021
EIP3	HRC	OT	3.5%	*F*(1, 157) = 6.016	*p* = 0.015	AL (0.292 ± 0.090), *p* = 0.001	LL (-0.135 ± 0.149), *p* = 0.367	(0.427 ± 0.174), *p* = 0.015
EIP4	S	SL	3.9%	*F*(1, 157) = 6.991	*p* = 0.009	AS (-0.305±0.261), *p* = 0.245	BS (0.438 ± 0.104), *p* = 0.000 (*p* <0.0005)	(0.743 ± 0.281), *p* = 0.009
EIP4	HRC	OT	3.2%	*F*(1, 157) = 5.567	*p* = 0.020	AL (0.346 ± 0.091), *p* = 0.000 (*p*<0.0005)	LL (-0.066 ± 0.149), *p* = 0.659	(0.412 ± 0.175), *p* = 0.020
EIP5	S	SL	3.2%	*F*(1, 157) = 6.025	*p* = 0.015	AS (-0.049 ± 0.212), *p* = 0.819	BS (0.520 ± 0.094), *p* = 0.000 (*p*<0.0005)	(0.568 ± 0.232), *p* = 0.015)
EIP5	HRC	OT	3.3%	*F*(1, 157) = 5.652	*p* = 0.019	AL (0.259 ± 0.071), *p* = 0.000 (*p*<0.0005)	LL (-0.115 ± 0.141), *p* = 0.414	(0.375 ± 0.158), *p* = 0.019)

4.2. Customer-Focused Innovation and Bakery Performance

As shown in Table 6, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI1 and S to a main effects model. S moderates the effect of CFI1 on SL. The simple slopes analysis revealed that the linear relationship between SL and CFI1 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and CFI1 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and CFI1. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI1 and HRC to a main effects model. HRC moderates the effect of CFI1 on OT. The simple slopes analysis revealed that the linear relationship between OT and CFI1 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and CFI1 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and CFI1. On the other hand, as shown in Table 6, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI2 and S to a main effects model. S moderates the effect of CFI2 on SL. The simple slopes analysis revealed that the linear relationship between SL and CFI2 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and CFI2 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and CFI2. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI2 and HRC to a main effects model. HRC moderates the effect of CFI2 on OT. The simple slopes analysis revealed that the linear relationship between OT and CFI2 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and CFI2 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and CFI2.

Again, as shown in Table 6, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI3 and S to a main effects model. S moderates the effect of CFI3 on SL. The simple slopes analysis revealed that the linear relationship between SL and CFI3 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and CFI3 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and CFI3. Again,

a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI3 and HRC to a main effects model. HRC moderates the effect of CFI3 on OT. The simple slopes analysis revealed that the linear relationship between OT and CFI3 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and CFI3 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and CFI3. Similarly, as shown in Table 6, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI4 and S to a main effects model. S moderates the effect of CFI4 on SL. The simple slopes analysis revealed that the linear relationship between SL and CFI4 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and CFI4 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and CFI4. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI4 and HRC to a main effects model. HRC moderates the effect of CFI4 on OT. The simple slopes analysis revealed that the linear relationship between OT and CFI4 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and CFI4 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and CFI4.

Again, as shown in Table 6, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI5 and S to a main effects model. The size of the bakery moderates the effect of CFI5 on SL. The simple slopes analysis revealed that the linear relationship between SL and CFI5 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and CFI5 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and CFI5. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between CFI5 and HRC to a main effects model. HRC moderates the effect of CFI5 on OT. The simple slopes analysis revealed that the linear relationship between OT and CFI5 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and CFI5 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and CFI5.

Table 6. Customer-Focused Innovation and Bakery Performance

IV	MV	DV	R Square Change	F Change	Sig. F Change	Simple slopes analysis		Coefficient of the interaction term
CFI1	S	SL	6.0%	*F*(1, 157) = 12.567	*p* = 0.001	AS (-0.094 ± 0.196), *p* = 0.634	BS (0.685 ± 0.098), *p* = 0.000 (*p*<0.0005)	(0.778 ± 0.220), *p* = 0.001)
CFI1	HRC	OT	3.4%	*F*(1, 157) = 5.828	*p* = 0.017	AL (0.239 ± 0.068), *p* = 0.001	LL (-0.168 ± 0.154), *p* = 0.277	(0.408 ± 0.169), *p* = 0.017
CFI2	S	SL	3.2%	*F*(1, 157) = 6.237	*p* = 0.014	AS (-0.037 ± 0.214), *p* = 0.864	BS (0.548 ± 0.094), *p* = 0.000 (*p*<0.0005)	(0.585 ± 0.234), *p* = 0.014
CFI2	HRC	OT	2.9%	*F*(1, 157) = 5.497	*p* = 0.020	AL (0.397 ± 0.069), *p* = 0.000 (*p*<0.0005)	LL (0.043 ± 0.134), *p* = 0.752	(0.354 ± 0.151), *p* = 0.020
CFI3	S	SL	3.0%	*F*(1, 157) = 5.744	*p* = 0.018	AS (0.016 ± 0.132), *p* = 0.907	BS (0.367 ± 0.064), *p* = 0.000 (*p*<0.0005)	(0.351 ± 0.147), *p* = 0.018
CFI3	HRC	OT	3.1%	*F*(1, 157) = 5.265	*p* = 0.023	AL (0.447 ± 0.120), *p* = 0.000 (*p*<0.0005)	LL (-0.004 ± 0.156), *p* = 0.980	(0.451 ± 0.196), *p* = 0.023
CFI4	S	SL	3.3%	*F*(1, 157) = 6.676	*p* = 0.011	AS (0.041 ± 0.180), *p* = 0.819	BS (0.556 ± 0.084), *p* = 0.000 (*p*<0.0005)	(0.514 ± 0.199), *p* = 0.011
CFI4	HRC	OT	3.0%	*F*(1, 157) = 5.290	*p* = 0.023	AL (0.277 ± 0.072), *p* = 0.000 (*p*<0.0005)	LL (-0.113 ± 0.153), *p* = 0.464	(0.389 ± 0.169), *p* = 0.023
CFI5	S	SL	4.1%	*F*(1, 157) = 8.466	*p* = 0.004	AS (-0.061 ± 0.195), *p* = 0.753	BS (0.555 ± 0.083), *p* = 0.000 (*p*<0.0005)	(0.616 ± 0.212), *p* = 0.004
CFI5	HRC	OT	3.3%	*F*(1, 157) = 5.830	*p* = .017	AL (0.308 ± 0.074), *p* = 0.000 (*p*<0.0005)	LL (-0.076 ± 0.141), *p* = 0.591	(0.384 ± 0.159), *p* = 0.017

4.3. Enhanced Innovation Environment and Bakery Performance

As shown in Table 7, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE1 and S to a main effects model. S moderates the effect of EIE1 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIE1 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIE1 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIE1. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE1 and HRC to a main effects model. HRC moderates the effect of EIE1 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIE1 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIE1 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIE1.On the other hand, as shown in Table 7, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE2 and S to a main effects model. S moderates the effect of EIE2 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIE2 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIE1 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIE2. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE2 and HRC to a main effects model. HRC moderates the effect of EIE2 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIE2 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIE2 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIE2.

Again, as shown in Table 7, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE3 and S to a main effects model. S moderates the effect of EIE3 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIE3 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIE3 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIE3. Again,

a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE3 and HRC to a main effects model. HRC moderates the effect of EIE3 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIE3 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIE3 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIE3. Similarly, as shown in Table 7, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE4 and S to a main effects model. S moderates the effect of EIE4 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIE4 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIE4 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIE4. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE4 and HRC to a main effects model. HRC moderates the effect of EIE4 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIE4 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIE4 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIE4.

Again, as shown in Table 7, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE5 and S to a main effects model. S moderates the effect of EIE5 on SL. The simple slopes analysis revealed that the linear relationship between SL and EIE5 in bakeries with AS was not statistically significant. However, the simple slopes analysis revealed that the linear relationship between SL and EIE5 in bakeries with BS was statistically significant. The coefficient of the interaction term was statistically significant indicating that S moderates the relationship between SL and EIE5. Again, a hierarchical multiple regression was run to assess the increase in variation explained by the addition of an interaction term between EIE5 and HRC to a main effects model. HRC moderates the effect of EIE5 on OT. The simple slopes analysis revealed that the linear relationship between OT and EIE5 in bakeries with AL was statistically significant. However, the simple slopes analysis revealed that the linear relationship between OT and EIE5 in bakeries with LL was not statistically significant. The coefficient of the interaction term was statistically significant indicating that HRC moderates the relationship between OT and EIE5.

Table 7. Enhanced Innovation Environment and Bakery Performance

IV	MV	DV	R Square Change	F Change	Sig. F Change	Simple slopes analysis		Coefficient of the interaction term
EIE1	S	SL	4.3%	*F*(1, 157) = 8.968	*p* = 0.003	AS (-0.035± 0.233), *p* = 0.880	BS (0.725± 0.101), *p* = 0.000 (*p*<0.0005)	(0.760 ± 0.254), *p* = 0.003
EIE1	HRC	OT	3.0%	*F*(1, 157) = 5.938	*p* = 0.016	AL (0.563 ± 0.094), *p* = 0.000 (*p*<0.0005)	LL (0.190 ± 0.120), *p* = 0.117	(0.373± 0.153), *p* = 0.016
EIE2	S	SL	2.5%	*F*(1, 157) = 5.369	*p* = 0.022	AS (0.172 ± 0.212), *p* = 0.419	BS (0.709 ± 0.094), *p* = 0.000 (*p*<0.0005)	(0.537 ± 0.232), *p* = 0.022
EIE2	HRC	OT	3.2%	*F*(1, 157) = 5.705	*p* = 0.018	AL (0.378 ± 0.109), *p* = 0.001	LL (-0.106 ± 0.171), *p* = 0.536	(0.484 ± 0.203), *p* = 0.018
EIE3	S	SL	2.5%	*F*(1, 157) = 5.638	*p* = 0.019	AS (0.106 ± 0.176), *p* = 0.546	BS (0.555 ± 0.070), *p* = 0.000 (*p*<0.0005)	(0.449 ± 0.189), *p* = 0.019
EIE3	HRC	OT	3.0%	*F*(1, 157) = 5.394	*p* = 0.021	AL (0.275 ± 0.064), *p* = 0.000 (*p*<0.0005)	LL (-0.035 ± 0.117), *p* = 0.766	(0.310 ± 0.133), *p* = 0.021
EIE4	S	SL	4.0%	*F*(1, 157) = 7.700	*p* = 0.006	AS (-0.042 ± 0.172), *p* = 0.806	BS (0.492 ± 0.086), *p* = 0.000 (*p*<0.0005)	(0.535 ± 0.193), *p* = 0.006
EIE4	HRC	OT	4.0%	*F*(1, 157) = 8.324	*p* = 0.004	AL (0.618 ± 0.092), *p* = 0.000 (*p*<0.0005)	LL (0.192 ± 0.116), *p* = 0.101	(0.427 ± 0.148), *p* = 0.004
EIE5	S	SL	3.2%	*F*(1, 157) = 6.108	*p* = 0.015	AS (0.073 ± 0.162), *p* = 0.651	BS (0.534 ± 0.092), *p* = 0.000 (*p*<0.0005)	(0.460 ± 0.186), *p* = 0.015
EIE5	HRC	OT	3.1%	*F*(1, 157) = 5.470	*p* = 0.021	AL (0.488 ± 0.120), *p* = 0.000 (*p*<0.0005)	LL (0.094 ± 0.118), *p* = 0.428	(0.394 ± 0.169), *p* = 0.021

5. Discussion

5.1. Enhanced Innovation Process and Bakery Performance

The contribution of enhanced innovation process on output level in SMEs is apparent (Hall, Lotti, & Mairesse, 2009). The size of the bakery moderates the relationship between EIP1 and SL, EIP2 and SL, EIP3 and SL, EIP4 and SL, and between EIP5 and SL. All these relationships exist in bakeries with basic size but do not exist in advanced size bakeries. The findings tell that idea generation in SMEs can influence greater sales if done by a few innovative and committed employees. However, the commitment of owners/managers in enhancing initiatives on idea generation should be facilitated by a strong relationship between them and their employees. Such relationships are likely to exist in enterprises whose workforce size is small and easily manageable. Also, the findings suggest that the commitment of SMEs in analysing factors behind their product improvements can influence greater sales if done by a few innovative and committed employees. However, the commitment of owners/managers in analysing factors behind product improvements should be facilitated by relevant business information and employee competencies, and teamwork spirit. This spirit can easily be instituted in a small size workforce. On the other hand, the findings suggest that the commitment of bakeries to ensure that their employees have relevant knowledge and skills needed in improving their bakery products can influence greater sales if done by a few innovative and committed employees. However, the commitment of owners/managers in stimulating the competency of their employees needs the support of financial resources and innovative and knowledge sharing environments. Also, the findings suggest that the commitment of bakeries in testing the performance of any improvement made to their products can influence greater sales if done by a few innovative and committed employees. However, the commitment of owners/managers in testing the performance of any improvement made to their products before going to the market should be facilitated by relevant marketing information, and testing capabilities of the workforce and the bakery. This is because; innovations should be intertwined with business objectives (Zizlavsky, 2016). A few resources may be needed in building such capabilities in a small size bakery unlike large scale entities. Additionally, the findings suggest that the commitment of SMEs in frequently evaluating the performance of any improvement made to their products can influence greater sales if done by a few innovative and committed employees. An effective innovation process should involve the evaluation of its performance (Dziallas & Blind, 2019). However, the commitment of owners/managers in frequently evaluating the performance of any improvement made to their products should be facilitated by relevant information from the markets particularly the customers, and the capabilities of the bakeries and employees to carry out an effective evaluation process.

On the other hand, we find that the human resource competency in bakeries moderates the relationship between EIP1 and OT, EIP2 and OT, EIP3 and OT, EIP4 and OT, and between EIP5 and OT. All these relationships exist in bakeries with advanced human resource competency but do not exist in bakeries with low level of human resource competency. The findings tell that idea generation in SMEs can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. Performance can be realised when employees are motivated to engage themselves in innovation practices including idea generation initiatives (Rao, 2016). Similarly, the findings tell that the commitment of bakeries in analysing factors behind their product improvements can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. The motivated employees are likely to employ their creative thinking skills and influence an enhanced innovation process (Hero, Lindfors, & Taatila, 2017). Also, the findings tell that the commitment of bakeries in ensuring that their employees have relevant knowledge and skills needed to improve their bakery products can influence greater output. Such commitments are translated by regular and effective employee trainings, their professional conducts, and the favourable compensation schemes. Training can influence innovative capabilities in employees and ultimately drive output performance (Gunday, Ulusoy, Kilic, & Alpkan, 2011). Again, the findings tell that commitment of bakeries in testing the performance of any improvement made to their products before going to the market can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. The findings further suggest that commitment of bakeries in frequently evaluating the performance of any improvement made to their products can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards.

5.2. Customer-Focused Innovation and Bakery Performance

There is integration between customer focus strategies and innovation (Bon & Mustafa, 2014). The size of the bakery moderates the relationship between CFI1 and SL, CFI2 and SL, CFI3 and SL, CFI4 and SL, and between CFI5 and SL. All these relationships exist in bakeries with basic size but do not exist in advanced size bakeries. The findings suggest that the commitment of SMEs in ensuring that any improvement made to their products, or processes, or operating environment is consistent with their customers' preferences and interests can influence greater sales if done by a few innovative and committed employees. However, such commitments should be embedded with relevant information on market trends and customer characteristics, and employee competencies in effectively analysing the customer

needs and relevant business environments. Again, the findings suggest that the commitment of bakeries in ensuring that any improvement made to their products, or processes, or operating environment can be easily considered and understood by their customers can influence greater sales if done by a few innovative and committed employees. However, such commitments should be embedded with relevant information on customer behaviour and experience, and employee capabilities in integrating the customer behaviour and experience with bakery's operating environments. This is due to the fact that the goal of innovation initiatives is to attain customer satisfaction (Bon & Mustafa, 2014). Also, the findings suggest that the commitment of bakeries in ensuring that any improvement made to their products, or processes, or operating environment benefits their customers can influence greater sales if done by a few innovative and committed employees. However, such commitments should be embedded with relevant information on customer behaviour and experience, and bakery capabilities in analysing and applying information on customer characteristics in the innovation process in order to drive their satisfaction and retention. There is a link between innovation practices and customer retention (Kyei & Bayoh, 2017). On the other hand, the findings suggest that the commitment of bakeries in ensuring that any improvement made to their products, or processes, or operating environment can easily be observed and explained by their customers, can influence greater sales if done by a few innovative and committed employees. Once customers are able to observe and explain the innovations made, their satisfaction and eventually loyalty are likely to increase. The relationship between satisfaction and loyalty is obvious (Chiguvi & Guruwo, 2017). However, such commitments should be embedded with relevant information on customer behaviour and experience, and bakery capabilities in analysing and applying information on customer characteristics in the innovation process. Also, the findings suggest that the commitment of bakeries in ensuring that their customers are always requested to suggest any area of improvement with regard to bakery products, or processes, or operating environment, can influence greater sales if done by a few innovative and committed employees. However, such commitments should be embedded with enhanced customer relationship techniques in order to drive the willingness of customers in providing relevant business information that supports innovation process.

On the other hand, we find that the human resource competency in bakeries moderates the relationship between CFI1 and OT, CFI2 and OT, CFI3 and OT, CFI4 and OT, and between CFI5 and OT. All these relationships exist in bakeries with advanced human resource competency but do not exist in bakeries with low level of human resource competency. The findings tell that commitment of bakeries in ensuring that any improvement made to their products, or processes, or operating environment is consistent with their customers' preferences and interests can influence greater output if done by employees who regularly receive effective

trainings, demonstrate professional conduct, and receive appropriate rewards. Again, the findings tell that commitment of bakeries in ensuring that any improvement made to bakery products, or processes, or operating environment can be easily considered and understood by their customers can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. Also, the findings tell that the commitment of bakeries in ensuring that any improvement made to their products, or processes, or operating environment benefits their customers can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. On the other hand, the findings tell that commitment of bakeries in ensuring that any improvement made to their products, or processes, or operating environment can easily be observed and explained by customers, can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. Also, the findings suggest that the commitment of the bakeries in ensuring that their customers are always requested to suggest any area of improvement with regard to bakery products, or processes, or operating environment, can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. Training is a major source of competency needed in influencing productivity (Sherwani & Mohammed, 2015).

5.3 Enhanced Innovation Environment and Bakery Performance

The size of the bakery moderates the relationship between EIE1 and SL, EIE2 and SL, EIE3 and SL, EIE4 and SL, and between EIE5 and SL. All these relationships exist in bakeries with basic size but do not exist in advanced size bakeries. The findings suggest that the commitment of bakeries in ensuring that their operating environment facilitates innovation can influence greater sales if done by a few innovative and committed employees. However, such commitments should be embedded with the supply of adequate resources and both relevant policies and structures that support innovation practices. Innovation success depends on pleasant innovation climate (Fischer & Montalbano, 2014). Again, the findings suggest that the commitment of bakeries to ensure that their employees are interested in doing tasks that are appealing and are personally challenging can influence greater sales in bakeries with a small number of employees but who are innovative and committed. However, such commitments should be embedded with the working environment that influences an entrepreneurial spirit amongst bakery employees. The working environment has an impact on innovation (von Treuer & McMurray, 2012). On the other hand, the findings suggest that the commitment of bakeries to ensure that all improvement tasks are assigned to employees who are motivated to carry out a

particular improvement task can influence greater sales in bakeries with a small number of employees but who are innovative and committed. However, such commitments should be embedded with appealing working conditions and capabilities of bakeries in understanding the competencies, behaviours, needs, and interests of their employees. Also, the findings suggest that the commitment of bakeries in supporting ideas and other improvement initiatives from their employees can influence greater sales in bakeries with a small number of employees but who are innovative and committed. However, such commitments should be embedded with readiness of owners/managers in involving their employees in making key innovation decisions, and the willingness of owners/managers to create effective knowledge management initiatives in their bakeries, and in building enhanced working relationships with their employees. These initiatives can be supported by the availability of mechanisms that allow the learning and sharing of information between the management and its workforce (Dewydar, 2015). Also, the findings suggest that the commitment of bakeries in ensuring that whenever engaged in improving their products, or processes, or operating environment, they are always ready to bear the result's consequences, and reveal a sense of perseverance, and tolerance, can influence greater sales in bakeries with a small number of employees but who are innovative and committed. However, such commitments should be embedded with an entrepreneurial spirit and capabilities in managing potential risks and intertwining them in business operations, and targets. The role of the management should be to influence their workforce to achieve business goals (Ganta, 2014).

On the other hand, the human resource competency in bakeries moderates the relationship between EIE1 and OT, EIE2 and OT, EIE3 and OT, EIE4 and OT, and between EIE5 and OT. All these relationships exist in bakeries with advanced human resource competency but do not exist in bakeries with low level of human resource competency. The findings tell that commitment of bakeries in ensuring that their operating environment facilitates innovation, can influence greater output if done by employees who regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. The findings also tell that commitment of bakeries to ensure that their employees are interested in doing tasks that are appealing and are personally challenging, can influence greater output if the relevant employees regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. Also, the findings tell that commitment of bakeries in ensuring that all improvement tasks are assigned to employees who are motivated to carry out a particular improvement task, can influence greater output if the relevant employees regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards. In this regard, understanding employees' interests and their motivation drive should be the managers' prime tasks (Ganta, 2014). Once employees who regularly receive effective trainings, demonstrate

professional conduct, and receive appropriate rewards propose improvement initiatives, such initiatives are likely to influence greater output level in bakeries if they receive a support from the owners/managers. Also, the findings tell that commitment of bakeries in ensuring that whenever engaged in improving their products, or processes, or operating environment, they are always ready to bear the result's consequences, and reveal a sense of perseverance, and tolerance, can influence greater output if the relevant employees regularly receive effective trainings, demonstrate professional conduct, and receive appropriate rewards.

6. Conclusion and Recommendations

There a lot of conclusions that can be drawn from the findings. We have realised that a favourable output and sales performance is achieved when SME bakeries seek to improve their innovation practices by fully involving their workforce that is easily manageable, and is competent. This is a workforce that is innovative, competent and committed, can access relevant business information, training, and experience, and receives appropriate rewards and support from their owners/managers. Our study suggests that bakeries need to analyse the capabilities of their working environments, and improve them through effective governance, compensation, and employee training in order to influence the commitment of their employees in making informed decisions that impact innovation initiatives. They also need to develop their capabilities in business analysis in order to timely make informed business decisions influencing their operations. Nevertheless, they need to invest in the competencies of their employees in order to influence their innovation capabilities. The working environments that support employee training, and experience sharing, and team working should be enhanced. This is due to the fact a motivating environment is likely to drive employee performance (Khan, 2012). Based on the study findings, we also recommend that, bakeries in Tanzania need to develop their capabilities in acquiring business resources, and in enhancing their policy practices in order to create favourable operating environments that will ultimately foster their innovation capabilities. These policies need to support and influence innovation capabilities (Nam, Tuan, & Van Minh, 2017). We also recommend that bakeries in Tanzania need to understand the needs and preferences of their employees, and create strong and positive relationships with them in order to effectively manage them, and use team working to support their generated ideas and eventually improve their products. This is because; team working is a major source of knowledge and skills (Fay, Shipton, West, & Patterson, 2014). In this regard, the management has the responsibility of understanding the preferences of their workforce in order to stimulate their motivation (Ganta, 2014). For example, evidence shows that their motivation is propelled by effective rewarding systems (Holzmann & Golan, 2016) that involve both rewards and appreciation (Baskar & Rajkumar, 2015). Also,

employee training is likely to drive productivity (Landa, 2018). There is also a direct relationship between enhanced innovations and employee training and reward (Shipton, West, Dawson, Birdi, & Patterson, 2006) including attractive compensation packages (Ojeleye, 2017). Therefore, employee commitments can be driven by the management that embraces a culture that rewards the employees (Lages & Piercy, 2012). Such culture is a product of an enhanced innovation climate. This is a climate that is regarded as a major source of business performance (Crespell & Hansen, 2008) particularly when it offers relevant innovation resources to their employees (Fischer & Montalbano, 2014). Therefore, the management has the responsibility of creating an innovation culture that will eventually stimulate their competitiveness (Kalyani, 2011). An innovation culture plays a significant role in influencing employees to engage in knowledge and skill acquisition and effectively manage the development of bakery products and eventually satisfy their customers. This is why we recommend that bakeries need to develop their capabilities in integrating their products, processes, operating environment, and market characteristics and trends in order to satisfy the needs and preferences of their customers. Additionally, they need to develop their capabilities in developing and managing their relationships with customers so that they can access useful innovative suggestions from their customers. Such capabilities can be influenced by training and motivation (Khan, 2012). This is because; employee satisfaction and their competencies in translating the needs of their customers have a significant contribution on innovation development (Lages & Piercy, 2012). Therefore, employees need to acquire customer-focused attitudes (Gebauer & Kowalkowski, 2012). For example, through these attitudes, they will be able to acquire customer feedback. Through this feedback, organisations get an opportunity to adjust their product development initiatives (Dah & Dumenya, 2016).

7. Limitations and Further Studies

We employed a bakery as a unit of analysis in which information was received from the owners/managers. We argue that bakery employees are also greatly involved in the development and execution of innovation initiatives. Had they been involved in our study, a lot of information and experience from them would have been acquired thus balancing the responses obtained from their owners/managers. We also suggest that innovation-SME performance studies can be carried out in other areas of the food sector or in other non-food sectors in other developing countries. Such studies can also take place in developed nations and be able to make a comparative analysis. Challenges that mar the devising and execution process of the innovation strategies in bakeries and other SMEs can be studied.

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